Company Registration No. SC012762 (Scotland)

Moray Estates Development Company Limited

Unaudited financial statements
for the year ended 30 June 2019

Pages for filing with the Registrar

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CHARTERED ACCOUNTANTS

Moray Estates Development Company Limited

Contents

Moray Estates Development Company Limited

Statement of financial position
As at 30 June 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	3		7,733,904		7,638,264
Investment properties	4		64,837,947		60,219,477
Investments	5		400,369		399,922
			72,972,220		68,257,663
Current assets					
Stocks		686,554		750,438	
Debtors	7	7,639,061		11,351,050	
Cash at bank and in hand		3,397		100	
		8,329,012		12,101,588	
Creditors: amounts falling due within one year	8	(1,651,533)		(5,616,466)	
Net current assets			6,677,479		6,485,122
Total assets less current liabilities			79,649,699		74,742,785
Creditors: amounts falling due after more than one year	9		(5,121,680)		(5,253,320)
Provisions for liabilities			(8,016,502)		(7,482,972)
Net assets			66,511,517		62,006,493
Capital and reserves					
Called up share capital	11		189,002		189,002
Revaluation reserve	12		3,482,276		3,482,276
Profit and loss reserves	13		62,840,239		58,335,215
Total equity			66,511,517		62,006,493

Statement of financial position (continued)
As at 30 June 2019

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 June 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 23/10/19 and are signed on its behalf by:

Moray

Lord Moray
Director

Company Registration No. SC012762

Moray Estates Development Company Limited

Statement of changes in equity
For the year ended 30 June 2019

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2017	189,002	3,482,276	56,898,350	60,569,628
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	1,436,865	1,436,865
Balance at 30 June 2018	189,002	3,482,276	58,335,215	62,006,493
Year ended 30 June 2019:				
Profit and total comprehensive income for the year	-	-	4,505,024	4,505,024
Balance at 30 June 2019	189,002	3,482,276	62,840,239	66,511,517

1 Accounting policies

Company information

Moray Estates Development Company Limited is a private company limited by shares incorporated in Scotland. The registered office is 5 Atholl Crescent, Edinburgh, EH3 8EJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	0% to 4% per annum straight line basis
Tenants improvements	10% per annum straight line basis
Plant and equipment	Straight line or reducing balance over 3 to 20 years
Motor vehicles	Straight line or reducing balance over 4 to 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (continued)

1.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The gain on revaluation is recognised in the income statement. Deferred tax is provided on these gains at the rate expected to apply when the property is sold.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies (continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Derivatives

The company enters into futures contracts to fix or hedge the price of underlying grain.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum .lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1 Accounting policies (continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 24 (2018 - 25).

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 July 2018	7,131,445	1,476,939	8,608,384
Additions	60,000	185,517	245,517
Disposals	(12,142)	(28,878)	(41,020)
At 30 June 2019	7,179,303	1,633,578	8,812,881
Depreciation and impairment			
At 1 July 2018	103,545	866,575	970,120
Depreciation charged in the year	10,052	115,288	125,340
Eliminated in respect of disposals	-	(16,483)	(16,483)
At 30 June 2019	113,597	965,380	1,078,977
Carrying amount			
At 30 June 2019	7,065,706	668,198	7,733,904
At 30 June 2018	7,027,900	610,364	7,638,264

Land and buildings were revalued at March 1977 on an existing use basis. All subsequent additions are included at cost and a revaluation model is no longer applied.

If land and buildings had not been included at the March 1977 valuation the total amount would have been:

	2019	2018
	£	£
Historic cost	4,129,365	4,081,507
Accumulated depreciation	(84,213)	(74,161)
Carrying value	4,045,152	4,007,346

The revaluation surplus arising on the March 1977 valuation is disclosed in note 12.

4 Investment property

	2019
	£
Fair value	
At 1 July 2018	60,219,477
Additions	197,252
Net gains from fair value adjustments	4,421,218
At 30 June 2019	64,837,947

Investment property includes all let farms, let houses and all commercial land and property. The fair value of the investment property has been arrived at on the basis of a valuation carried out on 30 June 2019 by the board of directors. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The historical cost of investment properties held at fair value is £7,231,109 (2018: £7,033,857).

5 Fixed asset investments

	2019	2018
	£	£
Investments	400,369	399,922

Movements in fixed asset investments

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 July 2018	379,077	20,845	399,922
Additions	-	447	447
At 30 June 2019	379,077	21,292	400,369
Carrying amount			
At 30 June 2019	379,077	21,292	400,369
At 30 June 2018	379,077	20,845	399,922

6 Financial instruments

	2019	2018
	£	£
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	1,825	4,404

7 Debtors

	2019	2018
Amounts falling due within one year:	**£**	**£**
Trade debtors	428,761	1,090,825
Other debtors	5,850,633	8,897,557
	6,279,394	9,988,382
Amounts falling due after more than one year:		
Amounts owed by undertakings in which the company has a participating interest	1,359,667	1,362,668
Total debtors	7,639,061	11,351,050

Included in Other debtors is a loan of £5,260,182 owed by a group undertaking. This loan is interest free and has no fixed repayment terms.

8 Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	396,273	4,254,363
Trade creditors	350,173	902,387
Other creditors	905,087	459,716
	1,651,533	5,616,466

9 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans and overdrafts	4,862,228	4,967,097
Other creditors	259,452	286,223
	5,121,680	5,253,320

9 Creditors: amounts falling due after more than one year (continued)

Creditors which fall due after five years are as follows:	2019 £	2018 £
Payable by instalments	3,300,429	3,624,233

10 Loans and overdrafts

	2019 £	2018 £
Bank loans	5,179,640	8,518,167
Bank overdrafts	78,861	703,293
	5,258,501	9,221,460
Payable within one year	396,273	4,254,363
Payable after one year	4,862,228	4,967,097

The bank loans and overdrafts are secured by a floating charge over the assets of the company.

11 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
189,002 ordinary shares of £1 each	189,002	189,002

12 Revaluation reserve

	2019 £	2018 £
At the beginning and end of the year	3,482,276	3,482,276

13 Profit and loss reserves

	2019	2018
	£	£
At the beginning of the year	58,335,215	56,898,350
Profit for the year	4,505,024	1,436,865
At the end of the year	62,840,239	58,335,215

The above includes distributable profit and loss reserves totalling £10,044,654 as at 30 June 2019 (2018 - £9,435,626).

14 Financial commitments, guarantees and contingent liabilities

The company has an obligation to repay government grants of £2,158 if the land held in the woodland grant scheme is not maintained in accordance with the scheme details. The contingent liabilities for the grant will expire as follows:

	Amount of grant
	£
2020	2,158

The company has granted a standard security over land at Culblair, Woodend, Easter Dalziel and Kerrowgair in favour of Inverness Airport Business Park Limited.

15 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2018
	£	£
	201,422	78,230

16 Parent company

The parent undertaking of the company is Moray Estates Holdings Limited, a private limited company registered in the United Kingdom. The registered office of Moray Estates Holdings Limited is 5 Atholl Crescent, Edinburgh, EH3 8EJ.

The company's ultimate controlling party is Lord Moray.