



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	5
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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	WEST DUNBARTONSHIRE ENVIRONMENT TRUST (DIRECTOR)

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
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 (SOLICITOR, LLP DESIGNATED MEMBER) BALHOUSIE HOLDINGS LIMITED (DIRECTOR) 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	DEMOCRAFT LIMITED (DIRECTOR) HELP IN YOUR HOME LIMITED (DIRECTOR) JS PROPERTY (SCOTLAND) LIMITED (DIRECTOR)
LINDA MCGRORY	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1954	NONE
ROBERT KEIR	C/O WHEATLEY HOUSE 25 COCHRANE STREET GLASGOW	1942	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

0

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

SC033021

- 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

220

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?

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?

1.17 How did members democratically control the society?

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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 HARDHIP OR OTHER DISADVANTAGE

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

THE SOCIETY BENEFITED 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.

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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	227
B	Members ceased during year	NIL
C	Members admitted during year	1
D	Members at end of year	228
E	Turnover for year	17,110,000
F	Total of income and expenditure (receipts and payments added together)	5,161,000
G	Net surplus/(deficit) for year	6,653,000
H	Fixed assets	81,553,000
I	Current assets	3,449,000
J	Total assets (equal to amount in row O, below)	85,002,000
K	Current liabilities	13,098,000
L	Share capital	228
M	Long-term liabilities	36,312,000
N	Reserves	31,662,772
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	85,002,000

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

NIL

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.

- ☒ Full professional audit ▶ Continue to section 4
- ☐ Accountant's report ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit ▶ Complete questions 3.2 and 3.3
- ☐ 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	1	/	0	9	/	2	0	1	5
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- 4.2 Has your society produced accounts to the minimum standard required?

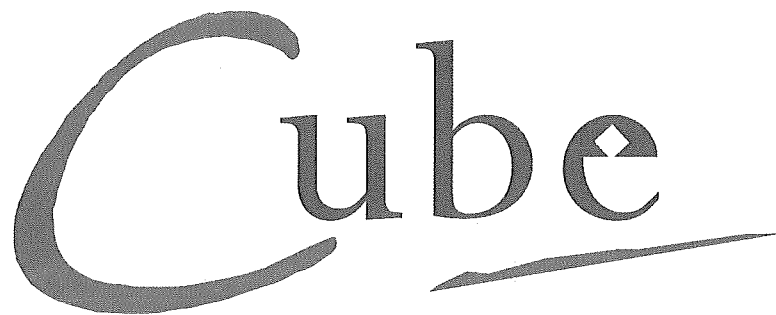
- ☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached
- ☐ No ▶ you must produce accounts to the minimum standard required, see notes 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	16 th October 2015



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended

31 March 2015

Cube Housing Association Limited

(Co-operative & Community Benefit Society No. 2327RS)

(Scottish Housing Regulator Registration No. 220)

(Scottish Charity No. SC033021)

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year to 31 March 2015.

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

Introduction

We're all about building 'Better homes, better lives' for tenants in Cube communities. Over the past year we're proud to say we have delivered on this – and so much more.

Being part of Wheatley Group has allowed us to provide even greater services for Cube tenants and helped us change neighbourhoods for the better. By working with our partners, we've built even more quality, energy-efficient, affordable homes - and announced plans for many more. We've been able to transform communities – and the lives of the tenants within them – by building state-of-the-art district heating systems and also overcladding hundreds of homes. Our expanding range of initiatives is continuing to assist those people most in need who are feeling the full effects of the welfare reforms.

New-build properties are changing lives

New homes are taking shape across Glasgow and West Dunbartonshire. The first tenants moved into a new development in Beardmore Place, Dalmuir, in the summer. The 54 homes, a mix of one and two-bedroom flats, will increase the supply of smaller homes in the area.

In the coming autumn, the first Cube tenants will be handed the keys to homes in Bankend Street, Glasgow. The development includes 16 houses for Cube tenants and another 10 homes for Ruchazie Housing Association.

New homes for mid-market rent are also being built in Milncroft Road, Glasgow. The new development in Ruchazie – which will be managed by our sister organisation, Lowther Homes – features 12 mid-market rent and 18 shared equity homes.

And the good news doesn't stop there. A total of 34 flats will be built in Bilsland Drive, Glasgow, while another 46 mid-market flats will be built at Ellerslie Road, Yoker.

Multi-million pound investment in Cube homes

Communities in Glasgow and West Dunbartonshire are already feeling the benefits of Cube's investment programme. Work started this year on an £11million project by Cube and our partners British Gas to install a district heating system in blocks in Broomhill, Collina Street and Gorget in Glasgow. Residents will benefit from warmer, more comfortable homes and enjoy cheaper fuel bills.

The Broomhill high-rise blocks will also be overclad, while the maisonettes in Gorget and Broomhill will benefit from new overcladding, new kitchens, a full re-wire and new controlled entry systems.

Meanwhile, tenants in Castlehill, Hawthornhill, Ladyton, Nobleston and Haldane will benefit from new bathrooms, while new kitchens will be installed in Windsor Crescent in Clydebank, Lennoxton, Ruchazie and Strathbungo.

DIRECTORS' REPORT (continued)

Closes in Castlehill and Ladyton have already been painted, while some homes in Wyndford will also see new front doors and common areas painted.

Increasing support for our tenants

Over the past year we've done everything we can to offer a range of support services to help those tenants who have nowhere else to turn. We've listened carefully to our customers to find out where they need the most assistance. Our Welfare Reform Tenant Advisory Group has been on hand to hear from customers on how benefit reforms are impacting on them.

Cube's welfare benefits advisors helped 628 tenants access almost £1million in unclaimed benefits and tax credits. That means more money in tenants' pockets in these tough economic times. Rising energy bills are a concern for people up and down the country. Our fuel advice service was accessed by 169 tenants who saved more than £41,000 on their gas and electricity bills thanks to our free, expert advice.

Sixty tenants also benefited from our Home Comforts furniture recycling scheme. The scheme was boosted last year by furniture from the Athletes' Village at the 2014 Commonwealth Games. Cube tenant Lorna Bridges, 25, a beauty student, said: "I was homeless and had nothing when I first moved into my flat. I got everything, from big items down to small things. I got two beds, which are fantastic quality, as well as a couch, pedal bins, a table and a green bean bag, which my daughter, Mollie, loves."

Helping the most vulnerable

Nearly 80 elderly or disabled tenants who need extra help turned to the Handyperson Service for odd jobs around their home. Deaf tenants can now get in touch with Cube directly thanks to our new online SignVideo – a British Sign Language interpretation service.

We also offered extra support to those who needed it most during the cold spell with our free winter home checks ensuring boilers, pipes and taps were ready for the worst of the weather.

Online help is just a click away

This year we opened our first dedicated computer learning centre in a Cube community. The 'Click & Connect' facility at the Maryhill Hub is one of 27 digital centres in Glasgow helping people get advice on how to access job sites, create a CV, get online shopping discounts, keep up to date with welfare reform and fill in online housing and benefit forms.

We're also expanding our range of online services for customers. Our new online site allows tenants to see their account balance, make payments, book a repair and request other services whenever it suits them. And social media continues to play an important way we communicate, with our Facebook page continuing to increase in followers.

Modern Apprenticeships and jobs

We want to do even more for young people in our neighbourhoods to give them the opportunity to maximise their potential. Two young people from Cube communities joined the Modern Apprenticeship programme run by Wheatley Group and worked towards an SVQ Level 2 or 3 qualification in Business Administration, Housing, Environmental and IT.

Another two teenagers on the two-year apprenticeship scheme were seconded to Cube to work in the Maryhill Burgh Halls office. Jodie Stillie, 18, works on reception at Cube's head office. She said: "College isn't as good as being in the workplace, and there aren't that many jobs out there for young people."

DIRECTORS' REPORT (continued)

But it's not just young people we strive to help. The Community Janitors scheme sees long-term unemployed people work alongside staff from the Group's environmental teams, keeping neighbourhoods clean. Over the past year, four people took part with two moving into full-time employment.

In addition, the Wheatley Pledge encouraged contractors of Cube's parent organisation to create jobs and training. Over the past 12 months, we helped three people find a job.

Staff going above and beyond

Staff went the extra mile to assist some of the most vulnerable people in Glasgow. Workers collected food and household items – as well as Christmas presents – to donate to the Greater Maryhill Food Bank.

A lasting legacy from the Commonwealth Games

The legacy of the Commonwealth Games continues to be felt to this day. Furniture from the Athletes' Village helped make houses feel like a home for 60 families. Older tenants also took part in a special 'Summer of Sport' event to encourage them to keep fit. Sports included bowls, giant Jenga and indoor javelin.

Wheatley Group's Host your Kit competition also provided new strips and vouchers for sports equipment for 10 lucky sports clubs.

Performance on the up

Cube showed strong improvement across a range of indicators on the Scottish Social Housing Charter. Out of 20 indicators which had improvement potential, 18 improved.

A total of 86% of tenants were satisfied with the overall service they received from Cube. Over the past 12 months, our level of current tenant arrears fell from 3.8% to 2.9%, while the average time to let homes was 21.6 days - down from 36.3 days.

We also saw the average number of days to complete a medical adaptation fall from 358 days to only 37; an increase of 5 percentage points in the new tenancies sustained; and 84% of tenants were satisfied with the quality of repairs carried out.

In addition, the number of homes meeting the Scottish Housing Quality Standard (SHQS) rose to 77% - up from 65% the previous financial year.

Awards

The improvement in business performance went hand in hand with Cube achieving Investors in People Gold accreditation. IIP is the UK's leading accreditation for business improvement through people management, supporting businesses to innovate, improve and grow.

We're here to help

At Cube we won't stand still over the next 12 months. We want to do even more to help our tenants and improve communities. This year we launched our 'We're here to help' campaign which saw staff visit every Cube tenant to find out how we're doing – and let us know how we can get even better in the next year ahead.

DIRECTORS' REPORT (continued)

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 (resigned 17.12.14)

Gordon Scott* (resigned 22.09.14)

Bob Turnbull

* tenant of the Association

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

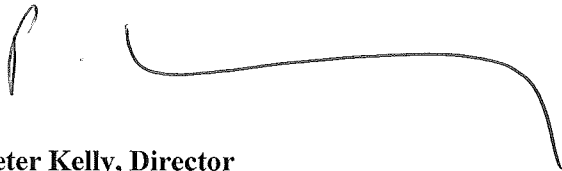
Disclosure of information to auditor

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 2015. In accordance with Section 485 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



Peter Kelly, Director

26th August 2015

Wheatley House
25 Cochrane Street
Glasgow
G1 1HL

FINANCIAL REVIEW

The financial statements reflect the introduction of the Statement of Recommended Practice (SORP) for Social Housing Providers 2014 for the first time. Comparative figures have been restated accordingly.

Income

The Association's turnover (excluding profit on sale of fixed assets and finance income) for the year ended 31 March 2015 totalled £17,110k (2014: £15,820k). The main source of income was net rental and service charge income of £14,426k (2014: £13,807k), with the remainder including:

- £2,070k of grant income received in relation to capital investment and the new build programme (2014: £21k);
- £614k of income from factoring and other income (2014: £1,992k).

Expenditure

Operating costs in the year totalled £11,949k (2014: £13,158k), largely comprising of the following:

- Management and maintenance administration costs associated with affordable letting activities totalling £3,479k (2014: £3,996k).
- £1,778k of reactive maintenance costs to our social letting properties (2014: £2,675k).
- £1,538k of planned and cyclical maintenance costs including major repair costs to improve our social housing properties (2014: £1,761k).
- Depreciation expenditure for social and non-social housing assets of £3,636k (2014: £3,346k).

Operating surplus is £5,161k (30%) (2014: £2,662k (17%)). In the year ten (2014: four) properties were sold yielding a gain of £150k (2014: £90k). Other expenditure in the year included £1,961k of interest due on housing loans (2014: £1,770k).

Total comprehensive income for the year of £9,615k (2014: £5,637k) includes the reversal of a previous decrease on the value of social housing properties of £3,285k (2014: £5,278k) and a gain of £2,962k (2014: loss of £640k) in respect of the SHAPS pension scheme.

Cashflows

The cash flow statement of the Association is shown on page 12. Cube generated £4,883k from operating activities, a decrease of £2,161k from the prior year driven by the timing of creditor payments. Cash and cash equivalents in the year decreased by £2,424k (2014: increased by £3,286k).

Rental debtors

At the balance sheet date, the Association had rent arrears of £585k offset by bad debt provisions of £297k (2014: £644k and £454k respectively).

Liquidity

The Association's short-term liquidity reduced in the year to show net current liabilities of £9,649k (2014: £3,401k). This is due to the deferment of grant associated with new build developments and an increase in amounts owed to other Group companies. Total borrowings are £34,202k at 31 March 2015 (2014: £34,145k).

Capital structure and treasury

The Association's activities are funded on the basis of a Business Plan which is updated annually. Cube's long-term funding is provided through the Group financing subsidiary Wheatley Funding No. 1 Limited, as detailed in note 20. The Association has access to an intra-group facility of £69.4m. Interest rate risk is managed at a Group level by Wheatley Funding No. 1 Limited.

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 2010, the Determination of Accounting Requirements 2012, 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 Cube Housing Association's financial statements (the "financial statements"):

- give a true and fair view of the state of the registered provider's affairs as at 31 March 2015 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, the Determination of Accounting Requirements 2012, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

What we have audited

The Directors report and financial statements comprise:

- the registered provider's statement of financial position as at 31 March 2015;
- the registered provider's statement of comprehensive income;
- the registered provider's 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

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 Board Report is inconsistent in any material respect with the financial statements; or
- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- property accounting records have not been kept by the registered provider; or
- the registered provider financial statements are not in agreement with the books of account.

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 7, 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.

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

This report, including the opinions, has been prepared for and only for the registered provider's members as a body in accordance with Part 6 section 69 of the Housing (Scotland) Act 2010,

Section 87 (2) and Section 98 (7) of the Co-operative and Community Benefit Societies Act 2014, section 44 (1)c of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 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.

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.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' 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.



Lindsey Paterson (Senior Statutory Auditor)
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
26 August 2015

- (a) The maintenance and integrity of the Association's 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.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 MARCH 2015**

	Notes	2015 £'000	2014 £'000 restated
Turnover	3	17,110	15,820
Operating expenditure	3	(11,949)	(13,158)
Operating surplus		<u>5,161</u>	<u>2,662</u>
Gain on disposal of fixed assets	9	150	90
Finance income	10	18	17
Finance charges	11	(1,961)	(1,770)
Reversal of previous decrease in valuation of social housing properties	15	3,285	5,278
Surplus for the year		<u>6,653</u>	<u>6,277</u>
Actuarial gain/(loss) in respect of pension schemes	23	2,962	(640)
Total comprehensive income for the year		<u><u>9,615</u></u>	<u><u>5,637</u></u>

All amounts relate to continuing operations.

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

The notes on pages 13 to 35 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	<i>Notes</i>	2015 £'000	2014 £'000 restated
Fixed assets			
Social housing properties	15	79,147	66,720
Other tangible assets	16	2,406	2,490
Investments	17	-	-
		<u>81,553</u>	<u>69,210</u>
Current assets			
Trade and other debtors	18	772	612
Cash and cash equivalents		<u>2,677</u>	<u>5,101</u>
		3,449	5,713
Creditors: amounts falling due within one year	19	(13,098)	(9,114)
Net current liabilities		<u>(9,649)</u>	<u>(3,401)</u>
Total assets less current liabilities		71,904	65,809
Creditors: amounts falling due after more than one year	20	(36,312)	(36,724)
Provisions for liabilities			
Pension liability	23	(3,929)	(7,037)
Total net assets		<u>31,663</u>	<u>22,048</u>
Reserves			
Share capital	21	-	-
Revenue reserve excluding pension reserve		35,592	29,085
Pension reserve	23	(3,929)	(7,037)
Revenue reserve	22	31,663	22,048
Total reserves		<u>31,663</u>	<u>22,048</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

These financial statements were approved by the Board on 11th August 2015 and were signed on its behalf on 26th August 2015 by:

 *P. Kelly*

Peter Kelly
Director

 *W. Carroll*

William Carroll
Director

 *Kirsten M Craig*

Kirsten Craig
Secretary

The notes on pages 13 to 35 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	<i>Notes</i>	2015 £'000	2014 £'000 restated
Net cash generated from operating activities	25	<u>4,883</u>	<u>7,044</u>
Cash flows from investing activities			
Improvement of properties	15	(5,559)	(4,326)
New build	15	(7,227)	-
Purchase of other fixed assets	16	(111)	(7)
Right-to-buy proceeds	9	353	222
Grants received	19	6,830	21
Finance income	10	<u>18</u>	<u>17</u>
Net cash used in investing activities		<u>(5,696)</u>	<u>(4,073)</u>
Cash flows from financing activities			
Finance charges	11	(1,668)	(1,485)
Intra-group loan drawn down		34,202	1,800
Repayments of bank loans		<u>(34,145)</u>	<u>-</u>
		(1,611)	315
Net change in cash and cash equivalents		(2,424)	3,286
Cash and cash equivalents at 1 April		5,101	1,815
Cash and cash equivalents at 31 March		<u><u>2,677</u></u>	<u><u>5,101</u></u>

The notes on pages 13 to 35 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Legal status

Cube Housing Association Limited ("Cube" or "the Association") is registered under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The association provides social housing and associated services for general needs, supported housing and shared equity. The registered office is Wheatley House, 25 Cochrane Street, Glasgow, G1 1HL.

2. 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 for registered social housing providers 2014 ("SORP 2014"), issued by the National Housing Federation, and under FRS 102. The association has elected to adopt FRS 102 and the SORP 2014 early and the Statement of Financial Position has been restated accordingly. The effect of these restatements are shown in Note 28.

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long terms financial forecasts and plans which include an assessment of the availability of funding, the certainty of cash flow from the rental of social housing stock.

Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time.

Related party disclosures

The Company has taken advantage of the exemption, available under FRS 102, from disclosing related party transactions with wholly owned entities that are part of the Wheatley Housing Group Limited.

Turnover

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

Grant income

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, which are held at valuation, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

2. Accounting policies (continued)

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. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

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.

Financial instruments

Loans provided to some subsidiary members of the Group by the banking syndicate through the subsidiary, Wheatley Funding Number 1 Limited ("WFL1"), are classed as basic under the requirements of FRS 102, and are measured at amortised cost. In the case of payment arrangements that exist with customers, these are deemed to constitute financing transactions and are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Deposits and liquid resources

Cash 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 previously participated in the Pensions Trust Scottish Housing Association Pension Scheme (SHAPS) Defined Contribution Pension Scheme. The scheme is now closed, with members transferring to the SHAPS Defined Contribution Scheme on 1 September 2014. Retirement benefits to employees are funded by 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. In accordance with FRS 102, the Association's share of the scheme assets and liabilities have been separately identified and are included in the statement of financial position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the statement of comprehensive income as actuarial gain or loss on pension schemes.

During the year a new Wheatley Group defined contribution scheme has also been made available to all employees.

Fixed assets - housing properties

In accordance with SORP 2014, 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

Social housing properties are valued annually 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. The cost of properties is their purchase price together with the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

2. Accounting policies (continued)

cost of capitalised improvement works and repairs that results in an enhancement of the economic benefits of the asset. Included in the cost of capitalised improvement works 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 the 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.

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 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 fair value after deducting costs to sell, and any write down is charged to operating surplus.

• 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;
- Interest costs directly attributable;
- Development expenditure including direct development staff 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

2. 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 cost of housing properties.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recognised as income in the Statement of Comprehensive Income within turnover. Grant received in respect of revenue expenditure is recognised as income in the period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2014. Any grant that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. 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 is 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
Combined Heat & Power plant (cost)	30 yrs
Office premises (cost)	5 yrs
Furniture, fittings and office equipment (cost)	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.

Provisions

The Group only provides for liabilities at the year-end date where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

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 large proportion of its income, including rental receipts, is exempt for VAT purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

3. Particulars of turnover, operating expenditure and operating surplus

	Turnover	Operating Costs	2015 Operating surplus/ (deficit)	2014 Operating Surplus restated
	£'000	£'000	£'000	£'000
Affordable letting activities (note 4)	16,496	10,836	5,660	1,528
Other activities (note 5)	614	1,113	(499)	1,134
Total	17,110	11,949	5,161	2,662
Total for previous reporting year (restated)	15,820	13,158	2,662	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

4. Particulars of turnover, operating expenditure and operating surplus from affordable letting activities

	General Needs Social Housing £'000	Supported Social Housing Accommodation £'000	Shared Ownership Housing £'000	2015 Total £'000	2014 Total restated £'000
Rent receivable net of service charges	12,844	1,183	82	14,109	13,607
Service charges	283	172	-	455	414
Gross income from rents and service charges	13,127	1,355	82	14,564	14,021
Less rent loss from voids	(103)	(35)	-	(138)	(214)
Net income from rents and service charges	13,024	1,320	82	14,426	13,807
Grants released from deferred income	2,070	-	-	2,070	-
Revenue grants from Scottish Ministers	-	-	-	-	21
Total turnover from affordable letting activities	15,094	1,320	82	16,496	13,828
Management and maintenance administration costs	3,304	165	10	3,479	3,996
Service costs	354	107	-	461	507
Planned and cyclical maintenance including major repairs costs	1,248	290	-	1,538	1,761
Reactive maintenance costs	1,607	171	-	1,778	2,675
Bad debts – rents and service charges	134	5	-	139	189
Depreciation of social housing	3,134	279	28	3,441	3,172
Operating costs from social letting activities	9,781	1,017	38	10,836	12,300
Operating surplus from social lettings	5,313	303	44	5,660	1,528
Operating surplus from social lettings for previous reporting year (restated)	1,123	304	101	1,528	

The disclosure of turnover, operating costs and operating surpluses from affordable letting activities reflects the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

5. Particulars of turnover, operating expenditure and operating surplus or deficit from other activities

	Other Income £'000	Total Turnover £'000	Operating Costs Other £'000	2015 Operating Surplus /(Deficit) £'000	2014 Operating Surplus /(Deficit) £'000
Wider role activities to support the community	-	-	202	(202)	(454)
Factoring	102	102	107	(5)	39
Development and construction of property activities	-	-	137	(137)	(23)
Depreciation – non social housing	-	-	195	(195)	(174)
Organisation restructuring	-	-	416	(416)	(11)
Other Income	512	512	56	456	1,757
Total from other activities	614	614	1,113	(499)	1,134
Total from other activities for the previous reporting year	1,992	1,992	858	1,134	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

6. Board members' emoluments

Board members received £590 (2014: £1,761) by way of reimbursement of expenses.

7. Officers' emoluments

	2015 £'000	2014 £'000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	102	99
Compensation payable to officers for loss of office	100	-
Emoluments payable to highest paid officer (excluding pension contributions and compensation for loss of office)	102	99
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
More than £100,000 but not more than £110,000	1	-

8. Employees

	2015 No.	2014 No.
The average monthly number of full time equivalent persons employed during the year was	69	76
The average total number of employees employed during the year was	71	79
	£'000	£'000 restated
Staff costs (for the above persons)		
Wages and salaries	2,264	2,512
Social security costs	216	222
Pension costs	706	323
Pension service credit	(439)	(415)
	<u>2,747</u>	<u>2,642</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

9. Gain on disposal of fixed assets

	2015			2014		
	Housing Properties held for Letting £'000	Shared Ownership Properties £'000	Total £'000	Housing Properties held for Letting £'000	Shared Ownership Properties £'000	Total £'000
Sale proceeds	326	27	353	93	129	222
Value of properties disposed	(182)	(21)	(203)	(70)	(62)	(132)
Gain on sale of housing stock	144	6	150	23	67	90

10. Finance income

	2015 £'000	2014 £'000
Bank interest receivable on deposits in the year	18	17

11. Finance charges

	2015 £'000	2014 £'000 restated
Interest payable on housing loans	1,668	1,485
Net interest charge on pension liability	293	285
	1,961	1,770

12. Auditors' remuneration

	2015 £'000	2014 £'000
The remuneration of the auditors (excluding VAT) is as follows:		
Audit of these financial statements	13	12
Other services	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

13. Financial commitments

Capital commitments

All capital commitments of the Association were as follows:

	2015 £'000	2014 £'000
Expenditure contracted for, but not provided in the financial statements	10,769	2,459
Expenditure authorised by the Board but not contracted	4,681	-
	<u>15,450</u>	<u>2,459</u>

14. Operating leases

At 31 March 2015 the Association had annual commitments under non-cancellable operating leases as follows:

	2015 £'000 Land and Buildings	2015 £'000 Other	2014 £'000 Land and Buildings restated	2014 £'000 Other restated
Operating leases that expire:				
Within one year	77	7	18	15
In the second to fifth years inclusive	258	13	15	-
Over five years	-	-	-	-
	<u>335</u>	<u>20</u>	<u>33</u>	<u>15</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

15. Social Housing Properties

	Housing Properties Held for Letting £'000	Shared Ownership Properties £'000	Housing Under Construction £'000	Total £'000
At valuation				
At 1 April 2014 (restated)	64,830	1,890	-	66,720
Additions	5,559	-	7,227	12,786
Disposals	(278)	(22)	-	(300)
Transfer	114	(114)	-	-
Revaluation	(129)	70	-	(59)
At 31 March 2015	<u>70,096</u>	<u>1,824</u>	<u>7,227</u>	<u>79,147</u>
Depreciation				
At 1 April 2014 (restated)	-	-	-	-
Charge for year	(3,413)	(28)	-	(3,441)
Disposals	96	1	-	97
Revaluation	3,317	27	-	3,344
At 31 March 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value - valuation				
At 31 March 2015	<u>70,096</u>	<u>1,824</u>	<u>7,227</u>	<u>79,147</u>
At 31 March 2014 (restated)	<u>64,830</u>	<u>1,890</u>	<u>-</u>	<u>66,720</u>
Net Book Value - cost				
At 31 March 2015	<u>110,494</u>	<u>1,450</u>	<u>7,227</u>	<u>119,171</u>
At 31 March 2014 (restated)	<u>108,465</u>	<u>1,564</u>	<u>-</u>	<u>110,029</u>

Additions to housing properties includes capitalised development interest costs of £94,978 (2014: £nil) and capitalised major repair costs to existing properties of £2,510,628 (2014: £4,325,784). All land and housing properties are freehold.

Social housing properties have been valued by Jones Lang 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 2015 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of between 5.75% - 8.00% (2014: 6.00%) was used. The valuation assumes a rental income increase of between RPI+0.50% - RPI+1.00%, from year 2 in line with the Association's 30 year Business Plan (2015-16). 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

15. Social Housing Properties (continued)

During 2014-15 Cube disposed of 9 properties (2014: 4) to tenants under RTB entitlements. These properties were valued at £0.3m during the year (2014: £0.1m).

The number of units of accommodation owned and managed by the Association at 31 March 2015 is shown below:

	2015 No.	2014 No. restated
General needs	3,186	3,141
Shared ownership	42	46
Supported housing	116	116
	<u>3,344</u>	<u>3,303</u>

16. Other tangible fixed assets

	Combined heat and power £'000	Office premises £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 April 2014	4,932	296	731	5,959
Additions	-	111	-	111
At 31 March 2015	<u>4,932</u>	<u>407</u>	<u>731</u>	<u>6,070</u>
Depreciation				
At 1 April 2014	2,641	283	545	3,469
Charge for year	80	18	97	195
At 31 March 2015	<u>2,721</u>	<u>301</u>	<u>642</u>	<u>3,664</u>
Net Book Value				
At 31 March 2015	<u>2,211</u>	<u>106</u>	<u>89</u>	<u>2,406</u>
At 31 March 2014	<u>2,291</u>	<u>13</u>	<u>186</u>	<u>2,490</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (continued)**

17. Investments

	2015	2014
	£	£
Investment in subsidiaries	<u>-</u>	<u>1</u>

Cube Innovations Limited was dissolved on 24th October 2014.

18. Trade and other debtors

	2015	2014
	£'000	£'000
		restated
Arrears of rent and service charges	585	644
Adjustment to discount arrears balances with payment plans	(6)	(1)
Less: provision for bad and doubtful debts	<u>(297)</u>	<u>(454)</u>
	282	189
Prepayments and accrued income	107	90
Other debtors	316	333
Due from other group companies	<u>67</u>	<u>-</u>
Total	<u>772</u>	<u>612</u>

19. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
		restated
Trade creditors	881	1,684
Accruals and deferred income	6,175	1,439
Rent and service charges received in advance	590	474
Tax and social security	224	45
Lift creditor	469	469
CHP creditor	960	2,303
Other creditors	368	1,730
Due to other group companies	3,431	970
	<u>13,098</u>	<u>9,114</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

19. Creditors: amounts falling due within one year (continued)

	2015 £'000	
Deferred income at 1 April 2014	-	
Grant income received in the year	6,830	
Released to Statement of Comprehensive Income	(2,070)	
Deferred income at 31 March 2015	<u>4,760</u>	
	2015 £'000	2014 £'000
Grant to be released to the Statement of Comprehensive Income:		
In less than one year	<u>4,760</u>	<u>-</u>

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

	2015 £'000	2014 £'000
Lift creditor	2,110	2,579
Due to other group companies	34,202	-
Housing loans	-	34,145
Total	<u>36,312</u>	<u>36,724</u>

Bank lending facility

During 2014/15 new borrowing arrangements were put in place to replace previous bank loans via a Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group, including Cube Housing Association. This facility was made up of a committed facility of £526.0m from a syndicate of commercial banks, a committed facility of £132.5m from the European Investment Bank and £300m raised through the issue of a public bond. This provided total facilities of £958.5m for the RSL borrowing group to further develop new housing. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Limited, with Cube Housing Association having access to an intra-group facility of £69.4m, secured on the Association's housing stock.

Borrowings are repayable as follows	2015 £'000	2014 £'000
In less than one year	-	-
In more than one year but less than five years	-	-
In more than five years	34,202	34,145
	<u>34,202</u>	<u>34,145</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

21. Share capital

	2015	2014
	£	£
Shares of £1 each issued and fully paid		
At 1 April	227	238
Issued during year	1	-
Surrendered during year	-	11
At 31 March	<u>228</u>	<u>227</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.

22. Changes in equity

	Revenue Reserve
	£'000
Opening balance at 1 April 2014 (restated)	22,048
Surplus for the year	6,653
Revaluation during the year	-
Actuarial gain in respect of pension provision	2,962
Closing balance at 31 March 2015	<u>31,663</u>

Opening reserves have been restated to reflect the requirements of the Housing SORP 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

23. Pensions

Pensions Trust Scottish Housing Association Pension Scheme

Cube Housing Association participates in the Pensions Trust Scottish Housing Association Pension Scheme ("SHAPS"), a multi-employer defined benefit scheme. It is funded and contracted out of the State Pension Scheme. With effect from 1 September 2014 Cube Housing Association ceased to offer membership of the defined benefit scheme, with all active employee members transferred to the SHAPS Defined Contribution scheme.

The Trustee commissions an actuarial valuation of the Scheme every three years, with the last formal valuation of the Scheme being carried out at 30 September 2012, with the next full valuation due at 30 September 2015.

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. FRS 102 requires the disclosure of the Group's share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2015.

Following consideration of the results of the last valuation at 30 September 2012, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

23. Pensions (continued)

Pensions Trust Scottish Housing Association Pension Scheme - Defined Benefit

The assumptions that have the most significant effect on the results of the valuation of the defined benefit pension arrangements, are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	31 March 2015	31 March 2014
Discount rate	3.4%	4.3%
Future salary increases	*2.5%	**5.1%
Inflation	2.0%	2.8%

*Salary increases are assumed to be 2% p.a. until 31 March 2016, 1.8% p.a. until 31 March 2018, 2.5% p.a. thereafter.

**Salary increases are assumed to be 1% p.a. to 31 March 2015, reverting to the long term assumption of 5.1% p.a. thereafter.

In valuing the liabilities of the pension fund at 31 March 2015, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.1 years (male) (2014: 21.0 years), 23.6 years (female) (2014: 23.4years)
- Future retiree upon reaching 65: 24.8 years (male) (2014: 23.3 years), 26.2 years (female) (2014: 25.3 years)

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The information disclosed below is in respect of the whole of the plans for which Cube has been allocated a share of cost under an agreed policy throughout the periods shown.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

23. Pensions (continued)

Movements in present value of defined benefit obligation

	2015 £'000	2014 £'000 restated
Opening defined benefit obligation	16,772	14,860
Current service cost	142	314
Interest cost	720	675
Contributions by members	47	240
Actuarial (gains)/losses	(1,245)	974
Estimated benefits paid	(294)	(291)
Closing defined benefit obligation	16,142	16,772

Movements in fair value of plan assets

	2015 £'000	2014 £'000 Restated
Opening fair value of plan assets	9,735	8,333
Expected return on plan assets	1,717	334
Interest income	427	390
Contributions by the employer	599	747
Contributions by the members	47	240
Estimated benefits paid	(294)	(291)
Administration costs	(18)	(18)
Closing fair value of plan assets	12,213	9,735
Net liability	(3,929)	(7,037)

Expense recognised in statement of comprehensive income

	2015 £'000	2014 £'000 restated
Current service cost	142	314
Administration costs	18	18
Interest on defined benefit pension plan obligation	293	285
Expected return on defined benefit pension plan asset	1,717	334
Actuarial gains/(losses)	1,245	(974)
	3,415	(23)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

23. Pensions (continued)

The expense is recognised in the following line items in the statement of comprehensive income

	2015 £'000	2014 £'000 restated
Operating expenses	(12,003)	(13,896)
Finance costs	(1,961)	(1,770)

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and losses is £2,962k gain (2014: £640k loss).

The fair value of the Scheme assets and the return on those assets were as follows:

	2015 £'000	2014 £'000 restated
Equities	4,397	4,089
Corporate bonds	611	584
Property	4,396	3,115
Alternatives	2,687	1,752
Cash and other	122	195
	<u>12,213</u>	<u>9,735</u>
Actual return on plan assets	2,144	724

Defined Contribution pension arrangements

Expense recognised in statement of comprehensive income

	SHAPS 2015 £ 000	Salvus 2015 £ 000
Current service cost	189	22
	<u>189</u>	<u>22</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

24. Related party transactions

Members of the Management Board are related parties of the Association as defined by FRS 102.

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

Tenant and factored homeowners Board Members

The following members are tenants or factored homeowners of the Association and have tenancies or factoring agreements that are on the Association's normal terms and they cannot use their positions to their advantage.

Elizabeth Ruine
Jacqueline Barnes
William Carroll
Linda McGrory
Gorgon Scott (resigned 22/09/14)

Transactions and arrear balances outstanding at 31 March 2015 are as follows:

	2015 £'000
Rent charged during the year	17
Arrear balances outstanding at 31 March 2015	-

Other related parties

Related party interests and transactions during the year are as follows:

	2015 £'000
Catherine Lowe – Chartered Institute of Housing Scotland	1
Peter Kelly – Brodies LLP	7

All transactions were on commercial terms and at arm's length.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

25. Cash Flow Analysis

Reconciliation of surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000 restated
Profit for the financial year	6,653	6,277
Depreciation of property, plant and equipment	3,636	3,346
Increase in trade and other receivables	(160)	(71)
(Decrease)/increase in trade payables	(1,245)	1,543
Pension costs less contributions payable	(439)	(415)
<i>Adjustments for investing or financing activities:</i>		
Surplus from the sale of tangible fixed assets	(150)	(90)
Government grants utilised in the year	(2,070)	(21)
Interest paid	1,961	1,770
Interest received	(18)	(17)
Reversal of previous decrease in valuation of housing properties	(3,285)	(5,278)
Net cash inflow from operating activities	4,883	7,044

26. 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.

27. Prior year adjustments

Adjustments following the adoption of FRS 102:

1) Recognition of grant income

Previously capital grant received was netted off against the cost of housing properties. In line with the Housing SORP 2014 and FRS 102, grant received by the Association is now recognised as income in line with the performance model. Grant received in advance of the satisfaction of any performance conditions is held within creditors as deferred income. In the statement of financial position, this has resulted in an increase in the carrying value of housing under construction within housing properties, deferred income balances in creditors and the transfer of grant received from revaluation reserves into revenue reserves. On the Statement of Comprehensive Income, the application of the housing valuation on the revised carrying value excluding grant requires a reversal of previous decreases in the valuation to be credited to the surplus for the year. In addition, grant income for completed new build properties is included in turnover for the year and the changes to the accounting for grants increases the annual depreciation charge.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

27. Prior year adjustments (continued)

2) Pension liability

The Association participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme. In prior years, the cost of the scheme was accounted for on a defined contribution basis as it was not deemed possible at that time to separately identify the underlying assets and liabilities of individual participating employers.

Under FRS 102, the past service deficit liability is included in the statement of financial position and therefore the Association elected to obtain a valuation to enable full FRS 102 implementation and disclosures in relation to the scheme. This has resulted in the recognition of a pension liability in the statement of financial position, and adjustments to operating expenditure, finance income and finance costs.

3) Financing transaction costs

Under FRS 102, financial liabilities are stated inclusive of transaction costs, reducing debtors and reducing long term creditors. Subsequent measurement is made using amortised cost.

4) Fair value of debt with a payment plan

In line with the Housing SORP 2014, all debt balances with a payment plan in place at the year-end have been measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

5) Holiday pay accrual

In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. An adjustment is included in operating costs

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (continued)

27. Prior year adjustments (continued)

	Number	Reported in 2014 financial statements £'000	Restatement £'000	Restated 2014 figures £'000
<i>Statement of financial position</i>				
Fixed assets and investments	1	69,282	(72)	69,210
Debtors	4	613	(1)	612
Short-term creditors	5	(9,081)	(33)	(9,114)
Pension liability	2	-	(7,037)	(7,037)
Net decrease in net assets			(7,143)	
Pension reserve	2	-	(7,037)	(7,037)
Revenue reserve excluding pension reserve	1,4,5	16,048	13,037	29,085
Revaluation reserve	1	13,143	(13,143)	-
			(7,143)	
<i>Statement of comprehensive income</i>				
Turnover	1	15,799	21	15,820
Operating expenses	2,5	(13,399)	241	(13,158)
Finance costs	2	(1,485)	(285)	(1,770)
Reversal of previous decrease in valuation of housing properties	1	-	5,278	5,278
Actuarial loss in respect of pension schemes	2	-	(640)	(640)
Unrealised gain on revaluation of fixed assets	1	5,160	(5,160)	-
			(545)	
Surplus for the year		6,182	(545)	5,637

SUPPLEMENTARY INFORMATION

Secretary and Registered Office

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Chartered Accountants and Statutory Auditors
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G2 7EQ

Bankers

Royal Bank of Scotland
Glasgow Corporate Office
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Glasgow G2 5JF