

**Cube Homes Limited
Report and Financial Statements
For the Year ended 31 March 2021**

CUBE HOMES LIMITED
Year ended 31 March 2021
CONTENTS

	PAGE
Company Information	3
Strategic Report	4
Report of the Directors	6
Independent Auditor's report to the members of Cube Homes Limited	8
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15

CUBE HOMES LIMITED
Year ended 31 March 2021
COMPANY INFORMATION

Directors

Chair D. Robinson

Other Directors M. Harrison
B. Ahmad
E. Prichard-Selby

Company secretary P. Elvy

Registered office 2a Derwent Avenue
Manchester
M21 7QP

Website <https://www.cubehomes.com/>

Registered Number Companies House No. 06342867

External Auditors BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors PwC
No 1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Bankers The Royal Bank of Scotland plc
St Ann's Street
St Ann's Square
Manchester
M60 2SS

CUBE HOMES LIMITED

Year ended 31 March 2021

STRATEGIC REPORT

Principal Activities

The principal activity of Cube Homes Limited (“Cube” or “the Company”) during the year was undertaking development of properties for outright sale, and the development and management of properties for market rent. Cube is registered under the Companies Act 2006, is a company limited by share capital and is incorporated in the United Kingdom.

Business Review

2020/21 has been another successful year for Cube with slightly reduced turnover of £13,706k (2020: £17,038k) and a profit after tax of £2,053k (2020: £3,595k). Of that, £1,100k (2020: £1,750k) was gift aided to Great Places Housing Association, the charitable parent and the remaining profit has been retained within the business.

During 2020/21 Cube sold a total of 44 units with sales revenue of £12.6m. The breakdown of this is as follows:

- 10 units at the prestigious Fairways View, Prestwich development, generating £5.4m of sales revenues;
- 29 units at the Duchy Road development in Salford, generating £5.6m of sales revenue;
- all 4 units at The Curve, Levenshulme generating £1.3m of sales revenue; and
- one unit at the newly released scheme at Holcombe View, Bury.

Cube is currently in contract developing a number of schemes for market sale, as well as private rented stock including:

- The development at Fairways View, Prestwich comprises 17 large four and five bedroom homes in the affluent suburb of Prestwich. The site is active and 10 sales were completed in 2020/21.
- The Curve, Levenshulme. This mixed development comprises 27 apartments for rent (PRS) and four houses for market sale. The site is substantially complete and the four market sale houses have been sold. Marketing of the rental units has commenced, with the completion of the apartments in 2021.
- Haven Lane, Oldham is an entirely market sale development comprising 23 family homes situated in the desirable Moorside area of Oldham. Construction initially commenced in March 2020 however activity on site has paused whilst issues around design and drainage are resolved. Subject to resolution of these issues the plan is to sell all these 23 homes throughout 2022.
- Holcombe View, Radcliffe New Road, Whitefield is an entirely market sale development comprising 14 large four and five bedroom homes on the border of the affluent and popular north Manchester suburb of Whitefield. Construction commenced in February 2020. This site has received strong interest with all 14 properties now reserved.
- Water Mill Gardens, Kersal Vale Road, Prestwich, Bury. This is a mixed tenure site comprising 109 units, 65 for market sale and 44 in a mixture of affordable tenures, in a well established and desirable area. Construction recommenced in December 2019. The first sales release occurred in February 2021, the response has been good and Cube has already secured 3 off-plan reservations.

As well as the live sites, Cube also has a strong forward development pipeline, where construction has not yet started, including sites which are either owned or where terms have been agreed.

CUBE HOMES LIMITED

Year ended 31 March 2021

STRATEGIC REPORT (Continued)

Key performance indicators and risks and uncertainties

Cube has 11 key performance indicators that are monitored monthly. These cover both market sales and market rent activities. They include the profit achieved from sales, the number of sales achieved, and income generated from market rented properties. Other indicators specifically cover the development activities of Cube.

Cube's Board has identified that the main risk comes from its market sales activity. Cube's management team monitor this risk through monthly sales progress reports and updates are also provided to the Board at each Board meeting. To further mitigate this risk Cube has delayed some construction activity and has access to the loan facility referred to below.

Cube carries out some of its trading activity within the wider Great Places Housing Group Limited ("Great Places"). Reference should therefore be made to the financial statements of Great Places. Cube is able to draw on an internal revolving loan facility of up to £40 million from Great Places Housing Association to fund its activities.

BY ORDER OF THE BOARD



P. Elvy

Secretary

23 August 2021

CUBE HOMES LIMITED
Year ended 31 March 2021
REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 March 2021.

Cube's principal activities, business review, key performance indicators, and risks and uncertainties are included in the Strategic Report on page 4.

Directors

Details of the directors are set out on page 3.

Employees

Cube has no employees (2020: nil).

Statement of responsibilities of the directors

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the directors to prepare financial statements for each financial year. 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). 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.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

CUBE HOMES LIMITED

Year ended 31 March 2021

REPORT OF THE DIRECTORS (Continued)

Going concern

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. In particular, assurance is provided by the Company's latest Business Plan including sensitivity analyses and stress testing which demonstrates that the Company has sufficient funding facilities in place that will meet planned development and other expenditure and that it is fully able to service its debt facilities.

After a thorough going concern review considering the impact of Covid-19 on all assets, liabilities and commitments, and taking into account the resulting inherent cash risk in property sales, including forecasts and projections, the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due.

Therefore the Board continues to adopt the going concern basis in the financial statements.

Auditors

The directors confirm that:

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

We will be re-appointing BDO as external auditors at the AGM on 16 September 2021, however we will also retender for the external audit service during this time. The successful party will then be appointed as external auditors at the conclusion of the re-procurement process.

BY ORDER OF THE BOARD



P. Elvy

Secretary

23 August 2021

CUBE HOMES LIMITED

Year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUBE HOMES LIMITED

Opinion on the financial statements

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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cube Homes 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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.

CUBE HOMES LIMITED

Year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUBE HOMES LIMITED (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, 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 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 there is a material misstatement in the financial statements or a material misstatement of this 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.

Other Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

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 Strategic Report or 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.

Responsibilities of Directors

As explained more fully in the Statement of responsibilities of the Directors, 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.

CUBE HOMES LIMITED

Year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUBE HOMES LIMITED (Continued)

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.

Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As a part of our audit in accordance with United Kingdom Generally Accepted Accounting Practice; and requirements of the Companies Act 2006 we exercise professional judgement and maintain professional scepticism throughout the audit. Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, United Kingdom Generally Accepted Accounting Practice and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their accounting estimates, in particular in relation to carrying value of property held for resale;
- Substantive testing to confirm the existence of revenue and cut off testing to ensure revenue has been recognised in the correct period;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, manual journals to revenue and cash, and review of journals posted to least used accounts;
- Discussions with management; including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the year;
- Obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other evidence gathered during the course of the audit;

CUBE HOMES LIMITED

Year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUBE HOMES LIMITED (Continued)

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control; and
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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.

DocuSigned by:
Julien Rye
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Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester

Date: 03 September 2021

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

CUBE HOMES LIMITED

Year ended 31 March 2021

STATEMENT OF COMPREHENSIVE INCOME

		2021	2020
	Note	£'000	£'000
Turnover	3	13,706	17,038
Cost of sales		(10,193)	(13,067)
Gross profit		3,513	3,971
Administrative expenses		(1,265)	(473)
Operating profit	4	2,248	3,498
Interest receivable and similar income		-	100
Interest payable and similar charges	5	(87)	(32)
Movement in fair value of investment properties	9	390	214
Profit on ordinary activities before taxation		2,551	3,780
Tax on profit on ordinary activities	6	(498)	(185)
Profit for the year and total comprehensive income		2,053	3,595

All amounts derive wholly from continuing operations.

There are no other recognised gains and losses other than the results for the year.

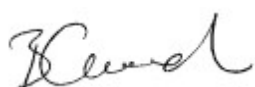
The notes on pages 15 to 22 form part of these financial statements.

CUBE HOMES LIMITED
Year ended 31 March 2021
STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Fixed assets			
Investment property	9	7,367	5,660
Investment in associate	10	798	107
Total fixed assets		<u>8,165</u>	<u>5,767</u>
Current assets			
Stock and works in progress	11	18,164	18,468
Debtors	12	527	250
Cash at bank and in hand		44	51
		<u>18,735</u>	<u>18,769</u>
Creditors: Amounts falling due within one year	13	(2,801)	(1,955)
Net current assets		<u>15,934</u>	<u>16,814</u>
Total assets less current liabilities		<u>24,099</u>	<u>22,581</u>
Creditors:			
Amounts falling due after more than one year	14	(19,111)	(18,754)
Provisions for liabilities	17	(208)	-
		<u>4,780</u>	<u>3,827</u>
Capital and reserves			
Share capital	15	-	-
Revenue reserves		3,867	3,304
Revaluation reserve		913	523
Shareholder's funds		<u>4,780</u>	<u>3,827</u>

The accompanying notes on pages 15 to 22 form part of these financial statements.

These financial statements were approved by the Board of directors on 23 August 2021 and signed on its behalf by:



B. Ahmed
Director

Company Registration Number 06342867

CUBE HOMES LIMITED

Year ended 31 March 2021

STATEMENT OF CHANGES IN EQUITY**STATEMENT OF CHANGES IN EQUITY**

	Share capital £'000	Revenue reserves £'000	Revaluation reserve £'000	Total equity £'000
As at 1 April 2019	-	1,673	309	1,982
Surplus for the year and total comprehensive income	-	3,595	-	3,595
Transfers	-	(214)	214	-
Gift aid payment (see note 8)	-	(1,750)	-	(1,750)
As at 31 March 2020	-	3,304	523	3,827
Surplus for the year and total comprehensive income	-	2,053	-	2,053
Transfers	-	(390)	390	-
Gift aid payment (see note 8)	-	(1,100)	-	(1,100)
As at 31 March 2021	-	3,867	913	4,780

The accompanying notes on pages 15 to 22 form part of these financial statements.

Transfers relate to fair value movement on investment properties (note 9).

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The Company is registered under the Companies Act 2006, is a private company limited by share capital and is incorporated in the United Kingdom.

2. Accounting policies

Basis of accounting

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 following principal accounting policies have been applied:

Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Great Places as at 31 March 2021 and these financial statements may be obtained from their registered office at 2a Derwent Avenue, Manchester, M21 7QP.

Going concern

The Company's latest Business Plan including sensitivity analyses and stress testing demonstrates that the Company has sufficient funding facilities in place that will meet planned development and other expenditure and that it is fully able to service its debt facilities. After a thorough Going Concern review considering the impact of Covid-19 on all assets, liabilities and commitments, Cube's Board has identified that the main risk comes from its market sales activity which has been impacted by Covid-19. The stress testing performed includes modelling the impact of potential delays and reduced sales values being achieved. Cube's management team monitor this risk through monthly sales progress reports and updates are also provided to the Board at each Board meeting. Cube has access to draw on an internal long-term revolving loan facility of up to £40 million from Great Places Housing Association.

Based on this position the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

Turnover

Turnover comprises market rental income net of voids receivable in the year on an accruals basis, sales of properties built for market sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year. Income from sales of properties built for sale is recognised at the point of legal completion of the sale. All turnover arose within the United Kingdom.

2. Accounting policies (continued)

Interest payable

Interest is capitalised on borrowings to finance developments up to the date of practical completion if it represents either:

- a) interest on borrowings specifically financing the development programme; or
- b) interest on borrowings of the Company as a whole to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the profit and loss account in the year.

Stock and work in progress

Property for resale is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate, based on anticipated selling price less costs to sell. No element of profit is included in the valuation of work in progress.

Land is valued at the lower of cost and net realisable value, land purchased that is directly attributable to a development scheme is included within work in progress.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Fixed asset investments

Investment properties are principally properties which are available for rent at a market value rate or are properties that are commercial properties.

Properties in the course of construction are held at fair value and they are reviewed annually. Completed investment properties are revalued annually to their fair value and no depreciation is provided. The Directors consider that this accounting policy results in the financial statements giving a true and fair view.

Changes in fair value are recognised in profit and loss. The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is retained in the profit and loss reserve ("Revenue reserve").

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis, are held at cost with consideration given to impairment at each reporting date. Any impairment losses are recognised in profit or loss for the year.

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determining whether property held for resale is stated at the lower of cost and net realisable value (including selling costs). Management make use of various sources of information in making this assessment including cost comparison to original development plan, internal development team cost expectations, post year-end sales activity, data from the internal sales team and market information from similar projects.
- Valuation of investment property involves significant judgement and expertise. Investment properties are professionally valued annually by an external firm of chartered surveyors on the basis of market value. These third party valuations are sense checked using our own knowledge of the properties and market data available regarding similar properties. This is a key source of estimation uncertainty, therefore a sensitivity analysis is provided below:

	Change in assumption	Change in value (£'000)
Investment Properties	Increase/decrease of 10%	737

3. Analysis of Turnover

Turnover for the year was due to Market sale income which totalled £12.6m (2020: £16.0m), and lettings income which totalled £1.1m (2020: £1.1m).

All income arises within the United Kingdom.

4. Operating profit

Operating profit is arrived at after charging:

	2021 £'000	2020 £'000
Auditor's remuneration (excluding VAT)		
-for the audit of the financial statements	7	7
-for other services relating to taxation	1	2

The Company has no employees (2020: none). The directors received remuneration for their services to the Company from Great Places, the ultimate parent company of Cube, of £14k (2020: £13k).

5. Interest payable and similar charges

	2021 £'000	2020 £'000
Intra group loans	1,124	1,123
Less: Interest payable capitalised on properties under construction	(1,037)	(1,091)
	87	32

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)**6. Corporation tax**

The tax charge on the profit on ordinary activities for the year was as follows:

Tax on surplus on ordinary activities

	2021	2020
	£'000	£'000
Current tax charge for the year	156	185
Current tax adjustment in respect of prior years	134	-
UK corporation tax charge/(credit) for year	<u>290</u>	<u>185</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	106	-
Adjustments in respect of prior periods	102	-
Deferred tax - note 7	<u>208</u>	<u>-</u>
Tax on surplus	498	185
Surplus before tax	<u>2,551</u>	<u>3,780</u>
Tax on profit on ordinary activities at standard CT rate of 19.00% (2020: 19%)	485	718
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	(200)
Income not taxable for tax purposes	(80)	-
Chargeable gains/(losses)	74	-
Group relief surrendered/(claimed)	(9)	-
Adjustments to tax charge in respect of previous periods	135	-
Adjustments to tax charge in respect of previous periods - deferred tax	102	-
Gift Aid payments	(209)	(333)
Tax charge/(credit) for period	<u>498</u>	<u>185</u>

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced in the budget on 3 March 2021, and substantively enacted on 24 May 2021. This will affect the calculation of future deferred tax charges.

Deferred tax has been calculated on the rate substantively enacted at the reporting date.

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Deferred taxation

Deferred tax liabilities comprise:

	2021	2020
	£'000	£'000
Fixed asset timing differences	60	-
Short term timing differences	(6)	-
Capital gains/(losses)	154	-
At 31 March 2021	<u>208</u>	<u>-</u>

8. Gift Aid

A gift aid payment of £1,100k (2020: £1,750k) was paid to Great Places Housing Association in respect of the year ended 31 March 2021.

9. Investment properties

The investment properties, including those under construction were valued at 31 March 2021 by Aspin and Company Chartered Surveyors ("Aspin"), on the basis of Market Value, as defined in the Valuation Global Standards of the Royal Institution of Chartered Surveyors ("Red Book Global").

	Investment Properties completed	Investment Properties under construction	Investment Properties Total 2021	Investment Properties Total 2020
	£'000	£'000	£'000	£'000
As at 1 April	2,700	2,960	5,660	3,501
Additions	-	1,317	1,317	1,945
Revaluation	390	-	390	214
As at 31 March	<u>3,090</u>	<u>4,277</u>	<u>7,367</u>	<u>5,660</u>

The surplus on revaluation of investment properties was £390k (2020: £214k). Of this £390k (2020: £214k) has been credited to the revaluation reserve as it represents an increase to original property values.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021	2020
	£'000	£'000
Gross cost	5,137	3,192
Additions	1,317	1,945
Accumulated depreciation based on historical cost	(76)	(54)
Historical cost net book value	<u>6,378</u>	<u>5,083</u>

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Investment in associates

Cube has entered into two joint arrangements, with the aim of generating returns from building homes for outright sale. The first arrangement is with nine other registered providers to create GMJV FundCo LLP. GMJV FundCo LLP, together with the Greater Manchester Combined Authority, have invested in Hive Homes (Greater Manchester) LLP. The second arrangement with five other registered providers to create Forge New Homes LLP, which will operate in the Sheffield City Region and plans to build 300 homes a year. Cube will be investing up to £3m as a mix of debt and equity into Hive Homes and Forge New Homes.

	GMJV FundCo LLP	Forge New Homes LLP	Total 2021	Total 2020
	£'000	£'000	£'000	£'000
Opening Balance	107	-	107	50
Additions	191	500	691	57
Disposal	-	-	-	-
Closing Balance	298	500	798	107

Name of associated undertaking	Registered Address	Proportion of voting rights held
GMJV FundCo LLP	2a Derwent Avenue, Manchester M21 7QP	10%
Forge New Homes LLP	Bull Green House, Bull Green, Halifax, HX1 2EB	20%

11. Stock and work in progress

	2021	2020
	£'000	£'000
Properties for resale - completed	4,150	2,044
Properties for resale - work in progress	14,014	16,424
	18,164	18,468

12. Debtors

	2021	2020
	£'000	£'000
Due from group undertakings	301	76
Others debtors	226	174
	527	250

All amounts are due to be received within 12 months. Amounts due from group undertakings are repayable on demand and do not attract interest charges.

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	1	66
Trade creditors	178	3
Corporation tax	501	210
Accruals and deferred income	1,978	709
Other creditors	143	967
	2,801	1,955

Amounts owed to group undertakings due in less than one year are repayable on demand and do not attract interest charges.

14. Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Loan due to parent undertaking	19,111	18,754
	19,111	18,754

The loan from Great Places Housing Association is repayable at the end of the 25 year term which expires in 2038. The loan bears interest at a fixed rate of 6%.

15. Share capital

	2021	2020
	£	£
100 Ordinary shares of £1 each	100	100
	No	No
Allotted, called up and fully paid	100	100

16. Financial commitments

	2021	2020
	£'000	£'000
Capital expenditure commitments were as follows:		
Expenditure contracted but not provided for in the accounts	10,294	27,249
Expenditure authorised by the Board, but not contracted	6,481	2,319
	16,775	29,568
Capital commitments will be funded as follows:		
Existing loan facilities	5,826	8,565
Market sales	10,949	21,003
	16,775	29,568

CUBE HOMES LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Provisions for liabilities

	Deferred taxation £'000	Total £'000
At 1 April 2020	-	-
Charged to profit or loss	208	208
Charged to other comprehensive income	-	-
Utilised in year	-	-
At 31 March 2021	<u>208</u>	<u>208</u>

18. Related party transaction

The Company has taken advantage of the exemption available not to disclose transactions between group companies on the basis that it is included in the consolidated accounts of Great Places Housing Group Limited.

19. Ultimate controlling party

The ultimate controlling party of the Company is Great Places Housing Group Limited, which is an entity registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing under the Housing Act.

The immediate parent company of Cube is Great Places Housing Association, itself a subsidiary of Great Places Housing Group Limited, which is also an entity registered under the Co-operative and Community Benefit Societies Act 2014.

The consolidated accounts of Great Places Housing Group Limited can be obtained from 2a Derwent Avenue, Manchester, M21 7QP, or via its website at www.greatplaces.org.uk.