
Registered Company Number: SC348382

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 10 SEPTEMBER 2008 TO 31 MARCH 2009

**SCOTTISH
FUTURES
TRUST**

**SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS**

CHAIRMAN'S STATEMENT

I am pleased to present the first Annual Report of the Scottish Futures Trust, a company limited by shares and wholly owned by Scottish Ministers.

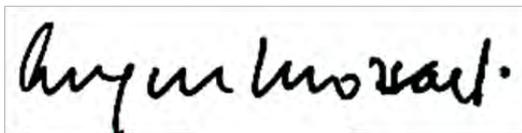
Our objective is to improve the efficiency and effectiveness of infrastructure investment in Scotland. We work collaboratively with public bodies and commercial enterprises seeking to deliver better value for money and providing the opportunity to maximise investment in the fabric of Scotland. The Company operates at arm's length from Scottish Government and we have worked hard to achieve the relationship structures that will allow us to be effective.

The Company has ambitious plans to bring forward and deliver new initiatives and to operate with commercial flexibility. We will operate across five main areas of activity: delivery, aggregation and collaboration, funding and financing, validation and centre of expertise and these are set out in our 5-year corporate plan.

We have been able to recruit a Board of highly experienced individuals whose input has proved invaluable in allowing the Company to progress. On 1 May 2009, the Board were delighted to welcome Barry White as Chief Executive.

Development work in this period supported a number of projects and led to the publication of the 09/10 Business Plan and the 2009-14 Corporate Plan. Both of these documents are available on our website: www.scottishfuturestrust.org.uk. The Scottish Futures Trust is supporting projects, in or nearing procurement, with a combined capital value of over £3.5bn; including the hub programme, replacement schools programme, waste management projects, tax incremental financing, Borders railway, Forth replacement crossing, Tayside mental health project, and ongoing schools projects in Aberdeen, Moray, Western Isles and Orkney. Work is in progress to develop new collaborative procurement methods. A number of financing structures are being evaluated with a priority being given to those that can be replicated and bring additionality to existing capital budgets.

We have now recruited a team of highly experienced professionals to progress the work of SFT. In the meantime I would like to thank all those who have contributed in our first year for their commitment, enthusiasm and professionalism.



Sir Angus Grossart
Chairman

4 November 2009

SCOTTISH FUTURES TRUST LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors are pleased to present their Annual Report and financial statements for the period from incorporation on 10 September 2008 to 31 March 2009.

Principal Activity

The principal activity of the Company is to support the efficiency and effectiveness of public infrastructure investment and procurement across Scotland.

The Company made a profit for the period before tax of £nil. The Company is not permitted by its Memorandum and Articles of Association to make distributions, other than on winding up.

Business Review

This is the first reporting period for the Scottish Futures Trust. An Annual Report and Financial Statements are required by law for this period as it encompasses more than six months from the date of incorporation to the selected financial year end.

Activity during the period comprised establishing the organisation, its interim staffing, offices and other infrastructure as well as undertaking preparatory work in pursuance of the Company's objectives.

Sir Angus Grossart led the organisation as a semi-executive Chairman during the period and it was staffed with a combination of secondees from the public and private sectors and part-time agency staff. Staff built to 8-9 full time equivalents during the period, with none being employees of the Company.

Establishment activity included securing serviced office accommodation and an ICT system; developing accounting, payroll, and human resources systems and processes; and recruitment of the Chief Executive.

Work on delivering the objectives of the Company included taking over responsibility for the hub programme from 1 January 2009, though the programme continued to be financed by Scottish Government throughout this period. Preliminary work was also undertaken in the schools, transport, waste, water and regeneration sectors.

The Company published its first Business Plan in June 2009 so it is premature for this report to include a detailed narrative of outcomes or performance against targets. A full performance report will be included in the 2009/10 annual report.

Scottish Government funding was received in the period to meet administrative expenses, with earlier costs in 2008 being met directly by Scottish Government prior to the establishment of the Company's bank account as set out in Note 12 to the financial statements. In 2009/10, the Company has moved out of this establishment phase to a trading relationship with Scottish Government.

Directors

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

Sir Angus Grossart	Chairman	Appointed 10 September 2008
Graeme Bissett	Non-Executive Director	Appointed 16 December 2008
James Fletcher	Non-Executive Director	Appointed 7 November 2008
Fiona Mackenzie	Non-Executive Director	Appointed 23 January 2009
Colin Maclean	Non-Executive Director	Appointed 7 November 2008
Barry White	Chief Executive	Appointed 1 May 2009

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.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

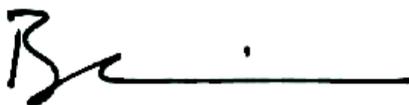
Auditors

Following a tendering process conducted in May 2009, the Audit Committee appointed Scott-Moncrieff, Chartered Accountants as auditors to the Company. A resolution to re-appoint Scott Moncrieff, Chartered Accountants, as Company auditors will be put to the members at the Annual General Meeting.

Going Concern

On the basis of the information available to them, the directors have a reasonable expectation that the Company has the on-going support of the Scottish Government and, consequently, has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

On behalf of the Board



Barry White
Chief Executive
4 November 2009

SCOTTISH FUTURES TRUST LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS

REPORT ON CORPORATE GOVERNANCE

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

Throughout the accounting period ending 31 March 2009, the Company has complied with all the relevant provisions of the Combined Code on Corporate Governance issued in June 2008 by the Financial Reporting Council as best practice guidance, except as explained below, notwithstanding that the Company is not a listed company to which the provisions are directed. The following exceptions are noted:

- the Chief Executive was appointed on 1 May 2009, after the period end, as this was the formative period for the Company;
- there is no Nominations Committee as non-executive Board appointments, including their terms and conditions of employment, are determined by the Company's sole shareholder, the Scottish Ministers;
- in view of the Company's responsibilities to take account of public sector guidelines, compliance is not appropriate with the provision in the Combined Code that performance-related elements of remuneration should form a significant proportion of Executive Directors' total pay package; and
- the Remuneration Committee does not have delegated responsibility for setting the remuneration level of the Chief Executive as its recommendations require the approval of Scottish Ministers.

Board of Directors

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

Following appointment of the Chief Executive on 1 May 2009, 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. Executive Directors have responsibility for all operational business and act in accordance with the authority delegated from the Board. Responsibility for the implementation of policy, strategy and operational management is delegated to the Executive Directors.

The Chairman's other significant commitments are chairmanship of: Noble Grossart Ltd (and related entities), Scotland International Ltd, Fine Art Society Plc, Lyon & Turnbull Ltd, Wright Health Group Ltd, Edinburgh Partners Ltd, Portland Media Group UK Ltd, and The National Museums of Scotland.

Board Meetings take place regularly throughout each period. Board Meetings are structured to allow open discussion and all Directors participate in discussing the Company's strategic aims and performance and financial and risk management. The Board is supplied with comprehensive

information in advance of each Board Meeting, including financial and operational reports covering the Company's business activities.

Two Board meetings were held prior to the period end. All directors were in attendance at both meetings. The directors also participated in other meetings and aspects of the Company's establishment during the period.

Board Balance and Independence

In the period ended 31 March 2009, the Board comprised five non-executive directors (including the Chairman). The Board considers that, based on the criteria set out in the provisions of the Combined Code, all non-executive directors are independent. The non-executive directors combine broad business and commercial experience with independent and objective judgement and constructively challenge and assist development of strategic matters.

On 1 May 2009, the Company's Chief Executive was appointed and became a member of the Board.

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

In the coming months, additional Executive Directors will be appointed to the Company and to the Board. The Board aims to achieve a balance between Non-Executive and Executive Directors so as to promote clear and effective leadership and maintain the highest standards of integrity and professionalism across the Company's business activities.

Re-election of Directors

The directors terms of appointment expire in June 2010. An open recruitment process for future terms overseen by the Office for the Commissioner for Public Appointments in Scotland (OCPAS) will be held prior to this date. It is the intention that in the future directors are appointed by Scottish Ministers for a three-year period and can be re-appointed subject to the limitations prescribed in the OCPAS Code of Practice for Ministerial Appointments to Public Bodies in Scotland.

Information

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

Performance Evaluation

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

Board Committees

To provide effective overview and leadership, the Board has established a number of Committees composed of non-executive directors with specific responsibilities within governance of the Company. The Committee Chairmanship and Membership will be refreshed on a regular basis. Executive directors and senior managers will be invited to attend Board Committee Meetings as appropriate.

Audit Committee

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

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

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

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

No meetings of the Audit Committee were held prior to the period end. In the period since the period end, the Audit Committee has met twice.

The Board is satisfied that the Committee membership has relevant financial and business experience.

Remuneration Committee

The primary function of the Remuneration Committee is to make recommendations to the Board on directors' pay and conditions, taking due account of the guidelines issued from time to time by the Scottish Ministers in respect of bodies in the public sector. In particular, the main items in respect of which the Committee makes its recommendations are as follows:

- basic remuneration levels for executive and non-executive directors;
- any matter concerning terms and conditions of service of Executive and non-executive directors; and
- any policy matters concerning benefits for executive directors.

The basic remuneration levels of non-executive directors are set by the Scottish Ministers annually.

Members of the Remuneration Committee are: Colin Maclean (chair) and Fiona Mackenzie.

No meetings of the Remuneration Committee were held prior to the period end. During the period, and since the period end, the Chair has been involved in, and advised the Board on recruitment and remuneration matters.

Relations with Sole Shareholder

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

**SCOTTISH FUTURES TRUST LIMITED
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STATEMENT ON INTERNAL CONTROL

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

Control Structure

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

Identification and Monitoring of Business Risks

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

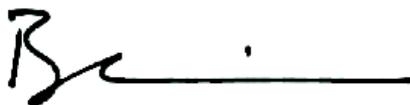
Corporate Information Systems

The Company operates a budgeting and financial reporting system, which includes the preparation of a business plan containing detailed annual budgets. The system provides monthly comparison of actual results against both financial year budget, regularly revised forecasts, balance sheet, cash flow and variance analysis, all of which are regularly reviewed by the Board. Standard financial control procedures are in place which provide assurance on the integrity of the Company's finances.

Effectiveness of Internal Controls

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

On behalf of the Board



Barry White
Chief Executive

4 November 2009

SCOTTISH FUTURES TRUST LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

**SCOTTISH FUTURES TRUST LIMITED
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REPORT ON DIRECTORS' REMUNERATION

Details of the Remuneration Committee's responsibilities are set out within the Report on Corporate Governance. Details of directors' remuneration are as follows:

Directors' Remuneration

In the period from 10 September 2008 to 31 March 2009, the Company's non-executive directors were paid fees for their services to the Company. Each non-executive director has a letter of appointment outlining their expected time commitment and details of the per diem rate for non-executive directors of £320. Sir Angus Grossart did not receive payment from the Scottish Futures Trust Limited for his services as Chairman totalling 69 days over the period. Expenses of £13,422 were paid to Noble Grossart Limited, which is controlled by Sir Angus Grossart, in respect of substantial administrative support services provided during the formative period of the Company.

The fees and expenses received by each director in the period from incorporation to 31 March 2009 for duties provided to the Company are as follows:

	Fees	Expenses
	£	£
Sir Angus Grossart	-	-
Colin Maclean	3,200	-
James Fletcher	3,200	-
Graeme Bissett	4,320	-
Fiona MacKenzie (paid to NHS Forth Valley)	1,920	-

There were no executive director or senior management appointments in the period to 31 March 2009.

Pensions

The Company has established a defined benefit pension scheme with Lothian Pension Fund which is administered by the City of Edinburgh Council. The Company's pension scheme is a contributory scheme where contributions paid by the employee and the Company operate on a sliding scale.

In the period from incorporation to 31 March 2009, the Company had no employees who were members of the pension fund.

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

We have audited the financial statements of the Scottish Futures Trust Limited for the period from 10 September 2008 to 31 March 2009 which comprises the Income Statement, Statement of Changes in Equity, Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been prepared properly in accordance with International Financial Reporting Standards as adopted by the European Union, have been properly prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

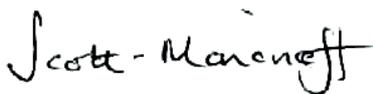
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including the APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 16 to the financial statements.

Opinion

In our opinion:

- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements have been prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2009 and of the Company's profit for the period then ended; and
- the information given in the Directors' Report is consistent with the financial statements.



Scott Moncrieff
Statutory Auditor
17 Melville Street
Edinburgh
EH3 7PH

4 November 2009

SCOTTISH FUTURES TRUST LIMITED

INCOME STATEMENT FOR THE PERIOD 10 SEPTEMBER 2008 TO 31 MARCH 2009

	Note	2009 £
Continuing Operations		
Revenue		-
Cost of sales		-
Gross profit		<u>-</u>
Other income	2	311,976
Administrative expenses	3	(311,976)
Profit on ordinary activities before taxation	3	<u>-</u>
Taxation on profit from ordinary activities	4	-
Net profit for the period		<u><u>-</u></u>

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2009

	Retained earnings £	Share Capital £	Total £
At 10 September 2008	-	-	-
Net profit for the period	-	-	-
Share capital issued	-	2	2
At 31 March 2009	<u>-</u>	<u>2</u>	<u>2</u>

The accompanying notes on pages 15 to 20 are an integral part of these financial statements

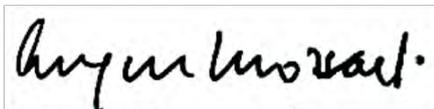
SCOTTISH FUTURES TRUST LIMITED

BALANCE SHEET AS AT 31 MARCH 2009

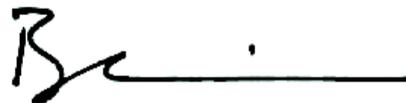
Registered Company Number:
SC348382

	Note	2009 £
ASSETS		
Non current assets		
Property, plant and equipment	5	27,994
Current assets		
Inventories	6	277
Trade and other receivables	7	108,063
Cash and cash equivalents	8	8,729
		<u>117,069</u>
Current liabilities		
Trade and other payables	9	(117,067)
Deferred income	10	(10,486)
		<u>(127,553)</u>
Net current liabilities		(10,484)
Non-current liabilities		
Deferred income	10	(17,508)
Net assets		<u><u>2</u></u>
Equity		
Called up share capital	11	2
Retained earnings		-
Total shareholders funds		<u><u>2</u></u>

These financial statements were approved by the Board of Directors and signed on 4 November 2009 on its behalf by:



Sir Angus Grossart
Chairman



Barry White
Chief Executive

The accompanying notes on pages 15 to 20 are an integral part of these financial statements

SCOTTISH FUTURES TRUST LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD 10 SEPTEMBER 2008 TO 31 MARCH 2009**

	Note	2009 £
Cash flows from operating activities		
Profit for the period		-
Depreciation of property, plant and equipment	5	3,459
Increase in trade and other receivables	7	(108,063)
Increase in inventories	6	(277)
Increase in trade and other payables	9	117,067
Increase in deferred income	10	27,994
Net cash from operating activities		<u>40,180</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	5	<u>(31,453)</u>
Net cash used in investing activities		<u>(31,453)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	11	<u>2</u>
Net cash from financing activities		<u>2</u>
Net increase in cash and cash equivalents		8,729
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	8	<u>8,729</u>

The accompanying notes on pages 15 to 20 are an integral part of these financial statements

SCOTTISH FUTURES TRUST LIMITED

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 10 SEPTEMBER 2008 TO 31 MARCH 2009

General Information

Scottish Futures Trust Limited is a company incorporated in Scotland. The address of its registered office and principal place of business are disclosed on page 21 of the financial statements.

The principal activity of the Company is described on page 2.

1. Basis of Preparation and Accounting Policies

Statement of compliance - The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union. The financial statements have been prepared under the historical cost convention

Adoption of new and revised standards - As this is the Company's first financial reporting period, it has adopted all standards and interpretations currently in force and which are relevant to the Company. The following standards, which are not effective for the period ended 31 March 2009, have not been applied in preparing the financial statements:

IAS 1 "Presentation of Financial Statements" which is effective for periods commencing on or after 1 January 2009. The application of this revised standard in 2008-2009 would not have had any financial impact on the financial statements. It will impact the presentation and format of the primary statements and notes and these disclosures will be revised accordingly in the 2010 financial statements.

No other standards or interpretations in issue, not yet effective, are considered likely to have an impact on the financial statements.

Property, plant and equipment – Assets are stated at cost less accumulated depreciation. Depreciation is provided by equal annual instalments calculated to write off the cost of assets, less any residual value, over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed by class of asset at each period end, with any changes in estimate accounted for on a prospective basis. The rates generally applicable are: Office equipment – 3 years.

Government grants – Government grants utilised to acquire non-current assets are recognised in the balance sheet as deferred income and transferred to the income statement on a systematic basis over the anticipated lives of the assets to which they relate. Government grants received as compensation for expenses incurred are recognised in the income statement in the period in which they are receivable on a basis which matches the related expenses.

Inventories – Inventories are held in the balance sheet at the lower of cost and net realisable value.

Trade and other receivables – Recognised at fair value.

Cash and cash equivalents – Comprise cash on hand and on deposit.

Trade and other payables – Recognised at fair value.

Operating leases – Rentals are charged on a straight line basis over the period of the lease.

Revenue recognition - Revenue is measured at the fair value of the consideration receivable.

Taxation - The tax expense represents the sum of current tax payable and deferred tax. Current tax includes UK corporation tax and 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.

2. Other Income	2009 £
Release of Scottish Government funding relating to non-current assets (Note 10)	3,459
Scottish Government funding received to compensate for expenses incurred	308,517
	311,976
3. Profit on Ordinary Activities Before Taxation	2009 £
Profit before taxation is stated after charging:	
Auditors remuneration – audit	5,180
– taxation services	800
Depreciation of owned assets	3,459
Operating leases in respect of land and buildings	20,227
Secondment costs	139,185
Agency support costs	17,307
Professional fees	28,238
Chair and Non-Executive fees (inc NI)	13,209
Recruitment fees	54,757
Other administrative costs	29,614
	311,976

4. Taxation

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

5. Property, Plant and Equipment

	Office equipment £	Total £
Cost		
At 10 September 2008	-	-
Additions	31,453	31,453
At 31 March 2009	31,453	31,453
Depreciation		
At 10 September 2008	-	-
Charge for period	3,459	3,459
At 31 March 2009	3,459	3,459
Net book value		
At 31 March 2009	27,994	27,994

6. Inventories

	2009 £
Other materials	277
	277

7. Trade and Other Receivables

	2009 £
Other receivables (Government funding)	99,184
Prepayments and accrued income	8,879
	108,063

8. Cash and Cash Equivalents

	2009 £
Cash at bank	8,686
Cash on hand	43
	8,729

9.	Trade and Other Payables	2009
		£
	Trade payables	51,289
	Other taxes and social security	3,202
	Other creditors and accruals	62,576
		<u>117,067</u>

10.	Deferred Income	2009
		£
	As at 10 September 2008	-
	Increase in period	31,453
	Released to statement of income and retained earnings	(3,459)
	As at 31 March 2009	<u>27,994</u>
	Split as follows:	
	Current liabilities	<u>10,486</u>
	Non current liabilities	<u>17,508</u>

Deferred income relates to capital funding received released over the expected life of the asset.

11.	Called Up Share Capital	2009
		£
	Authorised	
	100 ordinary shares of £1	<u>100</u>
	Issued and fully paid – ordinary shares of £1 each	
	At 10 September 2008	-
	Issued in the period	2
	At 31 March 2009	<u>2</u>

12. Related Party Transactions

During the period to 31 March 2009 there were no salaried executive management. Details of fees paid to non-executive directors are included in the Directors Remuneration Report on page 9. Details of other transactions with related parties are included below.

Scottish Ministers

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

	2009 £
<u>Scottish Government Funding received</u>	
Capital government funding received	31,453
Revenue government funding received	308,517
Share capital	2
	339,972
 <u>Nature of government funding receipt</u>	
From 10 Sep 08 to 31 Dec 08, payments made directly by Scottish Government on behalf of SFT	182,788
January and February payments made monthly to SFT	58,000
Year end receivable	99,184
	339,972

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

Income statement

Capital government funding income – released in period	3,459
Revenue government funding received	308,517
	311,976

Balance Sheet

Balance included in other receivables	99,184
Deferred income	27,994
	127,178

Noble Grossart Limited

Sir Angus Grossart, the chairman of the Scottish Futures Trust Limited is an ultimate controlling shareholder of Noble Grossart Limited.

	2009 £
<u>Income Statement</u>	
Expense for secretarial and administrative support	13,422
	13,422
 <u>Balance Sheet</u>	
Balance included in other creditors and accruals	12,824
	12,824

13. Commitments Under Operating Leases

At 31 March 2009 the Company had outstanding total commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Land and Buildings 2009 £
Due less than one year	5,850

14. Financial Instruments

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

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

Credit Risk - The Company does not have a significant concentration of credit risk. Bank deposits are held with major national banks and the principal customer is the Scottish Government.

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

Fair value of financial assets and liabilities - The directors consider that there is no significant difference between the book value and fair value of the Company's financial assets and liabilities.

15. Ultimate Controlling Party

The Company is wholly-owned by the Scottish Ministers.

16. Non-audit Services

As is permitted for an entity of its size, the Company has made use of its auditors for assistance in the preparation of the financial statements.

**SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS**

CORPORATE INFORMATION

Registered office

15 Atholl Crescent
Edinburgh
EH3 8HA

Registered company number

SC348382

Website

www.scottishfuturestrust.org.uk

Auditors

Scott Moncrieff
17 Melville Street
Edinburgh
EH3 7PH

Bankers

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