

North West Highland Community Enterprises Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2021

DIRECTORS

Mr. J Laing
Mr. A Jones
Mr. R Liley - left 29.09.2020
Prof. R Hill

SECRETARY

Mr. L MacDonald

REGISTERED OFFICE

Morrison House
Bayfield
Portree
Isle of Skye
IV51 9EW

AUDITOR

RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

BANKERS

Royal Bank of Scotland
Bank Street
Portree
Isle of Skye
IV51 9BX

The directors submit their report and financial statements of North West Highland Community Enterprises Limited for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company during the period was the provision of housing properties for letting at mid-market rents.

On 30th June 2020, all leases between Lochalsh and Skye Housing Association and North West Highland Community Enterprises Limited, and the management agreement between Lochalsh and Skye Housing Association and North West Highland Community Enterprises Limited were terminated. The former mid-market rent tenancies became Scottish Secure Tenancies on that date.

FINANCIAL RESULTS

The company made a loss of £1,144 in the year to 31 March 2021 (2020 Profit after tax £653).

DIRECTORS

The directors who served the company during the year and up to the date of this report are listed on page 1. Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By order of the Board

L MacDonal
Company Secretary
Date: 16/6/21

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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 adequate 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 AUDITOR'S REPORT TO THE MEMBERS OF NORTH WEST HIGHLAND COMMUNITY ENTERPRISES LIMITED

Opinion

We have audited the financial statements of North West Highland Community Enterprises Limited (the 'company') for the year ended 31 March 2021 which comprise the Income Statement, Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH WEST HIGHLAND COMMUNITY ENTERPRISES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NORTH WEST HIGHLAND COMMUNITY ENTERPRISES LIMITED

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of Our Report

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.

RSM UK Audit LLP

Christopher Docherty BA (Hons) CA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Third Floor

Centenary House

69 Wellington Street

Glasgow G2 6HG

Date: *8 JULY 2021*

North West Highland Community Enterprises Limited
INCOME STATEMENT
for the year ended 31 March 2021

	<i>Notes</i>	2021 £	2020 £
TURNOVER		7,774	30,978
Administrative expenses		<u>8,918</u>	<u>30,200</u>
OPERATING (LOSS)/PROFIT	1	(1,144)	778
Interest payable and similar charges		-	-
(LOSS)/PROFIT BEFORE TAXATION		<u>(1,144)</u>	<u>778</u>
Tax on profit		-	125
(LOSS)/PROFIT AFTER TAXATION		<u><u>(1,144)</u></u>	<u><u>653</u></u>

North West Highland Community Enterprises Limited
STATEMENT OF FINANCIAL POSITION
as at 31 March 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Stocks		-	1
Debtors	2	-	1,188
Cash at bank and in hand		40	17
		<u>40</u>	<u>1,206</u>
CREDITORS			
Amounts falling due within one year	3	(2,061)	(2,083)
NET CURRENT LIABILITIES		<u>(2,021)</u>	<u>(877)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,021)</u>	<u>(877)</u>
NET LIABILITIES		<u>(2,021)</u>	<u>(877)</u>
CAPITAL AND RESERVES			
Called up share capital	5	1	1
Profit and loss account	6	(2,022)	(878)
SHAREHOLDERS' FUNDS		<u>(2,021)</u>	<u>(877)</u>

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

The financial statements on pages 6 to 9 were approved by the Board of Directors and authorised for issue on 16/6/21 and are signed on its behalf by:



A Jones

Director

PRIVATE LIMITED COMPANY

North West Highland Community Enterprises Limited is a private company limited by shares. The registered office address is Morrison House, Bayfield, Portree, Isle of Skye, IV51 9EW.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime, and under the historical cost convention. 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 company's presentational and functional currency.

TURNOVER

Turnover represents the rental income receivable from the letting of properties.

VALUE ADDED TAX

The company is registered for VAT as part of a group registration with Lochalsh and Skye Housing Association. The income to 31 March 2021 is exempt and therefore expenditure is shown inclusive of VAT.

GOING CONCERN

The financial statements have been prepared on a going concern basis. There were net current liabilities of £2,021 at 31 March 2021 (2020 - £877) and the company relies on the continued support of the company's Parent organisation which has been confirmed in writing.

FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss.

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

1 OPERATING PROFIT

Operating profit is stated after charging:

	2021	2020
	£	£
Auditor's fees	1,500	1,440

2 DEBTORS:

	2021	2020
	£	£
Rent arrears	-	1,188
Provision for doubtful debts	-	-
	-	1,188

3 CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group undertakings	561	1
Corporation tax	-	125
Rents in advance	-	517
Other creditors and accruals	1,500	1,440
	2,061	2,083

4 RELATED PARTY TRANSACTIONS

During the year ended 31 March 2021, rent of £5,356 (2020 - £20,859) was charged from Lochalsh and Skye Housing Association, the company's ultimate parent company, to North West Highland Community Enterprises Limited for the rental properties to be made available for letting.

Lochalsh and Skye Housing Association also charged a management fee of £1,989 (2020 - £7,983) to the company in the year for the provision of administration services.

On 30th June 2020 all leases between Lochalsh and Skye Housing Association and North West Highland Community Enterprises Limited, and the management agreement between Lochalsh and Skye Housing Association and North West Highland Community Enterprises Limited were terminated. The former mid-market rent tenancies became Scottish Secure Tenancies on that date.

Amounts due from North West Highland Community Enterprises Limited to Lochalsh and Skye Housing Association amounted to £561 at 31 March 2021 (2020 - £1).

5 SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid:		
1 Ordinary shares of £1 each	1	1

6 PROFIT AND LOSS ACCOUNT

	2021	2020
	£	£
At the beginning of the year	(878)	(1,531)
(Loss)/Profit for the financial year	(1,144)	653
At the end of the year	(2,022)	(878)

7 ULTIMATE PARENT COMPANY

The company's parent undertaking at the balance sheet date was Lochalsh and Skye Housing Association, a charitable registered society under the Co-operative and Community Benefit Societies Act 2014 and registered with the Financial Conduct Authority, registration number 2132 RS.