

# **Lovat Highland Estates Ltd**

## **Report and Abbreviated Accounts**

31 October 2005

 **ERNST & YOUNG**



SCT 8P80BDQM 1622  
COMPANIES HOUSE 15/03/06

## **Independent auditors' report**

**to Lovat Highland Estates Ltd pursuant to section 247B of the Companies Act 1985**

We have examined the company's abbreviated accounts for the year ended 31 October 2005 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 financial statements of the company for the year ended 31 October 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it 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**

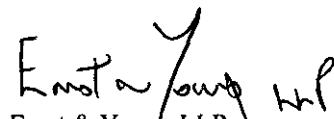
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and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

  
Ernst & Young LLP  
Registered Auditor  
Inverness

10/3/2006

# Abbreviated balance sheet

at 31 October 2005

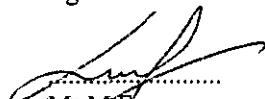
	Notes	2005 £	2004 £
<b>Fixed assets</b>	2		
Tangible assets		4,120,327	3,918,210
Investments		8,588,002	8,978,319
		<u>12,708,329</u>	<u>12,896,529</u>
<b>Current assets</b>			
Debtors		85,362	71,346
Cash at bank and in hand		100,882	123,767
		<u>186,244</u>	<u>195,113</u>
<b>Creditors: amounts falling due within one year</b>		<u>6,512,877</u>	<u>7,187,023</u>
<b>Net current liabilities</b>		<u>(6,326,633)</u>	<u>(6,991,910)</u>
<b>Total assets less current liabilities</b>		<u>6,381,696</u>	<u>5,904,619</u>
<b>Capital and reserves</b>			
Called up share capital	3	150,000	150,000
Revaluation reserve		2,861,970	3,252,287
Profit and loss account		3,369,726	2,502,332
<b>Shareholders' funds</b>		<u>6,381,696</u>	<u>5,904,619</u>

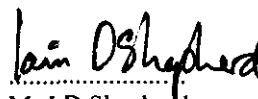
These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on  
signed on their behalf by:

1 March

2006 and are

  
Director

  
Mr I D Shepherd  
Director

1 March 2006

## Notes to the abbreviated accounts

at 31 October 2005

### 1. Accounting policies

#### *Accounting convention*

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).

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

#### *Consolidation*

The company is exempt from the requirement to prepare and deliver group financial statements by virtue of section 228 of the Companies Act 1985, and accordingly the financial statements present information about the company as an individual undertaking and not about its group.

#### *Fixed assets*

All fixed assets are initially recorded at cost.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Office equipment	- 3 years
Used motor vehicles	- 2 years

#### *Deferred taxation*

Deferred taxation is fully provided for in respect of the taxation effect of all timing differences between the treatment of certain items for taxation and accounting purposes.

#### *Pension costs*

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Subsidiary undertaking*

Subsidiary undertakings are entities over which the company exerts significant influence and in which it has a long term interest comprising an investment of more than 50% in the voting capital.

#### *Investments*

Subsidiary companies included within fixed asset investments are valued at the company's shareholding proportion of their net assets, with any surplus on revaluation being taken to a revaluation reserve.

# Notes to the abbreviated accounts

at 31 October 2005

## 2. Fixed assets

	<i>Tangible Assets £</i>	<i>Investments £</i>	<i>Total £</i>
<i>Cost or valuation</i>			
At 1 November 2004	3,930,831	8,978,319	12,909,150
Additions	218,359	—	218,359
Disposals	(9,025)	—	(9,025)
Revaluation	—	(390,317)	(390,317)
At 31 October 2005	<u>4,140,165</u>	<u>8,588,002</u>	<u>12,728,167</u>
<i>Depreciation</i>			
At 1 November 2004	12,621	—	12,621
Charge for year	7,217	—	7,217
At 31 October 2005	<u>19,838</u>	<u>—</u>	<u>19,838</u>
<i>Net book value</i>			
At 31 October 2005	<u>4,120,327</u>	<u>8,588,002</u>	<u>12,708,329</u>
At 31 October 2004	<u>3,918,210</u>	<u>8,978,319</u>	<u>12,896,529</u>

No depreciation is charged on buildings as the directors are of the opinion that the amount of depreciation which would have had to be provided is not material.

The original cost of investments was £5,726,032.

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Nature of business</i>	<i>Proportion of ordinary shares held</i>
<b>Subsidiary undertakings</b>				
Highlands & Islands Investments Limited	Scotland	Ordinary shares	Investment Company	100%
<b>Associated undertakings</b>				
SLITCO Limited	Scotland	Ordinary shares	Investment company	49%

During its latest financial period to 31 October 2005, Highlands & Islands Investments Limited made a profit after tax of £766,390. Lovat Highland Estates Limited's attributable share of its net assets was £8,154,307 at that date.

During its latest financial period to 31 October 2005, SLITCO Limited made a profit after tax, of £194,852 and at the end of that period the aggregate of its capital and reserves was £885,102. Lovat Highland Estates Limited's attributable share of its net assets was £433,700 at that date.

## Notes to the abbreviated accounts

at 31 October 2005

### 3. Share capital

		<i>2005</i>		<i>Authorised</i>	
		<i>£</i>		<i>2004</i>	
		<i>£</i>		<i>£</i>	
Ordinary shares of £1 each		<u>5,000,000</u>		<u>5,000,000</u>	
		<i>Allotted, called up and fully paid</i>			
		<i>2005</i>		<i>2004</i>	
	<i>No.</i>	<i>£</i>		<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	150,000	150,000		150,000	150,000

### 4. Ultimate parent company

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