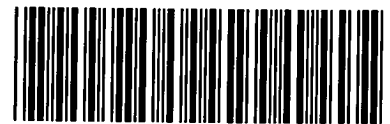


SCM Bobbin Limited

Report and Financial Statements

For the year ended 31 December 2020
Reg No. SC521163

WEDNESDAY



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29/09/2021

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COMPANIES HOUSE

Company Information

Directors

G G M Shand
S G Rhodes
K McKenzie

Secretary

Burness Paull LLP

Registered Office

Union Plaza (6th Floor),
1 Union Wynd, Aberdeen,
Scotland
AB10 1DQ
United Kingdom

Independent auditor

Ernst & Young LLP
4th Floor
2 Marischal Square
Broad Street
Aberdeen
AB10 1BL

Registered Number: SC521163

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £435,154 (2019 – £1,120 loss).

There will be no dividends declared or paid in respect of this accounting period (2019 - £Nil).

Directors

The directors who served during the year were:

G G M Shand

D Macleod (Resigned 13 March 2020)

S G Rhodes (Appointed 24 May 2021)

K McKenzie (Appointed 24 May 2021)

Going concern

As at 31 December 2020, the Company has a net asset position amounting to £625,676 (2019 - £190,522) as disclosed in the financial statements.

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 parent company Directors have assessed profitability and cash flow forecasts, including significant but plausible downside sensitivities, applied to turnover and profitability for a range of issues, including the continuing impact of Covid-19. This assessment shows substantial headroom within the forecasts as regards the funding resources available to the Group. The parent company Directors believe that sufficient funds are available to allow the company and all subsidiaries to continue to meet our obligations for the going concern period to 30 September 2022 and that it therefore remains appropriate to prepare the financial statements on a going concern basis.

As part of the group, the company has access to financial resources as required. We remain confident that our financial resources are strong, well balanced and suitably liquid. The Group has a positive cash at bank position of approximately £8m at the time of this report and the current year trading performance remains strong in terms of profitability and cash generation.

COVID-19

The global economy has been deeply impacted by the effects of the COVID-19 pandemic and related governmental actions. The Group responded quickly taking a number of decisive actions prioritising the health and safety of the Group's employees and communities in which the Group operates, implementing work-from-home processes, stringent operational protocols and developing contingency plans to ensure continuity of the business throughout.

Directors' report (continued)

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

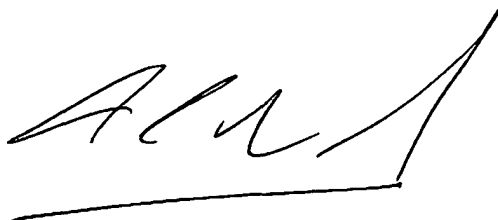
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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 24 September 2021.

G G M Shand

Director

A handwritten signature in black ink, appearing to be 'G G M Shand', written over a horizontal line.

Statement of directors' responsibilities

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.

Independent auditors' report

To the members of SCM Bobbin Limited

Opinion

We have audited the financial statements of SCM Bobbin Limited for the year ended 31 December 2020 which comprise specify the Statement of Comprehensive Income, the Balance Sheet and Statement of Changes in Equity and the related notes 1 to 12, 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 including 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 2020 and of its result 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

Independent auditors' report (continued)

To the members of SCM Bobbin Limited

Other information (continued)

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.

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 course of 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 themselves. 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.

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 4 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.

Independent auditors' report (continued)

To the members of SCM Bobbin Limited

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how SCM Bobbin Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company communicates its policies and procedures in these areas. We corroborated our enquiries through our review of the supporting documentation. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiry with management and considering whether any events or conditions during the audit might have indicated non-compliance with laws and regulations. Our procedures on journal entries testing includes a focus on journals meeting our defined risk criteria, including those posted by those charged with governance, based on our understanding of the business and enquiry with management.

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.

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.

Independent auditors' report (continued)

To the members of SCM Bobbin Limited

Ernst & Young LLP

Jamie Dixon (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

27 September 2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	<u>48,000</u>	<u>48,000</u>
<i>Gross profit</i>		<u>48,000</u>	<u>48,000</u>
Administrative expenses		(48,000)	(48,000)
Investment property to fair value	4	<u>538,756</u>	<u>-</u>
<i>Operating profit</i>	4	<u>538,756</u>	<u>-</u>
<i>Profit before tax</i>		<u>538,756</u>	<u>-</u>
Tax on profit	7	<u>(103,602)</u>	<u>(1,120)</u>
<i>Profit/(Loss) for the financial year</i>		<u>435,154</u>	<u>(1,120)</u>

There was no other comprehensive income for 2020 (2019 - £Nil).

The notes on pages 12 to 17 form part of these financial statements.

Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
<i>Fixed assets</i>			
Investment property	8	1,400,000	844,627
Creditors: amounts falling due within one year	9	<u>(636,243)</u>	<u>(619,626)</u>
<i>Total assets less current liabilities</i>		763,757	225,001
<i>Provisions for liabilities</i>			
Deferred tax	10	<u>(138,081)</u>	<u>(34,479)</u>
<i>Net Assets</i>		<u>625,676</u>	<u>190,522</u>
Called up share capital	11	1	1
Profit and loss account		<u>625,675</u>	<u>190,521</u>
<i>Shareholders' funds</i>		<u>625,676</u>	<u>190,522</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 24 September 2021.

G G M Shand

Director



The notes on pages 12 to 17 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2020

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
<i>At 1 January 2019</i>	1	191,641	191,642
Result for the year	-	(1,120)	(1,120)
<i>At 31 December 2019</i>	<u>1</u>	<u>190,521</u>	<u>190,522</u>
<i>At 1 January 2020</i>	1	190,521	190,522
Profit for the year	-	435,154	435,154
<i>At 31 December 2020</i>	<u>1</u>	<u>625,675</u>	<u>625,676</u>

The notes on pages 12 to 17 form part of these financial statements.

Notes to the financial statements

at 31 December 2020

1. Accounting policies

Basis of preparation of financial statements

SCM Bobbin Limited is a private company incorporated in Scotland and limited by shares. 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:

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 2020 and these financial statements may be obtained from Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, Scotland, AB10 1DQ.

Going concern.

As at 31 December 2020, the Company has a net asset position amounting to £625,676 (2019 - £190,522) as disclosed in the financial statements.

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 parent company Directors have assessed profitability and cash flow forecasts, including significant but plausible downside sensitivities, applied to turnover and profitability for a range of issues, including the continuing impact of Covid-19. This assessment shows substantial headroom within the forecasts as regards the funding resources available to the Group. The parent company Directors believe that sufficient funds are available to allow the company and all subsidiaries to continue to meet our obligations for the going concern period to 30 September 2022 and that it therefore remains appropriate to prepare the financial statements on a going concern basis.

As part of the group, the company has access to financial resources as required. We remain confident that our financial resources are strong, well balanced and suitably liquid. The Group has a positive cash at bank position of approximately £8m at the time of this report and the current year trading performance remains strong in terms of profitability and cash generation.

Notes to the financial statements

at 31 December 2020

1. Accounting policies (Continued)

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.

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.

Creditors

Short term creditors are measured at the transaction price.

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:

Notes to the financial statements

at 31 December 2020

2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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 2020.

3. Turnover

All turnover arose within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Investment property to fair value	<u>538,756</u>	<u>-</u>

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 (2019 - £Nil).

7. Taxation

	2020	2019
	£	£
Current tax on profit for the year	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	99,546	1,252
Changes to tax rates	<u>4,056</u>	<u>(132)</u>
Total deferred tax	<u>103,602</u>	<u>1,120</u>
Taxation on profit on ordinary activities	<u>103,602</u>	<u>1,120</u>

Notes to the financial statements

at 31 December 2020

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	538,756	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19 %)	102,364	-
<i>Effects of:</i>		
Expenses not deductible	(4,273)	-
Gains/rollover relief	1,455	1,252
Tax rate changes	4,056	(132)
Total tax charge for the year	103,602	1,120

Factors that may affect future tax charges

At the 2020 Budget, 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%. At the 2021 Budget the government announced that from 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

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.

8. Investment property

	Freehold investment property £
Valuation	
At 1 January 2020	844,627
Additions	16,617
Revaluation surplus	538,756
At 31 December 2020	1,400,000

Notes to the financial statements

at 31 December 2020

8. Investment property (continued)

The 2020 valuations were made by Graham & Sibbald, Chartered Surveyors, on 31 December 2020, on an open market basis. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors' valuation guidelines and IFRS 13.

9. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Amounts owed to group undertakings	636,243	619,626

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

10. Deferred taxation

	2020	2019
	£	£
Provision at start of period	34,479	33,359
Charged to profit or loss	103,602	1,120
<i>At end of year</i>	<u>138,081</u>	<u>34,479</u>

The deferred taxation balance is made up as follows:

	2020	2019
	£	£
Fixed asset timing differences	<u>138,081</u>	<u>34,479</u>

11. Share capital

	2020	2019
	£	£
<i>Shares classified as equity</i>		
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

Notes to the financial statements

at 31 December 2020

12. 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.