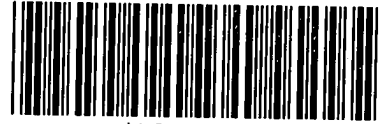


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# **HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED**

**Company Registration No. SC606100**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 22 AUGUST 2018 TO 31 MARCH 2019**

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## **HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED**

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## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Company Information

For the period from 22 August 2018 to 31 March 2019

<b>Directors</b>	A J Baillie	(Appointed 5 April 2019)
	R S Drew	(Appointed 22 August 2018)
	J W Dryburgh	(Appointed 22 August 2018)
	N W Gemmell	(Appointed 22 August 2018)
	D G Lane	(Appointed 22 August 2018)
	H Otti	(Appointed 1 June 2019)
	G J Shirreff	(Appointed 22 August 2018)
	M G E Speirs	(Appointed 5 April 2019)
	A J Titmus	(Appointed 22 August 2018)
	C J M Armstrong	(Appointed 22 August 2018, Resigned 10 September 2018)
	R Cairns	(Appointed 22 August 2018, Resigned 17 December 2018)
	W A Erlam	(Appointed 22 August 2018, Resigned 17 December 2018, Appointed 4 March 2019, Resigned 1 June 2019)
	M B P McCrossan	(Appointed 22 August 2018, Resigned 17 December 2018)
	L Scenna	(Appointed 22 August 2018, Resigned 4 March 2019)

<b>Company Secretary</b>	C Sheridan	(Appointed 22 August 2018)
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<b>Registered Office</b>	6 <sup>th</sup> Floor, Merchant Exchange 20 Bell Street Glasgow United Kingdom G1 1LG
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<b>Auditor</b>	BDO LLP 55 Baker Street London United Kingdom W1U 7EU
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## **HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED**

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### **Directors' Report**

**For the period from 22 August 2018 to 31 March 2019**

The directors of Hub West Scotland Project Company (No.7) Limited (the "Company") present their annual report and the audited financial statements for the period from 22 August 2018 to 31 March 2019. The annual report comprises the directors' report, which provides the information required by the Companies Act 2006. The financial statements have been prepared under Financial Reporting Standard 102 (FRS 102) the Financial Reporting Standard Applicable in the UK and Republic of Ireland.

#### **Principal activities**

The principal activity of the Company is to design, build, finance and maintain hospital wards in Stobhill and a health centre in Greenock and Clydebank, located in the West of Scotland.

The Company was incorporated on 22 August 2018 and commenced trading on 20 December 2018 when the projects reached financial close.

The results for the period are included on page 7.

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **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.

#### **Directors**

The current directors of the Company, who served throughout the period and subsequently unless otherwise stated, 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.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Directors' Report (continued)

For the period from 22 August 2018 to 31 March 2019

#### 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

#### Auditor and disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditor and, subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in Section 487 of the Companies Act 2006 for the deemed reappointment of BDO LLP as auditor.

This report has been prepared in accordance with the special provisions Part 15 of the Companies Act 2006 relating to small companies. The company has taken advantage of the disclosure exemptions available to small companies under section 414B of the Companies Act 2006 and not prepared a Strategic Report.

**Approved for and on behalf of the Board**



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H Otti  
20 August 2019

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

For the period from 22 August 2018 to 31 March 2019

We have audited the financial statements of Hub West Scotland Project Company (No.7) Limited for the period ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, principal accounting policies and related notes. 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 2019 and of its loss for the period then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **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.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED (continued)

For the period from 22 August 2018 to 31 March 2019

#### 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 have 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 director's report.

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

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

#### Responsibilities of Directors

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

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED (continued)

For the period from 22 August 2018 to 31 March 2019

#### The use of our report

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

Signed:



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**Alexander Tapp**  
(Senior Statutory Auditor)

For and on behalf of:

BDO LLP, statutory auditor  
55 Baker Street  
London  
United Kingdom  
W1U 7EU

30/8/2019

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



## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Statement of Comprehensive Income For the period from 22 August 2018 to 31 March 2019

		For the period from 22 August 2018 to 31 March 2019 £'000
	Note	
Turnover	1	6,168
Cost of sales		<u>(6,137)</u>
Gross profit		31
Administrative expenses		-
Operating profit	2	<u>31</u>
Interest payable and similar charges	5	<u>(142)</u>
Loss on ordinary activities before taxation		<u>(111)</u>
Tax on loss on ordinary activities	6	19
Loss for the financial year		<u><u>(92)</u></u>
Movement in cash flow hedge		(1,732)
Taxation in respect of items of other comprehensive income	6	295
Total comprehensive loss for the year		<u><u>(1,529)</u></u>

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

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

### Statement of Financial Position As at 31 March 2019

	Note	2019 £'000
<b>Non-current asset</b>		
Trade and other receivables	7	314
		<u>314</u>
<b>Current assets</b>		
Inventory	7	6,168
Trade and other receivables	8	219
Cash at bank and in hand	9	2,901
		<u>9,288</u>
<b>Creditors</b>		
Trade and other payables	10	(1,597)
		<u>7,691</u>
<b>Net current assets</b>		
		<u>8,005</u>
<b>Total assets less current liabilities</b>		
		<u>8,005</u>
<b>Non-current liabilities</b>		
Trade and other payables	10	(9,534)
		<u>(1,529)</u>
<b>Net liabilities</b>		
		<u>(1,529)</u>
<b>Capital and reserves</b>		
Issued share capital	13	-
Retained earnings		(92)
Cash flow hedge reserve		(1,437)
		<u>(1,529)</u>
<b>Shareholders' deficit</b>		
		<u>(1,529)</u>

These accounts have been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption.

The financial statements of Hub West Scotland Project Company (No.7) Limited, registered number SC606100, were approved by the Board of Directors and authorised for issue on 20 August 2019. They were signed on its behalf by:



.....  
H Otti

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Statement of Changes in Equity

For the period from 22 August 2018 to 31 March 2019

	Issued share capital £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total 2019 £'000
<b>22 August 2018</b>	-	-	-	-
Loss for the year	-	-	(92)	(92)
<b>Comprehensive loss for the period</b>	-	-	(92)	(92)
Hedge effective portion of change in fair value of designated hedging	-	(1,732)	-	(1,732)
Taxation in respect of other comprehensive loss	-	295	-	295
<b>Other comprehensive loss for the year</b>	-	(1,437)	-	(1,437)
<b>Total comprehensive loss for the year</b>	-	(1,437)	(92)	(1,529)
<b>31 March 2019</b>	-	(1,437)	(92)	(1,529)

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

### Statement of Cash Flows

For the period from 22 August 2018 to 31 March 2019

		For the period from 22 August 2018 to 31 March 2019 £'000
<b>Cash flows from operating activities</b>	<b>Notes</b>	
Loss for the financial period		(92)
Adjustments for:		
Construction and service margin		(31)
Interest payable and similar charges	5	142
Tax credit	6	(19)
Increase in other debtors		(219)
Increase in trade and other creditors		1,111
<b>Net cash generated from operating activities</b>		<b>892</b>
<b>Cash flows used in investing activities</b>		
Payments in relation to financial asset		(6,137)
<b>Net cash used in investing activities</b>		<b>(6,137)</b>
<b>Cash flows from financing activities</b>		
Proceeds from senior debt borrowings		5,628
Proceeds from subordinated debt borrowings		2,590
Senior debt interest paid		(24)
Interest and similar charges paid		(48)
<b>Net cash generated from financing activities</b>		<b>8,146</b>
<b>Net increase in cash &amp; cash equivalents</b>		<b>2,901</b>
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period</b>		<b>2,901</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand		2,901
		<b>2,901</b>

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Principal Accounting Policies

For the period from 22 August 2018 to 31 March 2019

Hub West Scotland Project Company (No.7) Limited (the "Company") is incorporated in Scotland. The registered office is shown on page 1.

#### Basis of preparation

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred taxation is provided in full on timing differences that result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 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 hospital wards and health centres on behalf of a Health Board, 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 financial assets ('financial asset model').

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Principal Accounting Policies (continued) For the period from 22 August 2018 to 31 March 2019

#### 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 asset

The financial asset is stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. Interest is recognised once the financial asset is brought into use.

##### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### Finance costs

Finance costs that are accrued during construction of the financial asset are expensed as they are incurred.

##### 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 on a straight line basis over the term of the loan, once repayments have commenced.

##### Inventory

All directly attributable costs associated with the cost of developing property on behalf of third parties are recognised in work in progress until the development reaches practical completion. Upon practical completion and commencement of the management of the property and provision of associated services, all costs included in work in progress are transferred to a financial asset.

Work in progress is recognised at the lower of cost and net realisable value.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Principal Accounting Policies (continued)

For the period from 22 August 2018 to 31 March 2019

#### Hedge Accounting

The company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the profit and loss for the year.

#### 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

Construction Margin – Under its contractual obligations, the Company provides services related to the construction of the hospital wards and health centres. The remuneration for these services is recognised at cost plus a mark-up for profit on construction services. The construction margin rate used in the period to 31 March 2019 is 0.5% on construction costs. This is line with common industry practice and reflects the margins a similar Company may expect to earn on similar construction projects.

##### 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.7) LIMITED

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### Notes to the Financial Statements

For the period from 22 August 2018 to 31 March 2019

#### 1. Analysis of turnover

Turnover in the period is analysed as follows:

	For the period from 22 August 2018 to 31 March 2019 £'000
Construction services including margin	6,168
	<u>6,168</u>

#### 2. Operating profit

The audit fee for the Company amounted to £2,771, which is paid on its behalf, under a Management Services Agreement, by Wellspring Management Services Limited.

#### 3. 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. It is not practicable to apportion their remuneration for their services to this Company.

#### 4. Staff numbers

The Company had no employees during the financial period.

#### 5. Interest payable and similar charges

	For the period from 22 August 2018 to 31 March 2019 £'000
Interest payable on senior debt borrowings	24
Interest payable on sub debt borrowings	71
Facility commitment fees	43
Other financing costs	4
	<u>142</u>



## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

### Notes to the Financial Statements (continued) For the period from 22 August 2018 to 31 March 2019

#### 6. Tax on loss on ordinary activities

For the period from  
22 August 2018 to  
31 March 2019  
£'000

##### a) Analysis of tax on loss on ordinary activities

###### **Current tax**

UK corporation tax payable at 19%

Total current tax

-

-

###### **Deferred tax (note 12)**

Origination and reversal of timing differences

- current year

(19)

Total deferred tax credit

(19)

Tax credit on loss on ordinary activities

(19)

###### **Taxation in respect of other comprehensive loss**

Cash flow hedge reserve

(295)

Total taxation in respect of other comprehensive loss

(295)

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

£'000

##### **b) Factors affecting the tax charge for the year**

Loss on ordinary activities before tax

(111)

Loss on ordinary activities multiplied by the standard rate  
of corporation tax in the UK (19%)

(21)

Effects of:

Adjust closing deferred tax

2

Total tax credit for the period

(19)

The reduction in the corporation tax rate to 17% from 1 April 2020 is not anticipated to materially affect the future tax charge.

#### 7. Inventory

2019  
£'000

Work in progress

6,168

6,168

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

### Notes to the Financial Statements (continued) For the period from 22 August 2018 to 31 March 2019

#### 8. Trade and other receivables

	2019 £'000
<b>Due within one year</b>	
VAT receivable	203
Prepayments and accrued income	16
	<u>219</u>
<b>Due within more than one year</b>	
Deferred tax (note 12)	314
	<u>314</u>

#### 9. Cash at bank and in hand

Included in cash at bank and in hand is cash of £2,901,000 which is restricted for use in pre-described circumstances by the lender.

#### 10. Trade and other payables

	2019 £'000
<b>Amounts falling due within one year</b>	
Trade creditors	33
Accruals	1,564
	<u>1,597</u>
<b>Amounts falling due after more than one year</b>	
Senior debt borrowings (note 11a)	5,628
Senior debt issue costs	(486)
Subordinated debt (note 11b)	2,660
Interest rate swap derivative (note 14)	1,732
	<u>9,534</u>

#### 11. Loans

##### (a) Senior debt borrowings

<b>The senior debt borrowings are repayable as follows:</b>	2019 £'000
Within one year	-
Between one and two years	357
Between two and five years	3,268
After more than five years	2,003
	<u>5,628</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 commencing in December 2018 and ending in September 2020. The amounts drawn under the term loan facility are repayable on an agreed repayment profile commencing in March 2021 and ending in December 2044. 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.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

### Notes to the Financial Statements (continued) For the period from 22 August 2018 to 31 March 2019

#### 11. Loans (continued)

##### (b) Subordinated debt borrowings

The subordinated debt borrowings are repayable as follows:	2019 £'000
Within one year	-
Between one and two years	340
Between two and five years	114
After more than five years	2,206
	<u>2,660</u>

The subordinated debt loan notes carry a coupon of 9.75%, and are repayable in pre-determined semi-annual instalments commencing March 2021 and ending March 2045.

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.

#### 12. Deferred tax

	2019 £'000
Deferred tax	
Balance at beginning of period	-
Credit to profit and loss for the financial period	19
Credit to other comprehensive income	295
Asset at end of period	<u>314</u>

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

	2019 £'000
Losses carried forward	19
Cash flow hedge reserve	295
	<u>314</u>

#### 13. Called up share capital

	2019 £
Allotted, called up and fully paid	
10 ordinary share of £1 each	<u>10</u>

Norddeutsche Landesbank Girozentrale has a charge over the entire share capital of the Company.

During the period the company issued 10 ordinary shares for £1 each at par for cash consideration.

## HUB WEST SCOTLAND PROJECT COMPANY (NO.7) LIMITED

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### Notes to the Financial Statements (continued) For the period from 22 August 2018 to 31 March 2019

#### 14. Financial instruments

The Company's financial instruments may be analysed as follows:

	2019
	£'000
<b>Financial assets</b>	
Financial assets measured at amortised cost	9,068
	<u>9,068</u>
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	9,399
Derivative financial instruments designated as hedges of variable interest rate	1,732
	<u>11,131</u>

Financial assets measured at amortised cost comprise financial asset, cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors and other creditors.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the company has entered into floating to fixed interest rate swaps with a nominal value equal to that initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans. These result in the company paying 1.739% per annum and receiving LIBOR (though cash flows are settled on a net basis).

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a negative fair value of £1,732,000 as at the year-end date. The cash flows arising from the interest rate swaps will continue until their maturity in 2044, coincidental with the repayment of the term loans. The recognition of the fair value in the swap was recognised in other comprehensive income as the swaps were 100% effective hedges.

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

The Company is a wholly owned subsidiary of Hub West Scotland Holdco (No.7) Limited (previously known as Hub West Scotland Midco (No.7) Limited).

Hub West Scotland Holdco (No.7) Limited, is a company registered in Scotland and is owned by the following companies or government authorities which are registered in Scotland: Wellspring Partnership Limited (60%), Scottish Futures Trust Investments Limited (10%) and HCF Investments Limited (20%) and Greater Glasgow Health Board (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.7) LIMITED

### Notes to the Financial Statements (continued) For the period from 22 August 2018 to 31 March 2019

#### 16. Capital commitments

At the reporting date, the Company had outstanding contractual commitments to make future payments to its contractor for construction services, as shown below.

	2019 £'000
<b>Capital commitments</b>	
Within one year	20,695
Between one and two years	4,790
	<b>25,485</b>

#### 17. Related party transactions

The Company has taken advantage of the exemption provided in FRS102 not to disclose transactions with companies within the group of which it is a member, where these transactions occur between entities which are 100% owned members of that group.

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

Company	Transaction amount during the year 2019 £'000	Balance at 31 March 2019 £'000
Wellspring Subdebt Limited *	1,596	1,596
HCF Investments Limited	532	532
Scottish Futures Trust Investments Limited	266	266
Greater Glasgow Health Board	266	266
Community Solutions Partnership Services Limited *	15	14
Hub West Scotland Limited *	2,623	-
<b>Total</b>	<b>5,298</b>	<b>2,674</b>

\* Indirect investment

#### 18. Subsequent events

There were no subsequent events that affected the financial statements of the Company.