

SCOTTISH FUTURES TRUST LIMITED

**ANNUAL REPORT AND
GROUP FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2015

SCOTTISH FUTURES TRUST



SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

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SCOTTISH FUTURES TRUST LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT

SFT continues to drive ambitious programmes of infrastructure investment as a cornerstone of sustainable economic growth. We achieve this by challenging conventional processes and relentlessly focussing on delivery in a constrained and ever changing environment.

A key priority is the leverage of additional investment over and above capital budgets. The pioneering Growth Accelerator in Edinburgh city centre will unlock £850m of private sector investment and together with the critical work on city deals and tax incremental financing projects will continue to play a key role in supporting sustainable economic growth. We have also developed additional methods of providing affordable homes, securing over £225m of innovative financing to increase the supply of affordable-rent housing, with 1,000 homes already built.

During 2014/15 we have continued our work in public sector property and asset management - £20m of disposals are being prepared for sale and office space utilisation efficiency is improving significantly. Within digital infrastructure, Coll became the first Scottish Island with 4G mobile coverage through an innovative community / big-business partnership. This sector remains important for Scotland's longer term competitiveness with SFT's work at an early stage in devising the delivery strategy for Scotland's future digital requirements. In the low carbon arena, we have facilitated a quadrupling in the level of investment in energy efficient LED street lighting and continue to focus upon improving the carbon efficiency of our public sector estate.

Construction is underway on over £1.8bn of projects in the NPD and hub DBFM programmes, delivering new schools, hospitals, roads and colleges across Scotland. The introduction of revised European guidance on national accounts classification (ESA10) has impacted a number of revenue-funded projects. SFT has been well placed to respond to the new guidance and the complex issues raised. With colleagues in Scottish Government we have sought clarity within the emerging position of Regulators and SFT's persistence has now allowed hub DBFM projects to move forward with revised arrangements.

Scotland's Schools for the Future programme delivery continues apace, with 19 schools open by Easter including Lairdsland Primary School, designed as a reference project to show how high quality design can allow space to be used efficiently and flexibly. Sixty-seven schools will be delivered for the budgeted cost of 55, providing 12,000 additional pupils with high quality new learning environments. Through hub, more than 80% of construction sub contracts have been offered, and 78% awarded to SMEs, supporting local employment and skills.

SFT evaluates the impact of its work on the basis of verified annual benefit. This year's benefit, at £135m, sits comfortably within our target range and we are on track to deliver between £500m and £750m over our 5-year corporate planning period. Our objectives are only achievable through co-operation with partners across the public and private sectors. Successful collaboration delivers considerable leverage and SFT places high importance on the relationships which it has nurtured and built across the public and private sectors.



Sir Angus Grossart

Chairman

30 November 2015

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
STRATEGIC REPORT

The directors present their Annual Report and the consolidated financial statements for the year ended 31 March 2015 of the Scottish Futures Trust Limited Group (incorporating the wholly owned subsidiary Scottish Futures Trust Investment Limited "SFTi" and the Company, Scottish Futures Trust Limited "SFT").

The directors consider the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary to assess the company's performance, business model and strategy.

Principal Activity

The principal activity of the Group is to support the efficiency and effectiveness of public infrastructure investment and procurement across Scotland. Its central aim, as set out in the Management Statement and Financial Memorandum (MSFM) with the sole shareholder remains:

"To improve the efficiency and effectiveness of infrastructure investment in Scotland by working collaboratively with public bodies and commercial enterprises, 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 single overarching purpose to increase sustainable economic growth."

The Group made a surplus for the year after tax of £4,904,421 (2014: £1,996,801) with total comprehensive income of £3,342,421 (2014: £1,725,801) after accounting for the actuarial losses on post-employment benefit obligations. This surplus arose within the subsidiary, SFTi as explained in the Financial Review below. SFT made a profit before tax of £nil (2014: £nil). The Company is not permitted by its Memorandum and Articles of Association to make distributions, other than on winding up. No dividends have been paid or are proposed.

Strategy

During the 2014/15 financial year, SFT increased its efforts across various work streams, with some programmes of work being extended, and some new ones being introduced. This has resulted in SFT increasing the number of employees, which at 31 March 2015 stood at 68 in full-time and part-time positions (61 full time equivalents), a 25% increase on the previous year.

The Company published its 2014-19 Corporate Plan in October 2014 which included a strategy to build on existing work streams. Many of the current programmes are on-going, and will remain a focus for SFT, either in their current form or enhanced. These programmes have potential scope for additional investment and further innovative approaches to financing and delivery. In addition, we will also seek to work with the Scottish Government and other public bodies in new areas or sectors where there is an identifiable need for change in focus or significant investment required. SFT has already demonstrated the ability to adapt and develop its core commercial, technical and financial expertise into new areas of investment.

SCOTTISH FUTURES TRUST LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)

The new Corporate Plan sets out that the Company will take forward its strategy under the headings of SFT invest, SFT build, SFT home, SFT place, SFT green and SFT connect. It will continue to be grant funded by Scottish Government and operate independently, publishing an annual business plan setting out in detail objectives which the Board will establish to align with the strategic direction set out in the Corporate Plan.

Business Review & Key Performance Indicators

The business has operated as anticipated during 2014/15 with financial results and performance as detailed in the section below. Notable achievements during 2014/15 include:

- Publication and roll out of SFT's advanced Street Lighting Toolkit supporting up to £180m of investment in LED lanterns from 2014/15 through to 2018/19;
- The National Housing Trust welcoming its 1,000th tenant;
- Construction underway on over £1.8bn worth of revenue funded projects supporting 6,000 jobs;
- The Scotland's Schools for the Future programme increasing from 67 to 93 schools;
- Introduction of the new Growth Accelerator unlocking £850m of private sector investment into the heart of Edinburgh;
- Readying new approaches to affordable rent housing to unlock more than £100m of future investment;
- Huge progress being made across digital demonstrator projects, including providing housing association tenants with broadband for £1 per week;
- Establishment of Scottish Government's Smarter Workplaces programme;
- The largest project in the NPD programme reaching financial close in December 2014 – the £469m Aberdeen Western Peripheral Route – with construction underway; and
- Being invited to lead the implementation of the practical recommendations of the Construction Procurement Review.

The company's objectives for each year are established in detail in its published Business Plan. This year, objectives were set against key performance indicators across 10 separate areas of the business, with progress reported to the Board at each Board meeting. The year-end performance against these indicators is included at Annex A and can be summarised as:

Total	Completed	Substantially complete	Not complete
63	59	1	3

The SFT Group is structured with an operating company, SFT, which employs the staff and undertakes the day-to-day business and a wholly owned subsidiary SFTi. SFTi holds investments in hub companies, investments in infrastructure projects delivered by hub companies and membership of 26 joint venture LLPs delivering homes through the National Housing Trust. This helps separate investment activity from the operational aspects of the main company.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
STRATEGIC REPORT (continued)

This document comprises the Annual Report and Financial Statements of the Group (being SFT and SFTi together) and the top level Company, SFT. As is required by law, a separate Annual Report and Financial Statements are prepared for SFTi which can be viewed on SFT's website.

SFT follows International Financial Reporting Standards (IFRSs) and applies the best practice in Corporate Governance required by the Financial Reporting Council's "UK Corporate Governance Code". Each of these sets of standards imposes significant and very structured requirements of information that must be included in this document. SFT takes seriously the Financial Reporting Council's initiative on making reports less complex and more focused on material information. The Group has presented information as simply and concisely as possible, which is consistent with these standards and gives users transparency over where and how public money is expended and invested. Pages 2-7 comprise the Strategic Report on the activities and finances of the Group including enhanced requirements to detail operational performance and risks. Pages 8-9 comprise the Directors' Report incorporating the Statement of Directors' Responsibilities. Pages 10-23 provides a description of corporate governance arrangements and the role of our external auditor along with their opinion on the financial statements and corporate governance statement. Pages 24-29 comprise the key financial statements of the Group and Company whilst pages 30-57 contain detailed notes accompanying the financial statements to explain the numbers in more detail and meet the requirements of applicable International Financial Reporting Standards.

The Group works to lead, develop and support delivery of major infrastructure investment programmes as discussed in the Business Review above. The funds associated with these projects do not generally flow through SFT as they come from the Scottish Government and a variety of other sources, and are granted directly to procuring public sector bodies such as Local Authorities, Health Boards and Scottish Government Agencies with which SFT works. These funds are then used by the public sector body to pay for the works procured from private sector contractors.

Financial Review & Results

SFT's accounts therefore reflect the costs of staff time and other internal and external resources engaged in playing our role on infrastructure projects and programmes, some capital grants from Scottish Government passed on to other public bodies by SFT, and the investments we ourselves make in a small number of those projects. SFT receives funding from the Scottish Government in the form of grant, with some loans for onward investment in our hub DBFM projects. The grant income is utilised to:

- I. fund SFT's operating cost; and
- II. invest in and support the development of schools, health, social care and related infrastructure programmes.

In addition, SFT Group generate investment returns which support SFT's activities.

In 2015, the total funding received and income generated was £22.7m (2014: £13.8m) which has been included within the Group Statement of Comprehensive Income. We also received loan funding from Scottish Government of £1.6m (2014: £nil), giving total available funding of £24.3m (2014: £13.8m)

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)

Financial Review & Results (continued)

which we have used to develop Scotland's infrastructure. The principle uses of those funds are summarised below:

Application of funds	2014/15: £'m	2013/14: £'m
Scotland's Schools for the Future – capital grant provided for investment by Local Authorities in the development of schools projects included within the programme	4.5	-
hub programme delivering education, health & social care projects which was applied as follows: Capital grant (£3.2m) and Loan (£1.6m) received from Scottish Government for SFTi investments in infrastructure projects	4.8	1.8
Capital enabling funds – passed through to projects in SFT's hub programme	4.5	5.0
Total capital expenditure	13.8	6.8
Revenue grant applied to operating costs (see note 7 for analysis)	8.8	6.7
Pension fund deficit	1.7	0.3
Total operating costs and charges	10.5	7.0
Total	24.3	13.8

The investments support a range of community facilities across Scotland and are anticipated to produce financial returns over future years. Our operating costs are carefully controlled and relate primarily to the salary costs of SFT employees. The annual benefits generated by SFT from these resources is assessed annually within our Benefits Statement and was £135m for 2014/15.

The Group Statement of Comprehensive Income records a surplus after tax of £3.3m (2014: £1.7m). The surplus of £3.3m arose from capital grant of £3.2m recorded as income and used to invest in hub programme education, health and social care projects together with an operating surplus of £0.1m relating to investment income less administrative expenses and tax within SFT's subsidiary SFTi.

The net assets owned by the Group increased by £3.3m from £2.8m at 31 March 2014 to £6.1m at 31 March 2015 reflecting the investment in hub DBFM project's in the year of £4.8m offset by an increase in the pension liability of £1.5m and minor working capital movements. SFT is a member of the Lothian and Border Pension Scheme. The SFT scheme is a funded one, with contributions in-year made from SFT's budget. At the 31 March 2015, the actuaries provided a valuation of the pension scheme for the purposes of the annual accounts. The Valuation received by SFT as at 31 March 2015 indicated that SFT had a deficit on its scheme of £1.7m (2014 £0.47m deficit). This is a snap shot in time based on a set of actuarial assumptions which are likely to change over time. Indeed the tri-annual valuation of the scheme which is used to set contribution rates (and therefore adopts different assumptions to value the scheme) indicated that the scheme was fully funded as at 31 March 2014. SFT's membership of the scheme is guaranteed by Scottish Government.

SCOTTISH FUTURES TRUST LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

STRATEGIC REPORT (continued)

Financial Review & Results (continued)

The Group's cash balance as at 31 March 2015 was £1.7m compared to £4.1m as at 31 March 2014 - a movement of £2.4m. This decrease relates to cash made available by Scottish Government to fund investments in hubco projects in 2013/14 which were delayed until 2014/15 (£3.2m as per note 15) offset by a £0.9m increase in cash reflecting the timing of grant funding received from Scottish Government for March payments.

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.

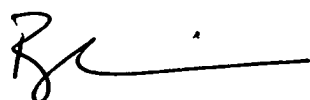
Risks and Mitigation

The Group maintains a strategic risk register which is derived from an aggregation of the high-level risks of the projects and programmes in which SFT is involved, along with operational risks within the Group. Risks are evaluated against 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 Board regularly. The major risk facing our programmes is how the implementation of ESA10, a change in European statistical accounting rules, has reduced the flexibility in implementing revenue funded programmes. Further details are provided under the Post Balance Sheet Events disclosure at note 24. Other significant Group operational risks are assessed to be (i) a delay in progressing projects into the hub pipeline for reasons other than budgetary treatment; (ii) resource levels in procuring bodies to take forward identified priority projects in a timely manner; and (iii) availability of capital budgets where required to support investment programmes. SFT is working with procuring bodies to mitigate these risks but does not have complete control over them.

Future Plans

The Group's long-term plans are described in its 2014-19 Corporate Plan referred to in the Strategy section above. The Group's priorities and detailed objectives are set out in its published 2015/16 Business Plan. Outcomes against these objectives will be reported in next year's Annual Report. Through delivering those objectives, the Group continues to aim to deliver between £500m and £750m of savings and benefits to infrastructure investment in Scotland over the five year Corporate Plan period. The 2015/16 operating budget has been set by Scottish Government at £9,360,000 and it is anticipated by the directors that the budget will be fully utilised in the forthcoming year.

The Strategic report is approved by the Board of Directors and signed on its behalf by:



Barry White
Chief Executive
30 November 2015

SCOTTISH FUTURES TRUST LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

DIRECTORS' REPORT

Directors

The business review of the Group is included in the Strategic Report in accordance with the Companies Act 2006 s.414 (C11).

The directors who held office during the year and post year end are as follows:

Sir Angus Grossart	Chairman
Graeme Bissett	Non-executive Director
James Fletcher	Non-executive Director
Fiona Mackenzie	Non-executive Director
Carolyn Dwyer	Non-executive Director
Barry White	Chief Executive
Peter Reekie	Deputy Chief Executive and Director of Investments

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 the Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the auditor is 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 auditor is aware of that information.

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 787 (2) of the Companies Act 2006. The Group has elected to dispense with the holding of the AGM, the laying of financial statements in a general meeting and the annual appointment of the auditor as meetings between the sole shareholder, Scottish Ministers and the Company occur on a regular basis.

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

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

DIRECTORS' REPORT (continued)

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

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

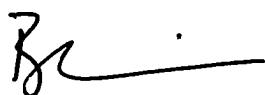
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Parent 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 Group and to prevent and detect fraud and other irregularities.

The directors have decided to prepare voluntarily a Report on Corporate Governance as if the Group were required to comply with the Listing Rules of the Financial Conduct Authority in relation to those matters.

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

On behalf of the Board



Barry White
Chief Executive

30 November 2015

SCOTTISH FUTURES TRUST LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

REPORT ON CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance, business integrity and professionalism in all its activities. Throughout the accounting year ending 31 March 2015, the Group has complied with all the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council as best practice guidance, except as explained below, notwithstanding that the Group is not a listed group to which the provisions are directed. The following exceptions are noted:

- 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. Executive director appointments are considered by the Board;
- Non-executive directors are appointed to the Board by the Scottish Ministers - these appointments are made under a system regulated and monitored by the Commissioner for Ethical Standards in Public Life in Scotland whose policy on diversity and equality is available on their website;
- in view of the Group's responsibilities to take account of the provisions set out in the Management Statement and Financial Memorandum (MSFM), compliance is not appropriate with the provision in the UK Corporate Governance Code that performance-related elements of remuneration should form a significant proportion of executive directors' total pay package;
- The Board carries out the role of a Remuneration Committee as remuneration of non-executive directors is set by the Scottish Government; and the Board makes recommendations for setting the remuneration level of the Chief Executive, which require the approval of Scottish Ministers;
- The Board has not identified a Senior Independent Director as the shareholder appoints and appraises the performance of the Chairman, and the Chairman is considered independent and has no financial interest in the performance of the Company;
- The Board has requested the Audit Committee to regularly review the need for an internal audit function. The size and nature of the organisation, alongside a clear controls framework and a specific extended review of controls in October 2013, has led the Audit Committee to conclude to date that such a function is not required. This position was reviewed in January 2015.

Board of Directors

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. 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.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
REPORT ON CORPORATE GOVERNANCE (continued)

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, Charlotte Street Partners, the Burrell Renaissance and The Edinburgh International Cultural Summit. The Chairman is also a non-executive director of Culture and Sport Glasgow, The Great Steward of Scotland's Dumfries House Trust, Major's Place Industries Ltd and FALS Property Ltd.

Board Meetings take place regularly throughout each period. Board Meetings are structured to allow open discussion and all directors participate in discussing the Group'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 Group's business activities.

Seven Board meetings were held during the year. The directors also participated in other meetings and aspects of the Group during the year.

Board balance and independence

In the year ended 31 March 2015, the Board included five non-executive directors (including the Chairman). The Board considers that, based on the criteria set out in the provisions of the UK Corporate Governance 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. 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.

Re-election of Directors

The non-executive directors have been appointed and re-appointed by Scottish Ministers in accordance with the Commissioner for Ethical Standards in Public Life in Scotland 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 Group's expense. Minutes of Board and Sub-Committee meetings are available on the SFT website following their approval.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
REPORT ON CORPORATE GOVERNANCE (continued)

Performance evaluation

The performance of non-executive directors is assessed by the Chairman and the performance of executive directors 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. The Committee's Chairmanship and Membership will be refreshed on a regular basis. Executive directors and senior managers are invited to attend Board and Committee Meetings as appropriate. Currently the only Board Committees are the Group Audit Committee and the SFTi Investment Committee.

Attendance at Board and Committee meetings

Attendance by Board Members at Board and Committee meetings held during the year was as follows:

	SFT Board	Group Audit Committee	SFTi Board	SFTi Investment Committee
Number of meetings	7	3	3	7
Sir Angus Grossart	7	-	3	-
Graeme Bissett	6	3	2	3
Carolyn Dwyer	7	-	3	7
James Fletcher	6	3	2	4
Fiona MacKenzie	5	1	3	7
Barry White	7	2	3	2
Peter Reekie	7	3	3	7

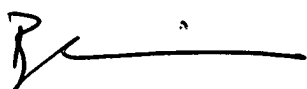
Fiona MacKenzie was appointed to the Group Audit Committee in October 2014 and was therefore eligible to attend one meeting of the Committee in the Financial Year 2014/15.

Attendance at SFTi Investment Committee is on the basis of the necessary quorum being present, reflecting the nature of the agenda and the frequency of the meetings.

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, 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.

On behalf of the Board



Barry White
Chief Executive
30 November 2015

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
STATEMENT OF INTERNAL CONTROL

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

Control Structure

Given the nature and size of the Group, 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 Group's external auditor presents reports to the Audit Committee which include any significant internal control matters which they have identified.

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

Identification and Monitoring of Business Risks

The Group 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 Group 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 financial year budget and regularly revised forecasts, all of which are reviewed by the Board. Standard financial control procedures are in place which provide assurance on the integrity of the Group's finances.

Effectiveness of Internal Controls

The directors are responsible for reviewing the effectiveness of the Group's system of internal control, including internal financial control. This 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

30 November 2015

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

REPORT ON DIRECTORS' REMUNERATION

Details of the Board's responsibilities for remuneration are set out within the Report on Corporate Governance. Details of director's' remuneration are as follows:

Directors' Remuneration

In the year to 31 March 2015, 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 Scottish Government for non-executive directors of £325. Sir Angus Grossart did not receive payment from Scottish Futures Trust Limited for his services as Chairman which totalled 42 days over the period. Expenses of £6,738 (2014: £6,738) were paid to Noble Grossart Limited, which is controlled by Sir Angus Grossart, in respect of administrative support services provided.

The fees received by the other directors in the years to 31 March 2015 and 31 March 2014 for duties provided to the Group are as follows:

	2015	2014
	£	£
James Fletcher	7,800	7,800
Graeme Bissett	7,800	7,800
Fiona MacKenzie (6 months paid to NHS Forth Valley in 2014)	7,800	7,800
Carolyn Dwyer	7,800	7,800

The total expenses reimbursed during the year were £nil (2014:£164).

Barry White was appointed as Chief Executive on 1 May 2009. His remuneration for the year was:

	2015	2014
	£	£
Salary	182,700	180,000
Pension	36,540	36,000
Car Allowance	11,500	10,000

Peter Reekie was appointed as executive director on 29 June 2010 and became Deputy Chief Executive and Director of Investments on 18 August 2014. His remuneration for the year was:

	2015	2014
	£	£
Salary	152,250	137,556
Pension	30,450	27,512
Car Allowance	9,200	8,000

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
REPORT ON DIRECTORS' REMUNERATION (continued)

Directors' Remuneration (continued)

	2015	2014
	£	£
Highest paid director's total remuneration	194,200	190,000
Median total remuneration	73,050	66,415
Ratio	2.66	2.86

The ratio has decreased due to the employment of more senior staff which increased the median pay in the year. Total remuneration includes salary and car allowance. There were no bonuses or benefits in kind in 2013/14 or 2014/15.

Pensions

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 contributory scheme where contributions paid by the employee and the Company operate on a sliding scale.

In the year ended 31 March 2015, the Company had 64 employees including 2 directors who were members of the pension fund.

The highest paid director's pension has a transfer value of £210,785 (2014: £167,912).

On behalf of the Board



Barry White
Chief Executive

30 November 2015

SCOTTISH FUTURES TRUST LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

Role and responsibilities

The Group Audit Committee is responsible for assisting the Board in discharging its 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 audit. The Group Audit Committee meets regularly throughout the accounting year and, in addition, it meets the external auditor privately.

Composition

Members of the Group Audit Committee are:

- Graeme Bissett is a Chartered Accountant, who spent 19 years in the accountancy profession, has been CFO in international groups and has chaired or is chairing several audit committees for listed companies.
- James Fletcher, Councillor and Leader of East Renfrewshire Council who has extensive experience in providing financial oversight to a variety of entities.
- Fiona MacKenzie is an honorary Professor of Management at Stirling University, was previously Chief Executive of Forth Valley NHS Board and has extensive experience of leading major public bodies. Fiona was appointed to the Group Audit Committee in October 2014.

In the year ended 31 March 2015 there were three meetings of the Audit Committee. The Board is satisfied that the Committee membership has relevant financial and business experience.

Responsibilities and review of the external auditor

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

- considering and recommending to the Board for approval the annual financial statements and reviewing the external auditor's report 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 quality of the audit engagement partner and the audit team, and making a recommendation to the Board with respect to the reappointment of the auditor;
- reviewing the appropriateness of the Company's accounting policies; and
- ensuring the adequacy of the internal control systems and standards.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
REPORT OF THE AUDIT COMMITTEE (continued)

Auditor and audit tenure

Scott Moncrieff has been auditor since the company's incorporation in 2008. The Audit Committee reviews the auditor's performance on a regular basis, taking into consideration the services and advice provided to the Company and the fees charged for these services. A formal tender process took place in early 2014 and Scott Moncrieff were re-appointed as external auditor.

Safeguarding the Auditor's objectivity and independence

The Group has a policy in place whereby their Auditor can provide non-audit services to a value not exceeding 50% of the agreed external audit fee if authorised by the Director of Corporate Services and Low Carbon. The Audit Committee can authorise non-audit services up to 100% of the audit fee. The Auditor cannot provide non-audit services to a value exceeding 100% of the external audit fee. This ensures the auditor's objectivity and independence.

There were non-audit services provided to the Company by the Auditor in the year. These related to corporation tax compliance work, VAT advice and business technology support. These services were performed by staff from Scott-Moncrieff, who had no involvement with the external audit, thus the objectivity and independence of the external audit was not compromised. The total fees paid to the auditor can be found in note 7 to the financial statements. The audit and corporation tax fees for SFTi were paid by SFT and recharged via the management charge.

Significant issues considered regarding the annual report and the financial statements

During the year, the Audit Committee considered the significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Audit Committee reviewed the external audit plan and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements.

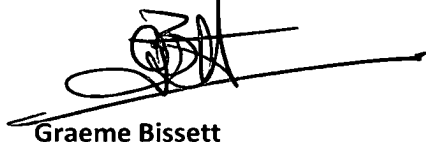
SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE (continued)

Significant issues considered regarding the annual report and the financial statements (continued)

Significant issue	How the issue was addressed
Revenue being over or understated in the financial statements	The group has two main sources of funding: 1) The funding provided by the Scottish Government; and 2) The interest it receives on the working capital loans and subordinated debt invested in the hub Companies. The Audit Committee reviews, through the Financial Procedures Manual, the process of the monthly drawdown from the Scottish Government and confirms that it has been accounted for correctly via oversight of the monthly management accounts process and the annual financial statements. The Audit Committee members as members of the SFTi Investment Committee review each investment made and monitors their performance.
Funding from the Scottish Government	The Audit Committee members as members of the SFT Board are involved in year round communication with the Scottish Government including in relation to future funding and consider the funding levels agreed when assessing the company's going concern status.
Accounting for the defined benefit pension scheme	The assumptions used in the IAS 19 pension valuation are provided by the actuary to the scheme and reviewed each year by the Audit Committee to ensure that the assumptions used are appropriate. The Audit Committee through discussions with the finance team and the external auditor ensure that the pension is accounted for and disclosed in accordance with IAS 19.
The risk that investments are not consolidated in SFT group accounts when they should be.	Through discussions with the auditor, the Audit Committee reviews the criteria regarding consolidation and the relationship the group has with the companies the group has invested in, in order to establish if consolidation is required.
Risk of the recoverability of investments in terms of repayment of loans and interest receivable.	The Investment Committee reviews investment performance. SFT also has board representation on all hubcos which provides additional reassurance regarding the performance of hubcos to whom SFTi provides working capital loans and their project companies to whom SFTi may provide subdebt.

On behalf of the Audit Committee



Graeme Bissett
Chairman
Audit Committee

30 November 2015

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SCOTTISH FUTURES TRUST LIMITED

We have audited the financial statements of Scottish Futures Trust Limited for the year ended 31 March 2015 which comprise the Group Statement of Comprehensive Income, the Group and the Parent Company Statements of Changes in Equity, the Group and the Parent Company Statements of Financial Position, the Group and the Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 7 and 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's [web-site at www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

In addition to our audit of the financial statements, the directors have engaged us to review their Corporate Governance Statement as if the Group were required to comply with the Listing Rules of the Financial Conduct Authority in relation to those matters. We review whether the Corporate Governance Statement reflects the Group's compliance with the UK Corporate Governance 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 Group's corporate governance procedures or its risk and control procedures.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SCOTTISH FUTURES TRUST LIMITED
(continued)

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of the risks of material misstatement

In arriving at our opinions set out in this report, the risks that had the greatest effect on our audit and the key procedures we applied to address them are set out below. Those procedures were designed in the context of the financial statements as a whole and, consequently, where we set out findings we do not express any opinion on these individual risks.

Revenue recognition

- **The risk:** There is a risk that revenue is either over or understated as a result of the accounting policies adopted or as a result of the Group recognising income transactions in such a way as to lead to a material misstatement in the reported revenue.
- **Our response:** We performed a reconciliation of income recognised as being received from the Scottish Government in the financial statements to confirmation from the Scottish Government. The Group also receives interest in respect of the working capital loans and subordinated debt invested in the five hub companies and through reviewing the underlying agreements and the sums invested we confirmed the interest income recognised in the year was accurate.
- **Our findings:** From the work performed we gained assurance in respect of the completeness and occurrence of revenue transactions in the year.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SCOTTISH FUTURES TRUST LIMITED
(continued)

Future funding

- **The risk:** SFT requires funding from the Scottish Government to operate. Without this funding, SFT would not be able to continue to operate and thus would not be deemed a going concern.
- **Our response:** We reviewed the funding letter provided by the Scottish Government which confirms that the Group will receive sufficient funds to operate in 2015/16. Although, at this time, no funding letter is in place for 2016/17, the Board anticipates continued support from the Scottish Government in 2016/17 and beyond and thus the Board has prepared the financial statements on a going concern basis. Given the relationship that SFT has with the Scottish Government, the important role SFT plays in public sector investment and given there is no evidence to the contrary we are satisfied that the financial statements are prepared on a going concern basis.
- **Our findings:** The Scottish Government has confirmed that resources will be provided to SFT to allow the Group to continue in 2015/16. The expectation at the date of signing the financial statements is that this funding from the Scottish Government will continue into 2016/17 and beyond and thus the financial statements have been correctly prepared on a going concern basis.

Defined benefit pension scheme

- **The risk:** There is a risk that the movement in the defined benefit pension scheme and the closing pension liability is not recorded and disclosed in the financial statements accurately. There is also a risk that the actuarial assumptions used to determine the pension valuation are not appropriate.
- **Our response:** We reviewed the actuarial assumptions used in the IAS 19 valuation and considered their appropriateness and ensured that the pension liability was accounted for and disclosed within the financial statements in accordance with IAS 19.
- **Our findings:** The actuarial assumptions are appropriate and the pension liability has been recorded and disclosed in the financial statements in accordance with IAS 19.

Treatment of investments made by Scottish Futures Trust Investments Limited

- **The risk:** There is a risk that the Group accounts of Scottish Futures Trust Limited (consisting of SFT and SFTi) are incomplete as they may not include all entities that SFTi has invested in which perhaps may be deemed subsidiaries or associates of SFTi.
- **Our response:** We performed a detailed review of the investments held in order to establish to what extent, if any, SFTi exerts significant influence or control over the financial and operational decisions of the investee. This included detailed discussions with SFT's Leadership Team and a review of underlying agreements.
- **Our findings:** The investments held by SFTi were reviewed and we concluded that no significant influence or control existed and therefore consolidation was not required for any of the investments held.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SCOTTISH FUTURES TRUST LIMITED
(continued)

Our application of materiality

The materiality for the Group financial statements as a whole was set at £410,000. This has been assessed with reference to a benchmark of total income (representing 2% of reported other income and capital grant income) which we consider to be one of the principal considerations for member of the company in assessing the financial performance of the Group.

We set a performance (testing) materiality, which we assessed as being 50% of the overall materiality of £410,000, i.e. £205,000. In respect of other areas we performed audit procedures on all transactions and balances that exceeded our assessed low risk level performance materiality which was assessed as being 75% of the overall materiality of £410,000, i.e. £307,500. This meant that we performed a greater level of testing on the areas deemed to be of significant risk of material misstatement. All balances and transactions above £307,500 were audited whilst for higher risk items we tested all balances and transactions above £205,000. We tested smaller balances and transactions as we deemed necessary.

We agreed with the Audit Committee to report to it the following misstatements that we identified through our audit: (i) all material corrected misstatements; (ii) uncorrected misstatements with a value in excess of £5,000; and (iii) other misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

Each of the risks noted above were identified at the planning stage of the audit and as such procedures designed to mitigate the risk of material misstatement were selected at planning. In our audit, we tested and examined information using sampling and other audit techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained evidence through performing a review of the significant accounting systems, substantive procedures and detailed analytical procedures.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SCOTTISH FUTURES TRUST LIMITED
(continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following:

The part of the Report on Corporate Governance relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.



Nick Bennett (Senior Statutory Auditor)

For and on behalf of Scott Moncrieff Chartered Accountants and Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

30 November 2015

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		£	£
Continuing operations			
Revenue		-	-
Cost of sales		-	-
		<u>-</u>	<u>-</u>
Gross profit		-	-
Other income	5	10,476,404	7,032,742
Capital grant income	6	12,199,291	6,738,492
Administrative expenditure	7	(8,730,198)	(6,743,702)
Capital grant expenditure	8	(9,004,235)	(5,027,123)
		<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation		4,941,262	2,000,409
Taxation on profit ordinary activities	23	(36,841)	(3,608)
		<u>-</u>	<u>-</u>
Net profit for the year		<u>4,904,421</u>	<u>1,996,801</u>
Other comprehensive income:			
Those that are not recyclable net of tax:			
Actuarial losses on post-employment benefit obligations	16	(1,562,000)	(271,000)
		<u>-</u>	<u>-</u>
Other comprehensive income for the year after tax		(1,562,000)	(271,000)
		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>3,342,421</u>	<u>1,725,801</u>
Attributable to:			
Equity holder of the company		<u>3,342,421</u>	<u>1,725,801</u>
Distributed as follow:			
Transferred to retained earnings		<u>3,342,421</u>	<u>1,725,801</u>
		<u>-</u>	<u>-</u>
Profits available for distribution		<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
GROUP STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2015

	Share Capital	Retained Earnings	Total
	£	£	£
At 31 March 2014	2	2,792,996	2,792,998
Total comprehensive income for the year	-	3,342,421	3,342,421
At 31 March 2015	2	6,135,417	6,135,419

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2015

	Share Capital	Retained Earnings	Total
	£	£	£
At 31 March 2014	2	-	2
Total comprehensive income for the year	-	-	-
At 31 March 2015	2	-	2

The accompanying notes are an integral part of these financial statements.

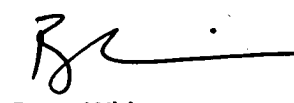
SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015	2014
		£	£
ASSETS			
Non-current assets†			
Investments	10a	7,479,422	2,777,640
Property, plant and equipment	9	176,174	145,514
		<u>7,655,596</u>	<u>2,923,154</u>
Current assets			
Trade and other receivables	11	1,418,689	1,519,166
Investments	11b	90,000	-
Cash and cash equivalents	12	1,729,145	4,055,477
		<u>3,237,834</u>	<u>5,574,643</u>
Current liabilities			
Trade and other payables	13	(1,330,938)	(1,039,630)
Deferred income	15	(122,507)	(4,382,474)
Current tax liabilities	23	(36,841)	(3,608)
		<u>(1,490,286)</u>	<u>(5,425,712)</u>
Net current assets		<u>1,747,548</u>	<u>148,931</u>
Non-current liabilities			
Pension liabilities	16	(1,671,000)	(147,000)
Loan from the Scottish Government	14	(1,596,725)	-
Deferred income	15	-	(132,087)
		<u>(3,267,725)</u>	<u>(281,087)</u>
Net assets		<u><u>6,135,419</u></u>	<u><u>2,792,998</u></u>
Equity			
Called up share capital	17	2	2
Retained earnings	17	6,135,417	2,792,996
		<u>6,135,419</u>	<u>2,792,996</u>
Total shareholders' funds		<u><u>6,135,419</u></u>	<u><u>2,792,998</u></u>

These financial statements were approved by the Board of Directors on 30 November 2015 and authorised for issue on its behalf by:


Sir Angus Grossart
Chairman


Barry White
Chief Executive

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

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

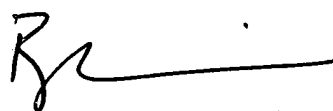
COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	2015	2014
		£	£
ASSETS			
Non-current assets			
Investments	10b	1	1
Property, plant and equipment	9	176,174	145,514
Loan to related party	11a	1,596,725	-
		<u>1,772,900</u>	<u>145,515</u>
Current assets			
Trade and other receivables	11	1,453,750	1,592,972
Cash and cash equivalents	12	1,494,522	3,962,707
		<u>2,948,272</u>	<u>5,555,679</u>
Current liabilities			
Trade and other payables	13	(1,330,938)	(1,039,631)
Deferred income	15	(122,507)	(4,382,474)
		<u>(1,453,445)</u>	<u>(5,422,105)</u>
Net current assets		<u>1,494,827</u>	<u>133,574</u>
Non-current liabilities			
Pension liabilities	16	(1,671,000)	(147,000)
Loan from the Scottish Government	14	(1,596,725)	-
Deferred income	15	-	(132,087)
		<u></u>	<u></u>
Net assets		<u><u>2</u></u>	<u><u>2</u></u>
Equity			
Called up share capital	17	<u>2</u>	<u>2</u>
Total shareholders' funds		<u><u>2</u></u>	<u><u>2</u></u>

These financial statements were approved by the Board of Directors on 30 November 2015 and authorised for issue on its behalf by:



Sir Angus Grossart
Chairman



Barry White
Chief Executive

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

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		£	£
Cash flows from operating activities			
Profit before tax from operations for the period		4,941,262	2,000,409
Depreciation of property, plant and equipment	9	59,462	50,926
IAS19 pension (income) / charge	16	(38,000)	74,000
Decrease in trade and other receivables	11	100,477	354,885
Increase/(decrease) in trade and other payables	13	291,308	(257,164)
Decrease /(increase) in deferred income	15	(4,392,054)	3,265,263
Net cash from operating activities		962,455	5,488,319
Corporation tax		(3,608)	(231)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(90,122)	(68,770)
Purchase of investments	10a	(1)	(6)
Loan from Scottish Government	14	1,596,725	-
Provision of working capital loans and subordinated debt	10a	(4,791,781)	(1,711,363)
		(3,285,179)	(1,780,139)
Net (decrease) /increase in cash and cash equivalents		(2,326,332)	3,707,949
Cash and cash equivalents at beginning of period		4,055,477	347,528
Cash and cash equivalents at end of period	12	1,729,145	4,055,477

The accompanying notes are an integral part of these financial statements.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015	2014
		£	£
Cash flows from operating activities			
Profit before tax from operations for the period		1,562,000	271,000
Depreciation of property, plant and equipment	9	59,462	50,926
IAS 19 pension (income) / charge	16	(38,000)	74,000
Decrease in trade and other receivables	11	139,222	323,288
(Increase) in loan to related party	11a	(1,596,725)	-
Increase/ (decrease) in trade and other payables	13	291,307	(297,297)
(Decrease) /increase in deferred income	15	(4,392,054)	3,265,263
Net cash from operating activities		(3,974,788)	3,687,180
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(90,122)	(68,770)
Loan from Scottish Government	14	1,596,725	-
Net cash used in investing activities		1,506,603	(68,770)
Net (decrease) / increase in cash and cash equivalents		(2,468,185)	3,618,410
Cash and cash equivalents at beginning of period		3,962,707	344,297
Cash and cash equivalents at end of period	12	1,494,522	3,962,707

The accompanying notes are an integral part of these financial statements.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Basis of preparation and accounting policies

The Group financial statements of Scottish Futures Trust Limited which include Scottish Futures Trust Investment Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006.

The financial statements 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 11 – 15 Thistle Street, Edinburgh, EH2 1DF.

The report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated (e.g. defined benefit pension), current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies are consistent across the Group.

No Income Statement has been prepared for the Company as provided by section 408 of the Companies Act 2006.

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 reasonable expectation that the Company will continue to receive funding from the Scottish Government. Consequently, the Company 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.

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost. The only subsidiary is Scottish Futures Trust Investments Limited.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

1. Basis of preparation and accounting policies (continued)

Financial instruments

Classification, recognition and measurement

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

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 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 by its lawyers.

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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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

1. Basis of preparation and accounting policies (continued)

Revenue

The Group receives funding from the Scottish Government. The funding that covers the revenue expenditure of the Group is recognised in other income when the Group is entitled to the funding. The funding received which is either invested in infrastructure projects or distributed to third parties for capital projects is disclosed as capital grant income. This is recognised once received.

The Group recognises 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.

Current income tax

The tax expense for the period comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Share capital

Ordinary shares are classified as equity.

Property, plant and equipment

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 Income 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.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

1. Basis of preparation and accounting policies (continued)

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 company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Office equipment - over 3 years

Furniture and fixtures - over 5 years

A *de minimis* cost of £1,000 is set for property, plant and equipment assets.

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 Income in the year the asset is derecognised.

Leases

Leases, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

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.

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 Income 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.

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

2. New and amended standards adopted by the Group

No new or amended IFRSs had a material impact on the 2014/15 financial statements.

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 Endorsed

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

Guidance in Issue but not in Force – not EU Endorsed

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

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements 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.

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 scheme

The Company has a defined benefit scheme for its employees. The present value of the scheme's liabilities recognised at the Statement of Financial Position date has been calculated based on key assumptions and estimates of future events as set out in note 16.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

5. Other income – Group

	Note	2015	2014
		£	£
Release of Scottish Government funding relating to non-current assets	9	59,462	50,926
Scottish Government funding received to compensate for expenses incurred		9,735,358	6,694,507
Interest received on working capital loans		445,108	147,635
Secondment recharges		115,970	116,674
Other income		120,506	23,000
		<u>10,476,404</u>	<u>7,032,742</u>

6. Capital Grant Income – Group

	Note	2015	2014
		£	£
SG capital grant for Scotland Schools for the Future projects	8	4,500,000	-
SG capital grant for SFTI investments in hub projects*	10a	3,195,056	1,711,369
SG capital enabling grant for hub projects	8	4,504,235	3,277,123
Capital enabling grant returned for hub projects**	8	-	1,750,000
		<u>12,199,291</u>	<u>6,738,492</u>

*In addition to this capital grant, SFT using funds provided by the Scottish Government lent £1,596,725 to SFTi which was used to invest in subordinated debt in a number of projects as detailed in note 10.

**£1,750,000 of SG Capital funding provided in 2012/13 was returned in 2013/14 unutilised by one hub participant. This was expended on other projects in 2013/14.

These funds are due to be paid back to SFTi who will then repay SFT. SFT would then repay the Scottish Government. See notes 11a and 14.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

7. Administrative Expenditure – Group

	2015	2014
	£	£
Profit before taxation is stated after charging:		
Chair and non-executive fees (inc NI of nil (2014 = £29))	31,200	31,229
Chair expenses for secretarial and administrative support	6,738	6,738
Salaries and associated costs	6,155,632	4,826,762
Agency, seconded & interim staff	556,294	414,872
Auditor's remuneration		
- SFT audit fee	12,000	13,006
- SFTi audit fee	4,800	4,800
- taxation services	1,800	4,260
- other services	5,000	3,600
Operating leases in respect of land and buildings	133,063	100,673
Depreciation of owned assets	59,462	50,926
Corporate Professional fees	84,576	76,846
Recruitment fees	74,723	37,001
Advisory fees	716,662	405,063
Grants made	53,904	199,700
Hub PDO Fees	40,903	16,955
Other administrative costs	793,441	551,271
	<u>8,730,198</u>	<u>6,743,702</u>

The average number of full time equivalent employees employed in the year was 61 (2014: 51) broken down as 7 (2014: 6) Leadership Team, 42 (2014: 33) programme delivery and 12 (2014: 12) business support. This relates to SFT commencing a new work stream in Digital and expanding other programmes such as Asset Management.

	2015	2014
	£	£
Wages and salaries	4,561,652	3,719,550
National Insurance	483,661	397,269
Pension costs (including IAS 19 income / (charge))	1,110,319	709,943
	<u>6,155,632</u>	<u>4,826,762</u>

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

8. Capital Grant Expenditure – Group

	2015	2014
	£	£
Capital grant for Scotland Schools for the Future Programme projects	4,500,000	-
Capital enabling grant for hub projects	4,504,235	5,027,123
	<u>9,004,235</u>	<u>5,027,123</u>

9. Property, plant and equipment – Group and Company

	Office equipment	Furniture & Fixtures	Total
	£	£	£
Cost			
At 31 March 2014	172,990	143,363	316,353
Additions	43,765	46,357	90,122
Disposals	-	-	-
At 31 March 2015	<u>216,755</u>	<u>189,720</u>	<u>406,475</u>
Depreciation			
At 31 March 2014	125,408	45,431	170,839
Charge for period	30,454	29,008	59,462
Eliminated on disposal	-	-	-
At 31 March 2015	<u>155,862</u>	<u>74,439</u>	<u>230,301</u>
Net book value			
At 31 March 2015	<u>60,893</u>	<u>115,281</u>	<u>176,174</u>
At 31 March 2014	<u>47,582</u>	<u>97,932</u>	<u>145,514</u>

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

10a. Investments – Group

	hub Co & NHT LLP share capital	hub Co working capital	hub Co subordinated debt	Total
	£	£	£	£
Cost and Net book value				
At 31 March 2014	86	490,000	2,287,554	2,777,640
Additions	1	-	4,791,781	4,791,782
Transferred to current assets (note 11b)	-	(90,000)	-	(90,000)
At 31 March 2015	87	400,000	7,079,335	7,479,422

Share capital

SFTi invested £1 in a further one housing partnership LLP during the current year.

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

hub Co working capital

SFTi loaned working capital of £100,000 to hub South East Scotland Limited on 30 July 2010. This working capital facility is available until 30 July 2015 by which date the full amount of the working capital facility shall be due and payable on demand unless a renewal or extension is agreed. Hub South East has applied for an extension to 31 March 2017 and this had been granted. The loan has therefore been classified as a non-current asset as at 31 March 2015. The rate of interest applicable shall be: the amount of interest (net of tax) received where amounts are held in a reserve account, or 5% p.a. on all other sums.

SFTi loaned working capital of £90,000 to hub North Scotland Limited on 28 January 2011. This working capital facility is available until 27 January 2016 by which date the full amount of the working capital facility shall be due and payable on demand unless a renewal or extension is agreed. The rate of interest applicable shall be: the interest (net of tax) received where amounts are held in a reserve account, and 4.5% p.a. on all other sums. Interest will be payable semi-annually (on 31 December and 30 June). This item has been treated as a current asset (note 11b).

SFTi loaned working capital of £100,000 to hub East Central Scotland Limited on 7 February 2012. This working capital facility is available until 6 February 2017 by which date the full amount of the working capital facility shall be due and payable on demand unless a renewal or extension is agreed. The rate of interest applicable shall be: the interest (net of tax) received where amounts are held in the reserve account, and 5% p.a. on all other sums. Interest will be payable semi-annually (on 31 December and 30 June).

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

10a. Investments – Group (continued)

SFTi loaned working capital of £100,000 to hub West Scotland Limited on 27 April 2012. This working capital facility is available until 26 April 2017 by which date the full amount of the working capital facility shall be due and payable on demand unless a renewal or extension is agreed. The rate of interest applicable shall be: the interest (net of tax) received where amounts are held in the reserve account, and 6.5% p.a. on all other sums. Interest will be payable semi-annually (on 31 December and 30 June).

SFTi loaned working capital of £100,000 to hub South West Scotland Limited on 17 November 2012. This working capital facility is available until 16 November 2017 by which date the full amount of the working capital facility shall be due and payable on demand unless a renewal or extension is agreed. The rate of interest applicable shall be: the interest (net of tax) received where amounts are held in the reserve account, and 6% p.a. on all other sums. Interest will be payable semi-annually (on 31 December and 30 June).

Working capital loans are held as financial assets – loan and receivables.

hub Co subordinated debt

The Group made its first investment in a project in March 2012 when it invested £576,191 in Aberdeen Community Health Village DBFM, a special purpose company owned by hub North Scotland Limited, in the form of 10.2% fixed coupon unsecured loan notes. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so by 2039.

On 16 April 2013 the investment of £133,884 by SFTi in Forres, Tain and Woodside DBFM, a special purpose company owned by hub North Scotland Limited, was completed. This investment was in the form of 10.2% fixed coupon unsecured loans. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so by 2039.

On 9 December 2013 SFTi invested £1,252,424 in James Gillespie's Campus, a special purpose company owned by hub South East Scotland Limited. This investment was in the form of 10.87% fixed coupon unsecured loans. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so in 2041.

On 19 December 2013 SFTi invested £325,055 in NHS North Lanarkshire Bundle DBFM, a special purpose company owned by hub South West Scotland Limited. This investment was in the form of 10.50% fixed coupon unsecured loans. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so in 2040.

On 2 June 2014 SFTi invested £747,036 in Alford Community Campus DBFM, a special purpose company owned by hub North Scotland Limited. This investment was in the form of 10.2% fixed

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

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(continued)

10a. Investments – Group (continued)

coupon unsecured loans. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so in 2040.

On 10 October 2014 SFTi invested £186,042 in Eastwood Health Centre and Maryhill Health Care Centre, a special purpose company owned by hub West Scotland Limited. This investment was in the form of a 9.75% secured loan with interest payable annually during the operational phase. The principal is being returned in the 25 years following completion of construction, so in 2041.

On 18 December 2014 SFTi invested £410,685 in Royal Edinburgh Hospital, a special purpose company owned by hub South East Scotland Limited. This investment was in the form of an advance with interest payable annually at 2.48% during the construction phase and interest payable annually at 10.75% during the operational phase. The principal is being returned in the 25 years following completion of construction, so in 2042.

On 19 December 2014 SFTi invested £1,568,509 in Wick Community Campus DBFM, a special purpose company owned by hub North Scotland Limited. This investment was in the form of 10.2% fixed coupon unsecured loans. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so in 2042.

On 22 December 2014 SFTi invested £1,608,000 in Levenmouth High School DBFM, a special purpose company owned by hub East Central Scotland Limited. This investment was in the form of 10% fixed coupon unsecured loans. Interest is expected annually in the operational phase of the project with the principal being returned in the 25 years following completion of construction, so in 2041.

On 8 January 2015 SFTi invested £271,509 in Greenfaulds DBFM, a special purpose company owned by hub South West Scotland Limited. This investment was in the form of an advance with interest payable annually at 2.33% during the construction phase and interest payable annually at 10.5% during the operational phase. The principal is being returned in the 25 years following completion of construction, so in 2041.

Subordinated debt is held as financial assets - loans and receivables.

10b. Investments – Company

	Investment in Subsidiary
	£
Cost and Net book value	
At 31 March 2014 and 31 March 2015	1

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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

10b. Investments – Group (continued)

The Company's investment at the balance sheet date 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	
Class of shares	Ordinary	
Holding	100%	
	2015	2014
	£	£
Aggregate capital and reserves	6,135,418	2,792,997
Profit for the year	3,342,421	1,725,801

11. Trade and other receivables

	Group 2015	Company 2015	Group 2014	Company 2014
	£	£	£	£
Other receivables (SG funding re operational expenditure)	746,308	746,308	1,138,790	1,138,790
Other receivables	42,264	42,264	54,617	54,617
Prepayments and accrued income	630,117	198,512	325,759	150,649
Amounts due from subsidiary – SFTi	-	466,666	-	248,916
	<u>1,418,689</u>	<u>1,453,750</u>	<u>1,519,166</u>	<u>1,592,972</u>

11a. Loan to related party

	Company 2015	Company 2014
	£	£
At beginning of the year	-	-
Increase in period	1,596,725	-
At 31 March 2015	<u>1,596,725</u>	<u>-</u>

SFT made a loan of £1,596,725 to SFTi during the year. This was used to invest in subordinated debt in the year. The funds had been lent to SFT by the Scottish Government for this purpose. The loan is non-interest bearing and repayable between September 2016 and March 2042.

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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

11a. Loan to related party (continued)

This is expected to be repaid:

	2015	2014
	£	£
1-2 years	1,971	-
2-5 Years	121,181	-
>5 years	1,473,573	-
	<u> </u>	<u> </u>
At 31 March 2015	1,596,725	-
	<u> </u>	<u> </u>

11b. Investments - Group

	hub Co working capital	Total
	£	£
Cost and Net book value		
At 31 March 2014	-	-
Transferred from non-current assets (note 10a)	90,000	90,000
	<u> </u>	<u> </u>
At 31 March 2015	90,000	90,000
	<u> </u>	<u> </u>

12. Cash and cash equivalents

	Group 2015	Company 2015	Group 2014	Company 2014
	£	£	£	£
Cash at bank (see note 15)	1,728,937	1,494,314	4,055,437	3,962,667
Cash on deposit held by lawyer	-	-	-	-
Cash on hand	208	208	40	40
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,729,145	1,494,522	4,055,477	3,962,707
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

13. Trade and other payables

	Group 2015	Company 2015	Group 2014	Company 2014
	£	£	£	£
Other payables (operational expenditure)	474,362	474,362	289,064	289,064
Other taxes and social security	179,509	179,509	244,963	244,964
Other creditors and accruals	677,067	677,040	505,603	505,577
Amounts due from subsidiary – SFTi	-	27	-	26
	<u>1,330,938</u>	<u>1,330,938</u>	<u>1,039,630</u>	<u>1,039,631</u>

14. Loan from the Scottish Government

	Group 2015	Company 2015	Group 2014	Company 2014
	£	£	£	£
At beginning of the year	-	-	-	-
Increase in the period	1,596,725	1,596,725	-	-
As at 31 March 2015	<u>1,596,725</u>	<u>1,596,725</u>	<u>-</u>	<u>-</u>

The above loan is non-interest bearing and repayable between September 2016 and March 2042.
This is expected to be paid:

	2015	2014
	£	£
1-2 years	1,971	-
2-5 years	121,181	-
>5 years	1,473,573	-
At 31 March 2015	<u>1,596,725</u>	<u>-</u>

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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

15. Deferred income – Group and Company

	2015	2014
	£	£
As at beginning of period	145,514	127,670
Increase in period	90,122	68,770
Released to statement of income and retained earnings	(59,462)	(50,926)
	<u>176,174</u>	<u>145,514</u>
Deferred income above relates to capital funding received which is released over the expected life of the asset.		
As at beginning of period	37,500	27,500
Increase in period	10,000	10,000
	<u>47,500</u>	<u>37,500</u>
Deferred income above relates to funding received to provide for the dilapidation over the expected life of the premises.		
Deferred income from the Scottish Government relating to funding received in advance of costs incurred	(101,167)	4,331,547
	<u>122,507</u>	<u>4,514,561</u>
Total deferred income		
Split as follows:		
Current liabilities	122,507	4,382,474
	<u>-</u>	<u>132,087</u>
Non-current liabilities		

Of the £4,331,547 in 2014 relating to funding received in advance of costs incurred, £3,281,425 was received to make investments in projects anticipated to reach financial close before the 2014 year-end. Financial close was not however reached at 31 March 2014 and the funds were therefore retained within cash held at the bank at that time. During 2014/15, the projects reached financial close and the investments were made (see note 10a).

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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

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 Income, 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 most recent formal triennial valuation of the fund was at 31 March 2014 by Hymans Robertson, independent actuaries.

The group financial statements include the results of the IAS 19 valuation carried out, by Hymans Robertson, as at 31 March 2015 which projects forward the results of the 2014 triennial valuation and adjusts for changes in assumptions. 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, as defined below:

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

There are only active members. The defined benefit obligation has a duration of 25.1 (2014: 26.7) years and thus a long rate discount rate has been applied. The main assumptions used are:

	31 Mar 2015	31 Mar 2014
	% p.a.	% p.a.
Inflation / Pension Increase Rate	2.5%	2.9%
Salary Increase Rate	4.4%	5.2%
Discount Rate	3.3%	4.3%

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(continued)

16. Retirement benefits obligation – Group and Company (continued)

Mortality

Life expectancy is based on the Funds Vita Curves, with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum and a 1% profit underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	23.7 years
Future pensioners	24.2 years	26.3 years

Assets (Employer)

	31 March 2015
	Assets
	£000
Equities	5,626
Bonds	609
Property	557
Cash	583
Total Market Value of Assets	7,375
Present Value of Scheme of Liabilities	9,046
Net Pension Liability	(1,671)
	31 March 2014
	Assets
	£000
Equities	3,124
Bonds	284
Property	307
Cash	226
Total Market Value of Assets	3,941
Present Value of Scheme of Liabilities	4,088
Net Pension Asset	(147)

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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

16. Retirement benefits obligation – Group and Company (continued)

Recognition in the Income Statement:

	31 March 2015		31 March 2014	
	£(000)	% of Pay	£(000)	% of Pay
Current service cost	(1,057)	26.3%	(694)	22.4%
Net interest income	(5)	0.1%	7	0.2%
Contributions paid in year per IAS19 valuation	1,100	27.4%	613	19.2%
Total (charge)/income included in the Statement of Comprehensive Income	38	1.0%	(74)	2.4%

The IAS 19 pension charge (above) is included within salaries and associated costs in note 7 of the financial statements. The actual pension contribution of the company paid as part of the payroll was £1,148,319 (2014: £635,943). This included an additional contribution of £350,000 recognising the deficit position. The employer's contribution rate is 20% and the employee's contribution rate ranges from 5.5% to 10.8%.

Analysis of the amount recognised in other comprehensive income

	31 March 2015	31 March 2014
	£(000)	£(000)
Actual return less expected return on pension scheme assets	1,756	49
Changes in financial assumptions underlying the present value of scheme liabilities	(3,318)	(320)
Actuarial loss	(1,562)	(271)

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

16. Retirement benefits obligation – Group and Company (continued)

Recognition of defined benefit obligations:

Year Ended	31 March 2015	31 March 2014	31 March 2013	31 March 2012
	£(000)	£(000)	£(000)	£(000)
Opening Defined Benefit Obligations	4,088	2,618	1,490	792
Current Service Cost	1,057	694	398	263
Interest Cost	206	140	87	56
Contributions by Members	387	319	252	181
Actuarial Losses/(Gains)	3,318	320	394	199
Past Service Costs/(Gains)	-	-	-	-
Estimated benefits paid	(10)	(3)	(3)	(1)
Closing Defined Benefit Obligations	9,046	4,088	2,618	1,490

Reconciliation of fair value of employer assets:

Year Ended	31 March 2015	31 March 2014	31 March 2013	31 March 2012
	£(000)	£(000)	£(000)	£(000)
Opening Fair Value of Employer Assets	3,941	2,816	1,766	1,001
Expected Return On Assets	201	147	123	90
Contributions by Members	387	319	252	181
Contribution by Employer	1,100	613	474	393
Actuarial Gains/ (Losses)	1,756	49	203	102
Estimated Benefits Paid	(10)	(3)	(2)	(1)
Closing Fair Value of Employer Assets	7,375	3,941	2,816	1,766
Closing (Liability)/Asset	(1,671)	(147)	198	276

Projected IAS 19 charge to be charged to the Statement of Comprehensive Income for the year ended 31 March 2016:

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

16. Retirement benefits obligation – Group and Company (continued)

	31 March 2016	
	£(000)	% of pay
Projected Current Service Cost	(1,276)	29.7
Interest on Obligation	(325)	7.6
Interest on Plan Assets	263	6.1
	(1,338)	
Estimated Employer's contribution for the year ended 31 March 2016	847	
	(491)	

Sensitivity analysis:

Sensitivities at 31 March 2015	Approximate % increase to Employer Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	1,241
1 year increase in member life expectancy	3%	271
0.5% increase in the Salary Increase Rate	7%	663
0.5% increase in the Pension Increase Rate	7%	530

17. Share capital and retained earnings – Group and Company

	Group & Company 2015	Group & Company 2014
	£	£
Share capital		
Authorised , issued and fully paid – ordinary shares of £1 each		
As at beginning of period	2	2
Issued in the period	-	-
As at period end	2	2

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

17. Share capital and retained earnings – Group and Company (continued)

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.

	Group 2015	Company 2015	Group 2014	Company 2014
	£	£	£	£
Retained earnings				
As at beginning of period	2,792,996	-	1,067,195	-
Total comprehensive income for the year	3,342,421	-	1,725,801	-
As at period end	<u>6,135,417</u>	<u>-</u>	<u>2,792,996</u>	<u>-</u>

The retained earnings reserve comprises the cumulative profits of the group.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

18. Related party transactions

Scottish Ministers

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

	2015	2014
	£	£
<u>Scottish Government Funding received</u>		
Capital government funding received	90,122	68,770
Revenue government funding received	8,184,878	6,471,919
Capital grant income	12,199,291	4,988,492
	<u>20,474,291</u>	<u>11,529,181</u>

	2015	2014
	£	£
<u>Nature of government funding receipt</u>		
Payments made monthly to SFT	7,528,692	5,401,899
Year end receivable	746,308	1,138,790
Capital grant	12,199,291	4,988,492
	<u>20,474,291</u>	<u>11,529,181</u>

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

	2015	2014
	£	£
<u>Statement of Comprehensive Income</u>		
Capital government funding income – released in period	59,462	50,926
Revenue government funding received	9,735,358	6,694,507
Capital grant income	12,199,291	4,988,492
	<u></u>	<u></u>

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

18. Related party transactions (continued)

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

	2015	2014
	£	£
<u>Statement of Financial Position</u>		
Balance included in other receivables	746,308	1,138,790
Deferred income - capital	176,174	145,514
Deferred income - funding received in advance of costs incurred	(94,429)	4,331,547
Deferred income - dilapidations	47,500	37,500
Loan from the Scottish Government	1,596,725	-
	<u> </u>	<u> </u>

Noble Grossart Limited

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

	2015	2014
	£	£
<u>Income Statement</u>		
Expense for secretarial and administrative support	6,738	6,738
	<u> </u>	<u> </u>
<u>Statement of Financial Position</u>		
Balance included in other creditors and accruals	6,738	6,738
	<u> </u>	<u> </u>

Remuneration in respect of the directors was as follows:-

	2015	2014
	£	£
Executive directors' emoluments		
Emoluments	355,650	335,556
Pension costs	66,990	63,812
	<u> </u>	<u> </u>
	422,640	399,368
	<u> </u>	<u> </u>
Non-executive directors' fees	31,200	31,200
	<u> </u>	<u> </u>

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

18. Related party transactions (continued)

Hub South East Scotland Limited

John Hope, an associate director of SFT, is a non-executive director of hub South East Scotland Ltd. but does not have a financial interest in the Company. Details of material transactions with hub South East Scotland Ltd are included below:

	2015	2014
	£	£
<u>Statement of Financial Position</u>		
Current assets – Investments (working capital loans)	100,000	100,000
Financial assets – subordinated debt	1,663,109	1,252,424
Trade and other receivables – accrued interest income	200,086	52,577
<u>Income statement</u>		
Other income – Interest income	147,509	46,404

Hub North Scotland Limited

Andrew Bruce, an associate director of SFT, is a non-executive director of hub North Scotland Ltd. but does not have a financial interest in the Company. Details of material transactions with hub North Scotland Ltd are included below:

	2015	2014
	£	£
<u>Statement of Financial Position</u>		
Current assets – Investments (working capital loans)	90,000	90,000
Financial assets – subordinated debt	3,025,620	710,075
Trade and other receivables – accrued interest income	272,382	145,145
<u>Income statement</u>		
Other income – Interest income	195,813	82,616

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ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

18. Related party transactions (continued)

Hub East Central Scotland Limited

John Hope, an associate director of SFT, is a non-executive director of hub East Central Scotland but does not have a financial interest in the Company. Details of material transactions with hub East Central Scotland Ltd are included below:

	2015	2014
	£	£
<u>Statement of Financial Position</u>		
Financial assets – Working capital loans	100,000	100,000
Financial assets – subordinated debt	1,608,000	-
Trade and other receivables – accrued interest income	44,607	529
<u>Income statement</u>		
Other income – Interest income	46,296	2,151
	<u> </u>	<u> </u>

Hub West Scotland Limited

John Hope, an associate director of SFT, is a non-executive director of hub West Scotland Ltd but does not have a financial interest in the Company. Details of material transactions with hub South East Scotland Limited are included below:

	2015	2014
	£	£
<u>Statement of Financial Position</u>		
Financial assets – Working capital loans	100,000	100,000
Financial assets – subordinated debt	186,042	-
Trade and other receivables – accrued interest income	24,873	10,043
<u>Income statement</u>		
Other income – Interest income	16,475	6,597
	<u> </u>	<u> </u>

SCOTTISH FUTURES TRUST LIMITED
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NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

18. Related party transactions (continued)

Hub South West Scotland Limited

John Hope, an associate director of SFT, is a non-executive director of hub South West Scotland Limited but does not have a financial interest in the Company. Details of material transactions with hub South West Scotland Limited are included below:

	2015	2014
	£	£
<u>Statement of Financial Position</u>		
Financial assets – Working capital loans	100,000	100,000
Financial assets- subordinated debt	596,564	325,055
Trade and other receivables – accrued interest income	50,143	11,274
<u>Income statement</u>		
Other income – Interest income	38,869	9,768
	<u> </u>	<u> </u>

19. Commitments under operating leases – Group and Company

At 31 March 2015 the Company had outstanding total commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2015	2014
	£	£
Office Premises (rent and service charges)		
Due less than one year	112,344	99,651
Due in more than one year and less than five years	455,796	31,624
Due in more than five years	37,983	-
	<u> </u>	<u> </u>
	606,123	131,275
	<u> </u>	<u> </u>

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

20. Financial Instruments

The Group's financial instruments comprise of cash resources which arise directly from its operations and loans 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.

Interest rate risk - As the Group has no borrowings subject to interest or significant amounts of cash on deposit, for significant periods of time, 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 customer is the Scottish Government.

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 financial assets and liabilities - The Group recognises financial assets and liabilities at fair value where appropriate. No revaluation has arisen during the period.

21. Ultimate Controlling Party

The Company is wholly-owned by the Scottish Ministers.

22. 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 may be met by Scottish Ministers.

23. Taxation - Group

	2015	2014
	£	£
Corporation tax charge @ 20%	36,841	3,608

The corporation tax charge is in respect of the surplus generated as a result of the interest on working capital loans and sub-ordinated debt exceeding the administration expenses of Scottish Futures Trust Investments Limited. No profit was generated by Scottish Futures Trust Limited and thus no corporation tax was due.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015
(continued)

24. Post Balance Sheet Events

Following the year end, SFT has been considering the level of its equity and investments in the subordinated debt in hub DBFM projects. This follows the introduction of new European Budgetary guidance in September 2014. A final decision on these matters had not been reached at the time of signing the accounts and the investments continue to be classified as Investments in non-current assets which reflects the position as at 31 March 2015.

SCOTTISH FUTURES TRUST LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
OFFICERS AND PROFESSIONAL ADVISORS

Directors

Sir Angus Grossart (Chairman)
Graeme Bissett (Non-executive director)
James Fletcher (Non-executive director)
Fiona Mackenzie (Non-executive director)
Carolyn Dwyer (Non-executive director)
Barry White (Chief Executive)
Peter Reekie (Deputy Chief Executive and Director of Investments)

Chief Executive

Barry White

Registered Office & Principal Place of Business

11-15 Thistle Street
Edinburgh
EH2 1DF

Registered Company number

SC348382

Auditor

Scott-Moncrieff
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Bankers

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

Website

www.scottishfuturestrust.org.uk

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Annex A: End of Year Report

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	This objective is significantly below target, for instance where significant issues remain to be resolved.
	This objective is slightly below target, for instance where significant progress has been made.
	This objective is on target/complete.

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

SFT Invest – NPD

Objective	Update	Progress
Ensure that more than 95% by value of projects in the NPD programme are either in stand-alone procurement or development through hub; in construction; or, in operation	More than 99% of projects by value in the original £2.5bn NPD programme are in hub development, stand-alone procurement, construction or operations.	✓
Support Transport Scotland and the NHS in achieving their targets of reaching financial close on six stand-alone projects (combined capital value c. £900 million) before March 2015	All six projects targeted to close this financial year have reached this milestone. This includes the final college in the programme, Ayrshire College and the Aberdeen Western Peripheral Route (AWPR), the largest single project within the NPD programme which achieved financial close in December. Four major health NPDs also reached financial close: the £150m Royal Hospital for Sick Children and the £213m new District General hospital in Dumfries along with the Scottish National Blood Transfusion Centre National Centre and the North Ayrshire Community Hospital. When combined with the Colleges, M8 motorway improvements project and the revenue funded projects through hub, projects with a value of £1.8 billion are under construction at the end of March 2015.	✓
Manage the NPD programme's long term affordability in line with Scottish Government's 5% cap	SFT reported long term revenue commitments associated with NPD projects to Scottish Government in support of their preparation of the Draft Budget figures released in October 2014. Commitments continue to be within the affordability parameters of the 5% cap. Achievement of this objective has two aspects: - The SFT team has put in place a robust process for the annual financial modelling of the estimated long term commitments of the programme.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Objective	Update	Progress
	- The SFT team has promoted adherence to construction cost caps and helped secure best value finance to improve the overall long term affordability of the programme.	
Secure competition for the financing of each project	Using specific commercial expertise and knowledge of the funding market, the SFT team has played a prominent role in attracting funding institutions and driving competition across projects. This is evidenced through the hub aggregator approach which was successfully competed and set up to attract competitive financing rates across a series of smaller community hub projects which may not have attracted the same interest or been prohibitively costly if competed as standalone projects. On NPD deals, SFT has played an active role in financing competitions for colleges, roads and health projects, both through European Investment Bank (noted below) and interacting with the increasing number of international funding institutions in the market. Strong funding competitions and low underlying market rates have contributed to locking in historically low overall costs of finance in NPD deals.	✓
Deliver £600 million value-for-money EIB investment across the programme	SFT has regularly engaged with the European Investment Bank (EIB) from the early stages of the programme. The bank has now invested more than £600m value-for-money finance across the five largest NPD projects covering the transport, health and colleges sectors.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Objective	Update	Progress
Achieve industry benchmarks for apprenticeships by securing commitment from contractors to at least 190 apprenticeship opportunities	At the end of March 2015, contractual commitment has been obtained for delivering 205 apprenticeships, more than 7% ahead of the targeted amount.	✓
Appoint suitably experienced individuals into Public Interest Director roles	Experienced individuals from SFT have been nominated for all PID roles required this year.	✓
Invest in all hub DBFM projects and manage investment portfolio to deliver target returns	Investments have been made in all hub projects which have reached financial close. All investments projected to achieve target returns.	✓
Identify and establish delivery mechanisms for a programme of viable projects forming the £1bn NPD programme extension	Lessons learned sessions have been undertaken between SFT and NPD stakeholders and between procuring authorities to improve or establish appropriate delivery mechanisms for the NPD programme extension projects. Work is ongoing to establish delivery mechanisms in sectors new to NPD delivery including energy efficiency and digital.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

SFT Invest – Economic Investment

Objective	Update	Progress
See investment made and construction start on at least 80% of the approved TIF pilot projects	Construction work continues on both Glasgow and Falkirk TIFs. The TIF enabled North Lanarkshire rail bridge is now complete. TIF related construction work has also commenced on the Argyll & Bute and Fife projects.	✓
Advance the TIF pilot evaluation to assess the benefit and impact of the TIF approach	An approach to assess the benefits of the TIF pilot projects has been agreed between SFT and SG, including the development of surveys. SFT continues to work with SG to progress this exercise which will be undertaken in the coming months and years as projects progressively deliver business case proposals and anticipated economic outcomes.	✓
Beyond TIF, work with key stakeholders including Scottish Government and the Cities Alliance to develop new approaches to support infrastructure investment that will stimulate economic growth and regeneration.	This work has paid quick dividends. Following the rapid implementation by of the novel Regeneration Acceleration Model (RAM) in Edinburgh private investors are also moving quickly to redevelop the St James Centre. Construction is due to get underway later this year with a total development value estimated at £850m SFT continues to progress the wider application of the St James' Quarter RAM investment approach across the Scottish cities. SFT has now met with interested cities and is working with relevant local authorities in developing options on the applicability of the approach and associated proposals.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

SFT Build - hub

Objective	Update	Progress
Have projects valued at £1.2 billion under construction, in development or completed and operational	As at the end of the financial year there are £1.6billion of hub projects in construction, development or operation, exceeding the target by 33%. Further detail is included in the 'hub dashboard' published on SFT's website.	✓
Work with the five hubCos to achieve their targets of 80% of work packages offered to SMEs	The programme achieved a cumulative position where the target has been exceeded with 86% of work packages were offered to SMEs with 79% of the value being won by SMEs. This has had a very strong impact on local employment in the construction industry.	✓
Start construction on 15 DBFM projects	A total of seven DBFM projects started construction. Of these six projects had reached financial close and one other project commenced construction in advance of financial close. The application and interpretation of updated Eurostat "ESA 10" guidance resulted in a decision to consider contractual changes to hub DBFM projects to reinforce their private classification. This was ongoing at the year end. For this, and a number of project specific reasons fewer projects reached financial close during the year than planned. Work is ongoing to move these projects to financial close and into construction as quickly as possible.	
Implement the 'aggregated finance' structure on DBFM projects to achieve increased value- for- money	The structure is now in place and has been applied to the last four projects reaching financial close and is working well.	✓
Monitor hub KPIs against targets with emphasis on achieving value-for-money and measuring the number of training opportunities	Regular monitoring is in place with a new hub dashboard summarising the results. This can be seen here: hub dashboard	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Objective	Update	Progress
Implement options for design fees as recommended in the 'Review of Scottish Public Sector Procurement in Construction'	This has been implemented. Guidance note issued to all territories and hubCos earlier in the year with recommended changes consistent with the Construction Procurement Review recommendations	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

SFT Build - Schools

Objective	Update	Prog.
Manage the £800m central government budget within the £1.25 billion Scotland's schools for the Future programme	Active management of all aspects of the budget has continued throughout the year embedding the approach which has allowed 67 schools to be built for the budget of 55. In year capital budget fully allocated. Future years spending is being managed in line with programme budgetary parameters.	✓
Publish and promote 'Lessons Learnt' from the Pilot programme	Very nearly complete at the year end. Pilot project lessons learnt are very regularly incorporated into project workshop sessions. SFT's 2015/16 business plan schools case study showcases Eastwood High School, one of the pilot schools. During 2014/15 A&DS were engaged to assist with publication of the broader lessons learnt from the wider pilot project. Publication took place in mid May 2015 and the <u>lessons learnt video</u> is on SFT's website. A recent video produced by pupils at Eastwood High School has also helped publish and promote the benefits of great school design in the pilot project.	△
Complete construction and achieve occupation of three more primary schools and one more secondary school	Three primary schools open – Redwell Primary School (Clackmannanshire Council), Garrowhill Primary School (Glasgow City Council) and St James Primary School (Renfrewshire Council). One secondary school open – Mearns Academy (Aberdeenshire Council).	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Objective	Update	Prog.
See construction start on 18 more schools	Construction started on 13 schools during 2014/15 – Brimmond Primary School (Aberdeen City Council), Brechin Community Campus and Forfar Community Campus (Angus Council), Glendale Primary School (Glasgow City Council), Boroughmuir High School (City of Edinburgh Council), Inverness Royal Academy and Wick Community Campus (The Highland Council), Clyde Valley Campus and Greenfaulds High School (North Lanarkshire Council), Evie Primary School (Orkney Islands Council), New Linwood School (Renfrewshire Council), Halfmerke Primary School and West Mains School (Joint Campus) (South Lanarkshire Council) and Sound Primary School (Shetland Islands Council). A fourteenth primary school, North Uist Primary School (Comhairle nan Eilean Siar) commenced construction in April.	
Work with local authorities to accelerate schools where the opportunity exists to overcome obstacles allowing construction to start earlier	Project specific issues and the implementation of contractual changes to reinforce private sector classification in hub DBFMs has meant the start of some projects moving back to 2015/16.	
Work with Scottish Government and local authorities on developing schools estate strategies	Regular contact with local authorities at both project team and leadership levels, along with hub companies and territory teams to identify and remove obstacles. The actions of SFT have mitigated delays but some remain, in particular in respect of access to land (e.g. where an authority had considered it likely that it would be able to develop on Common Good land but has not been successful) and public consultations where the democratic process required revisions to initial plans.	
Work with Scottish Government and local authorities on developing schools estate strategies	Regular dialogue with Scottish Government's Schools Infrastructure Unit and local authorities at both project team and leadership levels to support the development of school estate strategies with many local authorities embedding the programme principles into their wider practices.	

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

SFT Build – Programme Support and Assurance

Objective	Update	Progress
Provide assurance to revenue funded projects (both NPD and hub DBFM) at appropriate stages	This objective has been achieved. All projects have been reviewed at appropriate stages.	✓
Carry out 30 KSRs	43 reviews have been undertaken.	✓
Ensure that the KSR process is embedded within the integrated approach to project and programme assurance	The KSR process is recognised as the appropriate assurance mechanism for all revenue funded projects.	✓
Continue to work with the Infrastructure Investment Board, challenging major infrastructure projects and agree action plans resulting from recommendations	Barry White, with Peter Reekie as his alternate, has continued as a member of IIB.	✓
Continue supporting the £840 million New South Glasgow Hospital project by being a member of the project board	Barry White continued as a member of the project board until the main hospital building was completed. After a successful handover of the building the project is moving to the next phase with the hospital becoming operational and as such Barry White stood down from the project board.	✓
Membership of the project boards on collaborative waste projects in Edinburgh/Midlothian and Clyde Valley	Christa Reekie continues to be a member on the Board of the Edinburgh/Midlothian Zero Waste project. Construction of the food waste processing plan is progressing well. A preferred bidder has been appointed for the residual waste treatment project and financial close is forecast to take place in October this year.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Objective	Update	Progress
	Alastair Young continues to attend the Steering Group established for the five authority Clyde Valley Residual Waste Project. The participating authorities include, North Lanarkshire, East Renfrewshire, Renfrewshire, East Dunbartonshire and North Ayrshire. The project is progressing well through the procurement process. The final two bidders have been identified for the final tender stage. A preferred bidder appointment is targeted for September 2015.	
Agree and commence delivery of an implementation plan for the Construction Procurement Review recommendations	This has been successfully carried out. The 66 recommendations to be implemented have been gathered under four themes: collaborative procurement, efficient procurement, sustainable procurement and outcome focused procurement. SFT are leading on the 29 delivery based recommendations with the Scottish Government leading on the remaining 37 policy based recommendations. A team has been established to focus on this work. Barry White has been asked to chair the Construction Review Delivery Group coordinating the implementation of eth review's recommendations.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

SFT Place – Asset Management

Objective	Update	Progress
Implement the initial set-up and delivery stages of an estates transformation programme with the Scottish Government and its public bodies.	This has been achieved with the Smarter Workplaces programme being set up in June 2014 to deliver an estates transformation programme. A Scottish Government delivery team was established comprising Scottish Government personnel and embedded expertise from SFT. A programme board, chaired by the DG Strategy & External Affairs, has oversight. Outline Business Cases to make the office estate more efficient in Glasgow and Edinburgh were developed and approved during the year. Pilot offices projects have been developed for part of the offices at Atlantic Quay and Victoria Quay. A strategic options appraisal of the office estate in Scotland's other five cities was also undertaken, identifying opportunities to become more efficient and is now ready for business case planning. These activities continue to support the programme target of a £28m per annum efficiency gain from 2017.	✓
Establish storage efficiency projects with the Scottish Government and other public bodies in key locations.	During 2014/15 the Smarter Storage Programme has successfully promoted a more strategic and collaborative approach to file storage and records management across the public sector in Scotland. Support and challenge to a diverse range of public bodies is resulting in new ways of working. Three locations were identified and local authorities in Edinburgh, Glasgow, and Dundee have agreed to be hosts for collaborative storage projects. These projects have attracted interest from a number of public bodies including national bodies and other councils, showing willingness to collaborate beyond operational boundaries.	✓

ANNEX A TO THE SCOTTISH FUTURES TRUST ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

Objective	Update	Progress
Work with the Scottish Government to embed new property controls.	A joint Property Controls Team (SFT and SG Property Division) is now embedded within the Smarter Workplaces Programme delivery team. SFT will continue its challenge function and will monitor how the controls are being implemented.	✓
Enable and support the establishment of office transformation programmes with local authorities and health boards targeting financial efficiencies rising to more than £25 million per annum.	Office transformation programmes across the local estate are on target to achieve annual efficiency savings in excess of £25m. There has been significant acceleration in the momentum of the programme this year. SFT has continued to influence and shape the direction of office transformation projects. The development of new tools and techniques has helped with this, including; a culture change management programme, space utilisation tools, and change management evaluation techniques. There has been greater consideration amongst partners of the wider benefits arising from this work, beyond pure cost efficiencies. The local authorities contributing to the achievement of the financial target are; Aberdeen City, Aberdeenshire, Angus, Scottish Borders, Clackmannanshire, Dundee City, East Ayrshire, East Lothian, East Renfrewshire, Edinburgh City, Fife, Glasgow City, Highland, Inverclyde, Midlothian, Moray, North Ayrshire, North Lanarkshire, Renfrewshire, South Lanarkshire, Stirling, West Dunbartonshire and West Lothian. Wider engagement with other local authorities continued during the year to establish programmes for following years. SFT has also enabled two exploratory projects within the NHS; with NHS Tayside and NHS Highland. The work has established the basis for two office remodelling projects which are likely to commence later in 2015.	✓

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Objective	Update	Progress
	Opportunities for collaboration have also been developed in several locations with councils, NHS Boards and Police Scotland participating.	
Further develop and widen the use of 'place based' approaches to asset management.	The place based approach to strategic asset management has been successfully developed and widened and has been acknowledged and adopted by a number of partners on a range of projects, e.g.: • National - Town Centre First (SG/COSLA), Police Scotland • Regional - West College Scotland, Scottish Rural College • Local - Edinburgh, Dumfries and Galloway, East Lothian, West Dunbartonshire, South Ayrshire The City of Edinburgh Council and Dumfries and Galloway Council have embedded the place based approach by putting formal structures in place to ensure collaborative strategic asset management between the Councils, the NHS, and other public bodies. In Edinburgh the approach has significantly changed the nature of shared developments in three neighbourhoods - Fountainbridge, Muirhouse, and Leith. In Dumfries and Galloway it has resulted in a new shared impetus for a collaborative Crichton Campus in Dumfries and innovative proposals for public and community service facilities in Langholm and Kirkcudbright. It has also helped to create a more ambitious framework for asset redevelopment in potential major town centre investments in Dumbarton and Ayr.	✓
Support the review of estate management functions in the public sector to identify further opportunities for improved efficiency.	Opportunities for jointly planning, sharing, and procuring a wide range of services between agencies have been progressed with the Edinburgh Partnership as part of a	✓

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Objective	Update	Progress
	city wide restructuring of services built around neighbourhoods and joint strategic asset management. SFT successfully brought together Police Scotland and Scottish Fire and Rescue in a significant initiative to develop FM procurement at a national level, and a case is now being developed in support of this. During the year, Police Scotland reviewed their estate management function with the support of SFT and have begun implementing key changes. Following their endorsement of an ambitious framework for their estate, facilitated by SFT, West College Scotland is now pursuing opportunities to work more closely with public sector partners on estate management issues in three localities: Paisley, Clydebank, and Greenock.	
Work with NHS Boards on their surplus property strategies achieving in excess of £25 million receipts	Significant progress has been made in joint working with health boards on property disposal however the targeted £25m of receipts was not achieved. As at the end of 2014/15, 11 sites are on the market, 7 are under offer, missives have been concluded on 6 sites and the sale has completed on 3 sites. Agents have been appointed on an additional 7 sites to prepare them for marketing. SFT is working with NHS Boards and the Scottish Government to improve the process for estimating the timing and quantum of receipts.	

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Objective	Update	Progress
	Highlights during the year include; the progression of key projects, establishing a programme approach to disposals with NHS Lothian and significant progress made on disposal strategies with other boards including; NHS Tayside, NHS Greater Glasgow & Clyde, NHS Grampian, and NHS Lanarkshire. Feedback from developers and agents active in the market indicates a greater awareness of SFT's role in supporting public sector organisations on the disposal of surplus assets and a positive perception of this work.	
Support Inverness, Glasgow and Ayrshire Colleges on their disposals strategy, preparing key sites for sale.	The five City of Glasgow College sites were marketed in January 2015 and preferred bidders are due to be selected by autumn 2015. Strong market interest has been expressed in the main city centre sites. This has been a significant project in terms of testing the market appetite for complex city centre properties with listed buildings and the approach adopted to pre-disposal work and bid evaluation, providing valuable lessons for other major disposals within the programme. In Inverness, the Midmill's college site was placed on the market late 2014 and bids are being evaluated following the closing date. Pre-disposal work on the Longman site has been completed. Work to progress the Kilmarnock sites will commence later in 2015.	✓
Enable the establishment of property disposals programmes with other public bodies.	Work progressed with Police Scotland and the Scottish Fire & Rescue Service providing support on developing a strategic approach to property disposals. With Police Scotland, additional support is being provided to enhance capacity and in particular for the major disposal at Pitt Street in Glasgow City Centre.	✓
Develop and trial a new pan public sector surplus property website	Setting up the surplus property website has allowed the establishment of a central facility to collect data on surplus public sector property in Scotland and making this information available to interested parties. The data is drawn from ePIMS, a national property database administered by the Government Property Unit (GPU), which has	✓

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Objective	Update	Progress
	been populated by SFT since 2012 and now contains high level information on over 33,000 public sector properties in Scotland. The website was designed and developed in conjunction with GPU and through engagement with Scottish Government, COSLA, selected participants and potential end users. The site is now live and contains information on over 300 surplus public properties available for sale or to let.	

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SFT Place - Operational PPP Contract Management

Objective	Update	Progress
Complete six in-depth reviews of operational PPP projects	Six in depth reviews have been completed: four schools PPP projects (Dalkeith Campus, Midlothian; Clackmannanshire; Dumfries; and Galloway and Borders) and two hospital projects (Crosshouse, Ayrshire and Arran and Stobhill Mental Health Hospital, Glasgow).	✓
Complete at least eight targeted reviews which were started during 2013/2014 and commence a further five targeted reviews	Twelve targeted reviews have been completed, exceeding the target by 50%.	✓
Establish good practice guidance and share it for contract management of revenue funded hub and NPD colleges projects	Good practice has been produced. The team has met with NHS Grampian on the operational aspects of the Aberdeen Health Village DBFM and has held workshops for the Inverness College NPD project team. They continue to liaise with the hub and NPD teams to identify projects that will become operational in the near future.	✓
Deliver at least four collaborative contract management network events leading to increased awareness of contract rights and responsibilities along with potential savings	The team led discussions/ held workshops in relation to at least four NHS practitioners/advisory group meetings. They also ran a workshop for all Ayrshire Councils discussing issues arising from their schools PPP contracts.	✓
Work with public bodies to establish collaborative working arrangements	Collaborative working with the NHS specialist support team is ongoing. The work carried out by the team has gained recognition and approval from various health boards.	✓

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SFT Home – National Housing Trust

Objective	Update	Progress
Support 22 developer led NHT joint ventures and have 800 homes completed	This objective has been achieved. Developer led NHT joint ventures, supported by SFT, have delivered 826 high quality affordable homes for rent.	✓
Support Stirling and Scottish Borders Councils in the delivery of the NHT Council Variant with the aim of securing commitments for up to 100 homes	At various phases of development proposals have been brought forward for 142 units, exceeding the target by 40%. This has produced 42 homes so far. A contract is in place for a further 53 homes in Stirling and we have carried out viability tests for 47 homes in the Borders. A total capacity of 535 homes across three council areas has been approved.	✓
Inform all councils of the opportunity to use the NHT Council Variant and quickly evaluate those with both the capability and housing market dynamics to support successful deployment	The demand for affordable rent houses is significant and the NHT Council Variant is one additional way of providing homes without grant subsidy. All Councils who have so far not participated in the NHT Council Variant have been invited to consider it. We have now entered into a partnership with Aberdeenshire Council. The following Councils have expressed an interest in the Council Variant: Orkney, Shetland, North Lanarkshire, Angus, Dundee and Edinburgh.	✓
Develop innovative models to increase the supply of affordable-rent housing	This has been achieved. LAR Housing Trust (mid-market rent) is being developed as an opportunity. We are supporting the Scottish Federation of Housing Associations in relation to HARIS (Housing Association Resource for Investment Scheme) as a possible new way of developing social rent homes at scale.	✓
Assess and support viable market-led housing	We have reviewed a number of initiatives for the provision of social housing and the private rental market. However, none of these proposals, which were initiated by private sector parties, has been successful so far.	✓

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SFT Green – Low Carbon

Objective	Update	Progress
Non-domestic Energy Efficiency: Develop innovative financing proposals and a contractual structure which can deliver energy efficiency investment within the central government estate	An Energy Performance Contract (EnPC) is being finalised as part of the process of procuring an NDEE framework. This is currently being reviewed to assess its budgetary and accounting treatment. The innovative financing of energy efficiency works is being developed in conjunction with the procurement of a NDEE framework and pipeline of projects for the public sector. This objective will continue into 2015/16.	✓
Non-domestic Energy Efficiency: Support the development of an investment programme across a central government sector covering provision for project development and aggregation; financing and delivery of energy efficient works	SFT worked with NHS Scotland and Health Facilities Scotland to develop an Outline Business Case to support a Strategic Energy Efficiency Programme across the NHS estate. The Business Case was approved by Ministers in Autumn 2014 and we continue to work with NHS Scotland on its implementation through a National Energy Efficiency Framework.	✓
Non-domestic Energy Efficiency: Support two pathfinder projects in their pre-procurement activity and into procurement	SFT is working with Scottish Procurement and the Scottish Government Energy Directorate to procure a national Non-domestic Energy Efficiency Framework which will be available to all Scottish public bodies and the third sector. The OJEU was published on 27 February 2015. In 2014/15 SFT has also provided support to: - Edinburgh Council who launched their procurement of energy efficiency services utilising London Re:Fit. - Scottish Funding Council who were examining approaches to supporting low carbon investment in its estate.	✓
Non-domestic Energy Efficiency: Develop a best practice approach to designing and delivering energy	As part of the process of developing a framework, a best value approach to the delivery of NDEE projects will be developed and reflected in the roll out of the framework, mini-competition process and templates. This work will continue into 2015/16 and will be	✓

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Objective	Update	Progress
efficiency works by developing and progressing a range of pathfinder projects	taken forward in conjunction with the Low Carbon Infrastructure Transition Programme which supports low carbon projects across Scotland.	
District Heating: Commercially support at least one district heating project in its pre-procurement activities	SFT commenced support to a number of local authorities in their pre-procurement activity focusing upon the development of feasibility studies, business cases and ESCO structures. This includes bodies such as Glasgow City Council; Falkirk Council as part of a multi-agency team focusing on Grangemouth and the DH opportunities; and City of Edinburgh Council. We have also supported Fife Council and NHS Fife in the development of a business case to examine the viability of an extension to the existing Dunfermline district heating scheme.	✓
District Heating: Develop delivery structures which are appropriate for multi-agency district heating projects and can support the development of Scottish district heating projects	The development of delivery structures is progressing. We have published a suite of guidance on business models suitable for district heating and the use of energy service companies (ESCOs). These are available on the Heat Network Partnership website. We continue to work with various authorities on the development and application of these structures, tailored to local objectives and circumstances.	✓
Street Lighting: Facilitate local authority investment programmes to achieve a step-change in the energy efficiency of their street lighting estate through trebling the level of energy savings realised from 2013/14 levels	Investment levels have quadrupled. Twenty-eight Local Authorities in Scotland propose to invest c.£30m in street lighting energy efficiency works in financial year 2014/2015 which will achieve estimated annual energy and carbon tax savings of c£4m. This compares to 2013/2014 when the planned investment was around £7m. SFT is providing support to local authorities to help them realise their planned investment. The predicted planned investment presently stands at £120m for 2015-18 and increased support is being targeted at authorities where no or very limited investment plans currently exist.	✓

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Objective	Update	Progress
Street Lighting: Maximise the economic development benefits to Scotland through the use of appropriate skills and training programmes; research and development opportunities for Scottish companies; and economic opportunities associated with retrofitting existing lights	On 15 th July Scottish Enterprise in collaboration with SFT and Resource Efficient Scotland launched a research and development funding call to support SMEs to develop energy efficient retrofit solutions for existing street lights. This, together with SFT's support for an apprenticeship programme, were the key actions identified in a Scottish Enterprise review of the opportunities to maximise the economic development benefits of a street lighting programme.	✓

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SFT Connect

Objective	Update	Progress
Continue to provide commercial secondment to Step Change 2015	Support has continued through the year as agreed with the programme team.	✓
Establish a team with the relevant commercial and sector experience to develop the delivery strategy	A team combining industry specialists and SFT financing and programme expertise has now been established.	✓
Develop a clearer understanding of the fixed and mobile infrastructure requirements	Wide scale engagement with industry and wider public bodies has enabled a clearer understanding of the type of infrastructure investment that is being proposed by industry as well as existing major public programmes. To supplement this understanding, an assessment of future digital usage has been undertaken to establish the potential impact of future increased infrastructure provision and take up.	✓
Establish a route-map to deliver the infrastructure requirements and identify potential commercial approaches to deliver them	A route map has been established that sets out the stages of development either underway or required going forward to identify and deliver infrastructure requirements. Based in part on engagement with industry but also drawing on wider SFT experience of infrastructure delivery, a range of commercial approaches that could facilitate and encourage this delivery have also been established and will developed further during the next phase of activity.	✓