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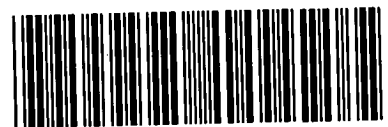
# **HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED**

**Company Registration No. SC561913**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

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## **HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED**

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## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### Company Information

For the year ended 31 March 2022

<b>Directors</b>	N W Gemmell G J Shirreff R J Dixon B Tailor
<b>Company Secretary</b>	C Sheridan
<b>Company Number</b>	SC561913
<b>Registered Office</b>	The Lighthouse 2 <sup>nd</sup> Floor 11 Mitchell Lane Glasgow United Kingdom G1 3NU
<b>Auditor</b>	Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew United Kingdom PA4 8WF
<b>Bankers</b>	Barclays Level 12 1 Churchill Place Canary Wharf London E14 5HP

# HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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## Directors' Report

For the year ended 31 March 2022

The directors of Hub West Scotland Project Company (No.6) Limited (the 'company') present their annual report and the audited financial statements for the year ended 31 March 2022. The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Section 1A of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

### Principal activity

The principal activity of the company is to design, build, finance and maintain the Primary Schools in Blairdardie and Carntyne located in the West of Scotland.

### Directors

The current directors of the company, who served throughout the period are shown on page 1.

### Qualifying third party indemnity provisions

The directors of the company have qualifying third party indemnity provisions put in place through other related companies.

### Directors' responsibilities statement

The directors are responsible for preparing the annual 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 Section 1A of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities). 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 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.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### **Directors' Report (continued)** **For the year ended 31 March 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 the directors are aware, there is no relevant information of which the auditor is unaware; and
- the directors have 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 auditor is aware of that information.

#### **Subsequent events**

There are 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 directors have taken advantage of the small companies' exemptions provided by Section 415A of the Companies Act 2006.

This report as approved by the board on 4 August 2022 and signed on its behalf by:



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**B Tailor**  
**Director**

# HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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## **Independent Auditor's Report to the members of Hub West Scotland Project Company (No.6) Limited** **For the year ended 31 March 2022**

### **Opinion**

We have audited the financial statements of Hub West Scotland Project Company (No.6) Limited (the 'company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement 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 Section 1A of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Small Entities; 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.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### **Independent Auditor's Report to the members of Hub West Scotland Project Company (No.6) Limited (continued) For the year ended 31 March 2022**

#### **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' exemption 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 2, 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 WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### **Independent Auditor's Report to the members of Hub West Scotland Project Company (No.6) Limited (continued) For the year ended 31 March 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](http://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, legislation and 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 correspondence with HMRC.



## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### **Independent Auditor's Report to the members of Hub West Scotland Project Company (No.6) Limited (continued) For the year ended 31 March 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 report**

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

*Azets Audit Services*

**James McBride (Senior Statutory Auditor)**  
for and on behalf of  
**Azets Audit Services, Statutory Auditor**  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 9 August 2022

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Statement of Comprehensive Income For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>		<b>412</b>	<b>360</b>
Cost of sales		<u>(350)</u>	<u>(303)</u>
<b>Gross profit</b>		<b>62</b>	<b>57</b>
Administrative expenses		(2)	(2)
<b>Operating profit</b>		<u>60</u>	<u>55</u>
Interest receivable and similar income	3	702	728
Interest payable and similar charges	4	(743)	(755)
<b>Profit on ordinary activities before taxation</b>		<u>19</u>	<u>28</u>
Tax credit / (charge) on profit on ordinary activities	5	9	(5)
<b>Profit for the financial year</b>		<u>28</u>	<u>23</u>
<b>Other comprehensive income</b>			
Movement in cash flow hedge	8	1,125	1,063
Cash flow hedge – recycled to profit	8	263	195
Taxation in respect of items of other comprehensive income	5	(273)	(239)
		<u>1,115</u>	<u>1,019</u>
<b>Total comprehensive income for the year</b>		<u>1,143</u>	<u>1,042</u>

The results for the current and previous financial period derive from continuing operations.

The notes form part of these financial statements


## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Statement of Financial Position As at 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Non-current asset</b>			
Financial asset > 1 year	6	15,731	16,422
<b>Current assets</b>			
Financial asset < 1 year	6	738	643
Fair value of interest rate swap > 1 year		154	-
Trade and other receivables due within one year		57	31
Deferred tax	9	7	271
Cash at bank and in hand		453	313
		<u>1,409</u>	<u>1,258</u>
<b>Current liabilities</b>			
Trade and other payables		<u>(834)</u>	<u>(1,052)</u>
<b>Net current assets</b>		<u>575</u>	<u>206</u>
<b>Total assets less current liabilities</b>		<b>16,306</b>	<b>16,628</b>
<b>Non-current liabilities</b>			
Trade and other payables		(16,281)	(17,782)
<b>Provisions for liabilities</b>			
Lifecycle underspend	10	(36)	-
<b>Net liabilities</b>		<u>(11)</u>	<u>(1,154)</u>
<b>Capital and reserves</b>			
Issued share capital		-	-
Retained earnings	11	(154)	(182)
Cash flow hedge reserve	11	143	(972)
<b>Shareholders' deficit</b>		<u>(11)</u>	<u>(1,154)</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 within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 4 August 2022 by:

  
.....  
**B Taylor**  
**Director**

**Company number: SC561913**

The notes form part of these financial statements

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Statement of Changes in Equity For the year ended 31 March 2022

	Issued share capital £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total £'000
<b>1 April 2021</b>	-	(972)	(182)	(1,154)
Profit for the year	-	-	28	28
Movement in fair value of cash flow hedge	-	1,125	-	1,125
Cash flow hedge – recycled to profit	-	263	-	263
Taxation in respect of cash flow hedge	-	(273)	-	(273)
<b>Other comprehensive income for the year</b>	-	1,115	-	1,115
<b>Total comprehensive income for the year</b>	-	1,115	28	1,143
<b>31 March 2022</b>	-	143	(154)	(11)

	Issued share capital £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total £'000
<b>For the year ended 31 March 2021</b>				
<b>1 April 2020</b>	-	(1,991)	(205)	(2,196)
Profit for the year	-	-	23	23
Movement in fair value of cash flow hedge	-	1,063	-	1,063
Cash flow hedge – recycled to profit	-	195	-	195
Taxation in respect of cash flow hedge	-	(239)	-	(239)
<b>Other comprehensive income for the year</b>	-	1,019	-	1,019
<b>Total comprehensive income for the year</b>	-	1,019	23	1,042
<b>31 March 2021</b>	-	(972)	(182)	(1,154)

The notes form part of these financial statements

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### **Principal Accounting Policies** **For the year ended 31 March 2022**

Hub West Scotland Project Company (No.6) Limited (the 'company') is incorporated in Scotland. The registered office is shown on page 1. The company's principal activity is as described in the Directors' Report.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Section 1A of the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

The functional currency is pounds sterling and rounded to the nearest £'000, unless otherwise stated.

#### **Going concern**

The directors have reviewed the future liquidity requirements and have considered the cash flow forecasts of the company. The company produces long-term financial forecasts which show the company is able to operate and meet its financial obligations as they fall due, including compliance with all loan agreements. Based on this review and the future business prospects of the company, the directors believe the company will be able to meet its liabilities as they fall due.

Having regard to the above and after making enquiries, 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 annual report and accounts.

#### **Turnover**

##### **a. Public to private concession arrangements**

A substantial portion of the company's assets are used within the framework of concession contracts granted by a public sector customer (the 'grantor'). Under such contracts, the company constructs Education facilities on behalf of a Local Authority and receives a unitary charge over a 25-year operating concession.

To fall within the scope of section 34 of FRS 102, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide using the infrastructure, to whom, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement.

Pursuant to section 34 of FRS 102, such infrastructure is not recognised in assets of the operator as property, plant, and equipment but as a financial asset ('financial asset model').

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### Principal Accounting Policies (continued) For the year ended 31 March 2022

#### Turnover (continued)

##### b. Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- Amounts specified or determined in the contract or
- The shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract

Financial assets resulting from the application of section 34 of FRS 102 are recorded at the reporting date under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial model comprises of construction service remuneration, and, once operational, service remuneration which relates to lifecycle maintenance and facilities income and ad hoc property related services income.

#### Financial instruments

The company, except for the derivative financial instruments noted below, enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third 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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of amounts recoverable, which approximates the amount that the company would receive for the asset if it were to be sold at the Statement of Financial Position date.

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### Principal Accounting Policies (continued) For the year ended 31 March 2022

#### Interest receivable

Interest receivable is recognised in the of Statement of Comprehensive Income. The rate applied is based on the WACC of the project and is applied to the carrying value of the financial asset on a quarterly basis.

#### 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 charges is at a constant rate of the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument,

#### Loan arrangement fees

Senior debt issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument. The capitalised fees are then released through comprehensive income using the effective interest method over the term of the loan.

#### Loan commitment fees

Loan commitment fees are charged to the Statement of Comprehensive Income as incurred.

#### 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.

#### Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expenditure 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 Statement of Financial Position date.

#### 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.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

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### Principal Accounting Policies (continued) For the year ended 31 March 2022

#### Creditors

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

#### Derivative financial instrument and hedging activities

The company uses derivative financial instruments to manage exposures to interest rate risks. Interest rate swaps have been taken alongside the senior debt loans to provide a fixed interest rate over the life of the debt. These are measured at fair value on a mid-market basis and recognised in the Statement of Financial Position. The mark-to-market-value is the result of the valuation of the current interest coupons on market rates as well as the interest accrued as of the valuation date. All values are discounted from the payment date to the valuation date.

#### Hedge accounting

Where transactions meet the specified criteria, hedge accounting is used for the related financial instrument. At the time an instrument is designated as a hedge, the company formally documents the relationship between the hedging instrument and the hedged item. Documentation ensures that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Accordingly, the company formally assessed, both at inception of the hedge and on an ongoing basis whether the hedging derivatives have been 'highly effective' in offsetting changes in the cash flows of the hedged item.

#### Accounting estimates and judgments

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are as follows:

##### a. Key sources of estimation uncertainty

**Financial asset interest rate** – The financial asset interest rate is based on the WACC of the project. This rate is applied to the carrying value of the financial asset on a quarterly basis. The interest rate used in 2022 is 4.17% (2021: 4.17%) per annum.

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

**Service Margin** – After the property is constructed, the company provides facilities management services. The margin for these services is calculated as the rate which brings the financial asset balance to zero at the end of the contract. The service margin rate used in 2022 is 19.97% (2021: 21.72%) per annum.

**Interest rate swaps** – The company have interest rate swaps. The fair value is estimated by calculating the present value of the cash flows of each leg of the swap. The expected cash flows of the fixed leg, based on the fixed interest rate, are discounted by an appropriate discount factor. The expected cashflows for the floating rate based on the interest yield curves are also discounted. The present value of the interest rate swap is the difference between the values of the two streams of cash flows.

##### b. Critical judgements

**Concession arrangements** – The concession arrangements undertaken by the company are considered to fall within the scope of section 34 of FRS 102 "Service Concession Arrangements", as described in the turnover note. This judgement has been based on a consideration of the nature and terms of the agreements.



## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Notes to the Financial Statements For the year ended 31 March 2022

#### 1. Directors' remuneration

The directors did not receive any remuneration from the company for their services to the company during the financial period. The directors are remunerated by the shareholding companies for their services to the group as a whole.

#### 2. Staff numbers

The company had no employees during the current and prior financial year.

#### 3. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable on financial asset	702	728
	<u>702</u>	<u>728</u>

For the year ended 31 March 2022

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	<u>702</u>	<u>728</u>

#### 4. Interest payable and similar charges

	2022 £'000	2021 £'000
Interest payable on senior debt borrowings	274	361
Interest payable on sub debt borrowings	155	157
Finance cost – recycled cash flow hedge	263	195
Facility commitment fees	35	24
Other financing costs	16	18
	<u>743</u>	<u>755</u>

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2022

#### 5. Tax on profit on ordinary activities

	2022 £'000	2021 £'000
<b>a) Analysis of tax on profit on ordinary activities</b>		
<b>Current tax</b>		
UK corporation tax payable at 19% (2021: 19%)	-	-
Total current tax	-	-
<b>Deferred tax (note 9)</b>		
Origination and reversal of timing differences		
- current year	9	(5)
Total deferred tax credit / (charge)	9	(5)
Tax on profit on ordinary activities	9	(5)
<b>Taxation in respect of other comprehensive loss</b>		
Cash flow hedge reserve - charge	(273)	(239)
Total taxation in respect of other comprehensive loss	(273)	(239)

The tax assessed for the year differs from the standard rate of corporation tax in the UK (19%) (2021: 19%). The differences are explained below:

	£'000	£'000
<b>b) Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before tax	19	28
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (19%) (2021: 19%)	4	5
Effects of:		
Use of brought forward losses	(4)	(5)
Deferred tax credit / (charge)	9	(5)
Total tax credit / (charge) for the period	9	(5)

#### Factors that may affect future tax charge

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. This change becomes effective from 1 April 2023.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2022

#### 6. Financial asset

	2022 £'000	2021 £'000
Balance at 1 April	17,065	17,678
<b>Income recognised in the Statement of Comprehensive Income</b>		
- construction remuneration	-	2
- service remuneration	370	316
- interest income	702	728
	<u>1,072</u>	<u>1,046</u>
<b>Other movements</b>		
- cash received	(1,668)	(1,659)
	<u>(1,668)</u>	<u>(1,659)</u>
Balance at 31 March	<u>16,469</u>	<u>17,065</u>
Financial asset due within one year	738	643
Financial asset due after more than one year	<u>15,731</u>	<u>16,422</u>
	<u>16,469</u>	<u>17,065</u>

#### 7. Trade and other payables

Analysis of amounts falling due after 5 years is given below:

	2022 £'000	2021 £'000
Senior debt borrowings	12,531	13,098
Arrangement fees	(120)	(133)
Subordinated debt borrowings	1,425	1,442
Interest rate swap derivative	-	387
	<u>13,836</u>	<u>14,794</u>

Senior debt borrowings relate to a term loan facility provided by Norddeutsche Landesbank Girozentrale.

The term loan facility has an agreed monthly drawdown profile which commenced in November 2017 and ended in April 2019.

The amounts drawn under the term loan facility are repayable on an agreed repayment profile commencing September 2019 and ending September 2043. Issue costs of the senior debt have been offset against the senior debt borrowings and will be amortised over the repayment period of the facility.

The subordinated debt loan notes carry a coupon of 9.75% and are repayable in pre-determined semi-annual instalments commencing September 2019 and ending September 2043.

The senior and subordinated debt is secured by a fixed and floating charge on the assets of the company. The security is held in favour of Norddeutsche Landesbank Girozentrale in the role of Security Agent and Community Solutions Management Services (Hub) Limited in the role of Junior Security Trustee.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2022

#### 8. Financial assets / (liabilities) measured at fair value through other comprehensive income

	2022 £'000	2021 £'000
Current derivative financial assets / (liabilities)	35	(263)
Non-current derivative financial assets / (liabilities)	153	(937)
<b>Total financial assets / (liabilities) measured at fair value through other comprehensive income</b>	<b>188</b>	<b>(1,200)</b>

The movement in the fair value was £1,125,000 (2021: (£1,063,000)). £263,000 (2021: £195,000) of the fair value at the prior year end was recycled to profit in the year.

#### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2022 was £15,470,000 (2021: £16,032,000).

At 31 March 2022, the fixed interest rate was 3.38% and the main floating rates are SONIA.

#### 9. Deferred tax asset

	2022 £'000	2021 £'000
<b>Deferred tax asset</b>		
Balance at beginning of period	271	515
Credit/ (charge) to profit and loss for the financial year	9	(5)
Charge to other comprehensive income	(273)	(239)
Balance at end of period	7	271

An analysis of the deferred taxation provided in the financial statements is as follows:

	2022 £'000	2021 £'000
Losses carried forward	52	43
Cash flow hedge reserve	(45)	228
	7	271

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2022

#### 10. Lifecycle underspend provision

	2022 £'000	2021 £'000
At 1 April	-	-
Additions	36	-
At 31 March	36	-

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.

#### 11. Reserves

##### Retained earnings

Retained earnings represents cumulative profits and losses.

##### Cash flow hedge reserve

The movements in the fair value of the interest rate swap less the associated deferred tax asset are included in this reserve.

#### 12. Ultimate parent company and controlling party

The company is a wholly owned subsidiary of Hub West Scotland Holdco (No.6) Limited.

Hub West Scotland Holdco (No.6) Limited is a Company registered in Scotland and is owned by the following companies which are registered in Scotland: Wellspring Partnership Limited (60%), HCF Investments Limited (30%) and Scottish Futures Trust Investments Limited (10%).

Wellspring Partnership Limited is jointly owned by the following companies that are registered in England and Wales: Morgan Sindall Investments Limited, Apollo (Hub West) Limited and Community Solutions Management Services (Hub) Limited.

The directors are of the opinion that there is no ultimate parent undertaking or controlling party by virtue of the joint ownership and control.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.6) LIMITED

### Notes to the Financial Statements (continued) For the year ended 31 March 2022

#### 13. Related party transactions

In the ordinary course of business, the company traded with the following companies:

	<b>Purchases 2022 £'000</b>	<b>Purchases 2021 £'000</b>	<b>Amounts outstanding 2022 £'000</b>	<b>Amounts outstanding 2021 £'000</b>
Community Solutions Partnership Services Limited *	-	-	-	-
Wellspring Management Services Limited *	112	119	-	-
Hub West Scotland Limited *	-	-	-	-
	<b>112</b>	<b>119</b>	<b>-</b>	<b>-</b>

Amounts outstanding includes creditors and accruals.

	<b>Unitary Charge 2022 £'000</b>	<b>Unitary Charge 2021 £'000</b>	<b>Pass- through Income 2022 £'000</b>	<b>Pass- through Income 2021 £'000</b>	<b>Debtor 2022 £'000</b>	<b>Debtor 2021 £'000</b>
Wellspring Management Services Limited *	-	-	9	11	7	6
Morgan Sindall Investments Limited	-	-	6	-	2	-
Wellspring Finance Company Limited	-	-	1	-	-	-
Glasgow City Council	1,668	1,659	82	30	-	14
	<b>1,668</b>	<b>1,659</b>	<b>98</b>	<b>41</b>	<b>9</b>	<b>20</b>

In addition, there was a capital contribution of £nil (2021: £103,000) from Glasgow City Council included within cash received in the financial asset.

	<b>Interest Charge 2022 £'000</b>	<b>Interest Charge 2021 £'000</b>	<b>Accrued interest 2022 £'000</b>	<b>Accrued interest 2021 £'000</b>	<b>Subord- inated debt 2022 £'000</b>	<b>Subord- inated debt 2021 £'000</b>
Wellspring Subdebt Limited *	93	94	46	47	946	963
HCF Investments Limited **	46	47	23	24	473	482
Scottish Futures Trust Investments Limited **	15	16	8	8	158	161
	<b>154</b>	<b>157</b>	<b>77</b>	<b>79</b>	<b>1,577</b>	<b>1,606</b>

\* Indirect investments via a shared parent company

\*\* Direct investments