

Scotmid Pension IP Limited

**Annual Report & Financial Statements
for the 52 weeks ended 29 January 2022**

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

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.

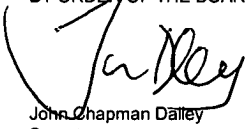
Review of the Business and Key performance indicators

The profit share earned in the period amounted to £50 (2021: £50). The profit for the period, after taxation, amounted to £40 (2021: £41).

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
21 April 2022

Directors' Report

The Directors present their annual report together with the audited financial statements for the period ended 29 January 2022 (2021: period ended 30 January 2021).

Results and dividends

The profit for the period, after taxation, amounted to £40 (2021: £41). 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. 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 note 1 to the financial statements - 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 the period and up to the date of this report 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 Society 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.

Auditor

Pursuant to section 487 of the Companies act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE BOARD



John Chapman Dalley
Secretary
21 April 2022

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.

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 period ended 29 January 2022 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 29 January 2022 and of its profit for the period 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 period 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.



Deborah Ramsay (statutory auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh EH1
Date: 27 April 2022

Profit and loss account
for the period ended 29 January 2022

	notes	52 weeks to 29 January 2022 £	53 weeks to 30 January 2021 £
Operating profit	2	-	-
Other Income	3	50	50
Profit on ordinary activities before taxation		50	50
Tax on profit on ordinary activities	5	(10)	(9)
Profit for financial period		40	41

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 period, accordingly no such statement is presented.

The notes on pages 11 - 13 form an integral part of these financial statements.

Balance sheet
as at 29 January 2022

	notes	2022 £	2021 £
Fixed assets			
Investments	6	<u>1,000</u>	<u>1,000</u>
Current assets			
Debtors	7	417	374
Creditors: amounts falling due within one year	8	<u>(6)</u>	<u>(3)</u>
Net current assets		<u>411</u>	<u>371</u>
Net assets		<u>1,411</u>	<u>1,371</u>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account		<u>411</u>	<u>371</u>
Shareholders' funds		<u>1,411</u>	<u>1,371</u>

The notes on pages 11-13 form an integral part of the financial statements. These financial statements were approved by the directors and authorised for issue on 21 April 2022, and signed on their behalf by:



Henry Caimey

Co. Registration Number SC418611

Statement of changes in shareholders funds
as at 29 January 2022

	Share Capital £	Revenue Reserves £	Total £
As at 25 January 2020	1,000	330	1,330
Profit for the financial period	-	41	41
As at 30 January 2021	1,000	371	1,371
Profit for the financial period	-	40	40
As at 29 January 2022	1,000	411	1,411

The notes on pages 11-13 form an integral part of the financial statements.

Notes to the financial statements
for the period ended 29 January 2022

1. Principal Accounting Policies

Basis of accounting

Scotmid Pension IP Limited is a company incorporated, registered and domiciled in Scotland. 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 period ended 29 January 2022.

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

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's ultimate parent undertaking, Scottish Midland Co-operative Society Limited, includes this company in its consolidated financial statements. 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 £.

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

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The company has minimal cash requirement. The expected liabilities are made up of the tax charge which is driven by the annual profit share from its investee partnership. The directors have reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the company will have sufficient funds to meet its liabilities as they fall due for that period. Consequently, 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 and therefore have prepared the financial statements on a going concern basis.

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 period ended 29 January 2022

2. Operating profit

Audit services relating to the Company have not been charged directly to the Company. Of the total group audit fee, £5,200 (2021: £4,000) related to the audit of these accounts.

3. Other income

Other income of £50 (2021: £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 period. The directors do not receive any emoluments from the Company.

5. Taxation on ordinary activities

(a) Analysis of charge in current period

	52 weeks to 29 January 2022 £	53 weeks to 30 January 2021 £
Current Tax:		
UK corporation tax on profits for the period	10	10
Adjustment in respect of prior periods	-	(1)
Tax on profit on ordinary activities	<u>10</u>	<u>9</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is the same as the standard rate of corporation tax in the UK of 19% (2021: 19%).

	52 weeks to 29 January 2022 £	53 weeks to 30 January 2021 £
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% (2021: 19%)	10	10
Factors affecting charge for the period: adjustments to tax in respect of prior periods	-	(1)
Total tax charge for the period	<u>10</u>	<u>9</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 weighted-average tax charge for the period ending 29 January 2022 was 19% (2021: 19%). The additional reduction to 17% (effective from 1 April 2020) was repealed in the Budget in March 2020 and will not now reduce the company's future current tax charge and deferred tax asset or liability. The Budget in March 2021 announced an increase to the main rate of corporation tax to 25% from 1st April 2023 and was substantively enacted on 24 May 2021.

Scotmid Pension IP Limited

Notes to the financial statements - continued for the period ended 29 January 2022

6. Investments

Unlisted
£

Cost:

At 30 January 2021 and 29 January 2022

1,000

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

2022
£

2021
£

Amounts owed from group undertakings

417

374

Amounts owed from group undertakings are unsecured, repayable on demand and accrue no interest.

8. Creditors: amounts falling due within one year

2022
£

2021
£

Corporation tax

6

3

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 £29,000,000 (2021: £35,000,000).

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

10. Share Capital

2022
£

2021
£

Authorised share capital:

1,000 ordinary shares at £1 each

1,000

1,000

Allotted, called up and fully paid:

1,000 ordinary shares at £1 each

no. 2022
1,000 £ 1,000

no. 2021
1,000 £ 1,000

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.