

James Gillespie's Campus Subhub Limited

Report and Financial statements
For the year ended 31 March 2018



Company No. SC455364

Officers and professional advisers

Company registration number	SC455364
Registered office	Atholl House 51 Melville Street Edinburgh EH3 7HL
Directors	K Bradley A McCrorie P McGirk C Campbell N Gemmell G Sheret R Christie B Love P McVey R Park
Company Secretary	Galliford Try Secretariat Services Limited
Bankers	Barclays Bank Plc Unit 2 10-15 Princes Street Edinburgh EH2 2AN
Auditor	Scott-Moncrieff Chartered Accountants Exchange Place 3 Sempie Street Edinburgh EH3 8BL

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Strategic Report

The directors submit their Strategic Report, Report of the directors and the audited financial statements for the year ending on 31 March 2018.

Principal activities and business review

The Company has been established to enter into a Design, Build, Finance and Maintain ("DBFM") concession contract with the City of Edinburgh Council. The DBFM contract involves the design, build and financing of the new James Gillespie's High School Campus in Edinburgh, together with the provision of certain facilities management services within the building over the lease period. The Project Agreement between the Company and the City of Edinburgh Council was signed on 9 December 2013.

As part of this contract, the Company entered into a fixed-price sub-contract with Galliford Try Building Limited t/a Morrison Construction to design and build the facility. The construction of the campus was completed over 4 phases.

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

The DBFM project has been financed by a combination of senior and subordinated debt. Senior debt facilities of approximately £33.7m, provided by AVIVA and £3.1m of subordinated debt has been provided in instalments by equity shareholders to fund the construction of the campus.

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

Results and dividends

The results for the year are set out on page 10. The profit for the year amounted to £283,604 (2017: £227,691). The directors do not recommend payment of a dividend in respect of the year.

Principal risks and uncertainties

City of Edinburgh Council (the "Authority") is the sole client of the Company, but the directors consider that no risk arises from such a small client base since the Scottish Government has implicitly underwritten the Authority's obligations.

Most of the performance risk under the DBFM Agreement and related contracts is passed on to the subcontractors Morrison Construction and Galliford Try Facilities Management. The obligations of the service provider and building subcontractor are underwritten by respective parent company guarantees. The Company is exposed to the risk of non-performance by its subcontractors; however, penalties imposed by the Authority will be passed onto the subcontractor at fault under the terms of the subcontracts.

The life-cycle risk on the project is passed down to service provider Galliford Try Facilities Management.

Long-term project financing is in place for the duration of the concession. The funding fully amortises over the concession period leaving no refinancing risk.

Strategic Report (continued)

Financial risk management

In order to ensure stability of cash flows and hence manage interest rate risk the Company has a policy of maintaining all its bank debt at a fixed rate.

The Company receives the bulk of its revenue from the Authority and is not exposed to significant credit risk. Cash investments are with institutions of a suitable credit quality.

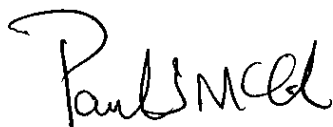
Key performance indicators

The key performance of the Company is monitored from a cash perspective. The cash position at the year end is considered adequate. This is assessed on a six monthly basis by the testing of the covenants of the senior debt provider. The key indicators are the debt service cover ratio and loan life cover ratio, which are as expected.

Future developments

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

This report has been approved by the board on 4 September 2018 and signed on its behalf by:



P McGirk
Director

Report of the directors

Directors and their interests

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

K Bradley
A McCrorie
P McGirk
G Sheret
B Love
C Campbell
R Christie
P McVey
R Park
N Gemmell (appointed 22 November 2017)
J Hope (resigned 31 July 2017)

In accordance with the Company's Articles of Association, none of its directors are required to retire.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as each director is aware, there is no relevant information of which the Company's auditor is unaware; and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information, and to establish that the Company's auditor is aware of the information.

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under Section 487(2) of the Companies Act 2006.

This report has been approved by the board on 4 September 2018 and signed on its behalf by:



P McGirk
Director

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

Opinion

We have audited the financial statements of James Gillespie's Campus Subhub Limited for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Responsibilities of the directors

As explained more fully in the Statement of directors' responsibilities on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



James McBride (Senior Statutory Auditor)
For and on behalf of
Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 4 September 2018

Statement of Comprehensive Income for the year ended 31 March 2018

		Year ended 31 March 2018	Year ended 31 March 2017
	Note	£	£
Turnover	3a	388,294	4,252,014
Cost of sales		<u>(263,348)</u>	<u>(4,065,790)</u>
Gross profit		124,946	186,224
Administration expenses		<u>(107,848)</u>	<u>(89,263)</u>
Operating profit	3b	17,098	96,961
Interest payable	4	<u>(2,210,670)</u>	<u>(2,249,902)</u>
Interest receivable	4	<u>2,477,176</u>	<u>2,380,632</u>
Profit on ordinary activities before taxation		283,604	227,691
Taxation	5	-	-
Retained profit for the year		283,604	227,691
Other comprehensive income		-	-
Total comprehensive income		283,604	227,691


All activities are continuing.

The notes form part of these financial statements.

Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Non-current assets			
Financial asset due in more than one year	6	32,084,842	32,851,261
Current assets			
Financial asset due in less than one year	6	3,242,473	3,276,712
Debtors	7	-	24,982
Cash and cash equivalents	8	824,411	934,254
		<u>4,066,884</u>	<u>4,235,948</u>
Current liabilities			
Creditors – amounts falling due within one year	9	(1,499,381)	(1,623,575)
Net current assets		<u>2,567,503</u>	<u>2,612,373</u>
Total assets less current liabilities		<u>34,652,345</u>	<u>35,463,634</u>
Creditors – amounts falling due after more than one year	10	(33,606,912)	(34,701,805)
Net Assets		<u>1,045,433</u>	<u>761,829</u>
Capital and reserves			
Called-up share capital	12	100	100
Profit and loss account	13	1,045,333	761,729
Equity shareholders' funds		<u>1,045,433</u>	<u>761,829</u>

The financial statements were authorised for issue by the board of directors on 4 September 2018 and signed on its behalf by:



P McGirk
Director

Registered Number: SC455364

The notes form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2018

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 April 2017	100	761,729	761,829
Total comprehensive income	-	283,604	283,604
Balance at 31 March 2018	<u>100</u>	<u>1,045,333</u>	<u>1,045,433</u>

Statement of Changes in Equity for the year ended 31 March 2017

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 April 2016	100	534,038	534,138
Total comprehensive income	-	227,691	227,691
Balance at 31 March 2017	<u>100</u>	<u>761,729</u>	<u>761,829</u>

The notes form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	283,604	227,691
Adjustments for:		
Non-cash revenue	(347,795)	(3,946,201)
Unitary charge received	3,625,629	3,269,570
Interest paid	2,210,670	2,249,902
Interest received	(2,477,176)	(2,380,632)
Decrease in debtors	24,982	301,765
Decrease in creditors	(190,704)	(475,840)
Cash from operations	3,129,210	(753,745)
Income taxes paid	-	-
Net cash generated from/ (used in) operating activities	3,129,210	(753,745)
Cash flows from financing activities		
Bank loans repaid	(1,044,286)	(689,997)
Shareholder loans drawn	-	516,398
Shareholder loan repaid	(34,736)	-
Interest paid	(2,160,031)	(2,199,312)
Net cash used in financing activities	(3,239,053)	(2,372,911)
Net decrease in cash and cash equivalents	(109,843)	(3,126,656)
Cash and cash equivalents at the beginning of the year (Note 8)	934,254	4,060,910
Cash and cash equivalents at the end of the year (Note 8)	824,411	934,254

The notes form part of these financial statements.

Notes to the Financial Statements

1 Principal accounting policies

(a) General information

The financial statements are presented in Pounds Sterling (GBP) and are rounded to the nearest whole pound. The financial statements cover the results for the year ended 31 March 2018. The continuing activities of the Company continue to be to Design, Build, Finance and Maintain the James Gillespie's school Campus for the term of the service concession arrangement.

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

Atholl House
51 Melville Street
Edinburgh
EH3 7HL

The company's registered number is SC455364

(b) Basis of preparation

These financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on the historical cost basis.

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

The following accounting policies have been applied:

Notes to the Financial Statements

1 Principal accounting policies (continued)

(c) Going concern

During the year, the Company made a profit of £283,604 (2017: £227,691) and at the Balance Sheet date, its assets exceeded its liabilities by £1,045,433 (2017: £761,829). The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements, for the following reasons:

- the school is operational with monthly service payments, in line with the Project agreement now being received. These will continue over the life of the 25 year service concession until the expiry date of 15 July 2041.
- The directors have prepared and approved cash flow forecasts for the full service concession term and based on this information the directors believe the Company will be able to meet all liabilities as they fall due.

The directors have thus formed the view that, at the time of approving the financial statements, the Company will have adequate resources to continue in existence for the foreseeable future. Therefore, the directors consider the adoption of the going concern basis in preparing the financial statements to be appropriate.

If the Company were unable to continue in operation for the foreseeable future, adjustments would have to be made to reduce the Balance Sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise.

(d) Consolidation

James Gillespie's Campus Subhub Holdings Limited and James Gillespie's Campus Subhub Limited are included within the group accounts prepared by the parent undertaking, Hub South East Scotland Limited.

Notes to the Financial Statements

1 Principal accounting policies (continued)

(e) Financial asset

Construction and related costs of building the school, excluding interest costs and other costs of funding, are being treated as a financial asset (contract debtor) under the terms of FRS 102. The financial asset will be repaid over the life of the contract as service income is received from City of Edinburgh Council.

Upon becoming operational, the income derived from the DBFM contract is allocated between the provision of the asset and the provision of the subsequent services. Upon acceptance of the constructed asset by City of Edinburgh Council, the financial asset is amortised over the life of the contract against the relevant portion of the contracted income. The proportion of the financial asset to be amortised against contracted income receivable within one year is classified as a current asset and the remainder non-current.

(f) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Deferred taxation has been recognised as a liability or asset if transactions have incurred at the Balance Sheet date that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

(g) Financial liabilities

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

(h) Interest

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

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

(i) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

(j) Cash and Cash Equivalents

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

Notes to the Financial Statements

1 Principal accounting policies (continued)

(k) Creditors

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

(l) Financial Instruments

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

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

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

The directors are satisfied that accounting policies are appropriate and consistently applied. There are no accounting estimates.

3a Turnover

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

	2018	2017
	£	£
Turnover		
Construction revenue	-	3,643,123
Service Revenue	347,795	303,078
Pass through/other income	40,499	305,813
	<u>388,294</u>	<u>4,252,014</u>

3b Operating profit

None of the directors received any remuneration as directors from the Company during the year (2017: £nil). The Company has no directly employed personnel (2017: none). The profit on ordinary activities is stated after charging auditor's remuneration of £4,520 (2017: £4,500) in respect of the audit of the company and its immediate parent, James Gillespie's Campus Subhub Holdings Limited. The auditor also received remuneration in respect of tax services of £2,585 (2017: £1,550) including iXBRL tagging.

Notes to the Financial Statements

4 Interest payable and receivable

	2018 £	2017 £
Interest payable		
Bank loan interest payable	(1,823,175)	(1,873,060)
Interest on loans from parent undertaking	(387,495)	(376,842)
	<u>(2,210,670)</u>	<u>(2,249,902)</u>
Interest receivable		
Interest receivable on financial asset	<u>2,477,176</u>	<u>2,380,632</u>

5 Taxation

Factors affecting tax charge for the year

The current tax charge is lower than (2017: lower than) the amount calculated by applying the standard rate of UK corporation tax. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>283,604</u>	<u>227,691</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2017: 20%)	53,885	45,538
Effects of:		
Fixed asset timing differences	(53,885)	(45,538)
Corporation tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The gradual reduction in the corporation tax rate to 17% was announced in The Budget on 16 March 2016, and was subsequently enacted on 15 September 2016. This will reduce the Company's future tax charge.

Notes to the Financial Statements

6 Financial asset

	2018 £	2017 £
Cost		
At 1 April 2017	41,288,513	35,264,758
Additions during the year:		
Net interest receivable	2,477,176	2,380,632
Construction and related costs	-	3,643,123
At 31 March 2018	43,765,689	41,288,513
Repayment		
At 1 April 2017	(5,160,540)	(2,194,048)
Unitary charge income	(3,625,629)	(3,269,570)
Operational revenue recognised	347,795	303,078
At 31 March 2018	(8,438,374)	(5,160,540)
Closing balance at 31 March 2018	35,327,315	36,127,973
Financial asset – due for amortisation within one year	3,242,473	3,276,712
Financial asset – due for amortisation after one year	32,084,842	32,851,261
	35,327,315	36,127,973

Variable economic and market conditions are mitigated by the hedging of income and costs through the payment mechanism agreement. Any performance deductions which may be incurred against future unitary payments are passed on to the service provider leaving no net effect in the company.

7 Debtors

	2018 £	2017 £
Amounts falling due within one year		
Accrued income & other debtors	-	24,982
	-	24,982

8 Cash and cash equivalents

	2018 £	2017 £
Current accounts	824,411	934,254

Notes to the Financial Statements

9 Creditors - amounts falling due within one year

	2018 £	2017 £
Amounts falling due within one year		
Bank loan	1,041,879	994,063
Amounts owed to immediate parent company – subordinated debt	53,911	35,217
Amounts owed to immediate parent company – accrued interest	192,753	276,982
Amounts owed to related parties	18,261	129,830
Accruals	26,424	40,730
VAT creditor	166,153	146,753
	<u>1,499,381</u>	<u>1,623,575</u>

10 Creditors - amounts falling due after more than one year

	2018 £	2017 £
Amounts falling after more than one year		
Bank loan	30,104,563	31,146,026
Amounts owed to immediate parent company	3,502,349	3,555,779
	<u>33,606,912</u>	<u>34,701,805</u>

The term loan facility is provided by AVIVA. The full facility is £33,704,954 has been drawn over the construction period of the school. The term loan is repayable in instalments commencing on 30 September 2016 and ending on 30 June 2040.

Interest is charged on the term loan at a fixed rate. The fixed rate is 5.4%. The loan is disclosed net of unamortised issue costs of £824,228 (2017: £874,867).

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

The Company has previously received £3,590,996 in the form of fixed rate subordinated loan notes from James Gillespie's Campus Subhub Holdings Limited. The loan is stated at amortised cost, using the effective interest rate method. Interest is payable at a rate of 10.87% until the final redemption date of 31 March 2038. The loan notes are unsecured, fully subordinated to the term loan and are repayable in instalments commencing on 31 March 2017 and ending on 31 March 2038. Loan interest of £387,495 (2017: £376,842) has been charged for the year. Of this £192,753 (2017: £276,982) is included in amounts owed to immediate parent company at the year end. The balance outstanding at the year end is £3,556,260 (2017: £3,590,996).

Notes to the Financial Statements

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

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

	2018 £	2017 £
Less than one year	1,146,013	1,079,503
Between one and two years	1,168,483	1,127,851
Between two and five years	3,800,093	3,649,015
After 5 years	29,412,341	30,749,583
	<u>35,526,930</u>	<u>36,605,952</u>
Capital instrument charges < 1 year	(50,223)	(50,223)
Capital instrument charges > 1 year	(774,005)	(824,644)
	<u>34,702,702</u>	<u>35,731,085</u>

11 Financial Instruments

	2018 £	2017 £
Financial assets		
Cash and cash equivalents	824,411	934,254
Financial assets measured at amortised cost	35,327,315	36,152,955
	<u>36,151,726</u>	<u>37,087,209</u>
Financial liabilities		
Financial liabilities measured at amortised cost	34,940,140	36,178,627

Financial asset measured at amortised costs include the financial asset and accrued income and other debtors.

Financial liabilities measured at amortised cost include bank loans, amounts due to immediate parent company, amounts owed to related parties and accruals.

There are no financial assets or financial liabilities held at fair value.

12 Called up share capital

	2018 £	2017 £
Allotted, issued and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

Notes to the Financial Statements

13 Reserves

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

14 Related party transactions

The Company's related parties, and the extent of transactions with them during the year ended 31 March 2018 are set out below.

	Purchases from related parties 2018 £	Amounts owed to related parties 2018 £	Purchases from related parties 2017 £	Amounts owed to related parties 2017 £
Galliford Try Investments Limited	-	-	6,952	-
Galliford try Investments Consultancy Services Limited	65,895	-	86,442	18,000
Galliford Try Building Limited t/a Morrison Construction	-	-	3,545,686	-
PPDI Assetco Limited	-	10,180	2,434	3,058
Galliford Try Building Limited t/a Galliford Try Facilities Management	227,425	8,081	292,643	108,772
Total	293,320	18,261	3,934,157	129,830

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

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

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

During the year until 31 March 2018 the Company incurred an interest charge of £387,495 (2017: £376,842) in respect of subordinated loans totalling £3,556,260 (2017: £3,590,996) received from its immediate parent James Gillespie's Campus Subhub Holdings Limited. Of this, £192,753 (2017: £276,982) of accrued interest is due to James Gillespie's Campus Subhub Holdings Limited and this is included in creditors.

Notes to the Financial Statements

15 Immediate and ultimate parent undertaking

The Company is a wholly owned subsidiary of James Gillespie's Campus Subhub Holdings Limited which is incorporated in Great Britain and registered in Scotland. Copies of James Gillespie's Campus Subhub Holdings Limited financial statements can be obtained from 51 Melville Street, Edinburgh, EH3 7HL.

The immediate parent company of James Gillespie's Campus Subhub Holdings Limited is Hub South East Scotland Limited. The Directors consider there to be no ultimate controlling party.