

Hub Community Foundation SCIO

Charity number SC046192

Trustees' Report and Group Financial Statements

Year Ended 31 December 2017

Contents

	Page
Reference and administrative information	1
Trustees' report	2
Independent auditors' report to the members of Hub Community Foundation	6
Consolidated and charity statement of financial activities	8
Consolidated and charity balance sheet	9
Group and charity statement of cash flows	10
Notes to the accounts	11

Reference and administrative information

Trustees

P C M Reekie (appointed 10th December 2015, resigned 25th April 2017)
W J Mackintosh
G P Farley (appointed 24th April 2017)
E M Mackin
A D Bruce (appointed 25th April 2017)
L Scenna

Registered Office

50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Charity Number

SC046192

Auditors

Henderson Loggie
11-15 Thistle Street
Edinburgh
EH2 1DF

Bankers

The Royal Bank of Scotland plc
34 St Andrew Square
Edinburgh
EH2 1AF

Solicitors

Burness Paull
120 Bothwell Street
Glasgow
G2 7JL

Trustees' report

Objectives and activities

The Trustees present their annual report and financial statements for Hub Community Foundation for the period ended 31st December 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with Hub Community Foundation's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Hub Community Foundation's Charitable Objectives, as established in its Constitution, are:

- the relief and prevention of poverty through relieving unemployment; and in particular by assisting in the provision of apprenticeships, training and/or work experience directed towards assisting people to access long-term employment;
- the advancement of education;
- the advancement of health;
- the provision of recreational facilities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended; and
- the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage.

Achievements and performance

During the current year HCF has continued to generate receipts from the sale of subordinated debt rights (described in more detail below) but the main focus has been on creating a platform for the effective deployment of a part of the growing level of reserves towards a significant grant giving programme. Given their pioneering venture philanthropy approach matched with tailored development support to the charity sector, we appointed Inspiring Scotland (a registered Charity, SC 039605) during the year to work with us to create this platform. With their support, the Trustees identified the area of assisting disadvantaged young people in Scotland into training and employment as one which required further support and which fitted well with our charitable objects.

Therefore we established the Building Brighter Futures Fund and this was formally launched after the year end on 12th February 2018 with 76 applications having been received by the closing date in mid-March.

Following a rigorous assessment process, 10 charities, spread across Scotland, were selected to receive a total of £1.3m spread over 3 years, subject to ongoing performance and outcome review. The successful charities are; Aberdeen Foyer; Callander Youth Project; CEIS Ayrshire; FARE (Family Action in Rogerfield and Easterhouse); Grassmarket Community Project; Inspired Community Enterprise Trust; Kirkcaldy YMCA; Move On; PEEK - Possibilities for Each and Every Kid; Station House Media Unit. Inspiring Scotland will work with each of these charities to support their work and assist them in making the most of the funds that they will receive from HCF.

The first deployment of funds to these charities is expected to be made during July 2018.

On its formation in December 2015, the Charity was granted the rights (but not the obligation) to invest 20% of the share capital and subordinated debt in new privately financed community infrastructure projects that form part of the hub programme (for more details on the hub programme see <http://www.scottishfuturestrust.org.uk/our-work/sft-build/hub/five-hub-territories/>).

Trustees' report *(continued)*

Achievements and performance *(continued)*

In the 12 months to 31st December 2017, the Charity invested in shares in 6 such projects; activity which furthers the Charity's objectives directly, as well as bringing the prospect of future dividends to allow further support towards these objectives.

In addition, the Charity continued to sell a substantial portion of the rights it has to invest subordinated debt in these projects in exchange for the payment of a fee. These fees (and those generated by its subsidiary, HCF Investments Ltd, which have been gift aided during the year) are laying the platform for programmes of future grant support (the first of which is described above)

Furthermore, with a view to generating ongoing revenues to support the operating costs of the Charity, the Trustees decided that the Charity should take up a portion of its rights to invest Subordinated Debt in a suitable project in each of the 5 hub Territories.

As at 31 December 2017, £450,000 had been invested in 3 projects and since the year end a further £500,000 has been committed to 2 projects, completing this strand of the Charity's investment strategy, although this will be kept under ongoing review.

2017 also saw the Charity appoint Galliford Try Investments Consultancy Services to provide financial and secretarial services to HCF.

Financial review

The Charity has posted a surplus of £693,051 during the year, generated from the fees described above. Since the year end, the Charity has continued to generate further fees from the completion of new community infrastructure projects and this, alongside visibility of a future pipeline of such projects, should allow the Charity to continue to remain in good financial health, whilst meeting its key charitable objectives.

Risk management

The Charity places great importance and priority to ensure all aspects of daily operations are conducted within its risk appetite and through the active monitoring and mitigation of key risks. Key risks identified and mitigating actions for these are as follows:

- The financial performance of investments. The Trustees review the key counterparties and investment case for each project prior to any commitment.
- Fraud. An appropriate division of responsibilities has been put in place towards the banking and accounting arrangements of the Charity.

Plans for future periods

The Trustees will keep under review what other areas of need HCF should support beyond that of assisting disadvantaged young people into training and employment, promoted by our £1.3m Building Brighter Futures Fund described above.

Trustees' report *(continued)*

Reserves policy

At the year end, the charity held £3,222,440 (2016: £2,529,389) of unrestricted funds. Reserves policy will be reviewed and refined in future financial years once its operational experience grows.

Structure governance and management

Hub Community Foundation is a registered Scottish Charitable Incorporated Organisation ('SCIO'), charity number SC046192.

The board of trustees has the ultimate decision making powers and trustees are recruited and appointed in line with the constitution. All trustees receive an induction from the existing trustees. If the individual has never served on a Board before training would also be undertaken.

The Charities and Trustee Investment (Scotland) Act 2005 bestows a duty on each Trustee, in exercising functions as a charity trustee, to act in the interests of the charity, and, in particular must:

- seek, in good faith, to ensure that the charity acts in a manner which is in accordance with its purposes;
- act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person; and
- ensure that the Hub Community Foundation complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.

Trustees' responsibilities in relation to the financial statements

The Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Charity trustees to prepare financial statements for each period which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Charity's Constitution. They are also responsible for safeguarding the assets of the Charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' report *(continued)*

Approval

At the time of approving this report, the Trustees are aware of no relevant audit information of which the charity's auditors are unaware and have taken all steps that they ought to have taken, as a Trustee, in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by the Trustees on 5 July 2018 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'W Mackintosh', with a large, stylized loop at the end.

W Mackintosh
Trustee

Independent auditors' report to the members of Hub Community Foundation

Opinion

We have audited the Group and Charity financial statements of Hub Community Foundation for the year ended 31 December 2017 which comprise the Group and Charity Statement of Financial Activities, the Group and Charity Balance Sheet, the Group and Charity Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its income and expenditure 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of 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 charity 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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 other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

Independent auditors' report to the members of Hub Community Foundation Opinion

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities and Trustees Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees 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 trustees 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 Trustees are responsible for assessing the charity'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 Trustees either intend to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charity Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees 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 charity and its trustees as a body for our audit work, for this report, or for the opinions we have formed.



Henderson Loggie

Chartered Accountants & Statutory Auditors

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11-15 Thistle Street

Edinburgh

EH2 1DF

5 July 2018

Consolidated and charity statement of financial activities
for year ended 31 December 2017

		Year to 31 December 2017 Group Unrestricted funds £	Year to 31 December 2017 Charity Unrestricted funds £	13 months to 31 December 2016 Group Unrestricted funds £	13 months to 31 December 2016 Charity Unrestricted funds £
	Note				
Income from:					
<i>Donations – Donation from subsidiary</i>		-	389,118	-	1,431,877
<i>Other income</i>	2	746,024	345,077	2,666,684	1,170,745
<i>Investments</i>	3	577,271	17,691	334,535	927
Total income		1,323,295	751,886	3,001,219	2,603,549
Expenditure on:					
<i>Raising funds</i>	4	(28,171)	(28,171)	(45,687)	(45,687)
<i>Charitable activities</i>	5	(30,664)	(30,664)	(28,473)	(28,473)
<i>Other</i>	6	(571,328)	-	(397,590)	-
Total expenditure		(630,163)	(58,835)	(471,750)	(74,160)
Net income/(expenditure) for the year		693,132	693,051	2,529,469	2,529,389
Funds brought forward		2,529,469	2,529,389	-	-
Funds carried forward		3,222,601	3,222,440	2,529,469	2,529,389

All income and expenditure is derived from continuing activities. The company has no recognised gains or losses other than those included in the Statement of Financial Activities above.

The notes on pages 11 to 17 form part of these financial statements.

Consolidated and charity balance sheet at 31 December 2017

	Note	Year to 31 December 2017 Group £	Year to 31 December 2017 Charity £	13 months to 31 December 2016 Group £	13 months to 31 December 2016 Charity £
Fixed assets					
Investments	7	7,831,853	301,204	5,274,443	151,564
Current assets					
Debtors	8	71,690	397,134	2,412	1,434,289
Cash at bank and in hand		2,768,575	2,537,424	2,433,621	981,785
		2,840,265	2,934,558	2,436,033	2,416,074
Current liabilities					
Creditors: amounts falling due within one year	9	(124,436)	(13,322)	(59,919)	(38,249)
Net current assets		2,715,829	2,921,236	2,376,114	2,377,825
Creditors: amounts falling due after more than one year	10	(7,325,081)	-	(5,121,088)	-
Net assets		3,222,601	3,222,440	2,529,469	2,529,389
Unrestricted Funds					
General fund		3,222,601	3,222,440	2,529,469	2,529,389
Total funds		3,222,601	3,222,440	2,529,469	2,529,389

Approved by the board of directors and authorised for issue on 5 July 2018


W Mackintosh
Trustee

Company registration number SC046192

The notes on pages 11 to 17 form part of these financial statements.

Group and charity statement of cash flows
for the year ended 31 December 2017

	Year to 31 December 2017		13 months to 31 December 2016	
	Group	Charity	Group	Charity
	£	£	£	£
Cash flows from operating activities				
Net income	693,132	693,051	2,529,469	2,529,389
Add interest paid	548,638	-	333,608	-
Less: Investment income	(577,271)	(17,691)	(334,535)	(927)
(Increase) / decrease in debtors	(69,278)	1,037,155	(2,412)	(1,434,289)
Increase / (decrease) in creditors	64,517	(24,927)	59,110	38,249
Cash provided by operating activities	659,738	1,687,588	2,585,240	1,132,422
Cash flows from investing activities				
Purchase of Investments	(2,557,410)	(149,640)	(5,274,443)	(151,564)
Investment income	577,271	17,691	334,535	927
Cash provided by investing activities	(1,980,139)	(131,949)	(4,939,908)	(150,637)
Cash flows from financing activities				
Receipt of Loans	2,203,993	-	5,121,897	-
Interest payable	(548,638)	-	(333,608)	-
Cash provided by financing activities	1,655,355	-	4,788,289	-
Increase in cash and cash equivalents in the year	334,954	1,555,639	2,433,621	981,785
Cash and cash equivalents at the beginning of the year	2,433,621	981,785	-	-
Total cash and cash equivalents at the end of the year	2,768,575	2,537,424	2,433,621	981,785

Notes to the accounts

1. Accounting policies

(a) Basis of preparation and assessment of going concern

The financial statements have been prepared on a historical cost basis and in accordance with the Statement of Recommended Practice FRS102 (SORP FRS102) – “Accounting and Reporting by Charities”, FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

Hub Community Foundation is a Scottish Charitable Incorporated Organisation and constitutes a public benefit entity as defined by FRS 102. The principal office is C/o Scottish Futures Trust, 11-15 Thistle Street, Edinburgh, EH2 1DF.

The financial statements have been prepared in Sterling which is functional currency of the charity.

The group financial statements are consolidated on a line by line basis with the financial statements of HCF Investments Limited the wholly owned subsidiary.

The Trustees have considered the charity's ability to continue as a going concern and have concluded that there are no material uncertainties that could affect Hub Community Foundation's ability to continue as a going concern for the 12 months from signing these financial statements.

(b) Funds structure

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. These include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

(c) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Interest on loans provided are recognised when receivable.

(d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

(e) Fixed asset investments

Investments in subsidiaries are valued using the cost model. Investments in subordinated debt are valued at cost less impairment. Other investments are measured at cost less impairment as the Trustee's consider no suitable valuation technique is available.

(f) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Debtors

Short term debtors are measured at transactional price less any impairment.

Notes to the accounts (continued)

1. Accounting policies (continued)

(h) Creditors

Short term creditors are measured at transactional price. Other financial liabilities, including loans, are measured at fair value, net of transaction costs, and are measured subsequently using the effective interest method.

(i) Financial instruments

The charity only has financial assets and financial liabilities of a type that qualify as basic financial instruments. Basic financial instruments are initially recognised at their transaction value and subsequently at their settlement value.

(j) Interest-bearing borrowings classified as basic financial instruments

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

(k) Impairment

Financial assets

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

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

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

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

2. Other income

	Year to 31 December 2017 Group £	Year to 31 December 2017 Charity £	13 months to 31 December 2016 Group £	13 months to 31 December 2016 Charity £
Sale of right to invest in Hub projects	345,077	345,077	1,170,745	1,170,745
Fee income	400,947	-	1,495,939	-
	<hr/>	<hr/>	<hr/>	<hr/>
	746,024	345,077	2,666,684	1,170,745
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the accounts *(continued)*

3. Income from investments

	Year to 31 December 2017 Group £	Year to 31 December 2017 Charity £	13 months to 31 December 2016 Group £	13 months to 31 December 2016 Charity £
Interest income	577,271	17,691	334,535	927

4. Expenditure on raising funds

	Year to 31 December 2017 Group £	Year to 31 December 2017 Charity £	13 months to 31 December 2016 Group £	13 months to 31 December 2016 Charity £
Direct costs – Legal expenditure – sale of right to invest	28,171	28,171	45,687	45,687

5. Expenditure on charitable activities

	Year to 31 December 2017 Group £	Year to 31 December 2017 Charity £	13 months to 31 December 2016 Group £	13 months to 31 December 2016 Charity £
<i>Grants payable to institutions</i>	-	-	9,000	9,000
<i>Support and governance expenditure</i>				
Management fees	21,000	21,000	3,000	3,000
Insurance	2,940	2,940	1,252	1,252
Bank fees	374	374	221	221
Software costs	163	163	-	-
Governance costs:				
- Audit fee	9,600	9,600	9,600	9,600
- Auditors' fee – Other services	(3,564)	(3,564)	5,400	5,400
Trustees Expenses	151	151	-	-
	30,664	30,664	19,473	19,473
	30,664	30,664	28,473	28,473

The Trustees give freely their time and expertise without any form of remuneration or other benefit in cash or kind. Travel expenses totaling £151 were reimbursed to one trustee in the year. The charity had no employees and the trustees are considered the key management.

Notes to the accounts *(continued)*

6. Other expenditure

	Year to 31 December 2017 Group £	Year to 31 December 2017 Charity £	13 months to 31 December 2016 Group £	13 months to 31 December 2016 Charity £
HCF Investments expenditure	571,328	-	397,590	-

7. Investments

	2017 Group £	2017 Charity £	2016 Group £	2016 Charity £
Interest in subsidiary purchased at cost	-	1	-	1
Other investments purchased at cost	2,192	1,203	2,546	1,563
Subordinated debt	7,829,661	300,000	5,271,897	150,000
	<u>7,831,853</u>	<u>301,204</u>	<u>5,274,443</u>	<u>151,564</u>

Investment in subsidiary

Hub Community Foundation owns the entire share capital of HCF Investments Limited company number SC522363, which as at 31 December had the following balance sheet and profit and loss account. See note 11 for transactions in the year.

Balance sheet as at 31 December 2017

	2017 £	2016 £
Fixed asset investments	7,530,650	5,122,880
Current assets		
Other debtors	63,675	
Cash at bank	231,151	1,451,836
Total current assets	294,826	1,451,837
Creditors - amounts falling due within one year	(500,233)	(1,453,548)
Total assets less current liabilities	7,325,243	5,121,169
Creditors: amounts falling due after more than one year	(7,325,081)	(5,121,088)
Net assets & equity shareholders' funds	162	81

Notes to the accounts (continued)

7. Investments (continued)

Profit and loss account for the year ended 31 December 2017

	Year to 31 December 2017 £	13 months to 31 December 2016 £
Turnover	400,947	1,495,939
Administration expenses	(22,671)	(63,962)
Operating (loss)/profit	378,276	1,431,977
Interest payable	(559,580)	(333,608)
Interest receivable	548,638	333,608
Profit on ordinary activities before taxation	389,218	1,431,977
Taxation	(19)	(20)
Profit and total comprehensive income for the year	389,199	1,431,957

Other investments

No dividends were received from investments either in the group or charity. Details of the investments in which the Charity or Group holds 20% or more of the share capital at 31 December 2017 are set out below. The Group has no significant influence in these investments as it has no power to participate in the financial and operating policies.

Group Name of company	Holding	Proportion of voting rights	Nature of business
Hub SW Ayr Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub SW EALC Holdco Limited	Ordinary shares	20%	Investment Holding Co
Newbattle DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
KHS DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
LBP DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub SW Largs Holdco Limited	Ordinary shares	20%	Investment Holding Co
ELCH DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (PSS) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (SCV) Midco Limited	Ordinary shares	20%	Investment Holding Co
WCHS DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (Wick) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (Anderson) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Forfar) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Levenmouth) Midco Limited	Ordinary shares	20%	Investment Holding Co
REH Phase 1 Subhub Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub West Scotland Holdco (No.1) Limited	Ordinary shares	20%	Investment Holding Co
Hub SW Greenfaulds Holdco Ltd	Ordinary shares	20%	Investment Holding Co
Hub SW Dalbeattie Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Baldragon) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub West Scotland Holdco (No.2) Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (Elgin High School) Holdings Limited	Ordinary shares	30%	Investment Holding Co
Hub West Scotland Holdco (No.3) Limited	Ordinary shares	23%	Investment Holding Co
Hub West Scotland Holdco (No.4) Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (O&C) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (New Academy – SOTC) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (I&F) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Additions			
Hub SW Cumbernauld Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Bertha Park) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Angus Schools) Limited	Ordinary shares	20%	Investment Holding Co
Hub West Scotland Holdco (No. 5) Limited	Ordinary shares	20%	Investment Holding Co
Hub West Scotland Holdco (No. 6) Limited	Ordinary shares	20%	Investment Holding Co
Hub SW QMA Holdco Limited	Ordinary shares	20%	Investment Holding Co

Notes to the accounts *(continued)*

7. Investments *(continued)*

Charity Name of company	Holding	Proportion of voting rights	Nature of business
Hub SW Ayr Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub SW EALC Holdco Limited	Ordinary shares	20%	Investment Holding Co
Newbattle DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
KHS DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
LBP DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub SW Largs Holdco Limited	Ordinary shares	20%	Investment Holding Co
ELCH DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (PSS) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (SCV) Midco Limited	Ordinary shares	20%	Investment Holding Co
WCHS DBFM Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (Wick) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub North Scotland (Anderson) Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Forfar) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Levenmouth) Midco Limited	Ordinary shares	20%	Investment Holding Co
REH Phase 1 Subhub Holdings Limited	Ordinary shares	20%	Investment Holding Co
Hub West Scotland Holdco (No.1) Limited	Ordinary shares	20%	Investment Holding Co
Hub SW Greenfaulds Holdco Ltd	Ordinary shares	20%	Investment Holding Co
Additions			
Hub SW Cumbernauld Holdco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Bertha Park) Midco Limited	Ordinary shares	20%	Investment Holding Co
Hub East Central (Angus Schools) Limited	Ordinary shares	20%	Investment Holding Co

Subordinated debt

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

8. Debtors

	2017 Group £	2017 Charity £	2016 Group £	2016 Charity £
Prepayments and accrued income	71,690	8,016	2,412	2,412
Amounts owed by subsidiary	-	389,118	-	1,431,877
	<hr/>	<hr/>	<hr/>	<hr/>
	71,690	397,134	2,412	1,434,289
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the accounts (continued)

9. Creditors due within one year

	2017 Group £	2017 Charity £	2016 Group £	2016 Charity £
Trade creditors	9,129	3,099	15,658	10,186
Amounts owed to subsidiary	-	1	-	1
Accruals	71,668	10,222	43,452	28,062
Loans	43,639	-	809	-
	<u>124,436</u>	<u>13,322</u>	<u>59,919</u>	<u>38,249</u>

10 Creditors due in more than one year

	2017 Group £	2017 Charity £	2016 Group £	2016 Charity £
Loans	7,325,081	-	5,121,088	-
	<u>7,325,081</u>	<u>-</u>	<u>5,121,088</u>	<u>-</u>

Term loans between HCF Investments Limited and GCP Asset finance 1 Limited at the year end totalled £7,368,720 (2016: £5,121,897). These loans were secured by individual restricted asset floating charges over individual assets of HCF Investments Limited.

11. Related parties

HCF Investments Limited's Directors are the same individuals as the Trustees of Hub Community Foundation. HCF Investments made donations of £389,118 (2016: £1,431,877) in the year to Hub Community Foundation and at the year end this amount was outstanding and included in debtors. Hub Community Foundation purchased the share capital of £1 in HCF Investments Limited in 2016 and at the year end this amount was outstanding and included in creditors.

