

Hub North Scotland (Alford) Limited

Report and Financial Statements

Year ended

31 December 2017

Company Number SC462876



Hub North Scotland (Alford) Limited

Company Information

Directors	Nial Gemmell Richard Johnson David MacDonald Gavin MacKinlay Paul McGirk Philip McVey Kirsty O'Brien Derek Yule
Registered number	SC462876
Registered office	PO Box 17452 2 Lochside View Edinburgh EH12 1LB
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Solicitors	Harper MacLeod LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD

Hub North Scotland (Alford) Limited

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Hub North Scotland (Alford) Limited

Directors' report For the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company is the design, build and maintenance of Alford Community Campus.

Results and dividends

The profit for the year, after taxation, amounted to £98,459 (2016 - £102,784).

Directors

The directors who served during the year were:

Mark Baxter (resigned 5 March 2018)
Nial Gemmell (appointed 16 November 2017)
Alan Gray (resigned 3 March 2017)
John Hope (resigned 31 July 2017)
Richard Johnson (appointed 24 March 2017)
David MacDonald
Gavin MacKinlay
Paul McGirk
Philip McVey
Kirsty O'Brien
Andrew Richmond (resigned 19 January 2017)
Derek Yule (appointed 3 March 2017)

Liquidity risk

In order to maintain liquidity to ensure that covenants are not breached and sufficient funds are available for ongoing operations and future developments, the group uses long-term finance.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

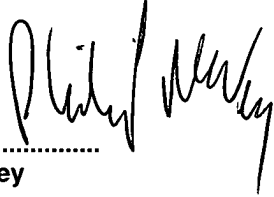
Hub North Scotland (Alford) Limited

Directors' report (continued) For the year ended 31 December 2017

Small companies

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

This report was approved by the board on 14TH MAY 2018 and signed on its behalf.



.....
Philip McVey
Director

Hub North Scotland (Alford) Limited

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). 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 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, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hub North Scotland (Alford) Limited

Independent auditor's report to the members of Hub North Scotland (Alford) Limited

Opinion

We have audited the financial statements of Hub North Scotland (Alford) Limited for the year ended 31 December 2017 which comprise the statement of income and retained earnings, the balance sheet and 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 December 2017 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

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.

Hub North Scotland (Alford) Limited

Independent auditor's report to the members of Hub North Scotland (Alford) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' 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.

Opinions 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.

Hub North Scotland (Alford) Limited

Independent auditor's report to the members of Hub North Scotland (Alford) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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

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.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom

31 MAY 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hub North Scotland (Alford) Limited

Statement of income and retained earnings For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	230,358	497,118
Cost of sales		(101,420)	(321,192)
Gross profit		128,938	175,926
Administrative expenses		(88,173)	(129,390)
Operating profit		40,765	46,536
Interest receivable and similar income	7	1,212,766	1,251,945
Interest payable and similar charges	8	(1,155,072)	(1,195,697)
Profit on ordinary activities before taxation		98,459	102,784
Taxation on loss on ordinary activities		-	-
Profit on ordinary activities after taxation		98,459	102,784
Retained earnings at the beginning of the year		799,864	697,080
Profit for the year		98,459	102,784
Retained earnings at the end of the year		898,323	799,864

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 14 form part of these financial statements.

Hub North Scotland (Alford) Limited
Registered number: SC462876

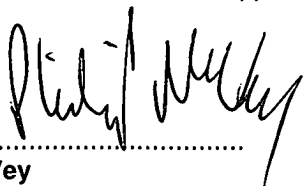
Balance sheet
As at 31 December 2017

	Note	2017 £	2016 £
Current assets			
Debtors: Amounts falling due after more than one year	9	19,176,683	19,915,322
Debtors: Amounts falling due within one year	9	1,000,023	939,981
Cash at bank and in hand	10	437,542	1,229,289
		<u>20,614,248</u>	<u>22,084,592</u>
Creditors: Amounts falling due within one year	11	(1,013,997)	(1,850,933)
Net current assets		<u>19,600,251</u>	<u>20,233,659</u>
Total assets less current liabilities		<u>19,600,251</u>	<u>20,233,659</u>
Creditors: Amounts falling due after more than one year	12	(18,700,928)	(19,432,795)
Net assets		<u><u>899,323</u></u>	<u><u>800,864</u></u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account	14	898,323	799,864
		<u><u>899,323</u></u>	<u><u>800,864</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

14TH MAY 2018



.....
Philip McVey
Director

The notes on pages 9 to 14 form part of these financial statements.

Hub North Scotland (Alford) Limited

Notes to the financial statements For the year ended 31 December 2017

1. General information

The company is a members' limited liability company (limited by shares) and has a registered office address and company number as noted on the company information page. The principal activity is as described in the directors' report. The company was incorporated in Scotland, UK.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 section 1A, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 section 1A requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis. The financial projections indicate that sufficient funds will be generated to allow ongoing obligations to be met as they fall due, with a period of at least 12 months from the date of approval of the financial statements being considered.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 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.

Hub North Scotland (Alford) Limited

Notes to the financial statements For the year ended 31 December 2017

2. Accounting policies (continued)

2.4 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.

Amounts due under service concession arrangement contracts are recognised as a financial asset. The financial asset that is recognised as consideration for construction or upgrade services is measured initially at fair value, based on the fair value of the construction or upgrade services provided. After initial recognition the financial asset is accounted for in accordance with Section 11 of FRS 102 and measured at amortised cost.

2.5 Cash and cash equivalents

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

2.6 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.

2.7 Finance costs

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

2.8 Interest receivable

Interest receivable is recognised in the statement of income and retained earnings using the effective interest method.

2.9 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the year in which they are incurred.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made a judgement as to the value of profit relating to the construction stage of the project and to the value of interest receivable on the financial asset recognised in accounting for the service concession arrangement. Factors taken into account in reaching such decisions include the overall expected profit on 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.

Hub North Scotland (Alford) Limited

Notes to the financial statements For the year ended 31 December 2017

4. Turnover

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

5. Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	4,800	4,800
	<u>4,800</u>	<u>4,800</u>
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	1,350	1,350
	<u>1,350</u>	<u>1,350</u>

6. Employees

The company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

7. Interest receivable

	2017 £	2016 £
Interest receivable on financial asset	1,212,766	1,251,945
	<u>1,212,766</u>	<u>1,251,945</u>

8. Interest payable and similar charges

	2017 £	2016 £
Interest on senior debt loan	941,872	972,969
Interest on subordinated loans	213,200	222,728
	<u>1,155,072</u>	<u>1,195,697</u>

Hub North Scotland (Alford) Limited

Notes to the financial statements For the year ended 31 December 2017

9. Debtors

	2017 £	2016 £
Due after more than one year		
Financial asset - amounts recoverable on contract	19,176,683	19,915,322
	<u>19,176,683</u>	<u>19,915,322</u>
	2017 £	2016 £
Due within one year		
Trade debtors	27,360	255,534
Other debtors	29,026	-
Prepayments and accrued income	222,744	33,730
Financial asset - amounts recoverable on contract	720,893	650,717
	<u>1,000,023</u>	<u>939,981</u>

10. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	437,542	1,229,289
	<u>437,542</u>	<u>1,229,289</u>

11. Creditors: Amounts falling due within one year

	2017 £	2016 £
Senior debt loan	691,048	769,755
Subordinated loans	54,775	100,707
Trade creditors	78,594	20,730
Other taxation	-	102,878
Other creditors	-	483,885
Accruals	189,580	372,978
	<u>1,013,997</u>	<u>1,850,933</u>

Hub North Scotland (Alford) Limited

Notes to the financial statements For the year ended 31 December 2017

12. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Senior debt loan	16,689,709	17,380,586
Subordinated loans	2,011,219	2,052,209
	<u>18,700,928</u>	<u>19,432,795</u>

Secured loans

The senior debt loan represents a loan from Aviva Public Private Finance Limited which is secured over the share capital of the company. The total loan facility is for £27,125,000.

The subordinated loans represent loans from entities in the same corporate groups as the joint controlling parties and shareholders of the immediate parent. The loans are repayable in half yearly instalments commencing in March 2017 with the final repayment due in September 2040. The loans are unsecured and bear interest at a rate of 10.2%.

Creditors falling due after five years

Creditors include amounts repayable by instalments that are not wholly repayable within five years of £15,946,116 (2016: £16,797,705).

13. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. Reserves

Profit and loss account

The profit and loss account represents the cumulative profits and losses.

Share capital

Called up share capital represents the nominal value of the shares issued.

Hub North Scotland (Alford) Limited

Notes to the financial statements For the year ended 31 December 2017

15. Related party transactions

The company has taken advantage of the exemption within FRS 102 not to disclose related party transactions with other members of the consolidated group.

	Invoices received 2017 £	Invoices received 2016 £	Creditor / accrual 2017 £	Creditor / accrual 2016 £
ACP: North Hub Limited (1)	98,157	95,004	-	1,000
Galliford Try Building Limited T/A Galliford Try Facilities Management (2)	83,099	61,033	15,086	16,275
Galliford Try Building Limited T/A Morrison Construction (2)	580,663	292,067	22,800	-
	761,919	448,104	37,886	17,275

Creditors are valued net of VAT and include amounts accrued at the year end.

	Subordinated debt 2017 £	Subordinated debt 2016 £
Scottish Futures Trust Investments Limited (1)	826,398	861,166
Galliford Try (North Hub) Investments Limited (3)	619,798	645,875
Currie & Brown Equitix Limited (3)	619,798	645,875
	2,065,994	2,152,916

- (1) A shareholder of the immediate parent company, hub North Scotland Limited.
- (2) Part of the same corporate group as Galliford Try (North Hub) Investments Limited (3).
- (3) A shareholder of ACP: North Hub Limited (1).

16. Controlling party

The intermediate parent company is hub North Scotland Limited. The consolidated financial statements of hub North Scotland Limited are available at Companies House, Edinburgh. The directors do not consider that there is an ultimate controlling party.