

James Gillespie's Campus Subhub Limited

Report and Financial statements
For the year ended 31 March 2020



Company No. SC455364

Officers and professional advisers

Company registration number	SC455364
Registered office	8 Melville Street Edinburgh EH3 7NS
Directors	K Bradley A McCrorie P McGirk C Campbell N Gemmell M Templeton B Love P McVey R Park
Company Secretary	Galliford Try Secretariat Services Limited
Bankers	Barclays Bank Plc Unit 2 10-15 Princes Street Edinburgh EH2 2AN
Auditor	Azets Audit Services Chartered Accountants Exchange Place 3 Sempole Street Edinburgh EH3 8BL

Contents

Report of the directors	3 – 5
Report of the independent auditor	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12-13
Notes to the financial statements	14 - 22

Report of the directors

The directors submit their report and the audited financial statements for the year ended 31 March 2020.

Principal activities and business review

The Company 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 entered into a fixed-price sub-contract with Galliford Try Construction Limited (formerly Galliford Try Building Limited) t/a Morrison Construction to design and build the facility. The construction of the campus was completed over 4 phases with the final phase handover on 11 August 2016.

The Company also entered into a sub-contract with Galliford Try Construction Limited (formerly Galliford Try Building Limited) t/a Galliford Try Facilities Management for the provision of facilities management services within the school.

The DBFM project has been 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 funded the construction of the campus.

The operating term of the DBFM contract runs until the expiry date of 15 July 2041. The Company receives service payments from the City of Edinburgh Council from the date each phase became available. The construction and other related costs of building have been treated as an asset which will be repaid over the life of the contract.

Future developments

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

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. This is 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, which are as expected.

Results and dividends

The results for the year are set out on page 9. The profit for the year amounted to £246,081 (2019: £238,948). The directors do not recommend payment of a dividend in respect of the year.

Report of the directors (continued)

Directors and their interests

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

K Bradley	
A McCrorie	
P McGirk	
G Sheret	(resigned 2 April 2020)
B Love	
C Campbell	
P McVey	
R Park	
N Gemmell	
M Templeton	(appointed 26 April 2019)
R Christie	(resigned 26 April 2019)

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 applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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.

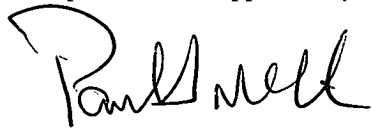
Auditor

The auditor, Scott-Moncrieff, tendered their resignation during 2019 and were replaced by Azets Audit Services. Azets Audit Services have expressed their willingness to continue in office as auditors and will be proposed for reappointment.

Small companies' exemptions

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 15 September 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P McGirk', written over a horizontal line.

P McGirk
Director

Independent Auditor's report to the members of James Gillespie's Campus Subhub Limited

Opinion

We have audited the financial statements of James Gillespie's Campus Subhub Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's report to the members of James Gillespie's Campus Subhub Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the directors.

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

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

Independent Auditor's report to the members of James Gillespie's Campus Subhub Limited (continued)

Responsibilities of the directors

As explained more fully in the Statement of directors' responsibilities on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's Report.

Use of our report

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, 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 Company and the 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

Exchange Place 3

Sample Street

Edinburgh

EH3 8BL

Date: 15 September 2020

Statement of Comprehensive Income for the year ended 31 March 2020

		Year ended 31 March 2020	Year ended 31 March 2019
	Note	£	£
Turnover	3a	1,624,247	444,430
Cost of sales		<u>(1,500,837)</u>	<u>(318,033)</u>
Gross profit		123,410	126,397
Administration expenses		<u>(106,238)</u>	<u>(109,357)</u>
Operating profit	3b	17,172	17,040
Interest payable	4	(2,091,095)	(2,149,485)
Interest receivable	4	2,361,552	2,420,334
Profit on ordinary activities before taxation		<u>287,629</u>	<u>287,889</u>
Taxation	5	<u>(41,548)</u>	<u>(48,941)</u>
Retained profit for the year		<u>246,081</u>	<u>238,948</u>
Other comprehensive income		-	-
Total comprehensive income		<u>246,081</u>	<u>238,948</u>

All activities are continuing.

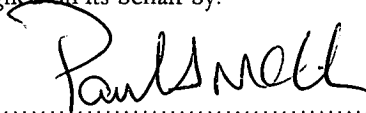
The notes form part of these financial statements.

Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Non-current assets			
Financial asset due in more than one year	6	32,635,250	33,517,884
Current assets			
Deferred tax asset due in more than one year	5	-	63,649
Financial asset due in less than one year	6	874,165	938,027
Debtors	7	52,825	20,867
Deferred tax asset due in less than one year	5	69,815	47,714
Cash and cash equivalents	8	1,026,894	895,992
		<u>2,023,699</u>	<u>1,966,248</u>
Current liabilities			
Creditors – amounts falling due within one year	9	(1,642,324)	(1,551,116)
Net current assets		<u>381,375</u>	<u>415,132</u>
Total assets less current liabilities		<u>33,016,625</u>	<u>33,933,017</u>
Creditors – amounts falling due after more than one year	10	(31,325,859)	(32,488,332)
Net Assets		<u><u>1,690,766</u></u>	<u><u>1,444,685</u></u>
Capital and reserves			
Called-up share capital	11	100	100
Profit and loss account	12	<u>1,690,666</u>	<u>1,444,585</u>
Equity shareholders' funds		<u><u>1,690,766</u></u>	<u><u>1,444,685</u></u>

The financial statements have been prepared in accordance with the 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 15 September 2020 and signed on its behalf by:


.....
P McGirk
Director

Registered Number: SC455364

The notes form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2020

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 April 2019	100	1,444,585	1,444,685
Total comprehensive income	-	246,081	246,081
Balance at 31 March 2020	<u>100</u>	<u>1,690,666</u>	<u>1,690,766</u>

Statement of Changes in Equity for the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 April 2018	100	1,205,637	1,205,737
Total comprehensive income	-	238,948	238,948
Balance at 31 March 2019	<u>100</u>	<u>1,444,585</u>	<u>1,444,685</u>

The notes form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	246,081	238,948
Adjustments for:		
Non-cash revenue	(360,611)	(357,855)
Annual service payment received	3,663,997	3,648,049
Interest payable	2,091,095	2,149,485
Interest receivable	(2,361,552)	(2,420,334)
Taxation	41,548	48,941
Increase in debtors	(31,958)	(20,867)
Increase in creditors	41,889	10,288
Cash from operations	3,330,489	3,296,656
Income taxes paid	-	-
Net cash generated from operating activities	3,330,489	3,296,655
Cash flows from investing activities		
Interest received	4,662	1,544
Cash flows from financing activities		
Bank loans repaid	(1,131,406)	(1,092,102)
Shareholder loan repaid	(36,094)	(35,317)
Interest paid	(2,036,749)	(2,099,199)
Net cash used in financing activities	(3,204,249)	(3,226,618)
Net increase in cash and cash equivalents	130,902	71,581
Cash and cash equivalents at the beginning of the year (Note 8)	895,992	824,411
Cash and cash equivalents at the end of the year (Note 8)	1,026,894	895,992

The notes form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2020

Analysis of changes in Net Debt

	At 1 April 2019	Cash flows	Other non-cash changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents				
Cash	895,992	130,902	-	1,026,894
	<u>895,992</u>	<u>130,902</u>	<u>-</u>	<u>1,026,894</u>
Borrowings				
Debt due within one year	(1,137,237)	1,167,500	(1,216,819)	(1,186,556)
Debt due more than one year	(32,488,332)	-	1,162,473	(31,325,859)
	<u>(33,625,569)</u>	<u>1,167,500</u>	<u>(54,346)</u>	<u>(32,512,415)</u>
Total net debt	<u>(32,729,577)</u>	<u>1,298,402</u>	<u>(54,346)</u>	<u>(31,485,521)</u>

The notes form part of these financial statements.

Notes to the Financial Statements

1 Principal accounting policies

(a) General information

The financial statements are presented in Pounds Sterling (GBP) and are rounded to the nearest whole pound. The financial statements cover the results for the year ended 31 March 2020. The continuing activities of the Company continue to be to Design, Build, Finance and Maintain the James Gillespie's school Campus for the term of the service concession arrangement.

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

8 Melville Street
Edinburgh
EH3 7NS

The Company's registered number is SC455364.

(b) Basis of preparation

These financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on the historical cost basis.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following accounting policies have been applied:

Notes to the Financial Statements

1 Principal accounting policies (continued)

(c) Going concern

During the year, the Company made a profit of £287,629 (2019: £238,948) and at the Balance Sheet date, its assets exceeded its liabilities by £1,732,314 (2019: £1,444,685). 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:

- the school is operational with monthly service payments, in line with the Project agreement, now being received. These will continue over the life of the service concession until the expiry date of 15 July 2041.
- The directors have prepared and approved cash flow forecasts for the full service concession 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 considered the impact that COVID-19 could have on the operations of the business and are satisfied that the Company will be able to trade for the 12 months following the signing of these financial statements. This is on the basis that construction has completed, the Company's sole customer is a public sector body backed by the Scottish Government, the annual service payment (cash being received) is per the underlying service concession arrangement, interest costs are fixed and the running costs of the Company are either fixed or are not expected to fluctuate significantly.

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.

(d) 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.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;

Notes to the Financial Statements

1 Principal accounting policies (continued)

(e) Revenue (continued)

- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably.

(f) Interest

Interest and other costs of funding are charged to the Statement of Comprehensive Income.

Interest receivable on the financial asset is credited to the financial asset to the Statement of Comprehensive Income during the construction and operational phase of the project.

(g) Deferred taxation

The charge for taxation is based on the profit for the year 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.

(h) 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.

(i) 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.

(j) 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.

(k) Creditors

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

Notes to the Financial Statements

1 Principal accounting policies (continued)

(l) 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 the Statement of Comprehensive Income. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

(m) Financial Instruments

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

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

2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

The financial asset is a long term asset. The amount allocated to current assets is the expected net movement in the following year.

3a Turnover

All turnover arose within the United Kingdom and is attributable to the principal activity as disclosed within the Report of the directors.

	2020	2019
	£	£
Turnover		
Service Revenue	360,611	357,855
Pass through/other income	1,263,636	86,575
	<u>1,624,247</u>	<u>444,430</u>

Notes to the Financial Statements

3b Operating profit

None of the directors received any remuneration as directors from the Company during the year (2019: £nil). The Company has no directly employed personnel (2019: none). The profit on ordinary activities is stated after charging auditor's remuneration of £5,400 (2019: £4,715) in respect of the audit of the Company and its immediate parent, James Gillespie's Campus Subhub Holdings Limited. The auditor also received remuneration in respect of tax services of £3,120 (2019: £2,715) including ixbrl tagging.

4 Interest payable and receivable

	2020 £	2019 £
Interest payable		
Bank loan interest payable	(1,710,300)	(1,765,824)
Interest on loans from parent undertaking	(380,795)	(383,661)
	<u>(2,091,095)</u>	<u>(2,149,485)</u>
Interest receivable		
Interest receivable on financial asset	2,356,890	2,418,790
Bank interest receivable	4,662	1,544
	<u>2,361,552</u>	<u>2,420,334</u>

5 Taxation

Factors affecting tax charge for the year

The current tax charge is lower than (2019: lower than) the amount calculated by applying the standard rate of UK corporation tax. The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>287,629</u>	<u>287,889</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	54,650	54,699
Effects of:		
Use of capital allowances	(54,650)	(54,699)
Corporation tax charge for the year	<u>-</u>	<u>-</u>
Movement in deferred tax	(41,548)	(48,941)
Tax charge for the year	<u>(41,548)</u>	<u>(48,941)</u>
Deferred tax asset		
At 1 April	111,363	160,304
Movement	(41,548)	(48,941)
	<u>69,815</u>	<u>111,363</u>
Deferred tax asset due in less than one year	69,815	47,714
Deferred tax asset due in more than one year	-	63,649
	<u>69,815</u>	<u>111,363</u>

Factors that may affect future tax charges

There are no such factors.

Notes to the Financial Statements

6 Financial asset

	2020 £	2019 £
Cost		
At 1 April 2019	46,184,479	43,765,689
Additions during the year:		
Net interest receivable	2,356,890	2,418,790
Construction and related costs	-	-
At 31 March 2020	48,541,369	46,184,479
Repayment		
At 1 April 2019	(11,728,568)	(8,438,374)
Annual service payment income	(3,663,997)	(3,648,049)
Operational revenue recognised	360,611	357,855
At 31 March 2020	(15,031,954)	(11,728,568)
Closing balance at 31 March 2020	33,509,415	34,455,911
Financial asset – due for amortisation within one year	874,165	938,027
Financial asset – due for amortisation after one year	32,635,250	33,517,884
	33,509,415	34,455,911

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.

7 Debtors

	2020 £	2019 £
Amounts falling due within one year		
Trade Debtors	24,592	20,867
Accrued income & other debtors	28,233	-
	52,825	20,867

8 Cash and cash equivalents

	2020 £	2019 £
Cash and cash equivalents	1,026,894	895,992

Notes to the Financial Statements

9 Creditors - amounts falling due within one year

	2020 £	2019 £
Amounts falling due within one year		
Bank loan	1,128,402	1,081,566
Amounts owed to immediate parent company – subordinated debt	58,154	55,671
Amounts owed to immediate parent company – accrued interest	189,920	190,839
Amounts owed to related parties	18,590	21,664
Accruals	71,509	34,653
VAT creditor	175,749	166,723
	<u>1,642,324</u>	<u>1,551,116</u>

10 Creditors - amounts falling due after more than one year

	2020 £	2019 £
Amounts falling after more than one year		
Bank loan	27,899,164	29,023,060
Amounts owed to immediate parent company	3,426,695	3,465,272
	<u>31,325,859</u>	<u>32,488,332</u>

The term loan facility is provided by AVIVA. The full facility is £33,704,954 has been 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 £719,596 (2019: £773,942).

The term loan is secured by way of fixed and floating charges over the assets of the Company and security over the Company's interest in the service concession arrangement with Edinburgh City Council in favour of AVIVA (as security trustee).

The Company has previously received 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.

Notes to the Financial Statements

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

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

	2020 £	2019 £
Less than one year	1,235,592	1,187,077
Between one and two years	1,264,517	1,216,015
Between two and five years	3,815,255	3,931,131
After 5 years	26,916,647	28,065,288
	<u>33,232,011</u>	<u>34,399,511</u>
Capital instrument charges < 1 year	(49,036)	(49,840)
Capital instrument charges > 1 year	(670,560)	(724,102)
	<u>32,512,415</u>	<u>33,625,569</u>

11 Called up share capital

	2020 £	2019 £
Allotted, issued and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

12 Reserves

The profit and loss reserves includes all current and prior period retained profit and losses.

Notes to the Financial Statements

13 Related party transactions

The Company's related parties, and the extent of transactions with them during the year ended 31 March 2020 are set out below.

	Purchases from related parties 2020 £	Amounts owed to related parties 2020 £	Purchases from related parties 2019 £	Amounts owed to related parties 2019 £
Galliford try Investments Consultancy Services Limited	69,970	-	68,276	-
PPDI Assetco Limited	2,633	11,927	2,569	9,294
Galliford Try Construction Limited t/a Galliford Try Facilities Management	1,370,903	6,663	280,787	12,370
Total	<u>1,443,506</u>	<u>18,590</u>	<u>351,632</u>	<u>21,664</u>

Galliford Try Investments Limited and Galliford Try Investments Consultancy Services Limited are wholly owned subsidiaries of Galliford Try Holdings Plc, and Galliford Try Investments Limited owns a stake in Hub South East Scotland Limited (which is a joint venture) via SPACE Scotland Limited (which is a joint venture). Galliford Try Investments Consultancy Services Limited provides operational and financial concession management services to the Company.

Galliford Try Construction Limited (t/a Morrison Construction) is a wholly owned subsidiary of Galliford Try Plc and has entered a building sub-contract with the Company. Galliford Try Facilities Management is a trading name of Galliford Try Construction Limited, providing maintenance services.

PPDI Assetco Limited owns Dormy Hub Investments LLP which owns a stake in Hub South East Scotland Limited via SPACE Scotland Limited.

During the year until 31 March 2020 the Company incurred an interest charge of £380,795 (2019: £383,661) in respect of subordinated loans totalling £3,484,849 (2019: £3,520,943) received from its immediate parent James Gillespie's Campus Subhub Holdings Limited. Of this, £189,920 (2019: £190,839) of accrued interest is due to James Gillespie's Campus Subhub Holdings Limited and this is included in creditors.

14 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 8 Melville Street, Edinburgh, EH3 7NS.

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.