

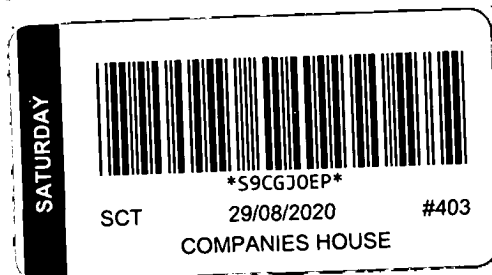
---

**HUB WEST SCOTLAND LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**



---

## HUB WEST SCOTLAND LIMITED

---

### CONTENTS

---

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 6
Independent Auditors' Report	7 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Analysis of Net Debt	14
Notes to the Financial Statements	15 - 27

---

## HUB WEST SCOTLAND LIMITED

---

### COMPANY INFORMATION

---

**Directors**

C J M Armstrong  
R Cairns  
R S Drew  
J W Dryburgh  
W A Erlam  
N W Gemmell  
D G Lane  
M B P McCrossan  
G J Shirreff  
A J Titmus

**Company secretary**

C Sheridan

**Registered number**

SC381561

**Registered office**

6th Floor Merchant Exchange  
20 Bell Street  
Glasgow  
United Kingdom  
G1 1LG

**Auditor**

Scott Moncreiff Audit Services  
25 Bothwell Street  
Glasgow  
G2 6NL

---

## HUB WEST SCOTLAND LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

---

#### Principal activities

Hub West Scotland Limited (the "Company") is a development organisation that works 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 facilitates improvements in public services.

The Company operates across the 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 and Higher 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 39 public sector buildings of a value of £336m with 14 schemes currently in development construction or reaching financial close with a development value of £149m.

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 10.

#### Business review

The results for the year were as follows:

	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Turnover	12,441	13,708
Operating loss	(262)	(110)
Loss after tax	(268)	(104)
Capital contribution	-	178
Net (liabilities) / assets	(216)	52

Turnover was reduced at £12,441,000 (2019: £13,708,000), with an operating loss of £262,000 (2019: £110,000). This reflects a decrease in project activity from the previous period and is in line with management's expectations.

---

## HUB WEST SCOTLAND LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

---

#### Financial position and liquidity

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

#### 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, a competent member of the Company's supply chain is appointed as the principal designer and the building contractor is appointed as 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 three year cash flow forecast on a monthly basis and taking action if required to mitigate liquidity risk where it is identified.

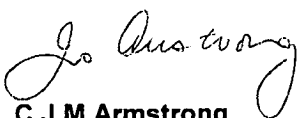
#### Key performance indicators

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 £12,441,000 (2019: £13,708,000) 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.

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



**C J M Armstrong**  
Director

Date: 27 August 2020

---

## HUB WEST SCOTLAND LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

---

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

#### Going concern

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the Company. The Company has produced financial forecasts covering the next three financial years which show the Company is able to operate and meet its financial obligations as they fall due and operate within existing shareholder loan agreements.

Due to COVID-19 the Company is facing unprecedented uncertainty about its immediate prospects. The directors have given due consideration to the circumstances prevailing in the Company and has taken (and will continue to take) all appropriate steps to mitigate against the impact of the pandemic. This has included (and will continue to include) regular dialogue with all relevant public sector participants, shareholders and Scottish Government all with a view to ensure Company revenues and payments continue to flow. In addition to this the Company 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 on the Company's cashflow forecasts and concluded that they have a reasonable expectation of the Company's viability over the next 12 months. Regular updates of cashflow forecasts will be reviewed throughout the term of the pandemic.

All Company revenue streams are underpinned by public sector counterparties, through development, construction and management fees for delivery of community infrastructure projects. 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. This does not entirely remove the uncertainty about the Company's immediate prospects and accordingly the directors will continue to closely monitor all projects and activities on an individual basis.

Having regard to the above and after making enquiries, including shareholder approval of the 2020-2023 Company business plan, 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. The Company's shareholders have approved these plans. Thus, the directors 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

No dividends were declared or paid during the year (2019: £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.

---

**HUB WEST SCOTLAND LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**Auditor and disclosure of information to the 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 are 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 been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors 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.

Scott-Moncrieff Audit Services were appointed during the year.

The auditor, Scott-Moncrieff Audit Services, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

---

## HUB WEST SCOTLAND LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

---

#### Directors' responsibilities statement

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

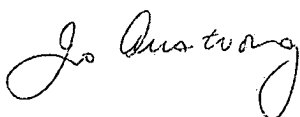
The directors confirm that they have complied with the above requirements in preparing the financial statements. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom 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 judgments 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



**C J M Armstrong**  
Director

Date: 27 August 2020



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUB WEST SCOTLAND LIMITED**

---

**Opinion**

We have audited the financial statements of Hub West Scotland Limited (the 'Company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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 FRS 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 2020 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.

---

## HUB WEST SCOTLAND LIMITED

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUB WEST SCOTLAND LIMITED

---

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.

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

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

In 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 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, 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.

---

## HUB WEST SCOTLAND LIMITED

---

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUB WEST SCOTLAND LIMITED

---

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

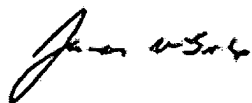
#### Auditor's responsibilities for the audit of the financial statements

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 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 the audit 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.



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

27 August 2020

---

**HUB WEST SCOTLAND LIMITED**

---

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

---

	Note	2020 £000	2019 £000
Turnover	4	12,441	13,708
Cost of sales		(11,824)	(13,039)
<b>Gross profit</b>		<u>617</u>	<u>669</u>
Administrative expenses		(879)	(779)
<b>Operating loss</b>	5	<u>(262)</u>	<u>(110)</u>
Interest receivable and similar income	8	15	16
Interest payable and similar charges	9	(21)	(23)
<b>Loss before tax</b>		<u>(268)</u>	<u>(117)</u>
Tax on loss	10	-	13
<b>Loss for the financial year</b>		<u>(268)</u>	<u>(104)</u>

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

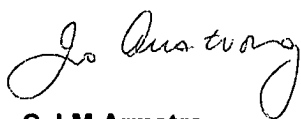
There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 15 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2020

	Note	2020 £000	Restated 2019 £000
<b>Fixed assets</b>			
Investments	11	-	-
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	4,358	2,494
Debtors: amounts falling due after more than one year	12	202	36
Cash at bank and in hand	13	3,833	2,952
<b>Current liabilities</b>		8,393	5,482
Creditors: amounts falling due within one year	14	(7,475)	(4,483)
<b>Net current assets</b>		918	999
Creditors: amounts falling due after more than one year	15	(1,134)	(947)
<b>Net (liabilities)/assets</b>		(216)	52
<b>Capital and reserves</b>			
Called up share capital	18	-	-
Profit and loss account		(216)	52
<b>Shareholders' (deficit) / funds</b>		(216)	52

The financial statements of Hub West Scotland Limited, registered number SC381561, were approved by the board of directors and authorised for issue on 27 August 2020.



**C J M Armstrong**  
Director

The notes on pages 15 to 27 form part of these financial statements.

---

**HUB WEST SCOTLAND LIMITED**

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

---

	<b>Issued share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>At 1 April 2018</b>	-	(22)	(22)
Loss for the year	-	(104)	(104)
Capital contribution	-	178	178
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>74</u>	<u>74</u>
<b>At 1 April 2019</b>	-	52	52
Loss for the year	-	(268)	(268)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(268)</u>	<u>(268)</u>
<b>At 31 March 2020</b>	<u>-</u>	<u>(216)</u>	<u>(216)</u>

The notes on pages 15 to 27 form part of these financial statements.

---

**HUB WEST SCOTLAND LIMITED**

---

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

	2020 £000	Restated 2019 £000
<b>Cash flows used in operating activities</b>		
Loss for the financial year	(268)	(104)
<b>Adjustments for:</b>		
Interest receivable	(15)	(16)
Interest payable	21	23
Taxation	-	(13)
(Increase)/decrease in trade and other debtors	(2,031)	7,688
Increase/(decrease) in trade and other creditors	3,159	(9,021)
	<hr/>	<hr/>
<b>Cash used in operations</b>	866	(1,443)
Taxation paid	-	(39)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	866	(1,482)
<b>Cash flows from investing activities</b>		
Capital contribution	-	178
Interest received	15	16
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	15	194
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(178)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	-	(178)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	881	(1,466)
Cash and cash equivalents at beginning of year	2,952	4,418
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of year</b>	3,833	2,952
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,833	2,952
	<hr/>	<hr/>

The notes on pages 15 to 27 form part of these financial statements.

---

**HUB WEST SCOTLAND LIMITED**

---

---

**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2020**

---

	<b>At 1 April 2019 £000</b>	<b>Cash flows £000</b>	<b>At 31 March 2020 £000</b>
Cash at bank and in hand	2,952	881	3,833
Amounts due to related parties due within 1 year	(584)	461	(123)
Amounts due to related parties due after 1 year	(947)	(21)	(968)
	<u>1,421</u>	<u>1,321</u>	<u>2,742</u>

The notes on pages 15 to 27 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**1. General information**

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.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial reporting framework that has been applied in the preparation of these financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

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

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the Company. The Company has produced financial forecasts covering the next three financial years which show the Company is able to operate and meet its financial obligations as they fall due and operate within existing shareholder loan agreements.

Due to COVID-19 the Company is facing unprecedented uncertainty about its immediate prospects. The directors have given due consideration to the circumstances prevailing in the Company and has taken (and will continue to take) all appropriate steps to mitigate against the impact of the pandemic. This has included (and will continue to include) regular dialogue with all relevant public sector participants, shareholders and Scottish Government all with a view to ensure Company revenues and payments continue to flow. In addition to this the Company 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 on the Company's cashflow forecasts and concluded that they have a reasonable expectation of the Company's viability over the next 12 months. Regular updates of cashflow forecasts will be reviewed throughout the term of the pandemic.

All Company revenue streams are underpinned by public sector counterparties, through development, construction and management fees for delivery of community infrastructure projects. The Scottish Procurement Policy Note (SSPN) - Coronavirus (COVID-19): supplier relief SSPN 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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**2. Accounting policies (continued)**

**2.2 Going concern (continued)**

bodies the directors have taken comfort from the SSPN and project specific discussions with its public sector counterparties. This does not entirely remove the uncertainty about the Company's immediate prospects and accordingly the directors will continue to closely monitor all projects and activities on an individual basis.

Having regard to the above and after making enquiries, including shareholder approval on the 2023 company business plan, 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. The Company's shareholders have approved these plans. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

**2.3 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.

**2.4 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 reporting date in the countries where the Company 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 it is probable that they will be recovered 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 associated 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 tax deductions available for them and the differences 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 substantively enacted by the reporting date.

**2.5 Valuation of investments**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**2. Accounting policies (continued)**

**2.6 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.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

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.

The directors are satisfied that accounting policies are appropriate and applied consistently.

**4. Analysis of turnover and loss on ordinary activities before taxation**

Turnover in the period is analysed as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Construction and development services	12,441	13,708

---

## HUB WEST SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Audit services	6	3
Tax services	1	1
Operating lease payments	54	58
	<u>61</u>	<u>62</u>

#### 6. Directors' remuneration

£35,000 (2019: £21,000) 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.

#### 7. Staff numbers

	2020 No.	2019 No.
Employees (FTE)	<u>11</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	777	490
Social security costs	83	37
Pension cost	93	65
	<u>953</u>	<u>592</u>

---

**HUB WEST SCOTLAND LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**8. Interest receivable**

	<b>2020 £000</b>	<b>2019 £000</b>
Bank interest receivable	15	16

**9. Interest payable and similar expenses**

	<b>2020 £000</b>	<b>2019 £000</b>
Interest payable on working capital loan	21	23

---

## HUB WEST SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 10. Taxation

	2020 £000	2019 £000
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(9)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(4)
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>-</u>	<u>(13)</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	<u>(268)</u>	<u>(117)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(51)	(22)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	4
Losses carried forward	51	13
Adjustments to tax charge in respect of prior periods	-	(9)
Adjust deferred tax to average rate	-	1
<b>Total tax credit for the year</b>	<u>-</u>	<u>(13)</u>

#### 11. Fixed asset investments

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%).

---

**HUB WEST SCOTLAND LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**12. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Due after more than one year</b>		
Retention receivable	166	-
Deferred tax asset (note 17)	36	36
	<u>202</u>	<u>36</u>

	<b>2020</b>	<b>Restated 2019</b>
	<b>£000</b>	<b>£000</b>
<b>Due within one year</b>		
Trade debtors	3,548	923
Amounts owed by related parties (note 22)	83	24
Retention receivable	490	916
Other debtors	196	211
Other taxation	14	14
Prepayments and accrued income	27	406
	<u>4,358</u>	<u>2,494</u>

**13. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<u>3,833</u>	<u>2,952</u>

---

**HUB WEST SCOTLAND LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**14. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>Restated</b>
	<b>£000</b>	<b>2019</b>
		<b>£000</b>
Trade creditors	3,102	1,011
Amounts owed to related parties (note 22)	123	584
Other taxation and social security	450	-
Other creditors	-	100
Retention payable	490	916
Accruals and deferred income	3,310	1,872
	<u>7,475</u>	<u>4,483</u>

**15. Creditors: Amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to related parties (note 22)	968	947
Retention payable	166	-
	<u>1,134</u>	<u>947</u>



---

## HUB WEST SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 16. Loans

Loan due to parent undertakings

	2020 £000	2019 £000
Balance brought forward	947	1,102
Interest applied	21	23
Loan release	-	(178)
<b>Balance carried forward</b>	<b>968</b>	<b>947</b>

The loans are repayable as follows:

	2020 £000	2019 £000
Within one year	-	-
Between one and two years	872	851
After more than 5 years	96	96
	<b>968</b>	<b>947</b>

The amounts falling due represent loans bearing interest at 2.5% of: £101,000 (2019: £101,000) to Scottish Futures Trust Investments; £608,000 (2019: £608,000) to Morgan Sindall Investments Limited; and to public sector participants of £126,000 (2019: £126,000). In addition, £32,000 of interest (2019: £11,000) is accrued and repayable at the same time as the loan principal. A further £101,000 (2019: £101,000) is held in an interest-bearing reserve account on behalf of Scottish Futures Trust Investments Limited and public sector participants.

During the prior year, several 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 except for two public sector participants which have a repayment date of 31 March 2028.

---

## HUB WEST SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 17. Deferred taxation

	2020 £000	2019 £000
At beginning of year	36	32
Charged to profit or loss	-	4
<b>At end of year</b>	<b>36</b>	<b>36</b>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Decelerated capital allowances	3	3
Short term timing differences	4	4
Losses and other deductions	29	29
	<b>36</b>	<b>36</b>

#### 18. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,000 (2019 - 1,000) A Ordinary shares of £0.01 each	10	10
3,000 (2019 - 3,000) B Ordinary shares of £0.01 each	30	30
6,000 (2019 - 6,000) C Ordinary shares of £0.01 each	60	60
	<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.

---

## HUB WEST SCOTLAND LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

---

#### 19. Capital commitments

At 31 March 2020 the Company had capital commitments as follows:

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	5,526	738

#### 20. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	59	10
Later than 1 year and not later than 5 years	182	-
	241	10

#### 21. Ultimate parent company and controlling party

At 31 March 2020, 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.

#### 22. Related party transactions

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.

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

## HUB WEST SCOTLAND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Name of limited company related party	Relationship	Nature of transaction	Sales / (purchases) 2020 £000	Sales / (purchases) 2019 £000	Owed by/(to) 2020 £000	Owed by/(to) 2019 £000
Hub West Scotland Project Company (No. 1)	Common ownership	Pre- development costs & fees	3	-	3	-
Hub West Scotland Project Company (No. 2)	Common ownership	Pre- development costs & fees	1	-	1	-
Hub West Scotland Project Company (No. 3)	Common ownership	Pre- development costs & fees	8	(1)	8	-
Hub West Scotland Project Company (No. 4)	Common ownership	Pre- development costs & fees	5	-	5	-
Hub West Scotland Project Company (No. 5)	Common ownership	Pre- development costs & fees	17	(34)	13	-
Hub West Scotland Project Company (No. 6)	Common ownership	Pre- development costs & fees	20	91	12	24
Hub West Scotland Project Company (No. 7)	Common ownership	Pre- development costs & fees	2,380	2,632	12	-
Scottish Futures Trust Investment	Shareholder	Provision of loans	-	-	(130)	(128)
		Client for services	7	-	-	-
		Interest	-	-	(3)	(3)
Wellspring Partnership	Shareholder	Supplier of services	-	(65)	-	-
Morgan Sindall Investments	See above	Provision of loans	-	(15)	(631)	(615)
		Supplier of services	(88)	(110)	-	(32)
		Interest	-	-	(15)	(15)
Morgan Sindall Construction & Infrastructure	See above	Supplier of services	(407)	(3,773)	-	-
		Client for services	15	15	14	-
Community Solutions Partnership Services	See above	Supplier of services	-	(804)	-	(455)
		Client for services	47	20	(10)	-
Morgan Sindall Group PLC	See above	Supplier of services	(981)	(525)	(71)	(42)

---

**HUB WEST SCOTLAND LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

Baker Hicks	See above	Supplier of services	1	(247)	(52)	(55)
Shareholder Participant	Shareholder	Provision of loan interest	-	-	(207)	-
		Interest	-	-	(3)	-
NHS Greater Glasgow and Clyde	Shareholder	Pre-development costs & fees	714	-	15	-

**23. Prior year adjustment**

The accrued income and accruals for 2019 have been reduced by £116k as a result of balances identified which should have been previously written off. This adjustment has no impact on the loss for the year or the net assets position as at 31 March 2019.