

# **James Gillespie's Campus Subhub Limited**

Report and Financial statements  
For the period ended 31 March 2014

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COMPANIES HOUSE

**Company No. SC455364**

## Officers and professional advisers

|                                    |  |
|------------------------------------|--|
| <b>Company registration number</b> | SC455364   |
| <b>Registered office</b>           | Atholl House<br>51 Melville Street<br>Edinburgh<br>EH3 7HL                                   |
| <b>Directors</b>                   | K Bradley<br>J Elliott<br>J Hope<br>A Lawton-Wallace<br>A McCrorie<br>P McGirk<br>M Blencowe |
| <b>Secretary</b>                   | Galliford Try Secretariat Services Limited   |
| <b>Bankers</b>                     | Barclays Bank Plc<br>1 St Andrew Square<br>Edinburgh<br>EH2 2BD                              |
| <b>Auditor</b>                     | Scott-Moncrieff<br>Exchange Place 3<br>Sempie Street<br>Edinburgh<br>EH3 8BL                 |

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## Report of the directors

The directors submit their report and the audited financial statements for the period commencing on the date of incorporation (26 July 2013) and ending on 31 March 2014.

### Principal activities and business review

The Company was incorporated on 26 July 2013 and began trading on 9 December 2013. It has been established to enter into a Design, Build, Finance and Maintain ("DBFM") concession contract with the City of Edinburgh Council. The DBFM contract involves the design, build and financing of the new James Gillespie's High School Campus in Edinburgh, together with the provision of certain facilities management services within the building over the lease period. The Project Agreement between the Company and the City of Edinburgh Council was signed on 9 December 2013.

As part of this contract, the Company has entered into a fixed-price sub-contract with Galliford Try Construction Limited to design and build the facility. The construction of the campus is due to complete in 4 phases between August 2014 and 2016.

The Company has also entered into a sub-contract with Galliford Try Facilities Management for the provision of facilities management services within the school.

The DBFM project is being financed by a combination of senior and subordinated debt. Senior debt facilities of approximately £33.7m, provided by AVIVA and £3.1m of subordinated debt provided in instalments by equity shareholders will fund the construction of the campus.

The school is due to be handed over to the City of Edinburgh Council in phases from August 2014 and the operating term of the DBFM contract is 25 years from the completion of the final phase. The Company will receive service payments from the City of Edinburgh Council from the date each phase becomes available. The construction and other related costs of building are being treated as an asset which will be repaid over the life of the contract.

### Key Performance Indicators

The key performance of the Company is monitored from a cash perspective. The cash position at the year end is considered adequate. When the construction of the school is complete and service payments are being received this will be assessed on a six monthly basis by the testing of the covenants of the senior debt provider. The key indicators are the debt service cover ratio and loan life cover ratio. During the construction phase the senior debt provider monitors the Company's expenditure against a budgeted profile.

### Future developments

The directors do not anticipate any changes in the Company's activities.

## Report of the directors (continued)

### Results and dividends

The results for the period are set out on page 8. The profit for the period amounted to £54,313. The directors do not recommend payment of a dividend in respect of the period.

### Directors and their interests

The directors of the Company who held office during the period and to date are as follows:

K Bradley (appointed on 15 August 2013)  
A Bruce (appointed on 15 August 2013, resigned 9 December 2013)  
J Elliott (appointed on 15 August 2013)  
J Hope (appointed on incorporation)  
A Lawton-Wallace (appointed on 15 August 2013)  
A McCrobie (appointed on 15 August 2013)  
P McGirk (appointed on incorporation)  
I Graham (appointed on 15 August 2013, resigned 10 June 2014)  
M Blencowe (appointed on 9 December 2013)

In accordance with the Company's Articles of Association, none of its directors are required to retire.

### Statement of directors' responsibilities

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

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

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

## Report of the directors (continued)

### **Disclosure of information to the auditor**

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

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


### **Auditor**

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

### **Small Company Exemption**

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report has been approved by the board on 25 September 2014 and signed on its behalf by:



**P McGirk**  
**Director**

## **Report of the independent auditor to the members of James Gillespie's Campus Subhub Limited**

We have audited the financial statements of James Gillespie's Campus Subhub Limited for the period ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of the directors and auditor**

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Report of the independent auditor to the members of James Gillespie's Campus Subhub Limited

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the report of the directors and take advantage of the small companies' exemption from the requirement to prepare a strategic report.



Nick Bennett (Senior Statutory Auditor)  
for and on behalf of Scott-Moncrieff  
Statutory Auditor  
Chartered Accountants  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date: 25 September 2014



## Profit and loss account for the period ended 31 March 2014

|  | Note | From the<br>date of<br>incorporation<br>to<br>31 March 2014<br>£ |
|--|------|--|
| Turnover   |      | 5,346,686  |
| Cost of sales  |      | <u>(5,244,598)</u>   |
| <b>Gross profit</b>                                  |      | <b>102,088</b>   |
| Administration expenses                              |      | (8,946)  |
| <b>Operating profit</b>                              | 2    | <u><b>93,142</b></u>   |
| Interest payable                                     | 3    | (101,074)  |
| Interest receivable                                  | 3    | 78,469   |
| <b>Profit on ordinary activities before taxation</b> |      | <u><b>70,537</b></u>   |
| Taxation   | 4    | (16,224)   |
| <b>Retained profit for the year</b>                  | 10   | <u><u><b>54,313</b></u></u>                                      |

All activities are continuing.

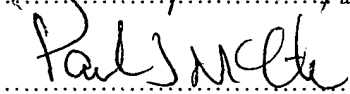
There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historic cost equivalents.

## Balance sheet as at 31 March 2014

|  | Note | 2014<br>£            |
|--|------|----------------------|
| <b>Non current assets</b>                                |      |                      |
| Financial Asset  | 5    | 5,284,909            |
| <b>Current assets</b>                                    |      |                      |
| Debtors  | 6    | 305,883              |
| Cash at bank and in hand                                 |      | 2,078,076            |
|  |      | <u>2,383,959</u>     |
| <b>Current liabilities</b>                               |      |                      |
| Creditors - amounts falling due within one year          | 7    | (1,071,052)          |
|  |      | <u>1,312,907</u>     |
| <b>Net current assets</b>                                |      | <u>6,597,816</u>     |
| <b>Total assets less current liabilities</b>             |      | <u>6,597,816</u>     |
| Creditors - amounts falling due after more than one year | 8    | (6,543,403)          |
| <b>Net assets</b>  |      | <u><u>54,413</u></u> |
| <b>Capital and reserves</b>                              |      |                      |
| Called-up share capital                                  | 9    | 100                  |
| Profit and loss reserve                                  | 10   | 54,313               |
| <b>Equity shareholders' funds</b>                        | 11   | <u><u>54,413</u></u> |

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The financial statements were authorised for issue by the board of directors on 25 September 2014 and signed on its behalf by:

  
.....  
P McGirk  
Director

Registered Number: SC455364

The notes form part of these financial statements.

## Notes to the Financial Statements

### 1 Principal accounting policies

#### (a) Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom, which in this case is Financial Reporting Standard 102. A summary of the more important accounting policies is set out below.

#### (b) Going concern

During the period, the Company made a profit of £54,313 and at the balance sheet date, its assets exceeded its liabilities by £54,413. The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements, for the following reasons:

- At the balance sheet date the Company has an un-drawn term loan facility of £28 million to fund the remainder of the fixed price costs of the construction of the James Gillespie's Campus. It also has further loan facilities totalling £712k which may be drawn in specific circumstances.
- The directors have prepared and approved cash flow forecasts for the full contract term and based on this information the directors believe the Company will be able to meet all liabilities as they fall due.

The directors have thus formed the view that, at the time of approving the financial statements, the company will have adequate resources to continue in existence for the foreseeable future. Therefore the directors consider the adoption of the going concern basis in preparing the financial statements to be appropriate.

If the company were unable to continue in operation for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise.

#### (c) Consolidation

James Gillespie's Campus Subhub Holdings Limited and James Gillespie's Campus Subhub Limited are included within the group accounts prepared by the parent undertaking, Hub South East Scotland Limited.

#### (d) Cash flow statement

No cash flow has been prepared as a consolidated cash flow statement has been prepared in the group accounts noted above.

## Notes to the Financial Statements

### 1 Principal accounting policies (continued)

#### (e) Financial asset

Construction and related costs of building the school, excluding interest costs and other costs of funding, are being treated as a financial asset (contract debtor) under the terms of FRS 102. The financial asset will be repaid over the life of the contract as service income is received from City of Edinburgh Council.

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 City of Edinburgh Council, 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.

#### (f) Deferred taxation

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

#### (g) Financial liabilities

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 Profit & Loss Account. 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.

#### (h) Interest

Interest and other costs of funding are charged to the Profit and Loss Account.

Interest receivable on the financial asset is credited to the financial asset during the construction phase of the project and to the Profit and Loss Account during the operational phase of the project.

### 2 Operating profit

None of the directors received any remuneration as directors from the Company during the period. The company has no directly employed personnel. The loss on ordinary activities is stated after charging auditor's remuneration of £4,250 in respect of the audit of the company and its immediate parent, James Gillespie's Campus Subhub Holdings Limited.

## Notes to the Financial Statements

### 3 Net interest payable and similar charges

|   | 2014<br>£        |
|---|------------------|
| <b>Interest Payable</b>                   |                  |
| Bank loan interest payable                | (59,673)         |
| Interest on loans from parent undertaking | (41,401)         |
|   | <u>(101,074)</u> |
| <b>Interest Receivable</b>                |                  |
| Interest receivable on financial asset    | 78,469           |
|   | <u>78,469</u>    |

### 4 Taxation

There is no difference between the current tax charge and the amount calculated by applying the standard rate of UK corporation tax.

|  | 2014<br>£     |
|--|---------------|
| Profit on ordinary activities before tax | <u>70,537</u> |
| Profit on ordinary activities at 23%     | <u>16,224</u> |

## Notes to the Financial Statements

### 5 Financial asset

|  | 2014<br>£        |
|--|------------------|
| <b>Cost</b>  |                  |
| Additions during the period:                           |                  |
| Net interest receivable                                | 78,469           |
| Construction and related costs                         | 5,206,440        |
| <b>At 31 March 2014</b>                                | <b>5,284,909</b> |
| <b>Repayment</b>                                       |                  |
| Brought forward at date of incorporation               | -                |
| Payment received during the year                       | -                |
| <b>At 31 March 2014</b>                                | <b>-</b>         |
| <b>At 31 March 2014</b>                                | <b>5,284,909</b> |
| Financial asset - due for amortisation within one year | -                |
| Financial asset - due for amortisation after one year  | 5,284,909        |
|  | <b>5,284,909</b> |

Variable economic and market conditions are mitigated by the hedging of income and costs through the payment mechanism agreement. Any performance deductions which may be incurred against future unitary payments are passed on to the service provider leaving no net effect in the company.

### 6 Debtors

|  | 2014<br>£      |
|--|----------------|
| <b>Amounts falling due within one year</b> |                |
| Trade debtors                              | 15,348         |
| VAT recoverable                            | 290,535        |
|  | <b>305,883</b> |

## Notes to the Financial Statements

### 7 Creditors - amounts falling due within one year

|                                     | 2014<br>£        |
|-------------------------------------|------------------|
| Amounts falling due within one year |                  |
| Trade creditors                     | 478              |
| Amounts owed to related parties     | 1,045,737        |
| Accruals                            | 8,613            |
| Corporation tax creditor            | 16,224           |
|                                     | <u>1,071,052</u> |

### 8 Creditors - amounts falling due after more than one year

|   | 2014<br>£        |
|---|------------------|
| Amounts falling due in more than one year |                  |
| Loans                                     | 5,249,577        |
| Amounts owed to immediate parent company  | 1,293,826        |
|   | <u>6,543,403</u> |

The term loan facility is provided by AVIVA. The full facility is £33,704,954 which will be drawn over the construction period of the school. The term loan is repayable in instalments commencing on 30 September 2016 and ending on 30 June 2040.

Interest is charged on the term loan at a fixed rate. The fixed rate is 5.4%. The loan is disclosed net of unamortised issue costs of £337,050.

The Company has received £1,252,425 in the form of fixed rate subordinated loan notes from James Gillespie's Campus Subhub Holdings Limited. The loan is stated at amortised cost, using the effective interest rate method. Interest is payable at a rate of 10.87% until the final redemption date of 31 March 2038. The loan notes are unsecured, fully subordinated to the term loan and are repayable in instalments commencing on 31 March 2017 and ending on 31 March 2038. Loan interest of £41,401 due for the year has been rolled up in the balance due.

The term loan is secured by way of a fixed and floating charges over the assets of the company and security over the company's interest in the lease to Edinburgh City Council in favour of AVIVA (as security trustee).

## Notes to the Financial Statements

### 8 Creditors - amounts falling due after more than one year (continued)

The term loan and subordinated loan notes loan are repayable as follows:

|                            | 2014             |
|----------------------------|------------------|
|                            | £                |
| Less than 1 year           | -                |
| Between one and two years  | -                |
| Between two and five years | 2,915,033        |
| After 5 years              | 3,965,420        |
|                            | <u>6,880,453</u> |
| Capital instrument charges | (337,050)        |
|                            | <u>6,543,403</u> |

### 9 Called up share capital

|  | 2014       |
|--|------------|
|  | £          |
| Allotted, issued and fully paid<br>10,000 ordinary shares of £1 each | <u>100</u> |

The Company was incorporated on 26 July 2013 with authorised share capital of 100 ordinary shares of £1 each.

### 10 Reserves

|                                | Profit & loss<br>account<br>£ |
|--------------------------------|-------------------------------|
| Retained profit for the period | 54,313                        |
| Balance at 31 March 2014       | <u>54,313</u>                 |



## Notes to the Financial Statements

### 11 Reconciliation of movement in shareholders funds

|                               | 2014          |
|-------------------------------|---------------|
|                               | £             |
| Opening shareholders funds    | -             |
| Issue of shares               | 100           |
| Profit for the financial year | 54,313        |
| Closing shareholders funds    | <u>54,413</u> |

### 12 Related party transactions

The company's related parties, and the extent of transactions with them during the period ended 31 March 2014 are set out below.

|                                     | Purchases<br>from related<br>parties<br>£ | Amounts<br>owed to<br>related<br>parties<br>£ |
|-------------------------------------|---|---|
| Galliford Try Investments Limited   | 182,824                                   | 43,622  |
| Galliford Try Construction Limited  | 3,613,053                                 | 999,715                                       |
| Hub South East Scotland Limited     | 540,720                                   | -   |
| Aecom Professional Services Limited | 232,900                                   | 2,400   |
| Galliford Try Facilities Management | 20,000                                    | -   |
| Total                               | <u>4,589,497</u>                          | <u>1,045,737</u>                              |

Galliford Try Investments Limited is a wholly owned subsidiary of Galliford Try Plc, and owns a stake in Hub South East Scotland Limited via SPACE Scotland Limited.. Galliford Try Investments Limited provides operational and financial concession management services to the Company.

Galliford Try Construction Limited is a wholly owned subsidiary of Galliford Try Plc and has entered into a building sub-contract with the Company.

Hub South East Scotland Limited owns 100% of the Company's immediate parent company James Gillespie's Campus Subhub Holdings Limited.

Aecom Professional Services Limited is a wholly owned subsidiary of Davis Langdon LLP who owns a stake in Hub South East Scotland Limited via SPACE Scotland Limited,.

Galliford Try Facilities Management is a trading name of Galliford Try Construction Limited.

## Notes to the Financial Statements

### **12 Related party transactions (continued)**

During the period until 31 March 2014 the company incurred an interest charge of £41,401 in respect of subordinated loans totalling £1,252,425 received from its immediate parent James Gillespie's Campus Subhub Holdings Limited. This is anticipated by the loan note instrument and the interest has been rolled up into the loan balance while the asset is in construction.

### **13 Immediate and ultimate parent undertaking**

The Company is a wholly owned subsidiary of James Gillespie's Campus Subhub Holdings Limited which is incorporated in Great Britain and registered in Scotland. Copies of James Gillespie's Campus Subhub Holdings Limited financial statements can be obtained from 51 Melville Street, Edinburgh, EH3 7HL.

The immediate parent company of James Gillespie's Campus Subhub Holdings Limited is Hub South East Scotland Limited. The Directors consider there to be no ultimate controlling party.

### **14 Committed expenditure**

As at 31 March 2014, the company has committed to expenditure of £30,460,949 in respect of the James Gillespie's Campus.