

NWMCW Trading Company Limited
Financial Statements
For the year ended
31 July 2023

CT:

NWMCW Trading Company Limited

Financial Statements

Year ended 31 July 2023

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the members	4
Statement of income and retained earnings	8
Statement of financial position	9
Notes to the financial statements	10

NWMCW Trading Company Limited

Officers and Professional Advisers

The Board of Directors

A J Mayo
C J Morrison

Company Secretary

A Lane (*appointed 2 October 2023*)
M Reade (*resigned 2 October 2023*)

Registered Office

Penmore Mill
Dervaig
Tobermory
Isle of Mull
Argyll
PA75 6QS

Auditor

Chiene + Tait LLP (trading as CT)
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

NWMCW Trading Company Limited

Directors' Report

Year ended 31 July 2023

The directors present their report and the financial statements of the company for the year ended 31 July 2023.

Principal activities

Produce and deliver seasoned cut and split wood and woodchips.

Directors

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

A J Mayo

C J Morrison

Directors' responsibilities statement

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 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 accounting 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 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

NWMCW Trading Company Limited

Directors' Report *(continued)*

Year ended 31 July 2023

Small company provisions

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

This report was approved by the board of directors on 27 April 2024 and signed on behalf of the board by:



A J Mayo
Director



NWMCW Trading Company Limited

Independent Auditor's Report to the Members of NWMCW Trading Company Limited

Year ended 31 July 2023

Opinion

We have audited the financial statements of NWMCW Trading Company Limited (the 'company') for the year ended 31 July 2023 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of 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 July 2023 and of its loss 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.



NWMCW Trading Company Limited

Independent Auditor's Report to the Members of NWMCW Trading Company Limited *(continued)*

Year ended 31 July 2023

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.

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.



NWMCW Trading Company Limited

Independent Auditor's Report to the Members of NWMCW Trading Company Limited *(continued)*

Year ended 31 July 2023

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, Health and Safety Regulations and Licensing Laws.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the management and the directors;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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



NWMCW Trading Company Limited

Independent Auditor's Report to the Members of NWMCW Trading Company Limited *(continued)*

Year ended 31 July 2023

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.

Barry Truswell

Barry Truswell (Senior Statutory Auditor)

For and on behalf of

CT

Chartered Accountants & Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

29 April 2024

NWMCW Trading Company Limited
Statement of Income and Retained Earnings
Year ended 31 July 2023

	Note	2023 £	2022 £
Turnover		57,988	63,329
Cost of sales		(28,790)	(41,236)
Gross profit		29,198	22,093
Distribution costs		(2,044)	(536)
Administrative expenses		(28,005)	(30,075)
Operating loss		(851)	(8,518)
Interest payable and similar expenses	4	(1,715)	(1,715)
Loss before taxation		(2,566)	(10,233)
Tax on loss		—	—
Loss for the financial year and total comprehensive income		<u>(2,566)</u>	<u>(10,233)</u>
Retained losses at the start of the year		(31,678)	(21,445)
Retained losses at the end of the year		<u>(34,244)</u>	<u>(31,678)</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 13 form part of these financial statements.

NWMCW Trading Company Limited**Statement of Financial Position****31 July 2023**

	Note	2023 £	2022 £
Current assets			
Stocks		1,205	1,205
Debtors	7	2,079	989
Cash at bank and in hand		<u>22,608</u>	<u>22,463</u>
		25,892	24,657
Creditors: amounts falling due within one year	8	<u>(35,567)</u>	<u>(31,189)</u>
Net current liabilities		<u>(9,675)</u>	<u>(6,532)</u>
Total assets less current liabilities		<u>(9,675)</u>	<u>(6,532)</u>
Creditors: amounts falling due after more than one year	9	<u>(24,567)</u>	<u>(25,144)</u>
Net liabilities		<u>(34,242)</u>	<u>(31,676)</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		<u>(34,244)</u>	<u>(31,678)</u>
Shareholders deficit		<u>(34,242)</u>	<u>(31,676)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on ~~27 April 2024~~... and are signed on behalf of the board by:



A J Mayo
Director

Company registration number: SC309112

The notes on pages 10 to 13 form part of these financial statements.

NWMCW Trading Company Limited

Notes to the Financial Statements

Year ended 31 July 2023

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Penmore Mill, Dervaig, Tobermory, Isle of Mull, Argyll, PA75 6QS.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

The financial statements have been prepared on a going concern basis. The Company is a subsidiary of North West Mull Community Woodland Company Limited (A company limited by guarantee). The directors consider the going concern basis of preparation to be appropriate as their parent entity can provide financial support to the company. Further details are provided in note 5 to the accounts.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery - 50% on cost

NWMCW Trading Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

NWMCW Trading Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

4. Interest payable and similar expenses

	2023	2022
	£	£
Other interest payable and similar charges	<u>1,715</u>	<u>1,715</u>

5. Going concern

At the balance sheet date the company had net liabilities of £34,242 (2022 - £31,676) and is reliant upon its parent entity for financial support.

The directors of the parent entity have prepared financial projections until 31 July 2024 and have considered the prospects for the 12-month period from the date of approval of the financial statements. The forecast for the 12-month period to 31 July 2024 show that the group will have sufficient cash to meet its liabilities as they fall due. The directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

The parent entity has confirmed that it will continue to provide financial support to the company for a period of at least 12 months from the date of approval of the financial statements. Therefore, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

6. Tangible assets

	Plant and machinery
	£
Cost	
At 1 August 2022 and 31 July 2023	<u>900</u>
Depreciation	
At 1 August 2022 and 31 July 2023	<u>900</u>
Carrying amount	
At 31 July 2023	<u>–</u>
At 31 July 2022	<u>–</u>

7. Debtors

	2023	2022
	£	£
Trade debtors	721	476
Other debtors	<u>1,358</u>	<u>513</u>
	<u>2,079</u>	<u>989</u>

8. Creditors: amounts falling due within one year

	2023	2022
	£	£
Loan from parent charity	2,228	2,228
Trade creditors	4,392	–
Amounts owed to group undertakings	24,097	24,111
Other creditors	<u>4,850</u>	<u>4,850</u>
	<u>35,567</u>	<u>31,189</u>

NWMCW Trading Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 July 2023

9. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Loan from parent charity	<u>24,567</u>	<u>25,144</u>

Included within creditors: amounts falling due after more than one year is an amount of £14,182 (2022: £14,759) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

10. Called up share capital

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11. Related party transactions

NWMCW Trading Company Limited is a wholly owned subsidiary of North West Mull Community Woodland Company (NWMCWC) Limited.

NWMCWC is owed £24,097 (2022: £24,111) by way of intercompany balance by NWMCW Trading Company Limited.

NWMCWC charged NWMCW Trading Company Limited Management fees of £16,658 (2022: £17,917) and Leasing hire fees of £9,000 (2022: £12,750) during the year.

There is a loan outstanding from NWMCWC of £26,795 (2022: £27,372) with agreed repayment terms. Interest was charged during the year of £1,715 (2022: £1,715). As at 31 July 2023, 3 years (2022: 2 years) of interest remains unpaid totalling £5,145 (2022: £3,430).