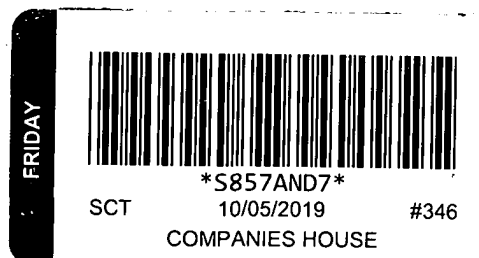


S.I.T. SAVINGS LIMITED

Financial Statements for the year ended

31 October 2018

together with Directors' and Auditor's report



Company No. SC091859

S.I.T. SAVINGS LIMITED

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S.I.T. SAVINGS LIMITED

Directors' Report for the year ended 31 October 2018

Activity and Results

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The results for the year are as shown in the financial statements on pages 6 - 12, which were approved by the directors at a meeting on 15 February 2019.

The directors do not recommend the payment of a final dividend (2017: £nil).

Business and Tax Status

The company is wholly owned by The Scottish Investment Trust PLC (SIT PLC), a company registered in Scotland. The company was appointed as the Alternative Investment Fund Manager (AIFM) of the Scottish Investment Trust PLC effective 8 July 2014 and was approved as an AIFM by the Financial Conduct Authority on 22 July 2014. The company receives no remuneration for services as the AIFM. The company managed a savings scheme and individual savings accounts on behalf of The Scottish Investment Trust PLC.

In November 2017 the savings schemes and individual savings accounts offered by the Company were closed. Scheme holders were offered an alternative arrangement for their shareholdings and the majority of scheme holders transferred their holdings to an equivalent account with AJ Bell Youinvest. Those scheme holders that did not transfer to AJ Bell Youinvest, either transferred to another provider of their choice, or sold their holding.

Risk Management Objectives and Policies

The company monitors a number of different categories of risk. A risk register and compliance monitoring plan is utilised by the company's compliance function. Relevant risks for the purposes of this disclosure are:

- Business risk – external factors such as changes in the regulatory regime. Our officers monitor regulatory and legal requirements and take external specialist advice if required.
- Credit risk – the risk that a counterparty fails to discharge an obligation. All investment transactions in the schemes were done through the scheme broker and used only cleared funds, on a cash against receipt /delivery basis. Investment transactions undertaken in relation to the company's role as AIFM, were instructed through approved brokers on a cash against receipt/delivery basis.
- Investment risk – The company's schemes only invested in the shares of SIT PLC. That company's investment risk is outlined in its statement of investment objectives and policy as shown in its Report and Accounts.
- Liquidity risk - the amount of liquid funds available. This is monitored regularly and sufficient cash is kept on hand at the bank.
- Operational risk – the risk of inadequate or failed processes or systems. All administration is outsourced and the resources and performance of our administrator is reviewed regularly.
- Concentration risk - the company's schemes only invested in shares of its ultimate parent SIT PLC. These were held by HSDL Nominees Ltd up to November 2017, on behalf of the scheme members. The investment portfolio of SIT PLC is widely diversified across geographical and financial sectors.

Capital Resources

| | |
|---|----------|
| Tier 1 Capital (permanent share capital and reserves) | £386,722 |
| Total Capital Resources | £386,722 |
| The Company has no Tier 2 or 3 Capital. | |

Internal Capital Adequacy

Our approach to assessing the adequacy of our internal capital is set out in our Internal Capital Adequacy Assessment Process (ICAAP). This is reviewed, at least annually.

Going Concern

The Scottish Investment Trust PLC maintains its support to the company on a long-term basis and is a supportive and constructively involved shareholder. The directors have received confirmation of the continued financial support of The Scottish Investment Trust PLC for at least the next twelve months from the date of this report.

S.I.T. SAVINGS LIMITED

Directors' Report for the year ended 31 October 2018 (continued)

Going Concern (continued)

After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors and Secretary

The company's directors are Mr A M Jamieson, Mr A S McKinnon and Mr M P Robertson.

Maitland Administration Services (Scotland) Limited is the company secretary.

Directors' Responsibilities

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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Auditor

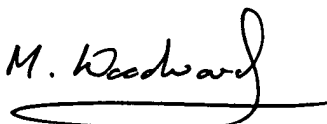
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

By order of the board



Maitland Administration Services (Scotland) Limited

Secretary

15 February 2019

Independent auditor's report to the members of S.I.T. Savings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of S.I.T. Savings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 10

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of S.I.T. Savings Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

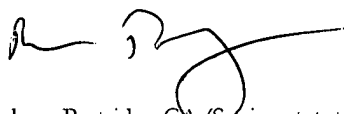
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Andrew Partridge CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh
15 February 2019

S.I.T. SAVINGS LIMITED

Statement of Comprehensive Income
for the year ended 31 October 2018

| | <u>Notes</u> | <u>2018</u> £ | <u>2017</u> £ |
|--|--------------|------------------|------------------|
| Turnover | 1 | 46,663 | 172,178 |
| Other operating income | 2 | - | 960 |
| Other operating charges | 3 | <u>(47,458)</u> | <u>(173,359)</u> |
| Operating loss | | (795) | (221) |
| Other interest receivable and similar income | | <u>719</u> | <u>36</u> |
| Loss on ordinary activities before taxation | | (76) | (185) |
| Tax on loss of ordinary activities | 4 | <u>-</u> | <u>-</u> |
| Loss for the financial year | 8 | (76) | (185) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Loss for the year | | <u>(76)</u> | <u>(185)</u> |

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

S.I.T. SAVINGS LIMITED

Balance Sheet
as at 31 October 2018

| | <u>Notes</u> | <u>2018</u> £ | <u>2017</u> £ |
|--|--------------|------------------|------------------|
| <u>Current assets</u> | | | |
| Debtors | 5 | 43,374 | 85,251 |
| Cash at bank | | <u>382,299</u> | <u>389,998</u> |
| | | 425,673 | 475,249 |
| Creditors - amounts falling due within one year: | 6 | <u>(38,951)</u> | <u>(88,451)</u> |
| Net assets | | <u>386,722</u> | <u>386,798</u> |
| <u>Capital and reserves</u> | | | |
| Called up share capital | 7 | 350,000 | 350,000 |
| Profit and loss reserves | 8 | <u>36,722</u> | <u>36,798</u> |
| Shareholder's funds | | <u>386,722</u> | <u>386,798</u> |

The financial statements on pages 6 - 12 were approved by the board of directors on 15 February 2019 and were signed on its behalf by:



Martin Robertson
Director
15 February 2019

Companies House Number: SC091859

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

S.I.T. SAVINGS LIMITED

Statement of Changes in Equity

For the year ended 31 October 2018

| | <u>Share Capital</u> | <u>Profit and Loss Reserve</u> | <u>Total</u> |
|------------------------------|----------------------|--|----------------|
| | £ | £ | £ |
| As at 1 November 2017 | 350,000 | 36,798 | 386,798 |
| Loss for financial year | - | (76) | (76) |
| As at 31 October 2018 | 350,000 | 36,722 | 386,722 |

For the year ended 31 October 2017

| | <u>Share Capital</u> | <u>Profit and Loss Reserve</u> | <u>Total</u> |
|------------------------------|----------------------|--|----------------|
| | £ | £ | £ |
| As at 1 November 2016 | 350,000 | 36,983 | 386,983 |
| Loss for financial year | - | (185) | (185) |
| As at 31 October 2017 | 350,000 | 36,798 | 386,798 |

S.I.T. SAVINGS LIMITED

Cash Flow Statement
For the year ended 31 October 2018

| | <u>Notes</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|----------------|----------------|
| | | <u>£</u> | <u>£</u> |
| Operating activities | | | |
| Operating loss | | (795) | (221) |
| Decrease in Debtors | | 41,893 | 35,824 |
| Decrease in Creditors | | (49,500) | (24,880) |
| Net cash inflow from Operating Activities | | (8,402) | 10,723 |
| Finance activities | | | |
| Interest received | | 703 | 95 |
| Net cash inflow from Finance Activities | | 703 | 95 |
| Net movement in cash and cash equivalents | | (7,699) | 10,818 |
| Cash and cash equivalents at beginning of year | | 389,998 | 379,180 |
| Cash and cash equivalents at end of year | | 382,299 | 389,998 |

S.I.T. SAVINGS LIMITED

Notes to the Financial Statements for the year ended 31 October 2018

1. ACCOUNTING POLICIES

- (a) The Company Financial Statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006. S.I.T. Savings Limited is a private company, limited by shares, registered in Scotland. The Company's registered office is 6 Albyn Place, Edinburgh, EH2 4NL.

The accounts have been prepared on a historical cost basis. The notes and financial statements are presented in pounds sterling (being the functional currency and presentational currency for the Company).

- (b) Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Turnover represents fees for operating the investment schemes and reimbursement of costs in connection with acting as AIFM.
- (c) UK corporation tax is provided at amounts expected to be paid (recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
- (d) After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements as described in the Directors' Report on pages 2 and 3.
- (e) The Company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other debtors and creditors. Debt instruments that are payable or receivable within one year are measured initially and subsequently at the undiscounted amount of cash or other consideration expected to be paid or received.

2. OTHER OPERATING INCOME

| | <u>2018</u> | <u>2017</u> |
|-------------------|-------------|-------------|
| | £ | £ |
| Annual commission | - | 960 |
| | <u>-</u> | <u>960</u> |

3. OTHER OPERATING CHARGES

| | <u>2018</u> | <u>2017</u> |
|----------------------|---------------|----------------|
| | £ | £ |
| Bank management fees | 3,960 | 157,670 |
| General expenses | 43,498 | 15,689 |
| | <u>47,458</u> | <u>173,359</u> |

The audit fee of £4,000 (2017: £4,000) is borne by the ultimate parent company, SIT PLC.

The average monthly number of employees was nil (2017 – nil). The company is staffed by 8 seconded employees of SIT PLC (2017 – 8) remunerated through SIT PLC.

None of the directors received any remuneration in respect of their services to the company in 2018 or 2017; they were remunerated through SIT PLC.

S.I.T. SAVINGS LIMITED

Notes to the Financial Statements
for the year ended 31 October 2018 (cont'd)

| | | | |
|---|--|------------------|------------------|
| 4. | <u>TAXATION</u> | <u>2018</u> £ | <u>2017</u> £ |
| | Current tax - | | |
| | UK corporation tax | <u>-</u> | <u>-</u> |
| | | <u>-</u> | <u>-</u> |
| | | <u>2018</u> £ | <u>2017</u> £ |
| | Loss on ordinary activities before taxation | <u>(76)</u> | <u>(185)</u> |
| | Tax on loss on ordinary activities at tax rate of 19.0% (2017 – 19.4%) | (14) | (36) |
| | Factors affecting tax charge: Increase of tax losses | <u>14</u> | <u>36</u> |
| | Current tax charge | <u>-</u> | <u>-</u> |
| No deferred tax assets are recognised by the company in the current or prior year. Such an asset would only be realised in the event of the company generating sufficient future taxable profits from which accumulated losses could be deducted. | | | |
| 5. | <u>DEBTORS</u> | <u>2018</u> £ | <u>2017</u> £ |
| | Management fees receivable | 33,259 | 71,000 |
| | VAT | 6,652 | 14,247 |
| | Prepayments | 3,443 | - |
| | Bank interest | <u>20</u> | <u>4</u> |
| | | <u>43,374</u> | <u>85,251</u> |
| 6. | <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u> | <u>2018</u> £ | <u>2017</u> £ |
| | Accruals | <u>38,951</u> | <u>88,451</u> |
| 7. | <u>SHARE CAPITAL</u> | <u>2018</u> £ | <u>2017</u> £ |
| | <u>Issued, called-up and fully paid</u> | | |
| | 350,000 ordinary shares of £1 (2017 - 350,000 ordinary shares) | <u>350,000</u> | <u>350,000</u> |
| 8. | <u>RESERVES</u> | | <u>2018</u> £ |
| | Balance at 31 October 2017 | | 36,798 |
| | Loss for the financial year | | <u>(76)</u> |
| | Balance at 31 October 2018 | | <u>36,722</u> |

S.I.T. SAVINGS LIMITED

Notes to the Financial Statements
for the year ended 31 October 2018 (continued)

9. ULTIMATE PARENT COMPANY

The company's ultimate and immediate parent company is The Scottish Investment Trust PLC, a company registered in Scotland. Copies of the accounts of the parent undertaking can be obtained from its registered office at 6 Albyn Place, Edinburgh, EH2 4NL.

10. RELATED PARTY TRANSACTIONS

At 31 October 2018, the amount due from the parent company, The Scottish Investment Trust PLC, was £33,259 (2017: £71,000). The total fees received from the parent company for the year ended 31 October 2018 were £39,534 (2017: £139,056).