

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Company Registration No. SC497540

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021



HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

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HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Company Information For the year ended 31 March 2021

Directors	P K Daws M B P McCrossan N W Gemmell G J Shirreff R J Dixon B Tailor
Company Secretary	C Sheridan
Registered Office	6 th Floor Merchant Exchange 20 Bell Street Glasgow United Kingdom G1 1LG
Auditor	Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew PA4 8WF
Bankers	Lloyds Banking Group 10 Gresham Street London EC2V 7AE

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Directors' Report

For the year ended 31 March 2021

The directors of Hub West Scotland Project Company (No.3) Limited (the 'Company') present their annual report and the audited financial statements for the year ended 31 March 2021. The annual report comprises the directors' report, which provides the information required by the Companies Act 2006. 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 Barrhead High School located in the West of Scotland.

Directors

The current directors of the Company, who served throughout the period and subsequently unless otherwise stated below, are shown on page 1.

R J Dixon (appointed 13 November 2020)

B Tailor (appointed 30 November 2020)

D Lane (resigned 13 November 2020)

A J Titmus (resigned 13 November 2020)

H Otti (resigned 30 November 2020)

Qualifying third party indemnity provisions

The directors of the Company have qualifying third party indemnity provisions put in place through other companies of which they are also directors.

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.3) LIMITED

Directors' Report (continued) **For the year ended 31 March 2021**

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 was approved by the board on 8 September 2021 and signed on its behalf by:



B Taylor
Director

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Independent Auditor's Report to the members of Hub West Scotland Project Company (No.3) Limited

For the year ended 31 March 2021

We have audited the financial statements of Hub West Scotland Project Company (No.3) Limited (the 'Company') for the year ended 31 March 2021, 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 2021 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.3) LIMITED

Independent Auditor's Report to the members of Hub West Scotland Project Company (No.3) Limited (continued)

For the year ended 31 March 2021

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' 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.3) LIMITED

Independent Auditor's Report to the members of Hub West Scotland Project Company (No.3) Limited (continued) For the year ended 31 March 2021

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

We obtain and update our understanding of the Company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity 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 fraud and 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, 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.3) LIMITED

Independent Auditor's Report to the members of Hub West Scotland Project Company (No.3) Limited (continued) For the year ended 31 March 2021

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: 8 September 2021

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Statement of Comprehensive Income For the year ended 31 March 2021

		2021 £'000	Restated 2020 £'000
	Note		
Turnover		384	358
Cost of sales		<u>(321)</u>	<u>(300)</u>
Gross profit		63	58
Administrative expenses		-	-
Operating profit		<u>63</u>	<u>58</u>
Interest receivable and similar income	3	951	977
Interest payable and similar charges	4	(984)	(1,050)
Profit/(loss) on ordinary activities before taxation		<u>30</u>	<u>(15)</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	5	(6)	11
Profit/(loss) for the financial year		<u><u>24</u></u>	<u><u>(4)</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>24</u></u>	<u><u>(4)</u></u>

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

The notes form part of these financial statements


HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Statement of Financial Position As at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Financial asset due after more than 1 year	6	19,927	20,811
Current assets			
Financial asset due within 1 year	6	937	939
Deferred tax	8	73	79
Trade and other receivables due within one year		19	-
Cash at bank and in hand		505	483
		<u>1,534</u>	<u>1,501</u>
Current liabilities			
Trade and other payables		<u>(1,054)</u>	<u>(1,142)</u>
Net current assets		<u>480</u>	<u>359</u>
Total assets less current liabilities		<u>20,407</u>	<u>21,170</u>
Non-current liabilities			
Trade and other payables		<u>(20,721)</u>	<u>(21,508)</u>
Net liabilities		<u><u>(314)</u></u>	<u><u>(338)</u></u>
Capital and reserves			
Issued share capital		-	-
Retained earnings		<u>(314)</u>	<u>(338)</u>
Shareholders' deficit		<u><u>(314)</u></u>	<u><u>(338)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – Small Entities 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 8 September 2021 by:


.....
B Tailor
Director

Company Number: SC497540

The notes form part of these financial statements

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Statement of Changes in Equity For the year ended 31 March 2021

	Issued share capital £'000	Retained earnings £'000	Total £'000
1 April 2020	-	(338)	(338)
Profit for the year	-	24	24
Total comprehensive income for the year	-	24	24
31 March 2021	-	(314)	(314)
For the year ended 31 March 2020			
1 April 2019	-	(334)	(334)
Loss for the year	-	(4)	(4)
Total comprehensive income for the year	-	(4)	(4)
31 March 2020	-	(338)	(338)

The notes form part of these financial statements.

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Principal Accounting Policies **For the year ended 31 March 2021**

Hub West Scotland Project Company (No.3) Limited (the 'Company') is a private company limited by shares, incorporated in Scotland. The address of the registered office is given 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.

In the annual review of the Company's going concern, the directors have considered the long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the directors are confident that the Company can operate as normal for the next twelve months. The directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation.

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 Barrhead High School on behalf of East Renfrewshire Council, 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.3) LIMITED

Principal Accounting Policies (continued) For the year ended 31 March 2021

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, 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 is an approximation of 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.3) LIMITED

Principal Accounting Policies (continued) **For the year ended 31 March 2021**

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.3) LIMITED

Principal Accounting Policies (continued) **For the year ended 31 March 2021**

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.

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 2021 is 4.43% (2020: 4.43%) 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 property 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 2021 is 22.25% (2020: 22.25%) per annum.

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.3) LIMITED

Notes to the Financial Statements For the year ended 31 March 2021

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 or prior financial year.

3. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable on financial asset	950	973
Bank interest receivable	1	4
	<u>951</u>	<u>977</u>

4. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable on senior debt borrowings	749	785
Interest payable on sub debt borrowings	216	225
Arrangement and other financing fees	19	40
	<u>984</u>	<u>1,050</u>

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2021

5. Tax on loss on ordinary activities

	2021 £'000	2020 £'000
a) Analysis of tax on profit/ (loss) on ordinary activities		
Current tax		
UK corporation tax payable at 19% (2020: 19%)	-	-
Total current tax	-	-
Deferred tax (note 8)		
Origination and reversal of timing differences		
- current year	6	(11)
Total deferred tax charge/(credit)	6	(11)
Tax charge/(credit) on profit/ (loss) on ordinary activities	6	(11)

The tax assessed for the year differs from the standard rate of corporation tax in the UK (19%) (2020: 19%). The differences are explained below:

	£'000	£'000
b) Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before tax	30	(15)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2020: 19%)	6	(3)
Effects of:		
Losses carried forward	-	3
Use of brought forward losses	(6)	-
Corporation tax charge for the year	-	-
Deferred tax movement	6	(11)
Total tax charge for the year	6	(11)

Factors that may affect future tax charge

The Chancellor announced in the Budget on 3 March 2021, 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.3) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2021

6. Financial asset

	2021 £'000	2020 £'000
Balance at 1 April	21,750	22,617
Income recognised in the statement of comprehensive income		
- construction remuneration	-	-
- service remuneration	345	320
- interest income	950	973
	<u>1,295</u>	<u>1,293</u>
Other movements		
- cash received	(2,181)	(2,160)
	<u>(2,181)</u>	<u>(2,160)</u>
Balance at 31 March	<u>20,864</u>	<u>21,750</u>
Financial asset due within one year	937	939
Financial asset due after more than one year	19,927	20,811
	<u>20,864</u>	<u>21,750</u>

7. Loans

Analysis of the loans due after 5 years is given below:

	2021 £'000	2020 £'000
Senior debt borrowings	15,831	16,555
Arrangement fees	(73)	(82)
Subordinated debt borrowings	2,039	2,048
	<u>17,797</u>	<u>18,521</u>

Senior debt borrowings relate to a term loan facility provided by Aviva Public Private Finance Limited.

The amounts drawn under the term loan facility are repayable on an agreed repayment profile commencing on 29 September 2017 and ending on 30 September 2041. Interest charges on amounts drawn are fixed for the term of the loan at 3.73%.

The term loan facility is secured by a fixed and floating charge on the assets of the Company. The security is held in favour of Aviva Public Private Finance Limited in the role of Security Trustee.

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 on 31 March 2018 and ending on 31 March 2042.

The subordinated debt is secured by a fixed and floating charge on the assets of the Company. The security is held in favour of Community Solutions Management Services (Hub) Limited in the role of Security Trustee.

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2021

8. Deferred tax

	2021 £'000	2020 £'000
Deferred tax		
Balance at beginning of period	79	68
(Charge)/credit for the financial year	(6)	11
Balance at end of period	<u>73</u>	<u>79</u>

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

	2021 £'000	2020 £'000
Losses carried forward	<u>73</u>	<u>79</u>
	<u>73</u>	<u>79</u>

9. Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Hub West Scotland Holdco (No.3) Limited which is registered in Scotland and which itself is owned by the following entities registered in Scotland: Wellspring Partnership Limited (60%), HCF Investments Limited (20%), East Renfrewshire Council (10%) 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.

10. Related party transactions

In the ordinary course of business, the Company traded with the following companies who held a direct investment in the Company, unless indicated otherwise.

On 30 January 2020 Wellspring Subdebt Limited transferred their share of the subordinated debt to GCP Asset Finance 1 Limited.

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2021

10. Related party transactions (continued)

	Purchases 2021 £'000	Purchases 2020 £'000	Amounts outstanding 2021 £'000	Amounts outstanding 2020 £'000
Wellspring Management Services Limited*	119	106	-	-
Community Solutions Partnership Services Limited*	-	10	-	-
Hub West Scotland Limited*	-	6	-	-
	119	122	-	-

Amounts outstanding includes creditors and accruals.

	Unitary Charge 2021 £'000	Unitary Charge 2020 £'000	Pass- through/ Other Income 2021 £'000	Pass- through/ Other Income 2020 £'000	Debtor 2021 £'000	Debtor 2020 £'000
Wellspring Management Services Limited	-	-	10	-	5	-
Morgan Sindall Limited Investments Limited *	-	-	-	5	-	-
East Renfrewshire Council	2,181	2,160	28	33	-	-
Wellspring Finance Company	-	-	1	-	1	-
	2,181	2,160	39	38	6	-
	Interest Charge 2021 £'000	Interest Charge 2020 £'000	Accrued interest 2021 £'000	Accrued interest 2020 £'000	Subord- inated debt 2021 £'000	Subord- inated debt 2020 £'000
Wellspring Subdebt Limited *	-	67	-	-	-	-
GCP Asset Finance 1 Limited	129	67	64	67	1,316	1,367
HCF Investments Limited **	50	52	25	26	504	524
Scottish Futures Trust Investments Limited **	22	23	11	11	219	228
East Renfrewshire Council **	15	16	7	8	153	160
	216	225	107	112	2,192	2,279

* Indirect investments via a shared parent company ** Direct investments

HUB WEST SCOTLAND PROJECT COMPANY (NO.3) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2021

11. Prior reporting period adjustment

Expenditure items totalling £262k that were included in administration costs in the prior year have been reallocated to cost of sales in the 2020 comparative as this is considered a more appropriate classification. This does not impact the previously stated total expenditure, loss or net liabilities.