

# **Lovat Investments Limited**

## **Report and Abbreviated Accounts**

31 October 2003

 **ERNST & YOUNG**



## **Independent auditors' report**

**to Lovat Investments Limited pursuant to section 247B of the Companies Act 1985**

We have examined the company's abbreviated accounts for the year ended 31 October 2003 which comprise the Balance Sheet and the related notes 1 to 4, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 31 October 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company pursuant to Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company 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, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

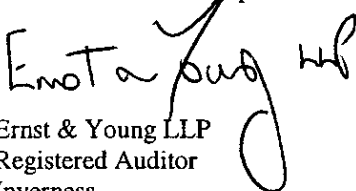
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

### **Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts are properly prepared in accordance with those provisions.



Ernst & Young LLP  
Registered Auditor  
Inverness

29/4 2004

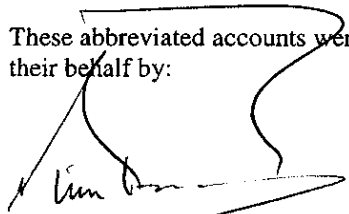
## Abbreviated balance sheet


at 31 October 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investments	2	1,793,135	1,626,503
<b>Current assets</b>			
Debtors		3,042,125	1,598,104
Cash at bank and in hand		4,721	672,724
		3,046,846	2,270,828
<b>Creditors:</b> amounts falling due within one year		22,877	6,558
<b>Net current assets</b>		3,023,969	2,264,270
<b>Total assets less current liabilities</b>		4,817,104	3,890,773
<b>Capital and reserves</b>			
Called-up equity share capital	3	7,169,830	7,169,830
Share premium account		10,773,999	10,773,999
Revaluation reserve		895,374	9,121
Profit and loss account		(14,022,099)	(14,062,177)
<b>Shareholders' funds</b>		4,817,104	3,890,773

These abbreviated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 1 April 2004 and are signed on their behalf by:

  
The Hon K I M Fraser  
Director

  
I D Shepherd  
Director

## Notes to the abbreviated accounts

at 31 October 2003

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### *Fixed assets*

All fixed assets are initially recorded at cost.

#### *Investments*

The company's investment portfolio is intended to be held for use on a continuing basis to provide income and capital growth. The investments are treated as fixed assets and, under the Alternative Accounting Rules, are revalued annually with an adjustment to the company's revaluation reserve. In the case of listed securities the valuation is based on the middle market price at the balance sheet date.

### 2. Fixed assets

	<i>Investments</i> £
<i>Cost or valuation</i>	
At 1 November 2002	1,626,503
Additions	233,274
Disposals	(890,038)
Revaluation	823,396
At 31 October 2003	<u>1,793,135</u>

The original cost of investments is £897,758.

The listed investments are summarised as follows:

	2003 £	2002 £
Listed in the UK	174,062	423,919
Listed outside the UK	1,562,939	1,108,693
Listed on AIM	56,134	93,891
	<u>1,793,135</u>	<u>1,626,503</u>

No tax charge would arise on the disposal of revalued investments due to the availability of losses carried forward.

## Notes to the abbreviated accounts

at 31 October 2003

### 3. Share capital

		2003 £	Authorised 2002 £
Ordinary shares of £0.20 each		<u>20,000,000</u>	<u>20,000,000</u>
		<i>Allotted, called up and fully paid</i>	
		2003	2002
	No.	£	No. £
Ordinary shares of £0.20 each	35,849,150	<u>7,169,830</u>	<u>35,849,150</u> 7,169,830

### 4. Ultimate parent company

The parent undertaking of the group of undertakings of which the company is a member is Highlands and Islands Investments Limited, a company registered in Scotland. Highlands and Islands Investments Limited owned 100% of the share capital of the company at 31 October 2003 (2002 - 100%).

In the directors' opinion, 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.