

HUB SOUTH WEST SCOTLAND LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE PERIOD FROM DATE OF INCORPORATION ON 29 AUGUST 2012
TO 31 DECEMBER 2013**

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COMPANIES HOUSE

Registered Number: SC431389

HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION ON 29 AUGUST 2012 TO 31 DECEMBER 2013

CONTENTS	Page
Directors and advisors	1
Directors' report	2 - 3
Independent auditor's report to the members of Hub South West Scotland Limited	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 12

HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS AND ADVISORS

Directors

A C Marriot	(appointed 15 November 2012)
A K Bill	(appointed 15 January 2013)
A W Nicol	(appointed 29 November 2013)
D J Hildred	(appointed 29 August 2012, terminated 7 November 2012)
J A Hope	(appointed 15 November 2012)
J F McClelland	(appointed 4 February 2013)
N G B Parker	(appointed 7 November 2012)
P J McGirk	(appointed 7 March 2013)
P J Prongue	(appointed 15 January 2013)
Pinset Mason Director Limited	(appointed 29 August 2012, terminated 7 November 2012)
R Christie	(appointed 7 November 2012, terminated 5 August 2013)
S D Green	(appointed 7 November 2012)

Registered office

13 Queen's Road
Aberdeen
AB15 4YL
United Kingdom

Auditor

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Principal bankers

Royal Bank of Scotland
2 Devonshire Square
London
EC2M 4XJ

HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the period from incorporation on 29 August 2012 to 31 December 2013.

PRINCIPAL ACTIVITIES

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.

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 Company entered into a Management Services Agreement with Equitix Limited on 8 November 2012. Equitix Limited is the selected private sector delivery partner for the South West Territory hub project. 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.

DIRECTORS

The Directors of the Company during the period are shown on page 1.

REVIEW OF THE PERIOD

During the period the Company achieved financial close for the following managed construction projects, Dalbeattie Primary Care Centre, Dunscore Primary Care Centre, Ardrossan Medical Centre, Montrose House Care Homes and Irvine Annickbank Innovation Centre. The Company also achieved financial close for the following strategic services support projects, South Ayrshire Council Office Rationalisation, Dalbeattie School, North Lanarkshire School, Cumbernauld Learning Campus, North Ayrshire Office Rationalisation, Dumfries Learning Town, Three Towns Learning Community and Annbank School. The Company also achieved financial close on a design, build, finance and manage project, NHS Lanarkshire Health Centre.

FUTURE DEVELOPMENTS

The Company plans 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 currently has a number of projects in the construction phase, as listed above, and expects to achieve completion in line with delivery obligations; the Company also has the following projects in the early stages of development that are planned for the coming financial year 2014:

- Dalbeattie Campus £16m DBFM;
- Clyde Valley Learning campus £26m D&B;
- Greenfaulds High School £29m DBFM;
- Garnock Academy £34m DBFM;
- Cumbernauld Community Enterprise Centre £9m D&B

The following projects are currently in the early stages of development and are expected to achieve financial close in the financial years following 2014:

- Kilmarnock Campus £33m DBFM;
- Ayr Academy £25m DBFM;
- Marr College £34m D&B;
- Marr College £34m D&B;
- Tarbolton Community Campus £7m D&B;
- Dailly Primary School £3m D&B; and
- Annbank Primary School £2m D&B.

HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS' REPORT CONTINUED

RESULTS AND DIVIDENDS

The Company made a profit after tax of £7,610 during the period.

The Directors do not recommend a dividend be paid.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR

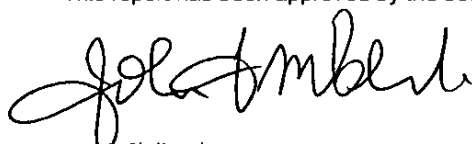
Each Director, as at the date of this report, has confirmed that insofar as he/she is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware, and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Company passed a resolution to appoint Scott-Moncrieff as auditor on 12 December 2013 for the current period and will propose that they be reappointed for the ensuing year at the annual general meeting in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES EXEMPTION

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report has been approved by the board on 27 February 2014 and signed on its behalf by:



J F McClelland
Director

HUB SOUTH WEST SCOTLAND LIMITED

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

We have audited the financial statements of Hub South West Scotland Limited for the period from incorporation on 29 August 2012 to 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



Nick Bennett (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditors
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL
27 February 2014

HUB SOUTH WEST SCOTLAND LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM INCORPORATION ON 29 AUGUST 2012 TO 31 DECEMBER 2013

	Notes	Period from 29 August 2012 to 31 December 2013 £
Turnover	1	4,103,234
Cost of Sales		<u>(3,812,625)</u>
Gross Profit		290,609
Administration expenses		<u>(264,408)</u>
Operating Profit	2	26,201
Interest receivable	4	23
Interest payable and similar charges	3	<u>(16,404)</u>
Profit on ordinary activities before taxation		9,820
Tax on profit on ordinary activities	5	<u>(2,210)</u>
Profit on ordinary activities after taxation		7,610
Retained profit for the period transferred to reserves		7,610

All activities are continuing.

All gains and losses are recognised in the profit and loss account in the current period, and therefore no separate statement of total recognised gains and losses has been presented.

HUB SOUTH WEST SCOTLAND LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £
Fixed assets		
Tangible assets	6	<u>167</u>
		167
Current assets		
Debtors: due within one year	7	1,981,066
Debtors: due after more than one year	7	92,421
Cash at bank and in hand		<u>480,224</u>
		2,553,711
Creditors: amounts falling due within one year	8	(2,454,517)
Net current assets		<u>99,194</u>
Creditors: amounts falling due after more than one year	8	(91,651)
Net liabilities		<u>7,710</u>
Capital and reserves		
Called up share capital	9	100
Profit and loss account	10	7,610
Shareholders' deficit	11	<u>7,710</u>

These financial statements were authorised for issue by the Board of Directors on 27 February 2014 and signed on its behalf:



J F McClelland
Director

Company registration number: SC431389

HUB SOUTH WEST SCOTLAND LIMITED

CASH FLOW STATEMENT

AS AT 31 DECEMBER 2013

	Notes	2013 £
Operating activities		
Net cash flow from operating activities	12	(299,692)
Interest received		23
Net cash flows generated from operating activities		<u>(299,669)</u>
Capital expenditure		
Payments to acquire tangible fixed assets		(207)
Net cash used in investing activities		<u>(207)</u>
Financing activities		
Issue of share capital		100
Funds from parent company and related parties		780,000
Net cash from financing activities		<u>780,100</u>
Net increase in cash and cash equivalents		<u>480,224</u>
Cash and cash equivalents from beginning of period		-
Cash and cash equivalents from end of period		<u>480,224</u>

	At Incorporation	Cash flow	As at 31 December 2013
	£	£	£
Analysis of Changes in Net Funds			
Net cash:			
Cash in hand and at bank	<u>-</u>	<u>480,224</u>	<u>480,224</u>

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

a Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom.

b Deferred taxation

The charge for taxation is based on the profit, when applicable, for the period and takes into account deferred taxation. Deferred taxation has been recognised as a liability or asset if transactions have incurred at the balance sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

c Turnover

Turnover consists of development fees receivable by the Company from public sector bodies in return for procuring and delivering infrastructure assets on behalf of the public sector bodies through the hub model. Turnover also includes staged payments made by the procuring public sector bodies under design and build contracts. Turnover also includes staged payments made by procuring public sector bodies under strategic support services on behalf of those public sector bodies. Turnover is wholly earned within the UK and is presented exclusive of Value Added Tax.

d Interest

Interest and other fees incurred on the working capital loans are expensed through the profit and loss account in the period to which they relate. Interest is calculated using the prevailing interest rate applied to the outstanding loan balance.

e Going concern

The Company has generated a profit during the period and has the continuing support of its shareholders and sponsors through a working capital loan facility. Management have prepared forecasts based on the pipeline of project opportunities that are currently under development and the current level of fees earned on projects that are already in procurement. The Company has the right to draw up to £1,000,000 of working capital loans under the terms of a Working Capital Agreement.

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

f Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Office equipment - 33% straight line basis

2 OPERATING PROFIT

The profit on ordinary activities is stated after charging the auditor's remuneration of £6,260 and depreciation of £40 during the period.

The Company has no directly employed personnel.

Directors received remuneration from the Company directly during the period totalling £62,000.

None of the directors have any retirement benefits or other remuneration accruing to them under pension schemes.

3 INTEREST PAYABLE

	2013
	£
Interest payable on working capital loans	<u>(16,404)</u>

4 INTEREST RECEIVABLE

	2013
	£
Bank interest receivable	<u>23</u>

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 TAXATION

Taxation is based on the loss for the year and comprises of:	2013
	£
UK corporation tax at a rate of 22.5% of taxable profit	
- Current taxation	(2,210)
- Deferred taxation	-
Total tax charge for the period	<u>(2,210)</u>

Factors affecting the tax charge in the current period

The difference between the current taxation shown and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

Profit on ordinary activities before taxation	<u>9,820</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 22.5%	(2,209)
Adjustments for:	
Difference between depreciation and capital allowances relief	(1)
Total current tax charge for the year	<u>(2,210)</u>

6 TANGIBLE FIXED ASSETS

	2013
	Office equipment
	£
Cost	
At 29 August 2012	-
Additions during the period	207
At 31 December 2013	<u>207</u>
Accumulated depreciation	
At 29 August 2012	-
Charge for the period	40
At 31 December 2013	<u>40</u>
Net book value	
At 31 December 2013	<u>167</u>
At 29 August 2012	<u>-</u>

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7 DEBTORS

	2013
	£
Amounts falling due within one year	
Trade debtors	959,996
Other debtors	30
Amounts due from related parties	10
Amounts due from tax authorities	321,349
Accrued income	696,364
Prepayments	3,317
	<u>1,981,066</u>
Amounts falling due after one year	
Retention debtor	92,421
	<u>92,421</u>

8 CREDITORS

	2013
	£
Amounts falling due within one year	
Trade creditors	(1,120,859)
VAT creditor	(7,255)
Deferred income and accruals	(527,789)
Amounts payable to parent undertakings	(390,831)
Other creditors	(304,180)
Amounts payable to related parties	(101,393)
Corporation Tax	(2,210)
	<u>(2,454,517)</u>
Amounts falling due after more than one year	
Retention creditor	(91,651)
	<u>(91,651)</u>

Amounts payable to parent undertakings and related parties due within one year comprises outstanding working capital loans and all interest accrued thereon. The working capital loans are governed by the Working Capital Agreement.

Outstanding working capital loans attract interest at 6% per annum, as defined under the terms of the Working Capital Agreement.

Included within trade creditors due after more than one year are retention amounts withheld from construction sub-contractors, 50% of which is paid when the relevant project reaches its Actual Completion Date and 50% when the Making Good Defects Certificate is issued.

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 CALLED UP SHARE CAPITAL

	2013 £
Alloted, issued and fully paid up	
10,000 ordinary shares of £0.01 each	100
	<u>100</u>

This share capital comprises:

- 1,000 A shares of £0.01 each;
- 3,000 B shares of £0.01 each; and
- 6,000 C shares of £0.01 each

During the period, the Company issued 1,000 A shares, 3,000 B shares and 6,000 C shares at £0.01 each for a total consideration of £100.

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

10 RESERVES

	Profit and Loss Account £
As at 29 August 2012	-
Profit for the period	7,610
As at 31 December 2013	<u>7,610</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £
Opening shareholders' funds	-
Ordinary shares issued	100
Profit for period	7,610
Closing shareholders' funds	<u>7,710</u>

12 NOTES TO THE CASH FLOW STATEMENT

	2013 £
Operating profit	26,201
Depreciation of tangible fixed assets	40
Increase in other receivables	(2,073,487)
Increase in other payables	1,747,554
Net cash outflow from operating activities	<u>(299,692)</u>

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 RELATED PARTY TRANSACTIONS

The Company's related parties, as defined by Financial Reporting Standard 8, and the extent of transactions with them during the period from incorporation on 29 August 2012 to 31 December 2013 are set out below:

	Debtors £	Creditors £	Interest payable £	Purchases £
Scottish Futures Trust Limited	10	101,393	1,393	-
Alliance & Community Partnership Limited	-	390,831	10,831	-
Equitix Limited*	-	437,632	-	466,664
Galliford Try Construction Limited*	-	329,396	-	1,353,221
Kier Construction Limited*	-	298,466	-	817,306
	<u>10</u>	<u>1,557,718</u>	<u>12,224</u>	<u>2,637,191</u>

*Creditor balances includes trade creditors, deferred income and accrued expenses as disclosed in note 8.

Equitix Limited is a related party by virtue of common directors with the Company, 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.

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

Kier Plc owns Kier Project Investments Limited, which owns 10% of Alliance Community Partnership Limited, Kier Plc also owns Kier Construction Limited who provide construction services to the Company.

Scottish Future Trust Limited owns 10% of the Company and provides working capital loans as disclosed in note 7.

Alliance Community Partnership Limited is an immediate parent of the Company and provides working capital loans as disclosed in note 7.

14 COMMITTED EXPENDITURE

As at 31 December 2013, the Company has committed expenditure of £8,275,573 relating to projects currently being undertaken by the Company, as detailed in the Directors' Report. These amounts will pass through as cost of sales for the Company with a matching sales invoice issued to the relevant public sector counterparty.

15 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Alliance Community Partnership Limited. The Directors consider that there is no ultimate controlling party.