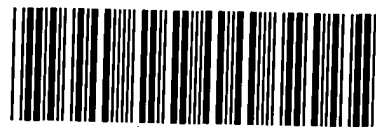


Company Registration No. 07050162 (England and Wales)

**NATURAL LAND 3 LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2016**

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# NATURAL LAND 3 LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr T Dennis Mr E J Kearney Mr M D Spence Mr A Wild
<b>Company number</b>	07050162
<b>Registered office</b>	1st Floor Whitecroft House 51 Water Lane Wilmslow Cheshire SK9 5BQ
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF

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# **NATURAL LAND 3 LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and financial statements for the year ended 31 December 2016.

The prior period's accounts covered the nine months ended 31 December 2015.

#### **Principal activities**

The principal activity of the company during the period was that of the ownership and rental of furnished holiday accommodation.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T Dennis  
Mr E J Kearney  
Mr M D Spence  
Mr A Wild

#### **Auditor**

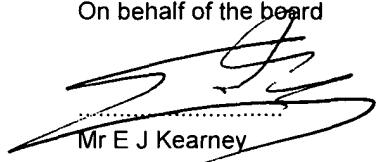
A resolution to reappoint RSM UK Audit LLP as auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

#### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr E J Kearney  
Director  
27-09-17

# **NATURAL LAND 3 LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NATURAL LAND 3 LIMITED**

### **Opinion on financial statements**

We have audited the financial statements on pages 4 to 14. 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 company's affairs as at 31 December 2016 and of its profit 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 Directors' Report for the financial year 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 Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, 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
- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 2, 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 member, 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 member 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 member as a body for our audit work, for this report, or for the opinions we have formed.

**RSM UK AUDIT LLP**

Ian Taylor (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

28 SEPTEMBER 2017

# NATURAL LAND 3 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

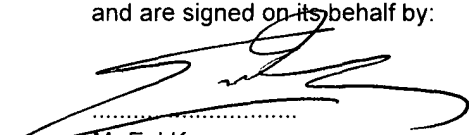
		Year ended 31 December 2016 £	Period ended 31 December 2015 £
	Notes		
Cost of sales		(1,730)	(1,165)
Administrative expenses		(33,143)	(24,491)
Other operating income		11,340	-
<b>Operating loss</b>		<b>(23,533)</b>	<b>(25,656)</b>
Interest receivable and similar income	3	85,921	74,060
Other gains and losses	4	33,836	901,709
<b>Profit before taxation</b>		<b>96,224</b>	<b>950,113</b>
Taxation		-	-
<b>Profit for the financial year</b>		<b>96,224</b>	<b>950,113</b>

**NATURAL LAND 3 LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	5		1,005		806
Investment properties	6		2,954,283		2,575,000
			<u>2,955,288</u>		<u>2,575,806</u>
<b>Current assets</b>					
Debtors	7	530,126		659,843	
Cash at bank and in hand		1,673		3,249	
		<u>531,799</u>		<u>663,092</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,306,961)</u>		<u>(3,154,996)</u>	
<b>Net current liabilities</b>			<u>(2,775,162)</u>		<u>(2,491,904)</u>
<b>Total assets less current liabilities</b>			<u>180,126</u>		<u>83,902</u>
<b>Capital and reserves</b>					
Called up share capital	9		4		4
Other reserves	10		877,499		843,663
Profit and loss reserves			<u>(697,377)</u>		<u>(759,765)</u>
<b>Total equity</b>			<u>180,126</u>		<u>83,902</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 27-09-17 and are signed on its behalf by:

  
 .....  
 Mr E J Kearney  
 Director

# NATURAL LAND 3 LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 April 2015</b>	4	(58,046)	(808,169)	(866,211)
<b>Period ended 31 December 2015:</b>				
Profit and total comprehensive income for the period	-	-	950,113	950,113
Transfers	-	901,709	(901,709)	-
<b>Balance at 31 December 2015</b>	4	843,663	(759,765)	83,902
<b>Period ended 31 December 2016:</b>				
Profit and total comprehensive income for the period	-	-	96,224	96,224
Transfers	-	33,836	(33,836)	-
<b>Balance at 31 December 2016</b>	4	877,499	(697,377)	180,126

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Natural Land 3 Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ.

#### Accounting convention

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

These financial statements are the first financial statements of Natural Land 3 Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Natural Land 3 Limited for the year ended 31 December 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in equity at the transition date and are detailed in note 13.

#### 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 company is currently in its development phase with the balance sheet showing net current liabilities of £2,775,162 (2015 - £2,491,904).

The company has support from related parties, including its ultimate parent undertaking, and in turn, from the loan holder (and main shareholder) in the ultimate parent undertaking. The loan holder (and major shareholder) is considered to have adequate capabilities to provide support as required and has formally confirmed that he will support the company and its parent undertaking for at least the next 12 months.

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

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

---

### 1 Accounting policies (Continued)

#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment	33.33% per annum
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

#### **Financial instruments**

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies (Continued)

#### ***Basic financial assets***

Basic financial assets, which include trade and other debtors, amounts due from group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified 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.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### ***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 and deferred tax is charged or credited to 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.

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 the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies (Continued)

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 and 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 company 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.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 2 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and its associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	4,025	3,275
	<u>          </u>	<u>          </u>

### 3 Interest receivable and similar income

	2016	2015
	£	£
Interest receivable and similar income includes the following:		
Interest receivable from group companies	85,921	74,060
	<u>          </u>	<u>          </u>

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

#### 4 Other gains and losses

	2016 £	2015 £
<b>Fair value gains/(losses)</b>		
Changes in the fair value of investment properties	33,836	901,709

#### 5 Tangible fixed assets

	Fixtures, fittings and equipment £
<b>Cost</b>	
At 1 January 2016	966
Additions	633
At 31 December 2016	1,599
<b>Depreciation and impairment</b>	
At 1 January 2016	160
Depreciation charged in the year	434
At 31 December 2016	594
<b>Carrying amount</b>	
At 31 December 2016	1,005
At 31 December 2015	806

#### 6 Investment property

	2016 £
<b>Fair value</b>	
At 1 January 2016	2,575,000
Additions	345,447
Revaluations	33,836
At 31 December 2016	2,954,283

The investment properties were valued on an open market existing use basis at 31 December 2016 based on a valuation by the directors. No depreciation is provided in respect of investment properties or land.

The historic costs of the investment properties were £2,076,784 (2015 - £1,731,337).

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 7 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	66	2,288
Amounts owed by group undertakings	391,546	612,126
Other debtors	138,514	45,429
	<u>530,126</u>	<u>659,843</u>

### 8 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	136,363	25,141
Other creditors	3,170,598	3,129,855
	<u>3,306,961</u>	<u>3,154,996</u>

### 9 Called up share capital

	2016	2015
	£	£
Ordinary share capital Issued and fully paid 4 Ordinary shares of £1 each	<u>4</u>	<u>4</u>

### 10 Other reserves

#### Fair value reserve

The fair value reserve represents the cumulative revaluation gains and losses in respect of investment properties.

# **NATURAL LAND 3 LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

---

### **11 Related party transactions**

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. Natural Retreats UK Limited is a subsidiary of Natural Retreats Management LLC.

During the year the company purchased services amounting to £258,302 (2015 - £190,439) from Natural Retreats UK Limited. The company owed Natural Retreats UK Limited £132,705 (2015 - £nil) at the period end.

Also during the period income amounting to £129 (2015 - £nil) was received from Natural Retreats UK Limited. At 31 December 2016 £nil (2015 - £nil) was due from Natural Retreats UK Limited.

The company'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.

D Gorton is a shareholder and ultimate controlling party of the parent company Natural Assets Investments Limited. At 31 December 2016 creditors includes £3,100,000 (2015 - £3,100,000) owing to D Gorton. No interest is provided on this amount.

The company has 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).

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.

### **12 Parent company**

The company is wholly owned by Natural Assets Investments Limited, a company registered in England and Wales which is the immediate controlling party and ultimate parent company. The consolidated financial statements of this group are available to the public from Companies House.

The ultimate controlling party is considered to be Mr D Gorton.

# NATURAL LAND 3 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Reconciliations on adoption of FRS 102

#### Reconciliation of equity

	1 April 2015 £	31 December 2015 £
Equity as reported under previous UK GAAP and under FRS 102	(866,211)	83,902

#### Reconciliation of profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		48,404
Adjustments arising from transition to FRS 102:		
Reallocation of fair value gains on investment properties		901,709
Profit reported under FRS 102		950,113

#### Notes to reconciliations on adoption of FRS 102

##### Fair value gains and losses on investment properties

During the period ended 31 December 2015, fair value gains on investment properties of £901,709 were recognised directly in reserves under previous UK GAAP. Under FRS102, those fair value gains are recognised in profit and loss.

##### Deferred tax on investment properties at fair value

Under FRS102 a deferred tax liability of £78,849 (31 December 2015 - £121,380) is required to be recognised on transition in relation to gains on investment properties. On crystallisation of the gain it is anticipated that group relief using brought forward capital losses will be applied. Therefore a matching asset has been recognised, resulting in a nil impact on equity.