



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

CUBE HOUSING ASSOCIATION LIMITED

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014



Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 Email a scanned copy of the signed form and supporting documents to

mutualsannrtns@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1

Details of society

1.1 Details of the society

Register number	2327R(S)
Registered office address	WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW
Postcode	G1 1HL

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	0	3	/	2	0	1	4
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Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	ELIZABETH RUINE
Address	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW
Postcode	G1 1HL
Year of birth	1953
Business occupation and other directorships	NONE

1.4 Details of Treasurer

Name	
Address	
Postcode	
Year of birth	
Business occupation and other directorships	

1.5 Details of Secretary

Name	KIRSTEN MARY CRAIG
Address	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW
Postcode	G1 1HL
Year of birth	1976
Business occupation and other directorships	SOLICITOR

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
ROBERT TURNBULL	C/O WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW	1952	LAVELLE LIMITED (DIRECTOR)
JACQUELINE BARNES	C/O WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW	1967	NONE
WILLIAM CARROLL	C/O WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW	1962	NONE
PETER KELLY	C/O WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW	1970	BRODIES LLP (DESIGNATED MEMBER) BRODIES & CO. (TRUSTEES) LIMITED (DIRECTOR) BRODIES SECRETARIAL SERVICES LIMITED (DIRECTOR) ATHOLL INCORPORATIONS LIMITED (DIRECTOR)
CATHERINE LOWE	C/O WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW	1960	BARONY HOUSING ASSOCIATION LIMITED (TRUSTEE) JS PROPERTY (SCOTLAND) LIMITED (DIRECTOR) HELP IN YOUR HOME LIMITED (DIRECTOR) DEMOCRAFT LIMITED (DIRECTOR)
LINDA McGRORY	C/O WHEATLEY HOUSE, 25 COCHRANE STREET, GLASGOW	1954	NONE

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

1

Please continue, answering all questions.

1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?

- ☒ No
☐ Yes

1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

- ☒ No
☐ Yes

Financial Services Register firm reference number

1.9 Is the society a subsidiary of another society?

- ☒ No
☐ Yes

1.10 Does the society have one or more subsidiaries?

- ☒ No
☐ Yes

1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?

- ☐ No
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

- ☒ Yes

1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?

- ☐ No
☒ Yes ▶ provide your Scottish Charity number below

1.13 Is the society registered with one of the following (please tick)?

- ☐ Homes and Communities Agency
☐ The Welsh Ministers
☒ Scottish Housing Regulator

If so, please provide your register number

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

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1.15 Is membership of the society required to obtain the benefits offered by it?

☐ Yes

☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

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1.17 How did members democratically control the society?

--

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

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Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

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Continue to 2.1

Community benefit society**1.19 Who are the community the society benefited?**

THE SOCIETY BENEFITS THOSE IN NEED BY REASON OF AGE, ILL-HEALTH, DISABILITY, FINANCIAL HARDSHIP OR OTHER DISADVANTAGE.

1.20 How did the society benefit that community during the year?

THE SOCIETY BENEFITTED THE COMMUNITY THROUGH THE PROVISION, CONSTRUCTION, IMPROVEMENT AND MANAGEMENT OF LAND AND ACCOMMODATION AND THE PROVISION OF CARE.

1.21 How did the society use any surplus/profit?

THE SOCIETY RE-INVESTS ANY SURPLUSES IN DEVELOPING ITS CORE SERVICES FOR THE BENEFIT OF THE COMMUNITY.

Please use separate sheets of paper if you need more space (see section 5 above).
Please indicate how many separate sheets of paper you have used.

0

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	238
B	Members ceased during year	11
C	Members admitted during year	NIL
D	Members at end of year	227
E	Turnover for year	15,799,000
F	Total of income and expenditure (receipts and payments added together)	N/A
G	Net surplus/(deficit) for year	1,022,000
H	Fixed assets	69,282,000
I	Current assets	5,714,000
J	Total assets (equal to amount in row O, below)	74,996,000
K	Current liabilities	9,081,000
L	Share capital	227
M	Long-term liabilities	36,724,000
N	Reserves	29,190,773
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	74,996,000
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	NIL
Q	Loans from members	NIL
R	Loans from Employees' Superannuation Schemes	NIL
S	Dividends on sales	NIL
T	Share interest	NIL

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

CUBE INNOVATIONS LIMITED

2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

3

The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- | | |
|---|----------------------------------|
| <input checked="" type="checkbox"/> Full professional audit | ▶ Continue to section 4 |
| <input type="checkbox"/> Accountant's report | ▶ Complete questions 3.2 and 3.3 |
| <input type="checkbox"/> Lay audit | ▶ Complete questions 3.2 and 3.3 |
| <input type="checkbox"/> Unaudited | ▶ Complete questions 3.2 and 3.3 |

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
☐ Yes

4 Accounts and signature

Accounts

- 4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	3	/	0	9	/	2	0	1	4
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- 4.2 Has your society produced accounts to the minimum standard required?


☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

- 4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	KIRSTEN MARY CRAIG
Signature	
Phone number	0141 274 6343
Email	kirsten.craig@wheatley-group.com
Date	30 th October 2014

1.6 Details of Members of the Committee (continued)

Name	Address	Year of birth	Business occupation and other directorships
LESLEY MCINNES	70 GLENFINNAN ROAD MARYHILL GLASGOW G20 8JX	1960	WEST HIGHLAND HOUSING ASSOCIATION LIMITED (CHIEF EXECUTIVE); ARGYLL COLLEGE UHI LTD (NON- EXECUTIVE DIRECTOR); ARGYLL AND BUTE CARE AND REPAIR (NON-EXECUTIVE DIRECTOR)

The Company Secretary
Cube Housing Association Limited
7 Blythswood Court
Cadogan Square
Glasgow
G2 7PH

Meldrum House
15 Drumsheugh Gardens
Edinburgh
EH3 7UL

DX 542003 Edinburgh 14

Switchboard: 0131 777 4000
Fax: 0131 777 4045

Direct Line: 0131 777 4138

Date: 28 May 2002
Our Ref: CR54019/EM
Your Ref:

Dear Sir/Madam

CHARITY RECOGNITION LETTER

CUBE HOUSING ASSOCIATION LIMITED

The above body is recognised by the Inland Revenue as a charity for the purposes of *Section 505 Income & Corporation Taxes Act 1988* with effect from 26 March 2002. It is entitled under *Section 1 (7) of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990* to describe itself as a **Scottish charity**.

The charity's name, together with your name and address as correspondent, have been entered on the index of Scottish charities and will be made available to the public on request. The notes attached to this letter contain some general information for recognised Scottish charities.

You are asked to note that –

- the Scottish Charity Number is SC033021
- the tax file reference is CR54019

Yours faithfully

Elaine MacKenzie

Elaine MacKenzie
Technical Officer
(Charity Title)





DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2014

Cube Housing Association Limited

(Registered Housing Association No. HAL220)
(FCA Reference No. 2327R(S))
(Scottish Charity No. SC033021)

CHAIR'S REPORT

It has been a busy and transformational year for Cube. This really was the year when our staff and board members listened to our customers and reviewed and improved just about every area of our services.

Take the new repairs service we launched in November 2013. I know our customers are finding the service – which now offers weekend and evening appointments – to be an improvement.

We also reorganised our housing staff so they are better placed to spend more time in their communities, helping people in every way they can. We launched a new way of advertising our available properties to make it easier and more convenient for people looking for a new home and even took to Facebook to give our younger tenants a new way to engage with us.

We kick-started plans to build hundreds of new affordable homes, improved our performance across a range of measures and continued our work to help our tenants into work, training and education.

And while we were doing all that, we also moved offices to our new premises in Maryhill Burgh Halls. It's a great new base for the team and a welcoming place for our customers to drop in and see us.

I'm delighted Cube staff were recognised for their hard work by Customer Service Excellence, a national accreditation scheme overseen by the UK Government's Cabinet Office. Employees were assessed on all aspects of customer focus and it was a great achievement to reach the CSE standard at our first attempt. But, of course, it's what our customers think that's most important and I'm pleased to say our overall customer satisfaction rose to 86%, six percentage points up on the previous year.

There is no doubt Cube has made real progress this year. Over the coming year, there will be no let-up in our efforts as we continue our work - as part of the Wheatley Housing Group - to make a difference to the communities we serve.

Elizabeth Ruine
Chair of Cube Housing Association Board

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014

The Directors present their annual report and the audited financial statements for the year to 31 March 2014.

Principal activities

Cube Housing Association Limited ("Cube" or "The Association") is a wholly owned subsidiary of The Wheatley Housing Group Limited ("WHG"). The Association is a Registered Social Landlord and a registered Scottish charity No. SC033021. The principal activities are the provision and management of affordable rented accommodation.

OPERATING REVIEW

It has been a transformational year for Cube. This was the year when Cube's staff and board members listened to its customers and reviewed and improved just about every area of its services.

The new repairs service was launched in November 2013 and customers are finding the service – which now offers weekend and evening appointments to be an important improvement.

Housing staff were reorganised so they are better placed to spend more time in their communities, helping people in every way they can. During the year it launched a new way of advertising available properties to make it easier and more convenient for people looking for a new home and even took to Facebook to offer younger tenants a new way to engage.

Plans were kickstarted to build hundreds of new affordable homes, it improved performance across a range of measures and continued with programmes to help tenants into work, training and education.

Cube also moved offices to new premises in Maryhill Burgh Halls - a well-placed new base for the team and a welcoming place for customers to drop in and meet staff.

Cube staff were recognised for their hard work by Customer Service Excellence, a national accreditation scheme overseen by the UK Government's Cabinet Office. Employees were assessed on all aspects of customer focus and it was a great achievement to reach the CSE standard at the first attempt.

There is no doubt Cube has made real progress this year. Over the coming year, there will be no let-up in efforts as work continues - as part of the Wheatley Housing Group - to make a difference to the communities Cube serves.

Other key highlights of Cube's year include:

New repairs service launched

Cube introduced a new improved repairs service, run by City Building, in November last year.

Customers are now given appointments at a time which suits them best – including in the evenings and at weekends. This means customers don't have to wait at home for long periods for the repairs team to call. In the first five months of the new service, 3,681 appointments were offered to customers compared with only 618 in the previous seven months.

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014 (Continued)

Customers can also call our Customer Service Centre , 24-hours a day every day of the year to book a repair. Here's how Cube did this year:

- 99.52% of emergency repairs were completed within timescale, with the average timescale standing at 4 hours 44 minutes
- 7,717 non-emergency repairs were completed with an average completion time of 6.3 working days.
- 88.8% of repairs were carried out right first time.
- 100% of annual gas services were carried out
- 84% tenants reported being satisfied with their repair.

Better homes

Cube continue to focus on investing in our homes with 65% now meeting or exceeding the Scottish Housing Quality Standard and the remainder due to be upgraded and modernised by 2015.

This year Cube:

- Installed 506 new kitchens in its homes in Glasgow and Haldane
- Carried out a major programme of window replacements in its Glasgow homes
- Completed its lift refurbishment programme
- Renewed roofs on five multi-storey blocks
- Completed cladding in Broomhill and Gorget eight-storey blocks
- Continued cladding work in remaining blocks in Wyndford

New-build homes

Cube joined forces with Barratt West Scotland to provide brand new one and two bedroom flats in a flourishing new community in Clydebank.

Cube bought 33 flats on Barratt's 'The Scholars' development in Clydebank with support from West Dunbartonshire Council and the Scottish Government. The site is allowing Cube to provide more small, good-quality homes at affordable rents for local people.

Customer satisfaction and performance up

Customers are more satisfied than ever before with Cube's services. Cube's overall customer satisfaction was 86% for 2013/14, up from 80% the previous year. Cube also resolved 97% of all complaints they received within agreed timescales (for most complaints this is five days) and, despite the Welfare Benefits changes and difficult economic climate, reduced rent arrears from 4.6% to 3.7%.

Better services

Cube reorganised its teams to help provide a better service to its customers.

The changes mean Housing Officers now spend more time out and about in their communities, doing more for customers. They have small patches of around 230 homes, giving them time to build stronger relationships with customers and deal with any issues straight away.

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014 (Continued)

The improvements also included:

- New Welfare Benefits and Fuel Advisors to give customers the tailored support they need to make the most of their tenancy
- Access to Wheatley's 24/7 Customer Service Centre, allowing customers to report a repair or pay their rent round-the-clock and giving our frontline staff more time to talk to customers in their homes
- New environmental teams to provide extra cleaning and new night-mobile caretaking service to help residents feel safer.

Better lives

In common with all partner organisations in Wheatley, Cube continued with its mission to improve the lives of its customers. As well as providing tailored advice and support through Welfare Benefits and Fuel Advisors services, Cube customers also benefited from Wheatley-wide schemes such as Home Comforts, which sees second-hand furniture collected, refurbished, recycled and distributed to tenants in need. 36 Cube tenants received help with furnishing their home through Home Comforts.

Wheatley Housing Group also supported a range of community-based projects to help our tenants such as the Lone Parents Advice Network which ran in Knightswood and Maryhill and which offered single parents help with money, benefits and getting online

Support for young people

Cube provided support for younger members of households in a range of ways. The Gold Medal Programme, a £55,000 fund, saw nursery and school-age children in its Glasgow communities take part in a range of sporting and cultural activities through their schools.

Schools, learning centres and nurseries were invited to bid for cash award to stage their commonwealth-inspired activities. All the projects involved included youngsters from Cube or GHA neighbourhoods,

Through Wheatley Group's Better Futures Bursary scheme Cube also helped 21 tenants through their university studies by providing a grant of £1,500.

Helping older people

More than 70 Cube tenants have taken advantage of the new Handyperson Service to get odd jobs done around their home.

The service, which is open to all tenants over 60 or those with a disability, is proving very popular. Some residents have found it so useful they've called on the handyperson team three or four times with different jobs.

The team calls round and helps with a range of tasks including: changing plugs and sockets, cleaning internal windows, furniture assembly and basic plumbing.

Jackie Barnes, a tenant in Hawthronhill said: "I called the handyperson service as my disabled husband needed a handrail fitted in the bathroom of our house. They did a good job and were really friendly. It's a great scheme and helps tenants who might not be able to do little jobs for themselves. I would definitely recommend it."

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014 (Continued)

Nine older Cube tenants have taken part in Silver Deal Active classes. And more than 170 had a WinterReady home checks carried out to make sure their home, including their boiler and radiators, was all geared up for winter.

Jobs and training

Cube is determined to provide its tenants with more opportunities to get on in life. This year it began offering jobs or training opportunities to people in its homes – with a total of 10 getting a step into employment so far. Seven Cube tenants secured a year-long training place on the Community Janitors scheme while one school leaver landed a Modern Apprenticeship. A further two Cube tenants were recruited through our Group's Wheatley Pledge which encourages contractors and suppliers to do more for people in our communities.

Greener homes and communities

Cube's work to help create greener homes continued over the year. The district heating scheme on the Wyndford estate in Glasgow - which was designed and built by SSE Heat Networks - picked up a prestigious prize at the Combined Heat and Power Association (CHPA) Awards.

The heating system provides low-cost heating and hot water to more than 1,500 tenants and around 300 owners, and is part of a £27million regeneration of the estate in Maryhill.

Meanwhile major improvements to more than 1,000 homes on the estate was given the go-ahead after British Gas vowed to complete the £10million overcladding programme - despite changes to UK energy efficiency funding. The energy-improvement work on the remaining five multi-storey blocks and 12 low rise blocks – totalling 1,025 homes – in Wyndford is expected to be complete in 2015.

Letting homes

Cube introduced a new improved way of advertising available properties in November 2013. Homes are now advertised on the Homefinder website and available in a printed publication for people who are not online.

Anyone who is looking for a home can now go online, or call, 24 hours a day and note an interest in properties they would like to live in. They are also able to see a wider range of properties which are available from sister landlords such as GHA.

Cleaner and tidier neighbourhoods

Cube carry out estate walkabouts with senior staff to help understand issues affecting its communities. Walkabouts were managed across all Cube neighbourhoods from West Dunbartonshire to North Lanarkshire and Renfrewshire.

Residents helped to identify any problems and improvements. Cube took action on concerns including building maintenance, stair cleaning, unkempt gardens and tree stumps left in open spaces.

One resident said: "It's the small things that count, such as minor repairs, removing litter, grass cutting and getting them resolved."

Customer Service Excellence

Cube staff were recognised for delivering excellent customer service by a national accreditation scheme overseen by the Government's Cabinet Office.

DIRECTORS' REPORT FOR THE YEAR ENDING 31 MARCH 2014 (Continued)

This was the first time Cube had been assessed for the Customer Service Excellence (CSE), which is the national standard for excellence in customer service and focuses on areas which matter to customers such as delivery of services, information, professionalism and staff attitude.

Cube was awarded three 'Compliance Plus' marks – the highest grade that can be achieved.

Directors and directors' interests

The directors of the Association who held office during the year and up to the signing of the financial statements were:

Elizabeth Ruine* (Chair)

Catherine Lowe

Jacqueline Barnes*

Bill Carroll

Peter Kelly

Linda McGrory*

Lesley McInnes

Gordon Scott*

Bob Turnbull

Maureen Carroll*

(resigned 11.02.14)

* tenant of the Association

No directors who held office during the year held any disclosable interest in the shares of the company.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The directors appointed PricewaterhouseCoopers LLP to act as auditors of the financial statements for the year ended 31 March 2014. In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as group auditors is to be proposed at the forthcoming Annual General Meeting of Wheatley Housing Group Limited.

By order of the Board



Elizabeth Ruine, Chair

8th September 2014

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

FINANCIAL REVIEW

Income

Turnover (excluding profit on sale of fixed assets and interest received) for the year ended 31 March 2014 totalled £15.8m for the Association (2013: £13.5m). Over 87% of this, or £13.8m, was generated through net rental income (2013: 99% or £13.3m). The remainder of turnover came, in the main, from:

- £1.7m of income due to a VAT refund for the district heating scheme on the Wyndford Estate. This is not recurring income.
- £0.2m of factoring income from homeowners (2013: £0.1m).
- £0.1m of rental income from commercial properties (2013: £0.1m).

Other income received by the Association in the year included sale proceeds under Right-to-Buy legislation which totalled £0.1m (2013: £0.1m).

Expenditure

Operating costs in the year totalled £13.4m (2013: £10.3m), largely comprising of the following:

- Management and maintenance administration costs associated with social letting activities totalling £3.2m (2013: £3.5m).
- £3.4m of reactive maintenance costs to our social letting properties (2013: £2.2m).
- £2.1m of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2013: £1.4m).
- Depreciation expenditure for social and non-social housing assets of £2.2m (2013: £1.7m).

Other expenditure in the year included £1.5m of interest due on external loan funding (2013: £1.5m). The surplus for the year was £1.0m (2013: £1.8m).

Alignment of accounting policy across the Wheatley Housing Group

An exercise was performed during the year to align accounting policies across the Wheatley Housing Group, resulting in a restatement of the balance sheet. Housing Properties, previously accounted for at cost, are now carried at valuation. This has increased fixed assets by £13.1m and created a revaluation reserve of the same amount.

Investment in customers' homes

The Association spent £3.3m during the year investing in improvements to tenants' homes (2013: £10.0m).

Rental Debtors

At the balance sheet date, Cube had rent arrears of £0.6m offset by bad debt provisions of £0.5m (2013: £0.5m and £0.3m respectively).

Liquidity

The Association's balance sheet shows net current liabilities of £3.4m (2013: £2.8m), but liquidity remains strong with over £10m of undrawn borrowing facilities in place. Creditors falling due after more than one year has decreased to £36.7m at the balance sheet date (2013: £37.3m). This movement relates to part payments for the district heating system and lift refurbishment programme. Cube drew down a further £1.8m in additional bank loans required to fund investments in tenants' homes and new build activities.

Going concern

The Association has sufficient liquidity through operating cash flow, grant income and borrowing facilities to meet its liabilities as they fall due. There are therefore no material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern.

STATEMENT OF BOARD'S RESPONSIBILITIES FOR A REGISTERED SOCIAL LANDLORD THAT IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY

The board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Society Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

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

The board is responsible for keeping proper accounting records that are sufficient to show and explain the RSL's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is also responsible for safeguarding the assets of the RSL and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUBE HOUSING ASSOCIATION LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the registered provider's affairs as at 31 March 2014 and of the registered provider's surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The registered provider financial statements (the "financial statements"), which are prepared by The Cube Housing Association Limited, comprise:

- the registered provider balance sheet as at 31 March 2014;
- the registered provider income and expenditure account and statement of total recognised surpluses and deficits for the year then ended;
- the registered provider cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Board has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the registered provider's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the board; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Other matters on which we are required to report by exception

Adequacy of books of account and information and explanations received

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the registered provider has not kept proper books of account in accordance with Section 75 (1) of the Co-operative and Community Benefit Societies Act 2014; or
- a satisfactory system of control over transactions has not been maintained in accordance with Section 75 (3) of the Co-operative and Community Benefit Societies Act 2014; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

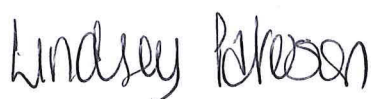
Responsibilities for the financial statements and the audit

Our responsibilities and those of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 8, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the registered provider's members as a body in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, section 44 (1)c of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Lindsey Paterson (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
8th September 2014

- (a) The maintenance and integrity of The Cube Housing Association Limited website is the responsibility of the board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £'000	2013 £'000
Turnover	3	15,799	13,536
Total operating costs	3	(13,399)	(10,301)
Operating surplus		<u>2,400</u>	<u>3,235</u>
Gain on sale of housing stock	8	90	50
Interest receivable and other income	9	17	10
Interest payable and similar charges	10	(1,485)	(1,456)
Surplus for the year	21	<u><u>1,022</u></u>	<u><u>1,839</u></u>

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2014

		2014 £'000	2013 £'000 Restated
Surplus for the year	21	1,022	1,839
Unrealised gain on revaluation of fixed assets	21	5,160	7,984
Total recognised surplus for the year		<u><u>6,182</u></u>	<u><u>9,823</u></u>

All amounts relate to continuing operations. There is no material difference between the surplus for the year stated above and the historical cost equivalents.

Comparative figures have been restated to reflect the change in accounting policy for social housing fixed assets which are now carried at valuation.

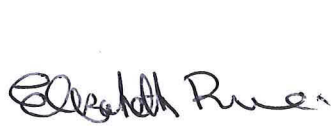
The notes on pages 15 to 32 form part of these financial statements.

BALANCE SHEET AT 31 MARCH 2014


		2014	2013
	<i>Notes</i>	£'000	£'000 Restated
Tangible fixed assets			
Housing properties	14	66,720	60,420
Other tangible fixed assets	15	2,490	2,657
		<u>69,210</u>	<u>63,077</u>
Investments			
Shared equity cost	16	1,200	1,200
Shared equity grant	16	(1,128)	(1,128)
		<u>72</u>	<u>72</u>
Current assets			
Debtors	17	613	541
Cash at bank and in hand		5,101	1,815
		<u>5,714</u>	<u>2,356</u>
Creditors: amounts falling due within one year	18	(9,081)	(5,192)
Net current liabilities		<u>(3,367)</u>	<u>(2,836)</u>
Total assets less current liabilities		65,915	60,313
Creditors: amounts falling due after more than one year	19	(36,724)	(37,304)
Net assets		<u>29,191</u>	<u>23,009</u>
Capital and reserves			
Share capital	20	-	-
Revenue reserves	21	16,048	15,026
Revaluation reserves	21	13,143	7,983
Association's funds		<u>29,191</u>	<u>23,009</u>

Comparative figures have been restated to reflect the change in accounting policy for social housing fixed assets which are now carried at valuation.

These financial statements were approved by the Board on 12th August 2014 and were signed on its behalf on 8th September 2014 by:


Elizabeth Ruine
Chairperson


Jacqueline Barnes
Board Member


Kirsten M. Craig
Secretary

The notes on pages 15 to 32 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	<i>Notes</i>	2014 £'000	2013 £'000
Net cash inflow from operating activities	24	<u>8,946</u>	<u>4,464</u>
Returns on investment and servicing of finance			
Interest received	9	17	10
Interest paid	10	<u>(1,485)</u>	<u>(1,456)</u>
Net cash outflow from returns on investment and servicing of finance		(1,468)	(1,446)
Capital expenditure and financial investment			
Acquisition and construction of properties	14	(3,297)	(10,041)
Purchase of other fixed assets	15	(7)	(2,552)
(Decrease)/increase in creditors from fixed asset additions		(2,931)	6,955
Social housing grant received/(repaid)	14	21	(26)
Proceeds on disposal of properties		<u>222</u>	<u>65</u>
Net cash outflow from capital expenditure and financial investment		(5,992)	(5,599)
Net cash inflow/(outflow) before financing		1,486	(2,581)
Financing			
Loan advances received	19	<u>1,800</u>	<u>3,066</u>
Net cash inflow from financing		1,800	3,066
Increase in cash	24	<u><u>3,286</u></u>	<u><u>485</u></u>

The notes on pages 15 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of accounting

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included with the Determination of Accounting Requirements 2012, and under the historical cost accounting rules, modified to include the revaluation of properties held for letting and commercial properties. The financial statements have also been prepared in accordance with the Statement of Recommended Practice, Accounting by Registered Social Landlords Update 2010, issued by the National Housing Federation.

Whilst the Balance Sheet shows net current liabilities, a loan facility is in place as explained in note 17 which allows the Association to borrow sufficient funds to meet its current liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

Related party disclosures

The Association is a wholly-owned subsidiary of Wheatley Housing Group Limited and is included within the consolidated financial statements of Wheatley Housing Group Limited which are publicly available. Consequently, the Association has taken advantage of the exemption, under the terms of FRS 8, from disclosing related-party transactions with wholly owned entities that are part of the Wheatley Housing Group.

Turnover

Turnover represents income receivable from lettings and service charges, fees receivable, revenue grants and other income.

Grant income

Grant income received is matched with the expenditure to which it relates. Where grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, it is deducted from the cost of housing properties in accordance with the Statement of Recommended Practice: Accounting by Registered Social Landlords (SORP 2010).

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

Supported housing

Expenditure on housing accommodation and supported housing is allocated on the basis of the number of units for each type of accommodation, except for staffing and running costs for which the level of expenditure is directly attributable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

1. Accounting policies (continued)

Deposits and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

Pensions

The Association participates in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS). Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Tangible fixed assets - housing properties

The Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

Valuation of Social Housing Stock

Housing properties are valued on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation. Previously housing properties were carried at cost, and prior year comparatives have been restated by £8.0m as a result of the change in accounting policy.

The cost of properties is their purchase price together with the cost of capitalised repairs. Included in the cost of repairs are the direct costs of staff engaged in the investment programme.

Depreciation and Impairment

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Association's asset management strategy and the requirement of Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources.

Freehold land is not subject to depreciation. Depreciation is charged so as to write down the cost or valuation (net of Housing Association Grant, and other capital grants) of the freehold housing properties and major components on a straight line basis over their expected useful economic lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

1. Accounting policies (continued)

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

	Economic Life
Land	n/a
Bathrooms	25 yrs
External environment	20 yrs
External wall finishes	35 yrs
Heating system boiler	12 yrs
Internal works & common areas	20 yrs
Kitchens	20 yrs
Mechanical, Electrical & Plumbing	25 yrs
Structure & roofs	50 yrs
Windows and doors	30 yrs

Housing assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

New Build

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Association's policy is to capitalise the following:

- cost of acquiring land and buildings;
- development expenditure including direct development staff costs and interest costs; and
- other directly attributable internal and external costs.

Expenditure on schemes which are subsequently aborted will be written off in the year in which it is recognised that the schemes will not be developed to completion.

Freehold land is not depreciated.

Non-Housing properties

The Association owns a number of non-housing properties. The Association applies the same capitalisation and component life approach as stated under Housing Properties unless otherwise stated below

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

1. Accounting policies (continued)

Housing Association Grant and other capital grants

Housing Association Grant (HAG) is received from central government agencies and local authorities and is utilised to reduce the capital costs of housing properties.

HAG due or received in advance is included as a current asset or liability. HAG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Properties are disposed of under the appropriate legislation and guidance. All HAG relating to the share of property sold are removed from the financial statements at the date of sale. Any HAG received that cannot be repaid from the proceeds of sale is abated and the grant removed from the financial statements. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay disclosed as a contingent liability.

Other tangible fixed assets

For other tangible fixed assets, depreciation is charged on a straight-line basis over the expected useful economic lives of fixed assets to write off the cost, or valuation, less estimated residual values over the following expected lives. Assets are depreciated in the month of acquisition, or in the case of a larger project, from the month of completion, at the following rates:

	Economic Life
Commercial properties	50 yrs
Furniture, fittings and office equipment	5 yrs
Computer equipment	3 yrs

Creditors

Work undertaken on capital projects is recognised as a capital addition in the month of completion. Where arrangement for payment is in future years, an amount equal to the balance outstanding to the contractor is shown as a creditor. This arrangement exists for work undertaken on lifts and the combined heat and power project in Wyndford.

Taxation

As a charity, Cube Housing Association is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

Value Added Tax

The Association is registered for VAT. A significant proportion of its income, including rental receipts, is exempt for VAT purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

2. Particulars of turnover, operating costs and operating surplus

	Turnover	Operating Costs	2014 Operating surplus/ (deficit)	2013 Operating surplus/ (deficit) Restated
	£'000	£'000	£'000	£'000
Social lettings (note 3)	13,807	12,541	1,266	3,266
Other activities (note 4)	1,992	858	1,134	(31)
Total	15,799	13,399	2,400	3,235

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs	Supported Housing	Shared Ownership	2014 Total	2013 Total Restated
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of service charges	12,325	1,160	122	13,607	12,976
Service charges	247	167	-	414	515
Gross rents receivable	12,572	1,327	122	14,021	13,491
Less rent losses from voids	155	59	-	214	157
Total turnover from social letting	12,417	1,268	122	13,807	13,334
Management and maintenance costs	3,067	120	5	3,192	3,478
Service costs	1,692	-	-	1,692	1,229
Planned and cyclical maintenance costs	1,835	215	-	2,050	1,364
Responsive repairs and landlord services	3,101	314	-	3,415	2,242
Bad debts – rents and service charges	186	3	-	189	169
Depreciation of social housing	1,828	164	11	2,003	1,586
Operating costs from social letting	11,709	816	16	12,541	10,068
Operating surplus from social letting activities	708	452	106	1,266	3,266

The disclosure of turnover, operating costs and operating surpluses from social letting activities has been restated to better reflect the allocation of costs to management and maintenance administration, service, planned and cyclical maintenance, reactive maintenance costs, and other activities in note 3 and 4. This is in line with the definition within the SORP and guidance issued by the Scottish Housing Regulator. Comparative figures have been restated on the same basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

4. Particulars of turnover, operating costs and operating surplus from other activities

	Other Revenue Grants	Other Income	Total Turnover	Operating Costs Other	2014 Operating Surplus /(Deficit)	2013 Operating Surplus /(Deficit) Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Wider role activities to support the community	-	-	-	454	(454)	(2)
Factoring	-	194	194	155	39	(12)
Commercial Property	-	95	95	21	74	77
Development and construction of property activities	20	-	20	43	(23)	4
Loss on disposal of fixed assets	-	-	-	-	-	2
Depreciation – non social housing	-	-	-	174	(174)	(106)
Organisation restructuring	-	-	-	11	(11)	-
Other Income	-	1,683	1,683	-	1,683	6
Total from other activities	20	1,972	1,992	858	1,134	(31)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

5. Board members' emoluments

Board members received £1,761 (2013: £3,639) by way of reimbursement of expenses.

6. Officers' emoluments

	2014 £'000	2013 £'000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding Pension Contributions)	99	90
Pension contributions made on behalf of officers with emoluments greater than £60,000	9	9
Emoluments payable to highest paid officer (excluding pension contributions)	99	90
The number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
More than £90,000 but not more than £100,000	1	1

7. Employees

	2014 No.	2013 No.
The average monthly number of full time equivalent persons employed during the year was	<u>76</u>	<u>84</u>
The average total number of employees employed during the year was	<u>79</u>	<u>87</u>
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	2,016	2,525
Social security costs	160	213
Other pension costs	284	312
	<u>2,460</u>	<u>3,050</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

8. Gain on sale of housing stock

	2014 £'000	2013 £'000
Sale proceeds	172	72
Value of properties disposed	(82)	(22)
Gain on sale of housing stock	<u>90</u>	<u>50</u>

9. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest receivable on deposits in the year	<u>17</u>	<u>10</u>

10. Interest payable and similar charges

	2014 £'000	2013 £'000
On bank loans and overdrafts	<u>1,485</u>	<u>1,456</u>

11. Auditors' remuneration

	2014 £'000	2013 £'000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	12	18
Other services	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

12. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2014 £'000	2013 £'000
Expenditure contracted for, but not provided in the financial statements	2,459	134
	<u>2,459</u>	<u>134</u>

13. Operating leases

At 31 March 2014 the Association had annual commitments under non-cancellable operating leases as follows:

	2014 £'000 Land and Buildings	2014 £'000 Other	2013 £'000 Land and Buildings	2013 £'000 Other
Operating leases that expire:				
Within one year	13	11	54	-
In the second to fifth years inclusive	-	-	-	18
Over five years	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
	<u>19</u>	<u>11</u>	<u>60</u>	<u>18</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

14. Tangible fixed assets - Housing Properties

	Housing Properties Held for Letting £'000	Shared Ownership Properties £'000	Total £'000
Cost or Valuation			
At 1 April 2013 (restated)	117,854	1,751	119,605
Additions	3,297	-	3,297
Disposals	(139)	-	(139)
Valuation	1,676	25	1,701
At 31 March 2014	122,688	1,776	124,464
Social Housing Grant			
At 1 April 2013	48,343	1,167	49,510
Received / receivable for year	21	-	21
Transfers	-	-	-
At 31 March 2014	48,364	1,167	49,531
Other Capital Grants			
At 1 April 2013	8,212	1	8,213
At 31 March 2014	8,212	1	8,213
Depreciation			
At 1 April 2013	1,441	21	1,462
Charge for year	1,993	11	2,004
Disposals	(7)	-	(7)
Valuation	(3,427)	(32)	(3,459)
At 31 March 2014	-	-	-
Net Book Value			
At 31 March 2014	66,112	608	66,720
At 31 March 2013 (restated)	59,858	562	60,420

Additions to housing properties includes capitalised development interest costs of £140,000 (2013: £140,000) and capitalised major repair costs to existing properties of £9,482,671 (2013: £6,185,887).

All land and housing properties are freehold.

Comparative figures have been restated to reflect the change in accounting policy in Cube Housing Association with housing properties are now carried at valuation as opposed to cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

14. Tangible fixed assets – Housing Properties (continued)

Housing properties have been valued by Jones LaSalle Limited, an independent professional adviser qualified by the Royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2014 on an Existing Use Valuation for Social Housing (EUV-SH), and the opening balances at 1 April 2013 have been restated on the same basis. A discount rate of 6% (2013: 6%) was used. The valuation assumes a rental income increase of RPI+1%, in line with the Association's 30 year Business Plan (2014-15). The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

During 2013-14 Cube disposed of four properties to tenants under RTB entitlements. These properties were valued at £139,000 during the year.

The number of units of accommodation owned and managed by the Association at 31 March 2014 is shown below:

	2014 No.	2013 No.
General needs	3,139	3,140
Shared ownership	46	49
Supported housing	116	116
	<u>3,301</u>	<u>3,305</u>

15. Tangible fixed assets - other tangible fixed assets

	Combined heat and power £'000	Office premises £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 April 2013	4,932	296	724	5,952
Additions	-	-	7	7
At 31 March 2014	<u>4,932</u>	<u>296</u>	<u>731</u>	<u>5,959</u>
Depreciation				
At 1 April 2013	2,561	277	457	3,295
Charge for year	80	6	88	174
At 31 March 2014	<u>2,641</u>	<u>283</u>	<u>545</u>	<u>3,469</u>
Net Book Value				
At 31 March 2014	<u>2,291</u>	<u>13</u>	<u>186</u>	<u>2,490</u>
At 31 March 2013	<u>2,371</u>	<u>19</u>	<u>267</u>	<u>2,657</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

16. Fixed asset investment

	2014	2013
	£'000	£'000
Shared equity properties		
Development cost of shared equity properties	1,200	1,200
Less: grants receivable	1,128	1,128
	<u>72</u>	<u>72</u>
Investment in subsidiaries	£	£
As at 31 March 2014 and 31 March 2013	<u>1</u>	<u>1</u>

The Association has one subsidiary. In the opinion of the directors, the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

	2014	2013
	Capital & reserves	Capital & reserves
	£'000	£'000
Cube Innovations Limited	<u>-</u>	<u>-</u>

Cube Innovations Limited is intended to undertake the activities that the Association cannot undertake due to its charitable status. The principal activity of the company is that of providing agency services for Housing Associations and other organisations. The company is limited by shares and is registered in Scotland. Cube Housing Association owns 100% of the share capital of Cube Innovations Limited.

17. Debtors

	2014	2013
	£'000	£'000
Arrears of rent and service charges	644	541
Less: provision for bad and doubtful debts	(454)	(348)
	<u>190</u>	<u>193</u>
Other debtors	423	348
Total	<u>613</u>	<u>541</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

18. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	1,684	362
Rent and service charges received in advance	474	487
Tax and social security	45	74
Lift creditor	469	469
CHP creditor	2,303	2,854
Other creditors	1,730	394
Accruals and deferred income	1,406	552
Intercompany creditors	970	-
Total	<u>9,081</u>	<u>5,192</u>

At the balance sheet there were pension contributions outstanding of £36,035 (2013: £110,475).

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

	2014	2013
	£'000	£'000
Lift creditor	2,579	2,345
CHP creditor	-	2,614
Housing loans	34,145	32,345
Total	<u>36,724</u>	<u>37,304</u>

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments dependant on the terms agreed at each draw down, and are due as follows:-

	2014	2013
	£'000	£'000
In more than five years	34,145	32,345
	<u>34,145</u>	<u>32,345</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

20. Share capital

	2014 £	2013 £
Shares of £1 each issued and fully paid		
At 1 April	238	234
Issued during year	-	4
Surrendered during year	11	-
At 31 March	<u>227</u>	<u>238</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

21. Reserves

	Revenue Reserve £'000	Revaluation reserve Housing Properties Held for Letting £'000	Shared Ownership £'000	Total £'000
Opening balance at 1 April 2013(restated)	15,026	7,865	118	23,009
Surplus for the year	1,022	-	-	1,022
Revaluation during the year	<u>-</u>	<u>5,103</u>	<u>57</u>	<u>5,160</u>
Closing balance at 31 March 2014	<u>16,048</u>	<u>12,968</u>	<u>175</u>	<u>29,191</u>

Opening revaluation reserves have been restated to reflect the carrying value of housing stock at valuation as opposed to cost.

22. Pensions

Cube Housing Association participates in the Scottish Housing Association Pension Scheme (the scheme). The Scheme is a multi-employer defined benefit scheme and is funded and contracted out of the State Pension Scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined contribution scheme

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

22. Pensions (continued)

benefit structure at any one time. An open benefit structure is one which new entrants are able to join. Cube Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.")

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Cube Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 38 active members of the Scheme employed by Cube Housing Association Limited. The annual pensionable payroll in respect of these members was £1,265,096. Cube Housing Association Limited will cease to offer membership of the defined benefit scheme with effect from 1 September 2014. From that date all active employee members will be transferred to the SHAPs defined contribution scheme which will offer a range of flexible funding options with contributions split between the employees and employer.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

22. Pensions (continued)

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Pensionable earnings growth (annual)	4.1
- Rate of price inflation	2.6
- Rate of consumer price inflation	2.0

In addition, latest mortality research has been taken into account.

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (continued)

22. Pensions (continued)

Following consideration of the results of the valuation it was agreed that the shortfall of £304m would be dealt with by the payment of additional contributions of 5.4% of pensionable salaries per annum with effect from 1st April 2014. Past service deficit contributions will increase each 1st April at a rate of 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

23. Related party transactions

Members of the Management Board are related parties of the Association as defined by Financial Reporting Standard 8.

The Association retains a register of members' interests. The following interests in related parties are required to be declared:

Elizabeth Ruine	Cube tenant
Jacqueline Barnes	Cube tenant
Linda McGrory	Cube tenant
Maureen Carroll	Cube tenant (resigned from the board on 11.02.14)
Gordon Scott	Cube tenant and employee of a relevant local authority
Bill Carroll	Factored Owner

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage. There have been no material transactions in the year.

Transactions between Cube and the Wheatley Housing Group and other Group subsidiaries are at arm's length.

The Association owns 100% of the share capital of Cube Innovations Limited as described in Note 16. At the year end Cube Innovations were owed £nil from the Association (2013: £10,345).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014 (continued)**

24. Cash flow statement

Reconciliation of operating surplus to net cash inflow from operating activities	2014	2013	
	£'000	£'000	
Operating surplus from operating activities	2,400	3,235	
Depreciation charges	2,178	1,676	
(Increase)/decrease in debtors	(72)	799	
Increase/(decrease) in creditors	4,440	(1,246)	
Net cash inflow from operating activities	<u>8,946</u>	<u>4,464</u>	
Reconciliation of net cash flow to movement in net debt	2014	2013	
	£'000	£'000	
Net debt at 1 April	(30,530)	(27,949)	
Increase in cash in the year	3,286	485	
Cash inflow from loan receipts	(1,800)	(3,066)	
Net debt at 31 March	<u>(29,044)</u>	<u>(30,530)</u>	
Analysis of changes in net debt	At 1 April	Cashflow	At 31 March
	2013		2014
	£'000	£'000	£'000
Cash at bank and in hand	1,815	3,286	5,101
Movement in cash	<u>1,815</u>	<u>3,286</u>	<u>5,101</u>
Debt due after more than one year	(32,345)	(1,800)	(34,145)
Net debt	(30,530)	1,486	(29,044)

25. Ultimate parent organisation

The association is a subsidiary undertaking of Wheatley Housing Group Limited, a company limited by guarantee and registered in Scotland.

The only group into which the results of the association are consolidated is Wheatley Housing Group Limited. The consolidated financial statements of Wheatley Housing Group Limited may be obtained from the registered office at Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

SUPPLEMENTARY INFORMATION

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