

Company Registration Number 06342867

**Cube Great Places Limited
Report and Financial Statements
For the Year Ended 31 March 2017**

CUBE GREAT PLACES LIMITED
Year ended 31 March 2017

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CUBE GREAT PLACES LIMITED
Year ended 31 March 2017

COMPANY INFORMATION

Directors

Chairman	W. Taylor
Other Members	M. Harrison D. Robinson

External Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors

PWC
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Company Secretary P Elvy

Registered office Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Bankers

The Royal Bank of Scotland plc
P.O. Box 356
38 Mosley Street
Manchester
M60 2BE

Web site www.greatplaces.org.uk

Registered Number Companies House No.
06342867

STRATEGIC REPORT

Principal Activities

The principal activity of the Company during the year was undertaking development of properties for outright sale and development and the management of properties for market rent. The company is registered under the Companies Act 2006.

Business Review

2016/17 has been a highly successful year for Cube with a turnover of £6.8M (2016: £6.8M) and a profit after tax of £685k (2016: £1,723k). Having gift aided £454k (2016: £957k) to Great Places Housing Association, our charitable parent, the remaining profit has been retained within the business. The reduction in profit compared to last year is partly due to an overall lower margin on the property sales completed in the year. In addition to this Cube has incurred abortive costs of £212k on schemes which will no longer go ahead and also has made an impairment charge of £160k in relation to a site which will be disposed of in 2017/18.

During 2016/17 Cube sold 32 units generating £6.1M of sales revenue in Oldham, Worsley and Stretford. Cube had successfully sold all of its completed units by the end of March 2017. Radcliffe Road in Bolton is on site with sales expected from September 2017. A further scheme in Gorton will be starting on site in the near future which will include 71 units for outright sale and 30 units for market rent.

The market renting part of the business has also had a good year with improving performance achieved on the 101 unit portfolio and another 15 units handed into management as part of the Fir Street scheme. The rented portfolio is supplemented by a growing agency business, most notably the highly successful "Tribe" apartments in Manchester where Cube provides a lettings and property management service for 192 apartments.

Key performance indicators and risks and uncertainties

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

The Cube Board has identified that the main risk for the Company comes from its outright sales activity. The Cube management team monitor this risk through monthly sales progress reports, updates are also provided to the Board at each Board meeting.

The Company carries out the majority of its trading activity within the wider Great Places Housing Group. Reference should therefore be made to the financial statements of Great Places Housing Group. Cube is able to draw on an internal revolving loan facility of up to £25M from Great Places Housing Association to fund its activities.

BY ORDER OF THE BOARD



Phil Elvy
Secretary
5th July 2017

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 March 2017.

The Company's principal activities, business review, key performance indicators and risks and uncertainties are included in the Strategic Report on page 2.

Directors

Details of the directors are set out on page 1.

Employees

The company has no employees.

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.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

REPORT OF THE DIRECTORS

Going concern

The directors have prepared these accounts on a going concern basis, which they believe is appropriate. This is because the approved business plan forecasts that surpluses will continue from 2017/18 onwards.

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.

A resolution to re-appoint BDO LLP will be proposed at the AGM on 7th September 2017 in accordance with Section 487(2) of the Companies Act 2006.

BY ORDER OF THE BOARD



Phil Elvy
Secretary
5th July 2017

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CUBE GREAT PLACES LIMITED

We have audited the financial statements of Cube Great Places Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2017 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CUBE GREAT PLACES LIMITED

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 where 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.

BDO LLP

Hamid Ghafoor
Senior Statutory Auditor
For and on behalf of BDO LLP
Statutory Auditor
Manchester

Date *01/08/2017*

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

CUBE GREAT PLACES LIMITED
Year ended 31 March 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	2	6,802,593	6,821,826
Cost of sales		<u>(5,953,033)</u>	<u>(4,700,285)</u>
Gross profit		849,560	2,121,541
Administrative expenses		<u>(148,892)</u>	<u>(191,565)</u>
Operating profit	3	700,668	1,929,976
Interest receivable	4	22	1
Interest payable and similar charges	5	-	(10,909)
Movement in fair value of investment properties	8	24,014	-
Income from fixed asset investment	9	<u>86,805</u>	<u>-</u>
Profit on ordinary activities before taxation		811,509	1,919,068
Tax on profit on ordinary activities	6	<u>(126,671)</u>	<u>(196,255)</u>
Profit for the year and total comprehensive income		<u><u>684,838</u></u>	<u><u>1,722,813</u></u>

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 10 to 15 form part of these financial statements.

CUBE GREAT PLACES LIMITED
Year ended 31 March 2017

STATEMENT OF FINANCIAL POSITION

	Note	2017 £	2016 £
Fixed assets			
Investment property	8	2,504,800	820,480
Investment in joint venture	9	-	46,978
Total fixed assets		<u>2,504,800</u>	<u>867,458</u>
Current assets			
Stock and works in progress	10	3,644,547	5,302,125
Debtors	11	806,573	199,067
Cash at bank and in hand		<u>488,852</u>	<u>5,000</u>
		4,939,972	5,506,192
Creditors: Amounts falling due within one year	12	<u>(899,170)</u>	<u>(1,657,955)</u>
Net current assets		<u>4,040,802</u>	<u>3,848,237</u>
Total assets less current liabilities		<u>6,545,602</u>	<u>4,715,695</u>
Creditors:			
Amounts falling due after more than one year	13	<u>(5,435,962)</u>	<u>(3,836,893)</u>
		<u>1,109,640</u>	<u>878,802</u>
Capital and reserves			
Share capital	14	100	100
Revaluation reserve		24,014	-
Revenue reserves		<u>1,085,526</u>	<u>878,702</u>
Shareholder's funds		<u>1,109,640</u>	<u>878,802</u>

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on the 5th July 2017 and were signed on its behalf by:



W. Taylor
Director
Company No: 06342867

CUBE GREAT PLACES LIMITED
Year ended 31 March 2017

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the year ended 31 March 2017	Share capital	Revenue reserves	Revaluation reserve	Total equity
	£	£	£	£
Balance at 1 April 2016	100	878,702	-	878,802
Surplus for the year	-	684,838	-	684,838
Transfer to revaluation reserve from fair value movement on investment properties (note 8)	-	(24,014)	24,014	-
Other comprehensive income for the year	-	-	-	-
Gift aid payment (see note 7)	-	(454,000)	-	(454,000)
Balance at 31 March 2017	<u>100</u>	<u>1,085,526</u>	<u>24,014</u>	<u>1,109,640</u>

Statement of changes in equity for the year ended 31 March 2016	Share capital	Revenue reserves	Revaluation reserve	Total equity
	£	£	£	£
Balance at 1 April 2015	100	113,617	-	113,717
Surplus for the year	-	1,722,813	-	1,722,813
Other comprehensive income for the year	-	-	-	-
Gift aid payment (see note 7)	-	(957,728)	-	(957,728)
Balance at 31 March 2016	<u>100</u>	<u>878,702</u>	<u>-</u>	<u>878,802</u>

In line with emerging practice, gift aid payment has been treated as a distribution rather than a cost in the income statement. The impact is to increase the surplus for the year for the year ended 31 March 2016 by £957,728 to £1,722,813.

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The company is registered under the Companies Act 2006, is a 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. These financial statements are the first financial statements prepared under FRS 102. No adjustments resulted from the adoption of FRS 102.

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 Housing Group Limited as at 31 March 2017 and these financial statements may be obtained from their registered office at Southern Gate, 729 Princess Road, Manchester, M20 2LT.

Turnover

Turnover comprises market rental income net of voids receivable in the year on an accruals basis, sales of properties built for outright 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 arises within the United Kingdom.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Accounting policies (continued)

Investment properties

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 initially at cost. 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").

Fixed asset investments – joint ventures

Fixed asset investments in joint venture arrangements are held at cost subject to any impairment.

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.

3. Operating profit

	2017	2016
	£	£
Operating profit is stated after charging:		
Auditors' remuneration (excluding VAT):		
- for the audit of the financial statements	5,200	4,000
- for other services relating to taxation	2,790	3,000
	<hr/>	<hr/>

The company has no employees (2016: none) and the directors received remuneration for their services to the company from Great Places Housing Group, the ultimate parent company of Cube Great Places of £8,000 (2016: £4,000).

NOTES TO THE FINANCIAL STATEMENTS

4. Interest receivable and other income

	2017	2016
	£	£
Interest receivable and similar income	<u>22</u>	<u>1</u>

5. Interest payable and similar charges

	2017	2016
	£	£
Intercompany loans	140,903	303,566
Less: interest payable capitalised on housing properties under construction	(140,903)	(292,657)
	<u>-</u>	<u>10,909</u>

6. Corporation tax

a) Analysis of the charge in the period:

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

	2017	2016
	£	£
Current tax charge for the year	131,251	192,268
Current tax adjustment in respect of prior years	(4,580)	3,987
UK Corporation tax charge for the year	<u>126,671</u>	<u>196,255</u>

b) Factors affecting tax charge for the period:

Profit on ordinary activities before tax	811,509	1,919,068
Gift aid payment	(454,000)	(957,728)
Profits subject to UK taxation	<u>357,509</u>	<u>961,340</u>

Tax on profit on ordinary activities at standard rate of corporation tax rate in the UK of 20% (2016: 20%)	71,502	192,268
Expenses not deductible for tax purposes (primarily development expenditure)	59,749	-
Adjustments in respect of prior years	(4,580)	3,987
	<u>126,671</u>	<u>196,255</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Gift Aid	2017	2016
	£	£
Proposed Gift Aid to be paid in accordance with s339 (7AA) of the Income and Corporation Taxes Act 1988	454,000	957,728

A gift aid payment of £454,000 (2016: £957,728) to Great Places Housing Association was declared by the Board of Cube Great Places Limited on 16 March 2017 in respect of the year end 31 March 2017. Therefore, for the purposes of s338 of the Income and Corporation Taxes Act 1988, the company deemed this to be a charge on income in the accounting period ended 31 March 2017 thereby reducing its corporation tax charge for that year to £126,671. Gift aid has been treated as a distribution in the Statement of Changes in Equity (page 9).

8. Investment property

	Investment Properties Completed	Investment Properties Under Construction	Investment Properties Total
	£	£	£
At 1 April 2016	-	820,480	820,480
Additions	-	1,660,306	1,660,306
Transfer on completion	1,800,986	(1,800,986)	-
Revaluation	24,014	-	24,014
At 31 March 2017	<u>1,825,000</u>	<u>679,800</u>	<u>2,504,800</u>

The completed investment properties were valued at 31 March 2017 by Thomson Associates, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors.

Under construction investment properties represents recently acquired land therefore management believe this cost reflects the fair value at 31 March 2017

The surplus on revaluation of investment properties was £24k. Of this £24k 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 completed properties would have been measured as follows:

	2017	2016
	£	£
Gross cost	1,800,986	-
Accumulated depreciation based on historical cost	-	-
Historical cost net book value	<u>1,800,986</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

9. Fixed asset investment

	2017	2016
	£	£
Investment in joint venture:		
Investment in Inspiral Developments Oldham LLP	-	46,978

The joint venture with Pinnacle Regeneration Limited was ended with the closure of Inspiral Developments Oldham LLP before 31 March 2017. This was confirmed at a board meeting held on 13 January 2017 with a final dividend of £86,805 being received during the year.

10. Stock and work in progress

	2017	2016
	£	£
Completed property	-	103,544
Works in progress	3,644,547	5,198,581
	<u>3,644,547</u>	<u>5,302,125</u>

11. Debtors

	2017	2016
	£	£
Amounts owed by group undertakings	751,791	153,989
Other debtors	54,782	45,078
	<u>806,573</u>	<u>199,067</u>

12. Creditors: amounts falling due within one year

	2017	2016
	£	£
Amounts owed to group undertakings	387,100	1,021,262
Trade Creditors	12,476	15,073
Corporation tax	88,250	192,268
Accruals and deferred income	164,392	127,878
Other creditors	246,952	301,474
	<u>899,170</u>	<u>1,657,955</u>

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

	2017	2016
	£	£
Loan due to parent undertaking	5,445,091	3,867,717
Less: Loan arrangement fees	(9,129)	(30,824)
	<u>5,435,962</u>	<u>3,836,893</u>

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

NOTES TO THE FINANCIAL STATEMENTS

14. Share capital

Authorised share capital	2017	2016
	£	£
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid	No	£
Ordinary shares of £1 each	100	100

15. Financial commitments

	2017	2016
	£	£
Capital expenditure commitments were as follows:		
Expenditure contracted but not provided for in the accounts	1,044,865	2,523,330
Expenditure authorised by the board, but not contracted	16,552,048	5,860,458
	<u>17,596,913</u>	<u>8,383,788</u>
Capital commitments for the company will be funded as follows:	2017	2016
	£	£
Existing loan facilities	13,604,600	2,827,288
Outright sales income	3,992,313	5,556,500
	<u>17,596,913</u>	<u>8,383,788</u>

16. Related party transactions

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.

The Company has paid £nil (2016: £nil) to Inspiral Developments Oldham LLP (see note 9) during the year and received back £86,805 (2016: £nil) as a final dividend following the closure of Inspiral Developments Oldham LLP.

17. Ultimate controlling party

The ultimate controlling party of the company is Great Places Housing Group Limited ('Great Places'), which is a company registered under the Co-operative and Community Benefit Societies Act 2014 and which is a registered provider.

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

The consolidated accounts of Great Places Housing Group Limited can be obtained from Great Places Housing Group Limited, Southern Gate, 729 Princess Road, Manchester, M20 2LT, or from its website at www.greatplaces.org.uk.