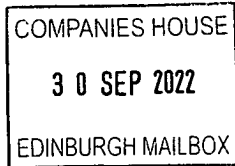


HCF Investments Limited

Company Number SC522363

Annual report and financial statements

Year Ended 31 December 2021



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Officers and professional advisers

Company registration number	SC522363
Registered office	PO Box 17452 2 Lochside View Edinburgh EH12 1LB
Directors	A D Bruce G P Farley W J Mackintosh M Morton A Munro
Secretary	Galliford Try Secretarial Services Limited
Bankers	Royal Bank of Scotland 36 St Andrews Square Edinburgh EH2 2YB
Independent auditors	Henderson Loggie LLP 11-15 Thistle Street Edinburgh EH2 1DF

Directors' report

Directors and their interests

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

A D Bruce
G P Farley
W J Mackintosh
M Morton
A Munro

Charitable donations

The Company made a donation of £12,071 (2020: £81,026) to Hub Community Foundation in the period.

Disclosure of information to the auditor

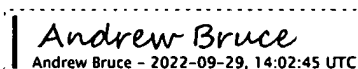
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Henderson Loggie LLP will therefore continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the board


Andrew Bruce - 2022-09-29, 14:02:45 UTC

A Bruce
Director

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland). 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;
- 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 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.

Independent auditor's report to the member of HCF Investments Limited

Opinion

We have audited the financial statements of HCF Investments Limited (the 'company') for the year ended 31 December 2021 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 FRS 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 2021 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.

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.

Independent auditor's report to the member of HCF Investments Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

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.

Independent auditor's report to the member of HCF Investments Limited

Extent to which an audit is 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, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Tax legislation and compliance with the Companies Act 2006. The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Enquiring with management about any known or suspected instances of non-compliance with laws and regulations, including fraud;
- Review of legal fee expenditure;
- Challenging assumptions and judgements made by management in their significant accounting estimates including valuations of investments; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

.....
| *Diana Penny*
| Diana Penny - 2022-09-29, 14:45:41 UTC
|

Diana Penny (Senior Statutory Auditor)

For and on behalf of Henderson Loggie LLP

Chartered Accountants
Statutory Auditor

11-15 Thistle Street

Edinburgh

EH2 1DF

Statement of income and retained earnings
for the year ended 31 December 2021

	2021 £	2020 £
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Administration expenses	(26,667)	(26,525)
Operating profit/(loss)	(26,667)	(26,525)
Share of operating profits/(losses) of associates	148,954	(11,102)
	122,287	(37,627)
Interest receivable	997,875	921,747
Interest payable	(941,338)	(885,618)
Profit/(loss) on ordinary activities before taxation	178,824	(1,498)
Taxation	1,824	13,570
Profit for the year	180,648	12,072
Retained profits at beginning of year	334,218	403,172
Transfer of taxable profits under gift aid to the parent charity	(12,071)	(81,026)
Retained profits at end of year	502,795	334,218

Balance sheet

as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	4	9,763,710	9,693,726
Current assets			
Debtors	5	294,027	219,292
Cash at bank		66,069	71,301
Total current assets		360,096	290,593
Current liabilities			
Creditors - amounts falling due within one year	6	(396,600)	(423,516)
Total current assets less current liabilities		(36,504)	(132,923)
Creditors: amounts falling due after more than one year	7	(9,224,410)	(9,226,584)
Net assets		502,796	334,219
Capital and reserves			
Share capital	8	1	1
Profit and loss reserve	8	222,745	203,122
Non-distributable reserve	8	280,050	131,096
Equity shareholders' funds		502,796	334,219

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

The directors authorised and approved the financial statements for issue.

Andrew Bruce

Andrew Bruce - 2022-09-29, 14:02:45 UTC

A Bruce

Director

Company Registration No. SC522363

Notes to the financial statements

1 Principal accounting policies

HCF Investment Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK with the registered address as per page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1a of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The presentation currency of these financial statements is sterling rounded to the nearest pound.

The Company's parent undertaking, Hub Community Foundation includes the Company in its consolidated financial statements. The consolidated financial statements of Hub Community Foundation are prepared in accordance with FRS102 and are available to the public and may be obtained from OSCR, 2nd Floor, Quadrant House, 9 Riverside Drive, Dundee, DD1 4NY.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for the modification for certain financial instruments as specified in the accounting policies below.

1.2 Going concern

The Directors have reviewed the Company's principal contracts, likely developments in the foreseeable future, the projected profits and cash flows. The Directors consider that the Company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.4 Gift aid distributions to parent

Gift Aid donations to the parent charity are recognised in the period to which the donation relates. In line with FRS102 this is treated as a distribution and included in the statement of comprehensive income.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

1.5 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset and can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The company derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred.

1.6 Fixed asset investments

Investments in associates are accounted for using the equity method. They are recognised initially in the statement of financial position at the transaction price and subsequently adjusted to reflect the company's share of total comprehensive income and equity of the associate, less any impairment. Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

Investments in subordinated debt are valued at fair value less impairment.

1.7 Income

Turnover is attributable to the sale of assignments of subordinated debt. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured usually on completion of a contract for assignment of debt. Revenue is measured at fair value.

Other interest receivable and similar income includes interest receivable on funds invested and interest is recognised using the effective interest method.

1.8 Dividend income

Dividend income relates to dividends received from investments the company holds shares in. Dividend income is recognised when the right to receive payment is established.

1.9 Expenses

Interest payable and similar charges include interest payable on borrowings and associated ongoing financing fees.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes to the financial statements *(continued)*

1.10 *Taxation*

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1.11 *Equity instruments*

Equity instruments issued by the company are recorded as the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2. *Employees*

The company had no employees in the current or prior year.

Notes to the financial statements (continued)

3. Investment income

	2021 £	2020 £
Interest income	957,853	902,429
Dividends received	40,022	19,318
	<u>997,875</u>	<u>921,747</u>

4. Investments

	2021 £	2020 £
Interests in associates	281,040	132,086
Subordinated debt	9,482,670	9,561,640
	<u>9,763,710</u>	<u>9,693,726</u>

Subordinated debt represents the investments made in a number of Special Purpose Company's. The debt has coupon rates ranging from 9% - 12%. Interest is received semi-annually once the relevant companies activities become operational.

5. Debtors

	2021 £	2020 £
Share capital	1	1
Accrued interest on loans	294,026	219,291
	<u>294,027</u>	<u>219,292</u>

6. Creditors - amounts falling due within one year

	2021 £	2020 £
Accounts Payable	-	1,380
Accruals	291,327	226,731
Amounts due to group undertakings	15,827	29,491
Corporation tax	-	1,824
Term loans	89,446	164,090
	<u>396,600</u>	<u>423,516</u>

7. Creditors - amounts falling after more than one year

	2021 £	2020 £
Borrowings:		
Term loans	9,224,410	9,226,584
	<u>9,224,410</u>	<u>9,226,584</u>

Term loans with GCP Asset Finance 1 Limited - £9,313,856 (2020: £9,390,674). These are secured by way of a floating charge over the assets of HCF Investments Limited.

Notes to the financial statements *(continued)*

8. Called up share capital & reserves

	2021 £	2020 £
<i>Allotted, issued and fully paid</i>		
1 ordinary share of £1	1	1
	<hr/>	<hr/>
	2021 £	2020 £
Opening profit and loss reserve	203,122	260,974
Retained earnings for the year	168,577	(68,954)
Transferred to/from the non-distributable reserve	(148,954)	11,102
	<hr/>	<hr/>
Profit and loss reserve	222,745	203,122
	<hr/>	<hr/>
Non distributable reserve	280,050	131,096
	<hr/>	<hr/>

9. Ultimate parent undertaking

The Company is a subsidiary of Hub Community Foundation which is a registered Scottish Charitable Incorporated Organisation (SCIO).

10. Related party transactions

The Company has taken advantage of the exemption within FRS102 Section 1A paragraph 1AC.35 from the requirement to disclose related party transactions with wholly owned group companies.