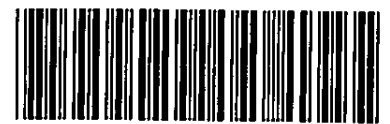


Natural Retreats UK Limited

Directors' report and financial statements

for the year ended 31 March 2012

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Natural Retreats UK Limited

Company Information

Directors	T Dennis E J Kearney M D Spence A Wild
Company number	7232597
Registered office	1st Floor Whitecroft House 51 Water Lane Wilmslow Cheshire SK9 5BQ
Auditors	Ernst & Young LLP 100 Barbican 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 year ended 31 March 2012

The directors present their report and the financial statements for the year ended 31 March 2012

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 £281,316 (2011 £1,036,673)

Going concern

The directors consider that the going concern basis of preparation is appropriate. The losses continue to be funded by the support of the major shareholder including a further £1m advanced after the year end. The major shareholder has provided a written undertaking to the directors to provide sufficient funds to enable the company to meet its liabilities for the foreseeable future.

Directors

The directors who served during the year were

T Dennis
E J Kearney
M D Spence
A Wild

Natural Retreats UK Limited

**Directors' report
for the year ended 31 March 2012**

Provision of information to auditors

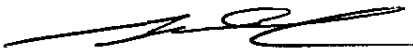
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- 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 **22/3/13** 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 year ended 31 March 2012, which comprise the Profit and loss account, the Balance sheet and the related notes 1 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).

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 2012 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.

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.

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 25/8/2013

Natural Retreats UK Limited

**Profit and loss account
for the year ended 31 March 2012**

	Note	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Turnover	1	2,377,240	641,953
Cost of sales		<u>(862,889)</u>	<u>(472,718)</u>
Gross profit		1,514,351	169,235
Administrative expenses		<u>(1,588,586)</u>	<u>(1,147,692)</u>
Operating loss	2	(74,235)	(978,457)
Interest payable and similar charges	3	<u>(207,081)</u>	<u>(58,216)</u>
Loss on ordinary activities before taxation		(281,316)	(1,036,673)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the financial year	10	<u><u>(281,316)</u></u>	<u><u>(1,036,673)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

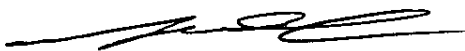
Natural Retreats UK Limited
Registered number: 7232597

Balance sheet
as at 31 March 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	5		237,836		58,060
Current assets					
Debtors	6	1,068,727		304,644	
Cash at bank and in hand		377,289		1,041,198	
		<u>1,446,016</u>		<u>1,345,842</u>	
Creditors, amounts falling due within one year	7	<u>(742,593)</u>		<u>(440,574)</u>	
Net current assets			<u>703,423</u>		<u>905,268</u>
Total assets less current liabilities			<u>941,259</u>		<u>963,328</u>
Creditors, amounts falling due after more than one year	8	<u>(2,259,247)</u>		<u>(2,000,000)</u>	
Net liabilities			<u>(1,317,988)</u>		<u>(1,036,672)</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account	10		<u>(1,317,989)</u>		<u>(1,036,673)</u>
Shareholders' deficit	11		<u>(1,317,988)</u>		<u>(1,036,672)</u>

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 22/3/2013.



A Wild
Director

The notes on pages 7 to 13 form part of these financial statements

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

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 consider that the going concern basis of preparation is appropriate. The losses continue to be funded by the support of the major shareholder including a further £1m advanced after the year end. The major shareholder has provided a written undertaking to the directors to provide sufficient funds to enable the company to meet its liabilities for the foreseeable future.

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

2. Operating loss

The operating loss is stated after charging

	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Depreciation of tangible fixed assets		
- owned by the company	37,533	6,350
Auditors' remuneration	12,500	12,500
Operating lease rentals		
- land and buildings	32,284	-
- other operating leases	11,578	5,086
Difference on foreign exchange	38,918	1,202
	<u> </u>	<u> </u>

A management charge has been levied by K2 Equity Partners LLP to Natural Retreats UK Limited for an amount of £375,000, of which £173,183 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

	Year ended 31 March 2012 £	Period ended 31 March 2011 £
On other loans	6,050	-
On loans granted by a shareholder	201,031	58,216
	<u> </u>	<u> </u>
	<u>207,081</u>	<u>58,216</u>

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

4. Taxation**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2011 - the same as) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

	Year ended 31 March 2012 £	Period ended 31 March 2011 £
Loss on ordinary activities before tax	(281,316)	(1,036,673)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	(73,142)	(290,268)
Effects of:		
Disallowed expenses and untaxed income	2,375	56,000
Accelerated capital allowances	(12,792)	(1,829)
Utilisation of tax losses	-	236,097
Other timing differences leading to an increase in taxation	53,841	-
Unrelieved tax losses carried forward	9,907	-
Group relief	19,811	-
Current tax charge for the year/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 £287,075

Factors that may affect future tax charges

In his Budget announcement of 20 March 2013, the Chancellor of the Exchequer announced further tax changes, including proposals for phased reductions in the UK corporation tax rate to 20% from 1 April 2015. As at 31 March 2012, only the reduction in the rate to 24% had been 'substantively enacted' and this has been reflected in the Company's financial statements as at 31 March 2012. The effect of the reduction of the UK corporation tax rate to 20% on the Company's not recognised deferred tax asset would be to reduce it by £48,000 as at 31 March 2012.

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

5 Tangible fixed assets

	Fixtures and fittings £	Office equipment and website £	Total £
Cost			
At 1 April 2011	-	64,410	64,410
Additions	71,972	145,337	217,309
At 31 March 2012	<u>71,972</u>	<u>209,747</u>	<u>281,719</u>
Depreciation			
At 1 April 2011	-	6,350	6,350
Charge for the year	5,972	31,561	37,533
At 31 March 2012	<u>5,972</u>	<u>37,911</u>	<u>43,883</u>
Net book value			
At 31 March 2012	<u>66,000</u>	<u>171,836</u>	<u>237,836</u>
At 31 March 2011	<u>-</u>	<u>58,060</u>	<u>58,060</u>

6. Debtors

	2012 £	2011 £
Trade debtors	36,479	44,613
Amounts owed by related undertakings	1,001,693	214,173
Other debtors	18,990	5,981
Prepayments and accrued income	11,565	39,877
	<u>1,068,727</u>	<u>304,644</u>

**7. Creditors.
Amounts falling due within one year**

	2012 £	2011 £
Bank loans and overdrafts	-	3,574
Trade creditors	315,197	112,200
Social security and other taxes	83,565	32,649
Other creditors	60,693	85,553
Accruals and deferred income	283,138	206,598
	<u>742,593</u>	<u>440,574</u>

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

**8. Creditors:
Amounts falling due after more than one year**

	2012 £	2011 £
Other creditors	2,259,247	2,000,000

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

9. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

10. Reserves

	Profit and loss account £
At 1 April 2011	(1,036,673)
Loss for the year	(281,316)
At 31 March 2012	(1,317,989)

11 Reconciliation of movement in shareholders' deficit

	2012 £	2011 £
Opening shareholders' deficit	(1,036,672)	-
Loss for the year/period	(281,316)	(1,036,673)
Shares issued during the year/period	-	1
Closing shareholders' deficit	(1,317,988)	(1,036,672)

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

12. Operating lease commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		2012 £	Other 2011 £
	2012 £	2011 £		
Expiry date:				
Between 2 and 5 years	-	-	11,578	11,578
After more than 5 years	32,284	-	-	-
	<u>32,284</u>	<u>-</u>	<u>11,578</u>	<u>11,578</u>

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 2012, are

	K2 Equity Partners LLP £	Mr David Gorton £	Natural Retreats LP £	Natural Retreats US Inc £
Recharges from related party	398,598	201,031	-	-
Recharges to related party	-	-	-	73,334
Amounts lent to related party	-	-	60,085	-
Amounts lent by related party	-	2,259,247	-	-
Amounts owed from related party	-	-	85,160	253,483
Amounts owed to related party	1,617	2,259,247	-	-
	<u>398,598</u>	<u>2,259,247</u>	<u>145,245</u>	<u>253,483</u>

In 2011, 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, were

	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	-	-
	<u>269,612</u>	<u>2,000,000</u>	<u>105,424</u>	<u>38,874</u>

Natural Retreats UK Limited

**Notes to the financial statements
for the year ended 31 March 2012**

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