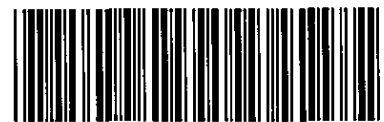


HIE Inverness and East Highland

Report and Financial Statements

31 March 2010

FRIDAY



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29/10/2010

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COMPANIES HOUSE

Directors

D Yule (resigned 31 March 2010)

F Duthie

A Paterson (appointed 30 March 2010)

Secretary

A MacLeod

Auditors

Ernst & Young LLP

Barony House

Stoneyfield Business Park

Stoneyfield

Inverness IV2 7PA

Solicitors

Legal Services

Highlands and Islands Enterprise

Cowan House, Inverness Retail and Business Park

Inverness IV2 7GF

Registered Office

Earl Thorfinn House

6 Drumchat View

Dingwall Business Park

Dingwall

IV15 9XL

Directors' report

The directors present their report and financial statements for the year ended 31 March 2010.

Results and dividends

The net surplus for the year, after taxation, amounted to £43,511 (2009 – deficit of £33,565) and is dealt with as shown in note 12 to the accounts.

Principal activities and review of the business

The main business of HIE Inverness and East Highland has transferred to Highlands and Islands Enterprise there has been a low level of residual activity in terms of administering some of the investments, loans and former activities which is planned will be ceased in the near future. The main activities within the areas of Inverness, Nairn, Badenoch & Strathspey and Easter Ross are now conducted by Highlands and Islands Enterprise. Accordingly the financial statements have been prepared on the basis that the company is no longer a going concern. Interested parties are directed to the Highlands and Islands Enterprise website which can be found at www.hie.gov.uk which also contains a link to the annual report and accounts.

Directors

The directors who served the company during the year and appointed subsequently were as follows:

D Yule (resigned 31 March 2010)

F Duthie

A Paterson (appointed 30 March 2010)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The report of the directors has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

By order of the Board



Secretary

A MacLeod

Date:

7/10/2010

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 (see note 1).

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Independent auditors' report

to the members of HIE Inverness and East Highland

We have audited the financial statements of HIE Inverness & East Highland for the year ended 31 March 2010 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements of HIE Inverness and East Highland for the year ended 31 March 2010 have been prepared on a break-up basis.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of HIE Inverness and East Highland

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Eunice McAdam (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Inverness

Date: 11/10/10

Income and expenditure account

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Operating expenditure		–	2,875
Administrative expenditure		(66)	30,690
Net operating surplus/(deficit)	2	66	(33,565)
Waiver of intercompany balance	4	43,445	(39)
Interest payable	5	–	(39)
Interest receivable and other income	6	–	39
Net surplus/(deficit) on ordinary activities		43,511	(33,565)
Tax on ordinary activities	7	–	–
Net surplus/(deficit) retained for the financial year	12	43,511	(33,565)

Statement of total recognised gains and losses

for the year ended 31 March 2010

There are no recognised gains or losses other than the net surplus of £43,511 in the year ended 31 March 2010 (2009 – deficit of £33,565).

Balance sheet

at 31 March 2010

	Notes	2010 £	2009 £
Fixed assets			
Investments	8	—	—
		—	—
		—	—
Current assets			
Debtors	9	—	454,788
Cash at bank and in hand		—	3,903
		—	458,691
Creditors: amounts falling due within one year	10	—	502,202
		—	—
Net liabilities		—	(43,511)
		—	—
Capital and reserves			
Accumulated deficit	12	—	(43,511)
		—	—

F Duthie
Director

Date:



7/10/2010

Statement of cash flows

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash outflow from operating activities	13(a)	(3,903)	(7,093)
Returns on investments and servicing of finance	13(b)	–	–
Taxation	13(b)	–	(2,867)
Capital expenditure and financial investment	13(b)	–	–
Decrease in cash	13(c)	(3,903)	(9,960)

Reconciliation of net cash flow to movement in net funds

		2010 £	2009 £
Decrease in cash		(3,903)	(9,960)
Movement in net funds	13(c)	(3,903)	(9,960)
Net funds at 1 April 2009	13(c)	3,903	13,863
Net funds at 31 March 2010	13(c)	–	3,903

Notes to the financial statements

at 31 March 2010

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The main business of the company has been transferred to Highlands and Islands Enterprise and all activities of the company are likely to cease. As required by FRS 18 "Accounting Policies", the directors have prepared the financial statements on the basis that the company is no longer a going concern. No adjustments have been required as a result of ceasing to apply the going concern basis.

Loans

Loans advanced by the company are shown at the amount outstanding at the balance sheet date less provisions for any anticipated losses. Where loans have been funded by Highlands and Islands Enterprise a reduction in annual funding will be made to reflect the loan repayments received by the company. Accordingly, funding received in respect of loan advances is credited to a loan repayment provision.

Unquoted investments

Investments made by the company are included at cost unless, in the opinion of the directors, there has been a permanent diminution in value in which case an appropriate adjustment is made. Such investments are deemed permanently impaired where there is no prospect of improvement in the fortunes of the investment in the foreseeable future. Where investments have been funded by Highlands and Islands Enterprise a reduction in annual funding will be made to reflect investment realisations made by the company. Accordingly, funding received in respect of investments is credited to an investment repayment provision.

2. Net operating surplus/(deficit)

This is stated after charging/(crediting):

	2010	2009
	£	£
Auditor's remuneration - audit services	—	3,500
- non audit services – tax compliance	—	690
Property leases	—	20,018
	<hr/>	<hr/>

The auditors' remuneration of £1,500 has been met by the parent undertaking Highlands and Island Enterprise and is recorded in the financial statements of that company.

Non audit services of £500 were also provided in relation to tax compliance and have been met by the parent undertaking.

3. Staff cost

During the year there were no other staff employed by the company other than directors. The staff cost for the year was £nil (2009: £nil).

None of the directors who held office during the year received any remuneration (2009 – £nil).

4. Waiver of intercompany balance

The parent undertaking, Highlands and Islands Enterprise, has agreed to waive the debt of £43,445 due by the company at the year end.

Notes to the financial statements

at 31 March 2010

5. Interest payable

	2010 £	2009 £
Loan and other interest repaid to Highlands and Islands Enterprise	—	39

6. Interest receivable

	2010 £	2009 £
Loan interest	—	39

7. Tax

(a) The tax charge is made up as follows:

	2010 £	2009 £
<i>Current tax:</i>		
UK corporation tax	—	—
Underprovided in prior years	—	—
Total current tax (note 9(b))	—	—

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21% (2009 – 21%). The differences are explained below:

	2010 £	2009 £
Net surplus/(deficit) on ordinary activities before tax	43,577	(33,565)
Net surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 – 21%)	9,151	(7,049)
<i>Effects of:</i>		
Disallowed expenses and non-taxable income	(9151)	7,049
Underprovided in prior years	—	—
Current tax for the year (note 9(a))	—	—

Notes to the financial statements

at 31 March 2010

8. Investments

	<i>Loans</i> £	<i>Unquoted shares</i> £	<i>Total</i> £
Cost:			
At 1 April 2009	5,194	47,700	52,894
Repayments	—	—	—
Transfer to parent	(5,194)	—	(5,194)
At 31 March 2010	—	47,700	47,700
Provisions:			
At 1 April 2009	5,194	47,700	52,894
Transfer to parent	(5,194)	—	(5,194)
At 31 March 2010	—	47,700	47,700
Net book value:			
At 31 March 2010	—	—	—
At 1 April 2009	—	—	—

9. Debtors

	<i>2010</i> £	<i>2009</i> £
Highlands and Islands Enterprise	—	452,289
Other taxes	—	2,499
	—	454,788

10. Creditors: amounts falling due within one year

	<i>2010</i> £	<i>2009</i> £
Highlands and Islands Enterprise	—	497,012
Accruals and deferred income	—	5,190
	—	502,202

11. Issued share capital

The company does not have a share capital and is limited by guarantee. The liability of the member is restricted to £1. Highlands and Islands Enterprise is the sole member of the company.

Notes to the financial statements

at 31 March 2010

13. Notes to the statement of cash flows (continued)

(b) Analysis of cash flows for headings netted in the statement of cash flows (continued):

	2010 £	2009 £
Capital expenditure and financial investment:		
Loans repaid	—	269
Funding repaid to Highlands and Islands Enterprise in respect of loans	—	(269)
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

(c) Analysis of changes in net funds:

	At 1 April 2009 £	Cash flows £	At 31 March 2010 £
Cash at bank and in hand	3,903	(3,903)	—
	<u>3,903</u>	<u>(3,903)</u>	<u>—</u>

14. Related parties transactions

The company is a wholly owned subsidiary of Highlands and Islands Enterprise, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of Highlands and Islands Enterprise.

15. Parent undertaking

The parent undertaking of the group of undertakings of which the company is a member is Highlands and Islands Enterprise, a body established in Scotland. HIE Inverness and East Highland has been included in the group accounts prepared by Highlands and Islands Enterprise, copies of which can be obtained from Highlands and Islands Enterprise, Cowan House, Inverness Retail and Business Park, Inverness, IV2 7GF.