

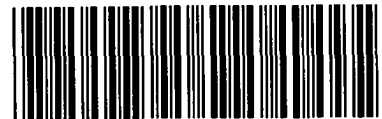
Registered number: SC521163

SCM Bobbin Limited

Report and financial statements

For the Year Ended 31 December 2019

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**SCM Bobbin Limited**

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**Company Information**

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|                            |   |
|----------------------------|---|
| <b>Directors</b>           | G G M Shand   |
| <b>Company secretary</b>   | Burness Paul LLP  |
| <b>Registered number</b>   | SC521163  |
| <b>Registered office</b>   | Union Plaza (6th Floor),<br>1 Union Wynd, Aberdeen,<br>Scotland<br>AB10 1DQ<br>United Kingdom |
| <b>Independent auditor</b> | Ernst & Young LLP<br>Fountainhall Road<br>Aberdeen<br>AB15 4DT                                |

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**SCM Bobbin Limited**

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**Contents**

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|  | Page    |
|--|---------|
| <b>Directors' Report</b>                     | 4 - 5   |
| <b>Directors' Responsibilities Statement</b> | 6       |
| <b>Independent Auditor's Report</b>          | 7 - 9   |
| <b>Statement of Comprehensive Income</b>     | 10      |
| <b>Balance Sheet</b>                         | 11      |
| <b>Statement of Changes in Equity</b>        | 12      |
| <b>Notes to the Financial Statements</b>     | 13 - 18 |

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**SCM Bobbin Limited**

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**Directors' Report  
For the Year Ended 31 December 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Principal activity**

The principal activity of the Company during the year was that of property rental.

**Results and dividends**

The Loss for the year, after taxation, amounted to £ 1,120 (2018 – loss £1,365).

There will be no dividends declared or paid in respect of this accounting period (2018 - £NIL).

**Directors**

The directors who served during the year were:

G G M Shand

I Cruden (resigned on 28 March 2019)

D Mcleod (resigned on 13 March 2020)

**Going concern**

The Parent Company has undertaken to provide financial support to the Company in order to assist the Company in meeting liabilities incurred in the normal course of its business as and when they fall due, for a period of at least 12 months from the date of approval of the balance sheet.

The Group is actively monitoring the impact on operations from COVID-19 and has implemented a number of mitigations to minimise the impact. The Group has been working to ensure its operational response and advice to its workforce is appropriate and commensurate with the prevailing expert advice and level of risk.

While it is difficult to forecast the impact of COVID-19, at the time of publication of the Group's annual results, the Group's day-to-day operations continue without being materially affected. Despite economic uncertainties and risks faced by the Group during the year, the Group continued to operate profitably with sufficient cash surplus to meet forecast cashflow needs. As a result, the Directors have a reasonable expectation that the Group will continue in operation over the going concern period and accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

**COVID-19**

Since December 31, 2019, the global economy has been deeply impacted by the effects of the coronavirus 2019 (COVID-19) pandemic and related governmental action. The Group responded quickly taking a number of decisive actions including establishing primary initiatives to prioritise the health and safety of the Group's employees and communities in which the Group operates, including closing the office, implementing work-from-home processes, stringent operational protocols and initiating contingency plans to ensure continuity in the event of a more sustained impact.

As the Group evaluates the remainder of 2020 under prolonged effects of the COVID-19 pandemic, it acknowledges that there are a number of fundamental uncertainties in the wider economy. Among these considerations is the timing of market demand recovery. For the Group, the immediate course of action is to actively monitor its cost structure, protect its balance sheet and prudently manage operations to preserve cash flow. The Group results have not been materially affected by the pandemic thus far, and with activity now gradually picking up, the directors have no reason to believe that the business would deteriorate going forward.

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**SCM Bobbin Limited**

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**Directors' Report (continued)**  
**For the Year Ended 31 December 2019**

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Re-appointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

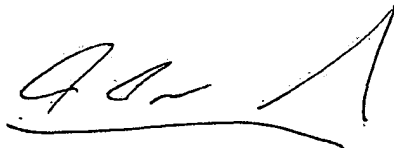
**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

This report was approved by the board and signed on its behalf on 23 July 2020.

G G M Shand  
Director



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**SCM Bobbin Limited**

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**Directors' Responsibilities Statement  
For the Year Ended 31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Independent Auditor's Report to the Members of SCM Bobbin Limited (continued)**

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**Opinion**

We have audited the financial statements of SCM Bobbin Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter – Effects of COVID-19**

We draw attention to Note 1.3 of the financial statements, which describes the economic and social consequences the group and the parent company are facing as a result of COVID-19 which may impact supply chains, consumer demand, commodity prices, and personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard

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## **Independent Auditor's Report to the Members of SCM Bobbin Limited (continued)**

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### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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**Independent Auditor's Report to the Members of SCM Bobbin Limited (continued)**

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**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

*Ernst & Young LLP*

Jamie Dixon (Senior statutory auditor)  
for and on behalf of  
**Ernst & Young LLP**  
Statutory Auditor  
Aberdeen  
Date: 28 July 2020

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**SCM Bobbin Limited**

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**Statement of Comprehensive Income  
For the Year Ended 31 December 2019**

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|                                      | Note | 2019<br>£      | 2018<br>£      |
|--------------------------------------|------|----------------|----------------|
| Turnover                             | 3    | <u>48,000</u>  | <u>48,000</u>  |
| <b>Gross profit</b>                  |      | 48,000         | 48,000         |
| Administrative expenses              |      | (48,000)       | (48,000)       |
| Investment property to fair value    | 4    | <u>-</u>       | <u>-</u>       |
| <b>Operating profit for the year</b> | 4    | <u>-</u>       | <u>-</u>       |
| <b>Loss before tax</b>               |      | -              | -              |
| Tax on Loss                          | 7    | <u>(1,120)</u> | <u>(1,365)</u> |
| <b>Loss for the financial year</b>   |      | <u>(1,120)</u> | <u>(1,365)</u> |

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 13 to 18 form part of these financial statements.

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SCM Bobbin Limited  
Registered number: SC521163

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**Balance Sheet**  
**As at 31 December 2019**

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|  | Note | 2019<br>£        | 2018<br>£        |
|--|------|------------------|------------------|
| <b>Fixed assets</b>                            |      |                  |                  |
| Investment property                            | 8    | 844,627          | 844,627          |
| Creditors: amounts falling due within one year | 9    | <u>(619,626)</u> | <u>(619,626)</u> |
| <b>Total assets less current liabilities</b>   |      | 225,001          | 225,001          |
| <b>Provisions for liabilities</b>              |      |                  |                  |
| Deferred tax                                   | 10   | <u>(34,479)</u>  | <u>(33,359)</u>  |
| <b>Net assets</b>                              |      | <u>190,522</u>   | <u>191,642</u>   |
| <b>Capital and reserves</b>                    |      |                  |                  |
| Called up share capital                        | 11   | 1                | 1                |
| Profit and loss account                        |      | <u>190,521</u>   | <u>191,641</u>   |
|  |      | <u>190,522</u>   | <u>191,642</u>   |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board, and were signed on its behalf on 23 July 2020.

  
**G G M Shand**  
Director

The notes on pages 13 to 18 form part of these financial statements.

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**SCM Bobbin Limited**

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**Statement of Changes in Equity  
For the Year Ended 31 December 2019**

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|                                | Called up<br>share capital | Profit and<br>loss account | Total equity    |
|--------------------------------|----------------------------|----------------------------|-----------------|
|                                | £                          | £                          | £               |
| <b>At 1 January 2018</b>       | 1                          | 193,006                    | 193,007         |
| <br>Loss for the year          | <br>-                      | <br>(1,365)                | <br>(1,365)     |
| <br><b>At 31 December 2018</b> | <br>1                      | <br>191,641                | <br>191,642     |
| <br><br>At 1 January 2019      | <br><br>1                  | <br><br>191,641            | <br><br>191,642 |
| <br>Loss for the year          | <br>-                      | <br>(1,120)                | <br>(1,120)     |
| <br><b>At 31 December 2019</b> | <br>1                      | <br>190,521                | <br>190,522     |

The notes on pages 13 to 18 form part of these financial statements.

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**SCM Bobbin Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**1. Accounting policies****1.1 Basis of preparation of financial statements**

SCM Bobbin Limited is a limited liability company incorporated in Scotland. The registered office is Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in Sterling which is the functional currency of the Company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Highland Fuels (Investments) Limited as at 31 December 2018 and these financial statements may be obtained from Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ.

**1.3 Going concern**

The Parent Company has undertaken to provide financial support to the Company in order to assist the Company in meeting liabilities incurred in the normal course of its business as and when they fall due, for a period of at least 12 months from the date of approval of the balance sheet.

The Group is actively monitoring the impact on operations from COVID-19 and has implemented a number of mitigations to minimise the impact. The Group has been working to ensure its operational response and advice to its workforce is appropriate and commensurate with the prevailing expert advice and level of risk.

While it is difficult to forecast the impact of COVID-19, at the time of publication of the Group's annual results, the Group's day-to-day operations continue without being materially affected. Despite economic uncertainties and risks faced by the Group during the year, the Group continued to operate profitably with sufficient cash surplus to meet forecast cashflow needs. As a result, the Directors have a reasonable expectation that the Group will continue in operation over the going concern period and accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

**1.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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**SCM Bobbin Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**1. Accounting policies (Continued)****1.5 Investment property**

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account.

**1.6 Creditors**

Short term creditors are measured at the transaction price.

**1.7 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates.

The following are the Company's key sources of estimation uncertainty:

**Revaluation of investment properties**

The Company carries its investment property at fair value, with changes in fair value being recognised in profit or loss.

The group engaged Graham & Sibbald, Chartered Surveyors, to determine fair value at 31 December 2017. During the current and prior year, the directors assessed the fair value of the properties and deemed them to have remained unchanged.

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**SCM Bobbin Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**3. Turnover**

All turnover arose within the United Kingdom.

**4. Operating profit**

The operating profit is stated after charging:

|                                   | 2019<br>£ | 2018<br>£ |
|-----------------------------------|-----------|-----------|
| Investment property to fair value | -         | -         |

**5. Auditor's remuneration**

The audit fee for the period was incurred by Highland Fuels Limited.

**6. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2018- £NIL).

**7. Taxation**

|  | 2019<br>£    | 2018<br>£    |
|--|--------------|--------------|
| Current tax on profits for the year              | -            | -            |
| <b>Total current tax</b>                         | -            | -            |
| <b>Deferred tax</b>                              |              |              |
| Origination and reversal of timing differences   | 1,252        | 1,526        |
| Changes to tax rates                             | (132)        | (161)        |
| <b>Total deferred tax</b>                        | <b>1,120</b> | <b>1,365</b> |
| <b>Taxation on profit on ordinary activities</b> | <b>1,120</b> | <b>1,365</b> |

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**SCM Bobbin Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**7. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| Result / Profit on ordinary activities before tax  | -         | -         |
| Result / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19 %) | -         | -         |
| <b>Effects of:</b>   |           |           |
| Expenses not deductible  | -         | -         |
| Gains/rollover relief  | 1,252     | 1,526     |
| Tax rate changes   | (132)     | (161)     |
| Total tax charge for the year  | 1,120     | 1,365     |

**Factors that may affect future tax charges**

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016. At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

The changes that have not been substantively enacted at the balance sheet date are not included in these financial statements. The impact for the year is not considered to be material.

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**SCM Bobbin Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**8. Investment property**

Freehold  
investment  
property  
£

**Valuation**

At 1 January 2019 844,627

At 31 December 2019 844,627

The 2017 valuations were made by Graham & Sibbald, Chartered Surveyors, on 31 December 2017, on an open market basis. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors' valuation guidelines and IFRS 13.

During the current and prior year, the directors assessed the fair value of the properties and deemed them to have remained unchanged.

**9. Creditors: Amounts falling due within one year**

|                                    | 2019<br>£      | 2018<br>£      |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | <u>619,626</u> | <u>619,626</u> |
|                                    | <u>619,626</u> | <u>619,626</u> |

Amounts owed to group undertakings are repayable on demand and are interest free.

**10. Deferred taxation**

|                              | 2019<br>£     | 2018<br>£     |
|------------------------------|---------------|---------------|
| Provision at start of period | 33,359        | 31,994        |
| Charged to profit or loss    | <u>1,120</u>  | <u>1,365</u>  |
| At end of year               | <u>34,479</u> | <u>33,359</u> |

The deferred taxation balance is made up as follows:

|                                | 2019<br>£     | 2018<br>£     |
|--------------------------------|---------------|---------------|
| Fixed asset timing differences | <u>34,479</u> | <u>33,359</u> |
|                                | <u>34,479</u> | <u>33,359</u> |

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**SCM Bobbin Limited**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**11. Share capital**

|   | 2019<br>£ | 2018<br>£ |
|---|-----------|-----------|
| <b>Shares classified as equity</b>        |           |           |
| <b>Allotted, called up and fully paid</b> |           |           |
| 1 Ordinary share of £1                    | <u>1</u>  | <u>1</u>  |

**12. Non adjusting events after the financial period**

The current COVID-19 crisis is a non-adjusting post balance sheet event. This has been considered within the Company's going concern statement as outlined in Note 1.3 of the financial statements

**13. Controlling party**

The immediate parent company is SCM Property Holdings Limited, a company registered in Scotland.

The ultimate parent undertaking and controlling party is Highland Fuels (Investments) Limited, a company registered in Scotland.

The ultimate controlling party is G G M Shand.

Highland Fuels Limited is the parent undertaking of the smallest group of which SCM Bobbin Limited is a member and for which group financial statements are drawn up.

Highland Fuels (Investments) Limited is the parent undertaking of the largest group of which SCM Bobbin Limited is a member and for which group financial statements are drawn up.