

# SFT Annual Report and Accounts

For the year ended 31 March 2025

**SC348382**

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

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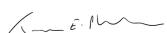
## **CHAIR'S STATEMENT**

Scotland's success relies on high quality infrastructure. It helps businesses to flourish by connecting them physically and digitally. It provides the buildings within which public services that communities rely on are delivered. And it is central to both our transition to net zero and protecting us from the effects of climate change.

Over the past 12 months, SFT has built on its leading role as a centre of infrastructure expertise. We provide independent and expert advice to Ministers and collaborate with public sector bodies and industry to drive inclusive economic growth, enable the transition to net zero and build resilient and sustainable places.

Our work remains focused on improving long-term planning, creating the right environment for both the public and private sectors to invest, delivering effectively and making the best use of this assets we already have.

This has been my first full year as the Chair of SFT's Board and it is my pleasure to present the 2024/2025 Annual Report and Accounts. I'd like to thank my Board colleagues for sharing their experience and insights in our role overseeing and supporting the team at SFT. Most of all, I'd like to thank that team for their energy and passion in pursuing our mission to improve infrastructure outcomes for the people of Scotland.



**Joseph Philipsz**

**Chair**

**Date:** 17 November 2025

## CHIEF EXECUTIVE'S STATEMENT

In an increasingly uncertain world, Scotland faces the same economic threats and demographic trends as other advanced economies. Despite these challenges, we in Scottish Futures Trust see opportunities where innovation and investment in infrastructure has a leading part to play in underpinning the future green economy and in transforming public services to be more resilient and sustainable.

During the year, our work has focused on our three corporate priorities of, place, net zero and inclusive economic growth, which ultimately contribute to the ten infrastructure-related outcomes set out in our 2019-24 Corporate Plan. Highlights of our work include:

- We tested a unique digital connectivity service in Orkney by launching a low earth orbit satellite pilot initiative that brought super-fast internet access to passengers on board Orkney Ferries
- We published *Financing and funding the decarbonisation of Scotland's social housing* to highlight a range of financial models able to attract investment into retrofitting Scotland's social housing stock
- To improve the sustainability of island communities, Scottish Government asked us to support the delivery of the Carbon Neutral Islands Programme, selecting transformative net zero projects with a community focus that demonstrate a place-based approach to development and delivery
- To deliver the multiple benefits of a vastly improved learning environment, achieve energy cost savings, and support innovation on the pathway to net zero, the schools forming part of the Dunfermline Learning Campus were delivered by hub East Central as the largest Passivhaus education building in UK using our Net Zero Public Sector Buildings Standard and following the unique outcomes based funding approach we developed for the SFT-managed Learning Estate Investment Programme
- To increase the delivery of more housing in town centres, we worked with partners to publish *Unlocking Town Centre Living: insights from private sector engagement*.

Our annually updated Outcomes website reflects the breadth of work we are collaborating with colleagues across the public and private sectors to deliver on the ground across Scotland. It presents a range of case studies as well as quantified deliverables including:

- The value of public infrastructure projects under construction made possible through our innovative funding and financing approaches totalled over £234m (23/24: £250m)
- Investment in private infrastructure continued to be unlocked with projects valued at over £1.87bn (23/24: £2.3bn) on site
- Over the past 12 months our work continued to contribute towards a net-zero carbon economy, with 51,000 tonnes (23/24: 29,000 tonnes) of infrastructure-related CO2 saved in the year

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It is our privilege to act as an infrastructure centre of expertise, developing and sharing leading practices and supporting our colleagues who have asset ownership and delivery responsibility. I'd like to thank those organisations and individuals for working with us along with thanking every member of the SFT team for their ambition and determination. Together we have made a significant contribution towards world class infrastructure for the people of Scotland, of which I am immensely proud.



**Peter Reekie**

**Chief Executive**

**Date:** 17 November 2025

## Section 1. PERFORMANCE REPORT

### 1.1 PERFORMANCE OVERVIEW

The purpose of this overview is to provide a summary of Scottish Futures Trust Limited (SFT) Group's purpose, our main objectives and strategies, the main risks affecting how we achieve our objectives and how we performed over the year.

#### 1.1.1 Purpose and Activities

In 2008 the Scottish Government established SFT as a centre of infrastructure expertise to work with its many public and private sector partners, creating innovative solutions to improve the economic, social and environmental outcomes from Scotland's infrastructure.

Scottish Futures Trust Investments Limited (SFTi) is a wholly owned subsidiary of SFT and its sole activity is as an investment company. SFTi has no employees or other operations. Investments by SFTi are managed by its directors. SFT staff represent the directors on the boards of companies in which SFTi invests. SFTi pays SFT a management charge for providing this service. As is required by law, a separate Annual Report and Accounts is prepared for SFTi which can be viewed on SFT's website.

As an arm's length company owned by the Scottish Government, our aim, during the 2024/25 financial year, was:

*'to improve the efficiency and effectiveness of infrastructure investment and use in Scotland by working collaboratively with public bodies and industry, leading to better value for money and ultimately improved public services.'*

In working towards that aim, employing and developing the right team of people is crucial. SFT has built a c70-strong professional team who have the specific skills and expertise to deliver, support and improve public sector infrastructure investment, right across Scotland.

Our teams contribute significantly to creating award-winning buildings and other infrastructure investments, delivered through innovative programmes which secure additional investment and support economic growth.

During the 2024/25 financial year, SFT staff worked in a hybrid manner splitting their time between home, our office in Edinburgh and stakeholder locations. Our public sector owned office in Haymarket, Edinburgh continues to offer a mix of individual workstations, collaborative spaces, quiet zones and meeting rooms. This has worked well for staff and the organisation with the Directors expecting the organisation to continue to work in this hybrid manner for the foreseeable future.

All SFT's activities are aligned with our three corporate priorities of place, net zero, and inclusive economic growth, and ultimately contribute to the ten infrastructure-related outcomes in our 2019-24 Corporate Plan.

In May 2025, our new 2025-2030 Corporate Plan was published. Our new vision is "Sustainable Infrastructure for a Thriving Scotland" and our new purpose, agreed with Ministers, is:

"SFT is Scotland's infrastructure centre of expertise. Our purpose is to drive best practice in strategy, investment, delivery and management of Scotland's infrastructure. Working collaboratively across the

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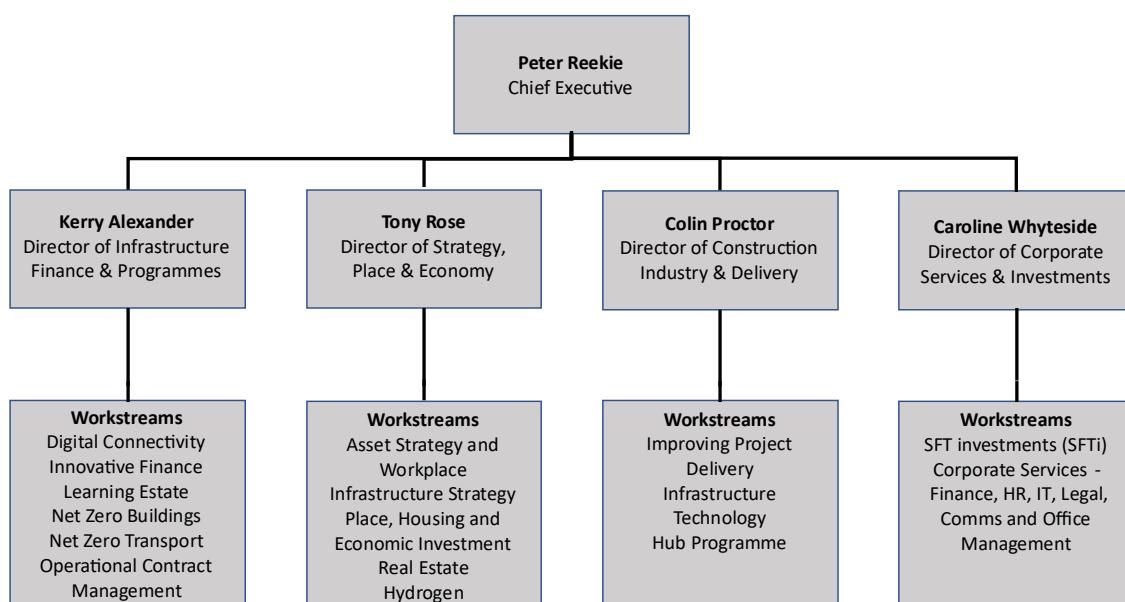
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public and private sectors, we deliver change and broke solutions by deploying industry-leading skills and deep experience”

### 1.1.2 Organisational Structure and Business Model

During 2024/25, SFT’s leadership team comprised of the Chief Executive and four executive directors. Each executive director leads one of four business areas: Infrastructure Finance & Programmes; Construction Industry & Delivery; Strategy, Place & Economy; and Corporate Services & Investments.

Reporting to the leadership team are 15 workstreams, each headed up by a Senior Associate Director, and a Corporate Services Team, covering Finance, HR, IT, Legal & Procurement, Communications and Office Management.



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The 15 workstreams are described below.

	<b>Workstream</b>
1	<p><b>Infrastructure Strategy</b></p> <p>The Infrastructure Strategy team has a focus on developing the evidence base to support infrastructure decision-making and the collaborative framework to drive integrated policy delivery. This includes working with colleagues in Scottish Government to help progress the improved investment prioritisation framework detailed within the Infrastructure Investment Plan 2021/26 and the ambitions of the National Planning Framework 4 delivery programme.</p>
2	<p><b>Asset Strategy &amp; Workplace</b></p> <p>Our Asset Strategy &amp; Workplace team is supporting Scottish Government deliver its asset strategy ambitions as set out in its 2021/26 Infrastructure Investment Plan (IIP). In particular, the team is working with public sector organisations on the development of their asset and workplace strategies with an emphasis on the practical application of the IIP's investment hierarchy to guide future decision making.</p>
3	<p><b>Real Estate</b></p> <p>The Real Estate Team works with public sector partners on the sale and reuse of surplus assets, together with longer term strategies for rationalisation in keeping with the Scottish Government's Infrastructure Investment Plan. The team also provides real estate support to public sector partners on strategic sites and major development projects to support delivery of the Scottish Government's strategic projects and programmes.</p>
4	<p><b>Place, Housing &amp; Economic Investment (PHEI)</b></p> <p>PHEI utilises its skills to improve Scotland's places, communities and environments. Our activity is underpinned by 'Place'. We work with partners to strengthen Scotland's economy, using wider public sector investment, enhanced public service delivery and coordinated infrastructure activity to build solutions that deliver positive impacts. We support this activity through approaches such as Growth Accelerator and TIF. Our housing focus looks to maximise the delivery and impact of affordable homes (and other tenures), employing different approaches and innovations to do this</p>
5	<p><b>Investments</b></p> <p>Through investee company board representation and internal monitoring, the Investments workstream manage the portfolio of DBFM and hub investments. Its main aims are to (i) deliver target returns on the DBFM portfolio to SFTi (which in turn contributes to the operational costs of SFT); and (ii) protect SFTi's investments in the hub companies through proactively supporting the companies in the development and delivery of community infrastructure. It also works closely with other SFT workstreams, notably in supporting the transition to net zero with a focus on the DBFM portfolio.</p>
6	<p><b>hub</b></p> <p>The hub Programme operates across Scotland and serves the public sector in the development and delivery of community infrastructure projects. The programme thrives on a partnership between the public and private sectors with emphasis placed on improving the delivery of public services. We maintain a focus on net zero carbon, place, and inclusive economic growth, embedding such priorities from the early stage of project scoping. SFT's role as Programme Manager is to work with the public and private sector stakeholders to encourage achievement of the hub programme objectives. We have developed several tools and processes to advance these aims and deploy support from the wider SFT workstreams.</p>

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	<b>Workstream</b>
7	<p><b>Improving Project Delivery</b></p> <p>This workstream provides support to the public sector and industry to enable them to operate effectively and efficiently and improve project delivery and asset performance. In delivering this work, we are involved at a national, organisational, thematic, sector, programme, and project level. This will lead to the delivery of improved outcomes for the construction industry and enhance the contribution that improved infrastructure makes to resilient sustainable places, and an inclusive net zero carbon economy. We continue to align our work to the Scottish Construction Accord, which provides a collective ambition for the construction sector.</p>
8	<p><b>Infrastructure Technology</b></p> <p>This workstream continues to provide a centre of expertise in digital and data management, working across the Scottish public sector and industry within the built environment.</p>
9	<p><b>Net Zero Buildings</b></p> <p>Working with partners on the decarbonisation of the built environment. This work is underpinned by Scottish Government's Heat in Buildings Strategy which is a key driver for both decarbonising heat and ensuring our buildings use less energy.</p>
10	<p><b>Net Zero Transport</b></p> <p>Working across three key areas - encouraging the acceleration of standalone private investment into high powered charging, developing a programme (EV Infrastructure Fund) of public private partnerships for public charging provision in areas where the private sector is not expected to invest on a standalone basis and support in accelerating the rate of transition towards zero emission buses.</p>
11	<p><b>Learning Estate</b></p> <p>The team work with Scottish Government, local authorities, and private sector delivery partners to drive forward programmes of investment in the learning estate. The team works to embed the guiding principles of the 2019 Learning Estate Strategy and promote best practice and latest thinking in learning estate development and design.</p>
12	<p><b>Digital Connectivity</b></p> <p>The team focussed on the delivery of digital connectivity programmes, and supporting SG policy development, working with stakeholders such as local authorities, public bodies and industry to establish an informed view on the current technology and deployment trajectory, and what parts of Scotland and use cases could still require further digital infrastructure initiatives and support.</p>
13	<p><b>Operational Contract Management</b></p> <p>The team provides commercial and technical support to the public sector in the management of their PPP estate. The team support efficient and effective management of PPP assets to support service delivery. The team delivers its support to health PPP projects in a joint arrangement with NHS Assure (formerly Health Facilities Scotland) (Specialist Support Team).</p>
14	<p><b>Innovative Finance</b></p> <p>Providing support for long term innovative funding and financing models to mobilise private capital toward priority areas of additional infrastructure – in particular driving greater private investment towards assets that aid the transition to net zero.</p>
15	<p><b>Net Zero Hydrogen</b></p> <p>Our newly established Net Zero Hydrogen team is supporting Scottish Government's Hydrogen Programme by deepening market insight and enabling public sector action to stimulate private investment across green hydrogen production, transport and storage, domestic offtake and export.</p>

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### 1.1.3 Strategy and Objectives

For the financial year that this Annual Report and Accounts relate to, SFT's Corporate Plan was the [2019-24 Corporate Plan](#). With the agreement of the Scottish Government this plan was extended to cover 2024-25.

The plan sets out SFT's Purpose, Vision, Values and Outcomes to be delivered. These are summarised below.

#### Purpose

The Scottish Government's aim for SFT is:

“to improve the efficiency and effectiveness of infrastructure investment and use in Scotland by working collaboratively with public bodies and industry, leading to better value for money and providing the opportunity to maximise the investment in the fabric of Scotland and hence contribute to the Scottish Government's overarching purpose to increase inclusive economic growth”

#### Vision

To guide the team in working towards that aim we developed a vision statement which is:

“World class infrastructure for the people of Scotland”

#### Values

We also developed a set of values which are:

BOLD Believing in what we do, with commitment and courage to enable successful outcomes

AMBITIOUS Striving to excel and inspire by raising expectations

COLLABORATIVE Sharing knowledge, experience and working in partnerships to achieve more for Scotland's communities

DYNAMIC Accelerating positive outcomes by promoting innovation and being a catalyst for change

#### Outcomes

The Scottish Government has developed a National Performance Framework to describe the kind of Scotland it aims to create, with a set of 11 outcomes.

There is no single outcome from these for which infrastructure is the focus, so SFT has developed a set of ten infrastructure outcomes which are supportive of the national outcomes in the framework. Details of our outcomes are in our 2019-24 Corporate Plan. Progress on the impact we have delivered against these outcomes are reported in our [Annual Outcomes Report](#).

The 24/25 Business Plan also set out the main activities that each of our 15 workstreams planned to focus on.

### 1.1.4 Key Issues and Risks

The Group maintains a strategic risk register which is derived from the high-level risks of the projects and programmes in which SFT is involved, along with corporate risks within the Group. Risks are evaluated by considering their probability of occurring along with their potential to impact on the

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outcomes expected of SFT, the Group's operations and its stakeholders. The risks and management's mitigating actions are reviewed by the Group Audit Committee at every meeting (3 times a year) and by the Leadership Team monthly.

Below are the current top five Group risks. SFT is working with stakeholders to mitigate these risks but does not have complete control over them.

- Cuts to SFT's 25/26 Funding (pre-Grant letter).
- Changes in Public Sector Landscape.
- Central Government and Procuring Authorities Constrained Resources.
- SFT's Constrained Resources
- Staff Retention

### **Risk Themes and Risk Appetite Statements**

In the previous year the Leadership team worked with the Board to develop eight overarching risk themes and their associated risk appetites. We continue to use these themes and appetites and have incorporated these into the Corporate Risk Policy which all staff have access to.

The directors monitor SFT's risk management and internal control systems as detailed within the Corporate Governance Report (pages 28 to 30).

#### **1.1.5 Going Concern**

The directors believe it is appropriate for the SFT Annual Report and Accounts to adopt the going concern basis of accounting. This is based on confirmation of SFT's funding from its sole Shareholder, the Scottish Government, for the financial year 2025/26; SFT's role in improving outcomes from infrastructure across Scotland with associated investment income forecast for a period in excess of 20 years; and the regular discussion between the Board and the Scottish Government regarding SFT's future activities.

As such, the directors believe SFT will be able to continue in operation and meet its liabilities taking account of its current position and principal risks and issues, as detailed above, and within the Accountability Report.

#### **1.1.6 Performance Summary**

##### **Outcomes**

SFT's main way of demonstrating the impact of its work is through its annual outcomes report. In November 2020 SFT produced its first Outcomes website that contained both quantitative and qualitative measures.

The qualitative measures included over 30 case studies spread across the ten outcomes highlighting the progress SFT and its partners had made. Over the following 5 years SFT added more case studies, taking the total by March 2025 to over 150.

The quantitative measures for 2024/25 include the following:

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- The value of public infrastructure projects under construction made possible through our innovative funding and financing approaches totalled over £234m (23/24: £250m);
- Investment in private infrastructure continued to be unlocked with projects valued at over £1.87bn (23/24: £2.3bn) on site;
- Over the past 12 months our work has continued to contribute towards a net-zero carbon economy, with 51,000 (23/24: 29,000) tonnes of infrastructure-related CO2 emissions saved during the year.

Capital investment into Scotland is important for the economy and we have worked with partners to deliver additional investment into public and private infrastructure. During 2024/25, the total value of public infrastructure projects under construction that SFT is involved in, totalled £1.2bn (2023/24: £1.3bn), with, as noted above, over £234m (2023/24: £250m) of this made possible through SFT's funding and financing approaches.

Progress towards net zero is vital for the global environment. The current expected impact of SFT's work with partners in this area is for a reduction in infrastructure related CO2 emissions exceeding 576,000 (2023/24: 525,000) tonnes by the end of 2025, with, as noted above, the new annual savings of over 51,000 (2023/24: 29,000) tonnes recorded this year, contributing cumulatively to this.

### Workstreams

The other way for SFT to demonstrate its work is to describe the achievements of its workstreams.

SFT's activity across 15 workstreams has taken significant steps towards our vision of 'world class infrastructure for the people of Scotland' during 2024/25 despite ongoing challenging market and funding conditions. [Our detailed activity report will be published alongside this Annual Report and Accounts, with highlights including:

Our place, housing and economic investment team has participated in the Grangemouth Future Infrastructure Board (GFIB), managed the Islands Programme Fund on behalf of Scottish Government and brokered an outcomes based funding approach for the Granton waterfront regeneration between City of Edinburgh Council and Scottish Government. They have also produced thought leadership on key worker housing and town enter living as well as supporting the work of the Housing Investment Taskforce.

To drive investment and innovation in mobile connectivity, our digital team has led mobile connectivity surveys across Scotland and engaged with the market on the application of different mobile connectivity solutions. We have piloted different technology solutions including small-cell trials in Lerwick and Loch Katrine and low-earth orbit satellite connectivity for Orkney ferries and Scotrail services on the Far North Line.

Our net-zero buildings and net-zero transport teams have continued to drive investment into these critical areas, supporting policy development and project delivery, including for heat network projects, and collaborating with Transport Scotland on the Electric Vehicle Infrastructure fund where the first multi-authority project entered procurement. They have been joined this year by a dedicated

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workstream which has carried out significant research into the challenges of scaling up the green hydrogen sector in Scotland.

This year has seen significant activity take place across the Learning Estate Investment Programme (LEIP), with schools in all three phases of the programme under development and delivery across Scotland. The team has ensured sound programme management and compliance with funding conditions along with hosting pre-planning and pre-construction workshops with individual projects. Due to market conditions and associated funding challenges, the number of projects entering and completing construction has been lower than expected.

To improve outcomes both for, and from the construction and related industries, our teams take a leading role in the Construction Leadership Forum and progressing the construction industry Transformation Action Plan. In particular we published 6-monthly updates of the construction pipeline forecast tool which has 2,600 registered users and over £18bn of opportunities and we lead the construction quality improvement collaborative which now has 122 organisations committed to its charter. Our briefing and evaluation framework is being used across 8 projects to drive improvements in public sector project briefing and our experts continue to support the Project Directors of several major public sector projects to bring leading practices to their project delivery.

Our operational contract management team has had a busy year as preparations for a period of PFI-project hand-backs intensifies. The team completed 14 hand back readiness reviews alongside its focus on energy efficiency, with 3 projects completing energy compliance assessments.

## 1.2 PERFORMANCE ANALYSIS

### 1.2.1 Results Against Key Performance Measures

SFT has two key ways of measuring performance:

- **Outcomes.** By measuring progress and impact made against the 10 outcomes in our Corporate Plan
- **Workstreams.** By noting the key achievements in the year against the activities set out in our annual Business Plan

The section below describes those results for the outcomes for the financial year 2024/25.

There is a separate detailed end of year workstream report published on our website.

#### Outcomes

SFT's main way of demonstrating the impact of its work is through its annual outcomes report.

The section below highlights the impact of SFT's work against the ten outcomes in our Corporate Plan.

### SFT Outcomes – Demonstrating our Impact in 2024/25

**SFT has worked with public and private sector partners to deliver progress on all ten of the infrastructure outcomes agreed, including delivering over £234m (2023/24 £250m) of additional investment in public infrastructure, unlocking over £1.87bn (2023/24 £2.3bn) of private capital investment across Scotland and reducing infrastructure-related CO2 emissions.**

Infrastructure investment is sustainable and affordable with an increased use of innovative funding and financing approaches.

- Over **£234m** additionality delivered through SFT led innovative funding & financing approaches.
- **£1.2bn** of public infrastructure projects on site involving SFT.

There is improved coherence, pace and placemaking across major private commercial, industrial and housing development.

- Over **£1.87bn** of investment in private sector development over the coming years unlocked on site. Much in areas where regeneration, typically through leveraged public investment, is creating new opportunities for economic activity or meeting new levels and types of housing demand.

Internationally mobile capital is drawn in to invest in projects and places across Scotland.

- Over **£854m** of capital investment has been drawn into Scotland over the past 6 years.

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Infrastructure-related carbon dioxide and other greenhouse gas emissions are reduced, **supporting Scotland's transition to a low carbon economy.**

- **576,000 tonnes** reduction in CO<sub>2</sub>e emissions by the end of the Corporate Plan period with over **6,000 tonnes** of CO<sub>2</sub>e emissions saved this year on new projects plus **45,000** saved on continuing projects.
- **£47m** worth of capital investment in energy efficiency measures resulting in almost **£3.6m/annum** saving in energy costs.

Public asset condition and performance is improved through more effective whole-estate management and maintenance.

- Over **98,000 children** are now benefiting from new learning environments and over **12,000 people** are benefiting from new affordable homes, as a result of infrastructure investment programmes involving SFT.
- Our Operational Contract Management team (now called Public Private Partnerships team) provide commercial and technical support to the public sector in the management of their Public Private Partnership (PPP) estate and this year has continued to work closely with public bodies on **PPP 'handback' guidance and preparation for the 26 PPP contracts expected to expire over the next eight years**
- Since the publication of the updated [\*\*New Frontiers for Smarter Working - 2023 and Beyond\*\*](#) guidance, many organisations have taken on the report's recommendations with the Asset Strategy Team providing specialist advice around how hybrid working can support organisations and the services they deliver.

The public asset portfolio is effective and place-based, driving collaborative service transformation with underutilised public assets re-deployed to meet other policy objectives or divested to stimulate economic activity.

- Over the past year, SFT-enabled programmes disposed of **seven** surplus NHS sites and **nine** Police Scotland sites resulting in almost **£255m** being raised in capital receipts.
- This will lead to an estimated **665 new homes** being built with an associated construction value of over **£80.6m**

We have a clear picture of Scotland's future economic and social infrastructure needs.

- Our **Infrastructure Strategy Team** is helping fill gaps in understanding of the role infrastructure plays in supporting inclusive growth outcomes.
- Our **Net Zero Buildings Team** are working as part of the Heat Network Support Unit providing support to local authorities developing strategic plans to roll out heat networks at scale.

We have innovative technology-enabled construction, asset management and usage optimisation at a place, portfolio, and network level as well as for individual assets.

- **£2.05bn** worth of projects either in development or operation have implemented BIM, delivering a **return on investment of £7.7m** during the design, construction and operational phases,

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- *To date, the Standard information management plan has been adopted on **53 projects** across **23 local authorities**. In the past year, SFT facilitated a client/ contractor working group to deliver a standard approach for building handover through the development of SIMP v2.*

We have a vibrant, innovative construction industry with increased productivity delivering well designed, high-quality products and fair work.

- *We took a leadership role in the development and implementation of the **Construction Recovery Plan** and its working groups. This has led to the development of the **Construction Accord**.*
- *Since launching the **Construction Pipeline Forecast Tool** in summer 2021, the value of construction projects at its latest update has **increased to £18.24bn** and is providing industry with a clear sight of over **1,232** public sector construction projects.*

Programme and project procurement and delivery is effective, with highly skilled teams deployed where they are needed.

- *Over **£3.7bn** of ongoing investment in **15** infrastructure programmes involving SFT.*
- *Six projects from Phase 2 of the £2.5bn Learning Estate Investment Programme started on site in the last year, along with **one** Phase 1 project and **two** Phase 2 projects becoming operational.*
- *Continued to support public bodies in the early stages of challenging projects, helping to improve their approach, and set projects up for success.*

To visit the Outcomes website and view the case studies click [here](#).

### 1.2.2 Future Developments

The Group's long-term plans are described in its new [2025-2030 Corporate Plan](#) which can be found on [SFT's Website](#). The Group's priorities and detailed activities for the new year are set out in its [2025/26 Business Plan](#) which can also be found on SFT's website. The impact of SFT's work is demonstrated through its annual outcomes report which is contained in the associated microsite [SFT Outcomes](#).

The 2025/26 operating budget has been set at £10.2m, reflecting £1.5m of third-party income and £8.7m of Scottish Government grants. It is anticipated by the directors that the budget will be fully utilised in the forthcoming year.

### 1.2.3 Financial Performance

#### Financial Position

The Group Annual Report and Accounts of Scottish Futures Trust Limited which include Scottish Futures Trust Investments Limited have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury, and the Companies Act 2006 applicable to entities reporting under International Accounting Standards and International Financial Reporting Standards and IFRIC interpretations.

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The Grant in Aid allocation is intended to cover revenue expenditure (on an accruals basis) net of in-year income from sources such as investment income. In addition, there are ringfenced budget allocations for non-cash costs, such as depreciation. A further budget allocation for Annually Managed Expenditure (AME) is made by the Scottish Government to cover volatile costs such as the pension fund liability.

The Group's operational income and expenditure is simplified below:

<b>Income and Expenditure Account</b>	<b>2025</b> <b>£000s</b>	<b>2024</b> <b>£000s</b>
<b>Income</b>		
SG Grant Income	7,894	8,403
Investment Income	1,773	1,787
Other Income	169	235
<b>Total Income</b>	<b>9,836</b>	<b>10,425</b>
<b>Expenditure</b>		
Salaries	7,532	7,540
External Consultancy	622	880
Corporate Costs	1,240	1,740
<b>Total Expenditure</b>	<b>9,394</b>	<b>10,160</b>
<b>Net Income/(Expenditure) before taxation</b>	<b>442</b>	<b>265</b>

The net income shown above is before depreciation, any IAS 19 pension service costs or fair value movements on both equity and subordinated debt, are taken into account. The simplified income and expenditure account is reconciled to the Statement of Comprehensive Expenditure (SOCE) in the Group Accounts (page 46) as follows:

<b>Reconciled to SOCE:</b>	<b>2025</b> <b>£000s</b>	<b>2024</b> <b>£000s</b>
<b>Net Income/(Expenditure) before taxation per above</b>	<b>442</b>	<b>265</b>
Taxation (note 7)	(266)	(312)
<b>Net Income/(Expenditure) after taxation</b>	<b>176</b>	<b>(47)</b>
Finance (charge)/credit (DB Pension) (note 16)	(4)	131
Pension costs in respect of the IAS 19 pension movement (note 16)	(187)	(37)
Depreciation and expected credit loss movement	(68)	(88)
(Loss)/gain on fair value of investment through profit and loss (note 5)	(77)	168
SG Grant Income removed – taken to SOCTE	(7,894)	(8,403)
<b>Net expenditure after tax</b>	<b>(8,054)</b>	<b>(8,276)</b>
Actuarial gain/(loss) on post-employment benefit obligations (note 16)	191	(2,862)
Gain on fair value of investment through OCE (note 9)	78	146
<b>Total comprehensive net expenditure for the year per SOCE</b>	<b>(7,785)</b>	<b>(10,992)</b>

Within operating expenditure above, there are consultancy fees within SFT of £0.62m (2024: £0.88m) a decrease of £260k. This decrease is mainly due to the Scottish Government's introducing spending controls in the early part of the year before workstreams had commenced all their activities.

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Within operating expenditure above there are corporate and professional fees of £202k (2024: £509k), a decrease of £307k on last year. This decrease is made up of a decrease in HR consultancy of £10k, a decrease in IT consultancy of £18k, a decrease in marketing and communication consultancy of £6k, a decrease in general legal advice of £28k, a decrease of £149k in the costs associated with the Scottish Hospitals Inquiry and a decrease of £96k in legal advice in connection with the Hub programme.

The Hymans pension report for 24/25 showed a pension asset of £11.7m. However, the IAS19 Employee Benefits Accounting Standard imposes a limit on the maximum amount of pension surplus (net asset) which can be recognised on the employer's Statement of Financial Position. As a result, similar to last year's annual accounts, an Asset Ceiling calculation has been carried out to determine the maximum amount of surplus which can be recognised. This calculation has resulted in a pension asset of nil being recognised as at 31 March 2025 (2024: £nil).

SFTi generates a healthy return from its investment portfolio. Part of these profits is transferred over to SFT via a dividend, with these funds being used by SFT to help fund its activities. In the current year a dividend of £866k (23/24: £695k) was distributed by SFTi to SFT.

Under the terms of its Memorandum and Articles of Association, the Company cannot distribute profits to its shareholders. Investments will make a return over time and these revenues will be used to offset costs in the Company and/or make further investments in infrastructure.

### **Payment Policy**

SFT has a stated commitment to pay all properly authorised invoices relating to transactions with suppliers in accordance with the Scottish Public Finance Manual (SPFM) and in doing so shall seek, wherever possible and appropriate, to meet the Scottish Government's target for the payment of invoices within 10 working days of their receipt.

### **1.2.4 Anti-corruption and anti-bribery**

SFT has well developed policies and procedures to address anti-corruption and anti-bribery matters. All SFT staff are required to act honestly and with integrity and to safeguard the public resources for which they are responsible. SFT will not accept any level of fraud or corruption. SFT's commitment to ethical standards is outlined within its Code of Business Conduct policy and Whistleblowing policy.

### **1.2.5 Corporate Social Responsibility**

SFT's Volunteering policy allows colleagues to use up to 15 hours paid community leave per year, pro rata for part-time employees.

### **1.2.6 Environmental Matters**

SFT is fully committed to cutting greenhouse gas emissions. We strive to ensure that sustainability issues are addressed both in our own operations and in conjunction with those businesses we support. Our sustainability report for 2024/25 can be viewed on our website here [2024/25 Sustainability Report](#).

In addition, every three years we publish a Biodiversity Report which describes our impact in that area for the previous three years. Our latest report published in January 2024 is for the period January 2021 to December 2023 and is on our website here [SFT 2021-23 Biodiversity Report](#).

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**1.2.7 Diversity**

SFT has an Equality, Diversity and Inclusion policy. More details are in the Accountability Report.

The Performance Report is approved by the Board of Directors and signed on its behalf by:



**Peter Reekie**  
**Accountable Officer**  
**Date:** 17 November 2025

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## **Section 2. ACCOUNTABILITY REPORT**

### **2.1 CORPORATE GOVERNANCE REPORT**

#### **2.1.1 DIRECTORS' REPORT**

##### **Directors**

The Directors who held office during the year and up to the signing of these Annual Report and Accounts are as follows:

Ian Russell	Chairman (resigned 11 April 2024)
Joe Philipsz	Chairman (appointed 11 April 2024)
Peter Reekie	Executive Director
Bill Matthews	Non-Executive Director (resigned 31 December 2024)
Pauline Mills	Non-Executive Director
Graham Watson	Non-Executive Director (resigned 31 March 2025)
Stella Matko	Non-Executive Director
Nick Rowan	Non-Executive Director
Stephen Slessor	Non-Executive Director
Alistair G Brown	Non-Executive Director (appointed 1 May 2025)
Thomas M Dickson	Non-Executive Director (appointed 1 May 2025)

The Company is 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.

##### **Register of Board Members' Interests**

Joe Philipsz currently holds the position of Chair of Atrium Infrastructure and is a senior advisor for Daiwa International Capital Partners Limited.

The SFT Board register of interests is published on our website at this link [Board Register of Interest](#) .

Board Members adhere to a Code of Conduct which is on our website at this link [Code of Conduct](#) .

##### **Leadership Team**

The Leadership Team is responsible for the day to day management of the operations and activities of SFT. The Chief Executive is an executive director of the Board and a member of the Leadership Team. Leadership Team members who held office during the year were as follows:

Peter Reekie	Chief Executive
Caroline Whyteside	Director - Corporate Services & Investments
Tony Rose	Director - Strategy, Place & Economy
Kerry Alexander	Director - Infrastructure Finance & Programmes
Colin Proctor	Director - Construction Industry & Delivery

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**2.1.2 STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES**

**Accountable Officer's Responsibilities**

The Scottish Ministers have directed SFT to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SFT and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FReM) have been followed, and disclose and explain any material departures in the Annual Report and Accounts;
- prepare the Annual Report and Accounts on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable; and
- take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accountable Officer for The Scottish Administration has designated the Chief Executive of SFT as its Accountable Officer. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety, regularity and value for money of the public finances for which he is answerable, and for the keeping of proper records, are set out in the SFT Framework Agreement and in the Memorandum to Accountable Officers of Other Public Bodies published by the Scottish Government.

**Statement by the Accountable Officer on his Responsibilities**

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that SFT's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Furthermore, I confirm that the annual report and accounts as a whole is fair, balanced and as understandable as it can be given the requirements of International Accounting Standards in respect of the investment subsidiary which has been consolidated into the group accounts, and accounting for our membership of the local government pension scheme.

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### 2.1.3 GOVERNANCE STATEMENT BY ACCOUNTABLE OFFICER

#### Introduction

As Accountable Officer, I have responsibility for maintaining a governance framework which supports the achievement of SFT's policies, aims and objectives, set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

As Accountable Officer I have specific responsibility in relation to:

- Best Value, including the concepts of corporate governance and continuous improvement;
- Planning, performance management and monitoring;
- Advising the Board;
- Managing risk and resources; and
- Accounting for SFT's activities.

#### Accounting

I confirm that I am personally responsible for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

#### Governance Arrangements

Based on my own review and independent assurances received, it is my view that SFT has in place effective governance arrangements which are working well and comply with generally accepted best practice and relevant guidance. The review of arrangements is outlined as part of the narrative in the relevant sections of the Governance statement that follows.

Our Governance framework has our aims, objectives and values at its core. Our accountability and decision making processes along with our operational management framework and assurance mechanisms are designed to ensure these are achieved.

#### Aims and Objectives

SFT's 2019-24 and 2020-2025 Corporate Plans, 24/25 Business Plan and 25/26 Business Plan set out how we will work collaboratively with public sector partners and private industry to make a valuable contribution to maximising the economic, social and environmental outcomes from Scotland's infrastructure.

#### Values

During the 2024/25 financial year, the four values that guided the SFT team in working towards our aims and objectives, are as follows. Both staff and Board members were guided by these values:

**BOLD.** Believing in what we do, with commitment and courage to enable successful outcomes

**COLLABORATIVE.** Sharing knowledge, experience and working in partnerships to achieve more for Scotland's communities

**AMBITIOUS.** Striving to excel and inspire by raising expectations

**DYNAMIC.** Accelerating positive outcomes by promoting innovation and being a catalyst for change

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### **Accountabilities and Decision Making**

With effect from 14 November 2022 SFT complies with the Scottish Public Finance Manual (SPFM) and the Framework Agreement, which governs the relationship between SFT and the Scottish Government.

There are also key internal documents within SFT which define accountabilities and decision making, including the Board Membership and Reserved Powers document, the Procurement and Contract Policy, the Internal Controls and Financial Procedures Manual and the SFTi Investment Management Policy. These are made readily accessible to staff on the company intranet.

### **SFT Board**

The Board is the principal decision-making forum. It has overall responsibility for leading and controlling the Group and is accountable to the Group's sole shareholder, the Scottish Ministers, for financial and operational performance. The Board approves Group strategy and monitors performance. The Board has adopted a formal schedule of matters specifically reserved for its decision, which is reviewed on an annual basis.

The roles of the Chairman and the Chief Executive 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. The Chief Executive has responsibility for all operational business and acts in accordance with the authority delegated from the Board. Responsibility for the implementation of policy, strategy and operational management is delegated to the Chief Executive.

Board meetings take place regularly throughout the year. Board meetings are structured to allow open discussion, and all directors participate in discussing the Group's strategic aims, performance and financial and risk management. The Board is supplied with comprehensive information in advance of each Board Meeting, including financial and operational reports covering the Group's business activities. Six Board meetings were held during the 2024/25 financial year.

### **SFTi Board**

There is also a separate SFTi Board which has responsibility for all matters relating to SFTi, SFT's investment subsidiary. The Board members of SFTi are the same as of the parent company and it met three times in 24/25, mainly to manage and monitor SFTi's investment in the 41 DBFM companies, the 5 hub companies and 9 Housing LLPs.

### **Board Balance and Independence**

As at 31 March 2025, the Board included 6 non-executive directors (including the Chairman). The Board considers that all non-executive directors are independent. The non-executive directors combine broad business and commercial experience with specialist infrastructure knowledge. They bring independent and objective judgement to 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 Group'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 Group's business activities.

### **Election of Directors**

The non-executive directors have been appointed by the Scottish Ministers in accordance with the Office for the Commissioner for Ethical Standards in Public Life in Scotland's Code of Practice for Ministerial Appointments to Public Bodies in Scotland, and related guidance on its application.

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### **Secretary and Meeting Minutes**

As permitted by the applicable law and regulation 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 Group's expense. Minutes of Board meetings are available on the SFT website following their approval.

### **Board Performance Evaluation**

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

### **Board Committees**

To provide effective overview and leadership, the Board can establish Committees composed of non-executive directors with specific governance responsibilities. Executive directors and senior managers are invited to attend Board and Committee Meetings as appropriate.

During 2024/25 there were two Board Committee which were the Group Audit Committee and the Special Committee of the SFT Group: Conflicts which was established in May 2023.

There is no Nominations Committee as non-executive Board appointments, including their terms and conditions of employment, are determined by the Group's sole shareholder, the Scottish Ministers. However Executive director appointments to the Board are decided by the Board.

The Board carries out the role of a Remuneration Committee and considers staff annual pay increases and staff salary scales annually in March. Remuneration scales, including both maximums and minimums, for non-executive directors is set by the Scottish Government.

### **Group Audit Committee**

The Group Audit Committee is responsible for assisting the SFT and SFTi Boards in discharging their responsibilities in relation to the financial affairs of the Group, 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 Group and the arrangements for external and internal audit. The Group Audit Committee meets three times during the accounting year, and, in addition, it meets the external and internal auditors privately.

Members of the Group Audit Committee for the financial year were:

- Graham Watson is a Chartered Accountant and experienced investment banker bringing extensive strategic leadership and financial expertise to the board. Graham was appointed chair of the Group Audit Committee from 1 September 2017. Graham resigned on 31 March 2025.
- Bill Matthews a Chartered Engineer with governance knowledge across a variety of policy areas and organisations. He was the founding Chair of hub West Scotland and has significant infrastructure development experience. Bill resigned on 31 December 2024.
- Pauline Mills is a chartered town planner and member of the Royal Town Planning Institute. She is currently Technical Director at Taylor Wimpey, responsible for managing the firm's land assets across the regional Board of which she is a member.
- Stella Matko is an experienced architect who has worked in the private, commercial and public sectors in excess of 30 Years. The majority of her working career has been in the Higher Education

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sector delivering in excess of £1billion of Capital Projects. She recently retired from the post of Director of Estates at the University of Strathclyde, which she has held for the past 10 years.

- Nick Rowan has nearly 30 years' experience in the construction industry and brings knowledge and input from a tier one contracting perspective to the SFT board. He currently holds the senior level position Managing Director (Scotland) at Balfour Beatty
- Stephen Slessor is an experienced director, policy maker and surveyor, with a track record in advising public and private sector clients on key strategic issues. He is CEO of the RSE Group, an Engineering group of companies. With over 25 years of infrastructure project delivery, he has particular expertise in transformation based on digital and net zero.

In the year ended 31 March 2025, there were three meetings of the Audit Committee. The Board is satisfied that the Committee membership has relevant financial and business experience.

During the year the principal activities of the Audit Committee included:

- considering and recommending to the Board for approval the Annual Report and Accounts and reviewing the external auditors' reports thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditor;
- reviewing and monitoring the independence of the external auditor in relation to non-audit assignments, taking into account relevant ethical guidance;
- reviewing and approving the external auditor's plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the efficiency of the external audit process and the independence and quality of the audit engagement partner and the audit team;
- reviewing and approving the internal auditor's annual plan, individual internal audit reports and the annual internal audit report and opinion;
- reviewing the organisation's risk arrangements;
- reviewing the appropriateness of the Group's accounting policies; and
- ensuring the adequacy of the internal control systems and standards.

**Attendance at Board and Committee Meetings**

Attendance by Board Members at Board, Group Audit Committee and Special Committee - Conflicts meetings held during the year was as follows:

	<b>SFT Board</b>	<b>Group Audit Committee</b>	<b>Special Committee - Conflicts</b>	<b>SFTi Board</b>
<b>Number of meetings</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>3</b>
Joe Philipsz	6	N/A	2	3
Graham Watson	5	2	2	3
Bill Matthews*	4	2	2	2
Pauline Mills	5	3	2	2
Stella Matko	5	3	2	2
Nick Rowan	6	3	—***	3
Stephen Slessor	5	2	2	2
Peter Reekie	6	3**	2	3

\* Bill Mathews resigned from the Board on 31 December 2024, in post for 5 of the 6 SFT Board meetings and 2 of the 3 SFTi Board Meetings and the 2 Special Committee – Conflicts Meetings

\*\* In attendance, not a member of the Committee.

\*\*\* Not a member

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### **Relations with Sole Shareholder**

As disclosed in the Directors' Report, the Group's sole shareholder, the Scottish Ministers, is considered to be a Shadow Director of the Group. The Chairman and Chief Executive, on behalf of the directors have met with Scottish Ministers and officials during the year and post year end, to understand their views and have reported these to the Board.

### **Statement of Internal Controls**

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

#### **Control Structure**

RSM took on the role of internal auditor and have developed internal audit plans and performed audits from 22/23.

During the 2024/25 financial year, three internal audits were undertaken of SFT's internal controls in the following area: Business Continuity, Cyber Security and Sickness Absence Management. There were no significant issues noted. The annual internal audit opinion from our internal auditors RSM was that "The organisation has an adequate and effective framework for risk management, governance and internal control", which is the most positive annual opinion that can be awarded.

The organisation has clear lines of responsibility and effective communication channels which ensures that best practice in managing risks and controls is consistently applied.

Separate controls and governance structures are in place across SFT's programmes. The Audit Committee receives an update on these once a year.

#### **Identification and Monitoring of Business Risks**

The Group has adopted a risk-based approach to internal control by evaluating the probability and impact of risks 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. A formal risk register is kept and regularly reviewed by the Leadership Team, the Group Audit Committee and ultimately the Board.

In addition, the Board has developed a Risk Policy which describes SFT's strategic risk themes and risk appetite and the formal responsibilities across the organisation for risk management. It also describes how workstream level risks should be managed and, if appropriate, escalated to the leadership team for possible inclusion in the corporate risk register.

#### **Corporate Information Systems**

The Group operates a budgeting and financial reporting system, which includes the preparation of a business plan and detailed annual budgets. The system provides monthly comparisons of actual results against budget and regularly revised year-end forecasts, all of which are reviewed by the Board. Financial control procedures are in place which provide assurance on the integrity of the Group's finances.

The Group also operates an HR and payroll system which calculates monthly staff pay, tax and NI figures and annual figures for statutory returns to HMRC.

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### **Disclosure of Information to the Auditor**

I confirm as Accountable Officer that, so far as I am aware, there is no relevant audit information of which the auditor is unaware and I have taken all the steps that I have ought reasonably to have taken to make myself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

### **Effectiveness of Internal Controls**

The directors are responsible for reviewing the effectiveness of the Group'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. As mentioned above the directors do this through a range of internal audits currently conducted by RSM Risk Assurance Services LLP. In 2024/25, this included Business Continuity, Cyber Security and Sickness Absence Management. There were no significant issues noted. 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. The systems of internal controls have been in place for the year ended 31 March 2025 and up to the authorised date of issue of these accounts.

### **Operational Management Framework**

The delivery of SFT's aims and objectives is supported by an operational framework comprising of key corporate business processes and a wide range of control mechanisms which ensure that: policies and strategies are put in place; values are met; high quality support is delivered; laws and regulations are complied with; processes are in place and complied with; and financial statements and other published information are accurate, timely and comply with relevant standards and best practice.

These form an essential part of the overall system of internal control which is in place. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

These processes span SFT's entire range of activities and include:

#### **Strategy and Planning**

The Scottish Government's National Performance Framework (NPF) and Infrastructure Investment Plan (IIP) along with the annual Scottish Budget are key drivers of SFT's activities. In developing SFT's Corporate and Business Plans, there is a clear framework in which SFT Board members and the Leadership team take a leading role.

#### **Resource Management**

SFT always seeks to ensure that our financial and people resources are being deployed to maximise the benefits to our stakeholders. Under-pinning that objective is SFT's recruitment control mechanisms, workplans, budgetary allocation and control systems and financial reporting systems. These provide assurances that SFT's resources are being used effectively and efficiently.

#### **Performance Management**

The SFT Business Plan sets out SFT's key activities, behind which is a fuller performance framework that is used to track and monitor not only what SFT delivers, but how we deliver it. This framework encompasses our monthly workstream reporting to the Leadership team and Board, our Annual Outcomes report which measures our impact and quarterly staff performance reviews culminating in

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an annual review where staff are assessed as one of: not meeting expectations, meeting expectations or exceeding expectations.

### Budgetary Control

Budgets are approved on an annual basis as part of the Business Planning process. The budgets are allocated to workstreams and corporate teams to ensure clear accountability for the delivery of the budget. The Leadership Team and Board receives monthly reports on expenditure against budget together with regularly updated year end forecasts. This also includes proposed corrective action where necessary to ensure financial objectives are met.

### Human Resources

The HR Policies clearly set out staff responsibilities and the behaviours expected. These are reviewed regularly. An employee opinion survey is issued every two years and SFT's most recent survey in February 2024 contained very positive results.

SFT received its highest ever response rate at 96%, and the overall engagement score remains high at 73%, although slightly lower than in the previous survey. The results compare very favourably with our Business and Professional Services benchmark.

Theme	SFT 2024 Results	Business and Professional Services Benchmark
Engagement	73%	74%
Scottish Futures Trust	74%	71%
Your Job	74%	68%
Your Manager	78%	62%
The Leadership Team	63%	66%
Performance	61%	60%
Health & Wellbeing	88%	72%
Employee Engagement	74%	75%

The Leadership Team and individual teams have developed actions plans which will be monitored throughout the year to ensure we are on target to achieve what we have set out to do.

The next Employee Opinion Survey is due to be issued to staff in February 2026.

### IT

SFT's systems are now wholly in the Cloud, including our Finance, HR, Document Management and Expenses systems. This provides resilience, speed and security. SFT has an inhouse IT manager who manages an external Managed Service provider. SFT has Cyber Essentials Plus accreditation.

### Data Protection

The Data Protection Officer (DPO), who is a qualified solicitor, has overall responsibility for ensuring adherence to policy, process and legislative compliance on Data Protection across the organisation. This includes reporting reportable data protection breaches to the Information Commissioner's Office (ICO). During 2024/25 SFT had no reportable data breaches reported to the ICO.

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### Records Management

SFT continues to regularly submit a Progress Update Review (PUR) for assessment and comment by the Public Records (Scotland) Act 2011 Assessment Team in the National Records for Scotland (NRS). SFT submitted a PUR to the NRS on the 30<sup>th</sup> April 2024. A draft report from the NRS was received on the 12<sup>th</sup> August 2024 and the full new Records Management Plan was submitted to NRS on the 28<sup>th</sup> January 2025. The Keeper of NRS has acknowledged receipt of the plan, and it will now be reviewed by the Assessment Team. We have been advised that due to current workflow, this assessment period will take several months.

### Estate Management

SFT manages its one operational office in full accordance with the Scottish Government's Asset Management Policy. SFT moved to a new, publicly owned, office in October 2023. Our landlord is Scottish Legal Aid Board. The office is smaller and set up for hybrid working.

### Risk Management

The Group maintains a strategic risk register which is derived from the high-level risks of the projects and programmes in which SFT is involved, along with corporate risks within the Group. Risks are evaluated by considering their probability of occurring along with their potential to impact on the outcomes expected of SFT, the Group's operations and its stakeholders. The risks and management's mitigating actions are reviewed by the Group Audit Committee at every meeting (3 times a year) and by the Leadership Team monthly.

The table below details the significant Group risks and the Group's approach to managing and mitigating these. SFT is working with stakeholders to mitigate these risks but does not have complete control over them.

Principal Risks	Approach to Management and Mitigation of Risks
<b>Cuts to SFT's 25/26 core and programme funding (pre grant letter)</b>  <b>Cause:</b> SFT receives most of its funding from Scottish Government and this can vary each year.  <b>Effect:</b> We will have to reduce activities and resources and not be able to deliver our Business Plan	We align Business planning objectives with national priorities and work with SG programme areas to secure programme funding. Work with our Scottish Government sponsor team to secure core funding.  Work with Sponsor Minister to ensure they have the information to have constructive conversations with SG directorates on our programme funding.  Regular dialogue with funding sponsor teams, our Scottish Government main Sponsor team, annual meeting with sponsor group, monthly minister meetings. Regular reporting against SFT activities.
<b>Changes in Public Sector Landscape</b>  Changes in public sector landscape (organisations, departments, roles & responsibilities and individuals), can impact on our business approach and delivery of workstreams.	The risk is managed by the Leadership Team ensuring there are discussions at forums such as Infrastructure Investment Board (IIB) that reinforces SFT's value.

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<p>Some changes could pose a threat to SFT's collaborations and current or future opportunities.</p> <p><b>Cause:</b>  SFT works closely with many parts of the public sector.</p> <p><b>Effect:</b>  This will lead to uncertainty and difficulty in achieving our Business Plan activities.</p>	<p>These topics are also actively discussed at weekly meetings with the SG sponsor team, monthly meetings with Sponsor ministers and annual meetings with the sponsor DG.</p> <p>The Leadership Team also discuss these topics at the monthly Corporate and Strategic LT meetings.</p> <p>We regularly engage with SG funders to understand their needs and with other organisations with linked remits to monitor opportunities, risk of overlap and potential threats.</p>
<p><b>Central Government and Procuring Authorities Constrained Resources</b></p> <p>Many SFT workstreams rely on Scottish Government and other Authority resources (their money and staff) and governance structures.</p> <p>There is a risk that, due to prioritisation or existing commitments and the volume, scale and technical complexity of programmes proposed, that central government resources and governance frameworks are insufficient to support the pace of new and existing programmes or the scope of existing programmes where SFT leads or supports eg Heat Networks, Electrical Vehicle Infrastructure Fund, Learning Estate Investment Programme.</p> <p><b>Cause:</b>  SFT works closely with many parts of the public sector.</p> <p><b>Effect:</b>  This will lead to uncertainty and difficulty in achieving our Business Plan activities.</p>	<p>Work proactively with Scottish Government and other Authority teams, agreeing approaches to be adopted and recommending the appropriate skills and resources required to deliver the programmes. Where serious concerns exist, these will be escalated to Senior Responsible Officer (SRO) level and if unresolved SFT will consider its options for example, providing additional resource; or reviewing its continued role on the programmes.</p>
<p><b>SFT Constrained Resources</b></p> <p>There is a risk that opportunities will be missed and work activities not completed due to limited capacity within certain teams within SFT and at certain times of the year.</p> <p><b>Cause:</b></p>	<p>Regularly review deliverables with the sponsor departments who provide our programme funding to ensure SG expectations are managed and escalate to SG SRO if appropriate.</p> <p>Compile requests from local authorities and others for additional funding</p>

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<p>SFT is an infrastructure centre of expertise with expert staff across the organisation providing guidance and support to the public sector.</p> <p><b>Effect:</b>  This will lead to difficulty in achieving our Business Plan activities.</p>	<p>Internally, HR will work closely with senior leaders to understand where pressure points are, and to streamline budget and recruitment processes.</p>
<p><b>Staff Retention. Risk of key staff leaving SFT because of:</b></p> <ul style="list-style-type: none"> <li>• Salary</li> <li>• Progression/promotion prospects</li> <li>• Quality and variety of work</li> <li>• Constrained budgets due to spending controls</li> <li>• Certain markets/sectors having a high demand for skills (eg Energy market)</li> </ul> <p>The potential impacts of a higher staff turnover include:</p> <ul style="list-style-type: none"> <li>• Not achieving key business plan and Corporate Plan objectives <ul style="list-style-type: none"> <li>• Key work areas having to be stopped</li> <li>• Additional time being spent by HR, LT and Line managers on recruitment</li> <li>• Loss of key skills developed over a number of years, interface skills</li> </ul> </li> </ul> <p><b>Cause:</b></p> <p>SFT is a centre of expertise so staff engagement is at the core of the organisation and key to its success.</p> <p><b>Effect:</b></p> <p>Staff will leave leading to SFT not meeting the activities in its Business Plan and its reputation being detrimentally affected.</p>	<p>A significant amount of work has been carried out in recent years to ensure there is transparent policies on pay, progression and promotion.</p> <p>New opportunities and workstreams are mainly advertised internally first and a small number of staff have transferred to a different workstream.</p> <p>It is not possible to mitigate this risk completely as SFT have a number of senior staff at LT and SAD levels who have been with the organisation for a long time. This has led to there not being many opportunities at these levels for junior staff to apply for, so a number of staff at Associate Director level have left the organisation in the last 2 years.</p>

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### **Assurance**

The SFT Board has established a Group Audit Committee to support them in their responsibilities for issues of risk, control, governance and associated assurance. The Group Audit Committee seeks assurances from several sources mainly via management, internal audit and external audit. This assurance draws attention to the aspects of risk management, governance and internal control that are functioning effectively and those that require attention/improvement.

As Accountable Officer, I am required to input into a Certificate of Assurance for SFT's sponsor team in the Scottish Government on an annual basis. I can confirm that for the year ended 31 March 2025 and up to the authorised date of issue of these accounts, the governance arrangements and systems of internal control have been in place and have operated effectively.

Internal Audit provides independent assurance on the adequacy and effectiveness of the whole system of controls, financial management and others which have been established to manage SFT's business in a proper manner and ensure accountability for public funds. This assurance is mainly based on a risk-based programme of audits which is approved by the Group Audit Committee. Overall sufficient assurance work has been carried out, in accordance with the Public Sector Internal Audit Standards, to enable a reasonable conclusion to be formed on the adequacy and effectiveness of the internal control environment. For 2024/25, the conclusion of internal audit work carried out by RSM, identifies an overall adequate and effective level of assurance on Business Continuity, Cyber Security and Sickness Absence Management.

The Auditor General for Scotland is responsible for auditing SFT's consolidated accounts. The Auditor General has appointed Audit Scotland to undertake the statutory audit of SFT. Audit Scotland, in turn, have appointed Grant Thornton UK LLP. SFTi has appointed a separate commercial team from Grant Thornton UK LLP to undertake the audit of SFTi.

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## **2.2 REMUNERATION & STAFF REPORT**

This report explains the remuneration policy of SFT for Board Members and for the Leadership Team and provides details of members' and Leadership Team remuneration for the year ended 31 March 2025.

### **2.2.1 Scottish Futures Trust Board**

SFT Board members, except for the Chief Executive, are appointed by the Scottish Ministers for a fixed period, normally four years. These non-executive members do not have contracts of service with SFT. However, they do have letters of appointment.

The members of the Board are appointed from a variety of backgrounds based on their knowledge and experience gained in both the public and private sectors.

In the year to 31 March 2025, the Company's non-executive directors were paid fees for their services to the Group. Each non-executive director has a letter of appointment outlining their expected time commitment and details of the per diem rate set by the Scottish Government for non-executive directors of £357 (2024: £325). Joe Philipsz receives a per diem rate of £546 for the role of Chairman of SFT and SFTi. Board members are eligible to reclaim travel expenses to attend meetings.

### **2.2.2 Board members' Remuneration (audited)**

The fees received by the non-executive directors in the years to 31 March 2025 and 31 March 2024 for duties provided to the Group are as follows:

	<b>2025</b>	<b>2024</b>
	£	£
Joe Philipsz**	<b>19,656</b>	-
Graham Watson***	<b>8,572</b>	<b>7,800</b>
Bill Matthews*	<b>6,429</b>	<b>7,800</b>
Pauline Mills	<b>8,572</b>	<b>7,800</b>
Stella Matko	<b>8,572</b>	<b>7,800</b>
Nick Rowan	<b>8,572</b>	<b>7,800</b>
Stephen Slessor	<b>8,572</b>	<b>7,800</b>

The total expenses reimbursed during the year were £456 (2023/24: £547).

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\*Bill Matthews resigned at the end of December 2024

\*\*Appointed 11 April 2024

\*\*\*Graham Watson resigned at 31 March 2025

The Board determines the framework or broad policy for the remuneration of the Leadership Team and employees. This policy is set within the context of private sector and public sector benchmarks and applicable Government guidelines.

### **2.2.3 Leadership Team**

The Leadership Team is responsible for the day to day management of SFT's activities and operations. The Chief Executive is a member of both the Board and the Leadership Team. The Leadership Team members, excluding the Chief Executive, are on standard SFT contracts of employment. Their contracts provide for a notice period of 6 months. If a Leadership Team member's employment with SFT is terminated on the grounds of redundancy or in the interests of the efficiency of the organisation,

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severance payments will apply, as long as they have service of more than 2 years. This basis is identical to that applied for all other employees.

**2.2.4 Leadership Team Remuneration (audited)**

SFT aims to ensure that the remuneration packages offered to Leadership Team members:

- enables SFT to attract, retain and motivate high calibre executives;
- remunerates individuals fairly for individual responsibility and contribution; and
- takes account of salary policy within the rest of SFT and the relationship that should exist between the remuneration of the Leadership Team and that of other employees.

Basic salaries are reviewed annually on 1 April. Salary levels are established after taking into account external market levels and performance. Annual reviews also take in to account public sector pay policy but are not bound by it. Salary payments are made at the end of every month.

SFT has established a pension scheme with Lothian Pension Fund which is administered by the City of Edinburgh Council. The Company's pension scheme is a defined benefit contributory scheme where contributions paid by the employee and the Company operate on a sliding scale. In 2024/25 the employer pension contribution rate decreased from 19.4% to 17.6%.

**Remuneration of the Leadership Team members for the year ended 31 March 2025 is as follows:**

	Salary	Pension (to nearest £1000)	Car Allowance (to nearest £1000)*	Total - 2025
	£000s	£000s	£000s	£000s
Peter Reekie	180 - 185	32	13	225 - 230
Tony Rose	145 - 150	26	10	185 - 190
Kerry Alexander	140 - 145	25	10	175 - 180
Colin Proctor	140 - 145	25	10	175 - 180
Caroline Whyteside	115 - 120	20	10	145 - 150

\* Non pensionable

**Remuneration of the Leadership Team members for the year ended 31 March 2024 are as follows:**

	Salary	Pension (to nearest £1000)	Car Allowance (to nearest £1000)*	Total – 2024
	£000s	£000s	£000s	£000s
Peter Reekie	175 - 180	35	13	225 - 230
Tony Rose	140 - 145	28	10	180 - 185
Colin Proctor	135 - 140	27	10	170 - 175
Kerry Alexander	135 - 140	27	10	170 - 175
Caroline Whyteside	110 - 115	22	10	140 - 145

\* Non pensionable

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**Retirement Benefits of the Leadership Team**

In the year ended 31 March 2025, 62 of the Company's employees, including one Board executive director, were members of the pension fund.

Retirement benefits of the Leadership Team for the year ended 31 March 2025 are as follows:

	<b>Accrued pension at normal retirement age as at 31 March 2025</b>	<b>Lump sum</b>	<b>Cash Equivalent Transfer Value</b>		
			<b>At 31 March 2025</b>	<b>At 31 March 2024</b>	<b>Increase in transfer value during the year</b>
			<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Peter Reekie*	45 – 50	-	716	640	76
Tony Rose**	45 – 50	-	724	635	89
Colin Proctor	40 – 45	-	855	752	103
Kerry Alexander***	30 – 35	-	509	435	74
Caroline Whyteside	5 – 10	-	129	90	39

\*This is the pension after a scheme pay of £12k has been deducted and the net CETV after a scheme pay offset of £184k has been deducted

\*\*This is the pension after a scheme pay of £2k has been deducted and the net CETV after a scheme pay offset of £24k has been deducted

\*\*\*This is the pension after a scheme pay of £0.5k has been deducted and the net CETV after a scheme pay offset of £7k has been deducted

**2.2.5 Compensation on early retirement or loss of office**

None

**2.2.6 Payments to past directors**

None

**2.2.7 Fair Pay Disclosure (audited)**

The relationship between the remuneration of the highest paid member of the Leadership Team and the median remuneration of the employees of SFT is as follows:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Highest paid director's total remuneration	<b>195,000-200,000</b>	<b>190,000-195,000</b>
Median total remuneration	<b>79,656</b>	<b>77,991</b>
Ratio	<b>2.45</b>	<b>2.45</b>
	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Highest paid director's total remuneration	<b>195,000-200,000</b>	<b>190,000-195,000</b>
25 <sup>th</sup> percentile total remuneration	<b>51,063</b>	<b>49,374</b>
Ratio	<b>3.83</b>	<b>3.88</b>

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	<b>2025</b>	<b>2024</b>
	£	£
Highest paid director's total remuneration	<b>195,000-200,000</b>	<b>190,000-195,000</b>
75 <sup>th</sup> percentile total remuneration	<b>100,347</b>	<b>99,088</b>
Ratio	<b>1.95</b>	<b>1.93</b>

The median remuneration of SFT's employees is based on the annualised full time equivalent salary of the employees at the appropriate year end which includes gross salary and car allowance but excludes employer pension contributions.

The median ratio has remained the same as in the prior year. A pay rise of 2% was awarded to all staff with the exception of those at or above the maximum of their grade, followed by a further 1% increase in January 2025 including those at or above the maximum of their grade, the impacts of which were to maintain the median pay in the year.

The 25<sup>th</sup> percentile ratio has decreased slightly. A pay rise of 2% was awarded to all staff with the exception of those at or above the maximum of their grade, followed by a further 1% increase in January 2025, but as the salaries in the lower 25% are clustered together, this results in a small decrease in the 25<sup>th</sup> percentile salary in the year.

The 75<sup>th</sup> percentile ratio has remained within 0.02 of 2024 ratio highlighting minimal increase in those staff on higher salaries during this year.

## 2.2.8 Staff Report

### Staff Costs (audited)

Staff costs comprise:

	<b>2025</b>	<b>2024</b>
	£	£
Wages and salaries	5,469,028	5,641,409
National Insurance	664,126	680,871
Pension costs (including IAS 19 charge)	1,012,438	966,636
Non-executive director fees	68,945	46,800
Agency, seconded & interim staff	504,943	240,791
	<hr/>	<hr/>
	7,719,480	7,576,507
	<hr/>	<hr/>

Also included in pension costs is £187,000 (2024: £37,000) in respect of the IAS 19 pension movement (note 16). A finance charge is shown on the face of the Statement of Comprehensive Expenditure.

Included within Agency, seconded and interim staff costs above, is a £nil amount relating to temporary (non payroll) staff costs in the year. The remaining balance relates to inward secondment costs which has more than doubled due to an additional secondment for the Carbon Neutral Island Programme and secondments in the Net Zero Transport, Infrastructure Strategy and Improving Project Delivery workstreams. These were all fully funded.

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**Consultancy Costs**

Consultants included within Corporate Professional fees are categorised below:

	<b>2025</b>	<b>2024</b>
	£	£
IT consultancy	57,361	75,035
Marketing and Communications consultancy	-	6,000
Legal consultancy	9,156	121,511
Human Resources consultancy	158	10,560
	<hr/>	<hr/>
	66,675	213,106
	<hr/>	<hr/>

Consultants included within external consultancy costs are a combination of technical consultancy and advice in relation to ongoing programmes and projects totalling £622,312 (2023/24: £880,376). The reduction in legal consultancy is due to a decrease of £105k in hub programme legal advice and a decrease of £7k in other legal related matters.

**Bonus payments (audited)**

No bonuses were paid in 2024/25 (2023/24: £nil)

**Benefits in kind (audited)**

The monetary value of benefits in kind covers employees who have enrolled in the electric car salary sacrifice scheme provided by the employer and taxed by His Majesty's Revenue and Customs as taxable emoluments. In 2024/25 the employer element of this value was £4,827 (2023/24: £3,265).

**Staff Composition**

The average number of full time equivalent employees employed in the year was 63 (2023/24: 67) broken down as 5 (2023/24: 5) Leadership Team, 45 (2023/24: 49) programme delivery, and 13 (2023/24: 13) corporate services and business support.

**Gender Balance**

The Table below discloses the gender balance of SFT's Board, Leadership Team and their Direct Reports. SFT will continue to take steps to promote gender equality:

<b>Gender split as at 31 March 2025</b>	<b>Number and Percentage of Females</b>	<b>Number and Percentage of Males</b>	<b>Number and Percentage of "Preferred not to say"</b>
Board	2 29%	5 71%	0 0%
Leadership Team (excluding the Chief Executive who is included under Board)	2 50%	2 50%	0 0%
Direct Reports	8 35%	15 65%	0 0%

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<b>Gender split as at 31 March 2024</b>	<b>Number and Percentage of Females</b>	<b>Number and Percentage of Males</b>	<b>Number and Percentage of “Preferred not to say”</b>
Board	2 29%	5 71%	0 0%
Leadership Team (excluding the Chief Executive who is included under Board)	2 50%	2 50%	0 0%
Direct Reports	10 42%	14 58%	0 0%

**Staff absence data**

The absence record for SFT employees for the year ended 31 March 2025 was 243 (2024:286) sick days out of a possible 16,484 (2024:18,720) working days representing a lost time through sickness absence of 1.48% (2024:1.4%).

**Exit Packages and Settlement Agreement (audited)**

No member of staff left or agreed to leave SFT under voluntary severance in the year to 31 March 2025 (2024: none).

**Staff Turnover**

Staff turnover for SFT for the year ended 31 March 2025 was 16% (2024:6.9%).

**Trade Union Facility Time**

SFT employees are not members of any trade unions.

**Staff policies**

SFT's culture is generally flexible, however we want to ensure that we have the support and processes in place to allow our people to work effectively and flexibly. To support this, there have been a number of policies implemented.

**Ways of Working Guidance**

These principles provide a guide for employees to embrace how we work at SFT. All employees have access to this guidance note through our company intranet.

**Employee Engagement**

How people feel about working at SFT is important to us and listening and acting on their feedback is a key part of that. We offer a wide range of opportunities to hear and engage our employees so they can shape all aspects of how we work and what we do.

In addition to formal staff surveys, there are a number of employee groups including Wellbeing, Social Impact, Data Insights group, peer groups and a social committee as well as other informal groups.

**Equality, Diversity & Inclusion**

Our success lies with the professionals we employ. Recruited from both the public and private sectors, we have been able to attract, develop and retain the finest talent from the infrastructure world.

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The strength of the organisation lies in bringing together a mix of skillsets all under one roof. We have architects, surveyors, low carbon and telecoms specialists, designers, economists, engineers, accountants, lawyers, project managers, commercial property professionals and financiers, all of whom innovate and deliver significant infrastructure programmes across Scotland.

SFT is committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination.

The aim is for our employees to feel respected and able to give their best.

#### **Personal Performance and Development**

Our people are critical to the success of the Scottish Futures Trust (SFT) and achieving our vision of 'World class infrastructure for the people of Scotland'. The way we work encompasses our values of Ambitious, Bold, Collaborative and Dynamic and supports our aim of an empowered professional organisation that values and develops our people.

#### **Health & Safety**

SFT's Health & Safety Committee meet twice annually with staff representatives as members of the Committee. The Chief Executive acts as the Health and Safety representative on behalf of the Board and the Office Manager, who acts as the Health and Safety manager, ensures regular monthly checks as required. Minor health and safety concerns have been raised by staff members of the Committee over the year and there has been one recorded incident in the 24/25 financial year, which happened at a conference overseas. This resulted in a hospital visit and an insurance claim. The incident was reported to Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) as required.

SFT continues to support employees with their Health and Wellbeing with regular communication and activities co-ordinated by the Wellbeing Group within SFT. SFT is satisfied that all necessary steps have been and are being taken to ensure compliance with the requisite legislation, and adequate measures are in place for safe and healthy working in and outside the SFT office environment.

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## **2.3 PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT**

### **2.3.1 Summary of Resource Outturn**

SFT achieved its main financial objective for the year which is to ensure that the financial outturn for the year, excluding pension service costs under IAS19, is within the Resource Budget allocated by the Scottish Ministers.

SFT's net under-spend against its total allocated budget for the year to 31 March 2025 was £2.767m. This is made up of:

- £0.535m not drawn down following the spending controls implemented by the Scottish Government during 2024/25.
- £0.187m underspend relating to the IAS 19 service costs being lower than the budget allocation letter
- £0.004m underspend relating on finance costs relating to the DB pension per IAS 19
- £2m underspend relating to pension liability as the IAS19 report showed a pension asset
- £0.034m underspend relating to the corporation tax being a lower charge than per the budget allocation letter on SFTi income
- £0.002m underspend relating to the gain on fair value on equity and sub debt investments compared to nil in the budget allocation letter
- £0.010m underspend on operating costs compared to nil in the budget allocation letter

Less:

- £0.005m overspend in relation to the removal of the expected credit loss

SFT drew down Grant in Aid of £7,788,534, after deducting £41,160 and £64,535 in relation to the partial repayment of the “other reserve – capital grants for investments” and receiving £65,929 as working capital to cover annual office rental payments per guidance under IFRS 16 issued by the Scottish Government.

SFT's outturn against the elements of the budget allocation from the Scottish Government was as follows:

	<b>Expenditure</b>	<b>Income</b>	<b>Outturn</b>	<b>Allocation</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Resource Budget	9,394	(1,942)	7,452	7,987	(535)
Financial Transactions income *		-	-	-	-
Ring fenced resource – expected credit losses	(5)	-	(5)	-	(5)
Non cash costs including depreciation	73	-	73	73	-
<b>Total</b>	<b>9,462</b>	<b>(1,942)</b>	<b>7,520</b>	<b>8,060</b>	<b>(540)</b>
Annually managed expenditure	73**	-	73	2,300***	(2,227)
<b>Total Budget</b>	<b>9,535</b>	<b>(1,942)</b>	<b>7,593</b>	<b>10,360</b>	<b>(2,767)</b>

\* Financial Transactions income represents returns from investments for which the original cost was met from the Financial Transactions budget, and which was repaid to the Scottish Government.

\*\* Annually managed expenditure outturn for 24/25 is a net income amount that is primarily due to a corporation tax charge of £266k, £191k actuarial gain on pension and a £2k increase in value of Fair Value Assets resulting in a gain on valuation.

\*\*\* This represents £2m estimated pension liability and £300k estimated corporation tax charges

# SCOTTISH FUTURES TRUST LIMITED

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### Appointed auditor and audit fee (audited)

The Auditor General for Scotland has appointed Grant Thornton UK LLP as our external auditor for the five year period from 2022/23 to 2026/27. The fee for this service for SFT the company was £43,080 (2024: £41,220) which related solely to the provision of the statutory audit service.

### 2.3.2 Losses and special payments (audited)

The following losses and special payments have been included in the accounts:

At the end of 2024/25 the level of debt over 90 days was £nil (2023/24, £nil) with £nil (2023/24, £nil) written off relating to individual debt of greater than £3,000.

During 2024/25, we made no special payments<sup>1</sup> (2023/24, no payments) and no fruitless payments<sup>2</sup> (none, 2023/24).

### 2.3.3 Gifts (audited)

The Scottish Public Finance Manual requires gifts to be reported and individual gifts of more than £250,000 to be noted separately. SFT has nothing to report for the year ended 31 March 2025 in respect of gifts.

### 2.3.4 Fees and Charges (audited)

As required by the Fees and Charges guidance in the Scottish Public Finance Manual, SFT charges market rates whenever applicable.

### 2.3.5 Remote Contingent Liabilities (audited)

Contingent liabilities that meet the disclosure requirements in IAS37 Provisions and Contingent Liabilities are included in the Notes to the Accounts. There are currently no remote contingent liabilities<sup>3</sup>.



**Peter Reekie**  
**Accountable Officer**

**Date:** 17 November 2025

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<sup>1</sup> Any payment outwith the normal range of activities

<sup>2</sup> A payment which cannot be avoided because the recipient is entitled to it even though nothing of use will be received in return

<sup>3</sup> Where a contingent loss is less than 50% chance of occurring

## Section 3. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FUTURES TRUST LIMITED, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

### Reporting on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Futures Trust Limited (the 'company') and its group for the year ended 31 March 2025 under the Public Finance and Accountability Act (Scotland) Act 2000. The financial statements comprise the Group Statement of Comprehensive Net Expenditure, Company Statement of Comprehensive Net Expenditure, Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Cash Flows, Company Statement of Cash Flows, Group Statement of Changes in Taxpayers' Equity, Company Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the company and its group as at 31 March 2025 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, and the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 3 April 2023. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the company and its group 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 Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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### Conclusions relating to going concern basis of accounting

We have concluded that the 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 ability of the company and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the company and its group. However, we report of the company and group's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### Risks of Material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

### Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer and 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 Accountable Officer is responsible for assessing the ability of the company and the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the company's operations.

### 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, and the Companies Act 2006 are significant in the context of the company;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the company;
- inquiring of the Accountable Officer concerning the company's policies and procedures regarding compliance with the applicable legal and regulatory framework;

## **SCOTTISH FUTURES TRUST LIMITED ANNUAL REPORT AND ACCOUNTS**

- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Reporting on regularity of expenditure and income**

#### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

#### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Reporting on other requirements**

#### **Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration and Staff Report**

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006.

#### **Other information**

The Accountable Officer and directors are responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

## **SCOTTISH FUTURES TRUST LIMITED ANNUAL REPORT AND ACCOUNTS**

Our responsibility is to read all 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 this gives rise to 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### **Opinion prescribed by the Auditor General for Scotland on Performance Report and Governance Statement**

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with directions made under the Public Finance and Accountability (Scotland) Act 2000 by the Scottish Ministers and the Companies Act 2006.

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

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Conclusion on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Angela L Pieri*

Angela Pieri, (for and on behalf of Grant Thornton UK LLP),  
120 Bothwell Street  
Glasgow  
G2 7JS

Date: 17 November 2025

## Section 4. FINANCIAL STATEMENTS

### GROUP STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR YEAR ENDED 31 MARCH 2025

	Note	2025	2024
		£	£
<b>Expenditure</b>			
Operating expenditure	5	1,861,522	2,621,145
Net management expenditure on staff costs	5	7,719,480	7,576,507
Other management expenditure	5	144,591	(79,806)
Finance charge/(credit) (DB Pension)	16	4,000	(131,000)
		9,729,593	9,986,846
<b>Income</b>			
Income from activities	6	(168,729)	(235,174)
		(168,729)	(235,174)
<b>Net Operating Expenditure</b>		9,560,864	9,751,672
Income from investments	6	(1,773,340)	(1,787,644)
<b>Net Expenditure after interest</b>		7,787,524	7,964,028
Taxation	7	266,279	312,360
<b>Net Expenditure after taxation</b>		8,053,803	8,276,388
<b>Other comprehensive net expenditure:</b>			
Items that will not be classified to net expenditure:			
Actuarial (gains)/losses on post-employment benefit obligations	16	(191,000)	2,862,000
Gain on fair value on investments	9	(78,383)	(146,306)
<b>Total comprehensive net expenditure for the year</b>		7,784,420	10,992,082
<b>Attributable to:</b>			
Taxpayers' Equity		7,784,420	10,992,082

The accompanying notes are an integral part of these accounts.

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**COMPANY STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR YEAR ENDED 31 MARCH 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		£	£
<b>Expenditure</b>			
Operating expenditure	5	1,800,544	2,530,296
Net management expenditure on staff costs	5	7,719,480	7,576,507
Other management expenditure	5	72,561	90,032
Finance charge/(credit) (DB Pension)	16	4,000	(131,000)
		9,596,585	10,065,835
<b>Income</b>			
Income from activities	6	(168,729)	(235,174)
Other income	6	(565,296)	(613,733)
		(734,025)	(848,907)
<b>Net Operating Expenditure</b>		8,862,560	9,216,928
Income from investments	6	(865,695)	(695,000)
<b>Net Expenditure after interest</b>		7,996,865	8,521,928
Taxation on ordinary activities	7	-	-
<b>Net Expenditure after taxation</b>		7,996,865	8,521,928
<b>Other comprehensive net expenditure:</b>			
Items that will not be classified to net expenditure:			
Actuarial (gains)/ losses recognised in retirement benefit scheme	16	(191,000)	2,862,000
<b>Total comprehensive expenditure for the year</b>		7,805,865	11,383,928
<b>Attributable to:</b>			
Taxpayers' Equity		7,805,865	11,383,928

The accompanying notes are an integral part of these accounts.

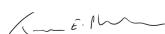
**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>	<b>Restated 2023</b>
<b>Non-current assets</b>		<b>£</b>	<b>£</b>	<b>£</b>
Right of use asset	8	262,044	334,605	59,613
Investments	9	20,904,358	21,115,269	21,080,989
Pension asset	15	-	-	2,768,000
<b>Total non-current assets</b>		<b>21,166,402</b>	<b>21,449,874</b>	<b>23,908,602</b>
<b>Current assets</b>				
Trade and other receivables in less than 1 year	11	614,200	626,505	1,116,629
Investments	11b	10,000	60,000	10,000
Cash and cash equivalents	12	2,529,500	2,541,502	1,999,372
<b>Total current assets</b>		<b>3,153,700</b>	<b>3,228,007</b>	<b>3,126,001</b>
<b>Current liabilities</b>				
Trade and other payables	13	(1,126,829)	(1,319,274)	(1,496,335)
Current tax liabilities	7	(411,359)	(357,531)	(249,264)
		<b>(1,538,188)</b>	<b>(1,676,805)</b>	<b>(1,745,599)</b>
<b>Non current assets plus net current assets</b>		<b>22,781,914</b>	<b>23,001,076</b>	<b>25,289,004</b>
<b>Non-current liabilities</b>				
Provision for repayment of grant funding	14	(10,324,992)	(10,407,536)	(10,472,071)
Lease liability	13	(164,083)	(224,396)	-
Pension liabilities	16	-	-	-
Deferred tax provision	7	(434,858)	(579,812)	(438,075)
<b>Total non current liabilities</b>		<b>(10,923,933)</b>	<b>(11,211,744)</b>	<b>(10,910,146)</b>
<b>Assets less liabilities</b>		<b>11,857,981</b>	<b>11,789,332</b>	<b>14,378,858</b>
<b>Equity</b>				
Called up share capital	17	2	2	2
General reserve	17	7,786,709	7,719,613	7,855,183
Pension reserve	17	-	-	2,768,000
Fair value reserve	17	4,071,270	4,069,717	3,755,673
<b>Total equity</b>		<b>11,857,981</b>	<b>11,789,332</b>	<b>14,378,858</b>

The accompanying notes are an integral part of these accounts.

These Annual Report and Accounts were approved by the Board of Directors on 17 November 2025 and authorised for issue on its behalf by:



**Joseph Philipsz**  
**Chairman**  
17 November 2025



**Peter Reekie**  
**Chief Executive**  
17 November 2025

Registered Company Number: SC348382  
The accompanying notes are an integral part of these accounts.

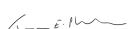
**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>	<b>Restated 2023</b>
<b>Non-current assets</b>		<b>£</b>	<b>£</b>	<b>£</b>
Right of use asset	8	262,044	334,605	59,613
Investments	10b	1	1	1
Investment in subsidiary	11a	15,877,640	15,983,335	16,014,779
Pension asset	15	-	-	2,768,000
<b>Total non-current assets</b>		<b>16,139,685</b>	<b>16,317,941</b>	<b>18,842,393</b>
<b>Current assets</b>				
Trade and other receivables in less than 1 year	11	99,188	97,712	318,781
Cash and cash equivalents	12	309,279	476,512	847,034
<b>Total current assets</b>		<b>408,467</b>	<b>574,224</b>	<b>1,165,815</b>
<b>Total assets</b>		<b>16,548,152</b>	<b>16,892,165</b>	<b>20,008,208</b>
<b>Current liabilities</b>				
Trade and other payables	13	(1,090,182)	(1,232,847)	(1,495,935)
<b>Total current liabilities</b>		<b>(1,090,182)</b>	<b>(1,232,847)</b>	<b>(1,495,935)</b>
<b>Non-current assets plus net current assets</b>		<b>15,457,970</b>	<b>15,659,318</b>	<b>18,512,273</b>
<b>Non-current liabilities</b>				
Provision for repayment of grant funding	14	(10,324,992)	(10,407,536)	(10,472,071)
Lease liability	13	(164,083)	(224,396)	-
Pension liabilities	16	-	-	-
<b>Total non current liabilities</b>		<b>(10,489,075)</b>	<b>(10,631,932)</b>	<b>(10,472,071)</b>
<b>Assets less liabilities</b>		<b>4,968,895</b>	<b>5,027,386</b>	<b>8,040,202</b>
<b>Taxpayers' equity</b>				
Called up share capital	17	2	2	2
General reserve	17	4,968,893	5,027,384	5,272,200
Pension reserve	17	-	-	2,768,000
<b>Total equity</b>		<b>4,968,895</b>	<b>5,027,386</b>	<b>8,040,202</b>

The accompanying notes are an integral part of these accounts.

These Annual Report and Accounts were approved by the Board of Directors on 17 November 2025 and authorised for issue on its behalf by:



**Joseph Philipsz**  
**Chairman**

17 November 2025



**Peter Reekie**  
**Chief Executive** 17 November 2025

Registered Company Number: SC348382

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025**

	<b>Note</b>	<b>2025</b>	<b>Restated 2024</b>
		£	£
<b>Cash flows from operating activities</b>			
Net operating expenditure		(9,560,864)	(9,751,672)
Adjustments for:			
Expected credit loss provision	5	(4,800)	(2,100)
Loss/(gain) on fair value of sub debt investment	9	76,830	(167,738)
Depreciation of ROU asset	8	72,561	90,032
Finance cost on ROU asset	5	9,386	5,758
IAS19 pension charge/(credit) and finance charge	16	191,000	(94,000)
Decrease in trade and other receivables	11	12,305	490,124
Decrease in trade and other payables	13	(196,562)	(569,051)
<b>Net cash outflow from operating activities</b>		<b>(9,400,144)</b>	<b>(9,998,647)</b>
<b>Corporation tax paid</b>	<b>7</b>	<b>(357,406)</b>	<b>(62,356)</b>
<b>Cash flows from investing activities</b>			
Disposal of investments	9	4	6
Repayment of subordinated debt	9	207,260	221,858
Repayment of working capital loan	11b	60,000	10,000
Investment income	6	1,773,340	1,787,644
<b>Net cash inflow from investing activities</b>		<b>2,040,604</b>	<b>2,019,508</b>
<b>Cash flows from financing activities</b>			
Grants from the Scottish Government		7,894,229	8,402,556
Provision for repayment of grant funding		(105,695)	(50,036)
(Decrease)/increase in interest on lease liability	13	(9,378)	23,426
(Decrease)/increase in lease liability	13	(64,826)	213,437
Finance cost on ROU asset	5	(9,386)	(5,758)
<b>Net cash inflow from financing activities</b>		<b>7,704,944</b>	<b>8,583,625</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(12,002)</b>	<b>542,130</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>12</b>	<b>2,541,502</b>	<b>1,999,372</b>
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<b>2,529,500</b>	<b>2,541,502</b>

The accompanying notes are an integral part of these accounts.

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		£	£
<b>Cash flows from operating activities</b>			
Net operating expenditure		(8,862,560)	(9,216,928)
Depreciation of ROU asset	8	72,561	90,032
IAS19 pension charge/(credit) and finance charge	16	191,000	(94,000)
Finance cost on ROU asset	5	9,386	5,758
(Increase)/decrease in trade and other receivables	11	(1,476)	221,069
Decrease in trade and other payables	13	(146,783)	(655,078)
<b>Net cash outflow from operating activities</b>		<u>(8,737,872)</u>	<u>(9,649,147)</u>
<b>Cash flows from investing activities</b>			
Dividend received from subsidiary	6	865,695	695,000
<b>Net cash inflow from investing activities</b>		<u>865,695</u>	<u>695,000</u>
<b>Cash flows from financing activities</b>			
Grants from the Scottish Government		7,894,229	8,402,556
Provision for repayment of grant funding		(105,695)	(50,036)
(Decrease)/increase in interest on lease liability	13	(9,378)	23,426
(Decrease)/increase in lease liability	13	(64,826)	213,437
Finance cost on ROU asset	5	(9,386)	(5,758)
<b>Net cash inflow from financing activities</b>		<u>7,704,944</u>	<u>8,583,625</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(167,233)</u>	<u>(370,522)</u>
<b>Cash and cash equivalents at beginning of the year</b>	12	476,512	847,034
<b>Cash and cash equivalents at end of the year</b>	12	<u>309,279</u>	<u>476,512</u>

The accompanying notes are an integral part of these accounts.

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**GROUP STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2025**

<b>As at 31 March 2025 and 31 March 2024</b>	<b>Share Capital</b>	<b>General Reserve</b>	<b>Pension Reserve</b>	<b>Fair Value Reserve</b>	<b>Total</b>
	£	£	£	£	£
At 1 April 2024 - restated	2	7,719,613	-	4,069,717	11,789,332
Net expenditure after taxation for the year	-	(8,053,803)	-	-	(8,053,803)
Net measurement gains recognised in retirement benefit scheme	-	191,000	-	-	191,000
Movement on fair value reserve	-	-	-	78,383	78,383
Grant in Aid from the Scottish Government	-	7,894,229	-	-	7,894,229
Provision for repayment of grant funding		(41,160)	-	-	(41,160)
Transfer between reserves	-	76,830	-	(76,830)	-
<b>At 31 March 2025</b>	<b>2</b>	<b>7,786,709</b>	<b>-</b>	<b>4,071,270</b>	<b>11,857,981</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>
As at 1 April 2023 - restated	2	7,855,183	2,768,000	3,755,673	14,378,858
Net expenditure after taxation for the year	-	(8,276,388)	-	-	(8,276,388)
Net measurement losses recognised in retirement benefit scheme	-	(94,000)	(2,768,000)	-	(2,862,000)
Movement on fair value reserve		-	-	146,306	146,306
Grant in Aid from the Scottish Government	-	8,402,556	-	-	8,402,556
Transfer between reserves	-	(167,738)	-	167,738	-
<b>At 31 March 2024</b>	<b>2</b>	<b>7,719,613</b>	<b>-</b>	<b>4,069,717</b>	<b>11,789,332</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Pension reserve - SFT have adopted the approach used by other public sector bodies where the Scottish Government underwrite the pension liability fully, in that any accrued/deferred income in respect of pension liabilities or assets is shown in a pension reserve.

The general reserve comprises the cumulative profits of the group.

The accompanying notes are an integral part of these accounts.

**SCOTTISH FUTURES TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS**

**COMPANY STATEMENT OF CHANGES IN TAXPAYERS' EQUITY AS AT 31 MARCH 2025**

<b>As at 31 March 2025</b>	<b>Share Capital</b>	<b>General Reserve</b>	<b>Pension Reserve</b>	<b>Total</b>
	£	£	£	£
At 1 April 2024	2	5,027,384	-	5,027,386
Net expenditure after taxation for the year	-	(7,996,865)	-	(7,996,865)
Net measurement gains recognised in retirement benefit scheme	-	191,000	-	191,000
Grant in Aid from the Scottish Government	-	7,894,229	-	7,894,229
Provision for repayment of grant funding	-	(105,695)	-	(105,695)
Transfer from SFTi		(41,160)		(41,160)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025	2	4,968,893	-	4,968,895
	<hr/>	<hr/>	<hr/>	<hr/>

<b>As at 31 March 2024</b>	<b>Share Capital</b>	<b>General Reserve</b>	<b>Pension Reserve</b>	<b>Total</b>
	£	£	£	£
At 1 April 2023 - restated	2	5,272,200	2,768,000	8,040,202
Net expenditure after taxation for the year	-	(8,521,928)	-	(8,521,928)
Net measurement losses recognised in retirement benefit scheme	-	(94,000)	(2,768,000)	(2,862,000)
Grant in Aid from the Scottish Government	-	8,402,556	-	8,402,556
Transfer from SFTi		(31,444)		(31,444)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	2	5,027,384	-	5,027,386
	<hr/>	<hr/>	<hr/>	<hr/>

The general reserve comprises the cumulative profits of the company.

Pension reserve - moving to the FReM resulted in a review of our accounting treatments and we have now adopted the approach used by other public sector bodies where the Scottish Government underwrite the pension liability fully, in that any accrued income in respect of pension liabilities is shown in a pension reserve.

The accompanying notes are an integral part of these accounts.

## Section 5. NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

### 1. Statement of Accounting Policies

The Group Annual Report and Accounts of Scottish Futures Trust Limited which include Scottish Futures Trust Investments Limited have been prepared in accordance with the Financial Reporting Manual (FReM) issued by HM Treasury and the Companies Act 2006 applicable to entities reporting under International Accounting Standards and International Financial Reporting Standards and IFRIC interpretations. The accounting policies contained in the FReM follow generally accepted accounting practice for companies (GAAP) to the extent that it is meaningful and appropriate for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the circumstances of Scottish Futures Trust Limited, for the purpose of giving a true and fair value has been chosen.

The Annual Report and Accounts are presented in British Pounds since this is the functional currency of the Group and Parent Company.

Scottish Futures Trust Limited is a Company limited by shares, incorporated and domiciled in United Kingdom. The address of its registered office is Thistle House, Fourth Floor, 91 Haymarket Terrace, Edinburgh, EH12 5HE.

The report is prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated (for example the defined benefit pension, equity investments and subordinated debt investments), current valuations of non-current assets.

Inter-group transactions and balances between Group companies are eliminated on consolidation. Accounting policies of the Group including Scottish Futures Trust (the parent company) are consistent and follow the FReM. The accounts of the 100% subsidiary (Scottish Futures Trust Investments Limited) are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards and IFRIC interpretations.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

#### **Going Concern**

On the basis of the information available to them, the directors have a more than reasonable expectation that the Group will continue to receive funding from the Scottish Government. The Group, through its subsidiary SFTi, is also due to receive investment income from subordinated debt invested in hub projects for a period of 20 years. Consequently, the Group 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 Annual Report and Accounts.

# SCOTTISH FUTURES TRUST LIMITED

## ANNUAL REPORT AND ACCOUNTS

### Financial instruments

#### Classification, recognition and measurement

The Group classifies its financial assets in the loans and receivables category. Management determines the classification of its financial assets at initial recognition.

#### Investments

Equity investments are investments by SFTi in hub companies, DBFM Special Purpose Vehicles (“SPVs”) companies and limited liability partnerships. An irrevocable election has been made to recognise the fair value movements on equity investments in DBFM SPV companies through Other Comprehensive Income. Subordinated debt investments are investments by SFTi in subordinated debt loans to DBFM SPV companies. Fair value movements on subordinated debt investments are recognised through the Statement of Comprehensive Income (SOCI) within operating expenditure. SFTi has no intention of disposing of these hub investments.

Equity investments in the five hub companies and the limited liability partnerships are held at amortised cost as these investments do not generate a financial return for SFTi and therefore cost is deemed to reflect the fair value of the equity. SFTi has no intention of disposing of the hub investments.

Investments in working capital loans are held at amortised cost.

#### Impairment

The Company reviews its working capital loans to hub West and hub South West for impairment. Analysis is undertaken on expected future hub company cash flows, with a downside sensitivity scenario being applied to calculate the expected credit loss allowance.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method.

#### De-recognition

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

#### Cash and cash equivalents

In the Group and Parent Company Statement of Cash Flows, cash includes cash on hand and deposits with banks or financial institutions. It also can include cash held on behalf of the Group and Parent Company by its lawyers in connection with transactions straddling the year end.

#### 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.

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### Revenue

The Group receives funding from the Scottish Government. The funding that covers the revenue expenditure of the Group is recognised once received and is shown in the Statement of Changes in Taxpayers' Equity (SOCTE). The funding received which is either invested in infrastructure projects or distributed to third parties for capital projects is disclosed as capital grant income and also recognised once received and is shown in the Statement of Changes in Taxpayers' Equity (SOCTE).

The Group recognises other revenue when the amount of revenue can be reliably measured, all performance conditions have been met and it is probable that future economic benefits will flow to the Group.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group 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.

### Capital Grants for investments

Prior to 2015, the Scottish Government provided grants to SFT which SFT then granted on to SFTi to fund investments. These grants were recognised as income by SFTi when the investment was made. As the capital is returned to SFTi, SFT will return the funds via a distribution to the Scottish Government.

### Provision for repayment of grant funding

The Scottish Government provided grant funding to SFT who in turn granted these onto SFTi to fund investments, mainly sub-debt in project companies. During the year we reassessed our accounting judgment and now treat these amounts as a provision for repayment of grant funding. These are held at cost with repayment to the Scottish Government via SFT occurring as capital repayments are received from the investment. The provision is split between current and non-current based on best estimate of repayment.

### Employee entitlements

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees in the Statement of Financial Position. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Contributions are made by the Group to employee pension funds and are charged as expenses when incurred.

### Property, plant and equipment

A de-minimis level for capitalisation of £5,000 is applied by the Group. Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure (SOCNE) during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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The depreciable amount of all fixed assets including buildings and capitalised leased assets are depreciated on a straight line basis over their estimated useful lives to the Group commencing from the time the asset is held ready for use.

Office equipment - over 3 years

Furniture and fixtures - over 5 years

Right of use asset – from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term and interest on the lease liability.

### **De-recognition and disposal**

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Net Expenditure in the year the asset is derecognised.

### **Leases**

IFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments discounted using the interest rate implicit in the lease.

A lessee recognises depreciation of the right-of-use asset using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term and interest on the lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This IFRS 16 cost model will be an appropriate proxy for current value in existing use (or fair value).

The lease asset is shown separately on the face of the statement of financial position.

### **Retirement benefits obligations**

The Group operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers. In accordance with 'IAS 19 – Employee Benefits', the expected costs of providing pensions under this Scheme, as calculated by qualified actuaries using the projected unit credit method, is charged to the Statement of Comprehensive Net Expenditure so as to spread the cost over the service lives of the current employees.

A Retirement Benefit Obligation recognised in the Statement of Financial Position represents the present value of the Defined Benefit Obligation as reduced by the fair value of Scheme Assets. Where the fair value of the Scheme Assets exceeds the present value of the Obligation, the Asset is only recognised in the Statement of Financial Position where the Group has an unconditional right to a refund or reduction in future contributions.

Scottish Ministers have underwritten in full SFT's participation in its pension scheme. As such, any pension liability is matched by a commitment from the Scottish Government to fund this liability. This

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commitment is recognised in the Annual Report and Accounts via a pension reserve in the equity section in the statement of financial position.

### Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, unless it relates to items recognised directly in reserves in which case it is recognised in reserves. Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### Dividends

Dividends announced during the year are accrued if not paid by the year end.

### Share capital

Ordinary shares are classified as equity.

### Change in accounting presentation of accrued income from sub-ordinate debt

During the year our subsidiary, Scottish Futures Trust Investments Limited has reclassified interest accrued during the construction period from subordinate debt investments as Investments - subordinate debt. This reclassification was made to better reflect the nature of these financial assets, as they have the same characteristics and are both held at fair value. This has resulted in the restatement of the financial statements for the prior year and is summarised as follows:

### Statement of Financial Position

	Restated Group 2024	Audited Group 2024	Restated Group 2023	Audited Group 2023
	£	£	£	£
<b>Non-current assets</b>				
Investments - subordinated debt – note 9	19,792,226	18,249,833	21,080,989	19,401,242
Trade and other receivables in more than one year – see note 11	-	1,542,393	-	1,679,747

For further information see notes 9,11 and 18 of these financial statements.

### Prior period adjustments

The financial statements include a prior period adjustment to 31 March 2024 for the investment in our subsidiary, SFTi.

#### Investment in Subsidiary

During the year, the company reviewed the accounting treatment of funding provided to its subsidiary, SFTi. In light of the principles of substance over form under IFRS and the requirements of the FReM, it was determined that the grant funding provided to SFTi between 2011 and 2015 should, in substance, be recognised as a capital contribution and included within the valuation of the investments in SFTi, rather than being treated as an expense as it was in prior periods. As a result of this reassessment, a prior year adjustment has been made to reflect the correct classification of the funding. The adjustment increases the carrying value of the company's investment in SFTi by £5,308,627, bringing the total investment valuation to £15,983,335 as at 31 March 2024. This adjustment ensures compliance with IFRS and FReM by more accurately reflecting the economic substance of the funding arrangement and providing a true and fair view of the company's financial position.

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A summary of the changes are provided in the tables below.

<b>Financial Statements</b>	<b>Note</b>	<b>Restated</b>		<b>Restatement Movement</b>
		<b>2024</b>	<b>2024</b>	<b>2023</b>
<b>Company Statement of Financial Position</b>		<b>£</b>	<b>£</b>	<b>£</b>
Investment in subsidiary	11b	15,983,335	10,674,708	5,308,627
<b>Total non-current assets</b>		<b>16,317,941</b>	<b>11,009,314</b>	<b>5,308,627</b>
<b>Total assets</b>		<b>16,892,165</b>	<b>11,583,538</b>	<b>5,308,627</b>
<b>Non-current assets plus net current assets</b>		<b>15,659,318</b>	<b>10,350,691</b>	<b>5,308,627</b>
<b>Non-current liabilities</b>				
Provision for repayment of grant funding	14	(10,407,536)	(10,407,536)	(-)
<b>Total non current liabilities</b>		<b>(10,631,932)</b>	<b>(10,631,932)</b>	<b>(-)</b>
<b>Assets less liabilities</b>		<b>5,027,386</b>	<b>(281,241)</b>	<b>5,308,627</b>
<b>Taxpayers' equity</b>				
General reserve*		5,027,384	(281,243)	5,308,627
<b>Total equity</b>		<b>5,027,386</b>	<b>(281,241)</b>	<b>5,308,627</b>

\*For further information see the statement of changes in tax payer's equity and below

	<b>Note</b>	<b>Restated</b>		<b>Restatement Movement</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>General reserve - Company</b>				
At 1 April 2023 – restated		5,272,200	(67,871)	5,340,071
At 1 April 2024 – restated		5,027,384	(281,243)	5,308,627
<b>General reserve - Group</b>				
At 1 April 2023 – restated		7,855,183	2,515,112	5,340.071
At 1 April 2024 – restated		7,719,613	2,410,986	5,308,627
		<b>2024</b>	<b>2024</b>	<b>2023</b>
<b>Group statement of cashflow</b>				
Decrease in trade and other receivables	11	490,124	627,478	(137,354)
Repayment of subordinated debt	9	221,858	84,504	137,354
Finance cost on ROU asset	5	5,758	-	5,758
Decrease in trade and other payables	13	(569,051)	(332,188)	(236,863)
(Decrease)/increase in interest on lease liability	13	23,426	-	23,426
(Decrease)/increase in lease liability	13	213,437	-	213,437
Finance cost on ROU asset	5	(5,758)	-	(5,758)
Total movement		<b>379,794</b>	<b>379,794</b>	<b>-</b>

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		2024	2024	2023
<b>Company statement of cashflow</b>				
Finance cost on ROU asset	5	5,758	-	5,758
Decrease in trade and other payables	13	(655,078)	(418,215)	(236,863)
(Decrease)/increase in interest on lease liability	13	23,426	-	23,426
(Decrease)/increase in lease liability	13	213,437	-	213,437
Finance cost on ROU asset	5	(5,758)	-	(5,758)
		_____	_____	_____
Total movement		(418,215)	(418,215)	-
		_____	_____	_____

## **2. New and amended standards adopted by the Group**

IFRS 17 replaces the previous standard on insurance contracts, IFRS 4. IFRS 17 will be adapted for the central government context and updates made to the 25/26 FReM, with an implementation date of 1 April 2025 (with limited options for early adoption). Application guidance has been published and is available on gov.uk.

Entities may refer to the example accounting policy disclosure provided by HMT to explain the expected impact of IFRS 17 on their financial statements. At present this standard has no expected impact on SFT.

## **3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group**

### **Guidance in Issue but not in Force – EU or UK Endorsed**

There is no guidance in issue but not in force that has been EU or UK Endorsed which we consider will have a material effect on the financial statements of the SFT.

### **Guidance in Issue but not in Force – not EU or UK Endorsed**

There is no guidance in issue but not in force and that has not been EU or UK Endorsed which we consider will have a material effect on the Annual Report and Accounts of SFT.

## **4. Critical accounting judgements**

The preparation of the Annual Report and Accounts under IFRS requires the Group 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 year in which circumstances change.

### Capital grants for investment

The Scottish Futures Trust received capital grant funding from the Scottish Government between 2011 and 2015 to enable investments in subordinate debt loan notes and equity in Hub Design, Build, Finance, and Maintain (DBFM) projects. These funds were passed to SFTi, SFT's wholly owned subsidiary, without formal documentation or repayment terms.

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In 2020, after discussions with the Scottish Government any receipts received from SFTi in relation to the initial grant funding, should be taken into consideration when drawing down grant funding from the Scottish Government in the same year.

### Provision for Repayments of Grant Funding

The Scottish Futures Trust received grant funding from the Scottish Government between 2015 and 2020 to enable investments in subordinate debt loan notes and equity in Hub Design, Build, Finance, and Maintain (DBFM) projects. These funds were passed to SFTi, SFT's wholly owned subsidiary, without formal documentation or repayment terms.

While there is no formal legal obligation to repay the funding management has determined that funding received from the Scottish Government constitutes a constructive obligation. This is due to SFT's established policy and past practice of remitting capital funds to the Scottish Government, creating an expectation that these funds will be repaid as and when returns are received by SFT.

Accordingly, a provision is recognised for the full outstanding capital balance. The provision is measured at the best estimate of the expected outflow, based on forecasted future cashflows. Given that the timing of repayments is dependent on investment performance and cannot be reliably estimated, the provision is not discounted to present value.

### 4a. Key sources of estimation uncertainty

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 year are discussed below:

#### Defined benefit pension scheme

The Company has a defined benefit pension scheme for its employees. The IAS 19 accounting standard imposes a limit on the maximum amount of surplus (net asset) which can be recognised on the employers' statement of financial position. An asset ceiling calculation has been carried out to calculate the maximum amount of surplus which can be recognised. The International Financial Reporting Interpretations Committee (IFRIC) which is a committee of the International Accounting Standards Board (IASB) provides further guidance on standards. IFRIC 14 specifically provides guidance on the net asset ceiling. This calculation has been performed assuming that SFT as the employer will participate in the LGPS in perpetuity, and that the present value of the liability expected to arise from next years' service by scheme members less the present value of future employee contributions is equal to the projected current service cost multiplied by the projected payroll (note 15). The IAS 19 Results schedule for SFT is set out in note 16.

#### Fair value of investments

SFTi holds equity and subordinated debt investments in a range of Special Purpose Vehicles ("SPVs") whose purpose is to contribute to the delivery of SFT's wider programmes of infrastructure investment. In accordance with IFRS 13, the income valuation approach is used to value these investments. Under this approach, future subordinated debt and equity investment cashflows are discounted to a fair value which reflects current market expectations. Therefore, the value of the investments increase or decrease each year and related gains or losses are recognised in line with market movements.

Under IFRS 13, financial instruments are categorised within the fair value hierarchy between:

- Level 1 where quoted market prices from an active market are available;

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- Level 2 where the valuation incorporates inputs that are observable from transactions in an active market; and
- Level 3 where the valuation incorporates inputs that are not based on observable market data (unobservable inputs).

As SFTi has not sold any of the investments in the year and there are not any quoted market prices for the sale of hub DBFM assets, the fair value calculations are classed as level 3 within the fair value hierarchy.

**Subordinated debt:**

Subordinated debt investments are recognised in the Statement of Financial Position at fair value with movements in fair value recognised through the operating profit/loss in the Statement of Comprehensive Income

As the fair value of the investments is calculated by discounting future subordinated debt cashflows from the investments. The main drivers of the valuations are therefore:

- i) Expected future cashflows from investments; and
- ii) The discount rate applied to the cashflows.

i) Expected future cashflows are taken from operating models provided by the SPVs which indicate the latest profile of forecast investment cashflows. There is a degree of uncertainty in terms of the amount and timing of cashflows as the underlying investments are exposed to risks in some macro-economic changes, for example tax rates, and in relation to deductions that may be incurred for underperformance. The cashflows are updated by the SPVs for actual figures periodically and are reviewed by senior debt providers and as such, provide the most reliable estimate of future cashflows. SFT also appoints a Director to each of these companies providing reassurance regarding the reasonableness of the cash flow forecasts.

ii) As SFTi has not sold any of the investments in the year and there are not any quoted market prices for the sale of hub DBFM assets, judgement has to be applied to determine an appropriate discount rate. The fair value of the cashflows is measured at the reporting date by discounting the future value of the cashflows. A discount rate of 8.25% for 39 of the 41 projects has been used with the remaining two projects having their discount rates increased to 8.50% (2024: 8.25% for all projects), which reflects an assessment of the risk profile of the various concessions and current market conditions. This has resulted in a loss through the operating profit in the year of £77k (2024: £168k gain). A 1% increase in the discount rate would result in a decrease in the value of the subordinated debt investments of approximately £1.5m (2024: £1.5m). A 1% decrease in the discount rate would result in an increase in the value of the subordinated debt investments of approximately £1.7m (2024: £1.7m).

**Equity:**

On transition to IFRS 9, an irrevocable election was taken to recognise the equity investments at fair value through other comprehensive income. Gains/losses are recognised through Other Comprehensive Income and the Fair value reserve.

It was deemed appropriate to apply the same 'market' discount rate to the equity investments in respect of the fair value of the investments in line with the rate used for the Subordinate Debt to reflect the assessment of the risk profile of the various concessions and current market conditions. As such discount rate of 8.25% for 39 of the 41 projects has been used with the remaining two projects having their discount rates increase to 8.50% (2024: 8.25% for all projects). This has resulted in a gain through other comprehensive income in the year of £78k (2024: £146k gain). A 1% increase in the discount rate would result in a decrease in the value of equity investments of approximately £158k (2024: £156k). A

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1% decrease in the discount rate would result in an increase in the value of equity investments of approximately £187k (2024: £185k).

Equity held in the hub companies and housing LLPs are still held at cost as these investments do not generate a financial return for SFTi and therefore cost is deemed to reflect the fair value of the equity.

**Expected Credit Loss**

SFTi holds working capital loans in one hubco. The working capital loans provided to the hubCo is held at cost and reviewed annually to establish if an expected credit loss is required. This analysis is based on an evaluation of the hubCo's business and the likelihood of a default on part of the working capital loan based upon a range of scenarios. As at 31 March 2025 a provision of £nil (2024: £4.8k) for hub West was required.

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**5. Operating Expenditure**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2025</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
Operating Expenditure	£	£	£	£
Auditor's remuneration – SFT audit fee	43,080	43,080	41,220	41,220
– SFTi audit fee	60,390	-	54,900	-
Operating leases in respect of land and buildings	42,225	42,225	55,791	55,791
Corporate Professional fees	202,194	202,194	508,990	508,990
Recruitment fees	42,455	42,455	57,572	57,572
External consultancy fees	622,312	622,312	880,376	880,376
Public Interest Director payroll costs	143,499	143,499	185,328	185,328
Grants made	79,500	79,500	64,880	64,880
Office running costs	131,443	131,443	163,437	163,437
IT services	90,165	90,165	99,589	99,589
IT software	88,545	88,545	84,878	84,878
IT hardware	59,387	59,387	62,911	62,911
Marketing	83,856	83,856	81,865	81,865
Office relocation costs	-	-	85,059	85,059
Travel and subsistence	51,898	51,898	48,763	48,763
Other operating costs	111,187	110,599	139,828	103,879
Finance cost on ROU asset	9,386	9,386	5,758	5,758
 Total operating expenditure	 1,861,522	 1,800,544	 2,621,145	 2,530,296
 Management expenditure	 	 	 	 
Management expenditure on staff costs (note 5a)	7,719,480	7,719,480	7,576,507	7,576,507
 Total net management expenditure on staff costs	 7,719,480	 7,719,480	 7,576,507	 7,576,507
 Other management expenditure	 	 	 	 
Depreciation - right of use asset	72,561	72,561	90,032	90,032
Expected credit loss provision (note 10)	(4,800)	-	(2,100)	-
Loss/(gain) on fair value of sub debt investments (note 10)	76,830	-	(167,738)	-
 Total other management expenditure	 144,591	 72,561	 (79,806)	 90,032
 <b>Total expenditure</b>	 <b>9,725,593</b>	 <b>9,592,585</b>	 <b>10,117,846</b>	 <b>10,196,835</b>

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**5a. Management expenditure on staff costs**

The average number of full-time equivalent employees employed in the year was 63 (2023/24: 67) broken down as 5 (2023/24: 5) Leadership Team, 45 (2023/24: 49) programme delivery, and 13 (2023/24: 13) corporate services and business support.

	<b>Group and Company</b>	<b>Group and Company</b>
	<b>2025</b>	<b>2024</b>
	£	£
Wages and salaries	5,469,028	5,641,409
National Insurance	664,126	680,871
Pension costs (including IAS 19 charge)	1,012,438	966,636
Non-executive director fees	68,945	46,800
Agency, seconded & interim staff	504,943	240,791
Net management expenditure on staff costs	7,719,480	7,576,507

Also included in pension costs is £187,000 (2024: £37,000) in respect of the IAS 19 pension movement (note 16).

The emoluments of the key management personnel, comprising directors and leadership team was £994,728 (2024: £991,887).

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**6. Income**

	<b>Group</b> <b>2025</b>	<b>Company</b> <b>2025</b>	<b>Group</b> <b>2024</b>	<b>Company</b> <b>2024</b>
	£	£	£	£
Income from activities				
Recharge of Public Interest Director payroll	143,499	143,499	185,328	185,328
Other income	25,230	25,230	49,846	49,846
	168,729	168,729	235,174	235,174
	_____	_____	_____	_____
Other income				
Management fee due from SFTi	-	565,296	-	613,733
	_____	_____	_____	_____
	-	565,296	-	613,733
	_____	_____	_____	_____
Income from investments				
Inter-company dividend	-	865,695	-	695,000
Interest received on sub-debt investment	1,738,590	-	1,759,920	-
Working capital loan interest	1,937	-	2,193	-
Project Dividend income	9,416	-	3,460	-
Bank interest	3,917	-	3,487	-
Other income	19,480	-	18,584	-
	_____	_____	_____	_____
	1,773,340	865,695	1,787,644	695,000
	_____	_____	_____	_____
<b>Total income</b>	<b>1,942,069</b>	<b>1,599,720</b>	<b>2,022,818</b>	<b>1,543,907</b>
	_____	_____	_____	_____

Under the terms of its Management Statement and Financial Memorandum (MSFM) with the Scottish Government, and its Memorandum and Articles of Association, Scottish Futures Trust Limited is non profit distributing and recognises that the Scottish Government underwrite in full Scottish Futures Trust Limited's participation in its pension scheme (note 16).

SFT charge SFTi a Management fee which reflects the time SFT employees incur on managing SFTi investments.

In 2024/25, dividend income was provided by SFT's subsidiary to fund wider group infrastructure activities.

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**7. Taxation**

The corporation tax charge is in respect of the surplus generated by Scottish Futures Trust Investments Limited as a result of the interest on working capital loans and sub-ordinated debt plus other income exceeding the operating costs.

	<b>2025</b>	<b>2024</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit for the year before taxation for SFTi	1,075,036	1,252,900
Less: dividends not subject to tax	(9,416)	(3,460)
 Taxable profit	 1,065,620	 1,249,440
 Corporation tax charge @ 25% (2023/24: @ 25%)	 266,405	 312,360
Over provision in previous year	(126)	-
 Corporation tax charge in statement of comprehensive net expenditure	 266,279	 312,360
 Corporation tax creditor in 2025 (per above)	 266,405	 312,360
Timing differences not recognised in the above calculation	144,954	(141,737)
 Corporation tax creditor in 2025 after timing differences	 411,359	 170,623
(Over)/under provision in previous year	-	186,908
 411,359	 357,531	 357,531
 Deferred tax provision		
Balance as at 1 April (using future tax rate of 25%)	579,812	438,075
Losses and short term timing differences	(144,954)	141,737
 Balance as at 31 March	 434,858	 579,812

Reconciliation of tax charge/(credit) is made up as follows:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Over provision in previous year	(126)	-
Current tax charge for the year	266,405	312,360
Movement in deferred tax relating to IFRS9 charges	144,954	(141,737)
Deferred tax on unutilised tax losses arising	(144,954)	141,737
 266,279	 312,360	 312,360

**Company**

No taxable profit was generated by Scottish Futures Trust Limited and thus no corporation tax was due.

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**8. Right of use asset – Group and Company**

	<b>Office premises</b>	<b>Office premises</b>
	<b>2025</b>	<b>2024</b>
	£	£
<b>Cost</b>		
At 1 April	365,024	365,832
Additions	-	365,024
Disposals/exercise of lease break	-	(365,832)
At 31 March	365,024	365,024
<b>Depreciation</b>		
At 1 April	30,419	306,219
Charge for the year	72,561	90,032
Released on disposal	-	(365,832)
At 31 March	102,980	30,419
<b>Net book value</b>		
At 31 March	262,044	334,605

SFT moved to publicly owned property at Haymarket Terrace, Edinburgh in October 2023.

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**9. Investments – Group**

**Capital Management**

In previous years, the Scottish Government has granted SFT capital funds which SFT has provided to SFTi as capital contributions for investment in share capital (equity) and subordinated debt in hub companies and special purpose vehicles and working capital in hub companies.

	<b>Restated</b>			
	<b>hub Co &amp; housing LLP share capital (note 10a)</b>	<b>hub Co working capital</b>	<b>Subordinated debt (note 10a)</b>	<b>Total</b>
<b>Cost and Net book value</b>				
<hr/>				
At 1 April 2024 - restated	1,260,355	62,688	19,792,226	21,115,269
Additions	-	-	-	-
Disposals	(4)	-	-	(4)
Transferred to current assets (note 11b)	-	(10,000)	-	(10,000)
Principal repaid in the year	-	-	(207,260)	(207,260)
Gain/(loss) on fair value revaluation (note 5 and OCI)	78,383	-	(76,830)	1,553
Movement on expected credit loss provision (note 5)	-	4,800	-	4,800
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2025	1,338,734	57,488	19,508,136	20,904,358
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Share capital**

During the year SFTi invested £nil (2023/24: £nil) in housing partnership LLPs and £nil (2023/24: £nil) in share capital of SPVs in connection with sub debt investments. Four Housing LLPs were disposed of during 2024/25 (2023/34: five) and SFTi resigned from no LLPs during 2024/25 (2023/24: one).

Share capital investments cannot be classified in any other category of financial asset. There is no intention to dispose of any of the existing hub investments.

**Fair Value**

Equity investments and sub debt investments are held at fair value.

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**Hub Co Working Capital**

**Working Capital Loans – non-current assets**

Hub South West repaid its remaining outstanding loan balance of £50,000 in the year ended 31 March 2025.

SFTi loaned working capital of £100,000 to hub West Scotland Limited on 27 April 2012. This working capital facility was available until 26 April 2017 but was extended, initially to 31 December 2018, then to 31 March 2022 and to 31 March 2028. The most recent extension incorporated annual repayments of £10,000 to be made on 31<sup>st</sup> March each year (commencing 31<sup>st</sup> March 2022), with the remaining sums due being repaid in full on 31 March 2028. The rate of interest applicable shall be: the interest (net of tax) received where amounts are held in the reserve account, and 2.5% p.a. on all other sums. Interest is payable annually on 31 March. The general credit loss provision was reduced to £4,800 as at March 2024 and has been further reduced to £nil as at 31 March 2025.

**Working Capital Loans - Current Assets**

£10,000 of the remaining working capital loan for hub West Scotland is to be repaid by 31 March 2026 and this amount has been treated as an investment current asset in the year ended 31 March 2025 (see note 10b).

The loan principal to be repaid by hub South West Scotland was treated as an Investment current asset in the year ended 31 March 2024 with interest receivable recognised within current debtors as it was to be repaid by 30 November 2024 (see note 10b).

Working capital loans are held as investments – loans and receivables.

**10a. Investments – Subordinated debt (Group)**

During 2024/25, SFTi invested £nil (2023/24: £nil) as subordinated debt.

Further information on SFTi's investment in the subordinated debt of hub projects, can be found in the table below. More detailed information on the principal invested, the coupon and the redemption dates can be found in the SFTi Annual Report and Accounts.

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**Summary totals by hub territory**

Investment In:		Amortised cost value – 2024 Restated	Fair Value of sub debt – 2024 restated	Fair Value of Equity	Interest Receivable 2024 Restated	Interest income	Dividend Income
hub North territory total		2025: £5,351,787 2024: £5,422,244	2025: £6,150,642 2024: £6,211,688	2025: £117,747 2024: £123,868	2025: £25,305 2024: £35,249	2025: £551,123 2024: £559,409	2025: £4,216 2024: £1,774
hub South East territory total		2025: £4,312,059 2024: £4,336,884	2025: £5,148,782 2024: £5,211,085	2025: £269,464 2024: £246,159	2025: £228,096 2024: £230,679	2025: £457,953 2024: £461,903	2025: £Nil 2024: £Nil
hub South West territory total		2025: £2,691,580 2024: £2,721,449	2025: £3,203,728 2024: £3,256,272	2025: £271,066 2024: £243,244	2025: £179,307 2024: £155,342	2025: £286,334 2024: £287,509	2025: £Nil 2024: £ Nil
hub West territory total		2025: £1,564,979 2024: £1,589,977	2025: £1,700,119 2024: £1,733,276	2025: £306,720 2024: £310,730	2025: £79,876 2024: £77,723	2025: £153,430 2024: £156,064	2025: £Nil 2024: £1,686
hub East Central territory total		2025: £2,854,285 2024: £2,911,396	2025: £3,304,865 2024: £3,379,905	2025: £373,737 2024: £336,354	2025: £Nil 2024: £27,443	2025: £289,750 2024: £295,035	2025: £5,200 2024: £ Nil
<b>Grand total</b>		<b>2025: £16,774,690 2024: £16,981,950</b>	<b>2025: £19,508,136 2024: £19,792,226</b>	<b>2025: £1,338,734 2024: £1,260,355</b>	<b>2025: £512,584 2024: £526,436</b>	<b>2025: £1,738,590 2024: £1,759,920</b>	<b>2025: £9,416 2024: £3,460</b>

The majority of investments are performing according to their base cases and making returns as anticipated, however, at the year-end three projects forecast that they will be unable to repay subordinated loan notes in full by their expiry dates. This is due to the impact of the increase in inflation over the last few years and corporation tax rates. Also, there are two projects in lock up due to ongoing issues which have resulted in the noted higher discount rates. Another factor that impacts the valuation of investments through the impact on the discount rate is the underlying interest rate. The Board will continue to monitor the impact of macroeconomic changes on the portfolio.

An adjustment was made to reduce the fair value of equity for the five sub-hub project companies (Forres Woodside Tain, Alford Campus, Aberdeen Community Health, James Gillespie's High School, and NHS Lanarkshire Health bundle) to £nil at 31 March 2025. Dividends are forecast to be paid from the sub-hub companies to their relevant hub company shareholder. SFTi is a 10% shareholder in each of the hub companies, however, the decision to distribute dividends is at the discretion of the directors of the hub companies and subject to hub company reserves and therefore for the purposes of calculation the fair value of equity these have not been included.

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**10b. Investments in subsidiary – Company**

	<b>Investment in Subsidiary</b>
	£
<b>Cost and Net book value</b>	
At 31 March 2024 and 31 March 2025	1

The Company's investment is in the share capital of Scottish Futures Trust Investments Limited, registered in Scotland.

**Nature of business** To hold investments in infrastructure companies, assets and projects across Scotland

<b>Class of Share</b>	<b>Ordinary</b>	<b>2025</b>	<b>2024</b>
<b>Holding</b>	<b>100%</b>	<b>£</b>	<b>£</b>
Aggregate capital and reserves		22,766,727	22,745,282
Profit for the year		808,757	940,540
Total comprehensive income for the year		887,140	1,086,846

**11. Trade and other receivables**

	<b>Restated</b>			
	<b>Group 2025</b>	<b>Company 2025</b>	<b>Group 2024</b>	<b>Company 2024</b>
	£	£	£	£
<b>Due in more than 1 year</b>				
Accrued income from sub-ordinated debt investments and working capital loans	-	-	-	-
	_____	_____	_____	_____
	-	-	-	-
	_____	_____	_____	_____
<b>Due in less than 1 year</b>				
Other receivables	34,295	31,867	37,856	35,499
Prepayments and accrued income	579,905	67,321	588,649	62,213
	_____	_____	_____	_____
	614,200	99,188	626,505	97,712
	_____	_____	_____	_____

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**11a. Investment in subsidiary**

	<b>Company 2025</b>	<b>Restated Company 2024</b>	<b>Restated Company 2023</b>
	£	£	£
As at 1 April - restated	15,983,335	16,014,779	16,112,190
(Decrease) in the year	(105,695)	(31,444)	(97,411)
	<hr/>	<hr/>	<hr/>
At 31 March	15,877,640	15,983,335	16,014,779
	<hr/>	<hr/>	<hr/>

**11b. Investments (current assets) - Group**

	<b>2025</b>	<b>2024</b>
<b>Working Capital Loans</b>	£	£
<b>Cost and Net book value</b>		
At 1 April	60,000	10,000
Repaid in the year	(60,000)	(10,000)
Transferred from non-current assets (note 9)	10,000	60,000
	<hr/>	<hr/>
At 31 March	10,000	60,000
	<hr/>	<hr/>

**12. Cash and cash equivalents**

	<b>Group 2025</b>	<b>Company 2025</b>	<b>Group 2024</b>	<b>Company 2024</b>
	£	£	£	£
Government banking services	2,529,403	309,182	2,541,230	476,240
Cash on hand	97	97	272	272
	<hr/>	<hr/>	<hr/>	<hr/>
	2,529,500	309,279	2,541,502	476,512
	<hr/>	<hr/>	<hr/>	<hr/>

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**13. Trade and other payables**

	<b>Group 2025</b>	<b>Company 2025</b>	<b>Group 2024</b>	<b>Company 2024</b>
	£	£	£	£
Other payables (operational expenditure)	446,825	446,825	468,470	468,470
Other taxes and social security	180,620	180,215	195,388	194,995
Other creditors and accruals	416,840	380,598	590,881	504,847
Provision for repayment of grant funding (note 14)	82,544	82,544	64,535	64,535
	<hr/>	<hr/>	<hr/>	<hr/>
	1,126,829	1,090,182	1,319,274	1,232,847
	<hr/>	<hr/>	<hr/>	<hr/>

The expected repayment profile of the lease liability in relation to the right of use asset disclosed in note 9, included in other creditors and accruals is:

	<b>2025</b>	<b>2024</b>
	£	£
< 1 year	60,259	74,150
1-2 years	62,409	60,257
2-5 years	101,674	164,139
	<hr/>	<hr/>
At 31 March	224,342	298,546
	<hr/>	<hr/>
Disclosed as		
Current obligations	67,367	83,528
Interest element	(7,108)	(9,378)
	<hr/>	<hr/>
Current liabilities	60,259	74,150
	<hr/>	<hr/>
Non-current obligations	172,341	239,762
Interest element	(8,258)	(15,366)
	<hr/>	<hr/>
Non-current liabilities	164,083	224,396
	<hr/>	<hr/>

The lease liability was initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate provided by HM Treasury (HMT). The HMT discount rate was 3.51% for leases entered into prior to 31 December 2023. Under the Memorandum of Terms of Occupation (MOTO) SFT can use and occupy the agreed space from 23 October 2023 for five years to 22 October 2028 (the "Expiry Date") and thereafter if not terminated by either party serving at least 12 months' notice prior to the Expiry Date, the term will continue on a year to year basis subject to either party serving at least 12 months' notice prior to the next occurring anniversary of the Expiry Date.

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**14. Provision for repayment of grant funding**

	<b>Group</b> <b>2025</b>	<b>Company</b> <b>2025</b>	<b>Group</b> <b>2024</b>	<b>Company</b> <b>2024</b>
	£	£	£	£
As at 1 April	10,472,071	10,472,071	10,522,107	10,522,107
Repaid in the period	(64,535)	(64,535)	(50,036)	(50,036)
As at 31 March	10,407,536	10,407,536	10,472,071	10,472,071

The provision is split between current and non-current based on best estimate of repayment between September 2017 and March 2044. The expected repayment profile is:

	<b>2025</b>	<b>2024</b>
	£	£
< 1 year	82,544	64,535
1-2 years	81,478	82,544
2-5 Years	222,282	227,183
> 5 years	10,021,232	10,097,809
At 31 March	10,407,536	10,472,071
Disclosed as	£	£
Current liabilities	82,544	64,535
Non-current liabilities	10,324,992	10,407,536
	10,407,536	10,472,071

**15. Pension Asset – Group and Company**

A pension asset can be recognised under accounting guidelines, where it is likely that SFT will benefit from the asset position through reduced contributions and or a reimbursement from the Pension Fund.

The IAS 19 accounting standard imposes a limit on the maximum amount of surplus (net asset) which can be recognised on the employers statement of financial position. An asset ceiling calculation has been carried out by Hymans Robertson to calculate the maximum amount of surplus which can be recognised.

	<b>2025</b>	<b>2024</b>
	£	£
<b>Non-current asset</b>		
Pension asset	-	-

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**16. Retirement benefits obligation – Group and Company**

The Company is an admitted body of the Lothian Pension Fund. The Superannuation Fund is a defined benefit scheme into which employees' and employer's contributions, and interest and dividends from investments are paid, and from which pensions, lump sums and superannuation benefits are paid out. Contributions to the scheme are charged to the Statement of Comprehensive Net Expenditure, so as to spread the cost of pensions over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value.

The group Annual Report and Accounts include the results of the IAS 19 valuation carried out, by Hymans Robertson, as at 31 March 2025 which projects forward the results of the 2023 triennial valuation and adjusts for changes in assumptions. SFT's contributions due to the Scheme will be funded by the drawdown of grant from the Scottish Government. The assumptions used in this analysis are determined by Lothian Pension Fund on the advice of Lothian Pension Fund Actuaries, Hymans Robertson, taking into account the requirements of accounting standards.

Each employee is allocated to a duration category (the length of time, from the date of the actuarial report, of the pension obligation), as defined below:

<b>Weighted average duration</b>	<b>Discount rate category</b>
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

As at 31 March 2025, there were 62 active members, 41 deferred members (former employees of SFT who retain benefits in the pension scheme but no longer pay contributions into the scheme) and 10 pensioner members. The defined benefit obligation has a duration of 20 (2024: 20) years and thus, a long-term discount rate has been applied. The main assumptions used are:

	<b>31 Mar 2025</b>	<b>31 Mar 2024</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Inflation / Pension Increase Rate	2.75%	2.75%
Salary Increase Rate	3.45%	3.45%
Discount Rate	5.80%	4.85%

**Mortality**

Life expectancy is based on the Funds Vita Curves, with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.5% per annum for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	21.8 years	25.0 years
Future pensioners	24.1 years	25.6 years

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<b>Summary of net asset position</b>	<b>31 March 2025</b>
	<b>Assets</b>
	<b>£ 000</b>
Equities	22,014
Bonds, Debt securities and Funds	7,531
Property	1,197
Cash	1,092
	<hr/>
Total Market Value of Assets	<b>31,834</b>
Present Value of Scheme of Liabilities	<b>20,106</b>
	<hr/>
Net Pension Asset	<b>11,728</b>
	<hr/>

As mentioned in note 15 the IAS 19 accounting standard imposes a limit on the maximum amount of surplus (net asset) which can be recognised on the employers' statement of financial position. An asset ceiling calculation has been carried out to calculate the maximum amount of surplus which can be recognised. Therefore, the amount recognised in the Statement of Financial Position is £nil and not the £11,728,000 shown above.

<b>Summary of net asset position</b>	<b>31 March 2024</b>
	<b>Assets</b>
	<b>£ 000</b>
Equities	16,644
Bonds, Debt securities and Funds	10,677
Property	1,639
Cash	1,117
	<hr/>
Total Market Value of Assets	<b>30,077</b>
Present Value of Scheme of Liabilities	<b>22,283</b>
	<hr/>
Net Pension Asset	<b>7,794</b>
	<hr/>

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**Recognition in the Income Statement:**

	<b>31 March 2025</b>	<b>31 March 2024</b>		
	<b>£ (000)</b>	<b>% of Pay</b>	<b>£ (000)</b>	<b>% of Pay</b>
Current service cost	(1,018)	18.7%	(955)	16.9%
Past service costs				
Net interest charge	(4)	0.10%	131	2.3%
Contributions paid in year per IAS 19 valuation	831	15.2%	918	16.3%
<b>Total credit/(charge) included in the Statement of Comprehensive Net Expenditure</b>	<b>(191)</b>	<b>3.5%</b>	<b>94</b>	<b>1.7%</b>

The IAS 19 pension charge (above) is included within salaries and associated costs in note 5 of the Annual Report and Accounts. The employer's contribution rate approximates to 18% and the employee's contribution rate ranges from 5.5% to 10.8%.

**Analysis of the amount recognised in other comprehensive net expenditure**

	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£ (000)</b>	<b>£ (000)</b>
Actual return less expected return on pension scheme assets	(636)	384
Changes in financial assumptions and other experience underlying the present value of scheme liabilities	827	(478)
Changes in effect of the asset ceiling	-	(2,768)
<b>Actuarial gain/(loss)</b>	<b>191</b>	<b>(2,862)</b>

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**Recognition of defined benefit obligations:**

<b>Year Ended</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
	£ (000)	£ (000)	£ (000)	£ (000)
<b>Opening Defined Benefit Obligations</b>	<b>22,283</b>	<b>20,261</b>	<b>29,955</b>	<b>29,577</b>
Current Service Cost	1,018	955	2,000	2,239
Interest Cost	1,106	990	853	631
Contributions by Members	387	409	408	417
Actuarial (Gains)/Losses	(4,383)	(47)	(12,756)	(2,724)
Estimated benefits paid	(305)	(285)	(199)	(185)
<b>Closing Defined Benefit Obligations</b>	<b>20,106</b>	<b>22,283</b>	<b>20,261</b>	<b>29,955</b>

**Reconciliation of fair value of employer assets:**

<b>Year Ended</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
	£ (000)	£ (000)	£ (000)	£ (000)
<b>Opening Fair Value of Employer Assets</b>	<b>30,077</b>	<b>27,504</b>	<b>25,821</b>	<b>22,030</b>
Expected Return on Assets	1,480	1,334	725	465
Contributions by Members	387	409	408	417
Contribution by Employer	831	918	900	1,099
Actuarial Gains/(Losses)	(636)	197	(151)	1,995
Estimated Benefits Paid	(305)	(285)	(199)	(185)
<b>Closing Fair Value of Employer Assets</b>	<b>31,834</b>	<b>30,077</b>	<b>27,504</b>	<b>25,821</b>
<b>Closing Asset / (Liability) before any asset ceiling adjustment</b>	<b>11,728</b>	<b>7,794</b>	<b>7,243</b>	<b>(4,134)</b>

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Projected IAS 19 charge to be charged to the Statement of Comprehensive Net Expenditure for the year ended 31 March 2026:

	<b>31 March 2026</b>	
	<b>£ (000)</b>	<b>% of pay</b>
Projected Current Service Cost	(771)	(16.4%)
Interest on Obligation	(1,188)	(25.2%)
Interest on Plan Assets	1,870	39.7%
	<hr/>	
	<b>(89)</b>	
Estimated Employer's contribution for the year ended 31 March 2026	829	
	<hr/>	
	<b>740</b>	
	<hr/>	

**Sensitivity analysis:**

<b>Sensitivities at 31 March 2026</b>	<b>Approximate % increase to Employer Obligation</b>	<b>Approximate monetary amount (£000)</b>
0.1% decrease in Real Discount Rate	2%	400
0.1% increase in the Salary Increase Rate	0%	15
0.1% increase in the Pension Increase/Revaluation Rate (CPI)	2%	397
1 year increase in member life expectancy	4%	804

**17. Share capital and reserves – Group and Company**

	<b>Group &amp; Company</b>	<b>Group &amp; Company</b>
	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
<b>Share capital</b>		
<b>Authorised, issued and fully paid – ordinary shares of £1 each</b>		
As at the beginning and end of the period	2	2
	<hr/>	<hr/>

The shares have attached to them full voting and capital distribution (including on winding up) rights. The shares do not confer any rights of redemption and do not confer any rights to a dividend.

The general reserve comprises the cumulative profits of the group.

The fair value reserve comprises the fair value movement of the equity investments. As this unrealised gain is not distributable it has been transferred to the fair value reserve.

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Pension reserve - SFT have adopted the approach used by other public sector bodies where the Scottish Government underwrite in full the pension liability, in that any accrued income in respect of pension liabilities is now shown in a pension reserve.

**18. Related party transactions**

**Scottish Ministers**

The Company is wholly owned by Scottish Ministers. Details of transactions with the Scottish Government are included below.

	<b>2025</b>	<b>2024</b>
	£	£
<b><u>Statement of Changes in Taxpayers' Equity</u></b>		
Revenue funding received from the Scottish Government	7,894,229	8,402,556
	_____	_____
	7,894,229	8,402,556
	_____	_____
 <b><u>Statement of Financial Position</u></b>		
Provision for repayment of grant funding	64,535	50,036
	_____	_____
	64,535	50,036
	_____	_____

The figures below are reflected in the Annual Report and Accounts as follows:

	<b>2025</b>	<b>2024</b>
	£	£
<b><u>Statement of Financial Position</u></b>		
Provision for repayment of grant funding (note 14)	10,407,536	10,472,071
	_____	_____

**Hub South East Territory**

SFTi holds 10% of the share capital of hub South East Scotland Limited and the various special purpose project companies within this territory which are detailed in note 8c of SFTi accounts. SFT have appointed non-executive directors to hub South East Scotland Limited and the various special purpose project companies. The individuals appointed as non-executive directors do not hold financial interests in these companies.

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Details of material transactions with these joint ventures are included below:

	<b>Restated</b>	
	<b>2025</b>	<b>2024</b>
<b><u>Statement of Financial Position</u></b>	£	£
Financial assets – subordinated debt	5,148,782	5,211,085
Trade and other receivables – accrued interest income	228,096	230,679
Trade and other receivables – hub director fees	2,428	2,357
<b><u>Statement of Comprehensive Net Expenditure</u></b>		
Income from investments – hub director fees	4,047	3,928
Income from investments – Interest income	457,953	461,903
	<hr/>	<hr/>

**Hub North Scotland Territory**

SFTi holds 10% of the share capital of hub North Scotland Limited and the various special purpose project companies within this territory which are detailed in note 8c of SFTi accounts. SFT have appointed non-executive directors to hub North Scotland Limited and the various special purpose project companies. The individuals appointed as non-executive directors do not hold financial interests in these companies.

Details of material transactions with these joint ventures are included below:

	<b>Restated</b>	
	<b>2025</b>	<b>2024</b>
<b><u>Statement of Financial Position</u></b>	£	£
Financial assets – subordinated debt	6,150,642	6,211,688
Trade and other receivables – accrued interest income	25,305	35,249
<b><u>Statement of Comprehensive Net Expenditure</u></b>		
Income from investments – Interest income	551,123	559,409
Income from investments – dividend income	4,216	1,774
	<hr/>	<hr/>

**Hub East Central Scotland Territory**

SFTi holds 10% of the share capital of hub East Central Scotland Limited and the various special purpose project companies within this territory which are detailed in note 8c of SFTi accounts. SFT have appointed non-executive directors to hub East Central Scotland Limited and the various special purpose project companies. The individuals appointed as non-executive directors do not hold financial interests in these companies.

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Details of material transactions with these joint ventures are included below:

	<b>2025</b>	<b>2024</b>
<b>Statement of Financial Position</b>	<b>£</b>	<b>£</b>
Financial assets – subordinated debt	3,304,865	3,379,905
Trade and other receivables – accrued interest income	-	27,443
<b>Statement of Comprehensive Net Expenditure</b>		
Income from investments – interest income	289,750	295,035
Income from investments – dividend income	4,216	1,774
	<hr/>	<hr/>

**Hub West Scotland Territory**

SFTi holds 10% of the share capital of hub West Scotland Limited and the various special purpose project companies within this territory which are detailed in note 8c of SFTi accounts. SFT have appointed non-executive directors to hub West Scotland Limited and the various special purpose project companies. The individuals appointed as non-executive directors do not hold financial interests in these companies.

Details of material transactions with these joint ventures are included below:

	<b>Restated</b>	
	<b>2025</b>	<b>2024</b>
<b>Statement of Financial Position</b>	<b>£</b>	<b>£</b>
Financial assets – working capital loans	67,488*	72,688*
Financial assets – subordinated debt	1,700,119	1,733,276
Trade and other receivables – accrued interest income	79,876	77,723
<b>Statement of Comprehensive Net Expenditure</b>		
Income from investments – interest income (including working capital loan interest)	155,367	158,257
Income from investments – dividend income	-	1,686
	<hr/>	<hr/>

**\*Includes £nil expected credit loss provision (2024: £4,800).**

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**Hub South West Scotland Territory**

SFTi holds 10% of the share capital of hub South West Scotland Limited and the various special purpose project companies within this territory which are detailed in note 8c of SFTi accounts. SFT have appointed non-executive directors to hub South West Scotland Limited and the various special purpose project companies. The individuals appointed as non-executive directors do not hold financial interests in these companies.

Details of material transactions with these joint ventures are included below:

	<b>2025</b>	<b>2024</b>
<b><u>Statement of Financial Position</u></b>	<b>£</b>	<b>£</b>
Financial assets – working capital loans	-	50,000
Financial assets- subordinated debt	3,203,728	3,256,272
Trade and other receivables – accrued interest income	179,307	155,342
<b><u>Statement of Comprehensive Net Expenditure</u></b>		
Income from investments – hub director fees	15,433	14,656
Income from investments – interest income	286,334	287,509
	<hr/>	<hr/>

**Scottish Futures Trust Investments Limited**

SFTi is a wholly owned subsidiary of SFT, and its sole activity is to act as an investment company. The Company has no employees or other operations. Investments made by SFTi are managed by its directors. SFT staff represent the directors on the boards of companies in which SFTi invests. SFTi pays SFT a management charge for providing this service. (see note 6.)

**19. Financial Instruments**

The Group's financial instruments comprise of cash resources which arise directly from its operations and repayable grant from the Scottish Government, subordinated debt issued to hub companies and working capital loans made to hub companies. The Group has not entered into derivatives transactions. Each of the main risk exposures related to financial instruments are considered below.

**Market Risk**

Market risk is the risk that market prices such as interest rates, foreign exchange rates and equity prices will affect income or the value of holdings in financial instruments. The Group does not have a significant concentration of market risk in relation to foreign exchange rates and equity prices.

**Interest rate risk**

The Group has no borrowings subject to interest or significant amounts of cash on deposit, for significant periods of time. Interest rates in respect of subordinated debt investment and working capital loans are fixed. Exposure to interest rate risk on Group income and costs is therefore limited, however, underlying interest rates do have an impact on the discount rate applied to calculate the fair value of investments, it has no significant exposure to interest rate risk.

**Credit Risk**

The Group does not have a significant concentration of credit risk. Bank deposits are held with major national banks and the principal funder is the Scottish Government.

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**Liquidity Risk**

The Group operates within a budget agreed with the Scottish Government and as such liquidity is not seen as a major risk area.

**Fair Value of Assets & Liabilities**

Financial assets held as current assets (represented by debtors) and financial liabilities held as current liabilities (represented by creditors) are carried on the Balance Sheet at amortised cost. Financial assets and liabilities held as investments are required to be calculated at fair value. The hierarchy has 3 levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability

All assets and liabilities are measured at level 3 (other than those at amortised cost or cost). The fair value of equity investments is calculated based on a discount rate of 8.25% for 39 of the 41 projects with the 2 remaining projects having their discount rate increased to 8.50% (2024: 8.25% for all projects), which reflects an assessment of the risk profile of the various concessions and current market conditions.

The directors consider that there is no significant difference between the book value and fair value of the Company's financial assets and liabilities except for equity investments and sub debt investments in hub projects whose fair value is estimated to be £20,846,870 as at 31 March 2025 (restated £21,052,581 as at 31 March 2024), as disclosed in Note 9, compared to a historical cost of £16,774,690 (restated £16,981,950 as at 31 March 2024).

A decrease in fair value of the subordinated debt of £76,830 can be seen in the Statement of Comprehensive Net Expenditure under other management expenditure and an increase in the fair value of the equity investments of £78,383 can be seen in the Statement of Comprehensive Net Expenditure under Other Comprehensive Net Expenditure.

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The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. The maximum exposure to credit risk at 31 March was:

	Restated			
	Group 2025	Company 2025	Group 2024	Company 2024
	Carrying amount £	Carrying amount £	Carrying amount £	Carrying amount £
<b><i>Financial assets – investments</i></b>				
Fair value through other comprehensive net expenditure (note 9) – level 3	1,338,734	-	1,260,355	-
Fair value through the profit and loss account (note 9) – level 3	19,508,136	-	19,792,226	-
Amortised cost assets due within more than one year (note 9) – level 3	57,488	-	62,688	-
Amortised cost assets due within one year (note 10b) – level 3	10,000	-	60,000	-
<b><i>Financial assets</i></b>				
Amortised cost - Accrued interest income due within one year (note 10) – level 3	512,584	-	526,436	-
Amortised cost - Other receivables (note 10) – level 3	34,295	31,867	37,856	35,499
Amortised cost - Cash and cash equivalents (note 11) – level 3	2,529,500	309,279	2,541,502	476,513
	<hr/>	<hr/>	<hr/>	<hr/>
	23,990,737	341,146	24,281,063	512,012
	<hr/>	<hr/>	<hr/>	<hr/>

The table below details the contractual maturities of financial liabilities.

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	<b>Group 2025</b>	<b>Company 2025</b>	<b>Group 2024</b>	<b>Company 2024</b>
	<b>Held at amortised cost</b>	<b>Held at amortised cost</b>	<b>Held at amortised cost</b>	<b>Held at amortised cost</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other payables (note 12)	446,825	446,825	468,470	468,470
Provision for repayment of grant funding due within one year (note 13)	82,544	82,544	64,535	64,535
Lease liability due within one year (note 12)	60,259	60,259	74,150	74,150
Lease liability due in more than one year (note 12)	164,083	164,083	224,396	224,396
Provision for repayment of grant funding due in more than one year (note 13)	10,324,992	10,324,992	10,407,536	10,407,536
	_____	_____	_____	_____
	11,078,703	11,078,703	11,239,087	11,239,087
	_____	_____	_____	_____

**20. Ultimate Controlling Party**

The Company is wholly-owned by the Scottish Ministers.

**21. Contingent asset**

The Company became an admitted body of the Lothian Pension Fund on 1 May 2009. A Deed of Guarantee and Indemnity exists with Scottish Ministers whereby any default by the Company of monies owed to the Fund will be met by Scottish Ministers.

**22. Post Balance Sheet events**

Scottish Government announced on 7 May 2025 the appointment of two new non-executive directors to the Boards of Scottish Futures Trust and Scottish Futures Trust Investments with effect from 1 May 2025.

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## **Section 6. ACCOUNTS DIRECTION**



### **Scottish Futures Trust**

#### **DIRECTION BY THE SCOTTISH MINISTERS**

1. The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2023, and for subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared, and with the Companies Act 2006.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial period, and of the state of affairs as at the end of the financial period.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Deputy Director, Infrastructure & Investment Division  
On behalf of the Scottish Ministers

24<sup>th</sup> July 2023