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LOVAT HIGHLAND ESTATES LIMITED

Abbreviated Accounts

31 October 2001

ERNST & YOUNG



Lovat Highland Estates Limited

Registered No. 179037

DIRECTORS

Malcolm Fraser
Iain D Shepherd

SECRETARY

Iain D Shepherd

AUDITORS

Ernst & Young LLP
Moray House
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Inverness
IV1 1QY

BANKERS

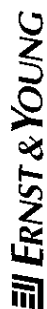
Bank of Scotland
High Street
Beauly
IV4 7BS

SOLICITORS

Torquil MacLeod & Co
5 Longman Road
Inverness
IV1 1RY

REGISTERED OFFICE

Lovat Estates Office
Beauly
Inverness-shire
IV4 7DA

 ERNST & YOUNG

**INDEPENDENT AUDITORS' REPORT TO LOVAT HIGHLAND ESTATES LIMITED UNDER
SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the company's abbreviated accounts for the year ended 31 October 2001 which comprise a 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 2001 prepared under section 226 of the Companies Act 1985.

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 to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered 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.


Registered Auditor
Inverness

13/3/2002

Lovat Highland Estates Limited

ABBREVIATED BALANCE SHEET

as at 31 October 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	2	3,993,205	4,006,481
Investment	3	93,334	25,002
		<u>4,086,539</u>	<u>4,031,483</u>
CURRENT ASSETS			
Debtors		104,463	187,425
Cash at bank and in hand		2,071,865	1,239,705
		<u>2,176,328</u>	<u>1,427,130</u>
CREDITORS: amounts falling due within one year		4,600,311	4,430,761
NET CURRENT LIABILITIES		<u>(2,423,983)</u>	<u>(3,003,631)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,662,556	1,027,852
PROVISIONS FOR LIABILITIES AND CHARGES		-	-
		<u>£1,662,556</u>	<u>£1,027,852</u>
CAPITAL AND RESERVES			
Called up share capital	4	150,000	150,000
Profit and loss account		1,512,556	877,852

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

Malcolm Fraser
Iain D Shepherd
7/3/02

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) Directors
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EQUITY SHAREHOLDERS' FUNDS

£1,662,556 £1,027,852

Lovat Highland Estates Limited

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 October 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

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.

No depreciation is charged on timber as the crop is growing and increasing in value.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Office equipment	-	3 years
Used motor vehicles	-	2 years

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

2. TANGIBLE FIXED ASSETS

	<i>Total</i> £
Cost:	
At 1 November 2000	4,027,386
Disposals	(7,000)
At 31 October 2001	4,020,386
Depreciation:	
At 1 November 2000	20,905
Provided during the year	6,276
At 31 October 2001	27,181
Net book value	
At 31 October 2001	£3,993,205
At 1 November 2000	£4,006,481

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.

Lovat Highland Estates Limited

NOTES TO THE ABBREVIATED ACCOUNTS at 31 October 2001

3. FIXED ASSET INVESTMENTS

	<i>Associates</i>	<i>Subsidiary undertakings</i>	<i>Total</i>
	<i>2001</i>	<i>2001</i>	<i>2001</i>
	£	£	£
Cost or valuation:			
At 1 November 2000	-	25,002	25,002
Additions	93,334	-	93,334
Write down	-	(25,002)	(25,002)
At 31 October 2001	£93,334	£ -	£93,334

Details of the investments in which the company has 20% or more of the nominal value of any class of share capital are as follows:

<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>
<i>Subsidiary undertaking</i>				
F A Properties Limited	Scotland	Ordinary shares	Property management	100%
<i>Associate</i>				
Strategic Marketing Ventures Limited	Scotland	Ordinary shares	Marketing	32.5%

During its latest financial period F A Properties Limited made a profit, after tax, of £125,697, and at the end of that period the aggregate of its capital and reserves was £Nil. F A Properties Limited became dormant on 30 October 2001.

During its latest financial period to 31 March 2001, Strategic Marketing Ventures Limited made a loss, after tax, of £73,813, and at the end of that period the aggregate of its capital and reserves was £192,854. Lovat Highland Estates Limited's attributable share of its net assets was £62,678 at that date.

4. SHARE CAPITAL

	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
	<i>2001</i>	<i>2001</i>
	No.	
Ordinary shares of £1 each	5,000,000	£150,000