

Scotmid Pension IP Limited

**Annual Report & Financial Statements
for the year ended 25 January 2020**

Company Registration No SC418611

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Scotmid Pension IP Limited

Registered office

Hillwood House
2 Harvest Drive
Newbridge
Edinburgh
EH28 8QJ

Directors

Henry Patrick Fleming Cairney
James Watson

Secretary

John Chapman Dalley

Bankers

HSBC
2 Buchanan Street
Edinburgh
G1 3LB

Solicitor

Anderson Strathern WS
1 Rutland Court
Edinburgh
EH3 8EY

Independent Auditor

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

Scotmid Pension IP Limited

Strategic Report

Principal activity and review of the business

The Company's principal activity is as a partner in Scotmid Pension Limited 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 £50 (2019: £50). The profit for the year, after taxation, amounted to £40 (2019: £40).

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
23 April 2020

Scotmid Pension IP Limited

Directors' Report

The Directors present their annual report together with the audited financial statements for the year ended 25 January 2020 (2019: year ended 26 January 2019).

Results and dividends

The profit for the period, after taxation, amounted to £40 (2019: £40). 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.

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 Caimey
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.

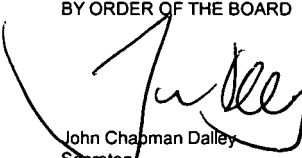
Disclosure of information to Auditor

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
23 April 2020

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Opinion

We have audited the financial statements of Scotmid Pension IP Ltd ("the company") for the year ended 25 January 2020 which comprise the profit and loss account, balance sheet, statement of changes in shareholders funds and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 January 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

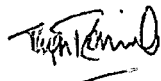
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.


Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG
Date: 29 April 2020

Scotmid Pension IP Limited

Profit and loss account for the year ended 25 January 2020

	notes	2020 £	2019 £
Operating profit	2	-	-
Other Income	3	50	50
Profit on ordinary activities before taxation		50	50
Tax on profit on ordinary activities	5	(10)	(10)
Profit for financial year		<u>40</u>	<u>40</u>

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 - 12 form an integral part of these financial statements.

Scotmid Pension IP Limited

Balance sheet as at 25 January 2020

	notes	2020 £	2019 £
Fixed assets			
Investments	6	<u>1,000</u>	<u>1,000</u>
Current assets			
Debtors	7	336	295
Creditors: amounts falling due within one year	8	<u>(6)</u>	<u>(5)</u>
Net current assets/liabilities		<u>330</u>	<u>290</u>
Net assets		<u><u>1,330</u></u>	<u><u>1,290</u></u>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account		<u>330</u>	<u>290</u>
Shareholders' funds		<u><u>1,330</u></u>	<u><u>1,290</u></u>

The notes on pages 10 - 12 form an integral part of the financial statements. These financial statements were approved by the directors and authorised for issue on 23 April 2020, and signed on their behalf by:


Henry Cairney

Co. Registration Number SC418611

Scotmid Pension IP Limited

Statement of changes in shareholders funds as at 25 January 2020

	Share Capital £	Revenue Reserves £	Total £
As at 26 January 2019	1,000	290	1,290
Profit for the financial year	-	40	40
As at 25 January 2020	<u>1,000</u>	<u>330</u>	<u>1,330</u>

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

Notes to the financial statements

for the year ended 25 January 2020

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 25 January 2020.

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, its liquidity position and borrowing facilities; and its exposure to credit risk and liquidity risk.

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 directors have assessed that the Company has adequate resources to meet its liabilities as they fall due for a period of at least twelve months following the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis.

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:

and

- Section 33 Related Party Disclosures

Partnership profit share

The Company holds an investment in Scotmid Pension Limited Partnership. The Company is entitled to a 5% fixed share of the capital it has invested in the limited partnership. 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items if income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is also provided on timing differences arising from the revaluation of fixed assets. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance date. Deferred tax assets and liabilities are not discounted.

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 or estimates made by the directors in applying the company's accounting policies.

Notes to the financial statements - continued
for the year ended 25 January 2020

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 (2019: £4,000) related to the audit of these accounts.

3. Other income

Other income of £50 (2019: £50) is the profit share earned from the Company's investment in Scotmid Pension Limited Partnership.

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

	2020 £	2019 £
Current Tax:		
UK corporation tax on profits for the year	10	10
Tax on profit on ordinary activities	<u>10</u>	<u>10</u>

(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 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before tax	<u>50</u>	<u>50</u>
Tax on surplus at standard rate of corporation tax in the UK of 19% (2019: 19%)	10	10
Total tax charge for the year	<u>10</u>	<u>10</u>

Finance (No. 2) Act 2015 enacted reductions in the UK corporation tax rate from 20% to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. The reduction to 17% in April 2020 was subsequently repealed in the Budget in March 2020. The weighted-average tax charge for the period ending 25 January 2020 was 19% (2019: 19%).

Scotmid Pension IP Limited

Notes to the financial statements - continued for the year ended 25 January 2020

6. Investments

	Unlisted £
Cost:	
At 26 January 2019 and 25 January 2020	<u>1,000</u>

Details of the companies investments are as follows:

Name	Type	Holding	Nature of business
Scotmid Pension Limited Partnership	Scottish limited partnership	0.03%	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

	2020 £	2019 £
Amounts owed from group undertakings	<u>336</u>	<u>295</u>

8. Creditors: amounts falling due within one year

	2020 £	2019 £
Corporation tax	<u>6</u>	<u>5</u>

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 £37,000,000 (2019: £37,000,000).

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

10. Share Capital

	2020 £	2019 £
Authorised share capital: 1,000 ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>

	No	2020 £	No	2019 £
Allotted, called up and fully paid: 1,000 ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</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.