

Registered number 7232597

Natural Retreats UK Limited

Directors' report and financial statements

for the period ended 31 March 2011

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25/02/2012
COMPANIES HOUSE

Natural Retreats UK Limited

Company Information

Directors	T Dennis (appointed 26 July 2010) E J Kearney (appointed 24 June 2010) M D Spence (appointed 24 June 2010) A Wild (appointed 10 May 2010) D M Gorton (appointed 26 July 2010 & resigned 18 November 2011) Halliwells Directors Limited (appointed 22 April 2010 & resigned 10 May 2010) M Halliwell (appointed 22 April 2010 & resigned 10 May 2010)
Company number	7232597
Registered office	1st Floor Whitecroft House 51 Water Lane Wilmslow Cheshire SK9 5BQ
Auditors	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Bankers	HSBC Bank PLC Harry Weston Road Binley West Midlands CV3 2TQ

Natural Retreats UK Limited

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Natural Retreats UK Limited

Directors' report for the period ended 31 March 2011

The directors present their report and the financial statements for the period ended 31 March 2011

Statement of directors' responsibilities

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 judgments and 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.

Principal activities

The company provides luxury short term self-catering holidays, mainly to individuals

Results

The loss for the period, after taxation, amounted to £1,036,673

Directors

The directors who served during the period were

T Dennis (appointed 26 July 2010)
E J Kearney (appointed 24 June 2010)
M D Spence (appointed 24 June 2010)
A Wild (appointed 10 May 2010)
D M Gorton (appointed 26 July 2010 & resigned 18 November 2011)
Halliwells Directors Limited (appointed 22 April 2010 & resigned 10 May 2010)
M Halliwell (appointed 22 April 2010 & resigned 10 May 2010)

Natural Retreats UK Limited

**Directors' report
for the period ended 31 March 2011**

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

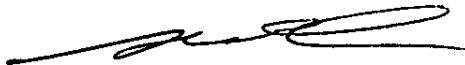
Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on

14/2/2012

and signed on its behalf



A Wild
Director

Natural Retreats UK Limited

Independent auditors' report to the shareholders of Natural Retreats UK Limited

We have audited the financial statements of Natural Retreats UK Limited for the period ended 31 March 2011, set out on pages 5 to 12. 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).

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 Auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Natural Retreats UK Limited

Independent auditors' report to the shareholders of Natural Retreats UK Limited

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 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 remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Barry Flynn (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Manchester

Date 20/2/2012

Natural Retreats UK Limited

**Profit and loss account
for the period ended 31 March 2011**

	Note	Period ended 31 March 2011 £
Turnover	1	641,953
Cost of sales		<u>(472,718)</u>
Gross profit		169,235
Administrative expenses		<u>(1,147,692)</u>
Operating loss	2	(978,457)
Interest payable and similar charges	3	<u>(58,216)</u>
Loss on ordinary activities before taxation		(1,036,673)
Tax on loss on ordinary activities	4	<u>-</u>
Loss for the financial period	10	<u><u>(1,036,673)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 other than those included in the Profit and loss account

The notes on pages 7 to 12 form part of these financial statements


Natural Retreats UK Limited
Registered number 7232597

Balance sheet
as at 31 March 2011

	Note	£	2011 £
Fixed assets			
Tangible assets	5		58,060
Current assets			
Debtors	6	304,644	
Cash at bank and in hand		1,041,198	
		<u>1,345,842</u>	
Creditors amounts falling due within one year	7	(440,574)	
Net current assets			<u>905,268</u>
Total assets less current liabilities			<u>963,328</u>
Creditors , amounts falling due after more than one year	8	(2,000,000)	
Net liabilities			<u>(1,036,672)</u>
Capital and reserves			
Called up share capital	9		1
Profit and loss account	10	(1,036,673)	
Shareholders' deficit	11	(1,036,672)	

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14/2/2012


A Wild
Director

The notes on pages 7 to 12 form part of these financial statements

**Notes to the financial statements
for the period ended 31 March 2011**

1. Accounting policies

1.1 Basis of preparation of financial statements

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)

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	20%
Office equipment	-	33 33%
Website	-	33 33%

1.4 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.5 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.6 Going concern

The directors confirm that the entity can continue as a going concern in the next 12 months. The forecasts for 2011/12 show only a small loss position, which will be funded by the £2 million loan granted. Even with this forecast loss, the company is not expected to draw down the full loan available

The business plan set out by the directors is being rolled out and there are many new site opportunities in the pipeline. In addition, the company has secured significant technical services revenue for the next 2 years which was not originally envisaged

As further contingency, National Retreats' major shareholder has confirmed his continued financial support for the business should it be required over and above the current loan

Natural Retreats UK Limited

**Notes to the financial statements
for the period ended 31 March 2011**

2 Operating loss

The operating loss is stated after charging

	Period ended 31 March 2011 £
Depreciation of tangible fixed assets	
- owned by the company	6,350
Auditors' remuneration	12,500
Operating lease rentals	
- other operating leases	5,086
Difference on foreign exchange	1,202
	<u> </u>

A management charge has been levied by K2 Equity Partners LLP to Natural Retreats UK Limited for an amount of £250,000, of which £100,000 has been re-charged by Natural Retreats UK Limited to Natural Retreats Ireland Limited. This management fee includes an element in respect of the remuneration of the directors' for their services to the company, which it is not possible to identify separately.

3 Interest payable

	Period ended 31 March 2011 £
On loans granted by a shareholder	58,216
	<u> </u>

Notes to the financial statements
for the period ended 31 March 2011

4 Taxation

Factors affecting tax charge for the period

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 28% as set out below

	Period ended 31 March 2011 £
Loss on ordinary activities before tax	(1,036,673)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(290,268)
Effects of:	
Disallowed expenses and untaxed income	56,000
Accelerated capital allowances	(1,829)
Utilisation of tax losses	236,097
Current tax charge for the period (see note above)	-

A deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised in respect of losses carried forward to future periods is £219,233.

Factors that may affect future tax charges

At the balance sheet date, legislation had been substantively enacted which would reduce the main rate of UK corporation tax from 28% to 26% with effect from 1 April 2011 and which has been reflected in the above deferred tax calculations.

Further reductions to the main rate of corporation tax were also announced in the March 2011 UK Budget Statement, to reduce the rate to 23% by 1 April 2014. The reduction from 26% to 25% has been included in Finance Bill 2011, to have effect from 1 April 2012. The reductions from 25% to 23% are expected to be enacted separately, in the Finance Bill for each of the years 2012 and 2013 respectively. These changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

Natural Retreats UK Limited

Notes to the financial statements
for the period ended 31 March 2011

5 Tangible fixed assets

	Other fixed assets £
Cost	
Additions	64,410
At 31 March 2011	<u>64,410</u>
Depreciation	
Charge for the period	6,350
At 31 March 2011	<u>6,350</u>
Net book value	
At 31 March 2011	<u><u>58,060</u></u>

6 Debtors

	2011 £
Trade debtors	44,613
Amounts owed by undertakings in which the company has a participating interest	214,173
Other debtors	5,981
Prepayments and accrued income	39,877
	<u>304,644</u>

7. Creditors
Amounts falling due within one year

	2011 £
Bank loans and overdrafts	3,574
Trade creditors	112,200
Social security and other taxes	32,649
Other creditors	85,553
Accruals and deferred income	206,598
	<u>440,574</u>

Natural Retreats UK Limited

Notes to the financial statements
for the period ended 31 March 2011

8. Creditors
Amounts falling due after more than one year

	2011 £
Other creditors	2,000,000

Other creditors related to a long term unsecured loan granted by one of the shareholders

9 Share capital

	2011 £
Allotted, called up and fully paid	
1 Ordinary share of £1	1

One ordinary share was allotted, issued and fully paid in the year. The aggregate nominal value of the share was £1 and the consideration received in respect of the share was £1

10 Reserves

	Profit and loss account £
Loss for the period	(1,036,673)
At 31 March 2011	(1,036,673)

11 Reconciliation of movement in shareholders' deficit

	2011 £
Opening shareholders' funds	-
Loss for the period	(1,036,673)
Shares issued during the period	1
Closing shareholders' deficit	(1,036,672)

Natural Retreats UK Limited

**Notes to the financial statements
for the period ended 31 March 2011**

12 Operating lease commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £
Expiry date:	
Within 1 year	11,578
Between 2 and 5 years	19,297

13 Related party transactions

The Company has taken the exemption available in FRS 8 Related party disclosures from disclosing transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group

During the year, the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 March 2011, are

	K2 Equity Partners LLP £	Mr David Gorton £	Natural Retreats LP £	Natural Retreats US Inc £
Recharges from related party	269,612	-	-	-
Recharges to related party	-	-	76,245	38,874
Amounts lent to related party	-	-	29,179	-
Amounts lent by related party	-	2,000,000	-	-
Amounts owed from related party	-	-	105,424	38,874
Amounts owed to related party	399	2,000,000	-	-

14 Ultimate parent undertakings and controlling party

The immediate parent undertaking is Natural Retreats Management Limited

In the opinion of the directors there is no ultimate controlling party