

**Cube Homes Limited
Report and Financial Statements
For the Year ended 31 March 2022**

CUBE HOMES LIMITED
Year ended 31 March 2022
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 2022
COMPANY INFORMATION

Directors

Chair D. Robinson

Other Directors M. Harrison
B. Ahmad
E. Prichard-Selby
J. Williamson (from 9th December 2021)

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 Beever and Struthers LLP
St George's House
215 Chester Road
Manchester
M15 4JE

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

Bankers Royal Bank of Scotland PLC
Parklands
3 De Havilland Way
Bolton
BL6 4YU

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

2021/22 has been another successful year for Cube with turnover of £18.55m (2020/21: £13.71m) and a profit after tax of £3.76m (2020/21: £2.05m).

No gift aid payment was made to the charitable parent company, Great Places Housing Association, during the financial year (2020/21: £1.10m). A gift aid payment of £2.00m was made on 8 June 2022, as agreed by Board on 16 March 2022, and directly relating to the end of year financial performance for 2021/22. All remaining profits will be retained within the business.

During 2021/22 Cube sold a total of 48 units with sales revenue of £17.40m. The breakdown of this is as follows:

- 28 homes at Water Mill Gardens, Kersal Vale Road, Prestwich, generating £8.13m of sales revenue;
- 13 homes at Holcombe View, Radcliffe New Road, Whitefield, generating £5.31m of sales revenue; and
- 7 homes at Fairways View, Prestwich, generating £3.96m of sales revenue.

Cube is currently in contract developing a number of schemes for market sale including:

- 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. 28 units were already sold as at 31 March 2022 with the last sale for this scheme expected winter 2022.
- Harwood Road, Stockport also known as “The Poplars” is a collection of three and four-bedroom homes located in the popular area of Heaton Mersey. This is a mixed tenure site comprising 106 units: 5 exclusive market sale homes alongside 47 social rent; and 54 shared ownership; and. Sales are due in summer 2022.

Cube has a strong pipeline of other schemes in a range of locations including Lymm in Cheshire, Stone in Staffordshire, Oldham, Tameside and Stockport.

Key performance indicators and risks and uncertainties

Cube has 11 key performance indicators that are monitored monthly that cover both market sales and market rent activities. The performance indicators are currently under review to ensure that they continue to inform the board of the most relevant performance information. They currently 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.

CUBE HOMES LIMITED

Year ended 31 March 2022

STRATEGIC REPORT (Continued)

To further mitigate this risk Cube could choose to delay some construction activity and has access to the loan facility referred to below.

Cube's Board also recognises its ambition in its Business Plan, agreed on 16 March 2022, whilst considering the strong housing market, volatile current economic conditions and demands on labour and the supply chain, which bring challenges and opportunities. Thus far Cube has not been massively impacted with the final profit outturn for the financial year 2021/22 remaining strong and in a more positive position than expected. It is recognised that the operating environment continues to be extremely dynamic and challenging.

Cube carries out some of its trading activity within the wider Great Places Housing Group ("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

6 July 2022

CUBE HOMES LIMITED
Year ended 31 March 2022
REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 March 2022.

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 (2021: nil). Services are carried out by employees of Great Places Housing Association and recharged to Cube.

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 2022

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 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, taking into account the 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.

It is expected that we will be proposing to re-appoint Beever and Struthers as external auditors at the AGM on 22 September 2022.

BY ORDER OF THE BOARD



P. Elvy

Secretary

6 July 2022

CUBE HOMES LIMITED

Year ended 31 March 2022

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

Opinion

We have audited the financial statements of Cube Homes Limited (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including 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 Company's affairs as at 31 March 2022 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's 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 Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

CUBE HOMES LIMITED

Year ended 31 March 2022

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

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

We have nothing to report in this regard.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report 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 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 Directors' Responsibilities set out on page 6, the Board is 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 Board 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 Board is 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 Board either intends to liquidate the Company or to cease operations, or has 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 on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and tax legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Company's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

CUBE HOMES LIMITED

Year ended 31 March 2022

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

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.

A handwritten signature in dark ink, appearing to read "Beever and Struthers".

Sue Hutchinson (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 19 August 2022

CUBE HOMES LIMITED**Year ended 31 March 2022****STATEMENT OF COMPREHENSIVE INCOME**

		2022	2021
	Note	£'000	£'000
Turnover	3	18,552	13,706
Cost of sales		(13,543)	(10,193)
Gross profit		5,009	3,513
Administrative expenses		(1,205)	(1,265)
Impairment	10	(182)	-
Operating profit	4	3,622	2,248
Interest receivable and similar income	5	3	-
Interest payable and similar charges	6	(345)	(87)
Movement in fair value of investment properties	10	15	390
Profit on ordinary activities before taxation		3,295	2,551
Tax on profit on ordinary activities	7	468	(498)
Profit for the year and total comprehensive income		3,763	2,053

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 2022****STATEMENT OF FINANCIAL POSITION**

	Note	2022 £'000	2021 £'000
Fixed assets			
Investment property	10	7,616	7,367
Investment in associates	11	2,199	798
Total fixed assets		9,815	8,165
Current assets			
Stock and works in progress	12	13,329	18,164
Debtors	13	25	527
Cash at bank and in hand		49	44
		13,403	18,735
Creditors: Amounts falling due within one year	14	(1,142)	(2,801)
Net current assets		12,261	15,934
Total assets less current liabilities		22,076	24,099
Creditors:			
Amounts falling due after more than one year	15	(13,292)	(19,111)
Provisions for liabilities	17	(240)	(208)
		8,544	4,780
Capital and reserves			
Share capital	16	-	-
Revenue reserves		7,616	3,867
Revaluation reserve		928	913
Shareholder's funds		8,544	4,780

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 6 July 2022 and signed on its behalf by:



D. Robinson

Chair of the Board

Company Registration Number 06342867

CUBE HOMES LIMITED**Year ended 31 March 2022****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 2020	-	3,304	523	3,827
Profit for the year and total comprehensive income	-	2,053	-	2,053
Transfers	-	(390)	390	-
Gift aid payment (see note 9)	-	(1,100)	-	(1,100)
As at 31 March 2021	-	3,867	913	4,780
Profit for the year and total comprehensive income	-	3,764	-	3,764
Transfers	-	(15)	15	-
Gift aid payment (see note 9)	-	-	-	-
As at 31 March 2022	-	7,616	928	8,544

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

Transfers relate to fair value movement on investment properties (note 10).

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 2022 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 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, taking into account the 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. Cube's Board has identified that the main risk comes from its market sales activity. The current rates of inflation particularly within the construction industry will impact on this. 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 sales of properties built for market sale, market rental income net of voids receivable in the year on an accruals basis and other services related to market rental properties, this is 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 from the year they come into use. If a property sees a lower value on valuation than its initial construction before any revaluation increases the impairment charge is applied to the revenue reserve. The Directors consider that these 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.

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.
- Investments in Joint Ventures are currently held at the value of the investment, while they are yet to generate income their business plans still show positive returns for the investors based on known scheme and assumptions in line similar organisations.
- Valuation of investment property involves significant judgement and expertise. Investment properties are professionally valued annually by external firms 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, which highlights the risk of movement in the housing market:

	Change in assumption	Change in value (£'000)
Investment Properties	Increase/decrease of 10%	762

3. Analysis of Turnover

Turnover for the year was £18.6m (2021: £13.7m) mainly relating to sales income of £17.4m (2021: £12.6m), and lettings income which totalled £1.2m (2021: £1.1m).

All income arises within the United Kingdom.

4. Operating profit

Operating profit is arrived at after charging:

	2022 £'000	2021 £'000
Auditor's remuneration (excluding VAT)		
-for the audit of the financial statements	13	7
-for other services relating to taxation	-	1

The Operating profit includes an impairment of £182k against an investment property, "The Curve", following the valuations received on investment properties for the year.

CUBE HOMES LIMITED

Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. Interest receivable and other income**

	2022	2021
	£	£
Interest receivable	-	-
Income from current asset investment	3	-
	3	-

6. Interest payable and similar charges

	2022	2021
	£'000	£'000
Intra group loans	837	1,124
Less: Interest payable capitalised on properties under construction	(492)	(1,037)
	345	87

7. Corporation tax

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

Tax on profit on ordinary activities

	2022	2021
	£'000	£'000
Analysis of the charge in the period:		
Current tax charge / (released) for the year	-	156
Current tax adjustment in respect of prior years	(500)	134
UK corporation tax charge for year	(500)	290

Deferred tax

Origination and reversal of timing differences	(42)	106
Adjustments in respect of prior periods	6	102
Effect of tax rate change on opening balance	68	-
	32	208
Deferred tax – note 8		
	(468)	498

Factors affecting tax charge for the period:

Profit on ordinary activities before tax	3,295	2,551
Gift aid payment	-	(1,100)
	3,295	1,451

Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)

Expenses not deductible for tax purposes (primarily development expenditure)	626	485
Income not taxable for tax purposes	35	-
Chargeable gains/(losses)	(3)	(80)
Group relief surrendered/(claimed)	(32)	74
Adjustments to tax charge in respect of previous periods	(278)	(9)
Adjustments to tax charge in respect of previous periods - deferred tax	(500)	135
Remeasurement of deferred tax for changes in tax rates	6	102
Gift Aid payments including paid post year end	58	-
	(380)	(209)
	(468)	498

CUBE HOMES LIMITED

Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 could affect the calculation of future deferred tax charges, assuming that group relief can't be applied as it has been in financial year 2022.

8. Deferred taxation

Deferred tax liabilities comprise:

	2022 £'000	2021 £'000
Fixed asset timing differences	78	60
Short term timing differences	-	(6)
Capital gains/(losses)	162	154
At 31 March 2022	240	208

9. Gift Aid

No gift aid payment was made to the charitable parent company, Great Places Housing Association, during the financial year (2021: £1.10m).

A gift aid payment was made on 8 June 2022, during the 2022/23 financial year of £2.00m as agreed by Board on 16 March 2022, and based on the 2021/22 end of year profit position.

10. Investment properties

The investment properties, including those under construction were valued at 31 March 2022 in conjunction with Aspin and Company Chartered Surveyors ("Aspin") and Thomson Associates for "The Curve", 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 £'000	Investment Properties under construction £'000	Investment Properties Total 2022 £'000	Investment Properties Total 2021 £'000
As at 1 April	3,091	4,277	7,368	5,660
Additions	-	415	415	1,317
Transfers on completion	4,692	(4,692)	-	-
Impairment	(182)	-	(182)	-
Revaluation	15	-	15	390
As at 31 March	7,616	-	7,616	7,367

	2022 £'000	2021 £'000
Gross cost	6,455	5,137
Additions	415	1,317
Accumulated depreciation based on historical cost	(151)	(76)
Historical cost net book value	6,719	6,378

CUBE HOMES LIMITED

Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The impairment charge relates to a newly developed market rent scheme which experienced delays in planning and construction leading to an increase in cost over the original appraisal value, The scheme is fully occupied and is achieving the expected rental levels, so no further impairment issues are envisaged.

11. Investment in Joint Ventures

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 four 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 both Hive Homes and Forge New Homes.

	GMJV FundCo LLP	Forge New Homes LLP	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Opening Balance	298	500	798	107
Additions	441	960	1,401	691
Disposal	-	-	-	-
Closing Balance	739	1,460	2,199	798

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%

12. Stock and work in progress

	2022	2021
	£'000	£'000
Properties for resale - completed	1,189	4,150
Properties for resale - work in progress	12,140	14,014
	13,329	18,164

13. Debtors

	2022	2021
	£'000	£'000
Due from group undertakings	-	301
Others debtors	25	226
	25	527

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 2022****NOTES TO THE FINANCIAL STATEMENTS (Continued)****14. Creditors: amounts falling due within one year**

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	129	1
Trade creditors	-	178
Corporation tax	-	501
Accruals and deferred income	374	1,978
Other creditors	639	143
	1,142	2,801

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

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

	2022	2021
	£'000	£'000
Loan due to parent undertaking	13,292	19,111
	13,292	19,111

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%.

16. Share capital

	2022	2021
	£	£
100 Ordinary shares of £1 each	100	100
	No	No
Allotted, called up and fully paid	100	100

17. Provisions for liabilities

	Deferred taxation	Total
	£'000	£'000
At 1 April 2021	208	208
Charged to profit or loss	32	32
Charged to other comprehensive income	-	-
Utilised in year	-	-
At 31 March 2022	240	240

18. Financial commitments

	2022	2021
	£'000	£'000
Capital expenditure commitments were as follows:		
Expenditure contracted but not provided for in the accounts	2,156	10,294
Expenditure authorised by the Board, but not contracted	24,875	6,481
	27,031	16,775
Capital commitments will be funded as follows:		
Existing loan facilities	13,533	5,826
Market sales	13,449	10,949
Existing reserves / Cash	49	-
	27,031	16,775

19. Employees

The Company has no employees (2021: none). The directors received remuneration for their services to the Company from Great Places Housing Association, the parent company of Cube, of £20k (2021: £14k).

20. 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.

21. Post Balance Sheet Event

A Gift Aid payment was made to the charitable parent company Great Places Housing Association of £2.00m on the 8 June 2022. This Gift Aid payment relates directly to the profit position at the 31 March 2022 and was agreed by Board on the 16 March 2022. Whilst the Board agreed this to be paid, this did not constitute a legal obligation under the financial reporting standards and has therefore not been accrued in the statutory accounts for the 2021/22 financial year.

22. 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 1988.

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.