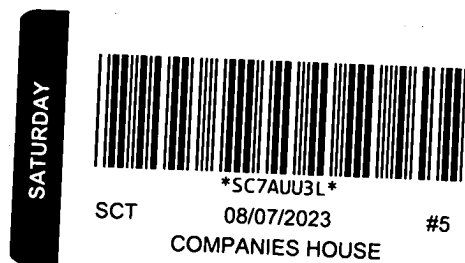




**HUB SOUTH WEST SCOTLAND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2022**  
**COMPANY NUMBER: SC431389**



## **HUB SOUTH WEST SCOTLAND LIMITED**

### **CONTENTS**

---

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2 – 4</b>
<b>Directors' Report</b>	<b>5 – 6</b>
<b>Independent Auditor's Report</b>	<b>7 – 10</b>
<b>Group Statement of Comprehensive Income</b>	<b>11</b>
<b>Group Statement of Financial Position</b>	<b>12</b>
<b>Company Statement of Financial Position</b>	<b>13</b>
<b>Group Statement of Changes in Equity</b>	<b>14</b>
<b>Company Statement of Changes in Equity</b>	<b>15</b>
<b>Group Statement of Cash Flows</b>	<b>16</b>
<b>Notes to the Financial Statements</b>	<b>17 – 30</b>
<b>Company Profit and Loss Account</b>	<b>31</b>

**HUB SOUTH WEST SCOTLAND LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Directors**

A K Bill  
S A Brown  
N W Gemmell  
W Mackie  
M J McBrearty  
A W Nicol  
C B Young  
F J Bell  
D J Sclater  
S W Small

**Registered number**

SC431389

**Registered office**

Avondale House  
Suites 1L – 1O Phoenix Crescent  
Strathclyde Business Park  
Bellshill  
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**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their Strategic Report, Directors' Report, and the audited financial statements of the group for the year ended 31 December 2022.

#### **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.

Equitix Management Services 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 Management Services Limited also provides general day-to-day operational and financial management services to the company.

During the 12 months to December 2022 Hub South West Scotland has reached financial close on 4 new DBDA (Design Build Development Agreement) contracts. Hub South West Scotland generated hubco portion income of £461,756 (2021 - £603,981). In addition to hubco portion, Hub South West Scotland has generated income of £366,502 via the commercial risk profile element of the DBDA contracts. During the same period Hub South West Scotland successfully handed over 5 DBDA contracts.

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.

#### **Results and dividends**

##### **Group**

The results for the group for the year are set out on page 11. The profit for the year amounted to £309,009 (2021: £151,175). The directors do not recommend payment of a dividend in respect of the year.

##### **Company**

The profit for the year amounted to £535 (2021: £129,483).

#### **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.

**HUB SOUTH WEST SCOTLAND LIMITED****GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****Principal risks and uncertainties (continued)**

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.

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 where possible. Regular updates of cashflow forecasts are carried out. 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 (2021 - £500,000) and is in place to cover any shortfall in working capital. As at 31 December 2022 £200,000 (2021 - £200,000) has been drawn down with £NIL (2021 - £NIL) utilised and £200,000 (2021 - £200,000) held by the Company in a treasury deposit account along with £Nil of accrued interest (2021 - £Nil). The remaining facility of £300,000 (2021 - £300,000) can be drawn down when required. £57,000 of the working capital originally drawn (£50,000 of funds and accumulated interest of £7,000 released) was repaid during the year, with the remainder of £150,000 plus remaining accrued interest of £22,000 now classified as an enabling fund to be used by the business to undertake future work on behalf of the public sector participants.

**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 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 has one employee, the independent chair. Therefore, the main stakeholders of the group are the shareholders, the public sector organisations 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)

**HUB SOUTH WEST SCOTLAND LIMITED****GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****Directors' statement of compliance with duty to promote the success of the group (continued)**

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.

**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 2022 was approved by the Territory Partnering Board during the year. The next measurement period is 12 months to March 2023 with the related performance report review and approval due in June 2023.

**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 2023 financial year:

- Montgomerie Park Primary School;
- Dumfries High School;
- North Ayrshire Council Housing Lot E & F;
- Orbiston Community Hub;
- St Kevin's Community Hub;
- Riverside Social Housing; and
- St Ninian's Social Housing.

23-Jun-2023 | 12:31 PM BST

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

DocuSigned by:

*Willie Mackie*

56C9947CB51641D...

**W Mackie**

**Director**

**HUB SOUTH WEST SCOTLAND LIMITED****DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2022.

**Directors**

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

A K Bill  
S A Brown  
N W Gemmell  
W Mackie  
M J McBrearty  
A W Nicol  
C B Young  
F J Bell (appointed 23 February 2022)  
D J Sclater (appointed 29 August 2022)  
S W Small (appointed 7 December 2022)  
G Pearce (resigned 7 December 2022)

**Employee engagement and the group's/company's business relationships 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.

**Streamlined Energy and Carbon Reporting (SECR)**

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

	2022	2021
Emissions resulting from the purchase of the electricity by the Group for its own use, including the purposes of transport (in tonnes of CO <sub>2</sub> equivalent)	0.53	1.03

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 Company's chosen intensity ratio is Tonnes of CO<sub>2</sub>e per total £m sales revenue. In 2022, the Company produced 0.004 tonnes of CO<sub>2</sub>e per £m (2021 - 0.01).

**Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, 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 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 group and company and of the profit or loss of the group for that period.

## HUB SOUTH WEST SCOTLAND LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### Directors' responsibilities statement (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### 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 the directors are aware, there is no relevant information of which the auditor is unaware; and
- the directors have 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 auditor is aware of that information.

#### Post balance sheet events

There are no significant events affecting the group or company since the year end.

#### Auditor

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

23-Jun-2023 | 12:31 PM BST

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

DocuSigned by:

*Willie Mackie*

F6C9941CB51641D...

**W Mackie**  
Director



## **HUB SOUTH WEST SCOTLAND LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **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 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows, 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 the parent company's affairs as at 31 December 2022 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

## **HUB SOUTH WEST SCOTLAND LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED ON THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **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.

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

In the light of the knowledge and understanding of the group and 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'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.

#### **Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement [set out on pages 5 and 6], 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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditor's report.

## HUB SOUTH WEST SCOTLAND LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED ON THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### Auditor's responsibilities for the audit of the financial statements (continued)

##### *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 is 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 applicable laws and regulations;
- we identified the laws and regulations applicable to the group 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, legislation, 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 any correspondence with HMRC and the group's and the parent company's legal advisors.

We assessed the susceptibility of the 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.

## **HUB SOUTH WEST SCOTLAND LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SOUTH WEST SCOTLAND LIMITED ON THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

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.

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**

Date: 23/06/2023

**HUB SOUTH WEST SCOTLAND LIMITED****GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Note</b>		
<b>Turnover</b>	<b>4</b>	<b>131,698,407</b>	<b>104,559,191</b>
<b>Cost of sales</b>		<b>(131,101,957)</b>	<b>(103,961,918)</b>
<b>Gross profit</b>		<b>596,450</b>	<b>597,273</b>
<b>Administrative expenses</b>		<b>(569,932)</b>	<b>(440,099)</b>
<b>Operating profit</b>	<b>5</b>	<b>26,518</b>	<b>157,174</b>
Interest receivable and similar income	<b>7</b>	<b>2,531,829</b>	<b>2,597,948</b>
Interest payable and similar charges	<b>8</b>	<b>(1,973,480)</b>	<b>(2,058,661)</b>
<b>Profit before tax</b>		<b>584,867</b>	<b>696,461</b>
<b>Taxation</b>	<b>9</b>	<b>(275,858)</b>	<b>(545,286)</b>
<b>Profit for the financial year</b>		<b>309,009</b>	<b>151,175</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>309,009</b>	<b>151,175</b>

The notes form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED****GROUP STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	Note	£	2022 £	£	2021 £
<b>Non-current assets</b>					
Financial asset due after more than one year	11		32,620,336		33,934,718
<b>Current assets</b>					
Financial asset due within one year	11	1,301,467		1,137,317	
Debtors due in more than one year	12	2,076,421		1,434,395	
Debtors due in less than one year	12	9,657,278		9,952,388	
Cash at bank and in hand	13	12,784,730		7,109,246	
		25,819,896		19,633,346	
Creditors: amounts falling due within one year	14	(22,506,064)		(17,440,475)	
<b>Net current assets</b>			3,313,832		2,192,871
<b>Total assets less current liabilities</b>			35,934,168		36,127,589
Creditors: amounts falling due after more than one year	15		(31,647,555)		(32,309,741)
Deferred tax	16		(1,369,547)		(1,306,492)
Lifecycle provisions	17		(667,627)		(570,926)
<b>Net assets</b>			2,249,439		1,940,430
<b>Capital and reserves</b>					
Called up share capital	18		100		100
Profit and loss account	19		2,249,339		1,940,330
			2,249,439		1,940,430

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23-Jun-2023 | 12:31 PM BST by:

DocuSigned by:

Willie Mackie

W Mackie

Director

Company number: SC431389

The notes form part of these financial statements.

## HUB SOUTH WEST SCOTLAND LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2022

	Note	£	2022 £	£	2021 £
<b>Non-current assets</b>					
Investments	11		1		1
<b>Current assets</b>					
Debtors due in more than one year	12	2,076,421		1,434,395	
Debtors due in less than one year	12	9,613,604		9,905,037	
Cash at bank and in hand	13	10,616,843		5,885,861	
		22,306,868		17,225,293	
Creditors: amounts falling due within one year	14	(20,070,859)		(15,596,914)	
<b>Net current assets</b>			2,236,009		1,628,379
<b>Total assets less current liabilities</b>			2,236,010		1,628,380
Creditors: amounts falling due after more than one year	15		(2,041,490)		(1,434,395)
<b>Net assets</b>			194,520		193,985
<b>Capital and reserves</b>					
Called up share capital	18		100		100
Profit and loss account	19		194,420		193,885
			194,520		193,985

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23-Jun-2023 | 12:31 PM BST by:

DocuSigned by:

Willie Mackie

F6C9941CB51841D

W Mackie  
Director

Company number: SC431389

The notes form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED****GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total Equity £</b>
At 1 January 2022	100	1,940,330	1,940,430
<b>Comprehensive income for the year</b>			
Profit for the year	-	309,009	309,009
<b>Total comprehensive income for the year</b>	-	309,009	309,009
At 31 December 2022	100	2,249,339	2,249,439

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total Equity £</b>
At 1 January 2021	100	1,789,155	1,789,255
<b>Comprehensive income for the year</b>			
Profit for the year	-	151,175	151,175
<b>Total comprehensive income for the year</b>	-	151,175	151,175
At 31 December 2021	100	1,940,330	1,940,430

The notes form part of these financial statements.



**HUB SOUTH WEST SCOTLAND LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total Equity £</b>
At 1 January 2022	100	193,885	193,985
<b>Comprehensive income for the year</b>			
Profit for the year	-	535	535
<b>Total comprehensive income for the year</b>	-	535	535
At 31 December 2022	100	194,420	194,520

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The notes form part of these financial statements.

## HUB SOUTH WEST SCOTLAND LIMITED

GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	309,009	151,175
<b>Adjustments for:</b>		
Interest paid	1,973,480	2,058,661
Interest received	(2,531,829)	(2,597,948)
Taxation charge	275,858	545,286
(Increase)/decrease in debtors	(346,916)	3,097,672
Increase/(decrease) in creditors	5,144,340	(1,062,414)
Increase in provisions	96,701	175,089
Unitary charge received	4,323,445	4,285,832
Corporation tax (paid)	(314,834)	(39,062)
Operational revenue received	(642,115)	(731,015)
<b>Net cash generated from operating activities</b>	<b>8,287,139</b>	<b>5,883,276</b>
<b>Cash flows from investing activities</b>		
Interest received	731	-
<b>Cash flows from financing activities</b>		
Repayment of loans	(687,828)	(1,545,586)
Interest paid	(1,924,558)	(2,012,443)
<b>Net cash used from financing activities</b>	<b>(2,612,386)</b>	<b>(3,558,029)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>5,675,484</b>	<b>2,325,247</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,109,246</b>	<b>4,783,999</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>12,784,730</b>	<b>7,109,246</b>

## (i) Analysis of changes in net debt

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
<b>Cash and cash equivalents</b>				
Cash	7,109,246	5,675,484	-	12,784,730
	7,109,246	5,675,484	-	12,784,730
<b>Borrowings</b>				
Debt due after one year	(30,875,346)	-	1,269,281	(29,606,065)
Debt due within one year	(1,606,750)	687,828	(1,318,203)	(2,237,125)
	(32,482,096)	687,828	(48,922)	(31,843,190)
<b>Total net debt</b>	<b>(25,372,850)</b>	<b>6,363,312</b>	<b>(48,922)</b>	<b>(19,058,460)</b>

The notes form part of these financial statements.

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****1. General information**

The financial statements cover the results for the year ended 31 December 2022 for the group and the parent company. The parent company is a private company limited by shares and is incorporated in Scotland, UK. The parent company's registered office and company number are disclosed on the company information page of these financial statements. The group's principal activity is as described in the Strategic Report.

The functional currency used to prepare the financial statements is GBP and they are rounded to the nearest pound.

**2. Accounting policies****2.1 Basis of presentation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and 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).

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 3).

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of Hub South West Scotland Limited and its subsidiaries (the 'group') as if they formed a single entity. Intergroup transactions and balances are therefore eliminated in full.

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

**2.3 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 also carried out specific detailed sensitivity analysis of the group's cashflow forecasts, including the impact of project pipeline scenarios, and concluded that they have a reasonable expectation of the group'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.

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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 2. Accounting policies (continued)

##### 2.4 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 discounts, rebates, value added tax and other sales taxes.

##### 2.5 Interest receivable

Interest receivable is recognised in the Group Statement of Comprehensive Income using the effective interest method.

##### 2.6 Finance costs

Finance costs are charged to the Group 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.

##### 2.7 Taxation

Tax is recognised in the Group Statement of Comprehensive Income, except that a charge attributable to an item of income and expenditure 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 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax 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 substantively enacted by the Statement of Financial Position date.

## **HUB SOUTH WEST SCOTLAND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **2. Accounting policies (continued)**

##### **2.8 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 public sector body, 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.

##### **2.9 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.11 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.

##### **2.12 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.

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****2. Accounting policies (continued)****2.13 Financial instruments**

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third 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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Group Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of amounts recoverable, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the Statement of Financial Position date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.14 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 profit or loss 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.

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****3. 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.

There are assumptions included within the financial model in respect of the profit margin applied to the maintenance services provided during the operational phase. These assumptions are used to estimate the operational revenue with the revenue recognised being the costs incurred plus a reasonable market margin.

Interest receivable is also recognised based on a discount rate which causes the aggregate present value of all sums receivable to be equal to the fair value of the services to be provided over the service concession term. This discount rate is updated on a semi-annual basis within the financial model.

**4. Turnover**

All turnover arose within the United Kingdom.

**5. Operating profit****Company**

The audit fee was £14,500 (2021 - £12,500) and the fee for non-audit services in respect of work was £2,535 (2021 - £850).

**Group**

The audit fee was £21,500 (2021 - £17,900) and the fee for non-audit services in respect of work was £2,035 (2021 - £1,850).

**6. Employees****Group and Company**

The average monthly number of persons employed by the company during the year was:

	2022 Number	2021 Number
Administration	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

Their aggregate remuneration comprised

	2022 £	2021 £
Wages and salaries	10,875	-
Social Security costs	26,923	-
Pension costs	-	-
	<b>37,798</b>	<b>-</b>

In the prior year, fees of £14,500 were paid to the Chair. In addition to these payroll costs there were director's fees in 2022 of £64,279 (2021: £60,025)

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****7. Interest receivable and similar income  
Group**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest receivable on financial asset	2,531,098	2,597,948
Bank interest	731	-
	<u>2,531,829</u>	<u>2,597,948</u>

**8. Interest payable and similar charges  
Group**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Interest on senior debt loan	1,533,322	1,608,334
Amortisation of fees	48,922	49,943
Interest on subordinated debt loans from related parties	391,236	400,384
	<u>1,973,480</u>	<u>2,058,661</u>

**9. Taxation  
Group**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	212,803	141,031
Adjustments in respect of previous periods	-	62
	<u>212,803</u>	<u>141,093</u>
<b>Deferred tax</b>		
Deferred tax charge	63,055	404,193
	<u>275,858</u>	<u>545,286</u>



**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****9. Taxation (continued)  
Group****Factors affecting the tax charge for the year:**

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
<b>Profit on ordinary activities before tax</b>	<b>584,867</b>	<b>696,461</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	111,125	132,328
<b>Effects of:</b>		
Tax losses used	-	(11,202)
Adjustment to tax charge in respect of previous periods	(48)	62
Deferred tax	63,055	404,193
Other movements	101,726	19,905
<b>Total tax charge for the year</b>	<b>275,858</b>	<b>545,286</b>

**Factors that may affect future tax charge**

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.

**10. 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 £535 (2021 - £129,483).

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. Fixed Asset Investment  
Group**

	2022 £	2021 £
Opening balance 1 January 2022	59,156,691	56,558,743
Net interest receivable	2,531,098	2,597,948
Repayment at 1 January 2022	(24,084,656)	(20,529,839)
Unitary charge income allocated to the financial asset	(4,323,445)	(4,285,832)
Operational revenue recognised	642,115	731,015
<b>Closing balance 31 December 2022</b>	<b>33,921,803</b>	<b>35,072,035</b>
Financial asset due within one year	1,301,467	1,137,317
Financial asset due after more than one year	32,620,336	33,934,718
	<b>33,921,803</b>	<b>35,072,035</b>

**Company**

	Investment in subsidiary companies £
<b>Cost and net book value</b>	
At 1 January 2022	1
At 31 December 2022	1

**Subsidiary undertaking**

The following is a subsidiary undertaking of the company:-

Name	Class of share	Holding	Aggregate of share capital and reserves	Profit/(loss)
Hub SW NHSL Holdco Limited	Ordinary	100%	£1	£nil

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

## HUB SOUTH WEST SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 12. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Due within one year</b>				
Trade debtors	4,105,371	2,139,538	4,105,371	2,106,231
Other debtors	32,874	30	690	30
Amounts owed by related parties	-	10	-	10
Prepayments and accrued income	2,193,921	5,075,983	2,182,431	5,061,939
Retention debtor	3,325,112	2,736,827	3,325,112	2,736,827
	<u>9,657,278</u>	<u>9,952,388</u>	<u>9,613,604</u>	<u>9,905,037</u>
<b>Due in more than one year</b>				
Retention debtor	2,076,421	1,434,395	2,076,421	1,434,395

## 13. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	12,784,730	7,109,246	10,616,843	5,885,861
	<u>12,784,730</u>	<u>7,109,246</u>	<u>10,616,843</u>	<u>5,885,861</u>

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	1,859,983	1,233,912	-	-
Trade creditors	7,136,463	3,154,259	7,011,4932	3,038,544
Amounts owed to related parties – working capital loans	200,000	200,000	200,000	200,000
Amounts owed to related parties - subordinated debt	175,892	171,588	-	-
Corporation tax	-	102,031	-	5,788
Other tax and social security	4,236,294	2,815,615	4,041,547	2,619,301
Retention creditor	3,330,528	2,749,387	3,330,528	2,749,387
Accruals and deferred income	5,516,341	6,955,123	5,486,041	6,925,334
Other creditors	49,313	57,310	-	57,310
Amounts owed to related parties - other	1,250	1,250	1,250	1,250
	<u>22,506,064</u>	<u>17,440,475</u>	<u>20,070,859</u>	<u>15,596,914</u>

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****15. Creditors: Amounts falling due after more than one year**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Bank loans	25,995,008	27,186,037	-	-
Amounts owed to related parties - subordinated debt	3,611,057	3,689,309	-	-
Retention creditor	2,041,490	1,434,395	2,041,490	1,434,395
	<u>31,647,555</u>	<u>32,309,741</u>	<u>2,041,490</u>	<u>1,434,395</u>

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

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Amounts falling due 1-2 years	3,400,086	2,696,311	2,041,490	1,434,395
Amounts falling due 2-5 years	4,087,195	4,384,660	-	-
Amounts falling due more than 5 years	24,160,274	25,228,770	-	-
	<u>31,647,555</u>	<u>32,309,741</u>	<u>2,041,490</u>	<u>1,434,395</u>

**Secured creditors**

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.

**16. Deferred tax**

<b>Group</b>	<b>2022 £</b>	<b>2021 £</b>
Opening provision at 1 January	1,306,492	902,299
Movement in the year	63,055	404,193
<b>Closing provision at 31 December</b>	<u><b>1,369,547</b></u>	<u><b>1,306,492</b></u>

The deferred tax provision is made up as follows:

Capital allowances and b/f losses	(1,755,807)	(1,908,005)
Temporary timing differences in respect of revenue	3,125,354	3,214,497
	<u>1,369,547</u>	<u>1,306,492</u>

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.

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****17. Provision for liabilities**

	<b>Group 2022 £</b>	<i>Group 2021 £</i>
At 1 January	<b>570,926</b>	395,837
Additions	<b>212,525</b>	315,082
Utilised	<b>(115,824)</b>	(139,993)
At 31 December	<b><u>667,627</u></b>	<u>570,926</u>

**Lifecycle underspend provision**

As part of the project documents, the Group 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.

**18. Share capital  
Group and company**

	<b>2022 £</b>	<i>2021 £</i>
<b>Allotted, called up and fully paid</b>		
1,000 A shares of £0.01 each	<b>10</b>	10
3,000 B shares of £0.01 each	<b>30</b>	30
6,000 C shares of £0.01 each	<b>60</b>	60
	<b><u>100</u></b>	<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. Reserves****Profit and loss reserve**

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

**20. Capital commitments  
Group and company**

As at 31 December 2022, the Company has committed expenditure of £91,526,117 (2021 - £82,612,407) 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.

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****21. Related party transactions****Company**

<b>2022</b>	<b>Debtors</b>	<b>Creditors</b>	<b>Purchases</b>	<b>Sales</b>
	£	£	£	£
Equitix Limited	-	38,568	59,123	-
Equitix Management Services Limited	39,273	335,399	1,574,266	56,220
Gailford Try Building Limited	43,888	1,434,040	10,622,238	40,704
Graham Construction Limited	-	484,099	2,189,312	-
Scottish Futures Trust Investments Limited	-	50,000	-	-
Public Sector Participants	-	150,000	-	-
	<u>83,161</u>	<u>2,492,106</u>	<u>14,444,939</u>	<u>96,924</u>

**Group**

<b>2022</b>	<b>Debtors</b>	<b>Creditors</b>	<b>Interest Payable</b>	<b>Purchases</b>	<b>Sales / UC</b>
	£	£	£	£	£
Scottish Futures Trust Investments Limited	-	428,695	39,124	-	-
Public Sector Participants	-	150,000	-	-	-
Equitix Limited	-	38,568	-	59,123	-
Equitix Management Services Limited	39,273	348,173	-	1,696,224	56,220
Equitix Hubco 3 Limited	-	2,272,170	234,741	-	-
Gailford Try Building Limited	43,888	1,434,040	-	10,622,238	40,704
Graham Construction Limited	-	484,099	-	2,189,312	-
Lanarkshire Health Board	9,450	1,214,326	117,371	35,659	4,710,923
Graham Asset Management Limited	-	101,887	-	714,897	-
	<u>92,611</u>	<u>6,471,958</u>	<u>391,236</u>	<u>15,317,453</u>	<u>4,807,847</u>

**HUB SOUTH WEST SCOTLAND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022****21. Related party transactions (continued)****Company**

<b>2021</b>	<b>Debtors £</b>	<b>Creditors £</b>	<b>Purchases £</b>	<b>Sales £</b>
Scottish Futures Trust Investments 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	-	150,000	-	-
	<u>54,379</u>	<u>2,784,016</u>	<u>20,562,989</u>	<u>77,130</u>

**Group**

<b>2021</b>	<b>Debtors £</b>	<b>Creditors £</b>	<b>Interest Payable £</b>	<b>Purchases £</b>	<b>Sales / UC £</b>
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	-	150,000	-	-	-
	<u>101,729</u>	<u>7,333,930</u>	<u>400,384</u>	<u>21,466,888</u>	<u>4,741,974</u>

- \*Creditor balances includes trade creditors, deferred income, subordinated debt, working capital loans and accrued expenses as disclosed in note 14 and 15. Working capital drawn down amounts to £200,000 (2021 - £200,000) with £NIL (2021 - £NIL) utilised and £200,000 (2021 - £200,000) held by the Company in a treasury deposit account. Subordinated debt amounts to £3,786,949 (2021 - £3,761,751).
- \*Debtor balances include trade debtors as disclosed in note 11.
- Equitix Management Services 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.

## **HUB SOUTH WEST SCOTLAND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **21. Related party transactions (continued)**

- 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 £12,856 (2021 - £12,005) were charged to the Company by Scottish Futures Trust Investments Limited, £38,567 (2021 - £36,015) by Equitix Limited, £NIL (2021 - £NIL) by NHS Ayrshire and Arran and £12,856 by South Ayrshire Council (2021 - £12,005).
- Public sector participants provide working capital loans.

#### **22. Immediate Parent and Controlling Party**

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