


# Natural Assets Investments Limited

Report and Consolidated Financial Statements

for the year ended

31 December 2016

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# 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

Appointed 18 January 2016

Fraser Macdonald Douglas

Appointed 18 January 2016

David Michael Gorton

Appointed 18 January 2016

### **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 £694,013 and has decreased by 54% versus year ended 31 December 2015. The major factors for this were:

- The nine month prior period of 2015 excluded January, February and March winter revenues from Cairngorm Mountain Limited. This equates to £2.7m in revenue and £1.4m of gross profit reported in 2016 from winter operations this has made a significant contribution to the Group delivering a smaller loss from this asset.
- Natural Outfitters which operates the Groups' food and beverage outlet at John O'Groats generated a smaller operating loss of £112,739 (2015 - £169,875). This was as a result of greater cost control.
- Operating expenses increased by £1m due to the inclusion of a full 12 months annual costs in the reported period versus only nine months in 2015.

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

- Losses of £110,427 on disposal of property have also 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.
- During the period, Management have appraised asset values to align book values to market values for investment properties. A fair value loss was recognised in the period of £602,604 as a result of this exercise
- There have been no loan repayments made during the year to the principle shareholder. Interest is accrued on these loans with £3.7m charged during the year (£2.6m charged in the nine months of 2015).
- There has been no impairment of Goodwill during the year (2015 - £595,092).
- Total assets less current liabilities has decreased by £2.2m. The most material negative movements on the balance sheet contributing to this decrease are as follows:
  - o Goodwill amortisation - £733,722
  - o Depreciation - £603,457
  - o Fair value decrease to investment property - £602,604
  - o Decrease in cash of £672,613. A positive cash inflow from operations was recognised in the period of £153,399 with £841,514 spent on investing activities. The Group progressed planning applications at Trehiddle, Yorkshire Dales and Natural Land 3 as well as opened a new operation at NA Lewis Castle.
  - o Capital expenditure in the year £915,917

### 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 (continued)

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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 uses 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
  - o Turnover growth year on year is 88%
  - o Occupancy decreased from 46% to 45% year on year. \*
  - o Visitor numbers growth year on year is 12%. \*
  - o Gross Revenue ADR (Average Daily Rate) increased by 13%. \*
- Profitability – measured by profit/loss before interest, tax, depreciation, amortisation, impairment and one off gains or losses on disposal of assets.
  - o Loss has decreased 54% year on year
- Cash flow.
  - o 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.

*\*Based on data used to compare a full 12 months of 2015 with 2016*

### **Future developments**

The directors' feel of the company is well placed for the future having secured £8m of bank funding to develop new assets Trewiddle, Yorkshire Dales and Natural Land 3. The development of the assets will enable the Group to benefit from increase rental yields and property sales income once completed. Construction is due to commence in 2018 and it is estimated that the projects 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. The two projects are to improve the top station experience and install an artificial ski slope.

### **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

Ewan James Kearney  
Director

Date:

# Natural Assets Investments Limited

## Directors' Report

The Directors submit their annual report and the financial accounts for the year ended 31 December 2016. The comparative period end was the 9 months ended 31 December 2015.

### 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.

During the previous period the company changed its accounting reference date from March to December.

### 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 looking 12 months ahead from the date the accounts are signed. 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.

The group is currently in its development phase with the balance sheet showing net current liabilities of £6,546,362 (31 December 2015 - £5,556,915) and net liabilities of £29,380,827 (31 December 2015 - £22,831,678). 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 £6,449,149 (year ended 31 December 2015 - £5,034,275). The directors have not recommended a dividend.

### Directors

The Directors who served during the period are as follows:

Timothy Dennis

Lwan James Kearney

Matthew Dawson Spence

Anthony Wild

Umar Mark Aziz

Appointed 18 January 2016

Fraser Macdonald Douglas

Appointed 18 January 2016

David Michael Gorton

Appointed 18 January 2016

### 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.

### 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.

# Natural Assets Investments Limited

## Directors' Report (continued)

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### **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

Ewan James Kearney  
Director

Date:



# 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 group and parent company financial statements (the 'financial statements') on pages 9 to 44. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2016 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.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have 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 any material misstatements in the Strategic Report or the Directors' Report.

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.

### Respective responsibilities of directors and auditor

As more fully explained 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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 3HH

Date: 28 September 2017

**Natural Assets Investments Limited**  
**Consolidated Statement of Comprehensive Income**  
For the year ended 31 December 2016

			<b>Year ended 31 December 2016</b>	<b>Period ended 31 December 2015</b>
	<i>Notes</i>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>				
Continuing operations	2		6,536,413	3,483,675
Less: share of joint venture turnover			(22,500)	(16,875)
<b>Group turnover</b>			6,513,913	3,466,800
<b>Cost of sales</b>			(4,713,294)	(3,285,417)
<b>Gross profit</b>			1,800,619	181,383
Operating expenses before depreciation, amortisation and impairment		(2,827,247)	(1,771,451)	
Depreciation		(603,457)	(632,271)	
Amortisation		(733,722)	(650,948)	
Impairment of goodwill		-	(595,092)	
<b>Operating expenses</b>			(4,164,426)	(3,649,762)
<b>Other operating income</b>	3		332,615	80,187
Operating loss before depreciation, amortisation and impairment			(694,013)	(1,509,881)
Depreciation, amortisation and impairment			(1,337,179)	(1,878,311)
<b>Operating loss</b>			(2,031,192)	(3,388,192)
Share of result of joint venture			1,887	410
Gain/(loss) on disposal of fixed assets			316	(186,550)
Loss on disposal of investment property			(110,427)	-
Fair value (loss)/gain on investment property	12		(602,604)	1,115,324
Interest receivable	7		21	97
Interest payable	8		(3,707,150)	(2,575,364)
<b>Loss on ordinary activities before taxation</b>	9		(6,449,149)	(5,034,275)
Taxation	10		-	-
<b>Loss on ordinary activities after taxation</b>			(6,449,149)	(5,034,275)
<b>Other comprehensive income</b>				
Actuarial losses on defined benefit plans	6		(100,000)	(33,000)
Taxation	10		-	-
<b>Total comprehensive loss for the period</b>			(6,549,149)	(5,067,275)

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

**Natural Assets Investments Limited**  
**Consolidated Statement of Comprehensive Income (continued)**  
For the year ended 31 December 2016

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	<b>Year ended 31 December 2016 £</b>	<b>Period ended 31 December 2015 £</b>
<b>Loss for the year attributable to:</b>		
Owners of the parent	(6,424,094)	(5,003,317)
Non-controlling interests	(25,055)	(30,958)
<b>Total</b>	<b>(6,449,149)</b>	<b>(5,034,275)</b>

	<b>Year ended 31 December 2016 £</b>	<b>Period ended 31 December 2015 £</b>
<b>Other comprehensive loss for the period attributable to:</b>		
Owners of the parent	(6,524,094)	(5,036,317)
Non-controlling interests	(25,055)	(30,958)
<b>Total</b>	<b>(6,549,149)</b>	<b>(5,067,275)</b>

# Natural Assets Investments Limited

## Statements of Financial Position

At 31 December 2016

Company Registration No. 07541643

		Group Year ended 31 December 2016 £	Period ended 31 December 2015 £	Company Year ended 31 December 2016 £	Period ended 31 December 2015 £
	Notes				
<b>Fixed assets</b>					
Goodwill	11	5,246.858	6,020.578	-	-
Negative goodwill	11	(399.799)	(440.236)	-	-
Total intangible assets		4,847.059	5,580.342	-	-
Investment properties	12	20,340.101	21,026.859	-	-
Tangible assets	13	3,596.789	3,368.168	136.736	70.332
Investments	14	73.165	73.165	504.466	504.466
Share of losses in joint venture		(16.267)	(18.154)	-	-
		28,840.847	30,030.380	641.202	574.798
<b>Current assets</b>					
Stock		209.751	182.485	-	-
Debtors due within one year	15	1,543.928	1,652.044	904.038	804.268
Debtors due after more than one year	15	766.320	852.804	19,787.926	20,854.001
Cash at bank and in hand		301.485	974.098	145.071	317.785
		2,821.484	3,661.431	20,837.035	21,976.054
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(9,367.846)	(9,218.346)	(4,425.818)	(4,495.156)
<b>Net current (liabilities)/assets</b>		(6,546.362)	(5,556.915)	16,411.217	17,840.898
<b>Total assets less current liabilities</b>		22,294.485	24,473.465	17,052.419	18,055.696
Creditors: amounts falling due after more than one year	17	(49,624.668)	(45,219.624)	(46,468.212)	(42,139.121)
Government grants	18	(1,662.929)	(1,807.499)	-	-
Provisions	20	(104.715)	(99.020)	-	-
Pension liability	6	(283.000)	(179.000)	-	-
		(51,675.312)	(47,305.143)	(46,468.212)	(42,139.121)
<b>Net liabilities</b>		(29,380.827)	(22,831.678)	(29,415.793)	(24,083.425)
<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	3,625.987	4,519.999	-	-
Profit and loss account	23	(32,864.203)	(27,234.121)	(29,566.792)	(24,234.424)
Equity attributable from owners of the parent		(29,087.217)	(22,563.123)	(29,415.793)	(24,083.425)
Non-controlling interest		(293.610)	(268.555)	-	-
<b>Total equity</b>		(29,380.827)	(22,831.678)	(29,415.793)	(24,083.425)

# Natural Assets Investments Limited

## Statements of Financial Position

At 31 December 2016

Company Registration No. 07541643

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The Company's loss and total comprehensive expenditure for the year was £5,332,368 (period ended 31 December 2015 - £3,367,515).

The financial statements on pages 9 to 44 were approved by the board of directors and authorised for issue on \_\_\_\_\_ and are signed on its behalf by:

Ewan James Kearney  
Director

# Natural Assets Investments Limited

## Consolidated Statement of Changes in Equity

At 31 December 2016

	Share capital £	Merger reserve £	Fair value reserve £	Profit and loss account £	NCI £	Total £
<b>Balance at 1 April 2015</b>	<b>1,000</b>	<b>149,999</b>	<b>3,895,212</b>	<b>(21,573,017)</b>	<b>(237,597)</b>	<b>(17,764,403)</b>
Loss for the period	-	-	-	(5,003,317)	(30,958)	(5,034,275)
Reclassification of fair value gains on investment properties to fair value reserve	-	-	1,115,324	(1,115,324)	-	-
Actuarial losses on defined benefit plans	-	-	-	(33,000)	-	(33,000)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1,115,324</b>	<b>(6,151,641)</b>	<b>(30,958)</b>	<b>(5,067,275)</b>
Transfer on realisation on disposal of investment properties	-	-	(490,537)	490,537	-	-
<b>Balance at 31 December 2015</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 year</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>3,625,982</b>	<b>(32,864,203)</b>	<b>(293,610)</b>	<b>(29,380,827)</b>

# Natural Assets Investments Limited

## Company Statement of Changes in Equity

At 31 December 2016

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	Share capital £	Merger reserve £	Profit and loss account £	Total £
<b>Balance at 1 April 2015</b>	<b>1,000</b>	<b>149,999</b>	<b>(20,866,909)</b>	<b>(20,715,910)</b>
Loss for the period	-	-	(3,367,515)	(3,367,515)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,367,515)</b>	<b>(3,367,515)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	<b>1,000</b>	<b>149,999</b>	<b>(24,234,424)</b>	<b>(24,083,425)</b>
Loss for the year	-	-	(5,332,368)	(5,332,368)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(5,332,368)</b>	<b>(5,332,368)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>1,000</b>	<b>149,999</b>	<b>(29,566,792)</b>	<b>(29,415,793)</b>
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# Natural Assets Investments Limited

## Consolidated Statement of Cash Flows

For the year ended 31 December 2016

		Year ended 31 December 2016 £	Period ended 31 December 2015 £
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	24	153,399	(595,557)
Interest paid		(68,652)	(118,804)
<b>Net cash generated from/(used in) operating activities</b>		84,747	(714,361)
<b>Investing activities</b>			
Purchase of investment property		(610,025)	-
Purchase of tangible fixed assets		(899,418)	(1,429,879)
Proceeds on disposal of tangible fixed assets		84,156	1,188,779
Proceeds on disposal of investment property		583,752	-
Interest received		21	97
<b>Net cash used in investing activities</b>		(841,514)	(241,003)
<b>Financing activities</b>			
Proceeds of new bank loans		441,000	-
Repayment of borrowings		(295,153)	(90,138)
Repayment of finance leases		(61,693)	(8,747)
<b>Net cash from/(used in) financing activities</b>		84,154	(98,885)
<b>Net decrease in cash and cash equivalents</b>		(672,613)	(1,054,249)
<b>Cash and cash equivalents at beginning of the period</b>		974,098	2,028,347
<b>Cash and cash equivalents at end of the period</b>		301,485	974,098

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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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 period 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 2016.

*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.

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# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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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 looking 12 months ahead from the date the accounts are signed. 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.

The group is currently in its development phase with the balance sheet showing net current liabilities of £6,546,362 (2015 - £5,556,915) and net liabilities of £29,380,827 (2015 - £22,831,678). 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.

## **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

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# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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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 8 to 20 years, as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to the economics 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.

### Development Costs

The Group capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following as:

- a) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.
- b) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- c) Its intention to complete the development and to use or sell the intangible asset.
- d) Its ability to use or sell the intangible asset.
- e) How the intangible asset will generate probable future economic benefits.
- f) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is 20 years.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

### 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.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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Development properties are not depreciated. Upon completion they are transferred to investment properties.

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.

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.

### **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.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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### *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.

### **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, branches 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.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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### 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.

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.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2016

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### **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.

### **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 2016

### 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*

- 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 judgements 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 judgements 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 £108,395 (31 December 2015 - £186,225) has been recognised due to the fair value gain as a result of the revaluations. An equivalent deferred tax asset of £108,395 (31 December 2015 - £186,225) 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

	Year ended 31 December 2016 £	9 months ended 31 December 2015 £
Rental income	1,786,431	1,433,282
Provision of tourism attraction	4,749,982	2,050,393
	<u>6,536,413</u>	<u>3,483,675</u>

All turnover is derived from continuing operations within the United Kingdom

### 3. Other Operating Income

	Year ended 31 December 2016 £	9 months ended 31 December 2015 £
Management fees receivable	171,471	71,543
Grant income release (see note 18)	144,570	-
Other miscellaneous income	16,574	8,644
	<u>332,615</u>	<u>80,187</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 4. Employees

Average number employed including executive directors:

	<b>Group</b>	<b>9 months ended</b>	<b>Company</b>	<b>9 months ended</b>
	<b>Year ended</b>	<b>31 December</b>	<b>Year ended</b>	<b>31 December</b>
	<b>31 December</b>	<b>2015</b>	<b>31 December</b>	<b>2015</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>
Production	151	123	-	-
Management	14	14	5	5
Administration	8	10	-	-
	<u>173</u>	<u>147</u>	<u>5</u>	<u>5</u>

Aggregate payroll costs of the above were:

	<b>Group</b>	<b>9 months ended</b>	<b>Company</b>	<b>9 months ended</b>
	<b>Year ended</b>	<b>31 December</b>	<b>Year ended</b>	<b>31 December</b>
	<b>31 December</b>	<b>2015</b>	<b>31 December</b>	<b>2015</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff costs including directors				
Wages and salaries	1,865,780	1,208,619	-	-
Social security costs	165,092	69,853	-	-
Defined contribution pension costs	42,250	19,548	-	-
Other pension costs and current service costs (note 6)	16,000	18,000	-	-
	<u>2,089,122</u>	<u>1,316,020</u>	<u>-</u>	<u>-</u>

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

### 5. Directors' Emoluments

	<b>Year ended</b>	<b>9 months ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Sums paid to third parties for directors' services	96,000	72,000
Directors' remuneration	25,000	18,750
	<u>121,000</u>	<u>90,750</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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### 6. Retirement Benefits

Pension costs charge for the period was as follows:

	Year ended 31 December 2016 £	9 months ended 31 December 2015 £
Defined contribution scheme	54,250	19,548
Defined benefit scheme	11,000	13,000
	<u>65,250</u>	<u>32,548</u>

#### *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 £54,250 (2015 - £19,548). Contributions totalling £Nil (2015 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

#### *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 2016 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 2016 the scheme is showing a deficit at that date of £283,000 (2015 - £179,000). 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 2016 was £14,000 (2015 - £19,000). 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 2016 %	Group 2015 %
Discount rate	2.7	3.5
Retail price inflation	3.4	3.2
Salary growth	4.0	3.8
Increases in deferment	3.4	3.2
Increases in payment		
- pension earned after 5/4/97	3.4	3.2

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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

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

	<b>Group 2016</b>	<b>Group 2015</b>
	<b>Years</b>	<b>Years</b>
Male	21.1	21.1
Female	23.0	23.0

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

	<b>Group 2016</b>	<b>Group 2015</b>
	<b>Years</b>	<b>Years</b>
Male	22.3	22.3
Female	24.5	24.5

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

	<b>Group 2016</b>	<b>Group 2015</b>
	<b>£</b>	<b>£</b>
Current service cost	11,000	13,000
Net interest cost on the net defined benefit pension liability	5,000	5,000
	<u>16,000</u>	<u>18,000</u>

Amounts taken to other comprehensive income:

	<b>Group 2016</b>	<b>Group 2015</b>
	<b>£</b>	<b>£</b>
Actual return on scheme assets	(125,000)	(4,000)
Less, calculated interest element	28,000	36,000
Return on scheme assets excluding interest income	(97,000)	32,000
Actuarial changes related to obligations	197,000	1,000
Total costs	<u>100,000</u>	<u>33,000</u>

Changes in the present value of the defined benefit obligation:

	<b>Group 2016</b>
	<b>£</b>
Liabilities as at 1 January 2016	1,197,000
Current service cost	11,000
Contributions by employees	2,000
Actuarial gains and losses	197,000
Interest cost	33,000
At 31 December 2016	<u>1,440,000</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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

Movements in the fair value of plan assets:	<b>Group 2016 £</b>
Fair value of assets as at 1 January 2016	1,018,000
Interest income	28,000
Return on plan assets	97,000
Contributions by employees	2,000
Contributions by employer	12,000
At 31 December 2016	<u>1,157,000</u>
<b>As at 31 December 2016</b>	<u><u>283,000</u></u>

The actual return on plan assets was £125,000 (2015 - £4,000).

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

	<b>Group 2016 £</b>	<b>Group 2015 £</b>
Equity instruments	242,970	254,500
Property	34,710	20,360
Corporate bonds	92,560	91,620
Gilts	682,630	620,980
Cash and other	104,130	30,540
	<u>1,157,000</u>	<u>1,018,000</u>

### 7. Interest receivable

	<b>Year ended 31 December 2016 £</b>	<b>9 months ended 31 December 2015 £</b>
On bank deposits	21	97
	<u>21</u>	<u>97</u>

### 8. Interest Payable

	<b>Year ended 31 December 2016 £</b>	<b>9 months ended 31 December 2015 £</b>
On bank loans and overdrafts	63,877	113,069
On other loans	3,633,498	2,451,560
Hire purchase interest	4,775	5,735
Net pension interest	5,000	5,000
	<u>3,699,050</u>	<u>2,575,364</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

3,707,150 2,575,364

### 9. Loss on Ordinary Activities before Taxation

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

	Year ended 31 December 2016 £	9 months ended 31 December 2015 £
Fair value (gains)/losses on investment properties	602,604	(1,115,324)
Depreciation of fixed assets – owned	549,117	584,585
Depreciation of fixed assets – hire purchase contracts	54,340	47,686
Amortisation of intangible fixed assets	-	72,593
Amortisation of goodwill	733,283	578,355
Impairment of goodwill	-	595,092
Loss/(profit) on disposal of fixed assets	110,111	186,550
Operating leases – land and buildings	50,000	37,500
Operating leases - other	8,757	5,030
Stock – amounts expensed to cost of sales	2,104,398	1,367,106
Exchange (gains)/losses	23,581	(519)
Auditor's remuneration - audit of the financial statements	72,165	59,350

### 10. Taxation

	Year ended 31 December 2016 £	9 months ended 31 December 2015 £
<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 tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015. Further reductions to the UK Corporation tax rates were substantively enacted on 26 October 2015, reducing the main rate to 19% from 1 April 2017 and 18% from 1 April 2018 and a further reduction was substantively enacted on 6 September 2016 reducing the rate to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 10. Taxation (continued)

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

	Year ended 31 December 2016 £	9 months ended 31 December 2015 £
Loss before taxation	(6,449,149)	(5,034,275)
Expected tax charge based on a corporation tax rate of 20% (2015: 21%)	(1,289,829)	(1,006,855)
Tax effect of expenses that are not deductible in determining taxable profit	713	278,721
Tax effect of income/losses not taxable in determining taxable profit	35,793	(26,982)
Adjustments to equalise deferred tax and corporation tax rates	714,176	866,830
Fixed asset differences	28,420	44,233
Permanent timing differences	120,510	-
Amounts charged directly to STRGL	(20,000)	-
Adjustments in respect of the prior period	37	-
Deferred tax not recognised	410,180	(155,947)
Tax expense for the year	-	-

### 11. Goodwill

Group	Negative Goodwill £	Goodwill £	Total £
<b>Cost</b>			
As at 1 January 2016	(535,327)	9,315,900	8,780,573
As at 31 December 2016	(535,327)	9,315,900	8,780,573
<b>Amortisation</b>			
At 1 January 2016	(95,091)	3,295,322	3,200,231
Charge for the period	(40,439)	773,722	733,283
At 31 December 2016	(135,530)	4,069,044	3,933,514
At 31 December 2016	(399,797)	5,246,856	4,847,059
At 31 December 2015	(440,236)	6,020,578	5,580,342

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

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 12. Investment Properties

<i>Group</i>	<b>Investment Property £</b>
<b>Fair Value</b>	
As at 1 January 2016	21,026,859
Fair value losses	(602,604)
Additions	610,025
Disposals	(694,179)
At 31 December 2016	<u>20,340,101</u>

The investment properties were valued on an open market existing use value basis at 31 December 2016 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 £24,087,678 (2015 - £24,064,718).

Investment properties includes an amount of £3,000,000 (2015 - £3,000,000) for land held for development and resale.

### 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 2016	52,569	414,208	237,117	1,603,492	1,907,683	4,418,947	8,634,016
Additions	-	319,494	206,163	-	271,402	118,858	915,917
Disposals	-	-	-	-	-	(140,603)	(140,603)
At 31 December 2016	<u>52,569</u>	<u>733,702</u>	<u>443,280</u>	<u>1,603,492</u>	<u>2,179,085</u>	<u>4,397,202</u>	<u>9,409,330</u>
<b>Depreciation</b>							
At 1 January 2016	20,286	206,049	209,117	-	1,186,422	3,643,973	5,265,847
Charge for the period	1,542	9,981	-	-	325,879	266,055	603,457
Disposals	-	-	-	-	-	(56,763)	(56,763)
At 31 December 2016	<u>21,828</u>	<u>216,030</u>	<u>209,117</u>	<u>-</u>	<u>1,512,301</u>	<u>3,853,265</u>	<u>5,812,541</u>
<b>Net book value</b>							
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>
At 31 December 2015	<u>32,283</u>	<u>208,159</u>	<u>28,000</u>	<u>1,603,492</u>	<u>721,261</u>	<u>774,974</u>	<u>3,368,168</u>



# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 13. Tangible Fixed Assets (continued)

The net book value of plant and machinery includes £106,127 (2015 - £202,828) in respect of assets held under hire purchase contracts. The depreciation charge for the period in respect of these assets was £54,340 (2015 - £47,786).

The group has pledged land and buildings and investment properties, having a net book value of £22,726,169 (2015 - £22,898,793), to secure its bank loans (note 16) by way of a fixed charge.

<i>Company</i>	Computer Equipment £	Fixtures, fittings and equipment £	Plant and Machinery £	Total £
Cost				
At 1 January 2016	-	6,705	140,152	146,857
Additions	7,927	63,770	24,778	96,475
At 31 December 2016	7,927	70,475	164,930	243,332
Depreciation				
At 1 January 2016	-	2,235	74,290	76,525
Charge for the period	-	-	30,071	30,071
At 31 December 2016	-	2,235	104,361	106,596
Net book value				
At 31 December 2016	7,927	68,240	60,569	136,736
At 31 December 2015	-	4,470	65,862	70,332

### 14. Investments

<i>Group</i>	Associated Undertakings £	Other Investments £	Total £
Cost			
As at 1 January 2016	43,165	30,000	73,165
As at 31 December 2016	43,165	30,000	73,165
Net book value as at 31 December 2016	43,165	30,000	73,165
Net book value as at 31 December 2015	43,165	30,000	73,165

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 14. Investments (continued)

<i>Company</i>	<b>Associated Undertakings £</b>	<b>Investment in Subsidiary Undertaking £</b>	<b>Other Investments £</b>	<b>Total £</b>
<b>Cost</b>				
As at 1 January and 31 December 2016	43,165	431,301	30,000	504,466
Net book value				
At 31 December 2016	43,165	431,301	30,000	504,466
At 31 December 2015	43,165	431,301	30,000	504,466

### *Subsidiary Undertakings*

Name	Registered office	Holding	Nature of business
Pentire Fistril Beach Limited*	Note 14.a	100% ordinary	Holiday lettings
Irewiddle 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
John O'Groats Highland Limited has the following subsidiary:			
JOG Highlands LLP	Note 14.a	86% ordinary	Property development
Pentire Fistril Beach Limited has the following subsidiary:			
Pentire Management Limited	Note 14.c	100% ordinary	Property management
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
<b>Joint Ventures:</b>			
Jog 2 Limited *	Note 14 a	50% ordinary	Land ownership
Jog 3 LLP *	Note 14.a	50% ordinary	Land ownership
End to End Limited	Note 14 d	50% ordinary	Leisure and events company
<b>Other Participating Interests Held by the Company:</b>			
Gibbon Lawson McKee Limited	Note 14.e	33% ordinary	Surveying & architecture

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 14. Investments (continued)

#### Entities Not Consolidated

During the year ended 31 March 2013, the company acquired a 33% shareholding in Gibbon Lawson McKee Limited. Whilst the shareholding would represent an associated undertaking, the financial statements do not include the appropriate share of the results and reserves of this undertaking as it is not considered material to these consolidated financial statements and would be of no value to its members.

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

**14.d** Suite 37, The Colonnades, Albert Dock, Liverpool, Merseyside, L3 4AA

**14.e** 58 Castle Street, Edinburgh, EH2 3LU

#### 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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	248,099	567,272	96,575	96,051
Amounts owed by group undertakings	-	-	19,787,926	20,854,001
Amounts owed by associated undertakings	476,643	474,575	-	-
Other debtors	766,320	852,804	465,701	575,189
Prepayments	819,186	610,197	341,762	133,028
	<u>2,310,248</u>	<u>2,504,848</u>	<u>20,691,964</u>	<u>21,658,269</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	-	19,787,976	20,854,001
Other debtors	766,320	852,804	-	-
	<u>766,320</u>	<u>852,804</u>	<u>19,787,976</u>	<u>20,854,001</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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

	<b>Group</b>	<b>2015</b>	<b>Company</b>	<b>2015</b>
	<b>2016</b>		<b>2016</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	3,920,222	3,774,375	3,920,222	3,774,375
Net obligations under hire purchase contracts	81,823	64,305	-	-
Trade creditors	1,153,146	1,184,800	40,172	39,944
Amounts owed to group undertakings	-	-	391,546	612,126
Other tax and social security	60,708	29,671	5,499	-
Other creditors	4,151,947	4,165,195	68,379	68,711
	<u>9,367,846</u>	<u>9,218,346</u>	<u>4,425,818</u>	<u>4,495,156</u>

£79,487 (2015 - £79,487) of bank set-up costs are included in bank loans due within one year.

Other creditors includes £3,100,000 (2015 - £3,100,000) owed to the controlling party D Gorton. The amount is not subject to interest.

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

	<b>Group</b>	<b>2015</b>	<b>Company</b>	<b>2015</b>
	<b>2016</b>		<b>2016</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	3,999,709	3,853,862	3,999,709	3,823,862
Net obligations under hire purchase contracts	81,823	64,305	-	-
	<u>4,081,532</u>	<u>3,918,167</u>	<u>3,999,709</u>	<u>3,823,862</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

	<b>Group</b>	<b>2015</b>	<b>Company</b>	<b>2015</b>
	<b>2016</b>		<b>2016</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net obligations under hire purchase contracts	18,740	81,451	-	-
Other creditors	49,605,928	45,138,173	46,468,212	42,139,121
	<u>49,624,668</u>	<u>45,219,624</u>	<u>46,468,212</u>	<u>42,139,121</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

### 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:

	<b>Group 2016 £</b>	<b>2015 £</b>	<b>Company 2016 £</b>	<b>2015 £</b>
Net obligations under hire purchase contracts	18,740	81,451	-	-
Other creditors	3,137,719	2,999,052	-	-
	<u>3,156,459</u>	<u>3,080,503</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 Nexus LP, an entity controlled by D Gorton, a majority shareholder of the Company. 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:

	<b>Group 2016 £</b>	<b>2015 £</b>	<b>Company 2016 £</b>	<b>2015 £</b>
Amounts payable within 1 year	82,965	68,762	-	-
Amounts payable between 1 and 5 years	19,642	83,501	-	-
	<u>(2,044)</u>	<u>(6,507)</u>	<u>-</u>	<u>-</u>
Less: future finance charges	<u>100,563</u>	<u>145,756</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 (2015 – 5.6% 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 (2015 – 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 period ended 31 December 2016

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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 £144,570 of the grant has been released to the profit and loss account (2015 - £nil).

### 19. Financial Instruments

	<b>Group 2016 £</b>	<b>2015 £</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,491,062	1,894,651
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	58,506,653	53,877,309

### 20. Provisions

<b>Group</b>	<b>Maintenance Provision £</b>
<b>As at 31 December 2015</b>	99,020
Additions	5,695
<b>As at 31 December 2016</b>	104,715

The amount provided is in respect of a provision for future costs payable in relation to the maintenance of a 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 period ended 31 December 2016

### 21. Deferred Tax

	Group 2016 £	Group 2015 £
Deferred tax liability on fair value of investment properties	108,395	186,225
Deferred tax asset in relation to capital losses	(108,395)	(186,225)
	-	-

The deferred tax liability of £108,395 (2015 - £186,225) 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 £108,395 (2015 - £186,225) 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 £23,365,389 (2015 - £19,071,466) 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 (2015 - £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

	2016 £	2015 £
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 period ended 31 December 2016

### 24. Notes to Statement of Cash Flows

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

	2016 £	2015 £
Loss on ordinary activities after taxation	(6,449,149)	(5,034,275)
Interest payable	3,702,150	2,570,364
Interest receivable	(21)	(97)
Loss on disposal of investment property	110,427	-
Profit/(loss) on disposal of fixed assets	(316)	186,550
Fair value loss/(gain) on investment properties	602,604	(1,115,324)
Amortisation and impairment of intangible asset	733,283	1,246,040
Depreciation and impairment of tangible asset	603,457	632,271
Pension scheme non-cash movement	4,000	(1,000)
Share of results of associates and joint ventures	(1,887)	(410)
Movement in provision	5,695	99,020
Operating cash flows before movements in working capital	(689,757)	(1,416,861)
(Increase)/decrease in stock	(27,266)	16,506
Decrease/(increase) in trade and other debtors	194,600	(497,172)
Increase in trade and other creditors	675,822	1,301,970
Cash generated from/(used in) operations	153,399	(595,557)

### 25. Capital Commitments

There were no capital commitments as at 31 December 2016 or 31 December 2015.

### 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 2016 the total future minimum lease payments under non-cancellable operating leases as follows:

Group	2016		2015	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Amounts due:				
Within 1 year	50,000	16,528	50,000	6,706
Within 2 to 5 years	200,000	19,722	200,000	9,779
After more than 5 years	620,833	-	658,333	-
	870,833	36,250	908,333	16,485



# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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### 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 2016 other creditors includes £3,100,000 (2015 - £3,100,000) due to D Gorton. No interest is provided on this amount.

D Gorton is also the controller of Nexus Partners LP. At 31 December 2016 other creditors includes £3,137,716 (2015 - £2,999,052) due to Nexus Partners LP 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 £46,468,212 (2015 - £42,139,121) 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 £3,633,498 (2015 - £2,451,560) 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 2016 the group was owed £1,576 (2015 - £nil) from NR Pension LLP, which is included in other debtors.

#### *Natural Retreats UK Limited*

The group's directors, EJ Kearney, MD Spence and A Wild, together with the controlling party D Gorton, have an interest in Natural Retreats UK Limited. During the year ended 31 December 2016 the group was charged expenses amounting to £3,023,240 (2015 - £2,100,474) from Natural Retreats UK Limited. At 31 December 2016 the group owed £356,489 (2015 - £404,998) to Natural Retreats UK Limited which is included in trade creditors and £21,103 (2015 - £nil) which is included in other creditors. During the year ended 31 December 2016 the group recharged services to Natural Retreats UK Limited amounting to £1,660,237 (2015 - £1,481,160). At 31 December 2016 the group was owed £246,543 (2015 - £409,949) by Natural Retreats UK Limited which is included in trade debtors and £32,223 (2015 - £nil) which is included in others debtors.

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

The group's directors, EJ Kearney, MD Spence and A Wild, together with controlling party D Gorton, have an interest in Harbour Holidays (Rock) Limited. During the year ended 31 December 2016 the group was charged expenses amounting to £1,555 (2015 - £nil) from Harbour Holidays (Rock) Limited. At 31 December 2016 the group owed £389 (2015 - £nil) 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 £389 (2015 - £nil).

#### *Natural Retreats Ireland Limited*

During the year the group recharged expenses amounting to £nil (2015 - £145) to Natural Retreats Ireland Limited. At 31 December 2016 trade debtors includes £14,872 (2015 - £15,017) owed by Natural Retreats Ireland Limited. Natural Retreats Ireland Limited also owes the group £37 (2015 - £37) for a loan made.

#### *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 2016 trade creditors includes £500 (2015 - £500) owing to Natural Retreats Limited Partnership.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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### 27. Related Party Transactions (continued)

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*

Trade debtors includes £nil (2015 - £2,848) owing by Natural Assets Investments Inc at the year end.

Natural Assets Investments Inc also owes the group £459,077 (2015 - £442,260) for loans made, which is included in other debtors.

#### *Natural Assets Investments LLC*

The group received services amounting to £10,081 from Natural Assets Investments LLC (2015 - £nil). Trade creditors includes £8,024 (2015 - £5,936) owing to Natural Assets Investments LLC at the year end. During the year the group recharged expenses amounting to £27,653 (2015 - £nil) to Natural Assets Investments LLC. At 31 December 2016 trade debtors includes £12,466 (2015 - £nil) due from Natural Assets Investments LLC.

#### *NA Bundoran Farm LLC*

NA Bundoran Farm LLC owes the group £nil (2015 - £1,170) for loans made.

#### *NA Homestead Reserve LLC*

The group is owed £nil (2015 - £15,647) from NA Homestead Reserve LLC at the year end for loans made.

#### *Natural Retreats US LLC*

The group is owed £41,316 (2015 - £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 - £1,229 (2015 - £nil)

Natural Outfitters LLC - £2,435 (2015 - £nil)

Natural Retreats US LLC £21,249 (2015 - £nil)

Expenses recharged to the group during the year:

Natural Retreats US LLC - £86 (2015 - £nil)

Natural Retreats US Inc - £10,845 (2015 - £nil)

Trade debtors include the following amounts due from the entities:

NA Greystone Inn LLC - £1,363 (2015 - £134)

Natural Outfitters LLC - £2,435 (2015 - £369)

NA Tsaina Lodge LLC - £87 (2015 - £87)

Natural Retreats US LLC £24,009 (2015 - £49)

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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

Trade creditors include the following amounts due from the entities:

Natural Retreats US LLC - £13,585 (2015 - £nil)

#### *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 (2015 - £72,000) from K2 Equity Partners LLP. At 31 December 2016 trade creditors includes £nil (2015 - £19,200) due to K2 Equity Partners LLP. Also during the year the group recharged expenses amounting to £1,735 (2015 - £nil) to K2 Equity Partners LLP. At 31 December 2016 K2 Equity Partners LLP owed the group £48,583 (2015 - £48,583) for a loan previously given.

#### *K2 Partners LLC*

LJ Kearney, MD Spence and A Wild are members of K2 Partners LLC. At 31 December 2016 the group was owed £394 (2015 - £nil) from K2 Partners LLC, which is included in other debtors.

#### *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 £nil (2015 - £20,063) during the year. At 31 December 2016 the group was owed £223,673 (2015 - £203,105) by Jog 2 Limited, of which £8,817 (2015 - £8,817) has been provided. During the period, the group recharged expenses amounting to £4,026 (2015 - £2,874) to Jog 2 Limited. At 31 December 2016 £383 (2015 - £176) 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 £45,000 (2015 - £33,750) for rent during the year and fixed assets totalling £192 (2015 - £11,486). At 31 December 2016 £261,800 (2015 - £274,300) was due from 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 £18,750 (2015 - £18,750) from DGFO LLP.

#### *End to End Limited*

Natural Assets Investments Limited previously had a 50% interest in a company End to End Limited. During the year the group loaned End to End Limited £nil (2015 - £nil), £6,000 (2015 - £6,000) was outstanding at the year end.

#### *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 2016 £17,366 was owing from Natural Land 1 LLP (2015 - £nil) which is included in other debtors.

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 2016 the total borrowings covered by the guarantee amounted to £3,920,222 (2015 - £3,807,864).

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

The company has taken advantage of the exemption under IFRS102 section 33.1A from disclosing transactions with group companies which are eliminated on consolidation, where consolidated financial statements are prepared.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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### 27. Related Party Transactions (continued)

#### *Company*

##### *D Gorton*

During the year interest amounting to £3,494,834 (2015 - £2,351,590) was payable to D Gorton, the ultimate controlling party of the company.

Long term creditors include loans amounting to £46,468,212 (2015 - £42,139,121) owing to D Gorton at various interest rates with an indeterminate repayment date.

##### *K2 Equity Partners LLP*

LJ 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 (2015 - £72,000) from K2 Equity Partners LLP. At 31 December 2016 trade creditors includes £nil (2015 - £19,200) due to K2 Equity Partners LLP. Also during the year the company recharged expenses amounting to £1,735 (2015 - £nil) to K2 Equity Partners LLP. At 31 December 2016 trade debtors includes £nil (2015 - £nil) due from K2 Equity Partners LLP. At 31 December 2016 K2 Equity Partners LLP also owes the company £48,583 (2015 - £48,583) for a loan previously given.

##### *K2 Partners LLC*

EJ Kearney, MD Spence and A Wild are members of K2 Partners LLC. At 31 December 2016 the company was owed £394 (2015 - £nil) from K2 Partners LLC, which is included in other debtors.

##### *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 £nil (2015 - £20,063) during the year. At 31 December 2016 the company was owed £223,673 (2015 - £203,105) by Jog 2 Limited, of which £8,817 (2015 - £8,817) has been provided.

##### *Jog 3 LLP*

The company also owns 50% of Jog 3 LLP. At 31 December 2016, Jog 3 LLP owed the company £261,800 (2015 - £274,300).

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 2016 the company was owed £1,576 (2015 - £nil) from NR Pension LLP, which is included in other debtors.

##### *Natural Retreats UK Limited*

During the year ended 31 December 2016 the company paid rent and other expenses amounting to £244,947 (2015 - £201,164) to Natural Retreats UK Limited. At 31 December 2016 the company owed £605 (2015 - £5,082) to Natural Retreats UK Limited which is included in trade creditors. During the year the company recharged expenses amounting to £158,578 (2015 - £96,296) to Natural Retreats UK Limited. At 31 December 2016 trade debtors includes £44,181 (2015 - £29,513) owed by Natural Retreats UK Limited.

##### *Natural Retreats Ireland Limited*

During the year the company recharged expenses amounting to £nil (2015 - £145) to Natural Retreats Ireland Limited. At 31 December 2016 trade debtors includes £14,872 (2015 - £15,017) owed by Natural Retreats Ireland Limited. Natural Retreats Ireland Limited also owes the company £37 (2015 - £37) for a loan made.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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### 27. Related Party Transactions (continued)

#### *Natural Retreats US LLC*

During the year the company was recharged expenses amounting to £86,445 (2015 - £nil) by Natural Retreats US LLC. Trade creditors includes £13,585 (2015 - £644) owing to Natural Retreats US LLC. During the year the company recharged expenses amounting to £20,857 (2015 - £nil) to Natural Retreats US Inc. At 31 December 2016 trade debtors includes £23,568 (2015 - £nil) from Natural Retreats US Inc. At 31 December 2016 the company was also owed £41,316 (2015 - £41,316) by Natural Retreats US LLC.

#### *Natural Retreats Realty US Inc*

The company was also owed £467 (2015 - £467) from Natural Retreats Realty US Inc, a subsidiary of Natural Retreats US Inc, at 31 December 2016.

The company's directors IJ 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*

Trade debtors includes £nil (2015 - £2,848) owing by Natural Assets Investments Inc at the year end.

Natural Assets Investments Inc also owes the company £459,077 (2015 - £442,260) for loans made, which is included in other debtors.

#### *Natural Assets Investments LLC*

Trade creditors includes £5,936 (2015 - £5,936) owing to Natural Assets Investments LLC at the year end. During the year the company recharged expenses amounting to £26,659 (2015 - £nil) to Natural Assets Investments LLC. At 31 December 2016 trade debtors includes £11,473 (2015 - £nil) due from Natural Assets Investments LLC.

#### *NA Bundoran Farm LLC*

NA Bundoran Farm LLC owes the company £nil (2015 - £1,170) for loans made.

#### *NA Homestead Reserve LLC*

The company is owed £nil (2015 - £15,647) from NA Homestead Reserve LLC at the year end for loans made.

#### *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 £18,750 (2015 - £18,750) from DGFO LLP.

#### *End to End Limited*

Natural Assets Investments Limited previously had a 50% interest in a company End to End Limited. During the year the company loaned End to End Limited £nil (2015 - £nil), £6,000 (2015 - £6,000) was outstanding at the year end.

#### *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 2016 £17,366 was owing from Natural Land 1 LLP (2015 - £nil) which is included in other debtors.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the period ended 31 December 2016

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### **29. Remuneration of Key Management Personnel**

The total remuneration of the directors and other employees who are considered to be key management personnel was £121,000 (2015 - £90,750). This relates to amounts paid to other parties for the services of the directors.

### **30. 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.

### **31. Ultimate Controlling Party**

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