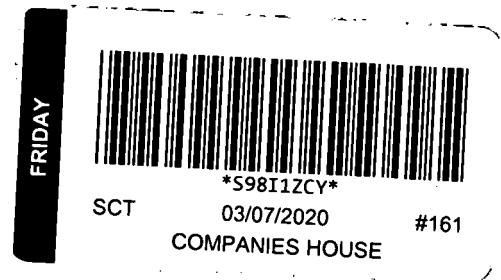


**HUB SOUTH WEST SCOTLAND LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



**HUB SOUTH WEST SCOTLAND LIMITED**

**COMPANY INFORMATION**

<b>DIRECTORS</b>	M J McBrearty J F McClelland A K Bill A W Nicol S A Brown N W Gemmell A R J Thakrar D M Gilles C B Young
<b>REGISTERED NUMBER</b>	SC431389
<b>REGISTERED OFFICE</b>	Avondale House Suites 1L - 1O Phoenix Crescent Strathclyde Business Park Bellshill North Lanarkshire ML4 3NJ
<b>INDEPENDENT AUDITOR</b>	Scott-Moncrieff Audit Services 25 Bothwell Street Glasgow G2 6NL
<b>BANKERS</b>	Royal Bank of Scotland 135 Bishopsgate London EC2M 4XJ

---

---

**HUB SOUTH WEST SCOTLAND LIMITED**

---

---

**CONTENTS**

---

	Page
<b>Group strategic report</b>	1 - 3
<b>Directors' report</b>	4 - 5
<b>Independent auditor's report</b>	6 - 7
<b>Consolidated statement of comprehensive income</b>	8
<b>Consolidated statement of financial position</b>	9
<b>Company statement of financial position</b>	10
<b>Consolidated statement of changes in equity</b>	11
<b>Company statement of changes in equity</b>	12
<b>Consolidated Statement of cash flows</b>	13
<b>Analysis of net debt</b>	14
<b>Notes to the financial statements</b>	15 - 25

---

---

## HUB SOUTH WEST SCOTLAND LIMITED

---

---

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

---

The directors present their Group strategic report for the year ended 31 December 2019.

#### BUSINESS REVIEW

Hub South West Scotland Limited (the "Company") was established as a joint venture delivery company for the hub partnership programme covering the South West Scotland territory. The hub initiative is being led by Scottish Futures Trust Limited on behalf of the Scottish Government. The private sector investors are invested through a joint venture, Alliance Community Partnership Limited, which is holding 60% of the share capital of Hub South West Scotland Limited.

Under hub, public sector organisations across a hub territory work in partnership with each other and a private sector delivery partner, to deliver community infrastructure projects such as schools, health centres, day care centres, community centres and libraries. On 8 November 2012, the Company entered into a Territory Partnering Agreement with a number of public sector bodies including local councils, NHS boards, police, fire and rescue authorities.

The group financial statements consolidate the results of Hub SW NHSL Holdco Limited and its subsidiary Hub SW NHSL Sub Hub Co Limited. Hub SW NHSL Holdco Limited has been established as a non-trading holding company for the investment in Hub SW NHSL Sub Hub Co Limited. Hub SW NHSL Sub Hub Co Limited has entered a Design, Build, Finance and Maintain concession contract with Lanarkshire Health Board Limited, involving the construction, financing, maintenance and operation of three health centres with Lanarkshire Health Board in Scotland. Hub South West Scotland Limited holds 100% of the share capital of hub SW NHSL Holdco Limited.

The Company entered into a Management Services Agreement with Equitix Limited on 8 November 2012. Equitix Limited supports the Company in the procurement and delivery of public community infrastructure projects by providing development and commercial leadership and innovation as well as project management services. Equitix Limited also provides general day-to-day operational and financial management services to the Company.

During the 12 months to December 2019 Hub South West Scotland has reached financial close on 12 DBDA (Design Build Development Agreement) projects and successfully handed over 4 DBDA projects. This generated hubco portion income of £491,927 (2018 - £285,799).

As well as delivering projects on time and budget another main focus for the Company during the year was continuing business development efforts to build a strong pipeline of projects, as noted below.

#### FUTURE DEVELOPMENTS

The Company continues to pursue public community infrastructure developments throughout the South West Scotland territory and has a dedicated team that work closely with these communities and local delivery partners to ensure that all opportunities are evaluated and an optimal value for money solution is proposed every time.

The Company also has the following projects in the early stages of development that are planned for the coming 2020 financial year:

- NAC Housing - Phase 2 - Lot B;
- NAC Housing - Phase 4 - Lot D;
- Highstonehall Social Housing;
- Garnock Community & Tourism Hub;
- Auldkirk Social Housing;
- New Prestwick Primary School;
- Main Street, Prestwick - Housing; and
- Sacred Heart Primary School.

## HUB SOUTH WEST SCOTLAND LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the principal risks and uncertainties to be as follows:

- 1) The pipeline of projects identified in the business plan not going ahead as planned thereby delaying or reducing the expected income. The pipeline is monitored by the Board to allow for timely actions to minimise any potential impact of decreased revenue streams.
- 2) The Company operates as a hub for procurement purposes and as such does not make significant profits. Any profits generated from trading activity are used to cover overheads. Should the company pay suppliers before debtors are received it could result in a shortfall of working capital.
- 3) The continued uncertainty in respect of Brexit poses a risk to the UK economy including the construction sector. However the Company has identified a healthy pipeline of work and has sufficient cashflow in place to continue to operate.

The directors have given due consideration to the circumstances prevailing in each Group company and have taken and will continue to take all appropriate steps to mitigate against the impact of the COVID-19 pandemic. This has included and will continue to include regular dialogue with all relevant public sector participants, shareholders, lenders and the Scottish Government all with a view to ensuring Group revenues and payments continue to flow. In addition to this the Group is constantly reviewing its resource allocation according to availability whilst doing everything within its control to ensure the continued safety and well being of individuals.

The Company's revenue streams are underpinned by public sector counterparties. The Scottish Procurement Policy Note (SSPN) - Coronavirus (COVID-19): supplier relief SPPN 5/2020 (published on 26 March 2020) sets out guidance for public bodies on options for payment to their suppliers to ensure service continuity during the COVID-19 outbreak. The Scottish Government notes that the outbreak of COVID-19 is unprecedented and will have a significant impact on businesses of all sizes with many suppliers to public bodies struggling to meet their contractual obligations. This in turn will put their financial viability, ability to retain staff and their supply chains at risk. The SSPN encourages public bodies to act and support their suppliers so they are better able to cope with the crisis and to resume normal service delivery and fulfil their contractual obligations when the outbreak is over. Noting that all the Company's revenue streams are underpinned by public bodies the directors have taken comfort from the SSPN and project specific discussions with its public sector counterparties.

The directors have also carried out specific detailed sensitivity analysis of the Company's cashflow forecasts, including the impact of project pipeline delays of up to 6 months, and concluded that they have a reasonable expectation of the Company's viability over the next 12 months. Moreover, following agreement with the public sector participants, and in order to support cash flows via hubco portion, monthly invoices (rather than milestone based) are being issued for relevant projects in the development phase. Regular updates of cashflow forecasts will be reviewed throughout the term of the COVID-19 pandemic.

The Company prepares a regular cash flow forecast to understand its cash position. The Company has a working capital facility which can be drawn down if required.

The loan facility amounts to £1,000,000 and is in place to cover any shortfall in working capital. As at 31 December 2019 £400,000 (2018 - £400,000) has been drawn down with £nil (2018 - £nil) utilised and £400,000 (2018 - £400,000) held by the Company in a treasury deposit account. The remaining facility of £600,000 (2018 - £600,000) can be drawn down when required.

#### KEY PERFORMANCE INDICATORS

Hub South West Scotland Limited is governed by a detailed set of key performance indicators (KPIs) across the business as a whole. These performance measures relate to:

- Health & Safety;
- Programme delivery (both project development and construction);
- Value for money;
- Economic development;
- Environmental management;
- Quality assurance; and
- Customer satisfaction.

Hub South West Scotland Limited has performed well over the past 12 months and has either achieved or surpassed these targets in the majority of items. The Performance Report for the 12 months to March 2019 was approved by the Territory Partnering Board during the year. The next measurement period is 12 months to March 2020 with the related performance report review and approval due in June 2020.

---

---

**HUB SOUTH WEST SCOTLAND LIMITED**

---

---

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

---

**DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP**

As part of corporate governance principles and under the requirements of section 172 of the Companies Act 2006, the Directors are required to make a statement as to how they have carried out their duty to promote the success of the Group for the benefit of its stakeholders as a whole having regard to the matters set out in section 172(1):

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers, and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standard of business conduct; and
- (f) the need to act fairly between members of the Group.

The Group is a procurement and delivery vehicle and does not have any employees. Therefore, the main stakeholders of the Group are the shareholders, the public sector organisation in the territory, the Supply Chain and other service providers.

An open communication is maintained with the main stakeholders via periodic Board meetings and on-going project development or project progress meetings.

The Shareholders and the Territory Partnering Board (comprising representatives from each of the public sector participants, a representative from hub South West and a representative from Scottish Futures Trust) are regularly kept updated of the Group's ongoing relationship and partnership with the public sector organisations, constructors and suppliers. The Board are also updated on the development of the Group's project pipeline, performance of the projects and the measurement of performance against KPIs. The impact on the environment is a key consideration on all projects.

As part of the hub programme, the Group is encouraging small and medium-sized enterprises (SMEs) to be involved in the hub programme delivery, thereby generating economic growth and regeneration within the local economy as well as creating training, education and apprenticeship opportunities via its Skills Academy initiative. To enable this, hub South West actively helps local SMEs achieve the standard required to join and contribute to the hub Supply Chain.

The Board recognises its responsibility for promoting the long-term success of the Group for the benefit of all stakeholders, as a whole, by taking a long term strategic view and working collaboratively with all public sector partners and SMEs to target, promote and deliver long term economic and community benefits.

This report was approved by the board and signed on its behalf by:



.....  
J F McClelland  
Director

Date: 18 June 2020

# HUB SOUTH WEST SCOTLAND LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Information regarding the principal activity, business review, future developments, principal risks and uncertainties, and key performance indicators is shown in the Strategic Report and not in the Directors' Report.

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £488,844 (2018 - £233,004).

### DIRECTORS

The directors who served during the year and up to the signing of these financial statements were:

M J McBrearty  
J F McClelland  
A K Bill  
A W Nicol  
S A Brown  
N W Gemmell  
A R J Thakrar  
D M Gilles (appointed 18 December 2019)  
C B Young (appointed 1 April 2020)  
I A Benson (resigned 20 December 2019)  
D M Lindsay (resigned 15 December 2019)  
C V Lewis (resigned 31 October 2019)  
D Rose (resigned 1 April 2020)

---

---

HUB SOUTH WEST SCOTLAND LIMITED

---

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the auditor is unaware; and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

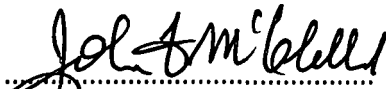
**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company or the Group since the year end other than the impact of COVID-19 which has been discussed in the Strategic Report.

**AUDITOR**

The appointed auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Scott-Moncrieff Audit Services. Scott-Moncrieff Audit Services have expressed their willingness to continue in office as auditor and will be prepared for re-appointment.

This report was approved by the board and signed on its behalf by:



.....  
J F McClelland  
Director

Date: 18 June 2020



---

---

**HUB SOUTH WEST SCOTLAND LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED**

---

---

**OPINION**

We have audited the financial statements of Hub South West Scotland Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**HUB SOUTH WEST SCOTLAND LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED  
(CONTINUED)**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 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.

**RESPONSIBILITIES OF THE DIRECTORS**

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**USE OF OUR REPORT**

This report is made solely to the Company's members, 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 members, as a body, those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Scott-Moncrieff Audit Services*

**James McBride (Senior Statutory Auditor)**  
for and on behalf of Scott-Moncrieff Audit Services, Statutory Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

Date: 18/6/20

**HUB SOUTH WEST SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	51,397,740	42,431,674
Cost of sales		(50,847,723)	(42,127,205)
<b>GROSS PROFIT</b>		<b>550,017</b>	<b>304,469</b>
Administrative expenses		(510,345)	(502,879)
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>39,672</b>	<b>(198,410)</b>
Interest receivable and similar income	6	2,754,116	2,817,818
Interest payable and expenses	7	(2,236,758)	(2,301,096)
<b>PROFIT BEFORE TAX</b>		<b>557,030</b>	<b>318,312</b>
Taxation	8	(68,186)	(85,308)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>488,844</b>	<b>233,004</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>488,844</b>	<b>233,004</b>

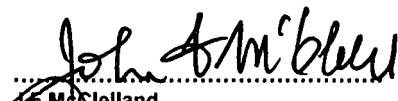
The notes on pages 15 to 25 form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC431389**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Financial asset: amounts falling due after more than one year	10	<u>36,028,146</u>	<u>33,587,570</u>
		<b>36,028,146</b>	<b>33,587,570</b>
<b>CURRENT ASSETS</b>			
Financial asset: amounts falling due within one year	10	1,009,231	4,349,882
Debtors: amounts falling due after more than one year	11	506,225	630,341
Debtors: amounts falling due within one year	11	14,756,358	5,009,705
Cash at bank and in hand	12	4,780,205	1,384,767
		<u>21,052,019</u>	<u>11,374,695</u>
Creditors: amounts falling due within one year	13	<u>(20,505,552)</u>	<u>(7,441,020)</u>
<b>NET CURRENT ASSETS</b>		<b>546,467</b>	<b>3,933,675</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>36,574,613</b>	<b>37,521,245</b>
Creditors: amounts falling due after more than one year	14	<u>(34,561,504)</u>	<u>(36,082,722)</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	15	<u>(4,608,807)</u>	<u>(4,523,065)</u>
		<b>(4,608,807)</b>	<b>(4,523,065)</b>
<b>NET LIABILITIES</b>		<b>(2,595,698)</b>	<b>(3,084,542)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100	100
Profit and loss account	20	<u>(2,595,798)</u>	<u>(3,084,642)</u>
		<b>(2,595,698)</b>	<b>(3,084,542)</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
 F McClelland  
 Director

Date: 18 June 2020

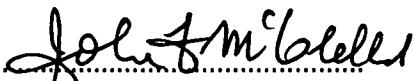
The notes on pages 15 to 25 form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC431389**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Fixed asset investments	10	1	1
		<u>1</u>	<u>1</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	11	506,225	630,341
Debtors: amounts falling due within one year	11	14,756,358	5,009,705
Cash at bank and in hand	12	3,828,741	592,155
		<u>19,091,324</u>	<u>6,232,201</u>
Creditors: amounts falling due within one year	13	(18,224,544)	(5,272,224)
<b>NET CURRENT ASSETS</b>		<u>866,780</u>	<u>959,977</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>866,781</u>	<u>959,978</u>
Creditors: amounts falling due after more than one year	14	(935,467)	(1,059,583)
<b>NET LIABILITIES</b>		<u>(68,686)</u>	<u>(99,605)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100	100
Profit and loss account	20	(68,786)	(99,705)
		<u>(68,686)</u>	<u>(99,605)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 J F McClelland  
 Director

Date: 18 June 2020

The notes on pages 15 to 25 form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	100	(3,084,642)	(3,084,542)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	488,844	488,844
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	488,844	488,844
<b>AT 31 DECEMBER 2019</b>	<b>100</b>	<b>(2,595,798)</b>	<b>(2,595,698)</b>

The notes on pages 15 to 25 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	(3,317,646)	(3,317,546)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	233,004	233,004
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-
<b>AT 31 DECEMBER 2018</b>	<b>100</b>	<b>(3,084,642)</b>	<b>(3,084,542)</b>

The notes on pages 15 to 25 form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	100	(99,705)	(99,605)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	30,919	30,919
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	30,919	30,919
<b>AT 31 DECEMBER 2019</b>	<b>100</b>	<b>(68,786)</b>	<b>(68,686)</b>

The notes on pages 15 to 25 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	104,765	104,865
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Loss for the year	-	(204,470)	(204,470)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	(204,470)	(204,470)
<b>AT 31 DECEMBER 2018</b>	<b>100</b>	<b>(99,705)</b>	<b>(99,605)</b>

The notes on pages 15 to 25 form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	488,844	233,004
<b>ADJUSTMENTS FOR:</b>		
Interest paid	2,236,758	2,301,096
Interest received	(2,754,116)	(2,817,818)
Taxation charge	68,186	85,308
(Increase)/decrease in debtors	(9,622,537)	5,904,450
Increase/(decrease) in creditors	12,961,508	(7,303,565)
Unitary charge received	4,298,068	4,274,875
Operational revenue recognised	(644,508)	(491,183)
Corporation tax received	19,762	8,000
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>7,051,965</b>	<b>2,194,167</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Bank interest received	631	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>631</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans	(1,459,065)	(1,760,550)
Interest paid	(2,198,093)	(2,235,375)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,657,158)</b>	<b>(3,995,925)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,395,438</b>	<b>(1,801,758)</b>
Cash and cash equivalents at beginning of year	1,384,767	3,186,525
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>4,780,205</b>	<b>1,384,767</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	4,780,205	1,384,767
	<b>4,780,205</b>	<b>1,384,767</b>

The notes on pages 15 to 25 form part of these financial statements.



HUB SOUTH WEST SCOTLAND LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	1,384,767	3,395,438	-	4,780,205
Debt due after 1 year	(35,452,381)	-	1,397,102	(34,055,279)
Debt due within 1 year	(1,566,659)	1,459,065	(1,435,767)	(1,543,361)
	<u>(35,634,273)</u>	<u>4,854,503</u>	<u>(38,665)</u>	<u>(30,818,435)</u>

The notes on pages 15 to 25 form part of these financial statements.

---

---

**HUB SOUTH WEST SCOTLAND LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006. These financial statements are for the Group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 2).

The presentation currency is £ sterling and the financial statements are rounded to the nearest £.

The Company is a private company which is limited by shares. The Company was incorporated in Scotland. The registered office is:

Avondale House  
Suites 1L - 1O Phoenix Crescent  
Strathclyde Business Park  
Bellshill  
North Lanarkshire  
ML4 3NJ

The Company number is SC431389.

The following principal accounting policies have been applied:

**1.2 GOING CONCERN**

Hub South West Scotland Limited has the continuing support of its shareholders and sponsors through a working capital facility of £1,000,000 which was extended in November 2018, in accordance with the Shareholders Agreement, for another 3 years. £400,000 has been drawn and is held on deposit.

Management have prepared a long term forecast based on the current level of fees earned on projects that are already in procurement as well as a pipeline of project opportunities that are currently under development and is expecting the current retained earning position to improve during the next 12 months.

The directors have given due consideration to the circumstances prevailing in each Group company and have taken and will continue to take all appropriate steps to mitigate against the impact of the COVID-19 pandemic. This has included and will continue to include regular dialogue with all relevant public sector participants, shareholders, lenders and the Scottish Government all with a view to ensuring Group revenues and payments continue to flow. In addition to this the Group is constantly reviewing its resource allocation according to availability whilst doing everything within its control to ensure the continued safety and well being of individuals.

The directors have also carried out specific detailed sensitivity analysis of the Company's cashflow forecasts, including the impact of project pipeline delays of up to 6 months, and concluded that they have a reasonable expectation of the Company's viability over the next 12 months. Moreover, following agreement with the public sector participants, and in order to support cash flows via hubco portion, monthly invoices (rather than milestone based) are being issued for relevant projects in the development phase. Regular updates of cashflow forecasts will be reviewed throughout the term of the COVID-19 pandemic.

Accordingly, the directors consider that it is appropriate to adopt a going concern basis of accounting.

**1.3 BASIS OF CONSOLIDATION**

The consolidated financial statements present the results of the Parent Company and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The exemption from presenting a Parent Company Statement of Comprehensive Income and a Parent Company Statement of Cash Flows has been taken.

The Group financial statements consolidate the financial statement of Hub South West Scotland Limited and its subsidiaries: Hub SW NHSL Holdco Limited and Hub SW NHSL Sub Hub Co Limited.

## HUB SOUTH WEST SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discount, rebates, value added tax and other sales taxes.

The 'Hubco portion' (fee income) in respect of stage 1 approval, stage 2 approval and financial close is recognised when the application has been submitted and approved.

##### 1.5 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 1.6 FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 1.7 CURRENT AND DEFERRED TAXATION

Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the UK where the Company and Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date except that:

- The recognition of deferred tax assets is limited to the extent that is possible that they will be removed against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substandard enacted by the Statement of Financial Position date.

##### 1.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost. The carrying value of the investment is reviewed annually by the directors for impairment.

##### 1.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

##### 1.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 1.11 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

---

---

## HUB SOUTH WEST SCOTLAND LIMITED

---

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.12 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

##### 1.13 FINANCIAL INSTRUMENTS

The Group and Parent Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

##### 1.14 FINANCIAL ASSET

Construction and related costs of the financial asset, excluding interest costs and other costs of funding, are being treated as a financial asset under the terms of FRS 102. The financial asset will be repaid over the life of the contract as service income is received from the respective authorities.

Upon becoming operational, the income derived from the DBFM contract is allocated between the provision of the asset and the provision of the subsequent services. Upon acceptance of the constructed asset by the respective authorities, the financial asset is amortised over the life of the contract against the relevant portion of the contracted income. The proportion of the financial asset to be amortised against contracted income receivable within one year is classified as a current asset and the remainder non current.

##### 1.15 FINANCIAL LIABILITY

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. Finance costs and gains or losses relating to financial liabilities are charged to the Statement of Comprehensive Income. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

#### 2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated financial statements and in respect of the financial asset, the directors have made a judgement as to the value of profit relating to the construction stage of the project, the profit margin in respect of the operational revenue recognised during the operational phase and to the value of interest receivable on the financial asset recognised in the accounting for the service concession arrangement. Factors taken into account in reaching such decisions include the overall expected profit of the contract, the stage of completion of the contract and the relative budgeted revenue and costs associated with each contract component at the outset of the project.

In the prior year, the financial asset < 1 year was based on the expected unitary charge receivable whilst in the current year the financial asset < 1 year is based on the expected actual movement incorporating the expected unitary charge less the expected interests receivable less the expected operational revenue.

**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. TURNOVER**

All turnover arose within the United Kingdom.

**4. OPERATING PROFIT/(LOSS)**

**COMPANY**

The audit fee was £10,500 (2018 - £11,125) and the fee for non-audit services in respect of corporation tax compliance work was £785 (2018 - £785).

**GROUP**

The audit fee was £15,100 (2018 - £16,380) and the fee for non-audit services in respect of corporation tax compliance work was £1,715 (2018 - £1,715).

**5. DIRECTORS' FEES**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Directors' fees	57,529	56,805	57,529	56,805
	<u>57,529</u>	<u>56,805</u>	<u>57,529</u>	<u>56,805</u>

The Company has no directly employed personnel (2018 - none).

All directors' fees are paid to the shareholding companies not individual directors (see note 16).

**6. INTEREST RECEIVABLE**

	2019 £	2018 £
Interest receivable on financial asset	2,753,485	2,817,818
Bank interest receivable	631	-
	<u>2,754,116</u>	<u>2,817,818</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £	2018 £
Bank interest payable on senior debt	1,757,072	1,832,486
Amortisation of fees	60,724	45,536
Interest payable on subordinated debt	418,962	423,074
	<u>2,236,758</u>	<u>2,301,096</u>

**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. TAXATION**

	2019 £	2018 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(17,557)	-
Deferred tax	85,743	85,308
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>68,186</b>	<b>85,308</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	557,030	318,312
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	105,836	60,479
<b>EFFECTS OF:</b>		
Tax losses used/carried forward	(103,644)	(60,479)
Adjustments to tax charge in respect of prior periods	(19,749)	-
Deferred tax	85,743	85,308
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>68,186</b>	<b>85,308</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A reduction to the rate of corporation tax to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. The deferred tax asset at 31 December 2019 has been calculated based on this rate. However the budget on 11 March 2020 announced that the corporation tax rate would remain at 19%.

**9. PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £30,919 (2018 - loss £204,470).

**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. FIXED ASSET INVESTMENTS**

	2019 £	2018 £
<b>COST OR VALUATION</b>		
As at 1 January	51,121,447	48,303,629
Net interest receivable	2,753,485	2,817,818
<b>At 31 December</b>	<b>53,874,932</b>	<b>51,121,447</b>
<b>REPAYMENT</b>		
As at 1 January	(13,183,995)	(9,400,303)
Unitary charge income	(4,298,068)	(4,274,875)
Operational revenue recognised	644,508	491,183
<b>At 31 December</b>	<b>(16,837,555)</b>	<b>(13,183,995)</b>
At 31 December 2019	37,037,377	-
At 31 December 2018	-	37,937,452
<b>FINANCIAL ASSET</b>		
Financial asset due for amortisation within one year	1,009,231	4,349,882
Financial asset due for amortisation greater than one year	36,028,146	33,587,570
	<b>37,037,377</b>	<b>37,937,452</b>

Variable economic and market conditions are mitigated through the payment mechanism agreement. Any performance deductions which may be incurred against future unitary payments are passed onto the service provider leaving no net effect in the Group.

**COMPANY**

	2019 £
<b>COST OR VALUATION</b>	
As at 1 January 2019	1
Disposals	-
<b>As at 31 December 2019</b>	<b>1</b>
<b>As at 31 December 2018</b>	<b>1</b>

	Shareholding	Period end	Profit	Capital and reserves
<b>SUBSIDIARY</b>		<b>31 December</b>		
Hub SW NHSL Holdco Limited	100%	2019	£0	£1

The registered office for Hub SW NHSL Holdco Limited is Avondale House, Suites 1L- 1O Phoenix Crescent, Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ.

**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. DEBTORS**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>DUE AFTER MORE THAN ONE YEAR</b>				
Retention debtor	506,225	630,341	506,225	630,341
	<u>506,225</u>	<u>630,341</u>	<u>506,225</u>	<u>630,341</u>

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	7,800,208	1,476,875	7,800,208	1,476,875
Other debtors	30	30	30	30
Amounts owed by related parties	10	10	10	10
Retention debtor	1,774,064	1,625,059	1,774,064	1,625,059
Prepayments and accrued income	5,131,885	1,897,009	5,131,885	1,897,009
VAT debtor	50,161	10,722	50,161	10,722
	<u>14,756,358</u>	<u>5,009,705</u>	<u>14,756,358</u>	<u>5,009,705</u>

**12. CASH AND CASH EQUIVALENTS**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	4,780,205	1,384,767	3,828,741	592,155
	<u>4,780,205</u>	<u>1,384,767</u>	<u>3,828,741</u>	<u>592,155</u>

**13. CREDITORS: Amounts falling due within one year**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	1,327,093	1,358,790	-	-
Trade creditors	9,422,747	902,397	9,195,318	872,348
Amounts owed to related parties - subordinated debt	216,268	207,869	-	-
Corporation tax	2,206	-	2,206	-
Other taxation and social security	182,486	203,430	-	-
Retention creditor	1,774,302	1,721,956	1,774,302	1,622,639
Accruals and deferred income	7,580,450	3,046,578	7,252,718	2,777,237
	<u>20,505,552</u>	<u>7,441,020</u>	<u>18,224,544</u>	<u>5,272,224</u>



**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. CREDITORS: Amounts falling due after more than one year**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	29,774,856	31,086,759	-	-
Amounts owed to related parties - subordinated debt	3,851,181	3,936,380	-	-
Amounts owed to related parties - working capital loans	429,242	429,242	429,242	429,242
Retention creditor	506,225	630,341	506,225	630,341
	<u>34,561,504</u>	<u>36,082,722</u>	<u>935,467</u>	<u>1,059,583</u>

Hub SW NHSL Holdco Limited has granted a share pledge as security to Aviva Public Private Finance Limited for the loans held by Hub SW NHSL Sub Hub Co Limited. Under the agreement, the Parent Company, Hub SW NHSL Holdco Limited, pledges as security its investment in Hub SW NHSL Sub Hub Co Limited.

The repayment profile of creditors due greater than one year are as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due 1-2 years	1,941,888	2,066,902	506,225	630,341
Amounts falling due 2-5 years	4,355,200	4,458,970	429,242	429,242
Amounts falling due more than 5 years	28,264,416	29,556,850	-	-
	<u>34,561,504</u>	<u>36,082,722</u>	<u>935,467</u>	<u>1,059,583</u>

**15. DEFERRED TAX**

	2019 £	2018 £
Opening provision at 1 January	(4,523,065)	(4,437,757)
Movement in the year	(85,743)	(85,308)
<b>Closing provision at 31 December</b>	<u>(4,608,808)</u>	<u>(4,523,065)</u>

The deferred tax provision is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Capital allowances and b/f losses	1,687,547	1,926,302	-	-
Temporary timing differences in respect of revenue	(6,296,355)	(6,449,367)	-	-
	<u>(4,608,808)</u>	<u>(4,523,065)</u>	<u>-</u>	<u>-</u>

The temporary timing difference is in respect of the difference between the turnover recognised in the financial statements and the turnover recognised in the tax computation.

## HUB SOUTH WEST SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 16. RELATED PARTY TRANSACTIONS

##### COMPANY

	Debtors £	Creditors £	Purchases £	Sales £
<b>2019</b>				
Scottish Futures Trust Limited	10	107,310	11,637	-
Equitix Limited	-	813,121	1,922,370	-
Equitix Management Services Limited	17,749	-	-	32,012
Galliford Try Construction Limited*	10,853	4,776,010	12,286,774	13,129
Graham Construction Limited*	657,399	3,836,979	4,848,748	702,377
Kier Construction Limited*	11,246	96,749	262,478	17,931
Public Sector Participants	-	321,931	-	-
	<u>697,257</u>	<u>9,952,100</u>	<u>19,332,007</u>	<u>765,449</u>

##### GROUP

	Debtors £	Creditors £	Interest Payable £	Purchases £	Sales / UC £
<b>2019</b>					
Equitix Limited	-	823,762	-	2,036,173	-
Equitix Management Services Limited	17,749	-	-	-	32,012
Galliford Try Construction Limited*	10,853	4,776,010	-	12,386,091	13,129
Graham Asset Management Limited	-	454,261	-	988,596	-
Graham Construction Limited*	59,401	1,598,118	-	20,394,169	151,009
Kier Construction Limited*	11,246	96,749	-	262,748	17,931
Lanarkshire Health Board	-	1,282,697	125,689	33,502	5,266,203
Scottish Futures Trust Investments Limited	10	514,055	41,896	11,637	-
Equitix Hubco 3 Limited	-	2,440,469	251,377	-	-
Public Sector participants	-	321,931	-	-	-
	<u>99,259</u>	<u>12,308,052</u>	<u>418,962</u>	<u>36,112,916</u>	<u>5,480,284</u>

**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**16. RELATED PARTY TRANSACTIONS (CONTINUED)**

**COMPANY**

	Debtors £	Creditors £	Purchases £	Sales £
<b>2018</b>				
Scottish Futures Trust Investments Limited	10	107,310	11,286	-
Equitix Limited	-	340,750	689,554	-
Equitix Management Services Limited	-	-	-	27,297
Galliford Try Construction Limited*	12,062	612,619	1,349,238	26,511
Graham Construction Limited*	59,401	1,498,801	19,862,068	151,009
Kier Construction Limited*	12,062	439,177	6,608,574	26,511
Public Sector participants	-	321,931	-	-
	<u>83,535</u>	<u>3,320,588</u>	<u>28,520,720</u>	<u>231,328</u>

**GROUP**

	Debtors £	Creditors £	Interest Payable £	Purchases £	Sales / UC £
<b>2018</b>					
Equitix Limited	-	355,832	-	790,966	-
Equitix Management Services Limited	-	-	-	-	27,297
Galliford Try Construction Limited*	12,062	612,619	-	1,349,238	26,511
Graham Asset Management Limited	-	243,384	-	784,114	-
Graham Construction Limited*	59,401	1,598,118	-	20,394,169	151,009
Kier Construction Limited*	12,062	439,177	-	6,608,574	26,511
Lanarkshire Health Board	-	1,279,951	126,922	32,334	5,069,820
Scottish Futures Trust Investments Limited	10	521,735	42,307	11,286	-
Equitix Hubco 3 Limited	-	2,486,548	253,844	-	-
Public Sector participants	-	321,931	-	-	-
	<u>83,535</u>	<u>7,859,295</u>	<u>423,073</u>	<u>29,970,681</u>	<u>5,301,148</u>

## HUB SOUTH WEST SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 16. RELATED PARTY TRANSACTIONS (CONTINUED)

-\*Creditor balances includes trade creditors, deferred income, subordinated debt, working capital loans and accrued expenses as disclosed in note 13 and 14. Working capital drawn down amounts to £400,000 (2018 - £400,000) with £nil (2018 - £nil) utilised and £400,000 (2018 - £400,000) held by the Company in a treasury deposit account. Subordinated debt amounts to £4,067,450 (2018 - £4,114,248).

-\*Debtor balances include trade debtors as disclosed in note 11.

-Equitix Limited is a related party as it is controlled by an entity which is the shareholder in the joint venture which is Alliance Community Partnership Limited. This related party provides general day-to-day management services, financial management services, construction management services and commercial development services.

-Alliance Community Partnership Limited owns 60% of relevant share capital of the Company and provides working capital loans which were fully repaid in the prior year.

-Galliford Try Limited owns Galliford Try Investments Limited which owns 10% of Alliance Community Partnership Limited, Galliford Try Limited also owns Galliford Try Construction Limited who provide construction services to the Company under the trading name, Morrison Construction.

-Kier Group Plc is the ultimate parent of Kier Project Investment Limited, which owns 10% of Alliance Community Partnership Limited. Kier Group Plc is also the ultimate parent of Kier Construction Limited which provide construction services to the Company.

-Graham Construction Limited is a related party by virtue of common directors with the Company and also provide construction services to the Company.

-Scottish Future Trust Investments Limited owns 10% of the Company and provides working capital loans and subordinated debt to the group.

-Hub SW NHSL Holdco Limited is a 100% fully owned subsidiary of Hub South West Scotland Limited.

-Directors fees of £11,637 (2018 - £11,286) were charged to the Company by Scottish Futures Trust Investments Limited, £22,764 (2018 - £22,573) by Equitix Limited and £11,127 (2018 - £11,286) by NHS Ayrshire and Arran.

-Public sector participants provide working capital loans

#### 17. SHARE CAPITAL - GROUP AND COMPANY

	2019	2018
	£	£
<b>Allotted, called up and fully paid</b>		
1,000 (2018 - 1,000) Class A shares of £0.01 each	10	10
3,000 (2018 - 3,000) Class B shares of £0.01 each	30	30
6,000 (2018 - 6,000) Class C shares of £0.01 each	60	60
	100	100
	100	100

All issued shares rank pari passu with each other, with one vote for each share and an equal right to dividends.

#### 18. COMMITTED EXPENDITURE

##### COMPANY

As at 31 December 2019, the Company has committed expenditure of £91,871,459 (2018 - £4,596,751) relating to projects currently being undertaken by the Group. These amounts will pass through as cost of sales for the Group with a matching sales invoice issued to the relevant public sector counterparty.

##### GROUP

As at 31 December 2019, the Group has committed expenditure of £91,871,459 (2018 - £4,596,751) relating to projects currently being undertaken by the Group. These amounts will pass through as cost of sales for the Group with a matching sales invoice issued to the relevant public sector counterparty.

#### 19. IMMEDIATE PARENT AND CONTROLLING PARTY

The immediate parent is Alliance Community Partnership Limited, however the directors consider there to be no controlling party.

#### 20. RESERVES

##### PROFIT AND LOSS RESERVE

The profit and loss reserve account includes all current and prior period retained profits and losses.