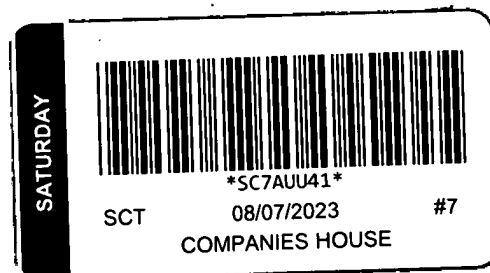


Registered number: SC458387

HUB SW NHSL SUB HUB CO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



HUB SW NHSL SUB HUB CO LIMITED

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

DIRECTORS

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

COMPANY SECRETARY

D Radulescu

REGISTERED NUMBER

SC458387

REGISTERED OFFICE

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

INDEPENDENT AUDITOR

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

BANKERS

Royal Bank of
Scotland
135 Bishopsgate
London

HUB SW NHSL SUB HUB CO LIMITED

CONTENTS

	Page
Directors' Report	1 – 2
Independent Auditor's Report	3 – 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 21

HUB SW NHSL SUB HUB CO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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 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 to enable them to ensure that the financial statement 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Hub SW NHSL Sub Hub Co Limited (the "Company") is responsible for the construction, financing, maintenance and operation of three health centres with Lanarkshire Health Board in Scotland. Construction of the three health centres was completed in 2016 following which the Company entered into a service concession with Lanarkshire Health Board which ends on 31 March 2040.

The Company's financial performance is monitored across the life of the project. Quarterly board reports that compare the actual figures against those reported in the operational model are presented to the board.

KPI's are used to provide information on the project performance so that any shortfalls can be promptly identified and addressed. These are focused on health and safety, value for money and quality. KPI's are reported and monitored at the Hub South West Scotland Limited group level.

The Directors have considered the performance of the Company during the year and the financial position at the end of the year and believe its prospects for the future to be satisfactory and consistent with expectations.

The DBFM project is considered low risk as the majority of the costs are fixed, the unitary charge income due to be received over the life of the concession arrangement has been agreed, the service concession arrangement is with a public sector body and our finance costs are fixed.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

HUB SW NHSL SUB HUB CO LIMITED

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £308,473 (2021 - £21,691)

Total comprehensive income for the year amounted to £308,473 (2021 - £21,691).

The Company proposes no dividend for 2022 (2021: £nil).

DIRECTORS

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

M J McBrearty

A W Nicol

N W Gemmell

C Young

W Mackie

F Bell (appointed 23 February 2022)

S W Small (appointed 07 December 2022)

D J Sclater (appointed 29 August 2022)

G Pearce (resigned 07 December 2022)

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

POST BALANCE SHEET EVENTS

There have been no significant events affecting the 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.

SMALL COMPANIES' EXEMPTIONS

In preparing this report, the Director have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:

Willie Mackie

.....F6C9941CB51641D.....

W Mackie

Director

Date: 23-Jun-2023 | 12:34 PM BST

HUB SW NHSL SUB HUB CO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SW NHSL SUB HUB CO LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

OPINION

We have audited the financial statements of Hub SW NHSL Sub Hub Co Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

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

HUB SW NHSL SUB HUB CO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SW NHSL SUB HUB CO LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER INFORMATION (CONTINUED)

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report 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 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, 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 Directors' report and from the requirement to prepare a Strategic report.

RESPONSIBILITIES OF THE DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 1, 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.

HUB SW NHSL SUB HUB CO LIMITED

INDEPENDENT AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

The extent to which the audit was considered capable of detecting irregularities including fraud

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

We obtain and update our understanding of the Company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the 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 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 Company through discussions with Directors and other management, and from our commercial knowledge and experience of the construction sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006 and taxation, data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

HUB SW NHSL SUB HUB CO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUB SW NHSL SUB HUB CO LIMITED
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

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

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

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

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 AUDIT 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 CA (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 SW NHSL SUB HUB CO LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	1,100,325	1,096,348
Cost of sales		(1,070,448)	(1,061,537)
GROSS PROFIT		29,877	34,811
Administrative expenses		(13,417)	(12,909)
OPERATING PROFIT	4	16,460	21,902
Interest receivable and similar income	5	2,531,829	2,597,948
Interest payable and similar charges	6	(1,973,480)	(2,058,661)
PROFIT BEFORE TAX		574,809	561,189
Tax on profit	7	(266,336)	(539,498)
PROFIT FOR THE FINANCIAL YEAR		308,473	21,691
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		308,473	21,691

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes form part of these financial statements.

HUB SW NHSL SUB HUB CO LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	£	2022 £	2021 £
FIXED ASSETS				
Financial asset due after more than 1 year	8		32,620,336	33,934,718
			<u>32,620,336</u>	<u>33,934,718</u>
CURRENT ASSETS				
Financial asset falling due within 1 year	8	1,301,467	1,137,317	
Debtors: amounts falling due within one year	9	43,674	47,351	
Cash at bank and in hand	10	2,167,887	1,223,385	
		<u>3,513,028</u>	<u>2,408,053</u>	
Creditors: amounts falling due within one year	11	(2,435,207)	(1,843,562)	
NET CURRENT ASSETS			<u>1,077,821</u>	<u>564,491</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>33,698,157</u>	<u>34,499,209</u>
Creditors: amounts falling due after more than one year	12		(29,606,065)	(30,875,346)
Deferred tax	14	(1,369,547)	(1,306,492)	
Provisions for liabilities	15	(667,627)	(570,926)	
			<u>(2,037,174)</u>	<u>(1,877,418)</u>
NET ASSETS			<u>2,054,918</u>	<u>1,746,445</u>
CAPITAL AND RESERVES				
Called up share capital	16		1	1
Profit and loss account	17		2,054,917	1,746,444
			<u>2,054,918</u>	<u>1,746,445</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

DocuSigned by:

Willie Mackie

W Mackie

Director

Date: 23-Jun-2023 | 12:34 PM BST

The notes form part of these financial statements

HUB SW NHSL SUB HUB CO LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Profit and loss account £	Total Equity £
At 1 January 2022	1	1,746,444	1,746,445
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	308,473	308,473
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	308,473	308,473
AT 31 DECEMBER 2022	1	2,054,917	2,054,918

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

	Called up share capital £	Profit and loss account £	Total Equity £
At 1 January 2021	1	1,724,753	1,724,754
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	21,691	21,691
OTHER COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	21,691	21,691
AT 31 DECEMBER 2022	1	1,746,444	1,746,445

The notes form part of these financial statements.

HUB SW NHSL SUB HUB CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, unless otherwise stated in these accounting policies, and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006.

The presentation currency is £ sterling and the financial statements are rounded to the nearest £. These are the financial statements of the Company only. The financial statements are for the year ended 31 December 2022.

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

The registered office is:

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

The company number is SC458387.

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 principal accounting policies have been applied:

1.2 Going concern

The financial model shows that the project remains profitable over the remaining service concession period of 18 years and that adequate cashflow will be available to the Company to meet its liabilities including the senior and subordinated debts as they fall due. Performance to date has been consistent with the financial model.

The DBFM project is considered low risk as the majority of the costs are fixed, the unitary charge income due to be received over the life of the concession arrangement has been agreed, the service concession arrangement is with a public sector body and our finance costs are fixed.

The Directors therefore are satisfied the Company is a going concern.

HUB SW NHSL SUB HUB CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Consolidation

Hub SW NHSL Holdco Limited and Hub SW NHSL Sub Hub Co Limited are included within the group accounts prepared by the parent undertaking, Hub South West Scotland Limited, which are publicly available from the registered office.

1.4 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;
- 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.

1.5 Interest income

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

1.6 Finance costs

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

HUB SW NHSL SUB HUB CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (CONTINUED)

1.7 Current and deferred taxation

Tax is recognised in the profit and loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the UK where the Company 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 differences between the fair values of assets acquired and the future tax deductions available for them and the differences 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 reporting date.

1.8 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

1.9 Financial asset

Construction and related costs of building the three health centres, excluding interest costs and other costs of funding, are being treated as a financial asset under the terms of FRS 102. The financial asset is repaid over the life of the contract as service income is received from Lanarkshire Health Board.

Upon becoming operational, the income derived from the DBFM contract was, and continues to be allocated between the provision of the asset and the provision of the subsequent services. Upon acceptance of the constructed asset by Lanarkshire Health Board, the financial asset begun being 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.

HUB SW NHSL SUB HUB CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Debtors

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

1.11 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.

1.12 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.

1.13 Financial liability

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

1.14 Financial instruments

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

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

HUB SW NHSL SUB HUB CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

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.

3. TURNOVER

All turnover arose within the United Kingdom.

4. OPERATING PROFIT

The profit on ordinary activities is stated after charging Auditor's remuneration of £7,000 (2021: £5,400) in respect of the audit of the Company and its immediate parent, Hub SW NHSL Holdco Limited, and £1,100 (2021: £1,000) for corporation tax compliance work. The fees are paid by EMS Limited on behalf of the Company and its immediate parent as part of the ongoing MSA fee.

The Company has no directly employed personnel (2021: none).

None of the Directors have any retirement benefits or other remuneration accruing to them under pension schemes (2021: none).

During the year, no Director received any emoluments (2021: none).

5. INTEREST RECEIVABLE

	2022 £	2021 £
Other interest receivable	2,531,098	2,597,948
Bank interest	731	-
	<u>2,531,829</u>	<u>2,597,948</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

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

HUB SW NHSL SUB HUB CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. TAXATION	2022 £	2021 £
CORPORATION TAX		
Current tax on profits for the year	203,329	135,243
Adjustments in respect of previous periods	(48)	62
TOTAL CURRENT TAX	203,281	135,305
DEFERRED TAX		
Deferred tax	63,055	404,193
TOTAL DEFERRED TAX	63,055	404,193
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	266,336	539,498

FACTORS AFFECTING 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 £
Profit on ordinary activities before tax	574,809	561,189
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	109,214	106,625
EFFECTS OF:		
Income not taxable for tax purposes	-	-
Other movements	94,115	28,618
(Over)/under provision in prior year	(48)	62
Deferred tax charge	63,055	404,193
TOTAL TAX CHARGE FOR THE YEAR	266,336	539,498

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Chancellor announced in the Budget on 3 March 2022, 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. On 14 October 2022, the UK Government confirmed that this measure is to be applied as proposed. The change becomes effective in respect of taxable profits arising after 31 March 2023.

HUB SW NHSL SUB HUB CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****8. FINANCIAL ASSET**

	2022 £	2021 £
Cost		
Cost at 1 January 2022	59,156,691	56,558,743
Net interest receivable	2,531,098	2,597,948
	<u>61,687,789</u>	<u>59,156,691</u>
At 31 December 2022		
Repayment		
At 1 January 2021	(24,084,656)	(20,529,839)
Unitary charge income	(4,323,445)	(4,285,832)
Operational revenue recognised	642,115	731,015
	<u>(27,765,986)</u>	<u>(24,084,656)</u>
At 31 December 2021		
Net position	<u>33,921,803</u>	<u>35,072,035</u>
Financial asset		
Due within one year	1,301,467	1,137,317
Due after one year	32,620,336	33,934,718
	<u>33,921,803</u>	<u>35,072,035</u>

9. DEBTORS

	2022 £	2021 £
Trade debtors	-	33,306
Prepayments and accrued income	11,489	14,044
Amounts owed by group undertakings	1	1
Corporation tax	32,184	-
	<u>43,674</u>	<u>47,351</u>

10. CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	2,167,887	1,223,385
	<u>2,167,887</u>	<u>1,223,385</u>

HUB SW NHSL SUB HUB CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Bank loans	1,859,983	1,233,912
Amounts owed to group undertakings – subordinated debt	78,252	72,042
Trade creditors	124,972	115,715
Other creditors	49,312	-
Amounts owed to group undertakings – accrued interest	97,640	99,546
Amounts owed to parent undertaking	1	1
Corporation tax	-	96,243
Taxation and social security	194,747	196,314
Accruals and deferred income	30,300	29,789
	<u>2,435,207</u>	<u>1,843,562</u>

There are unmortised loan arrangement fees of £56,786 (2021: £57,000)

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans	25,995,008	27,186,037
Amounts owed to group undertakings – subordinated debt	3,611,057	3,689,309
	<u>29,606,065</u>	<u>30,875,346</u>

There are unamortised loan arrangement fees of £588,258 (2021: £636,965).

HUB SW NHSL SUB HUB CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****13. LOANS**

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	1,859,983	1,233,912
Amounts owed to group undertakings – subordinated debt	78,252	72,042
	<u>1,938,235</u>	<u>1,305,954</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	1,269,149	1,183,664
Amounts owed to group undertakings – subordinated debt	89,447	78,252
	<u>1,358,596</u>	<u>1,261,916</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	3,799,982	4,088,753
Amounts owed to group undertakings – subordinated debt	287,213	295,907
	<u>4,087,195</u>	<u>4,384,660</u>
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	20,925,877	21,913,620
Amounts owed to group undertakings – subordinated debt	3,234,397	3,315,150
	<u>24,160,274</u>	<u>25,228,770</u>

The parent company 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. Aviva Public Private Finance Limited holds the title deeds for the three health centres as security for the loans.

The subordinated debt bears interest at the rate of 10.5% per annum. Repayments commenced on 30 October 2016 and the final redemption date is 31 March 2040.

HUB SW NHSL SUB HUB CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
14. DEFERRED TAX		
Opening provision at 1 January	(1,306,492)	(902,299)
Movement in the year	(63,055)	(404,193)
Closing provision at 31 December	<u>(1,369,547)</u>	<u>(1,306,492)</u>

The deferred tax provision is made up as follows:

Capital allowances and b/fwd losses	1,755,807	1,908,005
Temporary timing difference in respect of revenue	<u>(3,125,354)</u>	<u>(3,214,497)</u>
Deferred tax position	<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

15. PROVISION FOR LIABILITIES

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

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

16. SHARE CAPITAL

	2022 £	2021 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 (2021 – 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

There are no restrictions attached to the ordinary share.

17. PROFIT AND LOSS RESERVE

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

HUB SW NHSL SUB HUB CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. RELATED PARTY TRANSACTIONS

	Unitary Charge £	Other £	Purchases £	Interest Payable £
2022				
Graham Asset Management Limited	-	-	714,897	-
Equitix Management Services Limited	-	-	121,958	-
Hub South West Scotland	-	-	1,332	-
Lanarkshire Health Board Limited	4,323,446	387,477	35,658	-
Hub SW NHSL Holdco Limited	-	-	-	391,236
	<u>4,323,446</u>	<u>387,477</u>	<u>873,845</u>	<u>391,236</u>
	Unitary Charge £	Other £	Purchases £	Interest Payable £
2021				
Equitix Limited	-	-	20,531	-
Graham Asset Management Limited	-	-	754,860	-
Equitix Management Services Limited	-	-	93,331	-
Hub South West Scotland	-	-	1,167	-
Lanarkshire Health Board Limited	4,258,832	379,012	35,177	-
Hub SW NHSL Holdco Limited	-	-	-	400,384
	<u>4,258,832</u>	<u>379,012</u>	<u>905,066</u>	<u>400,384</u>
	2022 Debtor £	2021 Debtor £	2022 Creditor £	2021 Creditor £
Statement of financial position				
Equitix Management Services Limited	-	-	12,774	-
Hub SW NHSL Holdco Limited	1	1	3,786,949	3,860,897
Lanarkshire Health Board Limited	9,450	47,350	78,242	26,744
Graham Asset Management Limited	-	-	101,887	91,347
Hub South West Scotland	-	-	-	1,400
	<u>9,451</u>	<u>47,351</u>	<u>3,979,852</u>	<u>3,980,389</u>

Equitix Limited, EMS Limited, Lanarkshire Health Board, Graham Construction Limited and Graham Asset Management Limited are related parties by virtue of being direct or indirect shareholders in the joint venture which is Hub South West Scotland Limited or are controlled by entities who are shareholders in Hub South West Scotland Limited. Hub South West Scotland Limited holds 100% of the share capital of Hub SW NHSL Holdco Limited. Following the management services agreement contract novation from Equitix Limited to EMS Limited on 1st March 2022 EMS Limited provided management services to the Company. Graham Construction Limited and Graham Asset Management Limited have provided construction and operational services respectively with the balances due at the year end included in trade creditors and accruals.

Hub SW NHSL Holdco Limited is the immediate parent company of Hub SW NHSL Sub Hub Co Limited. The Company pays the audit and tax fee of Hub SW NHSL Holdco Limited. Subordinated debt is on lent by Hub SW NHSL Holdco Limited to the Company.

Amounts owed to Hub SW NHSL Holdco Ltd consists of £97,640 (2021: £99,546) of accrued interest and £3,689,309 (2021: £3,761,351) of the subordinated debt principal which has been on lent.

HUB SW NHSL SUB HUB CO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. CONTROLLING PARTY

The Company's immediate parent company is Hub SW NHSL Holdco Limited, a Company incorporated and registered in Scotland. The accounts can be obtained from its registered office at Avondale House Suites 1L-1O Phoenix Crescent, Strathclyde Business Park, Bellshill, North Lanarkshire, ML3 4NJ. The immediate parent company of Hub SW NHSL Holdco Limited is Hub South West Scotland Limited.

The Directors consider that there is no ultimate controlling party.