

**LORNE PROPERTIES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 5 APRIL 2007**

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# **LORNE PROPERTIES LIMITED**

## **COMPANY INFORMATION**

### **Directors**

J R M Macqueen  
A Pringle  
S T D Brown

### **Secretary**

Anderson Strathern

### **Company number**

SC197898

### **Registered office**

1 Rutland Court  
Edinburgh  
Midlothian  
EH3 8EY

### **Auditors**

PKF (UK) LLP  
Cedar House  
105 Carrow Road  
Norwich  
NR1 1HP

# **LORNE PROPERTIES LIMITED**

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**LORNE PROPERTIES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 5 APRIL 2007**

The directors present their report and the financial statements for the year ended 5 April 2007

**Principal activities**

The company did not trade in the year

The principal purpose of the company during the year was to hold investments as trustee for the Anderson Strathern Trustee Company Limited. Any transactions in respect of rental income and associated costs of the properties are transactions of the Trust and not of the company.

**Directors**

The directors who served during the year were

J R M Macqueen  
A Pringle  
S T D Brown

**Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

This report was approved by the board on 21 January 2008 and signed on its behalf



**A Pringle**  
Director

## **LORNE PROPERTIES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 5 APRIL 2007**

The directors are responsible for preparing the annual 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). The financial statements are required by law to 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

## **LORNE PROPERTIES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LORNE PROPERTIES LIMITED**

We have audited the financial statements of Lorne Properties Limited for the year ended 5 April 2007 set out on pages 5 to 10. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


**LORNE PROPERTIES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LORNE PROPERTIES LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 5 April 2007 and of its results for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



**PKF (UK) LLP**

Registered auditors

Norwich, UK

Date 30 January 2008

**LORNE PROPERTIES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 5 APRIL 2007**

	Note	2007 £	2006 £
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on profit on ordinary activities		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 10 form part of these financial statements



**LORNE PROPERTIES LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 5 APRIL 2007**

	<b>2007</b> <b>£</b>	<b>2006</b> <b>£</b>
Unrealised surplus on revaluation of investment properties	<hr/>	<hr/> 4,217,718
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<hr/> <hr/>	<hr/> <hr/> 4,217,718

The notes on pages 8 to 10 form part of these financial statements

**LORNE PROPERTIES LIMITED**

**BALANCE SHEET  
AS AT 5 APRIL 2007**

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Investment property	3	18,936,595	26,394,640
<b>CURRENT ASSETS</b>			
Debtors	4		466,552
Cash at bank		292,969	267,612
		<u>292,969</u>	<u>734,164</u>
<b>CREDITORS:</b> amounts falling due within one year	5	<u>(19,229,562)</u>	<u>(9,294,554)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(18,936,593)</u>	<u>(8,560,390)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2</u>	<u>17,834,250</u>
<b>CREDITORS</b> amounts falling due after more than one year	6	<u>-</u>	<u>(13,616,530)</u>
<b>NET ASSETS</b>		<u><u>2</u></u>	<u><u>4,217,720</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	2	2
Revaluation reserve	8		4,217,718
<b>SHAREHOLDERS' FUNDS</b>		<u><u>2</u></u>	<u><u>4,217,720</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

21 January 2008



**A Pringle**  
Director

The notes on pages 8 to 10 form part of these financial statements

# LORNE PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2007

### 1 ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The company has net current liabilities of **£18,936,593** and is dependent on the continuing support of Mr J Farmer, Mrs S Swycher, The Sir Thomas Farmer 1999 Discretionary Trust and its bankers. Mr J Farmer, Mrs S Swycher have loaned the company **£9,850,060**. These individuals have confirmed that they will not jeopardise the company's future by drawing against these loan accounts. In addition the company owes the aforementioned trust **£3,636,722** and likewise the trust has confirmed that it will not seek repayment of this amount such that will jeopardise the company's position. The bank borrowings of **£5,742,780** are due for repayment within one year, but the directors are confident that if necessary the bank will extend this facility, but for the purposes of these financial statements the loan is shown as repayable within 1 year of the balance sheet date.

The directors therefore consider it appropriate for the accounts to be drawn up on the going concern basis.

#### 1.2 Investment properties

Investment properties are included in the Balance Sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

### 2 OPERATING PROFIT

During the year, no director received any emoluments (2006 £NIL)

### 3. INVESTMENT PROPERTY

	Freehold property £
<b>Cost and valuation</b>	
At 6 April 2006	26,394,640
Additions at cost	2,541,955
	(10,000,000)
Disposals	
At 5 April 2007	18,936,595
<b>Comprising</b>	
Cost	18,936,595
	18,936,595

The 2007 valuations were made by the directors, on an open market value for existing use basis.

**LORNE PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2007**

**4. DEBTORS**

	2007 £	2006 £
Other debtors	-	466,552
	<u>          </u>	<u>          </u>

**5. CREDITORS:  
Amounts falling due within one year**

	2007 £	2006 £
Bank loan	5,742,780	
Other creditors	13,486,782	9,294,554
	<u>19,229,562</u>	<u>9,294,554</u>

The bank loan is secured

**6. CREDITORS:  
Amounts falling due after more than one year**

	2007 £	2006 £
Bank loan		13,616,530
	<u>          </u>	<u>          </u>

The bank loan is secured

**7. SHARE CAPITAL**

	2007 £	2006 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

**8 RESERVES**

	Revaluation reserve £
At 6 April 2006	4,217,718
Movement on disposal of property	(4,217,718)
	<u>          </u>
At 5 April 2007	<u>          </u>

**LORNE PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 5 APRIL 2007**

**9 RELATED PARTY TRANSACTIONS**

The company's tangible fixed assets are held on behalf of The Sir Thomas Farmer 1999 Discretionary Trust. At the balance sheet date these amounted to **£18,936,951** (2006 £26,394,640)

Other creditors includes loans of **£9,850,060** (2006 £9,294,554) from J Farmer and S A Swycher, children of Sir Thomas Farmer

Other creditors includes **£3,636,722** (2006 £Nil) due to The Sir Thomas Farmer 1999 Discretionary Trust

Other debtors comprises **£Nil** (2006 £466,552) due from The Sir Thomas Farmer 1999 Discretionary Trust

**10. CONTROLLING PARTY**

The company is controlled by The Sir Thomas Farmer 1999 Discretionary Trust

The Sir Thomas Farmer 1999 Discretionary Trust is ultimately controlled by Sir Thomas Farmer CBE KCSG