

JOG Highlands LLP

FINANCIAL STATEMENTS

for the year ended

31 March 2013



JOG Highlands LLP

DESIGNATED MEMBERS AND ADVISORS

DESIGNATED MEMBERS

Heritage Great Britain PLC
John O'Groats Highlands Limited

REGISTERED OFFICE

51 Water Lane
Wilmslow
Cheshire
SK9 5BQ

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

JOG Highlands LLP

REPORT OF THE MEMBERS

The members submit their report and financial statements of JOG Highlands LLP for the year ended 31 March 2013

PRINCIPAL ACTIVITIES

The LLP's principal activity during the period was that of land owner and developing and operating holiday accommodation

REVIEW OF THE BUSINESS

The loss for the year before members' remuneration and profit shares was £240,312 (2012 - £40,979) The loss will be extinguished by future profits and has been transferred to other reserves

DESIGNATED MEMBERS

The following were designated members during the year

Heritage Great Britain PLC
John O'Groats Highlands Limited

POLICY WITH RESPECT TO MEMBERS' DRAWINGS AND SUBSCRIPTION AND REPAYMENTS OF AMOUNTS SUBSCRIBED OR OTHERWISE CONTRIBUTED BY MEMBERS

Members are permitted to make drawings in anticipation of profits which will be allocated to them The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP

New members are required to subscribe a minimum level of capital and in subsequent years members are invited to subscribe for further capital, the amounts of which is determined by the performance and seniority of those members

On a sale of the business or properties or on a resignation of a member, members shall share a return on capital in accordance with the terms of the Partnership Agreement

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

On behalf of the members



Anthony Wild on behalf of
John O'Groats Highlands Limited

Designated member

16/12/13

JOG Highlands LLP

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS IN THE PREPARATION OF FINANCIAL STATEMENTS

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period

In preparing those financial statements, the members are required to

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

The members are responsible for keeping proper accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as modified by the Limited Liability Partnerships Act 2000 and regulations made thereunder. The members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOG HIGHLANDS LLP

We have audited the financial statements on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As more fully explained in the Members' Responsibilities Statement on page 3, the members 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.

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/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

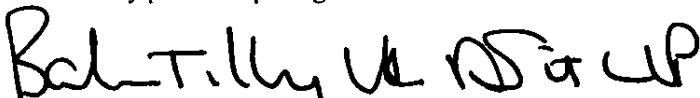
In our opinion the financial statements

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 March 2013 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit, or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships' regime.



Graham Bond FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Baker Tilly UK Audit LLP

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

Date

20/12/2013

JOG Highlands LLP
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2013

		Year to 31 Mar 13	Period from 1 Nov 10 to 31 Mar 12
	<i>Notes</i>	£	£
TURNOVER		52,400	–
Cost of sales		(94,933)	–
Gross loss		(42,533)	–
Administrative expenses		(116,638)	(40,979)
OPERATING LOSS	2	(159,171)	(40,979)
Interest payable and similar charges		(81,141)	–
LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		(240,312)	(40,979)
Members' remuneration charged as an expense	3	240,312	40,979
RESULT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		–	–

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

JOG Highlands LLP

BALANCE SHEET

As at 31 March 2013

	<i>Notes</i>	£	2013 £	2012 £
FIXED ASSETS				
Tangible assets	4		6,460,246	2,652,943
CURRENT ASSETS				
Debtors	5	189,342		354,155
Cash at bank		2,062		240
		191,404		354,395
CREDITORS				
Amounts falling due within one year	6	(461,503)		(729,749)
NET CURRENT LIABILITIES			(270,099)	(375,354)
TOTAL ASSETS LESS CURRENT LIABILITIES			6,190,147	2,277,589
CREDITORS				
Amounts falling due after more than one year	7		(1,881,141)	—
			4,309,006	2,277,589
Government grants	8		(1,474,973)	(439,162)
NET ASSETS ATTRIBUTABLE TO MEMBERS			2,834,033	1,838,427

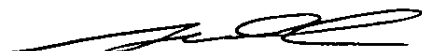
The Balance sheet continues on the following page

JOG Highlands LLP
BALANCE SHEET (continued)
As at 31 March 2013

	<i>Notes</i>	2013 £	2012 £
REPRESENTED BY			
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Other amounts	10	<u>281,291</u>	<u>40,979</u>
EQUITY			
Members' other interests - members' capital	11	2,834,033	1,838,427
Members' other interests - other reserves	11	<u>(281,291)</u>	<u>(40,979)</u>
		<u>2,552,742</u>	<u>1,797,448</u>
		<u>2,834,033</u>	<u>1,838,427</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	10	281,291	40,979
Members' other interests	11	<u>2,552,742</u>	<u>1,797,448</u>
		<u>2,834,033</u>	<u>1,838,427</u>

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 (as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit)(Application of Companies Act 2006) Regulations 2008) applicable to limited liability partnerships subject to the small limited liability partnership regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 5 to 13 were approved by the members and authorised for issue on 16/12/13 and are signed on their behalf by



Anthony Wild on behalf of
John O'Groats Highlands Limited

Designated member

JOG Highlands LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in March 2010 (SORP 2010)

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" March 2010 (SORP 2010)

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 LLP is currently in its development phase. Part of the LLP's property is still currently under development and so the LLP is reliant on group support to cover its working capital requirements.

The LLP has support from related parties, including its parent entities. These related parties are considered to have adequate capabilities to provide support as required and has formally confirmed that he will support the LLP and its parent undertaking for at least the next 12 months.

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

TURNOVER

Turnover comprises revenue recognised by the company in respect of rents receivable during the period, exclusive of VAT.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & fittings	- 20% per annum
Equipment	- 20% per annum

Development properties are not depreciated. Upon completion they are transferred to investment properties and accounted for under SSAP 19.

INVESTMENT PROPERTIES

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

JOG Highlands LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

1 ACCOUNTING POLICIES

This is in accordance with the FRSSE which, unlike the Companies Act, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the LLP and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

MEMBERS' PARTICIPATION RIGHTS

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Heritage Great Britain PLC have a priority profit share of £65,000 per annum plus inflation.

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS 32) Financial Instruments. Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

Losses are carried forward in other reserves and are extinguished by future profits.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Profit and Loss Account within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

TAXATION

The taxation payable on the partnership profits is solely the personal liability of the individual members consequently neither partnership taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

DEFERRED GOVERNMENT GRANTS

Deferred government grants in respect of capital expenditure are repayable up until 10 years from the date of the last payment of the grant and are therefore included as a liability until that point in time.

JOG Highlands LLP
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

2 OPERATING LOSS

Operating loss is stated after charging

	Year to 31 Mar 13 £	Period from 1 Nov 10 to 31 Mar 12 £
Depreciation of owned fixed assets	57,084	397
Auditor's fees	<u>2,500</u>	<u>500</u>

3 INFORMATION IN RELATION TO MEMBERS

	Year to 31 Mar 13 £	Period from 1 Nov 10 to 31 Mar 12 £
Salaried remuneration of members		
Amounts arising from participation rights that give rise to a liability	(240,312)	(40,979)
Total remuneration	<u>(240,312)</u>	<u>(40,979)</u>

	Year to 31 Mar 13 No	Period from 1 Nov 10 to 31 Mar 12 No
The average number of members during the year was	<u>2</u>	<u>2</u>

	Year to 31 Mar 13 £	Period from 1 Nov 10 to 31 Mar 12 £
The average members remuneration during the year was	<u>(122,784)</u>	<u>(20,490)</u>

4 TANGIBLE FIXED ASSETS

	Investment Property £	Development properties £	Fixtures & fittings £	Equipment £	Total £
Cost or valuation					
At 1 April 2012	-	2,639,045	14,295	-	2,653,340
Additions	-	3,317,978	532,937	13,472	3,864,387
Reclassification	2,820,000	(2,820,000)	-	-	-
At 31 March 2013	<u>2,820,000</u>	<u>3,137,023</u>	<u>547,232</u>	<u>13,472</u>	<u>6,517,727</u>
Depreciation					
At 1 April 2012	-	-	397	-	397
Charge for the year	-	-	56,777	307	57,084
At 31 March 2013	<u>-</u>	<u>-</u>	<u>57,174</u>	<u>307</u>	<u>57,481</u>
Net book value					
At 31 March 2013	<u>2,820,000</u>	<u>3,137,023</u>	<u>490,058</u>	<u>13,165</u>	<u>6,460,246</u>
At 31 March 2012	<u>-</u>	<u>2,639,045</u>	<u>13,898</u>	<u>-</u>	<u>2,652,943</u>

JOG Highlands LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

4 TANGIBLE FIXED ASSETS (continued)

The investment property was valued during the year ended 31 March 2013 on an open market basis by Edward Symmons Chartered Surveyors, an independent surveyor registered with the RICS. No depreciation is provided in respect of investment properties or land

Capital commitments	2013	2012
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>3,339,531</u>

5 DEBTORS

	2013	2012
	£	£
Amounts owed by group undertakings	6,071	-
Other debtors	183,271	354,155
	<u>189,342</u>	<u>354,155</u>

6 CREDITORS Amounts falling due within one year

	2013	2012
	£	£
Bank overdrafts	-	111,508
Trade creditors	407,663	613,361
Other creditors	53,840	4,880
	<u>461,503</u>	<u>729,749</u>

7 CREDITORS Amounts falling due after more than one year

	2013	2012
	£	£
Other creditors	<u>1,881,141</u>	<u>-</u>

The other creditor is secured by a debenture over the assets of the company

8 GOVERNMENT GRANTS

	2013	2012
	£	£
Received and receivable		
At 1 April 2012	439,162	-
Receivable during year	1,035,811	439,162
At 31 March 2013	<u>1,474,973</u>	<u>439,162</u>
Amortisation		
At 31 March 2013	<u>-</u>	<u>-</u>
Net balance at 31 March 2013	<u>1,474,973</u>	<u>439,162</u>

JOG Highlands LLP

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2013

8 GOVERNMENT GRANTS (continued)

During the prior period the LLP signed an agreement to receive a development grant from Highlands and Islands Enterprise of up to £1,807,500 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 and is therefore included as a liability until that point in time.

9 RELATED PARTY TRANSACTIONS

Heritage Great Britain PLC

Heritage Great Britain PLC is a designated member and recharged costs paid by them of £nil (2012 - £7,372) during the period. There was no balance outstanding at the period end.

Natural Retreats UK Limited

Natural Retreats UK Limited is managed by K2 Equity Partners LLP which is a 40% owner of Natural Assets Investments Limited, which is the parent company of John O'Groats Highlands Limited, a designated member of the LLP. Natural Retreats UK Limited recharged costs for services provided of £174,389 (2012 - £210,154) during the period. There was a balance of £51,122 (2012 - £8,210) due to Natural Retreats UK Limited at the period end.

10 LOANS AND OTHER DEBTS DUE TO MEMBERS

	2013 £	2012 £
Loans from members	<u>281,291</u>	<u>40,979</u>

11 MEMBERS' INTERESTS

	Members' capital (classified as equity) £	Members' other interests Other reserves – loss to be extinguished by future profits £	Total members' other interests £	Loans and other debts due to members £	Total £
Amounts due to members	1,838,427	(40,979)	1,797,448	40,979	1,838,427
Amounts due from members	-	-	-	-	-
Balance at 1 April 2012	1,838,427	(40,979)	1,797,448	40,979	1,838,427
Members' remuneration automatic division of results	-	(240,312)	(240,312)	-	(240,312)
Introduced by members	995,606	-	995,606	240,312	1,235,918
Amounts due to members	2,834,033	(281,291)	2,552,742	281,291	2,834,033
Amounts due from members	-	-	-	-	-
Balance at 31 March 2013	<u>2,834,033</u>	<u>(281,291)</u>	<u>2,552,742</u>	<u>281,291</u>	<u>2,834,033</u>

JOG Highlands LLP
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

12 RANKING ON WINDING UP

If the LLP is wound up, and a surplus sum remains at the conclusion of the winding up, after payment of all money due to the creditors of the LLP and all expenses of the winding up, the liquidator shall pay that surplus sum to the Members in accordance with the respective proportions to the members capital contributions and division of profits in accordance with the terms of the partnership agreement

13 ULTIMATE CONTROLLING PARTY

The LLP is controlled by its members as delegated to the management team and as such there is no one controlling party