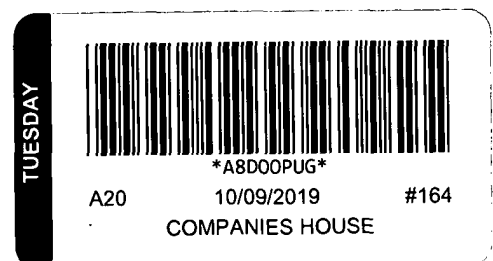


**REPORT OF THE MEMBERS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
JOG HIGHLANDS LLP**

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



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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JOG HIGHLANDS LLP
GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DESIGNATED MEMBERS: John O'Groats Highlands Limited
Heritage Great Britain Plc

REGISTERED OFFICE: 1st Floor
Whitecroft House
51 Water Lane
Wilmslow
Cheshire
SK9 5BQ

REGISTERED NUMBER: OC359134 (England and Wales)

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

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

The members present their report with the financial statements of the LLP for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the LLP in the year under review was that of the rental of holiday accommodation.

DESIGNATED MEMBERS

The designated members during the year under review were:

John O'Groats Highlands Limited
Heritage Great Britain Plc

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The loss for the year before members' remuneration and profit shares was £158,387 (2017 - £179,959 loss).

MEMBERS' INTERESTS

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 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.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Report of the Members 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). Under legislation applicable to limited liability partnerships the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The members are responsible for keeping adequate 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 applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

ON BEHALF OF THE MEMBERS:



.....
John O'Groats Highlands Limited - Designated member

Date: 23rd August 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF JOG HIGHLANDS LLP

Opinion

We have audited the financial statements of JOG Highlands LLP (the 'LLP') for the year ended 31 December 2018 which comprise the Income Statement, Statement of Financial Position, Reconciliation of Members' Interests and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2018 and of its 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 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The members are responsible for the other information. The other information comprises the information in the Report of the Members, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 LLPs 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 LLPs regime.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
JOG HIGHLANDS LLP**

Responsibilities of members

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

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to LLPs 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 LLP's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

DTE Business Advisers Limited

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

Date: *29th August 2019*

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

Notes	2018 £	2017 £
REVENUE	514,839	530,687
Cost of sales	<u>(378,937)</u>	<u>(320,367)</u>
GROSS PROFIT	135,902	210,320
Administrative expenses	<u>(178,851)</u>	<u>(281,473)</u>
	(42,949)	(71,153)
Other operating income	<u>36,179</u>	<u>36,150</u>
OPERATING LOSS	(6,770)	(35,003)
Interest payable and similar expenses	<u>(151,617)</u>	<u>(144,956)</u>
LOSS FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	<u><u>(158,387)</u></u>	<u><u>(179,959)</u></u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Property, plant and equipment	4	11,418	54,374
Investment property	5	4,569,602	4,569,602
		<u>4,581,020</u>	<u>4,623,976</u>
CURRENT ASSETS			
Inventories		7,064	3,013
Debtors	6	27,482	35,723
Cash at bank		2,875	514
		<u>37,421</u>	<u>39,250</u>
CREDITORS			
Amounts falling due within one year	7	(55,281)	(22,248)
NET CURRENT (LIABILITIES)/ASSETS		<u>(17,860)</u>	<u>17,002</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,563,160	4,640,978
CREDITORS			
Amounts falling due after more than one year	8	(5,024,890)	(4,909,451)
NET LIABILITIES ATTRIBUTABLE TO MEMBERS		<u>(461,730)</u>	<u>(268,473)</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS		-	-
MEMBERS' OTHER INTERESTS			
Members' capital classified as equity		3,853,231	3,888,101
Other reserves		(4,314,961)	(4,156,574)
		<u>(461,730)</u>	<u>(268,473)</u>
TOTAL MEMBERS' INTERESTS		<u>(461,730)</u>	<u>(268,473)</u>
Members' other interests			


The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2018

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small LLPs.

The financial statements were approved by the members of the LLP on 23rd August 2019 and were signed by:


Heritage Great Britain Plc - Designated member


John O'Groats Highlands Limited - Designated member

The notes form part of these financial statements

**RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	EQUITY		
	Members' other interests		
	Members' capital (classified as equity) £	Other reserves £	Total £
Balance at 1 January 2018	3,888,101	(4,156,574)	(268,473)
Loss for the financial year available for discretionary division among members	-	(158,387)	(158,387)
Members' interests after loss for the year	3,888,101	(4,314,961)	(426,860)
Introduced by members	(34,870)	-	(34,870)
Balance at 31 December 2018	3,853,231	(4,314,961)	(461,730)

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors	
	Other amounts £	Total £
Amount due to members	-	
Amount due from members	-	
Balance at 1 January 2018	-	(268,473)
Loss for the financial year available for discretionary division among members	-	(158,387)
Members' interests after loss for the year	-	(426,860)
Introduced by members	-	(34,870)
Amount due to members	-	
Amount due from members	-	
Balance at 31 December 2018	-	(461,730)

The notes form part of these financial statements

**RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	EQUITY		
	Members' other interests		
	Members' capital (classified as equity) £	Other reserves £	Total £
Balance at 1 January 2017	3,890,789	(3,976,615)	(85,826)
Loss for the financial year available for discretionary division among members	-	(179,959)	(179,959)
Members' interests after loss for the year	3,890,789	(4,156,574)	(265,785)
Introduced by members	(2,688)	-	(2,688)
Balance at 31 December 2017	3,888,101	(4,156,574)	(268,473)

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors	
	Other amounts £	Total £
Amount due to members	-	
Amount due from members	-	
Balance at 1 January 2017	-	(85,826)
Loss for the financial year available for discretionary division among members	-	(179,959)
Members' interests after loss for the year	-	(265,785)
Introduced by members	-	(2,688)
Amount due to members	-	
Amount due from members	-	
Balance at 31 December 2017	-	(268,473)

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

JOG Highlands LLP is registered in England and Wales. The LLP's registered number is OC359134 and the its registered office address is 1st Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention.

Going concern

The board has prepared detailed financial forecasts and cash flows, taking account of the support of the loan holder (and major shareholder of the ultimate parent company), the support of the ultimate parent company and an indicative view of trading performance.

The LLP has net liabilities of £461,730 (2017: £268,473) and is reliant on group support to cover its working capital requirements.

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 ultimate parent company and loan holder. The loan holder is considered to have adequate capabilities to provide support to the LLP and its ultimate parent undertaking as required for at least the next 12 months.

The members have considered the business risks and believe that the company is well placed to manage these risks successfully, thus the going concern basis of accounting has been adopted in preparing these financial statements.

Critical accounting estimates and judgements

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

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

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

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

Estimating the value of investment property is considered to be a key judgement.

Revenue

Revenue relates to accommodation rental income on lettings during the year.

Revenue represents the amounts receivable for the services provided to clients, excluding VAT, under contractual obligations which are performed gradually over time.

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

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

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

Plant and machinery etc - 20% on cost

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

Government grants

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

Investment property

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are recognised at fair value. Changes in fair value are recognised in the income statement.

Inventories

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

Cost is derived from purchase price.

Financial instruments

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

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

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

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

2. ACCOUNTING POLICIES - continued

Members' participation rights

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

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 section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Profits are divided only after a decision by the LLP or its representative, so the LLP has an unconditional right to refuse payment. Such profits are classified as equity rather than liabilities. They are therefore shown as a residual amount available for discretionary division among members in arriving at the result for the year and are shown as appropriations of equity when they are allocated.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

A deed of variation dated 21 January 2015 specifies that profits should be split 86% for JOG Highlands Limited and 14% Heritage Great Britain PLC.

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

3. EMPLOYEE INFORMATION

The average number of employees during the year was NIL (2017 - NIL).

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

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery etc £
Cost	
At 1 January 2018	807,582
Additions	2,963
	<u>810,545</u>
At 31 December 2018	
Depreciation	
At 1 January 2018	753,208
Charge for year	45,919
	<u>799,127</u>
At 31 December 2018	
Net book value	
At 31 December 2018	<u>11,418</u>
At 31 December 2017	<u>54,374</u>

5. INVESTMENT PROPERTY

	Total £
Fair value	
At 1 January 2018 and 31 December 2018	<u>4,569,602</u>
Net book value	
At 31 December 2018	<u>4,569,602</u>
At 31 December 2017	<u>4,569,602</u>

The investment properties were valued on an open market basis at 31 December 2018 by the members.

The historic cost of the investment properties is £7,271,550 (2017: £7,271,550).

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	-	9,962
Other debtors	<u>27,482</u>	<u>25,761</u>
	<u>27,482</u>	<u>35,723</u>

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

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	30,076	8,685
Other creditors	25,205	13,563
	<u>55,281</u>	<u>22,248</u>

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

	2018	2017
	£	£
Other creditors	5,024,890	4,909,451
	<u>5,024,890</u>	<u>4,909,451</u>

Other creditors are subject to interest at 4.5% above LIBOR, and repayable by 11 June 2022.

9. RELATED PARTY DISCLOSURES

The LLP has entered into a composite unlimited multilateral guarantee in respect of the bank borrowings of other group companies. At 31 December 2018 the total borrowings covered by the guarantee amounted to £9,026,955 (2017: £4,101,728).

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 undertakings both present and future.

10. PARENT COMPANY

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