

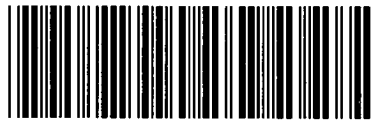
Amended.

**Scotmid Pension GP Limited**

**Annual Report & Financial Statements  
for the year ended 28 January 2017**

**Company Registration No SC418610**

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## Scotmid Pension GP Limited

**Registered office**

Hillwood House  
2 Harvest Drive  
Newbridge  
Edinburgh  
EH28 8QJ

**Directors**

Henry Patrick Fleming Cairney  
James Watson

**Secretary**

John Chapman Dalley

**Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

**Solicitor**

Anderson Strathern WS  
1 Rutland Court  
Edinburgh  
EH3 8EY

**Independent Auditor**

KPMG LLP  
Saltire Court, 20 Castle Street  
Edinburgh  
EH1 2EG

## Scotmid Pension GP Limited

### Strategic Report

#### Principal activity and review of the business

The Company's principal activity is as a partner in Scotmid Pension Limited Partnership and acting as General Partner of that partnership. Scotmid Pension Limited Partnership invests in and manages real estate assets on behalf of its partners.

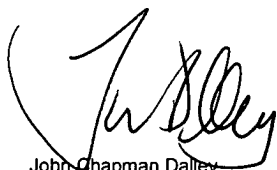
#### Review of the Business and Key performance indicators

The profit share earned in the year amounted to £1,118,735 (2016: £375,759). The profit for the year, after taxation, amounted to £1,002,476 (2016: £272,983).

#### Future prospects and risks

The directors anticipate the Company will continue to hold the investment in Scotmid Pension Limited Partnership and receive its allocated profit share. The directors consider the key risk of the partnership underperforming to be very limited.

BY ORDER OF THE BOARD



John Chapman Dalley  
Secretary  
29 June 2017

## Scotmid Pension GP Limited

### Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 28 January 2017 (2016: year ended 30 January 2016).

### Results and dividends

The profit for the year, after taxation, amounted to £1,002,476 (2016: £272,983). The directors do not recommend paying a dividend.

### Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, given the committed support from its parent. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of Principal Accounting Policies on page 10.

### Financial risk management objectives and policies

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company is reliant on the continued support of its parent.

### Directors and Secretaries

The directors who served the Company during and up to the date of this report the period were as follows:

Henry Patrick Fleming Cairney  
James Watson

The directors during the period were also directors and members of the ultimate parent undertaking, Scottish Midland Co-operative Limited. None of the directors have any interest in the shares of the company.

### Disclosure of information to Auditors

In so far as each of the directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BY ORDER OF THE BOARD



John Chapman Dalley  
Secretary  
29 June 2017

### Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Scotmid Pension GP Limited

## Independent auditor's report to the members of Scotmid Pension GP Limited

We have audited the financial statements of Scotmid Pension GP Limited for the year ended 28 January 2017 set out on pages 7 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### 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 28 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

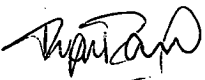
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### 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.



Hugh Harvie (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG  
30 June 2017

## Scotmid Pension GP Limited

### Profit and loss account

for the year ended 28 January 2017

	notes	2017 £	2016 £
Operating profit	2	-	-
Other Income	3	1,118,735	375,759
<b>Profit on ordinary activities before taxation</b>		<b>1,118,735</b>	<b>375,759</b>
Tax on profit on ordinary activities	5	(116,259)	(102,776)
<b>Profit for financial year</b>		<b>1,002,476</b>	<b>272,983</b>

All activities are classed as continuing operations.

There are no additional items which should be included in a statement of comprehensive income in either the current or previous year, accordingly no such statement is presented.

The notes on pages 10 to 12 form an integral part of these financial statements.



# Scotmid Pension GP Limited

## Balance sheet

as at 28 January 2017

	notes	2017 £	2016 £
<b>Fixed assets</b>			
Investments	6	<u>2,960,000</u>	<u>2,960,000</u>
<b>Current assets</b>			
Debtors	7	2,184,383	906,430
<b>Creditors: amounts falling due within one year</b>	8	<u>(327,753)</u>	<u>(52,276)</u>
<b>Net current assets/liabilities</b>		<u>1,856,630</u>	<u>854,154</u>
<b>Net assets</b>		<u><u>4,816,630</u></u>	<u><u>3,814,154</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	2,960,000	2,960,000
Profit and loss account		<u>1,856,630</u>	<u>854,154</u>
<b>Shareholders' funds</b>		<u><u>4,816,630</u></u>	<u><u>3,814,154</u></u>

The notes on pages 10 to 12 form an integral part of the financial statements. These financial statements were approved by the directors and authorised for issue on 29 June 2017, and signed on their behalf by:



Henry Cairney

Co. Registration Number SC418610

**Statement of changes in shareholders funds**  
as at 28 January 2017

	Share Capital £	Revenue Reserves £	Total £
As at 30 January 2016	2,960,000	854,154	3,814,154
Profit for the financial year	-	1,002,476	1,002,476
As at 28 January 2017	<u>2,960,000</u>	<u>1,856,630</u>	<u>4,816,630</u>

The notes on pages 10 to 12 form an integral part of the financial statements.

## Notes to the financial statements for the year ended 28 January 2017

### 1. Principal Accounting Policies

#### Basis of accounting

The financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102") as it applies to the financial statements for the year ended 28 January 2017. The company transitioned from the previously extant UK GAAP to FRS 102 as at 26 January 2014.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the director's report. The director's report also describes the financial position of the Company.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions in respect of these financial statements, as noted below.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £.

#### Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with the support of its parent.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The parent has committed to support the company and therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Exemptions

In accordance with FRS 102 (and the Application Guidance to FRS 100 'Application of Financial Reporting Requirements'), the company has taken advantage of the exemptions from the following disclosure requirements as they are disclosed in the financial statements of the ultimate parent company, Scottish Midland Cooperative Society Limited:

- Section 7 Statement of cash flows; and
- Section 33 Related party disclosures

#### Partnership profit share

The Company holds an investment in Scotmid Pension Limited Partnership. The Company is entitled to the residual share of profit for the year to be allocated among members before taxation and property revaluation of that partnership (after other partners are allocated their share of profits). The Company records its share of profits when the partnership determines the residual profit share each year.

#### Investments

Fixed asset investments are stated at cost less any provision for impairment.

#### Current Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred Taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on a non-discounted basis using rates of tax that have been enacted or substantively enacted by the balance date.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical judgements made by the directors in applying the company's accounting policies.

## Scotmid Pension GP Limited

### Notes to the financial statements - continued for the year ended 28 January 2017

#### 2. Operating profit

Audit services relating to the Company have not been charged directly to the Company. Of the total group audit fee, £4,000 (2016: £4,000) related to the audit of these accounts.

#### 3. Other income

Other income of £1,118,735 (2016: £375,759) is the profit share earned from the Company's investment in Scotmid Pension Limited Partnership. The income includes £551,704 relating to income earned during 2017 and the remaining £566,981 in relation to further income due to the company as a result of a prior year adjustment in the Limited Partnership accounts for 31 March 2016.

#### 4. Particulars of employees - directors and employees

The Company did not have employees during the current or prior year. The directors do not receive any emoluments from the Company.

#### 5. Taxation on ordinary activities

##### (a) Analysis of charge in current period

	2017 £	2016 £
Current Tax:		
UK corporation tax on profits for the year	112,141	102,776
Adjustment in respect of prior years	4,118	-
<b>Tax on profit of ordinary activities</b>	<b>116,259</b>	<b>102,776</b>

##### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20.00% (2016: 20.16%).

	2017 £	2016 £
Profit on ordinary activities before tax	1,118,735	375,759
Tax on surplus at standard rate of corporation tax in the UK of 20.00% (2016: 20.16%)	223,747	75,753
Factors affecting charge for the year:		
Adjustment relating to company's share in partnership income	112,141	228,300
Adjustment in respect of prior years	4,118	-
Income not taxable for tax purposes	(223,747)	(75,753)
Non-deductible loan relationships	-	(125,524)
<b>Total tax charge</b>	<b>116,259</b>	<b>102,776</b>

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. This reduction in the tax rate impacted the current tax charge in the reporting period, resulting in a weighted-average tax charge for the period ending 28 January 2017 of 20.00% (2016: 20.16%).

## Scotmid Pension GP Limited

### Notes to the financial statements - continued for the year ended 28 January 2017

#### 6. Investments

Unlisted  
£

Cost:

At 30 January 2016 and 28 January 2017

2,960,000

Details of the companies investments are as follows:

Name	Type	Holding	Nature of business
Scotmid Pension Limited Partnership	Scottish limited partnership	99.94%	Property investment and management

The partnership was established as part of an Asset Backed Funding arrangement put in place by Scottish Midland Co-operative Society Limited (the Company's parent).

#### 7. Debtors

2017  
£

2016  
£

Amounts owed from group undertakings

2,184,383

906,430

#### 8. Creditors: amounts falling due within one year

2017  
£

2016  
£

Corporation tax

60,641

52,276

Amounts owed to parent undertaking

267,112

-

327,753

52,276

#### 9. Contingent liabilities

The Company, together with other group companies has granted an unlimited guarantee and a floating charge over its assets in respect of its ultimate parent's bank borrowings. The bank borrowings secured by this guarantee and floating charge amount to £40,000,000 (2016: £41,000,000).

The directors do not consider either the guarantee or the floating charge will be called upon in the foreseeable future.

#### 10. Share Capital

2017  
£

2016  
£

Authorised share capital:

2,960,000 ordinary shares at £1 each

2,960,000

2,960,000

Allotted, called up and fully paid:

2,960,000 ordinary shares at £1 each

No	2017 £	No	2016 £
<u>2,960,000</u>	<u>2,960,000</u>	<u>2,960,000</u>	<u>2,960,000</u>

#### 11. Ultimate controlling party

The Company's ultimate parent undertaking is Scottish Midland Co-operative Society Limited, registered in Scotland, which heads the smallest and largest group into which these accounts are consolidated.

Copies of the financial statements of Scottish Midland Co-operative Society Limited, into which these financial statements are consolidated can be obtained from its registered office at Hillwood House, 2 Harvest Drive, Newbridge, Edinburgh.