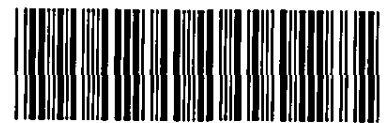


HIE Argyll and the Islands

Directors' report and financial statements

for the year ended 31 March 2011

TUESDAY



SQCW3YVM

SCT

01/11/2011

766

COMPANIES HOUSE

HIE Argyll and the Islands
(A company limited by guarantee)

Company Information

Directors F Duthie
A Paterson (resigned 11 October 2010)
D Macaulay (appointed 11 October 2010)

Company number SC126604

Registered office Earl Thorfinn House
6 Drumchat View
Dingwall Business Park
Dingwall
IV15 9XL

Auditors Ernst & Young LLP
Barony House
Stoneyfield Business Park
Stoneyfield
Inverness
Scotland
IV2 7PA

Solicitors Legal Services
Highlands and Islands Enterprise
Cowan House
Inverness Retail and Business Park
Inverness
IV2 7GF

HIE Argyll and the Islands
(A company limited by guarantee)

Contents

	Page
Directors' report	1
Statement of directors' responsibilities	2
Independent auditors' report	3 - 4
Income and expenditure account	5
Balance sheet	6
Notes to the financial statements	7 - 8

HIE Argyll and the Islands
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2011

The directors present their report and the financial statements for the year ended 31 March 2011.

Principal activities

The main business of HIE Argyll and the Islands has transferred to Highlands and Islands Enterprise and 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 Argyll, Bute, Arran and the Cumbraes 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.co.uk which also contains a link to the annual report and accounts.

Directors

The directors who served during the year were:

F Duthie
A Paterson (resigned 11 October 2010)
D Macaulay (appointed 11 October 2010)

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 May 2011 and signed on its behalf.



A MacLeod
Secretary

HIE Argyll and the Islands
(A company limited by guarantee)

Statement of directors' responsibilities
for the year ended 31 March 2011

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 surplus or deficit 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 (see note 1).

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.

HIE Argyll and the Islands
(A company limited by guarantee)

Independent auditors' report to the members of HIE Argyll and the Islands

We have audited the financial statements of HIE Argyll and the Islands for the year ended 31 March 2011, which comprise the Income and expenditure account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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

As explained more fully in the Statement of directors' responsibilities, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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.

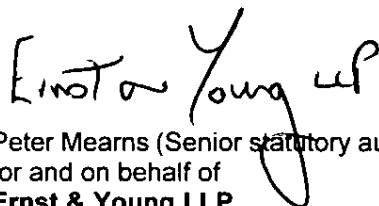
HIE Argyll and the Islands
(A company limited by guarantee)

Independent auditors' report to the members of HIE Argyll and the Islands

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; 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 in preparing the Directors' report.



Peter Mearns (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Inverness
Date: 1/6/2011

HIE Argyll and the Islands
(A company limited by guarantee)

Income and expenditure account
for the year ended 31 March 2011

	Note	2011 £	2010 £
Exceptional items			
Write off of intercompany balance	2	(5,880)	(3,752)
Deficit on ordinary activities before interest		(5,880)	(3,752)
Amounts written off investments		5,880	-
Surplus/(deficit) on ordinary activities before taxation		-	(3,752)
Tax on surplus/(deficit) on ordinary activities		-	-
Surplus/(deficit) on ordinary activities after taxation		-	(3,752)
Surplus brought forward		-	3,752
Retained surplus carried forward		-	-

The notes on pages 7 to 8 form part of these financial statements.

HIE Argyll and the Islands
(A company limited by guarantee)
Registered number: SC126604

Balance sheet
as at 31 March 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Investments	3		-	-	-
			<hr/>	<hr/>	<hr/>
Total assets less current liabilities			-	-	-
			<hr/>	<hr/>	<hr/>
Capital and reserves					
			-	-	-
			<hr/>	<hr/>	<hr/>

The financial statements have 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 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 MAY 2011.


F Duthie
Director

The notes on pages 7 to 8 form part of these financial statements.

HIE Argyll and the Islands
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Loans

Loans advanced by the company are shown at the amount outstanding at the balance sheet date less provisions for anticipated losses.

2. Exceptional items

	2011 £	2010 £
Write off of intercompany balance	5,880	3,752

At 31 March 2011 the company agreed to write off the net debt of £5,880 (2010 - £3,752) due by its parent undertaking Highlands and Islands Enterprise.

3. Fixed asset investments

	Loans to associates £
Cost or valuation	
At 1 April 2010	13,187
Repayments	(5,880)
Amounts written off	(7,307)
At 1 April 2010 and 31 March 2011	-
Impairment	
At 1 April 2010	13,187
Amounts written off	(13,187)
At 1 April 2010 and 31 March 2011	-
Net book value	
At 31 March 2011	-
At 31 March 2010	-

HIE Argyll and the Islands
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2011

4. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 each towards the assets of the company in the event of liquidation. Highlands and Islands Enterprise is the sole member of the company.

5. Ultimate parent undertaking and controlling party

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 Argyll and the Islands has been included in the group financial statements 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.