
Registered Company Number: SC381388

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

SCOTTISH
FUTURES
TRUST
investments

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
CHAIRMAN'S STATEMENT

I am glad to present the first Annual Report of Scottish Futures Trust Investments Limited (SFTI), a Company limited by shares and wholly owned by Scottish Futures Trust Limited (SFT).

SFTI was incorporated on 2 July 2010 and establishes an investment vehicle, which was a key objective in SFT's 2009-14 Corporate Plan. The Company will hold investments by SFT in infrastructure projects across Scotland and provide, over time, a source of income to offset costs in the Group and for reinvestment in other priority projects.

The purpose of establishing the subsidiary was to properly separate SFT's role as an investor from its wider work in enhancing value for infrastructure investment. To that end, SFTI is an investment company only and will not undertake any trading activity.

The first tranche of investments by SFTI will be in hub companies¹ and design, build, finance and maintain (DBFM) projects procured under the hub programme. The only investments by the Company in this period have been in hub South East Scotland Limited, and hub North Scotland Limited in the form of equity investments and working capital loans.

In the future I expect SFTI to invest in the other three hub companies across Scotland and in the substantial programme of more than £800m of revenue-funded infrastructure investment projects expected to be delivered through hub. I further anticipate that as SFT continues to innovate and develop new structures to lever additional financing into infrastructure investment, future opportunities to enhance value through increased investment by SFTI will arise.



Sir Angus Grossart
Chairman

27 June 2011

¹ See SFT website www.scottishfuturestrust.org.uk

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
DIRECTORS' REPORT

The directors present their Annual Report and financial statements for the period ended 31 March 2011.

Principal Activity

The principal activity of the Company is to hold investments in infrastructure companies, assets and projects across Scotland.

The Company made a profit for the period before tax of £205,912 as grant income was utilised to make investments. No dividends have been paid or are proposed. Profits are transferred to retained earnings and utilised to make investments.

Business Review

SFTI is a wholly owned subsidiary of SFT and its sole activity is as an investment company. The Company has no staff or other operations. Investments in SFTI are managed by its Directors, who are represented on Companies in which SFTI invests by members of the SFT staff.

During its first period, SFTI invested share capital of £10 and a working capital loan of £100,000 in hub South East Scotland Limited at establishment (30 July 2010), and share capital of £17 and working capital of £90,000 in hub North Scotland Limited at establishment (28 January 2011). The Company also holds an additional investment of £3 share capital and £15,882 working capital loan in hub North Scotland Limited in advance of the Shetland Islands Council entering into an agreement to invest as is anticipated during the coming period. These investments represent 10% holdings in the respective companies, with public sector participant bodies holding a further 30% between them in the companies and a private sector development partner selected following open competition in each territory area holding the remaining 60%. The equity investments are currently held at par, with working capital loans being on deposit and attracting a modest interest income during this initial period.

It is not anticipated that these investments will deliver very substantial returns over their life as their intention is to create a corporate and associated governance structure within which investment projects are undertaken. The first investment projects are anticipated during the next period. The holding in hub companies gives SFTI the right to invest 10% of the subordinated debt into all future design, build, finance and maintain (DBFM) projects undertaken by the Company. It is these substantive investments in projects that are anticipated to deliver returns over the 25-year contract durations of each DBFM project.

Directors

The directors who held office during the period and their appointment dates are as follows:

Sir Angus Grossart	Chairman	Appointed 2 July 2010
Graeme Bissett	Non-Executive Director	Appointed 2 July 2010
James Fletcher	Non-Executive Director	Appointed 2 July 2010
Fiona Mackenzie	Non-Executive Director	Appointed 2 July 2010
Colin Maclean	Non-Executive Director	Appointed 2 July 2010 *
Carolyn Dwyer	Non-Executive Director	Appointed 1 March 2011
Barry White	Executive Director	Appointed 2 July 2010
Peter Reekie	Executive Director	Appointed 2 July 2010

* Colin Maclean resigned as Non-Executive Director on 31 December 2010.

The Company is wholly owned by Scottish Futures Trust Limited, a Company wholly owned by the Scottish Ministers. Under section 251 of the Companies Act 2006, the Scottish Ministers are considered to be a Shadow Director of the Company.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all the 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 auditors are aware of that information.

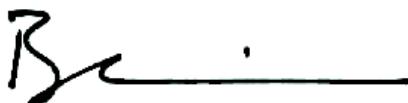
Auditors

Following a tendering process conducted in May 2009, the Audit Committee appointed Scott-Moncrieff, Chartered Accountants as auditors to the Parent Company, Scottish Futures Trust Limited. Scott-Moncrieff will also conduct the audit of the subsidiary, Scottish Futures Trust Investments Limited. The Company has elected to dispense with the holding of the AGM, the laying of financial statements in general meeting and the annual appointment of auditors.

Going Concern

On the basis of the information available to them, the directors have a reasonable expectation that the Company will continue to receive properly budgeted and controlled funding from Scottish Futures Trust Limited and has forecast income from investment activities. Consequently, the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

On behalf of the Board



Barry White
Executive Director

27 June 2011

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
REPORT ON CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance, business integrity and professionalism in all its activities.

Throughout the accounting period ending 31 March 2011, the Company has complied with all the relevant provisions of the Combined Code on Corporate Governance issued in June 2008 by the Financial Reporting Council as best practice guidance, except as explained below, notwithstanding that the Company is not a listed company to which the provisions are directed. The following exceptions are noted:

- there is no Nominations Committee as non-executive Board appointments, including their terms and conditions of employment, are determined by the Company's ultimate shareholder, the Scottish Ministers;
- in view of the Company's responsibilities to take account of public sector guidelines, compliance is not appropriate with the provision in the Combined Code that performance-related elements of remuneration should form a significant proportion of Executive Directors' total pay package; and
- there is no Remuneration Committee as the Company has no direct employees.

Board of Directors

The Board is the principal decision-making forum. It has overall responsibility for leading and controlling the Company and is accountable to the Company's ultimate shareholder, the Scottish Ministers, for financial and operational performance. The Board approves Company strategy and monitors performance. The Board has adopted a formal schedule of matters, in accordance with those matters reserved by the Board of the Parent Company, SFT, which are specifically reserved for its decision, and are reviewed on an annual basis.

The roles of the Chairman and the Executive Directors are distinct and separate, with a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all the Directors. Executive Directors have responsibility for all operational business and act in accordance with the authority delegated from the Board. Responsibility for the implementation of policy, strategy and operational management is delegated to the Executive Directors.

The Chairman's other significant commitments are chairmanship of: Noble Grossart Limited (and related entities), Scotland International Limited, Fine Art Society Plc, Lyon & Turnbull Limited, Wright Health Group Limited, Edinburgh Partners Limited and The National Museums of Scotland. The Chairman is also a non-executive director of Culture and Sport Glasgow.

Board Meetings take place throughout each period as required for specific investment business. Board Meetings are structured to allow open discussion and all Directors participate in discussing the Company's strategic aims and performance and financial and risk management.

Four Board meetings were held during the period.

Board balance and independence

In the period ended 31 March 2011, the Board comprised five non-executive directors (including the Chairman) with the exception of the period 1 January 2011 to 28 February 2011 during which there were four non-executive directors. The Board considers that, based on the criteria set out in the provisions of the Combined Code, all non-executive directors are independent. The non-executive directors combine broad business and commercial experience with independent and objective judgement and constructively challenge and assist development of strategic matters.

The Board functions effectively and efficiently and is considered to be of an appropriate size in relation to the Company's level of business and associated responsibilities.

The Board aims to achieve a balance between non-executive and executive directors so as to promote clear and effective leadership and maintain the highest standards of integrity and professionalism across the Company's business activities.

Election of Directors

The Board of SFTI is the same as, and follows the same election process as, the Board of the Parent Company, SFT.

Information

As permitted by the Companies Act 2006, the Board has dispensed with the appointment of a Company Secretary. The Chairman is responsible for advising the directors on all governance matters and for ensuring that Board procedures are followed. All directors are entitled to obtain independent professional advice at the Company's expense. Minutes of Board and Sub-Committee meetings are available on the Company's website following approval.

Performance evaluation

The performance of non-executive directors is assessed by the Chairman and the performance of executive directors is assessed by the Chairman. The Chairman's performance is assessed by the Scottish Government.

Board Committees

Due to the restricted nature of its business, the Company Board does not have an extensive committee structure. There is a Group Audit Committee whose membership follows that of the Parent Company Audit Committee prior to the establishment of SFTI.

Group Audit Committee

The Group Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the financial affairs of the Parent Company and its subsidiaries, the arrangements for accounting, financial reporting and regulatory compliance, the standards and effectiveness of internal control, the arrangements for identifying, evaluating and managing the significant risks faced by the Company and the arrangements for external audit. The Group Audit Committee meets regularly throughout the accounting period and, in addition, it meets the external auditors privately.

The Group Audit Committee reviews and monitors the independence of the external auditors in relation to non-audit assignments, taking into account relevant ethical guidance.

The Group Audit Committee undertakes an annual evaluation to assess the independence and objectives of the external auditors and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.

Members of the Group Audit Committee are: Graeme Bissett (chair) and James Fletcher.

In the period ended 31 March 2011 there was one meeting of the Audit Committee. The Board is satisfied that the Committee membership has relevant financial and business experience.

Attendance at Board and Committee meetings

Attendance by board members at board and committee meetings held during the period was as follows:

	Board	Audit Committee
Number of meetings	4	-
Sir Angus Grossart	4	-
Graeme Bissett	4	1
Carolyn Dwyer	1+1*	-
James Fletcher	4	1
Colin Maclean	2	-
Fiona MacKenzie	4	-
Barry White	4	-
Peter Reekie	4	-

Notes:

* Carolyn Dwyer attended one Board Meeting prior to being appointed as Non-Executive Director on 1 March 2011.

Relations with Ultimate Shareholder

As disclosed in the Directors' Report, the Company's ultimate shareholder, the Scottish Ministers, is considered to be a Shadow Director of the Company. The Chairman, on behalf of the Directors has met with Scottish Ministers regularly during the period to understand their views and has reported these to the Board.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
STATEMENT ON INTERNAL CONTROL

The key elements of the system of internal control are as follows:

Control Structure

SFTI has in place the same internal control system as SFT. Given the nature and size of the Company, SFTI's control structure is the responsibility of directors and there is no current need for a separate internal audit function, though this will be kept under review. The organisation has clear lines of responsibility and effective communication channels which ensures that best practice in managing risks and controls is consistently applied. In addition, the Company's external auditors present reports to the Group Audit Committee which include any significant internal control matters which they have identified.

Identification and Monitoring of Business Risks

The Company has adopted a risk-based approach to internal control by evaluating the likelihood and impact of risk and putting in place appropriate levels of control to mitigate each risk. Procedures include an ongoing process of identifying, evaluating and managing key risks and, where appropriate, enhancing the systems which manage these risks. Regular review of the risks is undertaken by the Group Audit Committee and ultimately the Board.

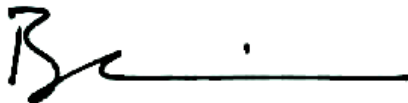
Corporate Information Systems

The Company operates a budgeting and financial reporting system appropriate to its business as an investment vehicle. Standard financial control procedures are in place which provides assurance on the integrity of the Company's finances.

Effectiveness of Internal Controls

The directors are responsible for, and for reviewing the effectiveness of, the Company's system of internal control, including internal financial control, which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorised use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

On behalf of the Board



Barry White
Executive Director

27 June 2011

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards (IFRS's) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

The directors have decided to prepare voluntarily a Report on Corporate Governance as if the Company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
REPORT ON DIRECTORS' REMUNERATION**

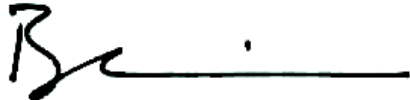
Details of directors' remuneration are as follows:

Directors' Remuneration

None of the Directors receive remuneration for their service to SFTI.

Directors are remunerated through SFTI's Parent Company, SFT.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Barry White', followed by a horizontal line extending to the right.

**Barry White
Executive Director**

27 June 2011

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCOTTISH
FUTURES TRUST LIMITED**

We have audited the financial statements of the Scottish Futures Trust Investment Limited for the period ended 31 March 2011 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8 the directors are responsible for the preparation of the annual report and financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication on our report.

In addition to our audit of the financial statements, the directors have engaged us to review their Corporate Governance Statement as if the Company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters. We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2008 Combined Code specified for our review by those rules, and we report if it does not. We are not required by the terms of our engagement to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of the Company's profit for the period then ended.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Director's Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.



Nick Bennett (Senior Statutory Auditor)
For and on behalf of Scott Moncrieff Chartered Accountants and Statutory Auditors
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

27 June 2011

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
INCOME STATEMENT FOR PERIOD ENDED 31 MARCH 2011

	Note	Period 2 July 2010 to 31 March 2011 £
Continuing operations		
Revenue		-
Cost of sales		-
		<hr/>
Gross profit		-
Other income	3	15,271
Capital grant income	4	205,912
Administrative expenditure	5	(15,271)
		<hr/>
Profit on ordinary activities before taxation		205,912
Taxation on profit ordinary activities	6	-
		<hr/>
Net profit for the period		205,912
		<hr/> <hr/>
Distributed as follows:		
Transferred to retained earnings		205,912
		<hr/>
Profits available for distribution		-
		<hr/> <hr/>

The accompanying notes on pages 16 to 24 are an integral part of these financial statements.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR PERIOD ENDED 31 MARCH 2011

	Period 2 July 2010 to 31 March 2011 £
Profit for the period	205,912
Total recognised income for the period	<u>205,912</u>
Attributable to :	
Equity holders of the Company	<u>205,912</u>

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2011

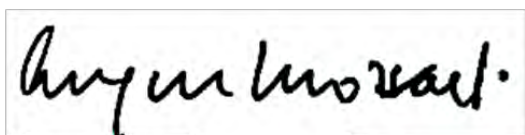
	Share Capital £	Retained Earnings £	Total £
At 2 July 2010	-	-	-
Share capital issued	1	-	1
Net profit for the period	-	205,912	205,912
	<u>1</u>	<u>205,912</u>	<u>205,913</u>
At 31 March 2011	<u>1</u>	<u>205,912</u>	<u>205,913</u>

The accompanying notes on pages 16 to 24 are an integral part of these financial statements.

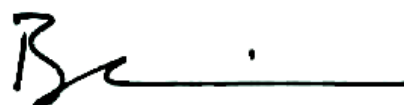
SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
BALANCE SHEET AS AT 31 MARCH 2011

	Note	Period 2 July 2010 to 31 March 2011 £
ASSETS		
Non-current assets		
Investments	7	30
Financial assets - Working capital loans	8	205,882
		<u>205,912</u>
Current assets		
Trade and other receivables	9	15,272
Cash and cash equivalents	10	-
		<u>15,272</u>
Current liabilities		
Trade and other payables	11	(15,271)
		<u>(15,271)</u>
Net current assets		<u>1</u>
Net assets		<u><u>205,913</u></u>
Equity		
Called up share capital	12	1
Retained earnings	12	205,912
		<u>205,913</u>
Total shareholders funds		<u><u>205,913</u></u>

These financial statements were approved by the Board of directors and authorised for issue on 27 June 2011 on its behalf by:



Sir Angus Grossart
Chairman



Barry White
Executive Director

The accompanying notes on pages 16 to 24 are an integral part of these financial statements.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

	Note	Period 2 July 2010 to 31 March 2011 £
Cash flows from operating activities		
Profit from operations for the period		205,912
Increase in trade and other receivables	9	(15,272)
Increase in trade and other payables	11	15,271
		<hr/>
Net cash from operating activities		205,911
		<hr/> <hr/>
Cash flows from investing activities		
Purchase of investments	7	(30)
Provision of working capital loans	8	(205,882)
		<hr/>
Net cash used in investing activities		(205,912)
		<hr/> <hr/>
Cash flows from financing activities		
Proceeds from issue of share capital	12	1
		<hr/>
Net cash from financing activities		1
		<hr/> <hr/>
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of period		-
		<hr/>
Cash and cash equivalents at end of period	10	-
		<hr/> <hr/>

The accompanying notes on pages 16 to 24 are an integral part of these financial statements.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

1. Basis of preparation and accounting policies

The financial statements of Scottish Futures Trust Investments Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in British Pounds since this is the functional currency of the Company.

Scottish Futures Trust Investments Limited is a Company limited by shares, incorporated and domiciled in United Kingdom. The address of its registered office is 11 – 15 Thistle Street, Edinburgh, EH2 1DF.

The report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The International Accounting Standards Board has issued a number of new and revised Accounting Standards that apply in future periods. The Company has not early adopted any of these Standards.

The following significant accounting policies have been adopted in the preparation of this report:

Financial instruments

Classification

The Company classifies its financial assets in the loans and receivables and available for sale categories. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any other category of financial asset. They comprise

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Recognition and measurement

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value with the exception of unquoted equity instruments where fair value cannot be measured reliably. Such instruments are measured at cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Cash and cash equivalents

In the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at cost.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective rate.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

Current income tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Share capital

Ordinary shares are classified as equity.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. If in the future should such estimates and assumptions deviate from actual circumstances, the original estimates and assumptions would be modified as appropriate in the period in which circumstances change.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below:

None identified during the period relevant to the Company.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

3. Other income	Period 2 July 2010 to 31 March 2011 £
SFT funding received to compensate for expenses incurred	12,730
Interest income from working capital loans	2,541
	<hr style="width: 100%;"/>
	15,271
	<hr style="width: 100%;"/>
4. Capital grant income	Period 2 July 2010 to 31 March 2011 £
SFT capital grant received for SFTI investments in hubCo's	205,912
	<hr style="width: 100%;"/>
	205,912
	<hr style="width: 100%;"/>
5. Administrative expenditure	Period 2 July 2010 to 31 March 2011 £
Profit before taxation is stated after charging:	
Management fee payable to SFT	15,271
	<hr style="width: 100%;"/>
	15,271
	<hr style="width: 100%;"/>

6. Taxation

There is no tax or deferred tax charge in respect of the current period.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

7. Investments

	Share Capital £
Cost	
At 2 July 2010	-
Additions	30
	<hr/>
At 31 March 2011	30
	<hr/> <hr/>
Revaluation	
Adjustment for period	-
	<hr/>
At 31 March 2011	-
	<hr/> <hr/>
Net book value	
At 31 March 2011	30
	<hr/> <hr/>
At 2 July 2010	-
	<hr/> <hr/>

SFTI invested share capital of £10 in hub South East Scotland Limited on 30 July 2010, and share capital of £17 in hub North Scotland Limited on 28 January 2011. The Company also made an additional investment of £3 share capital in hub North Scotland Limited during the period.

Share capital investments cannot be classified in any other category of financial asset and, notwithstanding that there is no intention to dispose of them, are held as financial assets - available for sale.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

8. Financial assets - Working capital loans	Working Capital Loans £
Cost	
At 2 July 2010	-
Additions	205,882
	<hr/>
At 31 March 2011	205,882
	<hr/> <hr/>
Revaluation	
Adjustment for period	-
	<hr/>
At 31 March 2011	-
	<hr/> <hr/>
Net book value	
At 2 July 2010	-
	<hr/> <hr/>
At 31 March 2011	205,882
	<hr/> <hr/>

SFTI loaned working capital of £100,000 to hub South East Scotland Limited on 30 July 2010, and working capital of £90,000 to hub North Scotland Limited on 28 January 2011. The Company also made an additional loan of £15,882 working capital loan to hub North Scotland Limited during the period.

Working capital loans are held as financial assets - loans and receivables.

9. Trade and other receivables	Period 2 July 2010 to 31 March 2011 £
Amount receivable from related party: SFT	12,731
Accrued interest income	2,541
	<hr/>
	15,272
	<hr/> <hr/>

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

10. Cash and cash equivalents	Period 2 July 2010 to 31 March 2011 £
Cash at bank	-
Cash on hand	-
	<hr/>
	-
	<hr/> <hr/>
11. Trade and other payables	Period 2 July 2010 to 31 March 2011 £
Amount payable to related party: SFT	15,271
	<hr/>
	15,271
	<hr/> <hr/>
12. Called up share capital and retained earnings	Period 2 July 2010 to 31 March 2011 £
Share capital	
Shares issued but not yet fully paid – ordinary shares of £1 each	
At 2 July 2010	-
Issued in the period	1
	<hr/>
At 31 March 2011	1
	<hr/> <hr/>
Retained earnings	
At 2 July 2010	-
Profit for the period transferred to retained earnings	205,912
	<hr/>
At 31 March 2011	205,912
	<hr/> <hr/>

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

13. Related party transactions

During the period there were no salaried executive directors. No fees were paid to non-executive directors. Details of other transactions with related parties are included below:

Scottish Futures Trust

The Company is wholly owned by Scottish Futures Trust Limited which is a Company wholly owned by Scottish Ministers. Details of transactions with the Scottish Futures Trust Limited are included below:

	Period 2 July 2010 to 31 March 2011 £
<u>Scottish Futures Trust Funding received</u>	
Operational grant funding received	12,730
Capital grant funding received for investment	205,912
Share capital	1
	218,643
<u>Payments made to Scottish Futures Trust</u>	
SFT Management Fee	15,271
<u>Nature of funding receipt</u>	
Payments made directly by SFT on behalf of SFTI	205,912
Period end receivable	12,731
	218,643

The figures above are reflected in the financial statements as follows:

Income statement

Operational grant funding received	12,730
SFT Management Fee	(15,271)
	(12,541)

Balance Sheet

Balance included in other receivables	12,731
Balance included in other payables	(15,271)
Retained earnings	205,912
	203,372

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR PERIOD 2 JULY 2010 TO 31 MARCH 2011

14. Financial Instruments

The Company's financial instruments comprise of cash resources which arise directly from its operations, available for sale investments and loans and receivables. The Company has not entered into derivatives transactions. The Company has no borrowings. Each of the main risk exposures related to financial instruments are considered below.

Interest rate risk - As the Company has no borrowings or significant amounts of cash on deposit it has no significant exposure to interest rate risk.

Credit Risk - The Company does not have a significant concentration of credit risk. Bank deposits are held with major national banks.

Liquidity Risk - The Company operates within a budget agreed with the Scottish Government through the Parent Company and as such liquidity is not seen as a major risk area.

Fair value of financial assets and liabilities - The Company recognises financial assets and liabilities at fair value where appropriate. No revaluation has arisen during the period.

15. Ultimate Controlling Party

The Company is wholly-owned by the Scottish Futures Trust Limited which is a company wholly-owned by the Scottish Ministers.

SCOTTISH FUTURES TRUST INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
OFFICERS AND PROFESSIONAL ADVISORS

Directors

Sir Angus Grossart (Chairman)
Graeme Bissett (Non-Executive Director)
James Fletcher (Non-Executive Director)
Fiona Mackenzie (Non-Executive Director)
Colin Maclean (Non-Executive Director) (to 31 December 2010)
Carolyn Dwyer (Non-Executive Director) (from 1 March 2011)
Barry White (Executive Director)
Peter Reekie (Executive Director)

Registered Office & Principal Place of Business

11-15 Thistle Street
Edinburgh
EH2 1DF

Registered Company number

SC381388

Auditors

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

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

Website

www.scottishfuturestrust.org.uk