

Lovat Investments Limited
Filleted Financial Statements
For the year ended
31 October 2019



Lovat Investments Limited

Financial Statements

Year ended 31 October 2019

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Lovat 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.

Lovat Investments Limited

Statement of Financial Position

31 October 2019

	Note	2019 £	£	2018 £
Fixed assets				
Investments	5		5,174,190	6,457,880
Current assets				
Debtors	6	3,025,000		3,005,000
Cash at bank and in hand		829,122		609,491
		<u>3,854,122</u>		<u>3,614,491</u>
Creditors: amounts falling due within one year	7	<u>8,762</u>		<u>13,467</u>
Net current assets			<u>3,845,360</u>	<u>3,601,024</u>
Total assets less current liabilities			<u>9,019,550</u>	<u>10,058,904</u>
Provisions			<u>135,535</u>	<u>11,182</u>
Net assets			<u>8,884,015</u>	<u>10,047,722</u>
Capital and reserves				
Called up share capital	9		7,169,830	7,169,830
Share premium account			–	10,773,999
Profit and loss account			<u>1,714,185</u>	<u>(7,896,107)</u>
Shareholders funds			<u>8,884,015</u>	<u>10,047,722</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: SC081199

Lovat 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 expectations 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 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.

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 director considers that there are no amounts within the financial statements that require material judgements, estimates or assumptions to be made.

Turnover

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

Lovat Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

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

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

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.

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.

Lovat Investments Limited

Notes to the Financial Statements (continued)

Year ended 31 October 2019

3. Accounting policies (continued)

Financial instruments (continued)

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

	Investments £
Cost	
At 1 November 2018	6,457,880
Additions	170,764
Disposals	(1,830,741)
Revaluations	376,287
At 31 October 2019	<u>5,174,190</u>
Impairment	
At 1 November 2018 and 31 October 2019	—
Carrying amount	
At 31 October 2019	<u>5,174,190</u>
At 31 October 2018	<u>6,457,880</u>

The original cost of the listed investments was £3,711,570 (2018: £5,002,892).

6. Debtors

	2019 £	2018 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	<u>3,025,000</u>	<u>3,005,000</u>

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Social security and other taxes	250	247
Other creditors	<u>8,512</u>	<u>13,220</u>
	<u>8,762</u>	<u>13,467</u>

Lovat Investments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

8. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £	2018 £
Included in provisions	<u>135,535</u>	<u>11,182</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Revaluation of tangible assets	<u>135,535</u>	<u>11,182</u>

The net reversal of deferred tax liabilities in 2020 is not possible to quantify at this stage as this will relate to fair value adjustments of investments.

The company has unused tax losses carried forward at 31 October 2019 of £480,223 (2018: £1,190,403) and there is no expiry date for these. The above deferred tax capital gains liability has been calculated after offset of these losses.

9. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.20 each	<u>35,849,150</u>	<u>7,169,830.00</u>	<u>35,849,150</u>	<u>7,169,830.00</u>

10. 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%.

11. 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.

12. Related party transactions

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

13. Controlling party

The parent undertaking of the company is Highlands & Islands Investments Limited, a company registered in Scotland. Highlands & Islands Investments Limited owned 100% of the share capital of the company at 31 October 2019 (2018: 100%).

In the opinion of the directors, 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.