

# HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2014



Registered Number: SC431389

## HUB SOUTH WEST SCOTLAND LIMITED

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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**DIRECTORS AND ADVISORS**

**Directors**

A K Bill  
A W Nicol  
J A Hope  
J F McClelland  
N G B Parker  
P J McGirk  
P J Prongue  
S D Green (resigned 26 June 2014)  
M J McBrearty (appointed 27 February 2014)  
D M Lindsay (appointed 01 January 2014)  
G Mackinlay (appointed 26 June 2014)  
C V Lewis (appointed 19 September 2014)

**Registered office**

Willow House  
Suite 1A  
Strathclyde Business Park  
Bellshill, Lanarkshire  
ML4 3PB

**Auditor**

Scott-Moncrieff  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

**Principal banker**

Royal Bank of Scotland  
2 Devonshire Square  
London  
EC2M 4XJ

## STRATEGIC REPORT

The directors present the strategic report and the group financial statements for the year ended 31st December 2014.

## PRINCIPAL ACTIVITIES

Hub South West Scotland Limited (the "Company") was established as a joint venture delivery company for the hub partnership programme covering the South West Scotland territory. The hub initiative is being led by Scottish Futures Trust Limited on behalf of the Scottish Government.

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

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

## REVIEW OF THE PERIOD

During the period the Company achieved financial close for the following managed construction projects; Clyde Valley Learning campus, Ardrossan & Quayside and Cumbernauld Community Enterprise Centre. The company also achieved financial close on the following strategic services support projects, Largs Campus, Cumbernauld Community Enterprise Centre, Garnock, Stranraer THI, South Ayrshire Primary Schools, Dumfries & Galloway Council, Kilmarnock Learning Campus, Ayr Academy and Marr College.

## FUTURE DEVELOPMENTS

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

The Company currently has a number of projects in the construction phase, as listed above, and expects to achieve completion in line with delivery obligations; the Company also has the following projects in the early stages of development that are planned for the coming 2015 financial year:

- Dalbeattie Campus DBFM;
- Greenfaulds High School (Closed 8th January 2015) DBFM;
- Garnock Academy D&B;
- Kilmarnock Campus DBFM;
- Ayr Academy DBFM;
- Marr College D&B;
- Tarbolton Community Campus D&B;
- Dailly Primary School D&B; and
- Carrick Leisure Centre D&B.

The following projects are currently in the early stages of development and are expected to achieve financial close in the financial years from 2016 onwards:

- Largs Campus DBFM;
- Dumfries Learning Town Phase 1 D&B; and
- Dumfries Learning Town Phase 2

**STRATEGIC REPORT CONTINUED**

**RESULTS AND DIVIDENDS**

The Company made a loss after tax of £108,250 (2013: profit £7,610) during the year. No dividends were paid in the period (2013: £nil).

**RISKS AND UNCERTAINTIES**

The key business risks is the company operates as a hub for procurement purposes and as such does not make significant profits. Any profits generated from trading activity are used to cover overheads. Should the company pay suppliers before debtors are received it could result in a shortfall of working capital.

However the shareholders have provided the hub with a loan facility should it be required amounting to £1,000,000 to cover any shortfall in working capital. As at 31 December 2014 only £466,667 had been drawn with the remaining balance available if required.

**KEY PERFORMANCE INDICATORS**

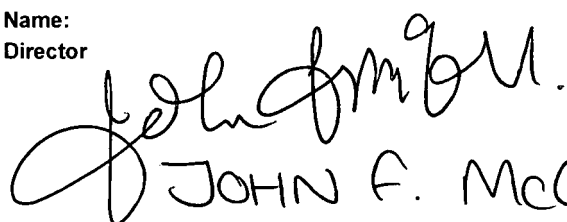
Hub South West Scotland Limited is governed by a detailed set of key performance indicators (KPIs) across the business as a whole. These performance measures relate to:

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

Hub South West Scotland Limited has performed extremely well over the past 12 months and has either achieved or surpassed these targets in the majority of items. The final Performance Report is subject to approval by the territory Partnering Board and this approval is expected in June 2015.

The strategic report has been approved by the board on 3/6/15 and signed on its behalf by:

Name:  
Director

  
JOHN F. MCCLELLAND

## DIRECTORS' REPORT

The Directors submit their annual report for the year to 31 December 2014.

## DIRECTORS

The Directors of the Company during the period and to the date of signing the financial statements are shown on page 1.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR


To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- so far as each director is aware, there is no relevant information of which the Company's auditor is unaware, and
- he/she has taken all the steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant information and to establish that the Company's auditor is aware of that information.

## AUDITOR

The auditor, Scott-Moncrieff is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

The report has been approved by the board on 3/6/15 and signed on its behalf by:

  
Name: JOHN F. MCCLELLANO  
Director

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

We have audited the financial statements of Hub South West Scotland Limited for the year ended 31 December 2014 which comprise the Group and Parent Company Profit and Loss Account, the Group and Parent Company Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided in the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's and parent company's 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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



Nick Bennett (Senior Statutory Auditor)  
for and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountant  
25 Bothwell Street  
Glasgow  
G2 6NL  
Date: 3 June 2015

HUB SOUTH WEST SCOTLAND LIMITED

PARENT COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR TO 31 DECEMBER 2014

	Notes	Year to 31 December 2014 £	Period from 29 August 2012 to 31 December 2013 £
Turnover	1	19,268,765	4,103,234
Cost of Sales		(19,118,772)	(3,812,625)
<b>Gross Profit</b>		<b>149,993</b>	<b>290,609</b>
Administration expenses		(228,528)	(264,408)
<b>Operating (loss)/profit</b>	2	<b>(78,535)</b>	<b>26,201</b>
Interest receivable	4	-	23
Interest payable and similar charges	3	(29,795)	(16,404)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(108,330)</b>	<b>9,820</b>
Tax on (loss)/profit on ordinary activities	5	80	(2,210)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(108,250)</b>	<b>7,610</b>

All activities are continuing.

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

The notes form part of these financial statements



HUB SOUTH WEST SCOTLAND LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR TO 31 DECEMBER 2014

	Notes	Year to 31 December 2014 £	Period from 29 August 2012 to 31 December 2013 £
Turnover	1	35,776,933	7,024,461
Cost of Sales		(35,626,940)	(6,733,852)
<b>Gross Profit</b>		<b>149,993</b>	<b>290,609</b>
Administration expenses		(233,028)	(264,408)
<b>Operating (loss)/profit</b>	2	<b>(83,035)</b>	<b>26,201</b>
Interest receivable	4	710,947	9,380
Interest payable and similar charges	3	(999,161)	(27,681)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(371,249)</b>	<b>7,900</b>
Tax on (loss)/profit on ordinary activities	5	80	(2,210)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(371,169)</b>	<b>5,690</b>

All activities are continuing.

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

The notes form part of these financial statements

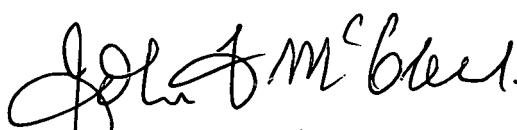
HUB SOUTH WEST SCOTLAND LIMITED

PARENT COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	6	-	167
Investments	7	<u>1</u>	<u>1</u>
		1	168
<b>Current assets</b>			
Debtors: due within one year	9	1,779,678	1,981,066
Debtors: due after more than one year	9	216,212	92,421
Cash at bank and in hand		<u>1,421,964</u>	<u>480,224</u>
		3,417,854	2,553,711
Creditors: amounts falling due within one year	10	(3,304,023)	(2,454,518)
<b>Net current assets</b>		<u>113,831</u>	<u>99,193</u>
Creditors: amounts falling due after more than one year	10	(214,372)	(91,651)
<b>Net (liabilities)/assets</b>		<u>(100,540)</u>	<u>7,710</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	(100,640)	7,610
<b>Shareholders' deficit</b>	13	<u>(100,540)</u>	<u>7,710</u>

These financial statements were authorised for issue by the Board of Directors on 3/6/15 and signed on its behalf:

  
 Name: JOHN F. MCCLELLANO  
 Director

Company registration number: SC431389

The notes form part of these financial statements

HUB SOUTH WEST SCOTLAND LIMITED

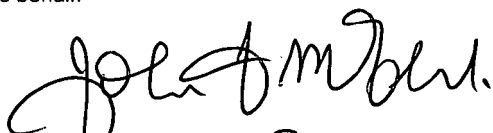
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	6	-	167
Financial Asset	8	20,360,277	3,141,162
		<u>20,360,277</u>	<u>3,141,329</u>
<b>Current assets</b>			
Debtors: due within one year	9	3,392,135	2,607,426
Debtors: due after more than one year	9	216,212	92,421
Cash at bank and in hand		10,811,961	5,012,646
		<u>14,420,308</u>	<u>7,712,493</u>
Creditors: amounts falling due within one year	10	(8,561,663)	(6,212,682)
<b>Net current assets</b>		<u>5,858,645</u>	<u>1,499,811</u>
Creditors: amounts falling due after more than one year	10	(26,584,301)	(4,635,350)
<b>Net (liabilities)/assets</b>		<u>(365,379)</u>	<u>5,790</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account	12	(365,479)	5,690
<b>Shareholders' deficit</b>	13	<u>(365,379)</u>	<u>5,790</u>

These financial statements were authorised for issue by the Board of Directors on  
on its behalf:

3/6/15 and signed

  
Name: JOHN F. MCCLELLAND  
Director

Company registration number: SC431389

The notes form part of these financial statements

HUB SOUTH WEST SCOTLAND LIMITED

GROUP CASH FLOW STATEMENT

AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Operating activities</b>			
Net cash flow from operating activities	14	(15,055,246)	480,308
Interest received		-	23
Interest Paid		-	-
Net cash flows generated from operating activities		(15,055,246)	480,331
<b>Taxation</b>		(2,130)	-
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(173)	(207)
Net cash used in investing activities		(173)	(207)
<b>Financing activities</b>			
Drawdown of senior debt		20,856,864	1,281,849
Drawdown of subordinated debt		-	3,250,573
Issue of share capital		-	100
Net cash from financing activities		20,856,864	4,532,522
Net increase in cash and cash equivalents		5,799,315	5,012,646
Cash and cash equivalents from beginning of period		5,012,646	-
Cash and cash equivalents from end of period		10,811,961	5,012,646

	As at 29 August 2012	Cash flow	Non cash movement	As at 31 December 2013
	£	£	£	£
Cash in hand and at bank	-	5,012,646	-	5,012,646
Senior debt	-	(1,281,849)	(56)	(1,281,905)
Subordinated debt	-	(3,250,573)	(11,221)	(3,261,794)
Net debt	-	480,224	(11,277)	468,947

	As at 1 January 2014	Cash flow	Non cash movement	As at 31 December 2014
	£	£	£	£
Cash in hand and at bank	5,012,646	5,799,315	-	10,811,961
Senior debt	(1,281,905)	(20,856,864)	(617,891)	(22,756,660)
Subordinated debt	(3,261,794)	-	(351,475)	(3,613,269)
Net debt	468,947	(15,057,549)	(969,366)	(15,557,968)

The notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1 PRINCIPAL ACCOUNTING POLICIES

#### a Basis of preparation

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

#### b Deferred taxation

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

#### c Turnover

Turnover consists of development fees receivable by the Company from public sector bodies in return for procuring and delivering infrastructure assets on behalf of the public sector bodies through the hub model. Turnover also includes staged payments made by the procuring public sector bodies under design and build contracts. Turnover also includes staged payments made by procuring public sector bodies under strategic support services on behalf of those public sector bodies. Turnover is wholly earned within the UK and is presented exclusive of Value Added Tax. Within the group's turnover is income which is representative of the fair value of the financial asset being constructed under the Design, Build, Finance and Maintenance model.

#### d Interest

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

#### e Going concern

The Company has generated a loss during the year and has the continuing support of its shareholders and sponsors through a working capital loan facility. Management have prepared forecasts based on the pipeline of project opportunities that are currently under development and the current level of fees earned on projects that are already in procurement. The Company has the right to draw another £533,333 of working capital loans under the terms of a Working Capital Agreement to help with cashflow requirements. Accordingly, the Directors consider that it is appropriate to adopt a going concern basis of accounting.

#### f Consolidation

The group financial statements consolidate the financial statements of Hub South West Scotland Limited and its subsidiaries: Hub SW NHSL Holdco Ltd (incorporated 3 September 2013) and Hub SW NHSL Sub Hub Co Ltd (incorporated 4 September 2013). Both subsidiaries are registered and incorporated in Scotland.

## 2 OPERATING PROFIT

#### COMPANY:

The Company has no directly employed personnel.

Directors received remuneration from the Company directly during the period totalling £32,000 (2013:£62,000). None of the directors have any retirement benefits or other remuneration accruing to them under pension schemes.

#### GROUP:

The profit on ordinary activities is stated after charging the auditor's remuneration of £12,500 (2013: £6,260) and loss on disposal of fixed assets of £340 (2013: £nil).

The Group has no directly employed personnel.

Directors received remuneration from the Group directly during the period totalling £32,000 (2013:£62,000). None of the directors have any retirement benefits or other remuneration accruing to them under pension schemes.

## NOTES TO THE FINANCIAL STATEMENTS

## 3 INTEREST PAYABLE

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Interest payable on senior debt	578,605	56	-	-
Interest payable on subordinated debt	351,475	11,221	-	-
Amortisation of fees	39,286	-	-	-
Interest payable on working capital loans	29,795	16,404	29,795	16,404
	<u>999,161</u>	<u>27,681</u>	<u>29,795</u>	<u>16,404</u>

## 4 INTEREST RECEIVABLE

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Interest receivable on financial asset	710,947	9,357	-	-
Bank interest receivable	-	23	-	23
	<u>710,947</u>	<u>9,380</u>	<u>-</u>	<u>23</u>

## 5 TAXATION - COMPANY

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Taxation is based on the loss for the year and comprises of:				
UK corporation tax at a rate of 21.5% (2013: 22.5%) of taxable profit	-	2,210	-	2,210
- Current taxation	-	-	-	-
- Deferred taxation	-	-	-	-
Total tax charge for the period	<u>-</u>	<u>2,210</u>	<u>-</u>	<u>2,210</u>

*Factors affecting the tax charge in the current period*

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

(Loss)/profit on ordinary activities before taxation	<u>(371,249)</u>	<u>7,900</u>	<u>(108,330)</u>	<u>9,820</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 21.5% (2013: 22.5%)	-	1,778	-	2,210
Adjustments for:				
No relief on group losses	-	432	-	-
Prior year tax computations - overpayment	(80)	-	(80)	-
Difference between depreciation and capital allowances relief	-	-	-	-
Total current tax charge for the year	<u>(80)</u>	<u>2,210</u>	<u>(80)</u>	<u>2,210</u>

No tax charge has been included for the year ending 31st December 2014 as the company made a loss.

## 6 TANGIBLE FIXED ASSETS - COMPANY AND GROUP

	2014 Office equipment £	2013 Office equipment £
Cost		
At 1 January 2014	207	-
Additions during the year	173	207
Disposals	(380)	-
At 31 December 2014	<u>-</u>	<u>207</u>
Accumulated depreciation		
At 1 January 2014	40	-
Charge for the period	-	40
Eliminated on disposal	(40)	-
At 31 December 2014	<u>-</u>	<u>40</u>
Net book value		
At 31 December 2014	<u>-</u>	<u>167</u>
At 1 January 2014	<u>167</u>	<u>-</u>

**HUB SOUTH WEST SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**7 INVESTMENTS - COMPANY**

Hub SW NHSL Sub Hub Co Limited	2014	2013
Shares held at cost at 31 December 2014	<u>1</u>	<u>1</u>

On 4 September 2013 the company invested £1 in the share capital of Hub SW NHSL holdco Limited, which owns 100% of the ordinary share capital of Hub Sw NHSL Sub Hub Co Limited. The investment comprises of 1 ordinary share of £1.

Name	Shareholding	Period end	Equity Shareholders' Fund	Profit	Capital and Reserves
Hub SW NHSL Holdco Ltd	100%	31/12/2014	100%	£ -	£ 1

**8 FINANCIAL ASSET**

	2014 £	2013 £
<b>Cost</b>		
As at 1 January 2014	3,141,162	-
Additions during period:		
Interest receivable	710,947	9,357
Construction costs	16,508,168	3,131,805
At 31 December 2014	<u>20,360,277</u>	<u>3,141,162</u>
<b>Repayment</b>		
Payment received during year	-	-
At 31 December 2014	<u>-</u>	<u>-</u>
<b>Net value at 31 December 2014</b>	<u>20,360,277</u>	<u>3,141,162</u>
Financial asset due for amortisation within one year	1,847,066	
Financial asset due for amortisation after one year	18,513,211	3,141,162
	<u>20,360,277</u>	<u>3,141,162</u>

**9 DEBTORS**

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
<b>Amounts falling due within one year</b>				
Trade debtors	576,968	959,996	576,968	959,996
Other debtors	30	30	30	30
Amounts due from related parties	470,505	10	10	10
Amounts due from tax authorities	1,141,963	947,709	-	321,349
Accrued income	1,028,289	696,364	1,028,290	696,364
Prepayments	-	3,317	-	3,317
Retention debtor	174,380	-	174,380	-
	<u>3,392,135</u>	<u>2,607,426</u>	<u>1,779,678</u>	<u>1,981,066</u>
<b>Amounts falling due after one year</b>				
Retention debtor	216,212	92,421	216,212	92,421
	<u>216,212</u>	<u>92,421</u>	<u>216,212</u>	<u>92,421</u>

## NOTES TO THE FINANCIAL STATEMENTS

10 CREDITORS	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
<b>Amounts falling due within one year</b>				
Trade creditors	5,136,507	4,879,023	2,031,126	1,120,859
VAT creditor	71,650	7,255	71,650	7,255
Deferred income and accruals	1,782,173	527,790	201,734	527,790
Amounts payable to parent undertakings	413,937	390,831	413,937	390,831
Other creditors	308,446	304,180	308,446	304,180
Retention creditor	746,135	-	174,315	-
Amounts payable to related parties	102,815	101,393	102,815	101,393
Corporation tax	-	2,210	-	2,210
	<u>8,561,663</u>	<u>6,212,682</u>	<u>3,304,023</u>	<u>2,454,518</u>
<b>Amounts falling due after more than one year</b>				
Retention creditor	214,372	91,651	214,372	91,651
Senior debt	22,756,660	1,281,905	-	-
Subordinated debt	3,613,269	3,261,794	-	-
	<u>26,584,301</u>	<u>4,635,350</u>	<u>214,372</u>	<u>91,651</u>

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

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

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

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
The repayment profile of the liabilities shown above is as follows:				
Amounts falling due :				
- between one and two years	1,714,889	91,651	214,372	91,651
- between two and five years	4,328,848	1,397,625	-	-
- more than five years	20,540,564	3,146,074	-	-
	<u>26,584,301</u>	<u>4,635,350</u>	<u>214,372</u>	<u>91,651</u>

## 11 CALLED UP SHARE CAPITAL - GROUP AND COMPANY

	2014 £	2013 £
Allotted, issued and fully paid up		
10,000 ordinary shares of £0.01 each	100	100
	<u>100</u>	<u>100</u>

This share capital comprises:

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

## 12 RESERVES

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
	Profit and Loss Account	Profit and Loss Account	Profit and Loss Account	Profit and Loss Account
As at 1 January 2014	5,690	-	7,610	-
(Loss)/profit for the period	(371,169)	5,690	(108,250)	7,610
As at 31 December 2014	<u>(365,479)</u>	<u>5,690</u>	<u>(100,640)</u>	<u>7,610</u>

## 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Opening shareholders' funds	5,790	-	7,710	-
Ordinary shares issued	-	100	-	100
(Loss)/profit for the period	(371,169)	5,690	(108,250)	7,610
Closing shareholders' funds	<u>(365,379)</u>	<u>5,790</u>	<u>(100,540)</u>	<u>7,710</u>

## 14 NOTES TO THE GROUP CASH FLOW STATEMENT

	2014 £	2013 £
Operating profit	(83,035)	26,201
Less: turnover from financial asset	(16,508,168)	(3,131,805)
Add: depreciation		40
Add: Loss on disposal of fixed assets	340	-
Increase in debtors	(908,500)	(2,699,847)
Increase in creditors	2,444,117	6,285,719
Net cash outflow from operating activities	<u>(15,055,246)</u>	<u>480,308</u>

## 15 COMMITTED EXPENDITURE - COMPANY GROUP

As at 31 December 2014, the Company has committed expenditure of £46,453,691 (2013: £48,643,768) relating to projects currently being undertaken by the Company. These amounts will pass through as cost of sales for the Company with a matching sales invoice issued to the relevant public sector counterparty.

## COMPANY

As at 31 December 2014, the Company has committed expenditure of £22,593,664 (2013: £8,275,573) relating to projects currently being undertaken by the Company. These amounts will pass through as cost of sales for the Company with a matching sales invoice issued to the relevant public sector counterparty.

## 16 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Alliance Community Partnership Limited.

The Directors consider that there is no ultimate controlling party.

## 17 POST BALANCE SHEET EVENT - GROUP AND COMPANY

On 8th January 2015, the company achieved financial close on the Greenfaulds High School £29m DBFM. This entitles the company to £160k of Hubco portion as at that date.

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 RELATED PARTY TRANSACTIONS

The Company's related parties, as defined by Financial Reporting Standard 8, and the extent of transactions with them during the year to 31 December 2014 are set out below:

Company 2014	Debtors £	Creditors £	Capital Contributions £	Interest payable £	Purchases £
Scottish Futures Trust Investments Limited	10	102,815	-	1,422	-
Equitix Limited*	-	238,752	-	-	532,753
Galliford Try Construction Limited*	22,079	804,697	-	-	10,551,688
Graham Construction Limited*	41,879	-	-	-	146,145
Kier Construction Limited*	21,479	25,773	-	-	4,014,532
Alliance & Community Partnership Limited	-	413,937	-	24,105	-
Hub SW NHSL Holdco Limited	-	1	-	-	-
	<u>85,447</u>	<u>1,585,975</u>	<u>-</u>	<u>25,527</u>	<u>15,245,118</u>
Company 2013	Debtors £	Creditors £	Capital Contributions £	Interest payable £	Purchases £
Scottish Futures Trust Investments Limited	10	101,393	-	1,393	-
Equitix Limited*	-	437,632	-	-	466,664
Galliford Try Construction Limited*	-	329,396	-	-	1,353,221
Kier Construction Limited*	-	298,466	-	-	817,306
Alliance & Community Partnership Limited	-	390,831	-	10,831	-
Hub SW NHSL Holdco Limited	-	1	-	-	-
	<u>10</u>	<u>1,557,719</u>	<u>-</u>	<u>12,224</u>	<u>2,637,191</u>
Group 2014	Debtors £	Creditors £	Capital Contributions £	Interest payable £	Purchases £
Scottish Futures Trust Investments Limited	10	464,140	-	36,570	-
Equitix Limited*	1,141,963	1,539,546	-	126,531	617,970
Galliford Try Construction Limited*	22,079	804,697	-	-	10,551,688
Graham Investment Projects Limited	-	867,177	-	84,353	-
Graham Construction Limited	41,879	4,616,436	-	-	18,938,503
Kier Construction Limited*	21,479	25,773	-	-	4,014,532
Alliance & Community Partnership Limited	-	413,937	-	24,105	-
Lanarkshire Health Board	-	1,083,973	2,707,527	105,443	105,443
	<u>1,227,410</u>	<u>9,815,679</u>	<u>2,707,527</u>	<u>377,002</u>	<u>34,228,136</u>
Group 2013	Debtors £	Creditors £	Capital Contributions £	Interest payable £	Purchases £
Scottish Futures Trust Investments Limited	10	427,570	-	2,515	-
Equitix Limited*	-	1,611,895	-	4,040	936,724
Galliford Try Construction Limited*	-	329,396	-	-	1,353,221
Graham Investment Projects Limited	-	782,824	-	-	2,693
Graham Construction Limited	-	-	-	-	1,799,242
Kier Construction Limited*	-	298,466	-	-	817,306
Alliance & Community Partnership Limited	-	390,831	-	10,831	-
Lanarkshire Health Board	-	978,530	-	3,366	-
	<u>10</u>	<u>4,819,512</u>	<u>-</u>	<u>20,752</u>	<u>4,909,186</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 CONTINUED

\*Creditor balances includes trade creditors, deferred income and accrued expenses as disclosed in note 10.

\*Debtor balances include trade debtors as disclosed in note 9.

Equitix Limited is a related party by virtue of common directors with the Company, this related party provides general day-to-day management services, financial management services, construction management services and commercial development services.

Alliance Community Partnership Limited owns 60% of relevant share capital of the Company.

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

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

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

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

Alliance Community Partnership Limited is an immediate parent of the Company and provides working capital loans as disclosed in note 10.

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