SC75416

HIGHLAND ENTERPRISES LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002



HIGHLAND ENTERPRISES LIMITED

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for the year ended 30 June 2002

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COMPANY INFORMATION
for the year ended 30 June 2002

DIRECTORS:	Mr I M Innes Mrs J D Sutherland Mr G R C Wood
SECRETARY:	Mrs J D Sutherland
REGISTERED OFFICE:	24 Union Street Inverness IV1 1PL
REGISTERED NUMBER:	75416 (Scotland)
ACCOUNTANTS:	MacKenzie Kerr Chartered Accountants Redwood 19 Culduthel Road Inverness IV2 4AA
BANKERS:	Clydesdale Bank plc Academy Street Inverness IV1 1JN
SOLICITORS:	Craig Wood 16 Union Street Inverness IV1 1PL

REPORT OF THE DIRECTORS
for the year ended 30 June 2002

The directors present their report with the financial statements of the company for the year ended 30 June 2002.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of property rental.

DIRECTORS
The directors during the year under review were:

Mr I M Innes
Mr D O Sutherland - resigned 31/8/2001
Mrs J D Sutherland
Mr G R C Wood

The beneficial interests of the directors holding office on 30 June 2002 in the issued share capital of the company were as follows:

	30.6.02	1.7.01
Ordinary shares £1.00 shares		
Mr I M Innes	25	25
Mrs J D Sutherland	25	25
Mr G R C Wood	25	25

STATEMENT OF DIRECTORS' RESPONSIBILITIES
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;

- make judgements and 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Mrs J D Sutherland - SECRETARY

Dated:

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2002

	Notes	2002 £	2001 £
TURNOVER		14,733	22,120
Administrative expenses		13,109	3,936
OPERATING PROFIT	2	1,624	18,184
Interest receivable and similar income		-	8
		1,624	18,192
Interest payable and similar charges		229	3,089
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,395	15,103
Tax on profit on ordinary activities	3	105	2,666
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		1,290	12,437
Retained profit brought forward		125,331	112,894
RETAINED PROFIT CARRIED FORWARD		£126,621	£125,331

The notes form part of these financial statements

BALANCE SHEET
30 June 2002

	Notes	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS:					
Tangible assets	4		130,516		130,516
CURRENT ASSETS:					
Debtors	5	245		289	
Cash at bank		-		9,124	
		245		9,413	
CREDITORS: Amounts falling due within one year	6	4,040		14,498	
NET CURRENT LIABILITIES:			(3,795)		(5,085)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£126,721		£125,431
CAPITAL AND RESERVES:					
Called up share capital	8		100		100
Profit and loss account			126,621		125,331
SHAREHOLDERS' FUNDS:			£126,721		£125,431

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 June 2002.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2002 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

BALANCE SHEET
30 June 2002

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:

.....
Mr G R C Wood - DIRECTOR

.....
Mr I M Innes - DIRECTOR

Approved by the Board on 20.1.03

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention
The financial statements are prepared under the historical cost convention. They have been drawn up to comply with the Financial Reporting Standard for Smaller Entities (effective June 2002). As explained in Note 4 no depreciation is provided in respect of investment properties as it is considered that this policy is necessary in order for the accounts to show a true and fair view.

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Turnover
The total turnover of the company comprises of rents received.

Depreciation
In accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) heritable investment property is not depreciated.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Loss on disposal of fixed assets	-	1,495
Directors' emoluments and other benefits etc	-	-

3. TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	105	2,888
Corporation tax adjust re previous year	-	(222)
Total current tax	105	2,666
Tax on profit on ordinary activities	105	2,666

4. TANGIBLE FIXED ASSETS

	Freehold Investment Property
	£
COST:	
At 1 July 2001 and 30 June 2002	130,516
NET BOOK VALUE:	
At 30 June 2002	130,516
At 30 June 2001	130,516

(a) The freehold property of the company was revalued on an open market for existing use basis at 30 June 2001 by the directors at £130,516. This valuation equates to cost. (b) Investment properties are accounted for in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). No depreciation is provided in respect of such properties. Although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets it is believed that this policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the curent value of investment properties, and changes in that current value are of prime importance rather than a systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Other debtors	245	289

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts	2,446	10,840
Other creditors	1,489	770
Taxation	105	2,888
	4,040	14,498

7. SECURED DEBTS

The following secured debts are included within creditors:

	2002	2001
	£	£
Bank loans	-	10,840

8. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002 £	2001 £
100	Ordinary shares	£1.00	100	100

9. REVALUATION RESERVE

	2002	2001
	£	£
Brought forward	-	25,427
Revaluation surplus on property sold during the year	-	(25,427)
	-	-

10. TRANSACTIONS WITH DIRECTORS

Turnover includes rental income of £14,733 from the firms of Sutherland & Company and Messrs Craig Wood, businesses in which the directors are partners. The transactions were conducted on a normal trading basis.

11. ULTIMATE CONTROLLING PARTY

As no one party has the control of the company it is considered to be under the control of the board of directors.