

Registered number: SC431389

HUB SOUTH WEST SCOTLAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

THURSDAY



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23/06/2022 #8
COMPANIES HOUSE

HUB SOUTH WEST SCOTLAND LIMITED

COMPANY INFORMATION

DIRECTORS

M J McBrearty
A K Bill
A W Nicol
S A Brown
N W Gemmell
C B Young
W Mackie
G Pearce
F J Bell

REGISTERED NUMBER

SC431389

REGISTERED OFFICE

Avondale House
Suites 1L - 1O Phoenix Crescent
Strathclyde Business Park
Bellshill
North Lanarkshire
ML4 3NJ

INDEPENDENT AUDITOR

Azets Audit Services
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

BANKERS

Royal Bank of Scotland
135 Bishopsgate
London
EC2M 4XJ

HUB SOUTH WEST SCOTLAND LIMITED

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HUB SOUTH WEST SCOTLAND LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Group strategic report for the year ended 31 December 2021.

BUSINESS REVIEW

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. The private sector investors are invested through a joint venture, Alliance Community Partnership Limited, which is holding 60% of the share capital of Hub South West Scotland Limited.

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 Group financial statements consolidate the results of Hub SW NHSL Holdco Limited and its subsidiary Hub SW NHSL Sub Hub Co Limited. Hub SW NHSL Holdco Limited has been established as a non-trading holding company for the investment in Hub SW NHSL Sub Hub Co Limited. Hub SW NHSL Sub Hub Co Limited has entered a Design, Build, Finance and Maintain concession contract with Lanarkshire Health Board Limited, involving the construction, financing, maintenance and operation of three health centres with Lanarkshire Health Board in Scotland. Hub South West Scotland Limited holds 100% of the share capital of hub SW NHSL Holdco Limited.

Following the management services agreement contract transfer, EMS 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. EMS Limited also provides general day-to-day operational and financial management services to the Company.

During the 12 months to December 2021 Hub South West Scotland has reached financial close on 9 DBDA (Design Build Development Agreement) contracts generating hubco portion income of £603,981 (2020 - £586,658). During the same period Hub South West Scotland successfully handed over 8 DBDA contracts of which two were for enabling works at Prestwick Educational Campus and Sacred Heart Primary School.

As well as delivering projects on time and budget another main focus for the Company during the year was continuing business development efforts to build a strong pipeline of projects, as noted below.

FUTURE DEVELOPMENTS

The Company continues 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 also has the following projects in the early stages of development that are planned for the coming 2022 financial year:

- Chryston Community Hub
- Mainholm Housing Ayr;
- Gowkthrapple Housing;
- Court Street Housing Variation Works;
- North Ayrshire Council Housing Lot E & F;
- Jackton Primary School; and
- Montgomerie Park Primary School.

HUB SOUTH WEST SCOTLAND LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the principal risks and uncertainties to be as follows:

1) The pipeline of projects identified in the business plan not going ahead as planned thereby delaying or reducing the expected income. The pipeline is monitored by the Board to allow for timely actions to minimise any potential impact of decreased revenue streams.

2) 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. Working capital is closely monitored to avoid this scenario. Moreover visibility over the long term pipeline and the existence of a working capital facility allow the Company to properly manage cash flow.

3) The continued uncertainty in respect of Brexit poses a risk to the UK economy including the construction sector. However the Company has identified a healthy pipeline of work and has sufficient cashflow in place to continue to operate.

The Directors have given due consideration to the circumstances prevailing in each Group company and have taken and will continue to take all appropriate steps to mitigate against the impact of the COVID-19 pandemic. This has included and will continue to include regular dialogue with all relevant public sector participants, shareholders, lenders and the Scottish Government all with a view to ensuring Group revenues and payments continue to flow. In addition to this the Group 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 of the Company's cashflow forecasts, including the impact of project pipeline scenarios and concluded that they have a reasonable expectation of the Company's viability over the next 12 months. Moreover, following agreement with the public sector participants, and in order to support cash flows via hubco portion, monthly invoices (rather than milestone based) are being issued for relevant projects in the development phase. Regular updates of cashflow forecasts are carried out. The long term impact of COVID-19 pandemic has been also considered at Hub SW NHSL Sub Hub Co Limited and Hub SW NHSL Holdco Limited level. Hub SW NHSL Sub Hub Co Limited has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Directors are confident that Hub SW NHSL Sub Hub Co Limited can operate as normal for the next twelve months. On the basis that Hub SW NHSL Sub Hub Co Limited is deemed to be a going concern, Hub SW NHSL Holdco Limited is also deemed to be a going concern as it will continue to hold the sub debt and investment in Hub SW NHSL Sub Hub Co Limited.

The Company prepares a regular cash flow forecast to understand its cash position. The Company has a working capital facility which can be drawn down if required. The original facility expired in November 2021 and has been formally revised and renewed until November 2024.

The loan facility amounts to £500,000 (2020: £1,000,000) and is in place to cover any shortfall in working capital. As at 31 December 2021 £200,000 (2020 - £400,000) has been drawn down with £Nil (2020 - £Nil) utilised and £200,000 (2020 - £400,000) held by the Company in a treasury deposit account along with £Nil of accrued interest (2020 - £29,000). The remaining facility of £300,000 (2020 - £600,000) can be drawn down when required. £57,000 of the working capital drawn (£50,000 of funds and accumulated interest of £7,000 released) will be repaid, and is included in other creditors with the remainder of £150,000 plus remaining accrued interest of £22,000 reclassified as an enabling fund to be used by the business to undertake future work on behalf of the public sector participants.

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 well over the past 12 months and has either achieved or surpassed these targets in the majority of items. The Performance Report for the 12 months to March 2021 was approved by the Territory Partnering Board during the year. The next measurement period is 12 months to March 2022 with the related performance report review and approval due in June 2022.

HUB SOUTH WEST SCOTLAND LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

As part of corporate governance principles and under the requirements of section 172 of the Companies Act 2006, the Directors are required to make a statement as to how they have carried out their duty to promote the success of the Group for the benefit of its stakeholders as a whole having regard to the matters set out in section 172(1):

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers, and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standard of business conduct; and
- (f) the need to act fairly between members of the Group.

The Group is a procurement and delivery vehicle and does not have any employees. Therefore, the main stakeholders of the Group are the shareholders, the public sector organisation in the territory, the Supply Chain and other service providers.

An open communication is maintained with the main stakeholders via periodic Board meetings and on-going project development or project progress meetings.

The Shareholders and the Territory Partnering Board (comprising representatives from each of the public sector participants, a representative from hub South West and a representative from Scottish Futures Trust) are regularly kept updated of the Group's ongoing relationship and partnership with the public sector organisations, constructors and suppliers. The Board are also updated on the development of the Group's project pipeline, performance of the projects and the measurement of performance against KPIs. The impact on the environment is a key consideration on all projects.

As part of the hub programme, the Group is encouraging small and medium-sized enterprises (SMEs) to be involved in the hub programme delivery, thereby generating economic growth and regeneration within the local economy as well as creating training, education and apprenticeship opportunities via its Skills Academy initiative. To enable this, hub South West actively helps local SMEs achieve the standard required to join and contribute to the hub Supply Chain.

The Board recognises its responsibility for promoting the long-term success of the Group for the benefit of all stakeholders, as a whole, by taking a long term strategic view and working collaboratively with all public sector partners and SMEs to target, promote and deliver long term economic and community benefits.

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

DocuSigned by:

Willie Mackie

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W Mackie
Director

Date: 17 June 2022

HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Information regarding the principal activity, business review, future developments, principal risks and uncertainties, and key performance indicators is shown in the Strategic Report and not in the Directors' Report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 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). 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's and the Parent Company's financial statements 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 Group or the Parent 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £151,175 (2020 Restated - £377,237).

DIRECTORS

The Directors who served during the year and up to the date of signing these financial statements were:

M J McBrearty
A K Bill
A W Nicol
S A Brown
N W Gemmell
C B Young
W Mackie
G Pearce (appointed 15 March 2021)
F J Bell (appointed 23 February 2022)
A RJ Thakrar (resigned 15 March 2021)
D M Gillies (resigned 31 December 2021)

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The required disclosure in respect of this has been included within the section 172(1) statement within the Strategic Report.

HUB SOUTH WEST SCOTLAND LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Group's greenhouse gas emissions and energy consumption are as follows:

	2021	2020
Emissions resulting from the purchase of the electricity by the Group for its own use, including the purposes of transport (in tonnes of CO ₂ equivalent)	1.03	0.24

The energy consumption quoted was calculated by multiplying the electricity usage per kwh by the conversion factor provided in the UK Government's 2021 GHG Reporting. The increase in consumption in 2021 is related to additional office usage in the year post Covid-19, given that working from home became less regular.

The Company's chosen intensity ratio is Tonnes of CO₂e per total £m sales revenue. In 2021, the Company produced 0.01 tonnes of CO₂e per £m (2020 - 0.003).

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

AUDITOR

The auditor, Azets Audit Services, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

Willie Mackie

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W Mackie
Director

Date: 17 June 2022

HUB SOUTH WEST SCOTLAND LIMITED

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

OPINION

We have audited the financial statements of Hub South West Scotland Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated statement of cash flows, the Consolidated and Company statement of changes in equity and the notes to the financial statements, including 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 Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINION 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

HUB SOUTH WEST SCOTLAND LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or*
- *the Parent Company financial statements are not in agreement with the accounting records and returns; or*
- *certain disclosures of Directors' remuneration specified by law are not made; or*
- *we have not received all the information and explanations we require for our audit.*

RESPONSIBILITIES OF THE DIRECTORS

As explained more fully in the Directors' responsibilities statement 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, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

HUB SOUTH WEST SCOTLAND LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED (CONTINUED)

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 Group 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. This description forms part of our Auditor's Report.

THE EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Group and the Parent Company, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Parent Company are complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group and the Parent Company that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with laws and regulations;
- we identified the laws and regulations applicable to the Group and the Parent Company through discussions with directors and other management, and from our commercial knowledge and experience of the construction sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Parent Company, including the Companies Act 2006 and taxation, data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the Group's legal advisors.

We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

HUB SOUTH WEST SCOTLAND LIMITED

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

James McBride (Senior Statutory Auditor)
for and on behalf of Azets Audit Services, Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF
17 June 2022

HUB SOUTH WEST SCOTLAND LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 Restated £
Turnover	3	104,559,191	88,879,895
Cost of sales		(103,961,918)	(88,272,357)
Gross profit		597,273	607,538
Administrative expenses		(440,099)	(458,904)
Operating profit	4	157,174	148,634
Interest receivable and similar income	6	2,597,948	2,684,137
Interest payable and expenses	7	(2,058,661)	(2,156,412)
Profit before Tax		696,461	676,359
Taxation	8	(545,286)	(299,122)
Profit for the financial year		151,175	377,237
Other Comprehensive Income for the year		-	-
Total Comprehensive income for the year		151,175	377,237

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED
REGISTERED NUMBER: SC431389

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 (Restated) £
Fixed assets			
Financial asset: amounts falling due after more than one year	10	33,934,718	35,079,016
		33,934,718	35,079,016
Current assets			
Financial asset: amounts falling due within one year	10	1,137,317	949,888
Debtors: amounts falling due after more than one year	11	1,434,395	1,137,414
Debtors: amounts falling due within one year	11	9,952,388	13,347,041
Cash at bank and in hand	12	7,109,246	4,783,999
		19,633,346	20,218,342
Creditors: amounts falling due within one year	13	(17,440,475)	(18,882,596)
Net current assets		2,192,871	1,335,746
Total assets less current liabilities		36,127,589	36,414,762
Creditors: amounts falling due after more than one year	14	(32,309,741)	(33,327,371)
Provisions for liabilities			
Deferred tax	15	(1,306,492)	(902,299)
Lifecycle Provision	16	(570,926)	(395,837)
		(1,877,418)	(1,298,136)
Net assets		1,940,430	1,789,255
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account	21	1,940,330	1,789,155
		1,940,430	1,789,255

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

Willie Mackie

W Mackie CB51641D...

Director

Date: 17 June 2022

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED
REGISTERED NUMBER: SC431389

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed Assets			
Fixed asset investments	10	1	1
		<u>1</u>	<u>1</u>
Current assets			
Debtors: amounts falling due after more than one year	11	1,434,395	1,137,414
Debtors: amounts falling due within one year	11	9,905,037	13,347,041
Cash at bank and in hand	12	5,885,861	3,678,375
		<u>17,225,293</u>	<u>18,162,830</u>
Creditors: amounts falling due within one year	13	(15,596,914)	(16,960,915)
Net current assets		<u>1,628,379</u>	<u>1,201,915</u>
Total assets less current liabilities		<u>1,628,380</u>	<u>1,201,916</u>
Creditors: amounts falling due after more than one year	14	(1,434,395)	(1,137,414)
Net assets		<u><u>193,985</u></u>	<u><u>64,502</u></u>
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account	21	193,885	64,402
		<u><u>193,985</u></u>	<u><u>64,502</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

William Mackie
 W. Mackie
 Director

Date: 17 June 2022

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021 (as restated)	100	1,789,155	1,789,255
Comprehensive income for the year			
Profit for the year	-	151,175	151,175
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	151,175	151,175
At 31 December 2021	100	1,940,330	1,940,430

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020 (as restated)	100	1,411,918	1,412,018
Comprehensive income for the year			
Profit for the year (as restated)	-	377,237	377,237
Other comprehensive income for the year	-	-	-
At 31 December 2020 (as restated)	100	1,789,155	1,789,255

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED
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**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	100	64,402	64,502
Comprehensive income for the year			
Profit for the year	-	129,483	129,483
	-	129,483	129,483
Total comprehensive income for the year			
At 31 December 2021	100	193,885	193,985

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	100	(68,785)	(68,685)
Comprehensive income for the year			
Profit for the year	-	133,187	133,187
	-	133,187	133,187
Total comprehensive income for the year			
At 31 December 2020	100	64,402	64,502

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	151,175	377,237
Adjustments for:		
Interest paid	2,058,661	2,156,412
Interest received	(2,597,948)	(2,684,137)
Taxation charge	545,286	299,122
Decrease in debtors	3,097,672	778,129
(Decrease) in creditors	(1,062,414)	(1,465,700)
Increase in provisions	175,089	395,837
Unitary charge recieved	4,285,832	4,319,354
Corporation tax (paid)	(39,062)	(120)
Operational revenue recognised	(731,015)	(627,070)
Net cash generated from operating activities	5,883,276	3,549,064
Cash flows from investing activities		
Bank interest received	-	326
Net cash from investing activities	-	326
Cash flows from financing activities		
Repayment of loans	(1,545,586)	(1,448,124)
Interest Paid	(2,012,443)	(2,097,472)
Net cash used in financing activities	(3,558,029)	(3,545,596)
Net Increase in cash and cash equivalents	2,325,247	3,794
Cash and cash equivalents at beginning of year	4,783,999	4,780,205
Cash and cash equivalents at the end of year	7,109,246	4,783,999
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,109,246	4,783,999
	7,109,246	4,783,999

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	4,783,999	2,325,247	-	7,109,246
Debt due after 1 year	(32,189,957)	-	1,314,611	(30,875,346)
Debt due within 1 year	(2,019,499)	1,545,586	(1,132,837)	(1,606,750)
	<u>(29,425,457)</u>	<u>3,870,833</u>	<u>181,774</u>	<u>(25,372,850)</u>

The notes on pages 17 to 30 form part of these financial statements.

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006. These financial statements are for the Group.

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 Group's accounting policies (see note 2).

The presentation currency is £ sterling and the financial statements are rounded to the nearest £.

The Company is a private company which is limited by shares. The Company was incorporated in Scotland. The registered office is:

Avondale House
Suites 1L - 10 Phoenix Crescent
Strathclyde Business Park
Bellshill
North Lanarkshire
ML4 3NJ

The Company number is SC431389.

The following principal accounting policies have been applied:

1.2 GOING CONCERN

Hub South West Scotland Limited has the continuing support of its shareholders and sponsors through a working capital facility of £500,000 which can be drawn down if required. The original facility expired in November 2021 and was formally revised and renewed until November 2024.

Management have prepared a long term forecast based on the current level of fees earned on projects that are already in procurement as well as a pipeline of project opportunities that are currently under development and is expecting the current retained earning position to improve during the next 12 months.

The Directors have given due consideration to the circumstances prevailing in each Group company and have taken and will continue to take all appropriate steps to mitigate against the impact of the COVID-19 pandemic. This has included and will continue to include regular dialogue with all relevant public sector participants, shareholders, lenders and the Scottish Government all with a view to ensuring Group revenues and payments continue to flow. In addition to this the Group 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 of the Company's cashflow forecasts, including the impact of project pipeline scenarios, and concluded that they have a reasonable expectation of the Company's viability over the next 12 months. Moreover, following agreement with the public sector participants, and in order to support cash flows via hubco portion, monthly invoices (rather than milestone based) are being issued for relevant projects in the development phase. Regular updates of cashflow forecasts are carried out.

The long term impact of COVID-19 pandemic has been also considered at Hub SW NHSL Sub Hub Co Limited and Hub SW NHSL Holdco Limited level. Hub SW NHSL Sub Hub Co Limited has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the Directors are confident that Hub SW NHSL Sub Hub Co Limited can operate as normal for the next twelve months. On the basis that Hub SW NHSL Sub Hub Co Limited is deemed to be a going concern, Hub SW NHSL Holdco Limited is also deemed to be a going concern as it will continue to hold the sub debt and investment in Hub SW NHSL Sub Hub Co Limited.

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

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Parent Company and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The exemption from presenting a Parent Company Statement of Comprehensive Income and a Parent Company Statement of Cash Flows has been taken.

The Group financial statements consolidate the financial statement of Hub South West Scotland Limited and its subsidiaries: Hub SW NHSL Holdco Limited and Hub SW NHSL Sub Hub Co Limited.

1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discount, rebates, value added tax and other sales taxes.

The 'Hubco portion' (fee income) in respect of stage 1 approval, stage 2 approval and financial close is recognised when the application has been submitted and approved.

1.5 INTEREST INCOME

Interest income is recognised in the statement of comprehensive income using the effective interest method.

1.6 FINANCE COSTS

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.7 CURRENT AND DEFERRED TAXATION

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 Statement of financial position date in the UK where the Company and Group 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 is possible that they will be removed 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 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 deductions available for them and the difference 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 substandard enacted by the Statement of financial position date.

1.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost. The carrying value of the investment is reviewed annually by the Directors for impairment.

1.9 DEBTORS

Short term debtors are measured at transaction price, less any impairment.

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

1.10 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

1.13 FINANCIAL INSTRUMENTS

The Group and Parent Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.14 FINANCIAL ASSET

Construction and related costs of the financial asset, excluding interest costs and other costs of funding, are being treated as a financial asset under the terms of FRS 102. The financial asset will be repaid over the life of the contract as service income is received from the respective authorities.

Upon becoming operational, the income derived from the DBFM contract is allocated between the provision of the asset and the provision of the subsequent services. Upon acceptance of the constructed asset by the respective authorities, the financial asset is amortised over the life of the contract against the relevant portion of the contracted income. The proportion of the financial asset to be amortised against contracted income receivable within one year is classified as a current asset and the remainder non current.

1.15 FINANCIAL LIABILITY

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. Finance costs and gains or losses relating to financial liabilities are charged to the Statement of Comprehensive Income. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the consolidated financial statements and in respect of the financial asset, the Directors have made a judgement, in respect of the service concession arrangement in Hub SW NHSL Sub Hub Co Limited, as to the value of profit relating to the construction stage of the project, the profit margin in respect of the operational revenue recognised during the operational phase and to the value of interest receivable on the financial asset recognised in the accounting for the service concession arrangement. Factors taken into account in reaching such decisions include the overall expected profit of the contract, the stage of completion of the contract and the relative budgeted revenue and costs associated with each contract component at the outset of the project.

The financial asset falling due within one year is based on the expected actual movement incorporating the expected unitary charge less the expected interest receivable less the expected operational revenue.

3. TURNOVER

All turnover arose within the United Kingdom.

4. OPERATING PROFIT/(LOSS)

COMPANY

The audit fee was £12,500 (2020 - £10,700) and the fee for non-audit services in respect of corporation tax compliance work was £850 (2020 - £800).

GROUP

The audit fee was £17,900 (2020 - £15,400) and the fee for non-audit services in respect of corporation tax compliance work was £1,850 (2020 - £1,750).

5. DIRECTORS' FEES

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Directors' fees	74,525	82,751	74,525	82,751
	<u>74,525</u>	<u>82,751</u>	<u>74,525</u>	<u>82,751</u>

The Company has no directly employed personnel (2020 - none).

Directors' fees paid to shareholding companies are set out in note 17.

6. INTEREST RECEIVABLE

	2021 £	2020 £
Interest receivable on financial asset	2,597,948	2,683,811
Bank interest receivable	-	326
	<u>2,597,948</u>	<u>2,684,137</u>

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Bank interest payable on senior debt	1,608,334	1,681,817
Amortisation of fees	49,943	60,541
Interest payable on subordinated debt	400,384	414,054
	<u>2,058,661</u>	<u>2,156,412</u>

8. TAXATION

	2021 £	2020 Restated £
Corporation tax		
Current tax on profits for the year	141,031	-
Adjustments in respect of previous periods	62	(2,086)
	<u>141,093</u>	<u>(2,086)</u>
Total current tax	<u>141,093</u>	<u>(2,086)</u>
Deferred tax		
Deferred tax	404,193	301,208
Total deferred tax	<u>404,193</u>	<u>301,208</u>
Taxation on profit on ordinary activities	<u>545,286</u>	<u>299,122</u>

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 Restated £
Profit on ordinary activities before tax	696,461	676,359
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	132,328	128,508
Effects of:		
Tax losses used	(11,202)	(128,508)
Adjustments to tax charge in respect of prior periods	62	(2,086)
Deferred Tax	404,193	301,208
Other movements	19,905	-
Total tax charge for the year	545,286	299,122

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Chancellor announced in the Budget on 3 March 2021, that there would be an increase in the top rate of corporation tax to 25% for companies generated taxable profits of more than £250,000. A corporation tax rate of 19% will apply to companies generating taxable profits of less than £50,000. A marginal rate will be applied for profits between these taxable profit bandings. This change becomes effective from 1 April 2023.

9. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £129,483 (2020 - £133,187).

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. FIXED ASSET INVESTMENTS**GROUP**

	2021 £	2020 £
COST OR VALUATION		
As at 1 January	56,558,743	53,874,932
Net interest receivable	2,597,948	2,683,811
At 31 December	59,156,691	56,558,743
REPAYMENT		
As at 1 January	(20,529,839)	(16,837,555)
Unitary charge income	(4,285,832)	(4,319,354)
Operational revenue recognised	731,015	627,070
At 31 December	(24,084,656)	(20,529,839)
 At 31 December 2021	 35,072,035	 -
At 31 December 2020	-	36,028,904
FINANCIAL ASSET		
Financial asset due for amortisation within one year	1,137,317	949,888
Financial asset due for amortisation greater than one year	33,934,718	35,079,016
	35,072,035	36,028,904

Variable economic and market conditions are mitigated through the payment mechanism agreement. Any performance deductions which may be incurred against future unitary payments are passed onto the service provider leaving no net effect in the Group.

COMPANY

As at 31 December 2020

1

	Shareholding	Period end	Profit	Capital and reserves
SUBSIDIARY		31 December		
Hub SW NHSL Holdco Limited	100%	2021	£0	£1

The registered office for Hub SW NHSL Holdco Limited is Avondale House, Suites 1L- 10 Phoenix Crescent, Strathclyde Business Park, Bellshill, North Lanarkshire, ML4 3NJ.

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. DEBTORS

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Retention debtor	1,434,395	1,137,414	1,434,395	1,137,414
	<u>1,434,395</u>	<u>1,137,414</u>	<u>1,434,395</u>	<u>1,137,414</u>
 Due within one year				
Trade debtors	2,139,538	5,970,688	2,106,231	5,970,688
Other debtors	30	30	30	30
Amounts owed by related parties	10	604	10	604
Retention debtor	2,736,827	2,677,366	2,736,827	2,677,366
Prepayments and accrued income	5,075,983	4,698,353	5,061,939	4,698,353
	<u>9,952,388</u>	<u>13,347,041</u>	<u>9,905,037</u>	<u>13,347,041</u>

12. CASH AND CASH EQUIVALENTS

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	7,109,246	4,783,999	5,885,861	3,678,375
	<u>7,109,246</u>	<u>4,783,999</u>	<u>5,885,861</u>	<u>3,678,375</u>

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. CREDITORS: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	1,233,912	1,346,250	-	-
Trade creditors	3,154,259	6,349,533	3,038,544	6,228,625
Amounts owed to related parties - working capital loans	201,250	429,242	201,250	429,242
Amounts owed to related parties - subordinated debt	171,588	244,007	-	-
Corporation tax	102,031	-	5,788	-
Other taxation and social security	2,815,615	501,206	2,619,301	315,054
Retention creditor	2,749,387	2,677,963	2,749,387	2,677,963
Accruals and deferred income	6,955,123	7,334,395	6,925,334	7,310,031
Other creditors	57,310	-	57,310	-
	17,440,475	18,882,596	15,596,914	16,960,915

14. CREDITORS: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	27,186,037	28,428,606	-	-
Other loans	3,689,309	3,761,351	-	-
Retention creditor	1,434,395	1,137,414	1,434,395	1,137,414
	32,309,741	33,327,371	1,434,395	1,137,414

Hub SW NHSL Holdco Limited has granted a share pledge as security to Aviva Public Private Finance Limited for the loans held by Hub SW NHSL Sub Hub Co Limited. Under the agreement, the Parent Company, Hub SW NHSL Holdco Limited, pledges as security its investment in Hub SW NHSL Sub Hub Co Limited.

The repayment profile of creditors due greater than one year are as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due 1-2 years	2,696,311	2,443,365	1,434,395	1,137,414
Amounts falling due 2-5 years	4,384,660	4,094,570	-	-
Amounts falling due more than 5 years	25,228,770	26,789,436	-	-
	32,309,741	33,327,371	1,434,395	1,137,414

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. DEFERRED TAX

	2021 £	2020 Restated £
Opening provision at 1 January	(902,299)	(1,203,507)
Movement in the year	(404,193)	301,208
Closing provision at 31 December	(1,306,492)	(902,299)

The deferred tax provision is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Capital allowances and b/f losses	1,908,005	1,596,812	-	-
Temporary timing differences in respect of revenue	(3,214,497)	(2,499,111)	-	-
	(1,306,492)	(902,299)	-	-

The temporary timing difference is in respect of the difference between the turnover recognised in the financial statements and the turnover recognised in the tax computation.

16. PROVISION FOR LIABILITIES

As part of the project documents, the Company has an obligation to fund lifecycle works. The liability is created on an annual basis by applying indexation to the contract values less any works claimed to date. The liability is discharged when the works are completed or at the Expiry Date, whichever is earlier or at such other times as permitted under the contract.

	2021 £	2020 (Restated) £
Lifecycle Provision	(570,926)	(395,837)
As at 31 December 2021	(570,926)	(395,837)

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. RELATED PARTY TRANSACTIONS**COMPANY**

	Debtors £	Creditors £	Purchases £	Sales £
2021				
Scottish Futures Trust Limited	10	121,717	12,005	-
Equitix Limited	-	79,796	488,962	-
Equitix Management Services Limited	26,507	566,455	601,284	37,240
Galliford Try Construction Limited*	27,862	912,731	10,166,631	41,300
Graham Construction Limited*	-	953,317	9,294,107	(1,410)
Public Sector Participants	-	321,932	-	-
	<u>54,379</u>	<u>2,955,948</u>	<u>20,562,989</u>	<u>77,130</u>

GROUP

	Debtors £	Creditors £	Interest Payable £	Purchases £	Sales / UC £
2021					
Equitix Limited	-	79,796	-	509,493	-
Equitix Management Services Limited	26,507	566,455	-	694,615	37,240
Galliford Try Construction Limited*	27,862	912,731	-	10,166,631	41,300
Graham Asset Management Limited	-	662,273	-	754,860	-
Graham Construction Limited*	-	953,317	-	9,294,107	(1,410)
Lanarkshire Health Board	47,350	1,185,014	120,115	35,177	4,664,844
Scottish Futures Trust Investments Limited	10	507,807	40,039	12,005	-
Equitix Hubco 3 Limited	-	2,316,537	240,230	-	-
Public Sector participants	-	321,932	-	-	-
	<u>101,729</u>	<u>7,505,862</u>	<u>400,384</u>	<u>21,466,888</u>	<u>4,741,974</u>

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. RELATED PARTY TRANSACTIONS (CONTINUED)**COMPANY**

	Debtors £	Creditors £	Purchases £	Sales £
2020				
Scottish Futures Trust Investments Limited	10	121,594	11,903	-
Equitix Limited	-	766,479	1,310,731	-
Equitix Management Services Limited	19,851	-	-	30,109
Galliford Try Construction Limited*	23,749	3,146,409	22,292,694	16,370
Graham Construction Limited*	1,910	1,726,515	3,987,700	(539,218)
Public Sector participants	-	321,931	-	-
Alliance Community Partnership Limited	594	-	-	-
	<u>46,114</u>	<u>6,082,928</u>	<u>27,603,028</u>	<u>(492,739)</u>

GROUP

	Debtors £	Creditors £	Interest Payable £	Purchases £	Sales / UC £
2020					
Equitix Limited	-	778,216	-	1,422,571	-
Equitix Management Services Limited	19,851	-	-	-	30,109
Galliford Try Construction Limited*	23,749	3,146,409	-	22,292,694	16,370
Graham Asset Management Limited	-	471,633	-	791,673	-
Graham Construction Limited*	1,910	1,726,515	-	3,987,700	(539,218)
Lanarkshire Health Board	-	1,254,637	124,216	34,333	4,674,874
Scottish Futures Trust Investments Limited	10	522,130	41,406	11,903	-
Equitix Hubco 3 Limited	-	2,403,214	248,432	-	-
Public Sector participants	-	321,931	-	-	-
Alliance Community Partnership Limited	594	-	-	-	-
	<u>46,114</u>	<u>10,624,685</u>	<u>414,054</u>	<u>28,540,874</u>	<u>4,182,135</u>

HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. RELATED PARTY TRANSACTIONS (CONTINUED)

-*Creditor balances includes trade creditors, deferred income, subordinated debt, working capital loans and accrued expenses as disclosed in note 13 and 14. Working capital drawn down amounts to £200,000 (2020 - £400,000) with £NIL (2020 - £NIL) utilised and £200,000 (2020 - £400,000) held by the Company in a treasury deposit account. Subordinated debt amounts to £3,761,751 (2020 - £4,005,358).

-*Debtor balances include trade debtors as disclosed in note 11.

-Equitix Limited is a related party as it is controlled by an entity which is the shareholder in the joint venture which is Alliance Community Partnership Limited. 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 and provides working capital loans which were fully repaid in the prior year.

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

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

-Scottish Future Trust Investments Limited owns 10% of the Company and provides working capital loans and subordinated debt to the Group.

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

-Directors fees of £12,005 (2020 - £11,903) were charged to the Company by Scottish Futures Trust Investments Limited, £36,015 (2020 - £35,708) by Equitix Limited, £NIL (2020 - £NIL) by NHS Ayrshire and Arran and £12,005 by South Ayrshire Council (2020 - £12,413).

-Public sector participants provide working capital loans.

18. SHARE CAPITAL - GROUP AND COMPANY

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 (2020 - 1,000) Class A shares of £0.01 each	10	10
3,000 (2020 - 3,000) Class B shares of £0.01 each	30	30
6,000 (2020 - 6,000) Class C shares of £0.01 each	60	60
	<u>100</u>	<u>100</u>

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

19. COMMITTED EXPENDITURE

COMPANY

As at 31 December 2021, the Company has committed expenditure of £82,612,407 (2020 - £66,678,961) relating to projects currently being undertaken by the Group. These amounts will pass through as cost of sales for the Group with a matching sales invoice issued to the relevant public sector counterparty.

GROUP

As at 31 December 2021, the Group has committed expenditure of £82,612,407 (2020 - £66,678,961) relating to projects currently being undertaken by the Group. These amounts will pass through as cost of sales for the Group with a matching sales invoice issued to the relevant public sector counterparty.

20. IMMEDIATE PARENT AND CONTROLLING PARTY

The immediate parent is Alliance Community Partnership Limited, however the Directors consider there to be no controlling party.

HUB SOUTH WEST SCOTLAND LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. RESERVES**PROFIT AND LOSS RESERVE**

The profit and loss reserve account includes all current and prior period retained profits and losses.

22. PRIOR YEAR ADJUSTMENT - GROUP**Deferred Tax**

The deferred tax provision recognised in the prior year financial statements was based on comparing the financial asset as at the completion of construction which is still to be amortised as at the respective financial year end less the unutilised capital allowances. However, in retrospect the deferred tax provision should have been estimated by comparing the proportion of the financial asset as at the completion of construction still to be amortised as at the respective financial year end that is eligible for capital allowances less the unutilised capital allowances. The deferred tax provision has been overstated and a prior year adjustment has been recognised to restate the position.

Capital and reserves at 1 January 2020 as previously stated	(2,595,698)
Recognition of deferred tax provision at 1 January 2020	4,007,716
Capital and reserves at 1 January 2020 as restated	1,412,018

Profit for the year ended 31 December 2020 as previously stated	38,274
Recognition of deferred tax movement in 2020	338,963
Profit for the year ended 31 December 2020 as restated	377,237

Capital and reserves at 31 December 2020 as previously stated	(2,557,424)
Recognition of deferred tax provision at 1 January 2020	4,007,716
Recognition of deferred tax movement in 2020	338,963
Capital and reserves at 31 December 2020 as restated	1,789,255

PROVISION FOR LIABILITIES

The prior year comparatives have been corrected to remove £395,837 of accrued lifecycle costs and instead recognise £395,837 as a provision for liabilities.