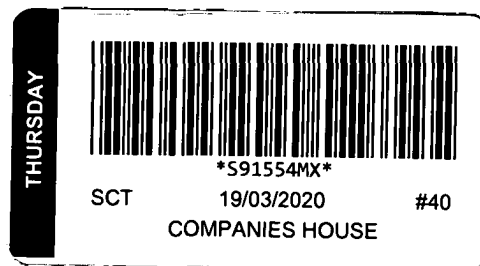


Highlands & Islands Investments Limited
Filleted Financial Statements
For the year ended
31 October 2019



Highlands & Islands Investments Limited

Financial Statements

Year ended 31 October 2019

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Highlands & Islands Investments Limited

Directors' Responsibilities Statement

Year ended 31 October 2019

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 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 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.

Highlands & Islands Investments Limited

Statement of Financial Position

31 October 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	5	14,633,143	16,392,293
Current assets			
Debtors	6	1,107,589	8,662,767
Cash at bank and in hand		1,797,260	282,509
		<u>2,904,849</u>	<u>8,945,276</u>
Creditors: amounts falling due within one year	7	<u>3,080,846</u>	<u>3,028,538</u>
Net current (liabilities)/assets		(175,997)	5,916,738
Total assets less current liabilities		<u>14,457,146</u>	<u>22,309,031</u>
Capital and reserves			
Called up share capital	9	5,172,429	5,172,429
Share premium account		1,381,520	1,381,520
Revaluation reserve		1,420,097	2,583,804
Profit and loss account		<u>6,483,100</u>	<u>13,171,278</u>
Shareholders funds		<u>14,457,146</u>	<u>22,309,031</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 12 March 2020, and are signed on behalf of the board by:



I D Shepherd
Director

Company registration number: SC051988

Highlands & Islands Investments Limited

Notes to the Financial Statements

Year ended 31 October 2019

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.

The Statement of Comprehensive Income comparative figures have been re-presented to include gains or losses on disposal of fixed asset investments separately below operating profit, rather than within administrative expenses.

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.

Debtors

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

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.

Consolidation exemption

The entity 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 entity 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.

Highlands & Islands Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

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 and 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.

Turnover

The turnover in the statement of comprehensive income represents income from investments.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, 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.

Investments

Fixed asset investments in subsidiaries are initially recorded at cost, and subsequently measured at fair value with changes in fair value being recognised in other comprehensive income. Fixed asset investments in unquoted entities are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Impairment losses are recognised in profit or loss. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss. Dividends and other distributions received from investments in subsidiaries and participating interests are recognised as income when declared, when the company becomes entitled to them, and when amounts can be estimated reliably.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses. Dividends and other distributions received from investments in associates are recognised as income when declared, when the company becomes entitled to them, and when amounts can be estimated reliably.

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.

Highlands & Islands Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

Financial instruments at fair value

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.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 1 (2018: 1).

5. Investments

	Shares in group undertakings £	Other investments £	Listed investments £	Total £
Cost				
At 1 November 2018	10,047,722	1,736,619	4,607,952	16,392,293
Disposals	—	—	(607,324)	(607,324)
Revaluations	(1,163,707)	(51,288)	63,169	(1,151,826)
At 31 October 2019	<u>8,884,015</u>	<u>1,685,331</u>	<u>4,063,797</u>	<u>14,633,143</u>
Impairment				
At 1 November 2018 and 31 October 2019	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Highlands & Islands Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

5. Investments *(continued)*

	Shares in group undertakings £	Other investments £	Listed investments £	Total £
Carrying amount				
At 31 October 2019	<u>8,884,015</u>	<u>1,685,331</u>	<u>4,063,797</u>	<u>14,633,143</u>
At 31 October 2018	<u>10,047,722</u>	<u>1,736,619</u>	<u>4,607,952</u>	<u>16,392,293</u>

The cost of the listed investments at 31 October 2019 was £3,759,193 (2018: £4,139,353).

Included in other investments is £10,000 in relation to a 25% interest in Riccarton Properties LLP, a company registered in the England and Wales and a £1,726,619 investment in North Northamptonshire Investment LP, a company registered in Guernsey and representing a 5.9% interest.

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
Lovat Investments Limited	Ordinary	100

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

	Capital and reserves		Profit/(loss) for the year	
	2019	2018	2019	2018
	£	£	£	£
Subsidiary undertakings				
Lovat Investments Limited	<u>8,884,015</u>	<u>10,047,722</u>	<u>336,293</u>	<u>(82,761)</u>

6. Debtors

	2019 £	2018 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	1,045,095	8,601,417
Other debtors	<u>62,494</u>	<u>61,350</u>
	<u>1,107,589</u>	<u>8,662,767</u>

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	3,025,000	3,005,000
Corporation tax	47,351	11,571
Social security and other taxes	250	247
Other creditors	<u>8,245</u>	<u>11,720</u>
	<u>3,080,846</u>	<u>3,028,538</u>

Highlands & Islands Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

8. Financial instruments at fair value

	2019 £	2018 £
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	<u>8,884,015</u>	<u>10,047,722</u>

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.

9. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.20 each	<u>25,862,143</u>	<u>5,172,428.60</u>	<u>25,862,143</u>	<u>5,172,428.60</u>

10. Capital commitments

There is a capital commitment at 31 October 2019 of £115,108 (2018: £115,108) relating to the investment in North Northamptonshire Investment LP.

11. Events after the end of the reporting period

In early March 2020 the market value of listed investments fell significantly from fair values included in the balance sheet as at 31 October 2019. No reliable information is available as at the date of signing the financial statements, but at this date the FTSE All-Share index had fallen by 16.5%.

12. Summary audit opinion

The auditor's report for the year was unqualified.

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

13. Related party transactions

Included in debtors is a loan due from Riccarton Properties LLP of £830,095 (2018: £825,000). Highlands & Islands Investments Limited is a member of Riccarton Properties LLP. The loan is unsecured and interest free.

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

14. Controlling party

In the opinion of the director, the company's ultimate parent company is Lovat Highland Estates Limited, which is registered in Scotland and the ultimate controlling party is Lovat Estates Trust.