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# **HUB WEST SCOTLAND LIMITED**

**Company Registration No. SC381561**

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

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## **HUB WEST SCOTLAND LIMITED**

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## HUB WEST SCOTLAND LIMITED

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### Company Information for the year ended 31 March 2019

<b>Directors</b>	C J M Armstrong	(Appointed 1 August 2018)
	R Cairns	
	R S Drew	
	J W Dryburgh	
	W A Erlam	(Appointed 20 April 2018)
	N W Gemmell	
	D G Lane	
	M B P McCrossan	
	G J Shirreff	
	A J Titmus	(Appointed 8 August 2018)
	A E D Macdonald	(Resigned 20 April 2018)
	W S Matthews	(Resigned 31 July 2018)
	A J Powell	(Resigned 8 August 2018)
	L Scenna	(Resigned 4 March 2019)

**Company Secretary** C Sheridan

**Registered Office** 6<sup>th</sup> Floor Merchant Exchange  
20 Bell Street  
Glasgow  
United Kingdom  
G1 1LG

**Auditor** BDO LLP  
55 Baker Street  
London  
United Kingdom  
W1U 7EU

## HUB WEST SCOTLAND LIMITED

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### Strategic Report For the year ended 31 March 2019

#### Principal Activities

Hub West Scotland Limited (the "Company") is a development organisation working with its public sector partners to plan, design, build, finance and maintain buildings in the most efficient and effective manner which delivers better value for money and ultimately improved public services.

The Company operates across the Greater Glasgow area and west of Scotland which includes the local authority areas of Glasgow, East & West Dunbartonshire, Renfrewshire, East Renfrewshire and Inverclyde. Hub provides a more efficient, sustainable procurement methodology, resulting in improved value for money and increased scale of joint service working between public sector organisations resulting in better outcomes at the point of public service delivery. The Company is engaged in the delivery of a wide range of community infrastructure including health and social care, office, community and library, depot, education and civic facilities.

The West Territory hub programme was established in 2012 to bring complementary public sector bodies together under one roof to provide a wide range of services for the benefit of local communities. The West Territory brings together Participants from Health, Local Authorities, Further Education, Social Landlords, Regeneration agencies, Police, Fire and Rescue and voluntary sector organisations.

Since it commenced to trade in 2012, Hub West Scotland Limited has overseen the completion of 35 public sector buildings of a value of £296m with 15 schemes currently in development construction or reaching financial close with a development value of £180m.

Through partnership working with its public sector clients and supply chain, the Company has delivered a number of projects that have received national award recognition. This is testament to the combined effort to create contemporary architectural solutions to meet its clients' needs, expectations and budgets.

The results for the year are included on page 9.

#### Business review

The results for the year were as follows:

	Year to 31 March 2019 £'000	Year to 31 March 2018 £'000
Turnover	13,708	40,822
Operating (loss)/ profit	(110)	358
Profit/ (loss) after tax	(104)	342
Capital contribution	178	-
Net assets/ (liabilities)	52	(22)

Turnover was reduced at £13,708,000 (2018: £40,822,000), with an operating loss of £110,000 (2018: £358,000 operating profit). This reflects a decrease in project activity from the previous period and is in line with management's expectations.

During the year, a number of public sector participants agreed to release a portion of their shareholder loans and this release has been treated as a capital contribution from those shareholders amounting to £178,000 (2018: £nil).

#### Financial position and liquidity

The financial position and liquidity of the Company is covered within the going concern section of the Directors' Report.

## HUB WEST SCOTLAND LIMITED

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### Strategic Report (continued) For the year ended 31 March 2019

#### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Further discussion of these risks and uncertainties are detailed below.

#### *Health & Safety obligations*

The Company has entered into a number of building contracts to provide construction services and its health and safety obligations are appropriately flowed down to the building contractors during the construction phase. Under the CDM regulations, the contractors are appointed as the principal designer and principal contractor.

Furthermore, the board of directors have collective responsibility to ensure that all Health & Safety and Fire Risk Management topics are comprehensively addressed.

#### *Interest rate risk*

The Company has a working capital facility with a fixed interest rate.

#### *Credit risk*

The Company considers its credit risk with respect to trade receivables to be limited given that its customer base is predominantly large public sector organisations including Local Authorities and the NHS in Scotland.

#### *Liquidity risk*

This is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to manage liquidity by preparing a five year cash flow forecast on a monthly basis and taking action if required to mitigate liquidity risk where it is identified.

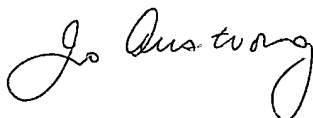
#### Key performance indicators

The board of directors use a number of key performance indicators (KPIs) to monitor the Company's performance on a monthly basis. This includes monitoring the progress of schemes in development and construction as well as its cash position.

For the long term contracts, on a monthly basis, the Company monitors the progress of construction as well as its cash position against the financial close assumptions.

Turnover of £13,708,000 (2018: £40,822,000) largely reflects the value of development and construction work performed in the year, and it includes the fees retained by the Company for the provision of development services, and an appropriate mark-up on construction costs for long term contracts (as detailed later in the Principal Accounting Policies) and other development costs.

On behalf of the board



Director  
C J M Armstrong  
31 July 2019

## HUB WEST SCOTLAND LIMITED

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### **Directors' Report** **For the year ended 31 March 2019**

The directors present their annual report and the audited financial statements for the year ended 31 March 2019. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under the United Kingdom Accounting Standards.

#### **Going concern**

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the Company. The Company produces long-term financial forecasts which show the Company is able to operate and meet its financial obligations as they fall due and operate within existing shareholder loan agreements.

The Company's working capital loan agreements were due to expire on 31 December 2019 and during the year the successfully renegotiated and extended the loans to between 30 April 2021 and 31 March 2028. The revised terms on the loan agreements provide working capital support that enables the Company to meet its ongoing obligations.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of twelve months from the date of signing the accounts. Thus, they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors**

The current directors of the Company, who served throughout the period and to the date of this report, are shown on page 1.

#### **Dividends**

The directors do not recommend the payment of a dividend (2018: nil).

#### **Qualifying third party indemnity provisions**

The directors of Hub West Scotland Limited have qualifying third party indemnity provisions put in place by the Company.

#### **Auditor and disclosure of information to auditor**

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP has expressed their willingness to continue in office as the Company's auditor.

## HUB WEST SCOTLAND LIMITED

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### **Directors' Report (continued)** **For the year ended 31 March 2019**

#### **Directors' responsibilities statement**

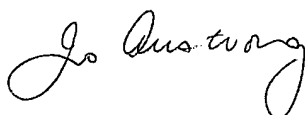
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors confirm that they have complied with the above requirements in preparing the financial statements. 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). 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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 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.

**Approved for and on behalf of the board**



**Director**  
**C J M Armstrong**  
**31 July 2019**

## HUB WEST SCOTLAND LIMITED

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### **Independent Auditor's Report to Members of Hub West Scotland Limited For the year ended 31 March 2019**

#### **Opinion**

We have audited the financial statements of Hub West Scotland Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, and the notes to the financial statements, 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 Company's affairs as at 31 March 2019 and of its loss 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.



## HUB WEST SCOTLAND LIMITED

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### Independent Auditor's Report to Members of Hub West Scotland Limited (continued)

#### 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 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.



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**Alexander Tapp (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

1 AUGUST 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## HUB WEST SCOTLAND LIMITED

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### Independent Auditor's Report to Members of Hub West Scotland Limited (continued)

We have nothing to report in this regard.

#### Opinions 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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, 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.

#### Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 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 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## HUB WEST SCOTLAND LIMITED

### Statement of Comprehensive Income For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	1	13,708	40,822
Cost of Sales		(13,039)	(39,437)
<b>Gross profit</b>		<b>669</b>	<b>1,385</b>
Administrative expenses		(779)	(1,027)
<b>Operating (loss)/ profit</b>	2	<b>(110)</b>	<b>358</b>
Interest receivable and similar income	5	16	9
Interest payable and similar charges	6	(23)	(25)
<b>(Loss)/ profit on ordinary activities before taxation</b>		<b>(117)</b>	<b>342</b>
Tax on loss/ (profit) on ordinary activities	7	13	-
<b>(Loss)/ profit for the financial period</b>		<b>(104)</b>	<b>342</b>
<b>Total comprehensive (loss)/ income for the financial period</b>		<b>(104)</b>	<b>342</b>

The results for the current and previous financial period derive from continuing operations.

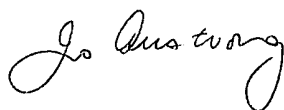
## HUB WEST SCOTLAND LIMITED

### Statement of Financial Position As at 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	8	-	-
		<u>-</u>	<u>-</u>
<b>Current assets</b>			
Debtors - due within one year	9	2,610	10,168
Debtors - due after more than one year	9	36	32
Cash at bank and in hand	10	2,952	4,418
		<u>5,598</u>	<u>14,618</u>
<b>Creditors</b>			
Amounts falling due within one year	11	(4,599)	(14,640)
<b>Net current assets/ (liabilities)</b>		<u>999</u>	<u>(22)</u>
Amounts falling due after one year	11	(947)	-
<b>Net assets/ (liabilities)</b>		<u>52</u>	<u>(22)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account		52	(22)
<b>Shareholders' funds/ (deficit)</b>		<u>52</u>	<u>(22)</u>

The financial statements of Hub West Scotland Limited, registered number SC381561, were approved by the board of directors and authorised for issue on 25 July 2019.

They were signed on its behalf by:



.....  
Director  
C J M Armstrong

## HUB WEST SCOTLAND LIMITED

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### Statement of Changes in Equity For the year ended 31 March 2019

	Issued share capital £'000	Profit and loss account £'000	Total £'000
<b>1 April 2017</b>	-	(364)	(364)
Profit for the year	-	342	342
<b>Total comprehensive income for the year</b>	-	342	342
<b>31 March 2018</b>	-	(22)	(22)
<b>1 April 2018</b>	-	(22)	(22)
Loss for the year	-	(104)	(104)
Capital contribution	-	178	178
<b>Total comprehensive income for the year</b>	-	74	74
<b>31 March 2019</b>	-	52	52

The notes on pages 13 to 22 form part of the financial statements.

## HUB WEST SCOTLAND LIMITED

### Statement of Cash Flows For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Cash flows used in operating activities</b>			
(Loss)/ profit for the financial year		(104)	342
Adjustments for:			
Interest receivable	5	(16)	(9)
Interest payable	6	23	25
Taxation	7	(13)	-
Decrease/ (increase) in trade and other debtors		7,572	(5,979)
Decrease in trade and other creditors		(8,905)	(2,176)
<b>Cash used in operations</b>		<b>(1,443)</b>	<b>(7,797)</b>
Taxation paid		(39)	57
<b>Net cash used in operating activities</b>		<b>(1,482)</b>	<b>(7,740)</b>
<b>Cash flows from investing activities</b>			
Capital contribution		178	-
Interest received		16	9
Dividends received		-	-
<b>Net cash from investing activities</b>		<b>194</b>	<b>9</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(178)	-
Interest and similar charges paid		-	(12)
<b>Net cash used in financing activities</b>		<b>(178)</b>	<b>(12)</b>
<b>Net decrease in cash &amp; cash equivalents</b>		<b>(1,466)</b>	<b>(7,743)</b>
Cash and cash equivalents at beginning of year		4,418	12,161
<b>Cash and cash equivalents at end of year</b>		<b>2,952</b>	<b>4,418</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	10	2,952	4,418
		<b>2,952</b>	<b>4,418</b>

The notes on pages 13 to 20 form part of the financial statements.

## HUB WEST SCOTLAND LIMITED

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### **Principal Accounting Policies** **For the year ended 31 March 2019**

Hub West Scotland Limited is a private limited company incorporated in Scotland. The address of the registered office is given on page 1.

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **Basis of accounting**

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The functional currency is pounds sterling and rounded to the nearest £'000, unless otherwise stated.

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 Company's accounting policies. There were no judgement and estimates applied in preparing these financial statements.

#### **Going concern**

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the Company. The Company produces long-term financial forecasts which show the Company is able to operate and meet its financial obligations as they fall due and operate within existing shareholder loan agreements.

The Company's working capital loan agreements were due to expire on 31 December 2019 and during the year the successfully renegotiated and extended the loans to between 30 April 2021 and 31 March 2028. The revised terms on the loan agreements provide working capital support that enables the Company to meet its ongoing obligations.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of twelve months from the date of signing the accounts. Thus, they continue to adopt the going concern basis in preparing the financial statements.

## HUB WEST SCOTLAND LIMITED

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### **Principal Accounting Policies (continued)** **For the year ended 31 March 2019**

#### **Turnover**

Turnover from the supply of services represents the value of services provided to the extent that there is a right to consideration and is recorded at the value of consideration due in the period to which it relates. The project development fee retained by the Company is only recognised as revenue at the financial close of a development as prior to that, there is a risk the project will not go ahead.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred taxation is provided in full on timing differences that result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Investments**

Investments are measured at cost less any accumulated impairment losses if applicable.

#### **Financial instruments**

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance the substance of the contractual arrangement.

Financial instruments are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the Company is no longer a party to the contractual provisions of the instrument.

#### **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.



## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements For the year ended 31 March 2019

**1. Analysis of turnover and (loss)/ profit on ordinary activities before taxation**

Turnover in the period is analysed as follows:

	2019 £'000	2018 £'000
Construction and development services	<u>13,708</u>	<u>40,822</u>

**2. Operating (loss)/ profit**

Operating (loss)/ profit is stated after charging:

	2019 £'000	2018 £'000
Auditor's and its associates' remuneration		
- Audit services	3	3
- Tax services	<u>1</u>	<u>1</u>
	<u>4</u>	<u>4</u>

**3. Directors' remuneration**

£21,000 (2018: £23,000) was paid to a director in relation to the provision of Chairman's services.

The other directors did not receive any remuneration from the Company for their services to the Company during the financial period. The directors are remunerated by the shareholding companies for their services to the Company. It is not practicable to apportion their remuneration for their services to this Company.

**4. Staff numbers**

The average monthly number of employees was:

	2019	2018
Administration	<u>7</u>	<u>6</u>

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	490	348
Social security costs	37	40
Pension cost	<u>65</u>	<u>22</u>
	<u>592</u>	<u>410</u>

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2019

#### 5. Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest receivable	16	9

#### 6. Interest payable and similar charges

	2019 £'000	2018 £'000
Interest payable on working capital loan	23	25

#### 7. Tax on (loss)/ profit on ordinary activities

	2019 £'000	2018 £'000
<b>a) Analysis of tax (credit)/ charge for the year</b>		
<b>Current tax</b>		
UK corporation tax payable at 19% (2018: 19%)	-	34
Adjustment in respect of prior years	(9)	(57)
Total current tax credit	(9)	(23)
<b>Deferred tax</b>		
Origination and reversal of timing differences		
- current year	(4)	23
Total deferred tax (credit)/ charge	(4)	23
Tax (credit)/ charge on (loss)/ profit on ordinary activities	(13)	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	£'000	£'000
<b>b) Factors affecting the tax charge for the year</b>		
(Loss)/ profit on ordinary activities before tax	(117)	342
(Loss)/ profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2018: 19%)	(22)	65
Effects of:		
Expenses not deductible for taxation purposes	4	-
Other permanent differences	-	(5)
Losses carried back	13	(57)
Adjustments to tax charge in respect of prior years	(9)	-
Adjust deferred tax to average rate	1	(3)
Total tax credit for the period	(13)	-

The reduction in the corporation tax rate 17% from 1 April 2020 is not anticipated to materially affect the future tax charge.

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2019

#### 8. Fixed asset investments

##### Investment in group undertakings

	2019 £	2018 £
<b>Cost</b>		
As at 1 April	-	10
Additions – cost	10	-
Disposals - cost	(10)	(10)
As at 31 March	-	-

On 22 August 2018, Hub West Scotland Limited became the sole shareholder of the newly incorporated Hub West Scotland Holdco (No.7) Limited (previously Hub West Scotland Midco (No.7) Limited) and on 17 December 2018, ownership was transferred to Wellspring Partnership Limited (60%), HCF Investments Limited (20%), Greater Glasgow Health Board (10%) and Scottish Futures Trust Investments Limited (10%).

During the prior year, Hub West Scotland Limited has transferred ownership of Hub West Scotland Holdco (No.6) Limited, and its subsidiary undertaking, to Wellspring Partnership Limited (60%), HCF Investments Limited (30%) and Scottish Futures Trust Investments Limited (10%).

#### 9. Debtors

	2019 £'000	2018 £'000
<b>Due within one year</b>		
Trade debtors	923	5,160
Amounts owed by related parties	24	14
Retention receivable	916	2,510
Other debtors	211	-
Other taxation	14	-
Prepayments and accrued income	522	2,484
	<u>2,610</u>	<u>10,168</u>
<b>Due after more than one year</b>		
Deferred tax asset (note 13)	36	32
	<u>36</u>	<u>32</u>

#### 10. Cash at bank and in hand

Included in cash at bank and in hand are bank balances of £2,952,000 (2018: £4,418,000).

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2019

#### 11. Creditors

	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Trade creditors	1,011	1,752
Loans owed to related parties (note 12)	-	810
Other amounts owed to related parties	584	-
Corporation tax	-	34
Other taxation and social security	-	944
Other creditors	100	98
Retention payable	916	2,510
Accruals and deferred income	1,988	8,116
Loans due to parent undertakings (note 12)	-	376
	<u>4,599</u>	<u>14,640</u>
<b>Amounts falling due after more than one year</b>		
Amounts owed to related parties (note 12)	743	-
Loans due to parent undertakings (note 12)	204	-
	<u>947</u>	<u>-</u>

#### 12. Loans

##### Loan due to parent undertakings

	2019 £'000	2018 £'000
Balance brought forward	1,102	1,077
Interest rolled up in the year	23	25
Loan release	(178)	-
Balance brought forward and carried forward	<u>947</u>	<u>1,102</u>

##### The loans are repayable as follows:

Within one year	-	1,102
Between one and two years	851	-
After more than 5 years	96	-
	<u>947</u>	<u>1,102</u>

The amounts falling due represent loans bearing interest at 2.5% of: £101,000 (2018: £100,000) to Scottish Futures Trust Investments; £607,000 (2018: £600,000) to Morgan Sindall Investments Limited; and to public sector participants of £126,000 (2018: £300,000). In addition £11,000 of interest (2018: £nil) is accrued and repayable at the same time as the loan principal. A further £102,000 (2018: £102,000) is held in an interest bearing reserve account on behalf of Scottish Futures Trust Investments Limited and public sector participants.

During the year, a number of public sector participants agreed to release a portion of their shareholder loans and each lender signed up to new terms which result in a repayment date on all loans of 30 April 2021 with the exception of two public sector participants which have a repayment date of 31 March 2028.

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2019

#### 13. Deferred tax

	2019 £'000	2018 £'000
<b>Balance at 1 April</b>	<b>32</b>	<b>54</b>
Current year credit/(charge) to profit and loss account	4	(22)
<b>Balance at 31 March</b>	<b>36</b>	<b>32</b>

An analysis of deferred taxation provided in the financial statement is as follows:

	£'000	£'000
Decelerated capital allowances	3	5
Short term timing differences	4	-
Losses and other deductions	29	27
	<b>36</b>	<b>32</b>

#### 14. Called up share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,000 'A' ordinary shares of 1p each (2018: 1,000 'A' ordinary shares)	10	10
3,000 'B' ordinary shares of 1p each (2018: 3,000 'B' ordinary shares)	30	30
6,000 'C' ordinary shares of 1p each (2018: 6,000 'C' ordinary shares)	60	60
Ordinary shares of 1p each	<b>100</b>	<b>100</b>

'A', 'B' and 'C' shares constitute different classes of shares but confer the same rights upon the holders thereof and rank pari passu in all respects.

#### 15. Financial instruments

The Company's financial instruments may be analysed as follows:

	2019 £'000	2018 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	<b>5,302</b>	<b>14,546</b>
<b>Financial liabilities measured at amortised cost</b>	<b>5,546</b>	<b>13,695</b>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, amounts owed by related parties, and accrued income.

Financial liabilities measured at amortised cost comprise loans due to parent undertaking, trade creditors, amounts owed to related parties, other creditors and accruals.

## **HUB WEST SCOTLAND LIMITED**

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### **Notes to the Financial Statements (continued) For the year ended 31 March 2019**

#### **16. Ultimate parent company and controlling party**

At 31 March 2019, Hub West Scotland Limited was jointly owned by Wellspring Partnership Limited (60%), Scottish Futures Trust Investments Limited (10%), and various public sector participants (30%). Wellspring Partnership Limited is jointly owned by Morgan Sindall Investments Limited (registered in England and Wales), Apollo (Hub West) Limited (registered in England and Wales) and Community Solutions Management Services (Hub) Limited (registered in England and Wales). All companies are registered in Scotland except where stated otherwise.

The Directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the Company's joint ownership and control.

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2019

#### 17. Related party transactions

The Company has taken advantage of the exemption provided in FRS102 not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which 100% are owned members of that group.

The Directors consider the material transactions undertaken by the group during the year with related parties were as follows:

Name of Limited company related party	Relationship	Nature of transaction	Amount 2019 £'000	Amount 2018 £'000	Owed by/ (to) related parties 2019 £'000	Owed by/ (to) related parties 2018 £'000
Hub West Scotland Project Company (No.3)	Common ownership	Pre-development costs & fees	1	6	-	-
Hub West Scotland Project Company (No.4)	Common ownership	Pre-development costs & fees	-	8	-	-
Hub West Scotland Project Company (No.5)	Common ownership	Pre-development costs & fees	34	2,248	-	4
Hub West Scotland Project Company (No.6)	Common ownership	Pre-development costs & fees	91	107	24	10
Hub West Scotland Project Company (No.7)	Common ownership	Pre-development costs & fees	2,623	-	-	-
Scottish Futures Trust Investment	Shareholder	Provision of loans Interest	- (3)	- (2)	(128) -	(125) -
Wellspring Partnership	Shareholder	Supplier of services	(65)	(1,259)	-	-

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2019

#### 17. Related party transactions (continued)

Name of Limited company related party	Relationship	Nature of transaction	Amount 2019 £'000	Amount 2018 £'000	Owed by/ (to) related parties 2019 £'000	Owed by/ (to) related parties 2018 £'000
Morgan Sindall Investments	See below	Provision of loans	(15)	(15)	(615)	(600)
		Supplier of services	(110)	-	(32)	-
Morgan Sindall Construction & Infrastructure	See below	Supplier of services	(3,773)	(9,738)	-	-
		Client for services	15	-	-	-
Community Solutions Partnership Services	See below	Supplier of services	(804)	-	(455)	-
		Client for services	20	41	-	-
Morgan Sindall Group PLC	See below	Supplier of services	(525)	(457)	(42)	(29)
Baker Hicks	See below	Supplier of services	(247)	(273)	(55)	(55)

Morgan Sindall Investments Limited has joint control of Wellspring Partnership Limited which in turn has joint control over Hub West Scotland Limited. The other companies in the same group as MSIL which have traded with the Company during the year are: Morgan Sindall Construction and Infrastructure Limited, Morgan Sindall Group PLC, Baker Hicks Limited, and Community Solutions Partnership Services Limited.