
Unity Housing Association Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2021



**Registered by the Financial Conduct Authority under:
Co-operative and Community Benefit Societies registered number: 25616R
Registered by the Regulator of Social Housing No LH3737**

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021*

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UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS*****Board of Management***

| | |
|---------------|---|
| Chair | S Bhargava |
| Other Members | N Ahmed - to 26 February 2021 |
| | W Butt |
| | E Cook |
| | E Green |
| | A Hamied |
| | D Heels |
| | J Jeffries |
| | D Richmond |
| | N Ruhi-Khan |
| | R Walker |
| | A Rashid –Audit & Risk Management Committee Independent Co-optee/ Board observer |
| | H Marfoua - Audit & Risk Management Committee & Board elect – from 19 May 2021 |
| | B Letham Operations Committee elect – from 5 May 2021 |

Executive Directors

| | |
|---|---|
| Chief Executive | A Akbor – to 31 January 2021 (part-time from 1 November 2020) |
| Interim Chief Executive | C Boston – from 4 December 2020 |
| Operations Director & Deputy Chief Executive | P Sidhu |
| Regeneration & Development Director | W Noteman |
| Resources Director | AM Matson |

Registered office

113-117 Chapeltown Road, Leeds, LS7 3HY

Registered numbers

Registered by the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014

No: 25616R & Registered by the Regulator of Social Housing No: LH3737

Auditor

Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds LS1 4BN

SolicitorBevan Brittan LLP, Toronto Square, 7th Floor, Toronto Street, Leeds, LS1 2HJ***Banker***

Yorkshire Bank PLC, 94-96 Briggate, Leeds, LS1 6NP

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***REPORT OF THE BOARD**

The Board presents its annual report and the Group's audited financial statements for the year ended 31 March 2021, which includes the results of Unity Housing Association Limited (the Association) and its subsidiaries; Unity Property Services Limited (UPS) and Unity Housing Development Services Limited (UHDS), (collectively the Group).

Principal activities

The Group is a Registered Provider administered by a Board of Management. The Group operates mainly in Leeds from its offices in Chapeltown. The Association has two subsidiaries, Unity Property Services Limited (UPS), trading as Unity Enterprise, that is also a not-for-profit organisation administered by a separate Board of Management and Unity Housing Development Services Limited (UHDS), a company registered under the Companies Act 2006 which is administered by a board comprised of Executive Directors and some Association board members. The Association has the right to appoint the members to the Board of UPS and UHDS and thereby exercises control over both organisations.

The Group's principal activities are the development and management of social housing. The Group owns 1,331 units of mainly general needs accommodation of which 1,309 are directly managed, 5 Care home bed spaces and 17 units are supported housing accommodation managed by specialist care providers. In addition the Group has 10 leasehold units and owns 3 units which are currently leased to third party organisations. UPS manages business workspace accommodation in Chapeltown and Harehills. UHDS manages the direct development of the Group's housing schemes until completed. The Group's average employees during the year were 37, 21 of whom were directly involved in the provision of housing and maintenance services.

Business review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review on pages 7 to 23 that follows this Report of the Board.

Housing property and fixed assets

Details of changes to the Group's tangible fixed assets are shown in notes 13 and 14 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

The surplus for the year amounted to £1,382k (2020: £1,124k). There is a loss of £936k through other comprehensive income (2020: £986k gain), leading to the total comprehensive income for the year of £446k (2020: £2,110k). At 31 March 2021 the Group's reserves amounted to £19,276k (2020: £18,830k).

Subsequent events

The Group considers that there have been no events since the year end which have a significant effect on the Group's financial position.

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within an average of 30 days from receipt, or earlier if agreed with the supplier. Creditor days for 2020/21 are 26 (2020: 13).

Financial instruments

The Group's approach to financial risk management is outlined in the Operating and Financial Review on pages 7 to 23.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***REPORT OF THE BOARD (cont.)****Employees**

The strength of the Group lies in the quality and commitment of its employees. Our ability to meet our objectives and commitment to tenants in an efficient and effective manner depends on the contribution of employees throughout the Group. The Group continues to retain its Silver Investors in People accreditation, following annual surveillance visits. The next full reaccreditation will be in 2022.

The Group continues to provide information on its objectives, progress and activities through regular office and departmental meetings and provides training programmes focused on quality and customer service, seeking employees' views on how to improve services and on matters of common concern.

The Group is committed to equal opportunities for all its employees and in all its activities.

Health and safety

The Board is aware of its responsibility on all matters relating to health and safety. The Group continues to monitor its health and safety procedures and provides training and education to staff on health and safety matters through a health and safety consultant. The Association has been completing a monthly update to the Regulator of Social Housing (RSH) covering its health and safety risks. There have been some delays to completion of annual gas and electrical servicing checks due to tenants shielding and contractor availability during the year with an improving position following lockdown easing. At all times, procedures remain compliant.

Board members and executive directors

The Board members and the Executive Directors of the Group are set out on page 1.

The Board members are all shareholders of the Association. These shares provide Board members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. The Executive Directors hold no interest in Unity's shares and have no legal status as directors although they act as executives within the authority delegated by the Board. The Group has insurance policies that indemnify its Board members and Executive Directors against liabilities when acting for the Group.

The Board

The Board comprises up to thirteen non-executive members drawn from a wide background, bringing together professional, commercial and local experience. Up to one third of the Board may be tenant Board members. Except for co-optees and tenants, only shareholders can be Board members. At every annual general meeting, Board members who have served their fixed term of three years retire from office and are eligible for re-election. Any Board member who has completed nine years' continuous service is not eligible for re-election.

The Board meets four times a year for regular business and annually for a weekend to discuss future strategy and members' training. During the past year meetings have been held remotely. The Board is responsible for the Group's strategy and policy framework. It delegates the day-to-day management and implementation of that framework to the Chief Executive and other Executive Directors. An Audit and Risk Management Committee, an Operations Committee, an HR and Governance Committee and a Risk Appraisal Panel support the Board.

The Board and its Committees obtain external specialist advice from time to time as necessary.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***REPORT OF THE BOARD (cont.)****Remuneration Policy**

The Board set the Group's remuneration for its employees on an annual basis, agrees the appointment of the Executive Directors and agrees the brief within which the Chief Executive can negotiate staff salaries.

Service contracts

The Executive Directors are employed on the same terms as other staff with the exception of their notice periods and they are entitled to a car allowance equivalent to 10% of gross salary. For the Chief Executive this 10% may be taken in the form of a company car. Details of Executive Directors' salaries are set out in note 12 of the audited financial statements.

Pensions

The Executive Directors are members of the Social Housing Pension Scheme, a defined benefit pension scheme. The Executive Directors participate in the scheme on the same basis as all other eligible staff, with the exception of the Interim Chief Executive who is appointed through a third party and is therefore not eligible to participate. The Group contributes to the scheme on behalf of its employees. A review of the pension scheme was undertaken in 2019 and with effect from 1 July 2019 the Group moved to a defined benefit Career Average salary scheme, reducing the employer pension contributions. Further details are in notes 11 and 12.

NHF Code of Governance

The Board has adopted the 2015 NHF Code of Governance. We are pleased to report that Unity complies with the requirements of the NHF Code of Governance (2015 edition) having assessed itself against the code. The NHF launched its 2020 Code of Governance in November 2020. The Board is currently assessing the impact of the Code and it is the current intention to adopt the new Code before 31 March 2022

Governance and Financial Viability Standard

Registered providers are required by the Regulator of Social Housing (RSH) to certify their compliance with the Governance and Financial Viability Standard. The Board received an assessment against the standard and considers that the Group complies with the standard. The Association's governance and viability grading was re-confirmed in January 2021 as G1V1 following an annual stability check assessment by the RSH.

Equality and Diversity

The Board has agreed equality and diversity targets. The Group proactively works towards achieving these targets and also in the delivery of projects which lead to sustainable communities for all. Staff and Board received refresher Equality, Diversity and Inclusion training during the year from Housing Diversity Network.

Tenant Involvement

The Group actively encourage tenants' involvement in decision making by promoting mechanisms of tenant involvement. Following a recruitment exercise in the past year we have elected three tenants to be appointed at the next AGM as either board or committee members to improve the customer voice on the board.

Complaints

We have a clear and simple Complaints Policy which is available to tenants. The Complaints policy and procedure was reviewed in December 2020 to ensure compliance with the Ombudsman's guidance on good practice. During the year, the Group received 40 complaints (2020: 19).

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***REPORT OF THE BOARD (cont.)****Internal controls assurance**

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to the Association and its subsidiaries. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The process the Board uses for identifying, evaluating and managing the significant risks faced by the Group is on-going up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements throughout each year at its meetings.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include;

- **Identifying and evaluating key risks**

The Group's risk management strategy, sets out the Board's attitude to risk in the achievement of its objectives, it underpins the risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The Executive Directors and Managers produce quarterly update reports on risk, in addition to the twice-yearly review of risk at Board level. The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- **Control environment and internal controls**

The processes to identify and manage key risks to which the Group is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, the recruitment of Executive Directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

- **Information and reporting systems**

Financial reporting procedures include setting detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed, approved and monitored throughout the year by the Board. The Board regularly receives information on key performance indicators (KPIs) to assess progress towards achievement of key business objectives, targets and outcomes.

Monitoring arrangements

Regular management reporting on control procedures provide assurance to management and to the Board. Such reporting is supplemented by regular reviews by internal audit that provide independent assurance to the Board, via its Audit and Risk Management Committee including review of any actions identified to improve control processes. A Fraud Register is maintained and is reviewed by the Audit and Risk Management Committee. The Audit and Risk Management Committee has received the Chief Executive's annual review of the effectiveness of the systems of internal controls for the Association and its subsidiaries as well as the Annual Report of the Internal Auditor and has reported its findings to the Board.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***REPORT OF THE BOARD (cont.)****Going concern**

The Group has assessed its going concern period as 12 months from approval of the financial statements, being the 12 months ending September 2022. The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place long-term debt facilities and sufficient liquid capital, which provides adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. In September 2020 the Group completed a loan facility with The Housing Finance Corporation which provides a long term fixed rate loan until 2043. The Group also has a long-term business plan, which shows that the Group is able to service these debt facilities whilst continuing to comply with lenders' covenants.

In considering the Group's going concern position, the Board has considered future risks and uncertainties, which might affect its financial position and reviewed certain stress test scenarios to test the resilience of the business plan including: pension changes; the potential of any GDPR breaches; increases in development costs and in response to the economic fallout from Covid-19 and the potential reintroduction of austerity measures: potential rent freezes in 2022/23 and 2023/24 as well as the removal of the '+1%' on CPI in the final year of the current rent settlement period before CPI only rent increases are assumed. The rent stress test would require mitigations to be applied over the life of the 30 year business plan to improve the financial position. There are loan facilities available to be drawn down until 2025 as well as sufficient time to implement any mitigations if required for this not to be a risk in the going concern period. The Board has also considered the impact of any stress tests on the Group's ability to comply with its loan covenants and is content that it will be able to comply with its loan agreement obligations for the foreseeable future. The Board considers that in the post Brexit environment the Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term to manage the possible impact of increased inflation, increased interest rates and a significant decline in the housing market.

The financial year finished again with the ongoing challenges of lockdown and the Covid-19 pandemic. We have continued throughout the year to mobilise services to enable remote working and currently have a hybrid arrangement of staff predominately working from home unless there is a need to be in the office to support service delivery. The housing office was closed to the public apart from for pre-arranged appointments all year but reopened with the change of guidance on 19th July 2021. Having mobilised services the Group is now better placed to be able to withstand any future lockdown requirements without incurring a serious adverse impact on day to day operations. The Enterprise Centres, managed by Unity Property Services, are open following social distancing rules albeit there are fewer occupants as businesses similarly make arrangements to work a mixture of from home and the centres. Interest in units has been sustained through this period and is forecast to continue with new tenant approaches seeking to take advantage of lower rental rates than in the city centre.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, the Group continues to adopt the going concern basis in the financial statements.

Register of Assets and Liabilities

The Board can confirm that the Group is compliant with the standard requiring a Register of Assets and Liabilities to be held containing, key information in relation to its housing properties and liabilities and other such information pertaining to the business.

Annual general meeting

The annual general meeting will be held on 22 September 2021

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW****Activities**

The Group consists of Unity Housing Association Limited, a registered social landlord, Unity Property Services Limited, a subsidiary trading as Unity Enterprise, which delivers office and workshop space to business start-ups and social enterprise as well as employment support and training and Unity Housing Development Services Limited, a development company. Unity Housing Association and Unity Property Services both have charitable status.

The Group's head office is based in Chapeltown, Leeds and it has properties in Leeds and Kirklees, with the majority of properties being located in Leeds.

The Group operates three key business streams:

- General needs housing for rent to persons who are unable to rent or buy at open market rates;
- Supported housing and Category 1 housing for people who need additional housing-related support; and
- Low-cost home ownership, primarily shared ownership whereby residents purchase a share in the equity of their homes with the potential to staircase to outright ownership.

As well as managing 1,331 properties, the Group is a developer of new affordable housing and during 2020/21 was a partner in the Accent Consortium, selected by Homes England as one of its development partners in the region.

Unity Housing Development Services Limited a wholly owned subsidiary was set up to manage development activities providing design and build services to Unity Housing Association Limited.

External influences

The operating environment remains challenging from both an economic and strategic context. Austerity continues to impact on our tenants, with increasing numbers accessing Universal Credit support following the Covid-19 pandemic. The Government is continuing with its transformation of the welfare system and we will continue to support our tenants through this period of change. Through the new Corporate Plan the impact on our financial plans will be monitored, support requirements will be assessed and an income management service review will consider our processes.

Housing has become one of the Government's main areas of focus and takes the view that obstacles have been cleared for the delivery of new housing. Rent increases for the five years commencing 2020 are at CPI+1% after the previous four years of successive 1% rent cuts which were introduced in the Welfare Reform and Work Act 2016.

Objectives and strategy

The Group's objectives and priorities are set out in a business plan that is reviewed and approved by the Board each year. The Board agrees targets each year that are designed to manage, develop and deliver continuous service improvement and deliver value for money. The KPIs used by senior management and the Board are monitored regularly to assess the achievement of the Group's objectives. Performance against the six key objectives for 2020/21 is given on pages 8 to 10.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW (cont.)****1. Provide and continue to develop good quality mixed tenure housing which reflects needs and aspirations**Development

The Association has obtained Homes England grant funding approval to develop 220 new homes as part of the Affordable Homes and Shared Ownership Affordable Homes programmes. To date the Association had completed 141 properties by the end of March 2021, a further 14 in June 2021 and 45 are currently on site. The remaining 20 are part of a 30 unit site in Kirklees which received planning approval in June 2021. This exceeds the original allocation by 10 units, the grant for which is coming from the Continuous Market Engagement process. In addition 3 shared ownership units were bought back from the leaseholders and changed to general needs housing.

The Covid-19 pandemic has caused challenges in development delivery. Contractors are beginning to report longer lead in times and collapsed staff working bubbles causing volatility to the market which may lead to increased contract cost. The Group is monitoring the situation and is still confident that the programme as outlined will be delivered and will try to mitigate against any adverse impact the best we can.

Major repairs

The planned and cyclical programme for 2020/21 has been completed in total with an expenditure of £353k (after capitalisation of components and major works £575k, a total spend of £928k).

The works completed during 2020/21 and the numbers of properties, are as follows: Kitchens (24), Bathrooms (full and partial) (31), Windows (10), Doors (26), Boilers (59), Roofs (7), External painting & communal areas (157).

A stock condition survey was completed in 2020 and the result of this informed the forecasts included in the long term business plan. The stock condition survey did not reveal anything which would suggest that there are any major Decent Homes Standard or Health & Safety Hazard Rating issues within our stock. We have completed more external works such as roofs in the past year as these were less intrusive to tenants than internal works during the pandemic.

We have continued to replace the poorest performing boilers in our properties as identified from stock condition information. We have co-ordinated this with other affordable warmth works to ensure our target RD 73 SAP rating is maintained. At the end of 2020-21 we had achieved a rating of 74.8 [2020: 74.4].

2. Provide high quality affordable housing services

Key service performance is set out on pages 17-19.

There is sustained demand for our stock and turnover is managed, minimising void levels and rent losses. We have actively engaged with our tenants to address the effects of welfare reforms and continue to take action to minimise rent loss and void turnover. We have seen a doubling of tenants claiming Universal Credit in the past year and have worked with them on payment programmes where there have been delays before first payments have been received.

The Group works with both Kirklees and Leeds Local Authorities utilising their waiting lists to ensure that those in need of affordable housing are allocated homes. During the first lockdown Unity successfully continued lettings including 30 units which were handed over in June 2020.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW (cont.)****3. Involve and work with our tenants and the communities we serve to inform and improve services**

We continue to provide a range of ways for our tenants to engage. Both our Scrutiny and Tenant Panel have been involved in the consultation on the Social Housing Green Paper. They also continue to be involved in performance reviews and assisting with policy reviews from April 2020.

In 2020-21 Unity Housing Association has retained its accreditation of Compliance Plus for **Customer Service Excellence** for its efforts:

- a) to identify hard to reach and disadvantaged groups and individuals, developing services in response to their specific needs; and
- b) for its commitment to developing and delivering customer focussed services via recruitment, training and developing policies for staff.

The Group was particularly pleased to achieve this accreditation for the Enterprise Centres as well as housing in the past year to ensure that all customers receive excellent customer service.

4. Work with partners to encourage the regeneration of our target neighbourhoods

Leeds has 6 Priority Areas to which the majority of its neighbourhood investment is likely to be targeted. Unity's historic priority areas of Chapeltown, Beeston/Holbeck, and Little London still remain in the lower quartiles in the Indices of Multiple Deprivation so require on-going support from the Council and other stakeholders in these areas.

Due to on-going austerity and the current Covid 19 crisis, wider partnership working as we've previously known it has been put on hold with all resources being deployed to support the most vulnerable in our communities. This can be seen in the increase in Food Banks, the support for people who are under threat of losing their employment and support to alleviate loss of financial income and fend off mental illness as a result of increased social isolation.

Working with the likes of New Wortley Housing Association, to support their development aspirations and Holbeck Neighbourhood Forum, Unity continues to play an active role in supporting communities. It is also active on a number of networks including the West Yorkshire Housing Forum and BME National.

5. Provide and facilitate business support services and encourage local enterprise

Unity Enterprise now provides around 93 small businesses and social enterprises with office or workspace. Unity Enterprise (UPS) took over the management of the Leeds Media Centre from July 2008 under a Service Level Agreement with Leeds City Council (LCC). We also manage our Unity Business Centre and the Chapeltown Enterprise Centre which together provide quality affordable business units to encourage small local businesses to grow, and to help create jobs and prosperity with the local area. We are currently finalising a new fifteen year lease with LCC which is linked to a successful European Regional Development Fund (ERDF) bid application to renovate the Leeds Media Centre and to promote new business growth with a funded business advisor. LCC submitted the application with input and assistance from Unity Enterprise.

As well as successfully running these facilities a focus of Unity Enterprise has been to tackling unemployment, improving training and creating opportunities for local people to establish new businesses and improve their life chances.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW (cont.)**

The employment team continue to make good progress and are continually adding to the network of contacts to ensure an effective employment and training service to our tenants and the community. During the year, the team has helped 161 people into employment, 185 into accredited training and 8 into voluntary placements.

6. To be a progressive and expanding business with a sound resource base

IT systems have been configured to enable remote working in response to the Covid-19 pandemic, ensuring that customers have been able to make calls and services be delivered as seamlessly as possible whilst retaining controls over data access and integrity. A programme to implement Microsoft 365 is due to complete in September 2021 as part of the IT strategy to move to cloud based servers.

We are meeting all lender covenants including interest cover and gearing. The surpluses will be used to part fund our planned development programmes alongside additional debt financing and grant funding. In September 2020 we completed a £7.5m loan agreement with The Housing Finance Corporation (THFC). A premium on issue of £4.3m was received. The funds were unavailable to access until security was completed and hence although drawn were classed as a loan receivable debtor of £11.5m at the year-end [note 18]. As part of the agreement one year of interest is retained in a sinking fund for the duration of the loan. This is shown as a fixed asset investment £0.3m in the Statement of Financial Position [see note 15].

Risks and uncertainties

The main risks that may prevent the Group achieving its objectives are considered and continuously reviewed by the senior management team and Board as part of the corporate planning processes and regularly throughout the year. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are reported to the Board together with action taken to manage the risks and the expected outcome of the action. These risk reports include assessments of key controls used to manage the risks. The Group continues to include specific Covid related risk considerations and additional controls as a result of the ongoing pandemic. The areas of risk that carry a high risk score after risk controls are implemented are considered below.

| Key risk | Controls/action |
|---|--|
| Failure to maintain the necessary investment in the planned maintenance programme will result in deterioration of stock condition, failure to meet HSHRS and higher day to day cost. It will also link to higher levels of complaint, reputational damage and reduction in asset value. | A fully costed programme and regular review of expenditure and independent stock condition survey to check on whether properties are being adequately maintained. Additional pandemic related pressures are from the inability of contractors to deliver their services and hence there is a continuous review of Government advice; website updates to keep customers informed; risk assessments to facilitate continued working by maintenance staff and contractors; development of appropriate protocols and safe working practices including the use of PPE. Staff are prioritising workstreams to enable the best use of limited labour and material resource. |
| Failure to manage development contractor performance resulting in delays, overspends or poor quality of work. Poor quality of work may result in potential health and safety risk. | Robust procurement processes and procedures, regular and robust contractor monitoring and site meetings, use of consultants where required and review of gas installation: quality control and audit processes |
| Poor management of the Group's Health and Safety obligations | Submitting monitoring returns to the Regulator, management and board reporting, a continuous review of Government advice; website updates to keep customers informed; risk assessments to facilitate continued working by maintenance staff and contractors; development of appropriate protocols and safe working practices including the use of PPE. Staff prioritise workstreams to enable the best use of limited labour and material resource |

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW (cont.)****VALUE FOR MONEY (“VFM”)**

A Value for Money Standard and supporting Code of Practice came into effect on 1 April 2018, together with a suite of metrics which are reported upon below. The Group has set its VFM strategy as being to optimise the use of its resources to achieve its targeted outcomes, thereby achieving a balance between economy, efficiency and effectiveness in order to support the Vision of:

- **providing housing choice**
- **to improve life opportunities**
- **to address inequalities.**

The Group has held visioning exercises with the Board, staff and tenants which has resulted in a Corporate Plan that was approved in June 2021. The plan identifies over the next 5 years the key areas that activity will be focussed upon. The 5 strategic themes are:

1. Providing excellent customer service and sustaining meaningful tenant engagement
2. Growing and protecting the organisation
3. Raising operational performance to best in class
4. Developing and enhancing our social purpose
5. Strengthening the resilience and harnessing the innovative potential of our people

Success in these five areas will ensure we achieve our new strategic objectives which are:

- ✚ To be one of the best performing and most well regarded social landlords in the country
- ✚ To have a financially strong, viable and growing business with a prolonged shelf-life
- ✚ To have a reputation as a community anchor, dedicated to serving and engaging with the community and working in partnership with other agencies to improve the lives of its people.
- ✚ To be known for the breadth and depth of our social purpose activities and the overwhelmingly beneficial impact these have had on the lives of many people, for tackling inequality and being a beacon for others to follow.
- ✚ To be a great organisation to work for, making our people proud and enhancing their potential

Delivering this Corporate Plan is important to us so it will be regularly monitored and reviewed through a succession of Annual Plans. These contain the targets and objectives in the Corporate Plan that must be achieved in a particular year. Progress on the Annual Plan will be reported to the Board quarterly. In addition, the Board will review the Corporate Plan at the end of each calendar year to, amongst other things, determine what must be achieved in next year's Annual Plan to remain on track.

For each of the five Strategic themes to deliver the Vision, the table overleaf identifies which key indicators are used against each objective. In addition the organisation will monitor a number of other indicators to ensure that performance in all areas is monitored regularly.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)

| Strategic Theme | Performance/ VFM measure | |
|---|--|---|
| 1. Excelling at Customer Service and Resident Engagement | Customer Service Excellence accreditation | |
| | Maintenance satisfaction (%) | |
| | Complaints - number received | |
| | Complaints responded on time (%) | |
| 2. Grow and Protect the organisation | RSH VFM metrics | Health & Safety |
| | 1. Reinvestment % | Properties with live Gas service certificate (%) |
| | 2a. New supply delivered - social housing (%) | Properties with live Electrical service certificate (%) |
| | 2b. New supply delivered - non-social housing (%) | |
| | 3. Gearing at cost (%) | Development |
| | 4. EBITDA (Interest cover)(%) | No. New home starts |
| | 5. Headline Social Housing cost per unit (£) | No. New home completions |
| | 6a. Operating Margin - social housing lettings (%) | |
| 6b. Operating Margin - overall (%) | | |
| 7. ROCE (%) | | |
| 3. Operational Performance | Repairs | Housing Income Management |
| | Emergency repairs responded on time (%) | Rent arrears (%) - best benefit week |
| | Urgent repairs responded on time (%) | Income collection (%) |
| | Routine repairs responded on time (%) | |
| | Repairs Appointments kept | Housing - Voids and Lettings |
| | Repairs first time fix | General Needs Relet times (days) -excl. new devel |
| | Average SAP rating (an energy rating performance) | Turnover of stock (%) |
| | General needs Void loss (%) | |
| 4. Developing and investing in our social purpose | Unity Enterprise | Employment Services |
| | Unity Enterprise Void loss (%) | No. people supported into employment |
| | | No. people given training |
| | No. people helped into volunteering positions | |
| 5. Building resilience through Organisational and Human Resource | Investors in People accreditation | |
| | Sickness per full time equivalent (fte) - days | |

Performance against the Strategic Themes.

The Group has been in discussion with other associations to look at ways to work more collaboratively together. The Corporate Plan reflects this in the second strategic objective as well as in the fourth. The outcome of this is the Group's development team will be supporting community associations with their development programmes and will support another housing association to restart its development activity. A successful application has been made for Unity to have Investment Partner Status with Homes England to enable both this support and Unity to continue to develop.

RSH VFM Metrics

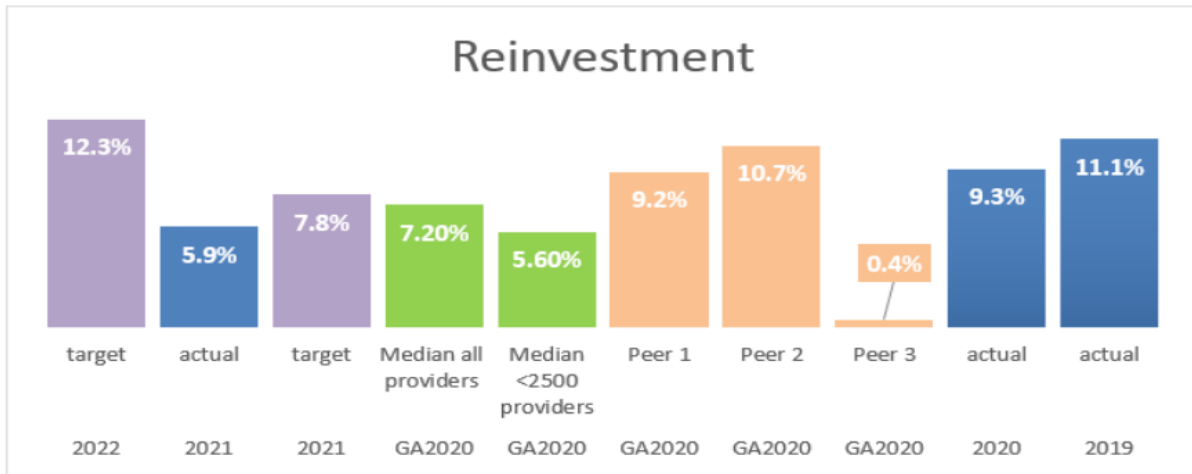
The charts overleaf set out each VFM metric making a comparison for the Group for the year ended 31 March 2021 showing the actual performance against the budgeted performance for the year and against the RSH 2020 Global Accounts (GA2020) which have been produced. A 3 year actual trend is shown for the Group as well as the target for 2022.

The Group has compared itself against the median of all organisations as the Board wanted to see this. Recognising that costs can often be linked to size, the Group has also utilised the regulator subset of data from the Global Accounts, to enable a comparison to be made to the median of organisations with less than 2,500 units, a sub set of 45 providers. Performance has then been narrowed further to understand how the Group performs against 3 other similar sized organisations in the region. This comparison was previously made to 4 organisations but having considered the make-up of one with a higher amount of housing for older persons, this peer has since been removed. The 3 peer organisations are located in the Yorkshire region: Arches (peer 1), Leeds and Yorkshire (peer 2) and Manningham (peer 3) housing associations.

UNITY HOUSING ASSOCIATION LIMITED
 Year ended 31 March 2021

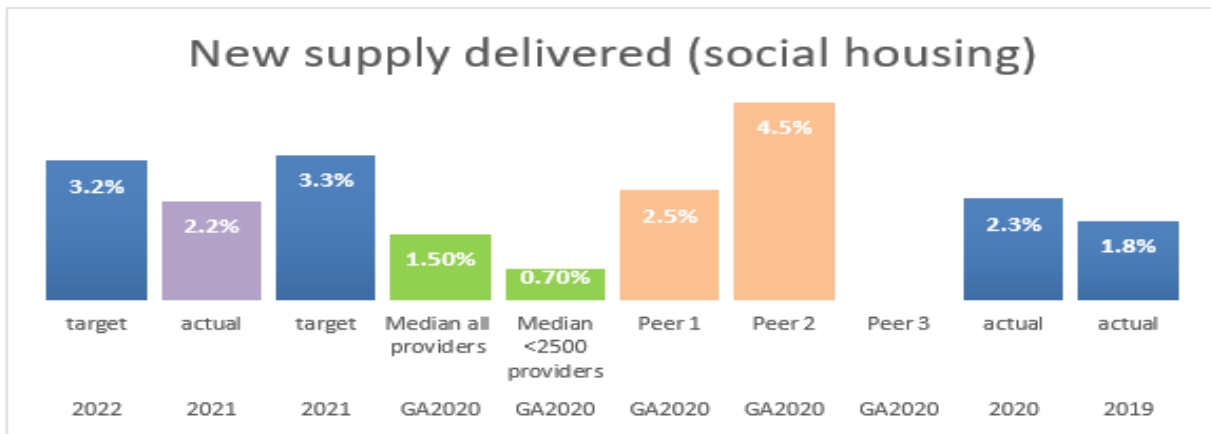
OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)

1. Reinvestment %



For 2020-21 Development expenditure was lower than budgeted due to the delays with some of the schemes on site as a result of the pandemic. Whilst progress did occur, due to a contractor also going into administration, hand overs were behind target, as shown in the separate development metrics. For its size Unity has a larger reinvestment percentage than the median of all providers <2500 units for the 2020 year and comparable in the Northern Region to Arches and Leeds & Yorkshire’s spend in 2020. Manningham did not have a development programme but is about to start its programme back up with support from Unity’s development team and hence only major repairs expenditure is included in its figures.

2a) New Supply delivered (social housing)



30 new properties were handed over during 2020-21 whereas 44 had been budgeted to complete. Delays due to the pandemic meant that 14 did not complete until June 2021. Due to a contractor going into administration 30 units were delayed and are now due to complete in 2021-22. The 30 which were completed in the year in June 2020 had been due to hand over in March 2020 but were affected by the start of the lockdowns.

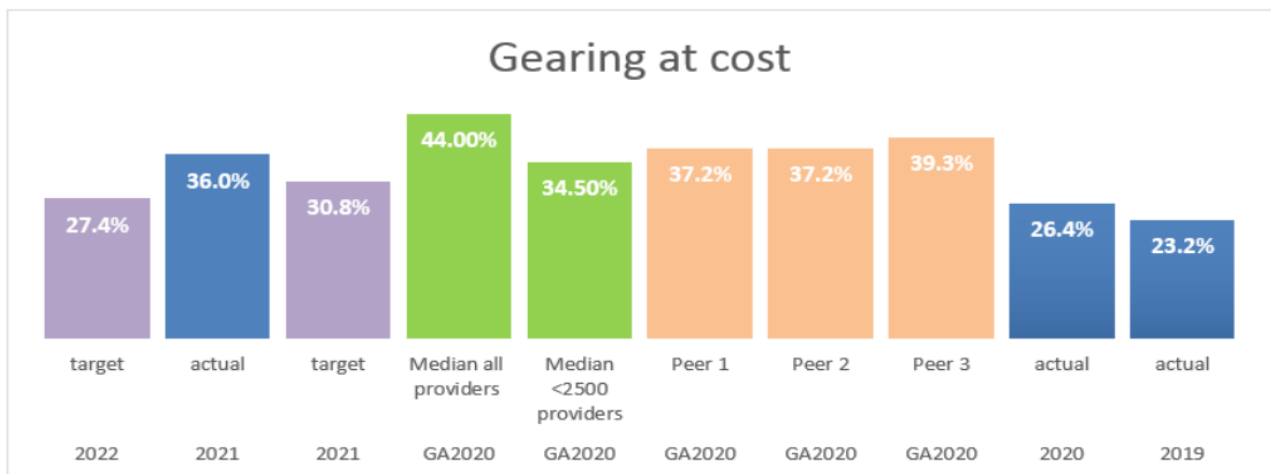
2b) New Supply delivered (non social housing)



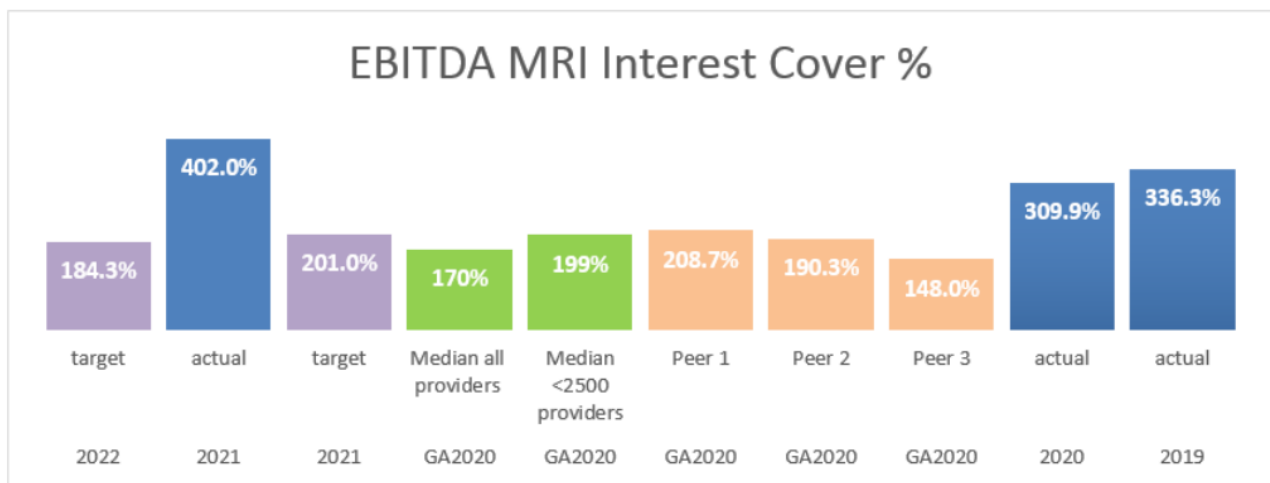
Board decision not to invest currently in non-social housing, so both targets and actuals are nil for this VFM metric.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)**3. Gearing at cost %**

Unity continues to have gearing which is lower than its peers and the median of providers < 2500. As expected and reported last year, gearing is increasing as loans are drawn to fund the development programme. In order to reduce the refinancing risk for 2022-23 and in light of the pandemic, the Group advanced its loan talks and the resulting end of year position reflects the use of the Yorkshire Bank restatement agreement and extended revolving credit facility period as well as the THFC loan. As security is completed, the Yorkshire Bank revolving credit facility will be repaid until needed and hence the gearing is targeted to reduce. The year end position reflects the increase in loans but the development spend and hence total housing properties is lower than forecast, increasing the gearing.

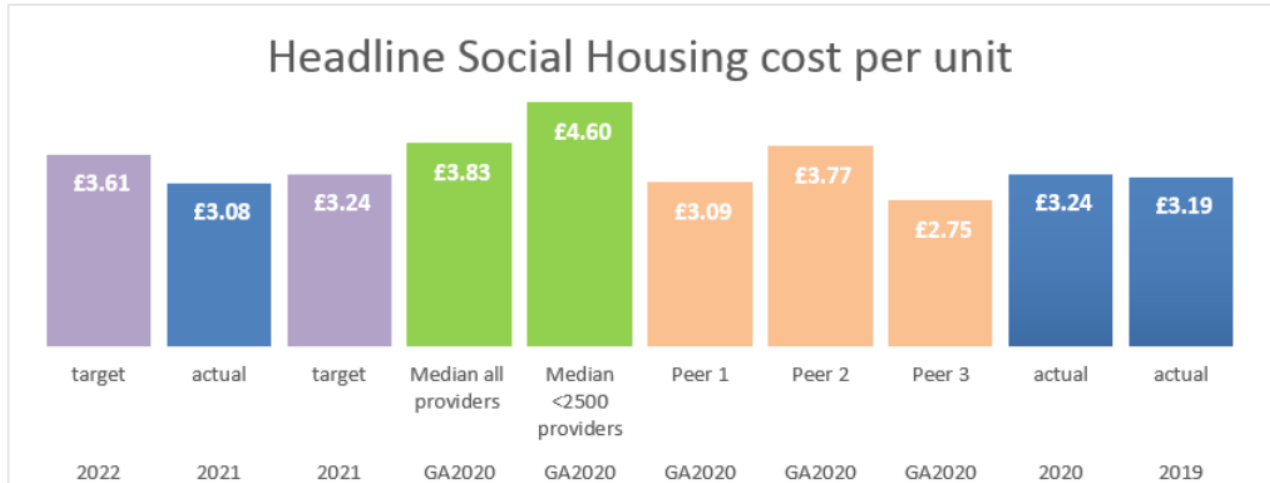
4. EBITDA MRI Interest Cover %

This measure was budgeted to reduce due to the increased cost per unit but exceeded budget as interest payable was lower due to fewer drawdowns and the operating surplus was higher. The Group has benefitted in 2021 from the lower interest rates which were introduced as a response to the pandemic due to having a number of variable rate loans. The target level for 2021 was closer to the 2020 median of providers <2500 units and that of our peers. Peer 3 had much higher interest costs than Unity and the other peers. Unity had a similar surplus to Peer 1 and 2 but has higher amortised government grants within the operating surplus and these are removed for this metric.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

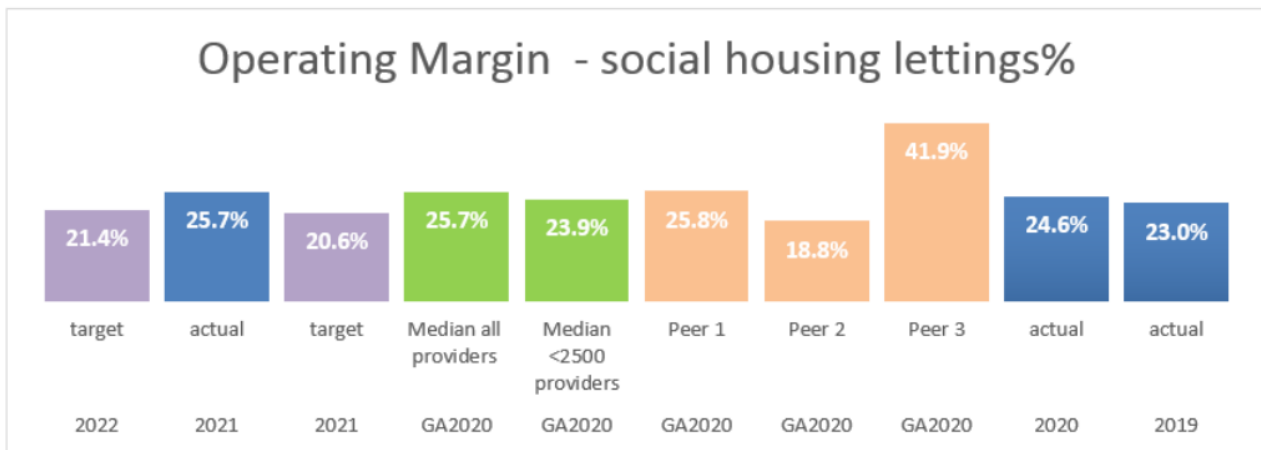
OPERATING AND FINANCIAL REVIEW – VALUE FOR MONEY (cont.)

5. Headline Social Housing Cost per Unit



Our **Social Housing cost per unit** remains low in comparison to the sector. The Global Accounts data published for 2020 showed that Unity's cost per unit was lower than the median of all providers and at £3.24 was significantly lower than the median of <2,500 Organisations. It was however, higher than 2 of the peers selected. Peer 3 does not have a development programme and hence does not have development staff but Peer 1 does have a programme. Unity had forecast to increase its cost per unit as a direct result of the Board's decision to invest in additional costs to benefit service delivery. However, during the 2021 year, there were some delays filling vacancies and some overheads were not incurred.

6a. Operating Margin - social housing lettings%



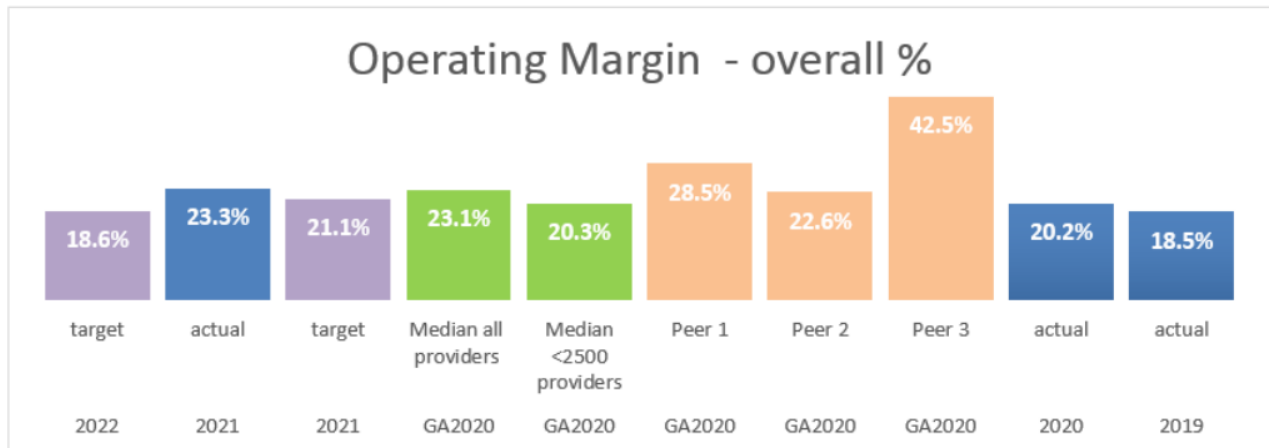
The operating margin was expected to be lower for 2021 with a full year effect of additional costs. Fewer voids and lower operating costs and interest payments meant the budget was exceeded.

Recognising the challenges of Universal Credit which was rolled out in Leeds from October 2018, in addition to the increased unit numbers in the past few years, the Board took the decision to invest in some additional software to assist the Income Management Team be more efficient in targeting their scarce resources. The software highlights payments which are about to be missed enabling officers to proactively approach tenants before they miss rather than afterwards. It also means that if payments are being received as and when expected then officers do not need to check an account so they can be more focussed. The board also chose to invest in an additional housing officer (covered within social housing cost per unit). These combined changes explain the reduced targets for 2020 and 2021 in comparison to the actuals from 2018 and 2019

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

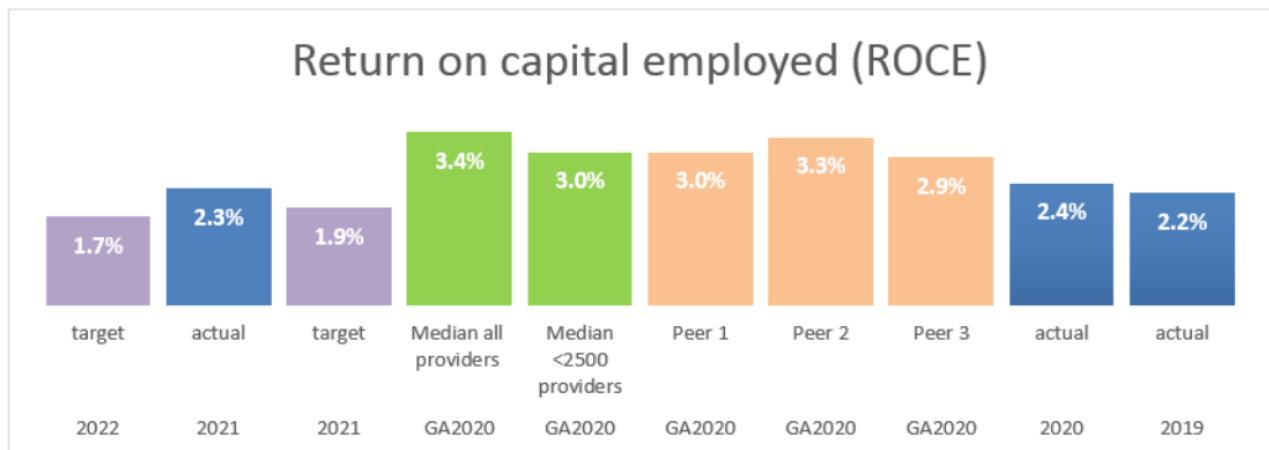
OPERATING AND FINANCIAL REVIEW – VALUE FOR MONEY (cont.)

6b. Operating Margin –overall %



The budgeted operating margin has been exceeded due to fewer voids and lower operating costs and interest payments. As part of its strategic objectives, working in the community delivering an employment service is an additional cost which Unity incurs in comparison to other providers and hence being below the operating margin of the peer organisations is to be expected. For 2021, the reduced target reflects the impact of the ERDF refurbishment project at Leeds Media Centre. The ERDF bid brings in external funding of £1.1m. There are however some costs which sit outside of the project and have an impact on the Unity Enterprise surplus for 2021 including voids which will be incurred during the refurbishment. This is seen as a short term loss to enable a long term gain in both the condition of the building and the additional space which will be generated.

7. Return on Capital Employed %



ROCE%

This measure tracks the movement in total and current fixed assets in comparison to the operating surplus. As referred to in the other metrics, the improvement in the surplus has meant an improvement upon the target for this measure. We are below the median for this measure against Organisations <2500 units. Currently costs are being incurred on developments but no income is being generated whilst they are work in progress. The overall operating surplus for 2021 included right to acquire and staircasing sales during the year which are not budgeted for as they cannot be relied upon. This combined with lower operating costs and voids have contributed to the actual ROCE for 2021 being better than budget. We are lower than our peers as explained in the overall margin as Unity contributes to additional services such as employment.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)**Key Performance Indicators (KPIs)**

Tracking the following Performance Indicators is a clear VFM focus. The 2020/21 targets were set before the start of the pandemic.

| Excelling at Customer Service | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|--------------------------------|----------------|----------------|----------------|-------------|-------------|-------------|-------------|
| Customer Service Accreditation | awarded UHA+UE | awarded UHA+UE | awarded UHA+UE | awarded UHA | awarded UHA | awarded UHA | awarded UHA |
| Complaints -Number received* | info | 40 | n/a | 19 | 21 | 21 | 20 |
| Complaints responded on time % | 100.0% | 51.2% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Maintenance satisfaction % | 95.0% | 94.6% | 95.0% | 95.1% | 97.0% | 97.2% | 99.0% |

The Group was pleased to achieve the UE customer service excellence accreditation. Complaints doubled in the year compared to the previous 4 years. Complaint responses fell below 100% due to staff shortages and competing work pressures. The target is retained at 100% as complaint handling and learning is a key focus of determining service delivery. Maintenance satisfaction is lower than in previous years and was not available for quarter 1 and 2 of 2021. Due to the pandemic customers were not given paper satisfaction forms to fill in and return.

| Health & Safety | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gas Service certificate % | 100.0% | 99.7% | 100.0% | 98.7% | 100.0% | 100.0% | 100.0% |
| Electrical Service certificate % | 100.0% | 99.6% | 100.0% | 98.5% | 98.8% | 99.0% | - |

The Group follows a ten month gas servicing cycle to avoid breaching 12 month renewal of certification. However, due to the pandemic, at the end of March four properties were without a live gas safety certification. They were all compliant with Unity procedures. The properties were occupied by customers claiming to be in vulnerable groups and self-isolating. As per Government advice appointments were made to undertake the testing when their period of self-isolation ended. Three have since completed and an injunction sought for the other.

At the end of March five properties with vulnerable customers self-isolating were without live electrical certification. Each was compliant with procedures. As per Government advice appointments were made to undertake the testing when their period of self-isolation ended. Since the year end, access has been granted to three properties, an appointment made for one and the Association is pursuing an injunction for access to the other.

| Development | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| No. New developments start on site | 30 | 15 | 32 | 14 | 60 | 84 | 12 |
| No. new development units completed | 59 | 30 | 44 | 30 | 23 | 12 | 46 |

During the year, the targets for development were not achieved. Site closures in March 2020 due to Covid had an impact although progress resumed when Covid secure methods of working were achieved. The 44 completions assumed that two sites were handed over. One site was affected by a Contractor going into administration, following tender this site is operational again but completion is delayed until the 21/22 year. The other scheme was again affected by the delays and completed in June 2021. The 30 units which did complete in June 2020 were those delayed from the 2019/20 programme. The target of 32 starts was affected by a site being found not to be feasible to progress. Another site has been found but the time of this with planning delays has rolled forward into 21/22.

Unity primarily chooses to build homes, which meet the space standards, recognising that its tenant base requires family homes as well as homes for over 55's in communities. The areas are often in need of regeneration and therefore may not be as straightforward as some sites to develop. In order to be able to continue to develop the Group considered its options before applying for Investment Partner Status with Homes England which has been awarded subject to legal documents being completed.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW (cont.) – VALUE FOR MONEY

| REPAIRS | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Emergency | 99.0% | 98.5% | 99.0% | 99.1% | 99.2% | 93.9% | 99.3% |
| Urgent | 99.0% | 98.8% | 99.0% | 99.0% | 99.1% | 92.1% | 98.1% |
| Routine | 99.0% | 99.3% | 99.0% | 98.9% | 99.3% | 94.0% | 99.1% |
| Appointments kept | 99.0% | 95.3% | 99.0% | 95.1% | 96.7% | 93.8% | 98.8% |
| Repairs First time fix | 95.0% | 81.3% | 95.0% | 91.3% | | | |
| Average SAP rating | 74.8 | 74.8 | 73.0 | 74.4 | 74.3 | 74.2 | 74.0 |

Performance was not met for emergency and urgent repairs, primarily during the first lockdown. While all were attended within the required period, there were issues completing the works due to restricted access and material and labour availability. Appointments kept was not achieved due to the lower number of appointable orders being raised in the first lockdown. First time fixes were not met due to containment work only being undertaken during the various national and local lockdowns. Risk assessments initially limited the amount of time operatives spent in a property. The average SAP rating has improved beyond the target. New properties have contributed to this. The target has been increased for 2021-22.

| Income Management | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Rent arrears % * | 4.20% | 4.60% | 3.71% | 4.18% | 4.12% | 4.83% | 4.91% |
| Income collection | 100.30% | 100.42% | 100.00% | 101.46% | 101.01% | 99.78% | 100.49% |
| * general needs rent arrears tracking best benefit week | | | | | | | |

Rent arrears were affected by the pandemic with the number of UC claims more than tripling in the first lockdown before settling back to usual levels. Such movement and waits for the initial DWP payment has had an impact. The board is not satisfied with the current levels of arrears. An income management service review has started to look at processes, people, performance and costs as we continue to meet the challenges of being a socially responsible landlord and assist tenants facing financial difficulty but at the same time rent collection is a key performance indicator to ensure long term viability.

| Lettings and Voids | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Turnover of stock | <10% | 1.80% | <10% | 3.98% | 3.48% | 5.21% | 4.20% |
| GN Re-let times - excl. new developments | 26 days | 36.3 days | 20 days | 28.8 days | 21.2 days | 27.8 days | 34.1 days |
| Rent loss from voids - General Needs | 0.75% | 0.69% | <1% | 0.56% | 0.40% | 0.77% | 0.68% |
| Unity Enterprise Void loss % | 19.02% | 5.20% | 10.56% | 0.56% | 0.40% | 0.77% | 0.68% |

Stock turnover has been lower over the year as there were challenges for any movers in the first quarter. This has also kept rent loss from voids low and below target. Re-let times are much higher than target, due to delays in reference requests being received and the Association also engaged with Leeds City Council Emergency Lettings Panel. The removal of the 3 emergency panel lets reduces the re-let time to 24.5 days.

Unity Enterprise performance was better than forecast. The pandemic has had some impact but the void levels forecast were linked to the anticipated commencement of the ERDF project and progress was slower than expected, some delays at the Council being due to staff being redeployed to Covid business support programmes. The target for 2022 has been set reflecting this shift in timing on the project.

| Resilience through OD & HR development | 2022 Target | 2021 Actual | 2021 Target | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Investors in People Accreditation | Silver | Silver | Silver | Silver | Silver | Silver | Silver |
| Sickness per FTE (days) | 4.0 | 6.4 | 4.0 | | | | |

Sickness ended higher than target and will continue to be monitored as we come out of the pandemic.

UNITY HOUSING ASSOCIATION LIMITED
 Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW (cont.) – VALUE FOR MONEY

Social Value - the Group is committed to delivering social value via services that complement housing management and development. The following metrics are tracked monthly. Unity not only builds homes, but also brings on board and works with partners to improve local community facilities leading to increased well-being.

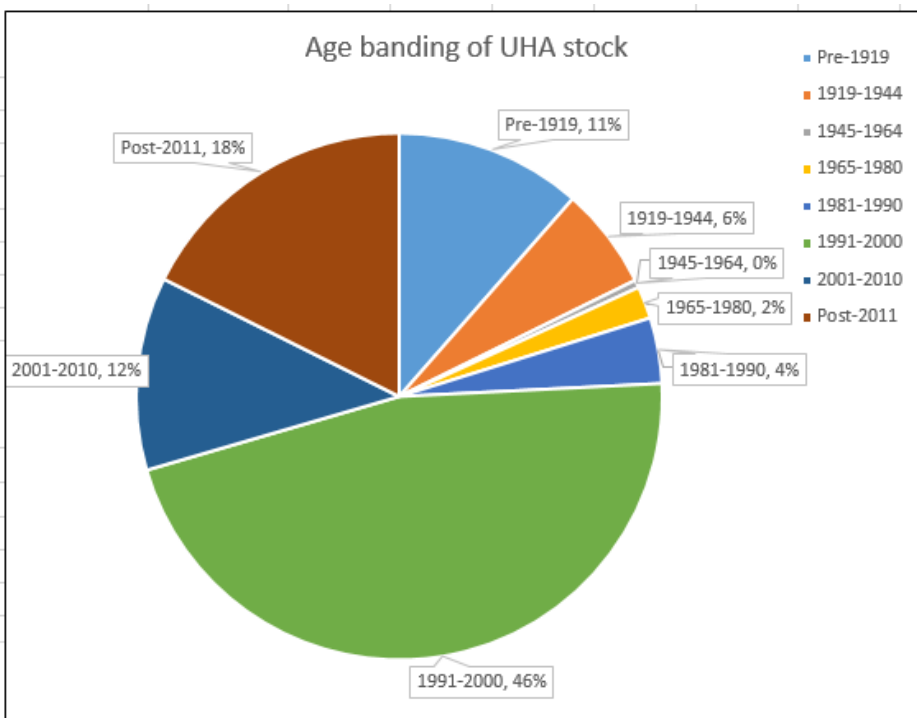


Note () = number of Unity HA tenants.

| Employment Services | 2022 Target | 2021 actual | 2021 target | 2020 actual | 2019 actual | 2018 actual | 2017 actual |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| No. people supported into employment | 145 | 161 (82) | 132 | 117 (28) | 119 | 110 | 95 |
| No. people given training | 231 | 185 (66) | 210 | 251 (70) | 179 | 177 | 149 |
| No. people helped into volunteering positions | 25 | 8 (3) | 25 | 20 (4) | 24 | 30 | 26 |

To maintain its services over the past year Unity Employment Services had to adjust and rethink its approach to clients. It continued to deliver English for Speakers of Other Languages classes (ESOL), Job Club and IT classes in a Covid secure manner. ESOL and Job Club became outdoor activities, weather permitting. Where clients were deterred by the risk of catching Covid, different service options were available such as one-to-one based audio/video calls and messaging apps. Reconditioned laptops were also sourced from an organisation based at Unity Business Centre- Tech Angels. At the end year, although the people supported into employment target was achieved, the training and volunteering ones were not. Given the important of each area and the assumption that Covid restrictions will diminish over the 2021-22 year, the board has continued to set challenging targets for 2022.

Return on Assets/ Knowing our assets



Age of stock

As part of the ongoing improvements in understanding the Association's stock, the age profile has been updated for new property sales and property disposals and is shown in the chart. Such analysis helps understand future repair obligations in conjunction with the stock condition analysis work and as a reason for understanding why the Associations repair costs may be different to other organisations.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW (cont.) – VALUE FOR MONEY**Investment in properties**

During the year the Group had the opportunity to buy back assets from shared owners. Following a detailed appraisal of the costs involved, benefit of keeping larger family housing, consideration of impact on estates of change of ownership, the Board agreed that the units should be purchased and a case was made to Homes England to use some Recycled Capital Grant fund to support this.

Subsidiary assets:

For Unity Enterprise, there are 4 main assets. Each is described below with any action to be taken.

| | Current condition * | Ownership | Action identified |
|-----------------------------|--|---|---|
| Leeds Media Centre (LMC) | In need of refurbishment. Requirements identified and the ERDF bid enables, a £1.6m refurbishment, funded with £0.8m ERDF grant, £0.3m LCC digital media grant and £0.5m loan from the LCC to Unity Enterprise. Part of the grant also funds a business advisor thereby leveraging in additional revenue benefit from the capital refurbishment. | Leased asset from LCC | Application made to European Regional Development Fund (ERDF) to improve the asset with LCC as the applicant now approved and legal documents being drawn up. Tender expressions of interest have been received. Tender process to be undertaken to enable contract to start in the 21-22 year and continue into 22-23. |
| Unity Business Centre 1 | ERDF grant used to refurbish the communal areas – units need some work | Building owned | On-going refurbishment and maintenance plan |
| Unity Business Centre 2 | In need of some attention. Looking tired | Building owned | On-going refurbishment and maintenance plan |
| Chapelton Enterprise Centre | ERDF grant used to refurbish communal areas | Building 'owned' via a 99 year lease from LCC | On-going refurbishment and maintenance plan |

*As assessed by the Enterprise Manager (traffic lights where red = poor and green = good)

A number of different options were appraised for the LMC refurbishment – resulting in LCC being the ERDF bid applicant to minimise risk from cashflow exposure for Unity Enterprise. The loan from the Council is also to be linked to the lease terms to ensure there is minimal risk to the Group as a whole thereby protecting the social housing assets.

Performance against VFM targets. Performance against the targets we set for 2020/21 are summarised below.

| Targets | Comments | Outcomes |
|-------------|---|--|
| KPI targets | Targets were set for 2020/21 despite recognition that they may not all be achievable in the uncertainty of the time at which they were set. They have been reviewed quarterly during the year by the Operations Committee, Tenants panel and Board. | KPI performance targets reported above, identify those which have been met and those which were not achieved and reasons for this are given. |

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW (cont.) – VALUE FOR MONEY****VFM Planned Improvements for 2021-22**

The table below sets out the planned VFM improvements for 2021-22. Targets have been for key performance indicators in the tables above and commentary is given below.

| Targets | Comments | Outcomes |
|--|---|--|
| KPI targets | See detail in tables above. Targets set have been aligned to the new Corporate Plan. A renewed Organisation wide focus on performance delivery will be launched. Quarterly reporting to Operations Committee as well as management to keep a focus on the performance. | KPI performance against targets to be reported upon as at March 2022, identifying those which have been met and those which were not achieved and action to address. |
| Service reviews | To examine in detail a major area of operational activity to ensure best use is made of resources and value for money is obtained in performance outcomes – first one to be Income management - arrears as performance is below peers in this area. | Report and action plan on the service area presented to Senior Management Team to achieve arrears reduction |
| Investigate social return on investment models | To evaluate the use of a social return on investment model to capture the social value of social purpose activities which are outside of housing delivery | That a new social value measure is captured and reported upon |
| Know your assets – Leeds Media Centre ERDF refurbishment | To progress the ERDF refurbishment project during 2021-22 and 2022-23, enabling regeneration of the building and additional community business start-up support through a funded business advisor | Improved condition of the Leeds Media Centre and additional businesses supported |

The Group considers this a robust review of its approach to meeting the Value for Money regulatory standard as it has set out:

- **Clearly articulated strategic objectives**
- **The boards approach to Value for Money in meeting these objectives and demonstration of delivery of VFM to stakeholders.**
- **The strategic objectives include a specific protect and grow the business that enables delivery of homes that meet a range of needs**
- **How it will ensure optimal benefit from resources and assets to optimise economy, efficiency and effectiveness in the delivery of the objectives**
- **A robust approach to decision making and rigorous appraisal of potential options for improving performance**
- **Consideration by the board of options for potential VFM gains and alternative delivery structures**
- **Consideration of VFM across the whole business and where there is non-social housing activity, consideration of returns and risk**
- **Targets for measuring performance in achieving VFM in delivery of strategic objectives and regular monitoring and reporting**
- **Performance against the Groups own VFM targets and the regulator metrics and how performance compares to peers.**
- **Plans to address any underperformance.**

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***OPERATING AND FINANCIAL REVIEW (cont.)****Financial position**

The Association's Statement of Comprehensive Income and Statement of Financial Position are summarised in Table 1 on page 23 and the following paragraphs highlight key features of the Group's financial position at 31 March 2021.

The Group's financial result for the year ended 31 March 2021 is a Total Comprehensive Surplus of £446k compared to a Total Comprehensive Surplus of £2,110k in 2019-20. The surplus for the year was £1,382k before the actuarial loss in respect of the pension scheme was included. The Group exceeded its budgeted surplus during the year due to lower than budgeted interest rates, lower operating costs due to remote working and property sales which are unbudgeted.

Planned maintenance and improvements

Expenditure on major repairs and improvements to properties was £353k in 2020-21 which compares to £261k in 2019-20. Major repairs of £575k were capitalised, compared to £673k in 2019-20.

Housing properties and other fixed assets

The Group spent some £4,268k (2020:£6,522k) on the development and purchase of housing properties during the year. Total grants received in the year were £1,691k (2020:£1,472k), the Group's housing asset base at net book value has increased from £70.6m (restated) to £72.7m.

Cash flow and liquidity

The net cash inflow for the Group amounted to £145k (2020:£1,682k outflow) and is shown in the consolidated statement of cash flows on page 34. The Group had liquid resources of £2,033k as at 31 March 2021 and has sufficient agreed loan facilities to support its business plan until 2029.

Treasury management

Treasury management is actioned within a policy approved by the Board. The Group's existing loans, covenant compliance and future borrowing requirements are reviewed by the Board on a quarterly basis. Investments are made only with counterparties on an approved list.

The Group has funding in place at the year-end to cover cash flow requirements for the next financial year.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in the Housing SORP 2018, the provisions of FRS 102 and the Accounting Direction 2019.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

OPERATING AND FINANCIAL REVIEW (cont.)

Table 1 – Association only highlights, five-year summary

For the year ended 31 March

| | 2021 | Restated 2020 | 2019 | 2018 | 2017 |
|--|---------|------------------|---------|---------|---------|
| Statement of Comprehensive Income (£'000) | | | | | |
| Total turnover | 7,247 | 6,794 | 6,693 | 6,926 | 6,841 |
| Income from Social Housing Lettings | 7,156 | 6,709 | 6,568 | 6,822 | 6,376 |
| Operating surplus | 1,990 | 1,761 | 1,556 | 2,379 | 1,827 |
| Interest Payable | (592) | (596) | (575) | (475) | (462) |
| Surplus for the year | 1,417 | 1,189 | 1,019 | 1,933 | 1,423 |
| Total Comprehensive Income/ (deficit) for the year | 481 | 2,175 | (248) | 1,933 | 1,423 |
| Statement of Financial Position (£'000) | | | | | |
| Tangible Fixed Assets (excl.long term debtors) | 74,127 | 71,557 | 66,919 | 61,755 | 60,073 |
| Net current assets /(liabilities) | 9,414 | (1,258) | (310) | 689 | 1,944 |
| Total Loans | 28,621 | 20,621 | 19,100 | 17,311 | 18,321 |
| Revenue Reserves | 19,089 | 18,608 | 16,433 | 16,681 | 14,748 |
| Total | 19,089 | 18,608 | 16,433 | 16,681 | 14,748 |
| Accommodation figures | | | | | |
| Total housing stock (No of units) excl. 3 leased to third party | 1,341 | 1,313 | 1,287 | 1,273 | 1,280 |
| Statistics | | | | | |
| Surplus for the year as % of turnover | 19.60% | 17.80% | 15.20% | 27.90% | 20.80% |
| Comprehensive Income for the year as % of turnover | 6.60% | 32.30% | (3.70)% | 27.90% | 20.80% |
| Surplus for the year as % of social housing lettings | 19.80% | 18.00% | 15.50% | 28.30% | 22.30% |
| Voids as a % of social housing lettings | 0.72% | 0.57% | 0.25% | 0.81% | 0.69% |
| Bad debts as a % of social housing lettings | 0.32% | 0.16% | (0.51)% | 0.51% | 0.31% |
| Operating surplus per unit housing stock | £1,484 | £1,357 | £1,207 | £1,869 | £1,427 |
| Total Reserves per unit housing stock | £14,235 | £14,172 | £12,768 | £13,104 | £11,522 |
| Interest Cover (surplus before interest payable divided by interest payable) | 3.36 | 2.99 | 2.71 | 5.01 | 5.83 |
| Liquidity (Current assets divided by current liabilities) | 3.43 | 0.73 | 0.93 | 1.20 | 1.80 |
| Gearing (total loans as a % of SHG plus reserves) | 55.18% | 40.28% | 39.71% | 36.17% | 39.82% |

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***STATEMENT OF RESPONSIBILITIES OF THE BOARD**

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law, the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Association and Group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (2019). It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

At the date of making this report each of the Group's Board members, as set out on page 1, confirm the following:

- so far as each Board member is aware, there is no relevant audit information which the Group's auditors are unaware, and
- each Board member has taken all the steps that he ought to have taken as a Board member in order to make themselves aware of any relevant information needed by the Group's auditors to establish that the Group's auditors are aware of that information.

External Auditors

A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

The report of the Board and Operating and Financial Review was approved by the Board on 15 September 2021 and signed on its behalf by:



Shruti Bhargava
Chair

16 September 2021

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION****Opinion**

We have audited the financial statements of Unity Housing Association Limited (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, Association Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves, Consolidated Statement of Financial Position, the Association Statement of Financial Position, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent society's affairs as at 31 March 2021 and of the group's and parent society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the board's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION
(Cont.)**

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of board for the financial statements' section of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the parent society has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 24, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the group's and parent society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the group or parent society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION
(cont.)**

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent society, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2019), the Co-Operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, Social Housing Regulatory Standards, and the NHF Code of Governance 2015. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the group and parent society is complying with those legal and regulatory frameworks by, making inquiries of management and those responsible for legal and compliance procedures. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and Risk Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, we obtained an understanding of:
 - The group and parent society's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and
 - The group and parent society's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the group and parent society's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Evaluating the processes and controls established to address the risks related to irregularities and fraud;

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION
(cont.)**

- Testing manual journal entries, in particular journal entries relating to management estimates, revenue and journals entries deemed to relate to unusual transactions;
 - Challenging assumptions and judgement made by management in its significant accounting estimates;
 - Identifying and testing related party transactions; and
 - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and its practical experience through training and participation with audit engagements of a similar nature.
 - From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud

Use of our report

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
16/9/2021

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2021

| | Note | 2021 £'000 | Restated 2020 £'000 |
|---|------|---------------|---------------------------|
| Turnover | | | |
| Operating income | 3 | 7,780 | 7,324 |
| Operating costs | 3 | (5,813) | (5,613) |
| Operating surplus | | 1,967 | 1,711 |
| Interest receivable | 7 | 7 | 9 |
| Interest and financing costs | 8 | (592) | (596) |
| Surplus on ordinary activities before taxation | | 1,382 | 1,124 |
| Tax on surplus on ordinary activities | 9 | - | - |
| Surplus for the year | | 1,382 | 1,124 |
| Actuarial (loss)/gain in respect of pension scheme | 11 | (936) | 986 |
| Total comprehensive income for the year | | 446 | 2,110 |

The accompanying notes of pages 35 to 66 form part of the financial statements.

There were no gains and losses of the Group other than those included in the Statement of Comprehensive Income.

The consolidated results relate wholly to continuing activities.

The financial statements were approved by the Board on 15 September 2021 and signed on its behalf on 16 September 2021 by;



Shruti Bhargava
Chair



John Jeffries
Board Member



Ann Marie Matson
Secretary

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***A SOCIATION STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2021

| | Note | 2021 £'000 | Restated 2020 £'000 |
|---|------|-------------------|---------------------------|
| Turnover | | | |
| Operating income | 3 | 7,247 | 6,794 |
| Operating costs | 3 | (5,257) | (5,033) |
| Operating surplus | | <u>1,990</u> | <u>1,761</u> |
| Interest receivable | 7 | 19 | 24 |
| Interest and financing costs | 8 | (592) | (596) |
| Surplus on ordinary activities before taxation | | <u>1,417</u> | <u>1,189</u> |
| Tax on surplus on ordinary activities | 9 | - | - |
| Surplus for the year | | <u>1,417</u> | <u>1,189</u> |
| Actuarial (loss)/gain in respect of pension scheme | 11 | (936) | 986 |
| Total comprehensive income for the year | | <u><u>481</u></u> | <u><u>2,175</u></u> |

The accompanying notes on pages 35 to 66 form part of the financial statements.

There were no gains and losses of the Association other than those included in the Statement of Comprehensive Income. The Association's results relate wholly to continuing activities.

The financial statements were approved by the Board on 15 September 2021 and signed on its behalf on 16 September 2021 by;



Shruti Bhargava
Chair



John Jeffries
Board Member



Ann Marie Matson
Secretary

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

For the year ended 31 March 2021

| | Income and expenditure reserve | Total |
|---|--------------------------------------|----------------------|
| | £'000 | £'000 |
| Balance as at 1 April 2019 | 16,720 | 16,720 |
| Total comprehensive income for the year | 2,131 | 2,131 |
| Prior year adjustment (note 31) | (21) | (21) |
| Balance at 31 March 2020 | <u>18,830</u> | <u>18,830</u> |
| Total comprehensive income for the year | 446 | 446 |
| Balance at 31 March 2021 | <u><u>19,276</u></u> | <u><u>19,276</u></u> |

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2021

| | Income and expenditure reserve | Total |
|---|--------------------------------------|----------------------|
| | £'000 | £'000 |
| Balance as at 1 April 2019 | 16,433 | 16,433 |
| Total comprehensive income for the year | 2,196 | 2,196 |
| Prior year adjustment (note 31) | (21) | (21) |
| Balance at 31 March 2020 | <u>18,608</u> | <u>18,608</u> |
| Total comprehensive income for the year | 481 | 481 |
| Balance at 31 March 2021 | <u><u>19,089</u></u> | <u><u>19,089</u></u> |

The accompanying notes on pages 35 to 66 form part of the financial statements.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

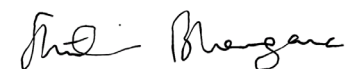
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

| | Note | 2021 £'000 | Restated 2020 £'000 |
|--|------|---------------|---------------------------|
| Fixed assets | | | |
| Housing properties | 13 | 72,736 | 70,571 |
| Other tangible fixed assets | 14 | 115 | 123 |
| Non-housing freehold properties | 14 | 2,605 | 2,675 |
| Fixed asset investment | 15 | 391 | - |
| | | <u>75,847</u> | <u>73,369</u> |
| Current assets | | | |
| Debtors due within one year | 17 | 345 | 852 |
| Loans receivable | 18 | 11,456 | - |
| Cash at bank and in hand | | 2,033 | 1,888 |
| | | <u>13,834</u> | <u>2,740</u> |
| Creditors: Amounts falling due within one year | 20 | (4,637) | (4,203) |
| Net current assets/ (liabilities) | | <u>9,197</u> | <u>(1,463)</u> |
| Total assets less current liabilities | | <u>85,044</u> | <u>71,906</u> |
| Creditors: Amounts falling due after more than one year | 21 | (64,055) | (52,132) |
| Defined Benefit Pension liability | 11 | (1,713) | (944) |
| Net assets | | <u>19,276</u> | <u>18,830</u> |
| Reserves | | | |
| Non-equity share capital | 24 | - | - |
| Income and expenditure reserve | | 19,276 | 18,830 |
| Total reserves | | <u>19,276</u> | <u>18,830</u> |

The accompanying notes on pages 35 to 66 form part of the financial statements.

The financial statements were approved by the Board on 15 September 2021 and signed on its behalf on 16 September 2021 by;



Shruti Bhargava
Chair



John Jettres
Board Member



Ann Marie Matson
Secretary

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

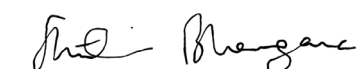
ASSOCIATION STATEMENT OF FINANCIAL POSITION

At 31 March 2021

| | Note | 2021 £'000 | Restated 2020 £'000 |
|--|------|---------------|---------------------------|
| Fixed assets | | | |
| Housing properties | 13 | 73,082 | 70,853 |
| Non-housing freehold properties | 14 | 625 | 645 |
| Other tangible fixed assets | 14 | 29 | 59 |
| Fixed asset investment | 15 | 391 | - |
| Investment in subsidiaries | 16 | - | - |
| Long term debtors | 19 | 219 | 251 |
| | | <hr/> | <hr/> |
| | | 74,346 | 71,808 |
| Current assets | | | |
| Debtors due within one year | 17 | 385 | 942 |
| Loans receivable | 18 | 11,456 | - |
| Cash at bank and in hand | | 1,414 | 1,784 |
| | | <hr/> | <hr/> |
| | | 13,255 | 2,726 |
| Creditors: Amounts falling due within one year | 20 | (3,841) | (3,984) |
| | | <hr/> | <hr/> |
| Net current asset/ (liabilities) | | 9,414 | (1,258) |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 83,760 | 70,550 |
| Creditors: Amounts falling due after more than one year | 21 | (62,958) | (50,998) |
| Defined Benefit Pension liability | 11 | (1,713) | (944) |
| | | <hr/> | <hr/> |
| Net assets | | 19,089 | 18,608 |
| | | <hr/> | <hr/> |
| Reserves | | | |
| Non-equity share capital | 24 | - | - |
| Income and expenditure reserve | | 19,089 | 18,608 |
| | | <hr/> | <hr/> |
| Total reserves | | 19,089 | 18,608 |
| | | <hr/> | <hr/> |

The accompanying notes on pages 35 to 66 form part of these financial statements.

The financial statements were approved by the Board on 15 September 2021 and signed on its behalf on 16 September 2021 by:



Shruti Bhargava
Chair



John Jeffries
Board Member



Ann Marie Matson
Secretary

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|------|----------------|----------------|
| Net cash generated from operating activities | 25 | 3,597 | 1,747 |
| Cash flow from investing activities | | | |
| Purchase, construction and improvement of housing properties | | (4,268) | (6,522) |
| Other fixed asset additions | | (66) | (56) |
| Social housing grant – received | | 856 | 1,472 |
| Fixed asset investment | | - | - |
| Proceeds from disposal of shared ownership properties | | 390 | 741 |
| Interest received | | 8 | 9 |
| Net cash outflow from investing activities | | <u>(3,080)</u> | <u>(4,356)</u> |
| Cash flow from financing activities | | | |
| Interest paid | | (667) | (594) |
| Loan drawdowns | | 2,000 | 3,000 |
| Housing loans repaid | | (1,500) | (1,479) |
| Loan issue costs | | (205) | - |
| Net cash (outflow)/ inflow from financing activities | | <u>(372)</u> | <u>927</u> |
| Net change in cash and cash equivalents | | 145 | (1,682) |
| Cash and cash equivalents at the beginning of the year | | 1,888 | 3,570 |
| Cash and cash equivalents at the end of the year | | <u>2,033</u> | <u>1,888</u> |

The accompanying notes on pages 35 to 66 form part of these financial statements.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****1 Legal status**

The Association and its subsidiary, Unity Property Services Limited, are registered under the Co-operative and Community Benefit Societies Act 2014, incorporated in England and Wales. Only the Association is registered with the Regulator of Social Housing as a social landlord. The subsidiary, Unity Housing Development Services Limited is registered under the Companies Act 2006.

The principal activities are the development and management of social housing. Unity Housing Association Limited is a public benefit entity as defined by FRS 102.

2 Accounting policies**Basis of accounting**

The financial statements of the group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are presented in Sterling (£'000).

Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosures exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the society's shareholders.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Going concern

The Group has assessed its going concern period as 12 months from approval of the financial statements, being the 12 months ending September 2022. The group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes along with the group's day to day operations. The group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. In addition, with the Covid-19 pandemic ongoing the Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term to manage the impact of increased inflation, increased interest rates and a significant decline in the housing market. For this reason, it continues to adopt the going concern basis in the financial statements.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****2 Accounting policies (continued)****Basis of consolidation**

The group accounts consolidate the accounts of the Association and its subsidiaries at 31 March using the purchase method.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Association and its wholly owned subsidiaries.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Turnover and income recognition

Turnover comprises rental income receivable in the year and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable or amortised in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Taxation

As charitable entities, neither Unity Housing Association Limited nor Unity Property Services Limited, are liable to tax. The subsidiary Unity Housing Development Services Limited is liable to taxation, however due to a deed of covenant in place gift aid relief is available against this charge and therefore the charge processed in these financial statements is nil.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings of the Group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****2 Accounting policies (continued)****Pensions**

The Group participates in a funded multi-employer defined benefit scheme, the Social Housing Pension Scheme (SHPS-DB). In addition, the Group contributes to a money purchase scheme (Social Housing Pension Scheme (SHPS-DC), the Auto Enrolment option for staff) for those employees who are not members of the defined benefit scheme and the charge to the financial statements is based on contributions paid.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account.

Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Housing properties

Housing properties for rent are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component are treated separately for depreciation purposes along with those works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only directly attributable development administration costs associated with new developments or improvements are capitalised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Government grants

Government grants include grants receivable from Homes England (HE), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Government grants due or received in advance are included as current assets or liabilities. Those received for housing properties are subordinated to the repayment of loans by agreement with HE.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****2 Accounting policies (continued)**

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which is allocated to the component is released to income and expenditure. Upon disposal of the associated property, the group is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant that does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties

Freehold land is not depreciated. The Group separately identifies the major components which comprise its housing properties for rent and charges depreciation so as to write-down the cost of each component on a straight-line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over their estimated useful lives as follows:

| | |
|---|-------------------------|
| Structure | Between 50 and 60 years |
| Roofs | 50 years |
| Boiler, Electric & Gas Fires | 15 years |
| Doors | 20 years |
| Kitchens | 25 years |
| Solar Panels | 25 years |
| Bathrooms, Central Heating & Electrical Systems | 30 years |
| Windows | 40 years |

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Operating leases

Operating lease annual rents are charged to the Statement of Comprehensive Income on a straight line basis over the life of the lease.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****2 Accounting policies (continued)****Other tangible fixed assets**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal annual depreciation rates used for other assets are:

| | |
|---|-----|
| Freehold buildings | 2% |
| Leasehold buildings | 4% |
| Furniture, equipment, plant & machinery | 20% |
| Office equipment | 20% |
| Computers | 35% |

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Investments

Investments are valued at the lower of cost and net realisable value.

Loan premium

Premium arising from the THFC loan drawdown are recognised as a separate component of borrowing and shown within the Statement of Financial Position as creditors. The premium is released over the term of the loan to the Statement of Comprehensive Income within loan interest.

Sinking fund

Sinking fund contributions are collected and included in a sinking fund creditor account. Sinking fund provisions have been restated for the prior year following a review and reconciliation of the sinking fund balances. This review identified that the initial components on new properties for which sinking fund contributions are then collected for future replacement had been incorrectly included in the sinking fund rather than in Fixed Assets – Housing Properties, thereby understating the sinking fund creditor. As a result of this review the 2020 figures have been restated to increase the sinking fund creditor and fixed assets by £258k and to charge £21k to the Statement of Comprehensive Income for depreciation. See note 31

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****2 Accounting policies (continued)****Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs, which are a percentage of salaries directly attributable to these developments, requires judgement, ensuring amounts are only capitalised when it is more than likely than not that a particular scheme is to continue. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required. No impairment is needed.

Loans

The association has examined all its lender loans, reviewed any two-way break clauses and considers them all to be basic. A basic loan is one that has some combination of a fixed or variable rate of interest over its whole life, there are no contractual provisions that result in the holder losing the principal amount and attributable interest, nor are there any swaps, collars or caps in relation to the interest rate.

Pensions

Management review annually the pension assumptions which are provided by the scheme administration, reviewing their basis and whether they are applicable to the Group or require adjusting.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require frequent replacement of key components.

Rental and other trade receivables.

The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**3 Turnover, cost of sales, operating costs and operating surplus****GROUP – continuing activities**

| | | <u>2021</u> | |
|---|--------------|-----------------|-------------------|
| | Turnover | Operating costs | Operating surplus |
| Social housing activities | £'000 | £'000 | £'000 |
| Income & expenditure from lettings | 7,156 | (5,320) | 1,836 |
| | <hr/> | <hr/> | <hr/> |
| Other social housing activities | | | |
| Management services | 48 | - | 48 |
| Letting of workspace units | 576 | (536) | 40 |
| Community Regeneration | - | (148) | (148) |
| Development | - | 53 | 53 |
| Administrative expenses | - | (20) | (20) |
| Gain on disposal of housing properties and other | - | 158 | 158 |
| | <hr/> | <hr/> | <hr/> |
| | 7,780 | (5,813) | 1,967 |
| | <hr/> | <hr/> | <hr/> |
| | | <u>2020</u> | |
| | Turnover | Operating costs | Operating surplus |
| Social housing activities | £'000 | £'000 | £'000 |
| Income & expenditure from lettings | 6,709 | (5,081) | 1,628 |
| | <hr/> | <hr/> | <hr/> |
| | 6,709 | (5,081) | 1,628 |
| | <hr/> | <hr/> | <hr/> |
| Other social housing activities | | | |
| Management services | 12 | - | 12 |
| Letting of workspace units | 603 | (559) | 44 |
| Community Regeneration | - | (194) | (194) |
| Administrative expenses | - | (30) | (30) |
| Gain on disposal of housing properties and other fixed assets | - | 251 | 251 |
| | <hr/> | <hr/> | <hr/> |
| | 7,324 | (5,613) | 1,711 |
| | <hr/> | <hr/> | <hr/> |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

3 Turnover, cost of sales, operating costs and operating surplus (continued)

ASSOCIATION – continuing activities

| | Turnover | Operating costs | Operating surplus |
|---|----------|-----------------|-------------------|
| | £'000 | £'000 | £'000 |
| Social housing activities | | <u>2021</u> | |
| Income & expenditure from lettings | 7,156 | (5,320) | 1,836 |
| | <hr/> | <hr/> | <hr/> |
| Other social housing activities | | | |
| Management services | 48 | - | 48 |
| Community Regeneration | - | (148) | (148) |
| Development | - | 53 | 53 |
| Gain on disposal of housing properties | - | 158 | 158 |
| | <hr/> | <hr/> | <hr/> |
| | 7,204 | (5,257) | 1,947 |
| | <hr/> | <hr/> | <hr/> |
| Activities other than social housing | | | |
| Gift aid | 43 | - | 43 |
| | <hr/> | <hr/> | <hr/> |
| | 7,247 | (5,257) | 1,990 |
| | <hr/> | <hr/> | <hr/> |
| | | <u>2020</u> | |
| Social housing activities | | | |
| Income & expenditure from lettings | 6,709 | (5,103) | 1,606 |
| | <hr/> | <hr/> | <hr/> |
| | 6,709 | (5,103) | 1,606 |
| | <hr/> | <hr/> | <hr/> |
| Other social housing activities | | | |
| Management services | 12 | - | 12 |
| Community Regeneration | - | (194) | (194) |
| Gain on disposal of housing properties | - | 264 | 264 |
| | <hr/> | <hr/> | <hr/> |
| | 6,721 | (5,033) | 1,688 |
| | <hr/> | <hr/> | <hr/> |
| Activities other than social housing | | | |
| Gift aid | 73 | - | 73 |
| | <hr/> | <hr/> | <hr/> |
| | 6,794 | (5,033) | 1,761 |
| | <hr/> | <hr/> | <hr/> |

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**3 Turnover, cost of sales, operating costs and operating surplus (continued)****Particulars of income and expenditure from social housing lettings****GROUP**

| | 2021 | | | Total | 2020 Total |
|--|--------------------------------------|-------------------------------|--|---------|---------------|
| | General needs housing £'000 | Supported Housing £'000 | Low cost home ownership £'000 | | |
| Income from social housing | | | | | |
| Rent receivable, net of identifiable service charges & voids | 5,785 | 79 | 55 | 5,919 | 5,567 |
| Service charges receivable net of voids | 279 | 33 | 29 | 341 | 289 |
| Amortisation of grant | 896 | - | - | 896 | 853 |
| Total income from social housing | 6,960 | 112 | 84 | 7,156 | 6,709 |
| Expenditure on social housing | | | | | |
| Services | (248) | (22) | (15) | (285) | (272) |
| Management | (2,014) | - | - | (2,014) | (2,028) |
| Routine maintenance | (681) | (3) | - | (684) | (685) |
| Planned maintenance & Property Improvements | (351) | (2) | - | (353) | (261) |
| Changes in bad debt provision and bad debt expense | (23) | - | - | (23) | (9) |
| Depreciation of housing properties | (1,892) | - | - | (1,892) | (1,735) |
| Depreciation of other fixed assets | (69) | - | - | (69) | (91) |
| Operating costs on social housing lettings | (5,278) | (27) | (15) | (5,320) | (5,081) |
| Operating surplus on social housing lettings | 1,682 | 85 | 69 | 1,836 | 1,628 |
| Void losses | 43 | - | - | 43 | 34 |

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**3 Turnover, cost of sales, operating costs and operating surplus (continued)****Particulars of income and expenditure from social housing lettings****ASSOCIATION**

| | 2021 | | | Total £'000 | 2020 Total £'000 |
|--|--------------------------------------|-------------------------------|--|----------------|------------------------|
| | General needs housing £'000 | Supported Housing £'000 | Low cost home ownership £'000 | | |
| Income from social housing | | | | | |
| Rent receivable, net of identifiable service charges & voids | 5,785 | 79 | 55 | 5,919 | 5,567 |
| Service charges receivable net of voids | 279 | 33 | 29 | 341 | 289 |
| Amortisation of grant | 896 | - | - | 896 | 853 |
| Total income from social housing | 6,960 | 112 | 84 | 7,156 | 6,709 |
| Expenditure on social housing | | | | | |
| Services | (248) | (22) | (15) | (285) | (272) |
| Management | (2,014) | - | - | (2,014) | (2,050) |
| Routine maintenance | (681) | (3) | - | (684) | (685) |
| Planned maintenance & Property Improvements | (351) | (2) | - | (353) | (261) |
| Changes in bad debt provision and bad debt expense | (23) | - | - | (23) | (9) |
| Depreciation of housing properties | (1,892) | - | - | (1,892) | (1,735) |
| Depreciation of other fixed assets | (69) | - | - | (69) | (91) |
| Operating costs on social housing lettings | (5,278) | (27) | (15) | (5,320) | (5,103) |
| Operating surplus on social housing lettings | 1,682 | 85 | 69 | 1,836 | 1,606 |
| Void losses | 43 | - | - | 43 | 34 |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

4 Accommodation in management– Group and Association

At the end of the year, accommodation in management for each class of accommodation was as follows:

| | 2021 | 2020 |
|---|--------------|--------------|
| | No. | No. |
| Social housing | | |
| General needs housing: | | |
| Social rent | 1,122 | 1,132 |
| Affordable rent | 115 | 85 |
| Housing for Older People | 10 | 10 |
| Low cost home ownership | 62 | 67 |
| | <u>1,309</u> | <u>1,294</u> |
| Total owned and managed | | |
| Managed by others: | | |
| Care Home | 5 | 5 |
| Agency managed supported | 17 | 6 |
| | <u>22</u> | <u>11</u> |
| Total owned and managed by others | | |
| Total owned and managed Social Housing | <u>1,331</u> | <u>1,305</u> |
| Leasehold units (owned 6 (2020: 6), managed 4 (2020:2)) | 10 | 8 |

5 Operating surplus

This is arrived at after charging:

| | Group | | Association | |
|--|-------------------|-------------------|--------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Depreciation of housing properties | 1,892 | 1,714 | 1,892 | 1,714 |
| Depreciation of other tangible fixed assets | 143 | 169 | 69 | 91 |
| Surplus on disposal of other tangible fixed assets | 158 | 251 | 158 | 264 |
| Auditors' remuneration - Association | 24 | 22 | 24 | 22 |
| Auditors' remuneration – Subsidiary entities | 8 | 7 | - | - |
| Auditors' remuneration – non-audit fees (tax compliance) | 2 | 2 | 1 | 2 |
| Auditors' remuneration – non-audit fees (VAT advisory) | - | 6 | - | 6 |
| Additional audit fee 2019-20 | 2 | - | 2 | - |
| Operating Lease Costs | 14 | 15 | 12 | 12 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**6 Surplus on sale of fixed assets – housing properties & other**

| | Group | | Association | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Disposal proceeds | 390 | 741 | 390 | 741 |
| Carrying value of fixed assets | (127) | (263) | (127) | (250) |
| Capital grant recycled (note 24) | (105) | (227) | (105) | (227) |
| | <u>158</u> | <u>251</u> | <u>158</u> | <u>264</u> |

7 Interest receivable and other income

| | Group | | Association | |
|--|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Interest receivable and similar income | 7 | 9 | 19 | 24 |
| | <u>7</u> | <u>9</u> | <u>19</u> | <u>24</u> |

8 Interest payable and similar charges

| | Group & Association | |
|--|---------------------|---------------|
| | 2021 £'000 | 2020 £'000 |
| Interest on loans and overdraft facilities | (572) | (551) |
| Pension interest | (20) | (45) |
| | <u>(592)</u> | <u>(596)</u> |

9 Tax

| | Group | | Association | |
|---|---------------|---------------------------|---------------|---------------------------|
| | 2021 £'000 | Restated 2020 £'000 | 2021 £'000 | Restated 2020 £'000 |
| Current tax on surplus on ordinary activities | - | - | - | - |
| Factors affecting tax charge for the year | | | | |
| The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below: | | | | |
| Surplus on ordinary activities before tax | 1,382 | 1,124 | 1,417 | 1,189 |
| Adjustment in respect of charitable activities | (1,382) | (1,124) | (1,417) | (1,189) |
| Surplus on ordinary activities subject to tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total tax charge for the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

10 Employees

| | Group | | Association | |
|--|-------------|-------------|-------------|-------------|
| | 2021 No. | 2020 No. | 2021 No. | 2020 No. |
| Average monthly number of employees | | | | |
| Administration | 13 | 13 | 10 | 9 |
| Development | 3 | 4 | 3 | 4 |
| Housing management & maintenance | 21 | 21 | 20 | 21 |
| | <u>37</u> | <u>38</u> | <u>33</u> | <u>34</u> |

| | Group | | Association | |
|-----------------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Staff costs | | | | |
| Wages and salaries | 1,417 | 1,330 | 1,313 | 1,241 |
| Social security costs | 129 | 128 | 120 | 120 |
| Other pension costs | 77 | 134 | 72 | 130 |
| | <u>1,623</u> | <u>1,592</u> | <u>1,505</u> | <u>1,491</u> |

The average number of employees is calculated based on a working week of 35 hours. Any employee working less than 35 hours is included on a pro-rata basis.

11 Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The schemes are subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

These schemes are classified as 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The most recent formal actuarial valuation was completed as at 30 September 2017 and rolled forward, allowing for the different financial assumptions required under FRS102, to March 2021 by a qualified independent actuary. The previous triennial valuation at 30 September 2017 revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

For financial years prior to April 2018 it was not possible for the company to obtain sufficient information to account for the scheme as a defined benefit scheme therefore, it has been treated as a defined contribution scheme in line with FRS102. For financial years from April 2018 onwards sufficient information has been made available.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**11 Social Housing Pension Scheme (continued)****PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Fair value of plan assets | 7,375 | 6,511 |
| Present value of defined benefit obligation | 9,088 | 7,455 |
| Defined benefit (liability) to be recognised | (1,713) | (944) |

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

| | Period ended 31 March 2021 £'000 | Period ended 31 March 2020 £'000 |
|---|--|--|
| Defined benefit obligation at start of period | 7,455 | 8132 |
| Current service cost | 52 | 102 |
| Expenses | 6 | 7 |
| Interest expense | 176 | 189 |
| Contributions by plan participants | 49 | 59 |
| Actuarial (gains) due to scheme experience | (152) | (89) |
| Actuarial losses/ (gains) due to changes in demographic assumptions | 30 | (69) |
| Actuarial losses/ (gains) due to changes in financial assumptions | 1,676 | (807) |
| Benefits paid and expenses | (204) | (69) |
| Defined benefit obligation at end of period | 9,088 | 7,455 |

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

| | Period ended 31 March 2021 £'000 | Period ended 31 March 2020 £'000 |
|---|--|--|
| Fair value of plan assets at start of period | 6,511 | 6,084 |
| Interest income | 156 | 144 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | 618 | 21 |
| Contributions by the employer | 245 | 272 |
| Contributions by plan participants | 49 | 59 |
| Benefits paid and expenses | (204) | (69) |
| Fair value of plan assets at end of period | 7,375 | 6,511 |

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £774k

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021**11 Social Housing Pension Scheme (continued)****DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME**

| | Period from 31 March 2020 to 31 March 2021 £'000 | Period from 31 March 2019 to 31 March 2020 £'000 |
|---|---|---|
| Current service cost | 52 | 102 |
| Expenses | 6 | 7 |
| Net interest expense | 20 | 45 |
| Defined benefit costs recognised in Statement of Comprehensive Income (SoCI) | 78 | 154 |

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

| | Period ended 31 March 2021 £'000 | Period ended 31 March 2020 £'000 |
|--|--|--|
| Experience on plan assets (excluding amounts included in net interest cost) - gain | 618 | 21 |
| Experience gains and losses arising on the plan liabilities - gain | 152 | 89 |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)/ gain | (30) | 69 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/ gain | (1,676) | 807 |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss)/ gain | (936) | 986 |
| Total amount recognised in Other Comprehensive income – (loss)/ gain | (936) | 986 |

ASSETS

| | 31 March 2021 £'000 | 31 March 2020 £'000 |
|-------------------------------|------------------------|------------------------|
| Absolute Return | 407 | 339 |
| Alternative Risk Premia | 278 | 455 |
| Corporate Bond Fund | 436 | 371 |
| Credit Relative Value | 232 | 179 |
| Distressed Opportunities | 213 | 125 |
| Emerging Markets Debt | 298 | 197 |
| Fund of Hedge Funds | 1 | 4 |
| Global Equity | 1,175 | 952 |
| Infrastructure | 492 | 485 |
| Insurance-Linked Securities | 177 | 200 |
| Liability Driven Investment | 1,874 | 2,161 |
| Liquid Credit | 88 | 3 |
| Long Lease Property | 145 | 113 |
| Net Current Assets | 45 | 28 |
| Opportunistic Illiquid Credit | 187 | 158 |
| Opportunistic Credit | 202 | - |
| High Yield | 221 | - |
| Private Debt | 176 | 131 |
| Property | 153 | 143 |
| Risk Sharing | 268 | 220 |
| Secured Income | 307 | 247 |
| Total assets | 6,952 | 6,511 |

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021**11 Social Housing Pension Scheme (continued)**

KEY ASSUMPTIONS

| | 31 March 2021 % per annum | 31 March 2020 % per annum |
|---|------------------------------|------------------------------|
| Discount Rate | 2.18 | 2.38 |
| Inflation (RPI) | 3.27 | 2.62 |
| Inflation (CPI) | 2.87 | 1.62 |
| Salary Growth | 2.87 | 3.00 |
| Allowance for commutation of pension for cash at retirement | 75% of maximum allowance | 75% of maximum allowance |

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

| | Life expectancy at age 65 (Years) |
|-------------------------|--------------------------------------|
| Male retiring in 2021 | 21.6 |
| Female retiring in 2021 | 23.5 |
| Male retiring in 2041 | 22.9 |
| Female retiring in 2041 | 25.1 |

12 Board members and executive directors

Board members received the following emoluments and expenses in the year:

| | 2021 £'000 | 2020 £'000 |
|-----------------------|---------------|---------------|
| Board member payments | 46 | 45 |
| Expenses Paid | - | 6 |
| | <u>46</u> | <u>51</u> |
| | ===== | ===== |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

12 Board members and executive directors (continued)

Emoluments paid to Unity Housing Association Board members, including the Chair were:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| S Bhargava (Chair) | 6.0 | 5.9 |
| N Ahmed – to 26/02/21 | 2.7 | 2.9 |
| W Butt (Committee Chair 2021) | 3.4 | 2.9 |
| E Cook (Committee Chair) | 3.4 | 3.4 |
| E Green (Board member/Subsidiary Chair) | 3.4 | 3.4 |
| A Hamied (Board & Subsidiary member) | 3.0 | 2.9 |
| D Heels (Committee Chair) | 3.4 | 3.4 |
| J Jeffries | 3.0 | 2.9 |
| D Richmond | 3.0 | 2.9 |
| N Ruhi-Khan | 3.0 | 2.9 |
| R Walker (Committee Chair 2020) | 3.0 | 3.4 |
| A Rashid (Committee Co-optee) | 0.8 | 0.8 |
| | <u>38.1</u> | <u>37.8</u> |

Emoluments paid to Unity Property Services Limited Board members were

| | 2021 £'000 | 2020 £'000 |
|------------|---------------|---------------|
| W Jennings | 1.4 | 1.3 |
| R Panesar | 1.4 | 1.3 |
| A Ravat | 1.4 | 1.3 |
| C Powell | 1.4 | 1.3 |
| A Walsh | 1.4 | 1.3 |
| K Iqbal | 1.4 | 1.3 |
| | <u>8.4</u> | <u>7.8</u> |

The aggregate emoluments of the Executive Directors amounted to:

| | Basic salary £'000 | Benefits in kind £'000 | Pension contributions £'000 | 2021 Total £'000 | 2020 £'000 |
|--|--------------------------|------------------------------|-----------------------------------|------------------------|---------------|
| Chief Executive- A Akbor (to 31/01/21) | 61 | 10 | 4 | 75 | 103 |
| Interim Chief Executive – C Boston (from 04/12/20) | 65 | - | - | 65 | - |
| Operations Director & Deputy CEO - P Sidhu | 76 | 8 | 9 | 93 | 91 |
| Regeneration & Development Director – W Noteman | 64 | 7 | 5 | 76 | 75 |
| Resources Director -AM Matson | 70 | 7 | 6 | 83 | 82 |
| | | | | <u>392</u> | <u>351</u> |

The emoluments of the highest paid executive officer, the Chief Executive, excluding pension contributions were; combined for the Chief Executive to 31/1/21 and the Interim Chief Executive from 4/12/20, £136,000 (2020: £92,000). The payment for the services of the Interim Chief Executive were made to a third party agency.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

12 Board members and executive directors (continued)

Staff who fell in the following bands are all Executive Directors of the Association:

| | 2021 | 2020 |
|---------------------|-------------|-------------|
| | No | No |
| £60,001 to £70,000 | 1 | - |
| £70,001 to £80,000 | 2 | 2 |
| £80,001 to £90,000 | 1 | 1 |
| £90,001 to £100,000 | 1 | 1 |

The table reflects the permanent and Interim Chief Executives.

Key management personnel

The aggregate remuneration for key management personnel, which includes the executive officers and board members, charged in the year is:

| | 2021 | 2020 |
|-----------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Basic Salary | 383 | 335 |
| Benefits in kind | 31 | 29 |
| Employers NIC | 35 | 38 |
| Pension contributions | 25 | 32 |
| | <u>474</u> | <u>434</u> |
| | <u><u>474</u></u> | <u><u>434</u></u> |

The Chief Executive to 31/01/2021 was a member of the Social Housing Pension Scheme. He was an ordinary member of the pension scheme and no enhanced or special terms applied. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2019: £nil).

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

13 Tangible fixed assets – properties

| GROUP | Restated Social housing properties held for letting | Completed shared ownership housing properties | Social housing properties under construction | Restated Total |
|--|--|--|---|---------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 April 2020 | 85,342 | 2,522 | 6,409 | 94,273 |
| Additions | 263 | - | 3,430 | 3,693 |
| Replacement of Components | 575 | - | - | 575 |
| Transfers | 4,897 | (100) | (4,797) | - |
| Disposals | (431) | (97) | - | (528) |
| At 31 March 2021 | 90,646 | 2,325 | 5,042 | 98,013 |
| Depreciation | | | | |
| At 1 April 2020 | 23,302 | 400 | - | 23,702 |
| Transfers | 19 | (19) | - | - |
| Charged in Year | 1,809 | 18 | - | 1,827 |
| Disposals | (240) | (12) | - | (252) |
| At 31 March 2021 | 24,890 | 387 | - | 25,277 |
| Net book value | | | | |
| At 31 March 2021 | 65,756 | 1,938 | 5,042 | 72,736 |
| At 31 March 2020 | 62,040 | 2,122 | 6,409 | 70,571 |
| ASSOCIATION | | | | |
| Restated Social housing properties held for letting | Completed shared ownership housing properties | Social housing properties under construction | Restated Total | |
| £'000 | £'000 | £'000 | £'000 | |
| Cost | | | | |
| At 1 April 2020 | 85,624 | 2,522 | 6,409 | 94,555 |
| Additions | 327 | - | 3,430 | 3,757 |
| Replacement of Components | 575 | - | - | 575 |
| Transfers | 4,897 | (100) | (4,797) | - |
| Disposals | (431) | (97) | - | (528) |
| At 31 March 2021 | 90,992 | 2,325 | 5,042 | 98,359 |
| Depreciation | | | | |
| At 1 April 2020 | 23,302 | 400 | - | 23,702 |
| Transfers | 19 | (19) | - | - |
| Charged in Year | 1,809 | 18 | - | 1,827 |
| Disposals | (240) | (12) | - | (252) |
| At 31 March 2021 | 24,890 | 387 | - | 25,277 |
| Net book value | | | | |
| At 31 March 2021 | 66,102 | 1,938 | 5,042 | 73,082 |
| At 31 March 2020 | 62,322 | 2,122 | 6,409 | 70,853 |

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****13 Tangible fixed assets – properties (continued)**

| Social Housing Grants | Group | | Association | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Opening balance 1 April | 33,739 | 32,871 | 32,570 | 31,667 |
| Additions | 1,188 | 1,976 | 1,188 | 1,963 |
| Released to income in the year | (933) | (901) | (896) | (853) |
| Disposals | (82) | (207) | (82) | (207) |
| Closing balance 31 March | 33,912 | 33,739 | 32,780 | 32,570 |

Expenditure on works to existing properties

| | Group and Association | |
|---|-----------------------|---------------|
| | 2021 £'000 | 2020 £'000 |
| Amounts capitalised | 575 | 673 |
| Amounts charged to income and expenditure account | 353 | 261 |
| Total | 928 | 934 |

There are no finance costs included in the cost of housing properties.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

14 Tangible fixed assets – other

| GROUP | | | | | | |
|-----------------------|--|---|--|--|---|---|
| | Group Non- housing properties for letting £'000 | Group Freehold offices £'000 | Group Total Non housing £'000 | Group Furniture & Equipment £'000 | Group Computer Equipment £'000 | Total Other fixed assets £'000 |
| Cost | | | | | | |
| At 1 April 2020 | 2,445 | 961 | 3,406 | 342 | 730 | 1072 |
| Additions | 4 | - | 4 | 41 | 21 | 62 |
| Disposals | (2) | - | (2) | (13) | (1) | (14) |
| At 31 March 2021 | <u>2,447</u> | <u>961</u> | <u>3,408</u> | <u>370</u> | <u>750</u> | <u>1,120</u> |
| Depreciation | | | | | | |
| At 1 April 2020 | 415 | 316 | 731 | 284 | 665 | 949 |
| Charged in year | 54 | 20 | 74 | 17 | 53 | 70 |
| Disposals | (2) | - | (2) | (13) | (1) | (14) |
| At 31 March 2021 | <u>467</u> | <u>336</u> | <u>803</u> | <u>336</u> | <u>717</u> | <u>1,005</u> |
| Net book value | | | | | | |
| At 31 March 2021 | <u>1,980</u> | <u>625</u> | <u>2,605</u> | <u>82</u> | <u>33</u> | <u>115</u> |
| At 31 March 2020 | <u>2,030</u> | <u>645</u> | <u>2,675</u> | <u>58</u> | <u>65</u> | <u>123</u> |
| ASSOCIATION | | | | | | |
| | Freehold offices £'000 | Total Non housing £'000 | Furniture & Equipment £'000 | Computer Equipment £'000 | Total Other fixed assets £'000 | |
| Cost | | | | | | |
| At 1 April 2020 | 961 | 961 | 172 | 644 | 816 | |
| Additions | - | - | - | 19 | 19 | |
| Disposals | - | - | - | (1) | (1) | |
| At 31 March 2021 | <u>961</u> | <u>961</u> | <u>172</u> | <u>662</u> | <u>834</u> | |
| Depreciation | | | | | | |
| At 1 April 2020 | 316 | 316 | 172 | 585 | 757 | |
| Charged in year | 20 | 20 | - | 49 | 49 | |
| Disposals | - | - | - | (1) | (1) | |
| At 31 March 2021 | <u>336</u> | <u>336</u> | <u>172</u> | <u>633</u> | <u>805</u> | |
| Net book value | | | | | | |
| At 31 March 2021 | <u>625</u> | <u>625</u> | <u>-</u> | <u>29</u> | <u>29</u> | |
| At 31 March 2020 | <u>645</u> | <u>645</u> | <u>-</u> | <u>59</u> | <u>59</u> | |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2021

15 Fixed asset investment

| | Group and Association | |
|-------------------------------------|------------------------------|-----------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| THFC ISRF restricted access account | 391 | - |
| Total | <u>391</u> | <u>-</u> |
| | <u><u>391</u></u> | <u><u>-</u></u> |

The THFC loan agreement requires a minimum of £390,000 to be held in an Interest Service Reserve Fund (ISRF) and as a result the investment has restricted access.

16 Investment in subsidiaries

The financial statements consolidate the results of Unity Property Services Limited and Unity Housing Development Services Limited, which are wholly owned subsidiaries of the Association at the end of the year. The Association has the right to appoint members to the Board of the subsidiaries and thereby exercise control over them. Unity Housing Association Limited is the ultimate parent undertaking.

Fixed Asset Investments - Association

| | 2021 | 2020 |
|---------------------------------------|-------------|-------------|
| | £ | £ |
| Shares in subsidiary and undertakings | 104 | 104 |
| | <u>104</u> | <u>104</u> |

| Subsidiary Undertaking | Country of Incorporation | Class of Share Capital Held | Proportion Held by Association | Nature of the Business |
|--|---------------------------------|------------------------------------|---------------------------------------|--|
| Unity Property Services Limited | England and Wales | Ordinary Shares £4 | 100% | Low cost commercial office and workshop lettings |
| Unity Housing Development Services Limited | England and Wales | Ordinary Shares £100 | 100% | Development Company |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

17 Debtors

| | Group | | Association | |
|-------------------------------------|--------------|--------------|--------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Due within one year | | | | |
| Arrears of rent and service charges | 515 | 502 | 500 | 489 |
| Less: Provision for bad debts | (342) | (351) | (332) | (349) |
| | <u>173</u> | <u>151</u> | <u>168</u> | <u>140</u> |
| Prepayments & accrued income | 144 | 681 | 131 | 667 |
| Other debtors | 25 | 16 | 4 | 16 |
| Other taxation & social security | 3 | 4 | - | - |
| Amounts due from subsidiaries | - | - | 82 | 119 |
| | <u>345</u> | <u>852</u> | <u>385</u> | <u>942</u> |

Other debtors include loans to two Executive Directors as follows:

| | £'000 |
|--|--------------|
| Amount outstanding as at 1 st April 2020 | 5 |
| Amount outstanding as at 31 st March 2021 | - |

Of the amounts due from subsidiaries £50k (2020: £87k) is interest free and repayable on demand, £32k (2020: £32k) is the amount due within one year of the total loan provided to Unity Property Services Limited. The balance due in greater than one year is included in long term debtors.

18 Loans receivable

| | Group and Association | |
|------------------|------------------------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Loans receivable | 11,456 | - |
| Total | <u>11,456</u> | <u>-</u> |

At 31st March, the Group had drawn a £7.5m loan with THFC which was invested in a restricted account by THFC until security was in place and hence was classified as a receivable at 31 March 2021. The loan was drawn at a 5.2% coupon rate, with an effective rate of 2.016% thereby generating a premium on issue of £4,382,550. After fees were paid £11.8m gross proceeds were invested. Of this £391k was transferred into an interest service reserve fund (see note 14 Fixed Asset Investments). The balance invested plus accrued interest as at 31 March 21 was £11,456k. Security charging completed on 3rd August 2021, £5.5m was drawdown and £6m remains in a deposit account..

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

19 Long term debtors

| | Group | | Association | |
|-----------------------------|-----------------|-----------------|-------------------|-------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Amounts due from subsidiary | - | - | 219 | 251 |
| | <u>-</u> | <u>-</u> | <u>219</u> | <u>251</u> |
| | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>219</u></u> | <u><u>251</u></u> |

The amount due from Unity Property Services Limited is a loan which carries interest at 4% above base rate and is repaid monthly.

20 Creditors: amounts falling due within one year

| | Group | | Association | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Debt (note 23) | 1,319 | 1,497 | 1,319 | 1,497 |
| Grant due in one year (note 22) | 1,154 | 938 | 1,119 | 903 |
| Trade creditors | 733 | 393 | 90 | 132 |
| Rent & service charges received in advance | 156 | 159 | 156 | 159 |
| Interest accrued on loans | 73 | 71 | 73 | 71 |
| Other taxation and social security | 31 | 46 | 31 | 35 |
| Accruals and deferred income | 937 | 990 | 899 | 936 |
| THFC premium | 95 | - | 95 | - |
| Other creditors | 139 | 109 | 49 | 44 |
| Amount due to subsidiary | - | - | 10 | 207 |
| | <u>4,637</u> | <u>4,203</u> | <u>3,841</u> | <u>3,984</u> |
| | <u><u>4,637</u></u> | <u><u>4,203</u></u> | <u><u>3,841</u></u> | <u><u>3,984</u></u> |

21 Creditors: amounts falling due after more than one year

| | Group | | Association | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Debt (note 23) | 27,302 | 19,124 | 27,302 | 19,124 |
| Loan issue costs: | | | | |
| At 1 April | (183) | (219) | (183) | (219) |
| Additions | (239) | - | (239) | - |
| Amortised during the year | 48 | 36 | 48 | 36 |
| | <u>26,928</u> | <u>18,941</u> | <u>26,928</u> | <u>18,941</u> |
| Recycled Capital Grant Fund (note 26) | 176 | 390 | 176 | 390 |
| THFC premium | 4,193 | - | 4,193 | - |
| Deferred grant income | 32,758 | 32,801 | 31,661 | 31,667 |
| | <u>64,055</u> | <u>52,132</u> | <u>62,958</u> | <u>50,998</u> |
| | <u><u>64,055</u></u> | <u><u>52,132</u></u> | <u><u>62,958</u></u> | <u><u>50,998</u></u> |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

22 Deferred grant income

| | Group | | Association | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 April | 33,739 | 32,871 | 32,570 | 31,667 |
| Grant received in the year | 1,188 | 1,976 | 1,188 | 1,963 |
| Released to income in the year | (933) | (901) | (896) | (853) |
| Disposals | (82) | (207) | (82) | (207) |
| As at 31 March | <u>33,912</u> | <u>33,739</u> | <u>32,780</u> | <u>32,570</u> |

| | Group | | Association | |
|--|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts to be released within one year | 1,154 | 938 | 1,119 | 903 |
| Amounts to be released in more than one year | 32,758 | 32,801 | 31,661 | 31,667 |
| | <u>33,912</u> | <u>33,739</u> | <u>32,780</u> | <u>32,570</u> |

23 Debt analysis

| | Group and Association | |
|---------------------------------|-----------------------|-------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Due within one year | | |
| Bank and Building Society loans | 1,319 | 1,497 |

| | Group and Association | |
|-------------------------------------|-----------------------|---------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Due after more than one year | | |
| Bank and Building Society | 19,802 | 19,124 |
| THFC | 7,500 | - |
| | <u>27,302</u> | <u>19,124</u> |

| | Group and Association | |
|----------------------------|-----------------------|---------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Debt is repayable | | |
| Within one year | 1,319 | 1,497 |
| Between one and two years | 6,852 | 1,362 |
| Between two and five years | 3,139 | 4,552 |
| After five years | 17,311 | 13,210 |
| | <u>28,621</u> | <u>20,621</u> |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

23 Debt analysis (continued)

| | Group and Association | |
|------------------------|-----------------------|-------------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Premium on issue -THFC | 4,288 | - |
| | <u> </u> | <u> </u> |

The bank and building society loans are secured by fixed charges on individual properties.

The bank and building society loans are repayable by instalments up until 2043. The interest rates on the loans are fixed for terms ranging from one month to 22 years at rates ranging from 1.62% to 5.20%. At the end of the fixed terms, the interest rates on these loans may be fixed for further terms up to the maturity of the loans, as judged appropriate. In the opinion of the Association all its loans are classed as basic.

At 31st March 2021, the Group had undrawn loan facilities of £10m (2020: £12m).

Premium arising from the THFC loan is recognised as a separate component of borrowing and shown within the Statement of Financial Position as creditors. The premium is released over the term of the loan to the Statement of Comprehensive Income within loan interest.

24 Non-equity share capital

| | Group and Association | |
|--|-----------------------|-----------|
| | 2021 | 2020 |
| | £ | £ |
| Shares of £1 each issued and fully paid | | |
| At 1 April | 36 | 36 |
| Joining during the year | - | - |
| Leaving during the year | - | - |
| At 31 March | <u>36</u> | <u>36</u> |

25 Financial commitments

| | Group and Association | |
|---|-----------------------|---------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Capital Expenditure contracted for but not provided in accounts | 4,893 | 5,183 |
| Capital Expenditure authorised but not contracted for | 6,083 | 10,272 |
| | <u>10,976</u> | <u>15,455</u> |

Capital expenditure will be financed out of existing cash balances, grants to be received and new funding currently subject to negotiation.

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2021***NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****26 Recycled Capital Grant Fund**

| | Group and Association | |
|-----------------------------|------------------------------|--------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| At 1 April | 390 | 191 |
| Net sales proceeds recycled | 105 | 227 |
| Interest Accrued | - | 1 |
| Withdrawals | (319) | (29) |
| | <u>176</u> | <u>390</u> |

27 Reconciliation of operating surplus to net cash inflow from operating activities

| | 2021 | 2020 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Surplus for the year | 1,382 | 1,124 |
| Depreciation of housing properties | 1,827 | 1,735 |
| Accelerated depreciation of components | 68 | - |
| Depreciation of other fixed assets | 144 | 169 |
| Grant Amortisation | (933) | (901) |
| Loan issue costs amortised | 48 | 36 |
| Surplus on sale of tangible assets | (158) | (251) |
| Interest receivable | (7) | (9) |
| Interest payable | 687 | 596 |
| Pension costs less contributions payable | (245) | (118) |
| Decrease in debtors | 507 | 5 |
| Increase/ (decrease) in creditors | 277 | (639) |
| Net cash inflow from operating activities | <u>3,597</u> | <u>1,747</u> |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

28 Operating Leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Leasing commitments

The total future minimum payments on the leases are set out below. These relate to payments for office equipment, computers and a contract hire vehicle.

The leases, including Contract Hire, to which these amounts relate expire as follows:-

| | Group | | Association | |
|----------------------------|------------------|------------------|--------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £'000 | £'000 | £'000 | £'000 |
| In one year | 14 | 20 | 9 | 15 |
| Between one and five years | 4 | 25 | - | 18 |
| | <u>18</u> | <u>45</u> | <u>9</u> | <u>33</u> |
| | <u><u>18</u></u> | <u><u>45</u></u> | <u><u>9</u></u> | <u><u>33</u></u> |

29 Categories of financial assets and financial liabilities

| | 2021 | 2020 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Financial assets that are debit instruments measured at amortised cost | 13,687 | 2,262 |
| Financial liabilities measured at amortised cost | 34,719 | 22,291 |

Financial liabilities excluding trade creditors - interest rate risk profile

The group's financial liabilities are sterling denominated. The interest rate profile of the group's financial liabilities at 31 March was:

| | 2021 | 2020 |
|------------------|----------------------|----------------------|
| | £'000 | £'000 |
| Fixed rate | 15,652 | 8,918 |
| Floating rate | 12,969 | 11,703 |
| Total borrowings | <u>28,621</u> | <u>20,621</u> |
| | <u><u>28,621</u></u> | <u><u>20,621</u></u> |

Borrowing facilities

As at 31 March 2021 the group had undrawn loan facilities of £10.00m

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

30 Related parties

During the year, the Association charged Unity Property Services Limited £28k (2020: £28k) and Unity Housing Development Services Limited £7k (2020:£7k) for management services.

At 31 March 2021 there was a loan of £251k due from Unity Property Services Limited (2020: £283k). The total amount of the loan is to be repaid by 31 March 2029. The loan carries interest at 4 per cent above base rate which is to be repaid monthly. The loan is secured on the freehold property of the Society.

The year-end parent entity debtor receivable due from Unity Property Services Limited is £7k (2020: £14k) and from Unity Housing Development Services Limited is £43k (2020: £73k).

During the year Unity Housing Development Services charged Unity Housing Association £3,245k (2020: £5,570k) for design and build services of which £10k was outstanding as at 31 March 2021 (2020: £207k).

The amount due from Unity Housing Development Services Limited as at 31 March 2021 in respect of gift aid was £43k (2020: £73k)

There were no other related party transactions identified during the year. Loans to directors have been disclosed in note 16.

31 Analysis of changes in net debt

| | 1 April 2020 £'000 | Cash Flows £'000 | Other Non cash £'000 | 31 March 2021 £'000 |
|---------------------------------|--------------------------|------------------------|----------------------------|---------------------------|
| Cash | 1,888 | 145 | - | 2,033 |
| Loans due within one year | (1,497) | 1,497 | (1,319) | (1,319) |
| Loans due in more than one year | (19,124) | (1,997) | 1,319 | (19,802) |
| THFC loan | - | - | (7,500) | (7,500) |
| Net debt | (18,733) | (355) | (7,500) | (26,588) |

The THFC loan is classified as non-cash and is not included in the Statement of Cashflows as the physical cash has not been received during the financial year and is included as a debtor. Interest has been payable on the loan from completion in September 2020.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

32 Prior year adjustment

GROUP STATEMENT OF COMPREHENSIVE INCOME - 2020 RESTATEMENT

For the year ended 31st March 2021

| | Original 2020 £'000 | Sinking fund depreciation 2020 £'000 | Restated 2020 £'000 |
|--|---------------------------|---|---------------------------|
| Turnover - continuing activities | 7,324 | - | 7,324 |
| Operating Costs | (5,592) | (21) | (5,613) |
| Operating surplus: continuing activities | 1,732 | (21) | 1,711 |
| Interest receivable & other income | 9 | - | 9 |
| Interest payable & similar charges | (596) | - | (596) |
| Surplus on ordinary activities | 1,145 | (21) | 1,124 |
| Tax on surplus on ordinary activities | - | - | - |
| Actuarial Gain on pension | 986 | - | 986 |
| Total comprehensive income for the year | 2,131 | (21) | 2,110 |

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME - 2020 RESTATEMENT

For the year ended 31st March 2021

| | Original 2020 £'000 | Sinking fund depreciation 2020 £'000 | Restated 2020 £'000 |
|--|---------------------------|---|---------------------------|
| Turnover - continuing activities | 6,794 | - | 6,794 |
| Operating Costs | (5,012) | (21) | (5,033) |
| Operating surplus: continuing activities | 1,782 | (21) | 1,761 |
| Interest receivable & other income | 24 | - | 24 |
| Interest payable & similar charges | (596) | - | (596) |
| Surplus on ordinary activities | 1,210 | (21) | 1,189 |
| Tax on surplus on ordinary activities | - | - | - |
| Actuarial Gain on pension | 986 | - | 986 |
| Total comprehensive income for the year | 2,196 | (21) | 2,175 |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

32 Prior year adjustment (continued)

GROUP STATEMENT OF FINANCIAL POSITION - 2020 RESTATEMENT

| At 31st March 2021 | Original 2020 £'000 | Sinking fund reclassification £'000 | Sinking fund depreciation 2020 £'000 | Restated 2020 £'000 |
|---|---------------------------|---|--|---------------------------|
| Tangible fixed assets | | | | |
| Housing properties | 70,334 | 258 | (21) | 70,571 |
| Non-housing freehold properties | 2,675 | - | - | 2,675 |
| Other tangible fixed assets | 123 | - | - | 123 |
| | <u>73,132</u> | <u>258</u> | <u>(21)</u> | <u>73,369</u> |
| Current assets | | | | |
| Debtors due within one year | 852 | - | - | 852 |
| Cash at bank and in hand | 1,888 | - | - | 1,888 |
| | <u>2,740</u> | <u>-</u> | <u>-</u> | <u>2,740</u> |
| Creditors: amounts falling due within one year | (3,945) | (258) | - | (4,203) |
| Net current liabilities | <u>(1,205)</u> | <u>(258)</u> | <u>-</u> | <u>(1,463)</u> |
| Total assets less current liabilities | <u>71,927</u> | <u>-</u> | <u>(21)</u> | <u>71,906</u> |
| Creditors: amounts falling due after more than one year | (52,132) | - | - | (52,132) |
| Defined Pension Liability | (944) | - | - | (944) |
| Net assets | <u>18,851</u> | <u>-</u> | <u>(21)</u> | <u>18,830</u> |
| Reserves | | | | |
| Non-equity share capital | | | | |
| Revenue reserves | 18,851 | - | (21) | 18,830 |
| Total reserves | <u>18,851</u> | <u>-</u> | <u>(21)</u> | <u>18,830</u> |

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2021

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

32 Prior year adjustment (continued)

ASSOCIATION STATEMENT OF FINANCIAL POSITION - 2020 RESTATEMENT

| At 31st March 2021 | Original 2020 £'000 | Sinking fund reclassification £'000 | Sinking fund depreciation 2020 £'000 | Restated 2020 £'000 |
|---|---------------------------|---|--|---------------------------|
| Tangible fixed assets | | | | |
| Housing properties | 70,616 | 258 | (21) | 70,853 |
| Non-housing freehold properties | 646 | - | - | 645 |
| Other tangible fixed assets | 59 | - | - | 59 |
| Long terms debtors | 251 | - | - | 251 |
| | <u>71,571</u> | <u>258</u> | <u>(21)</u> | <u>71,808</u> |
| Current assets | | | | |
| Debtors due within one year | 942 | - | - | 942 |
| Cash at bank and in hand | 1,784 | - | - | 1,784 |
| | <u>2,726</u> | <u>-</u> | <u>-</u> | <u>2,726</u> |
| Creditors: amounts falling due within one year | (3,726) | (258) | - | (3,984) |
| Net current liabilities | <u>(1,000)</u> | <u>(258)</u> | <u>-</u> | <u>(1,258)</u> |
| Total assets less current liabilities | <u>70,571</u> | <u>-</u> | <u>(21)</u> | <u>70,550</u> |
| Creditors: amounts falling due after more than one year | (50,998) | - | - | (50,998) |
| Defined Pension Liability | (944) | - | - | (944) |
| Net assets | <u>18,629</u> | <u>-</u> | <u>(21)</u> | <u>18,608</u> |
| Reserves | | | | |
| Non-equity share capital | | | | |
| Revenue reserves | 18,629 | - | (21) | 18,608 |
| Total reserves | <u>18,629</u> | <u>-</u> | <u>(21)</u> | <u>18,608</u> |