

Pentland Ltd. A Dossier published 15 March 2016.

This dossier was prepared in December 2014 using the latest information available from all the companies controlled by the Scott family. It is published to illustrate some examples of the complex relationships between the companies and the central role that Pentland Ltd. played.

Pentland Ltd is a company based in the Cayman Islands. It is part of the extensive group of companies whose ultimate parent undertaking and controlling entity is 'The Buccleuch Estates Limited' (BEL) and is listed in the annual accounts as a subsidiary undertaking with the principal activity of property development.¹ More specifically, Pentland Ltd is a subsidiary of Dabton Investments Ltd. Founded initially by the current duke and his brother Damian and incorporated in May 2009, Dabton Investments Ltd was owned by the Scott family until 2013 when 100% of the issued share capital was acquired by Tarras Park Properties Ltd,² itself a subsidiary of Buccleuch Properties Limited, a BEL company.³ Glimpses of the financial relationship between Pentland Ltd and other BEL companies can be found in some of their annual accounts.

Since 2009, Pentland Ltd has provided loans to several BEL companies, the most substantial of which, in the information available, has gone to Buccleuch Property (Shawfair) Ltd, an undertaking described by Companies House as involved in property development. It is owned by both Tarras Park Properties Ltd and Pentland. By 31 October 2009, the loan from Pentland amounted to £2,932,455 and a further £120,749 was borrowed during that year. Interest of £40,830 was charged (1.4%), with £502,429 being written off at year end.⁴ By 31 October 2010 the loan was £2,691,779 with interest of £124,678 charged (4.6%). During that year there was repayment of £79,092 and a further

¹ The Buccleuch Estates Ltd. Consolidated financial statements for the year ended 31 October 2013, page 39.

² Ibid, page 29.

³ Ibid, page 41.

⁴ Dabton Investments Ltd. Consolidated financial statements for the year ended 31 October 2010, page 19.

£161,584 was written off.⁵ In the 2011 report, the loan was reported as £2,690,595 with a further £26,700 supplied by Pentland to Buccleuch Property (Shawfair) Ltd. Interest of £196,037 was charged (7.3%) and £223,921 was written off.⁶ By 31 October 2012, the ongoing loan was reported as £2,417,513 with interest of £196,386 charged (8.2%). A sum of £260,750 was repaid and a further £208,700 was written off.⁷ Between 2009 and 2013 at least £1,096,634 was written off from this loan. The annual accounts of Dabton Investments Ltd for 2013 do not include further information because of the change of ownership.⁸ It appears, however, that the loan is ongoing at £2,391,833 at 31 October 2013 with interest of £180,202 charged (7.5%) to Buccleuch Property (Shawfair) Ltd.⁹

Pentland Ltd also financially supports the co-owner of Buccleuch Property (Shawfair) Ltd. By 31 October 2011, Pentland had a loan with Tarras Park Properties Ltd of £4,207,255 with interest charged at 0.2%.¹⁰ The accounts to 31 October 2012 show that the ongoing loan had grown to £5,450,000 with interest of £127,364 charged (2.3%). During that year all interest was repaid in full (£134,619) together with £1,650,00 of the loan but a further loan of £2,900,000 was supplied by Pentland Ltd.¹¹ No further information about this loan is available from the Dabton Investments 2013 accounts (see reference 8).

⁵ Ibid.

⁶ Dabton Investments Ltd. Consolidated financial statements for the year ended 31 October 2011, page 19.

⁷ Dabton Investments Ltd. Consolidated financial statements for the year ended 31 October 2012, page 18.

⁸ The report contains the statement “Related party transactions with other 100% owned group undertakings are excluded from the consolidated financial statements of the ultimate parent undertaking The Buccleuch Estates Limited, and are therefore exempt from disclosure in these financial statements under FRS 8 ‘Related party disclosures.’” Dabton Investments Ltd. Consolidated financial statements for the year ended 31 October 2013, page 18. FRS = Financial Reporting Standard

⁹ Buccleuch Property (Shawfair) Ltd. Financial statements for the year ended 31 October 2013, page 14.

¹⁰ Dabton Investments Ltd. Consolidated financial statements for the year ended 31 October 2011, page 19.

¹¹ Dabton Investments Ltd. Financial statements for the year ended 31 October 2012, page 18.

In parallel BP (Shawfair) Ltd also receives an ongoing loan from Tarras Park Properties Ltd. In 2009 this amounted to £8,797,365 with interest of £320,799 (3.6%).¹² By 2013 the loan was £7,174,673 with interest for the year of £539,082 (7.5%).¹³

Pentland Ltd has also periodically provided loans to its ultimate parent undertaking. During 2009, BEL was charged interest of £12,044 (0.6%) on a loan of £1,812,045 which was fully repaid during 2010 when a further £27,408 interest was charged (1.5%).¹⁴ There appears to have been another loan from Pentland to BEL of £1,346,000 in 2013.¹⁵

In 2009 the Buccleuch Heritage Trust also benefited from a Pentland loan of £634,606, with interest of £16,244 and £10,000 charged in 2009 and 2010 respectively (2.6% and then 1.6%).¹⁶ The loan was fully repaid in 2011 after a further interest payment of £8,800.¹⁷

¹² Tarras Park Properties Ltd. Consolidated financial statements for the year ended 31 October 2010, page 35.

¹³ Buccleuch Property (Shawfair) Ltd. Financial statements for the year ended 31 October 2013, page 14.

¹⁴ Dabton Investments Ltd. Financial statements for the year ended 31 October 2010, page 19.

¹⁵ The Buccleuch Estates Ltd. Consolidated financial statements for the year ended 31 October 2013, page 37.

¹⁶ Dabton Investments Ltd. Financial statements for the year ended 31 October 2010, page 19.

¹⁷ Dabton Investments Ltd. Financial statements for the year ended 31 October 2011, page 19.