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# **HUB WEST SCOTLAND LIMITED**

**Company Registration No. SC381561**

## **ANNUAL REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

**FOR THE YEAR TO 31 MARCH 2018**

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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 2018

<b>Directors</b>	A E D Macdonald	(Appointed 15 November 2017), (Resigned 20 April 2018)
	A J Powell	(Appointed 15 November 2017)
	D G Lane	
	G J Shirreff	
	J W Dryburgh	
	L Scenna	(Resigned 31 October 2017, (Reappointed 15 November 2017)
	M B P McCrossan	
	N W Gemmell	(Appointed 1 December 2017)
	R Cairns	
	R S Drew	
	W A Erlam	(Appointed 20 April 2018)
	W S Matthews	
	B P Richardson	(Resigned 15 November 2017)
	J A Hope	(Resigned 31 July 2017)
	N P Badham	(Resigned 31 October 2017)

**Company Secretary** C Sheridan

**Registered Office** Suite 7/3, Skypark 1  
8 Elliot Place  
Glasgow  
United Kingdom  
G3 8EP

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

## HUB WEST SCOTLAND LIMITED

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### Strategic Report

For the year to 31 March 2018

#### Principal Activities

Hub West Scotland Limited 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 30 public sector buildings of a value of £241.3m with 16 schemes currently in construction or reaching financial close with a development value of £174.1m.

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 8.

#### Business review

The results for the year were as follows:

	Year to 31 March 2018	Restated Year to 31 March 2017
	£'000	£'000
Turnover	40,822	84,753
Operating Profit / (Loss)	358	(418)
Profit / (Loss) After Tax	342	(437)
Net Liabilities	(22)	(364)

Turnover was reduced at £40,822,000 (2017: £84,753,000), with an increased operating profit of £358,000 (2017: £437,000 loss). This reflects a decrease in project activity from the previous period and is in line with our expectations.

#### Financial position and liquidity

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

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the accounting policies in the notes to the financial statements.

## HUB WEST SCOTLAND LIMITED

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### **Strategic Report (continued)** **For the year to 31 March 2018**

#### **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 with large public sector organisations including Local Authorities and the NHS in Scotland.

##### *Liquidity risk*

The Company prepares a five year cash flow forecast on a monthly basis and takes action if required to mitigate liquidity risk.

#### **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 £40,822,000 (2017: £84,753,000) largely reflects the value of development and construction work performed to date, and it includes the fees retained by Hub West Scotland Limited 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**  
**W S Matthews**  
**31 July 2018**

## **HUB WEST SCOTLAND LIMITED**

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### **Directors' Report For the year to 31 March 2018**

The Directors present their annual report and the audited financial statements for the year ended 31 March 2018. 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 loan agreements are due to expire on 31 December 2018 and the Company is currently in discussions with the shareholders to extend the loans to 31 March 2020. Whilst the Company has received confirmation from several shareholders of their intention to extend the loan arrangements not all shareholders have as yet committed to the loan extension. Whilst there is uncertainty until all shareholders have confirmed and signed up to the new loan agreements, the Directors have reasonable expectations that loan agreements will be successfully renewed and provide working capital support that enables the Company to meet its ongoing obligations.

The directors note the net liability position of the statement of financial position at the reporting date but would highlight that once the above loan extension is complete this will move this liability out to 2020 resulting in a net current asset position on an ongoing basis in the near term.

The Company has total shareholders' deficit at 31 March 2018 of £22,000 (2017: deficit of £364,000). The Company had net current liabilities of £22,000 (2017: asset of £484,000) and cash of £4,418,000 (2017: £12,161,000) as at 31 March 2018.

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 (2017: 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 to 31 March 2018**

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

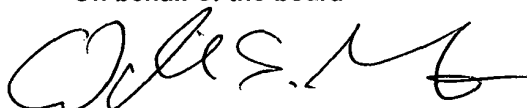
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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). 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 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 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.

On behalf of the board



Director  
W S Matthews  
31 July 2018

## **HUB WEST SCOTLAND LIMITED**

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

#### **Opinion**

We have audited the financial statements of West Scotland Limited ("the Company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

We have nothing to report in this regard.



## HUB WEST SCOTLAND LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB WEST SCOTLAND LIMITED (continued)

#### 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; 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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 determines 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

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.

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.

## **HUB WEST SCOTLAND LIMITED**

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

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.

BDO LLP

**Paul Bailey (senior statutory auditor)**  
For and on behalf of BDO LLP, statutory auditor  
55 Baker Street  
London  
W1U 7EU  
**31 July 2018**

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

## HUB WEST SCOTLAND LIMITED

### Statement of Comprehensive Income For the year ended 31 March 2018

		2018	Restated 2017
	Note	£'000	£'000
Turnover	1	40,822	84,753
Cost of Sales		(39,437)	(84,251)
<b>Gross profit</b>		<b>1,385</b>	<b>502</b>
Administrative expenses		(1,027)	(920)
<b>Operating profit/ (loss)</b>	2	<b>358</b>	<b>(418)</b>
Interest receivable	5	9	15
Interest payable	6	(25)	(61)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>342</b>	<b>(464)</b>
Tax on (loss)/ profit on ordinary activities	7	-	27
<b>Profit/ (loss) for the financial period</b>		<b>342</b>	<b>(437)</b>
<b>Total comprehensive income/ (loss) for the financial period</b>		<b>342</b>	<b>(437)</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 2018

	Note	2018 £'000	Restated 2017 £'000
<b>Fixed assets</b>			
Investments	8	-	-
		<u>-</u>	<u>-</u>
<b>Current assets</b>			
Debtors - due within one year	9	10,168	4,473
Debtors - due after more than one year	13	32	55
Cash at bank and in hand	10	4,418	12,161
		<u>14,618</u>	<u>16,689</u>
<b>Creditors</b>			
Amounts falling due within one year	11	(14,640)	(16,205)
		<u>(22)</u>	<u>484</u>
<b>Net current assets</b>			
Amounts falling due after one year	11		(848)
		<u>(22)</u>	<u>(364)</u>
<b>Net (liabilities)/ assets</b>			
		<u>(22)</u>	<u>(364)</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account		(22)	(364)
		<u>(22)</u>	<u>(364)</u>
<b>Shareholders' (deficit)/ funds</b>			
		<u>(22)</u>	<u>(364)</u>

The financial statements of Hub West Scotland Limited, registered number SC381561, were approved by the Board of Directors and authorised for issue on **31 July 2018**.

They were signed on its behalf by:



Director  
W S Matthews

## HUB WEST SCOTLAND LIMITED

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### Statement of Changes in Equity For the year ended 31 March 2018

	Issued share capital £'000	Profit and loss account £'000	Total 2017 £'000
1 April 2016	-	73	73
Total comprehensive loss for the year	-	(437)	(437)
31 March 2017	-	(364)	(364)
1 April 2017	-	(364)	(364)
Total comprehensive profit for the year		342	342
31 March 2018	-	(22)	(22)

The notes on pages 15 to 23 form part of the financial statements.

## HUB WEST SCOTLAND LIMITED

### Statement of Cash Flows For the year to 31 March 2018

	Note	2017 £'000	Restated 2017 £'000
<b>Cash flows from operating activities</b>			
Profit/ (loss) for the financial year		342	(437)
Adjustments for:			
Interest receivable	5	(9)	(15)
Interest payable	6	25	61
Taxation	7	-	(27)
(Increase) / decrease in trade and other debtors		(5,979)	5,754
(Decrease)/ Increase in trade creditors and other creditors		(2,176)	3,950
<b>Cash from operations</b>		<b>(7,797)</b>	<b>9,286</b>
Taxation		57	-
<b>Net cash (used in)/ generated from operating activities</b>		<b>(7,740)</b>	<b>9,286</b>
<b>Cash flows from investing activities</b>			
Interest received	5	9	15
Dividends received		-	-
<b>Net cash from investing activities</b>		<b>9</b>	<b>15</b>
<b>Cash flows from financing activities</b>			
Interest and similar charges paid		(12)	-
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/ increase in cash &amp; cash equivalents</b>		<b>(7,743)</b>	<b>9,301</b>
Cash and cash equivalents at beginning of year		12,161	2,860
<b>Cash and cash equivalents at end of year</b>		<b>4,418</b>	<b>12,161</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	10	4,418	12,161
		<b>4,418</b>	<b>12,161</b>

The notes on pages 15 to 23 form part of the financial statements.

## HUB WEST SCOTLAND LIMITED

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### **Principal Accounting Policies For the year to 31 March 2018**

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 loan agreements are due to expire on 31 December 2018 and the Company is currently in discussions with the shareholders to extend the loans to 31 March 2020. Whilst the Company has received confirmation from several shareholders of their intention to extend the loan arrangements not all shareholders have as yet committed to the loan extension. Whilst there is uncertainty until all shareholders have confirmed and signed up to the new loan agreements, the Directors have reasonable expectations that loan agreements will be successfully renewed and provide working capital support that enables the Company to meet its ongoing obligations.

The directors note the net liability position of the statement of financial position at the reporting date but would highlight that once the above loan election is complete this will move this liability out to 2020 resulting in a net current asset position on an ongoing basis in the near term.

The Company has total shareholders' deficit at 31 March 2018 of £22,000 (2017: deficit of £364,000). The Company had net current liabilities of £22,000 (2017: asset of £484,000) and cash of £4,418,000 (2017: £12,161,000) as at 31 March 2018.

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 to 31 March 2018**

#### **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 to 31 March 2018

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

Turnover in the period is analysed as follows:

	2018 £'000	Restated 2017 £'000
Construction and development services	<u>40,822</u>	<u>84,753</u>

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

Operating profit / (loss) is stated after charging:

	2018 £'000	2017 £'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**

£23,000 (2017: £30,000) 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:

	2018	2017
Administration	<u>6</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	348	325
Social security costs	40	47
Pension cost	<u>22</u>	<u>7</u>
	<u>410</u>	<u>379</u>

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year to 31 March 2018

#### 5. Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	9	15

#### 6. Interest payable and similar charges

	2018 £'000	2017 £'000
Interest payable on working capital loan	25	61

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

	2018 £'000	2017 £'000
<b>a) Analysis of tax on profit/(loss) on ordinary activities</b>		
UK corporation tax payable at 19% (2017: 20%)	34	-
Group Relief Payment	-	-
Prior year adjustment	(57)	-
Total current tax	(23)	-
<b>Deferred tax</b>		
Origination and reversal of timing differences		
- current year	23	(29)
- prior years	-	-
- Changes to tax rates and laws	-	2
Total deferred tax (credit)/ charge	-	(27)
Tax charge/ (credit) on profit/ (loss) on ordinary activities	-	(27)

The tax assessed for the year differs from the standard rate of corporation tax in the UK (19%) (2017: 20%). The differences are explained below:

	£'000	£'000
<b>b) Factors affecting the tax charge for the year</b>		
Profit/ (loss) on ordinary activities before tax	342	(464)
Profit/ (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2017: 20%)	65	(93)
Effects of:		
Expenses not deductible for taxation purposes	-	1
Other permanent differences	(5)	1
Losses carried back	(57)	57
Adjustments to tax charge in respect of prior years	-	-
Adjust deferred tax to average rate	(3)	7
Total tax charge/ (credit) for the period	-	(27)

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 to 31 March 2018

#### 8. Fixed asset investments

##### Investment in group undertakings

	2018 £	2017 £
<b>Cost</b>		
As at 1 April	10	20
Additions – cost	-	10
Disposals - cost	(10)	(20)
As at 31 March	-	10

During the prior year, the Company disposed of its interest in Hub West Scotland Holdco (No.1) Limited and Hub West Scotland Holdco (No.5) Limited for the nominal share value. To the date of sale, none of the companies, nor their direct subsidiaries were trading; the direct subsidiaries commenced trading after the date of sale and transacted with the remaining group.

During the 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%).

The undertakings and financial results for the year ended 31 March 2017 are shown below.

#### 9. Debtors

	2018 £'000	Restated 2017 £'000
<b>Due within one year</b>		
Trade debtors	5,160	1,703
Amounts owed by related parties	14	3
Retention	2,510	2,226
Prepayments and accrued income	2,484	541
	<u>10,168</u>	<u>4,473</u>
<b>Due after more than one year</b>		
Deferred tax asset (note 13)	32	55
	<u>32</u>	<u>55</u>

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

Included in cash at bank and in hand are bank balances of £4,418,000 (2017: £12,161,000).

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year to 31 March 2018

#### 11. Creditors

	2018 £'000	Restated 2017 £'000
<b>Amounts falling due within one year</b>		
Trade creditors	1,837	9,012
Amounts owed to related parties	177	261
Other taxation and social security	944	588
Other creditors	208	123
Retention	2,510	2,226
Accruals and deferred income	8,116	3,995
Loans due to parent undertakings (note 12)	848	-
	<u>14,640</u>	<u>16,205</u>
<b>Amounts falling due after more than one year</b>		
Loans due to parent undertakings (note 12)	-	848

#### 12. Loans

##### Loan due to parent undertakings

	2018 £'000	2017 £'000
Balance brought forward and carried forward	<u>848</u>	<u>848</u>
<b>The loans are repayable as follows:</b>	<b>£'000</b>	<b>£'000</b>
Within one year	848	-
Between one and two years	-	848
	<u>848</u>	<u>848</u>

The amounts falling due represent an interest bearing loan of £100,000 (2017: £100,000) to Scottish Futures Trust Investments Limited at a rate of 2.5%, an interest bearing loan of £448,200 (2017: £448,200) to Morgan Sindall Investments Limited at a rate of 2.5%, and an interest bearing loan to public sector participants of £300,000 (2017: £300,000) at a rate of 2.5%. In addition £104,000 (2017: £104,000) is held in an interest bearing reserve account on behalf of Scottish Futures Trust Investments Limited, and public sector participants.

## HUB WEST SCOTLAND LIMITED

### Notes to the Financial Statements (continued) For the year to 31 March 2018

#### 13. Deferred tax

	2018 £'000	2017 £'000
<b>Balance at 1 April</b>	<b>54</b>	<b>27</b>
Current year credit/(charge) to profit and loss account	(22)	28
<b>Balance at 31 March</b>	<b>32</b>	<b>55</b>

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

	£'000	£'000
Decelerated capital allowances	5	5
Trade losses	-	22
Non trade losses	27	28
	<b>32</b>	<b>55</b>

#### 14. Called up share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,000 'A' ordinary shares of 1p each (2017: 1,000 'A' ordinary shares)	10	10
3,000 'B' ordinary shares of 1p each (2017: 3,000 'B' ordinary shares)	30	30
6,000 'C' ordinary shares of 1p each (2017: 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:

	2018 £'000	Restated 2017 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	<b>14,546</b>	16,618
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>13,695</b>	16,463

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

### Notes to the Financial Statements (continued) For the year to 31 March 2018

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

At 31 March 2018, 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.

#### 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:

<u>Name of party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount 2018</u> £'000	<u>Amount 2017</u> £'000	<u>Owed by/ (to) related parties 2018</u> £'000	<u>Owed by/ (to) related parties 2017</u> £'000
Hub west Scotland Project Co 3	Common ownership	Pre-development costs & fees	6	27	-	1
Hub west Scotland Project Co 4	Common ownership	Pre-development costs & fees	10	1,962	-	2
Hub west Scotland Project Co 5	Common ownership	Pre-development costs & fees	2,698	-	4	-
Hub west Scotland Project Co 6	Common ownership	Pre-development costs & fees	128	-	10	-
Scottish Futures Trust Investment Ltd	Shareholder	Provision of loans	-	-	(100)	(100)
		Interest	(2)	(6)	(25)	(23)
Wellspring Partnership Limited	Shareholder	Provision of services	(1,511)	(933)	-	(101)
		Provision of loans	-	-	(448)	(460)
		Interest	(15)	(36)	(152)	(137)

**Notes to the Financial Statements (continued)**  
**For the year to 31 March 2018**

**18. Prior year adjustment**

The Company's projects have retention arrangements within them such that an element of the income and cost is withheld from the billed values until conclusion of the project to both parties satisfaction. This has not been reflected in the reported results historically and consequently a prior year adjustment has been provided in order to be consistent with the gross recording of the revenue and costs on the projects which the Company reflects in its financial statements given the risk and reward it carries on the projects. This has resulted in the provision of retention balances within debtors and creditors for the comparative period of £2,226,000 and the gross up to the comparative revenue and cost of sales of £1,401,000. There was no impact to the reported profit or net assets in the comparative period as a result of the prior year adjustment.