Souter Investments
Tax Strategy

Overview

This tax strategy for Souter Investments[1] is published in accordance with Schedule 19 of The Finance Act 2016. It sets out the strategy towards UK taxation adopted by Souter Investments for the financial years ending in the 12 months to 31 March 2024[2].

References to tax include corporation tax, PAYE, NIC, stamp duty land tax, land and buildings transaction tax, stamp duty, stamp duty reserve tax, VAT, and insurance premium tax.

Souter Investments is the collective name given to the suite of companies which form the business entities and investing vehicles for the Souter family. The portfolio has a private equity focus, actively managing and investing particularly in unquoted businesses across a range of sectors. Souter Investments employs a high standard of professional diligence and rigor in selecting, executing and managing investments and businesses. This tax strategy forms part of that approach.

Souter Investments does not consider investments in businesses that focus on or derive the majority of their profits from alcohol, tobacco, armaments, gambling, or pay-day lending.

A major beneficiary of the success of Souter Investments is the Souter Charitable Trust ("SCT", the "Charity"). SCT is regulated by The Scottish Charity Regulator. Its objective is to assist projects engaged in the relief of human suffering both in the UK and overseas. In the eighteen years ended June 2023, SCT has awarded over 20,000 grants, providing over £140m in funding. Over the last five years, annual grant awards have averaged £10m per annum. The Charity is funded exclusively by the Souter family and Souter Investments. Between 2006 and 2023, SCT received cash funding of £105m. In addition, in 2020 Sir Brian Souter donated one third of his shareholding in Souter Investments Limited to the Charity. This stake was valued at £109m at the time.

How Souter Investments manages its tax risks

The Managing Directors of Souter Investments have joint overall responsibility for tax matters. They are supported by a team of investment executives ("the Investment Team"). The Managing Directors and Investment Team are experienced and appropriately qualified. They are supported by a highly experienced finance team. Expert external legal, accounting, tax and other support is provided on a regular basis by appropriately qualified and regulated firms.

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1 This strategy applies to all companies controlled by the Souter family, including inter alia Souter FT Holdings Ltd, Souter SBS Holdings Ltd, Souter Kent Ltd, SI 2016 Ltd and Souter Investments Ltd and all their subsidiaries.

2 The accounting periods of these entities vary; this policy applies to all year ends ending between 1 April 2023 and 31 March 2024

Both ongoing and potential tax risks are regularly considered, discussed and mitigated by this team of people. As part of its investment and business management procedures the Investment Team is required to review tax risks in respect of each material new investment, taking advice from qualified advisors as appropriate. The Investment Team, finance team and Souter Investments' advisers communicate with and advise the Managing Directors on tax affairs and risks on a regular basis.

A system of review, with distinct roles and responsibilities, is in place for Souter's statutory tax filings.

The preparation of corporation tax returns is outsourced to appropriately qualified and regulated professional firms and reviewed by both the finance team at Souter Investments and, if appropriate, the responsible Managing Director, prior to submission.

The Boards of individual investments are responsible for the tax risks and strategy of their businesses.

Souter Investments holds investments in companies in a number of overseas jurisdictions. The Boards, management and finance teams of these companies are responsible for ensuring their compliance with all local tax laws. External advice is provided in each jurisdiction by appropriately qualified firms.

Souter Investments' attitude to tax planning and tax risk

In line with its overall investment philosophy, Souter Investments does not undertake any tax planning which is artificial or considered aggressive by either the Managing Directors or the advisers to Souter Investments. Furthermore, Souter Investments fully complies with the guidance issued by ICAS that ICAS members:

'*must not create, encourage or promote tax planning arrangements or structures that (i) set out to achieve results that are contrary to the clear intention of Parliament in enacting relevant legislation, and/or (ii) are highly artificial or highly contrived and seek to exploit shortcomings within the relevant legislation'.*

All transactions undertaken by Souter Investments have a commercial purpose and the level of tax risk considered acceptable on any transaction is low. The level of risk is considered via discussions with tax advisers.

All entities controlled by Souter Investments are based in the UK or alternatively the country where their commercial operations are based.

Souter Investments does not set targets around effective tax rate and remuneration policies are not linked to the after-tax results of the business.

Working with HMRC

Souter Investments is transparent and honest in its dealings with HMRC. It is committed to making appropriate disclosures for all relevant tax issues, whether that is through the submission of tax returns, responding to requests in a timely manner or, in the case of any inadvertent errors, reporting promptly to HMRC with full disclosure.