THE ACCOUNTANT OF COURT

CHILDREN (SCOTLAND) ACT 1995

GUIDANCE FACT SHEET FOR PARENT/GUARDIAN'S AND FINANCIAL ADVISERS ON INVESTMENT OF CHILDRENS FUNDS

The most important point to remember when considering investment of a child's funds is that the funds belong to the child in their own right and not to the parent/guardian. This means that a formal Trust is not appropriate as it is not the parents/guardians funds to place in Trust.

The advice should be considered on the child's financial circumstances and not those of the parent/guardian. The parent/guardian does not need to disclose their finances to obtain this advice and therefore there is no tax implication for them. Any tax implications should be relevant to the child's status.

The child must have undisputed access to their funds, without penalty, on attaining the age of sixteen as this is the age of legal capacity in Scotland.

Any bank accounts/investment products must be held by the parent/guardian, on behalf of the child, in their capacity as legal guardian, i.e. "Joe Bloggs on behalf of Bertie Bloggs", or in the child's sole name.

The Accountant of Court is aware that many investments are written under English Law where capacity is considered to be eighteen. The Accountant of Court may agree to an investment in terms of a bare trust where the only trustee is the parent/guardian; the beneficiary/sole life assured would be the child and the policy holder/bond holder the parent/guardian. The parent/guardian would be required to sign a formal undertaking before this type of investment could proceed.

Any investment proposals must be formally approved by the Accountant of court before implementation.

Please contact the Accountant of Court Team for further assistance.