

Company Registration Number: SC179037

Lovat Highland Estates Ltd
Filleted Financial Statements
31 October 2017



Lovat Highland Estates Ltd

Statement of Financial Position

31 October 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	8,927,448	8,568,970
Investments	6	23,589,021	21,937,551
		<u>32,516,469</u>	<u>30,506,521</u>
Current assets			
Debtors	7	64,894	94,599
Cash at bank and in hand		148,430	42,728
		<u>213,324</u>	<u>137,327</u>
Creditors: amounts falling due within one year	8	(9,189,720)	(8,799,460)
Net current liabilities		<u>(8,976,396)</u>	<u>(8,662,133)</u>
Total assets less current liabilities		23,540,073	21,844,388
Creditors: amounts falling due after more than one year	9	(91,548)	(110,937)
Provisions		<u>(2,299,798)</u>	<u>(1,986,047)</u>
Net assets		<u>21,148,727</u>	<u>19,747,404</u>
Capital and reserves			
Called up share capital	11	150,000	150,000
Revaluation reserve		15,114,144	13,631,238
Profit and loss account		5,884,583	5,966,166
Shareholders funds		<u>21,148,727</u>	<u>19,747,404</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 16.4.18, and are signed on behalf of the board by:

Iain D Shepherd

I D Shepherd
Director

Company registration number: SC179037

The notes on pages 2 to 9 form part of these financial statements.

Lovat Highland Estates Ltd

Notes to the Financial Statements

Year ended 31 October 2017

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Lovat Estates office, Beauly, Inverness-shire, IV4 7DA.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Creditors

Creditors are recognised where there is a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Lovat Highland Estates Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 October 2017

Consolidation exemption

The Company has taken advantage of the option not to prepare consolidated financial statements contained in section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Investments in subsidiaries are participating undertakings are remeasured to market value at each balance sheet date. The market value of these investments is based on the company's shareholder proportion of their net assets. The underlying assets of these investments are managed investment portfolios.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Lovat Highland Estates Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 October 2017

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Motor vehicles	-	25% reducing balance (new vehicles), 50% straight line (used vehicles)
Plant and Equipment	-	33% straight line

No depreciation is charged on Land and Buildings or Standing Timber.

The assets' residual value, useful live and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Investment properties are included in property, plant and equipment under the cost method. The director's consider that undue cost or effort would be required in order to obtain a reliable measure of fair value.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Lovat Highland Estates Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 October 2017

3. Accounting policies *(continued)*

Investments in joint ventures *(continued)*

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Lovat Highland Estates Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 October 2017

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Lovat Highland Estates Ltd

Notes to the Financial Statements (continued)

Year ended 31 October 2017

4. Employee numbers

The average number of persons employed by the company during the year amounted to 7 (2016: 7).

5. Tangible assets

	Heritable Property £	Motor vehicles £	Office Equipment £	Standing Timber £	Total £
Cost					
At 1 November 2016	8,285,494	96,455	74,209	195,993	8,652,151
Additions	375,811	—	24,833	—	400,644
Disposals	(8,750)	—	(3,750)	—	(12,500)
At 31 October 2017	<u>8,652,555</u>	<u>96,455</u>	<u>95,292</u>	<u>195,993</u>	<u>9,040,295</u>
Depreciation					
At 1 November 2016	—	31,849	51,332	—	83,181
Charge for the year	—	16,324	17,092	—	33,416
Disposals	—	—	(3,750)	—	(3,750)
At 31 October 2017	<u>—</u>	<u>48,173</u>	<u>64,674</u>	<u>—</u>	<u>112,847</u>
Carrying amount					
At 31 October 2017	<u>8,652,555</u>	<u>48,282</u>	<u>30,618</u>	<u>195,993</u>	<u>8,927,448</u>
At 31 October 2016	<u>8,285,494</u>	<u>64,606</u>	<u>22,877</u>	<u>195,993</u>	<u>8,568,970</u>

6. Investments

	Shares in group undertakings £	Shares in participating interests £	Other investments £	Total £
Cost				
At 1 November 2016	20,024,598	1,318,723	594,230	21,937,551
Additions	—	—	2,150	2,150
Revaluations	1,444,500	204,820	—	1,649,320
At 31 October 2017	<u>21,469,098</u>	<u>1,523,543</u>	<u>596,380</u>	<u>23,589,021</u>
Impairment				
At 1 November 2016 and 31 October 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount				
At 31 October 2017	<u>21,469,098</u>	<u>1,523,543</u>	<u>596,380</u>	<u>23,589,021</u>
At 31 October 2016	<u>20,024,598</u>	<u>1,318,723</u>	<u>594,230</u>	<u>21,937,551</u>

Lovat Highland Estates Ltd

Notes to the Financial Statements (continued)

Year ended 31 October 2017

6. Investments (continued)

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Highlands & Islands Investments Limited	Ordinary	100
Lovat Investments Limited (held by Highlands & Islands Investments Limited)	Ordinary	100

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2017	2016	2017	2016
	£	£	£	£
Subsidiary undertakings				
Highlands & Islands Investments Limited	21,469,098	20,310,750	514,870	557,397
Lovat Investments Limited (held by Highlands & Islands Investments Limited)	<u>10,130,483</u>	<u>9,406,182</u>	<u>724,301</u>	<u>1,031,098</u>

Investments in associates and joint ventures

Lovat Highland Estates Limited has a 49% holding in SLITCO Limited. During the year, SLITCO Limited made a profit after tax of £417,991 (2016 - £438,740) and at the end of the year the aggregate of its capital and reserves was £3,109,271 (2016 - £2,691,280). Lovat Highland Estates Limited's attributable share of its net assets was £1,523,543 (2016 - £1,318,727) at that date.

7. Debtors

	2017	2016
	£	£
Trade debtors	27,637	19,609
Other debtors	<u>37,257</u>	<u>74,990</u>
	<u>64,894</u>	<u>94,599</u>

8. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	120,975	59,431
Amounts owed to group undertakings and undertakings in which the company has a participating interest	8,989,000	8,672,000
Social security and other taxes	7,776	7,639
Other creditors	<u>71,969</u>	<u>60,390</u>
	<u>9,189,720</u>	<u>8,799,460</u>

Lovat Highland Estates Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 October 2017

9. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Other creditors	<u>91,548</u>	<u>110,937</u>

10. Financial instruments at fair value

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net asset basis or to realise the asset and settle the liability simultaneously.

11. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>

12. Capital commitments

At the year end the company had capital commitments of £400,000 (2016: £nil).

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £34,466 (2016: £35,855). There were no contributions outstanding at the year end.

14. Summary audit opinion

The auditor's report for the year dated 16.4.18 was unqualified.

The senior statutory auditor was Jeremy Chittleburgh CA, for and on behalf of Chiene + Tait LLP.

15. Related party transactions

The company has chosen to apply the exemption under FRS 102 Section 1A from disclosing related party transactions.

16. Controlling party

In the directors' opinion the company's ultimate parent undertaking is Lovat Estates Trust.