

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

Registered Industrial and Provident Society No 25616R

Registered by the Housing Corporation No LH3737

**UNITY HOUSING ASSOCIATION LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2009

BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

Board

Chair N Arshad-Mather MBE

Other Members

P Dickeson
R Pitt
K Morley
J Passan
A Sobel
S Brown
M Anderson
T Yeardley (co-opted)
T Holness (observer)

Executive Officers

Chief Executive A Akbor

**Operations Director & Deputy
Chief Executive**

P Sidhu

Regeneration Director

P Barnes (to 31 March 2009)

Registered office

113-117 Chapeltown Road
Leeds
LS7 3HY

Registered number

Registered Industrial and Provident Society No: 25616R
Registered by the Housing Corporation, No: LH3737

Auditors

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

Solicitors

Cobbetts
No 1 Whitehall Riverside
Leeds
LS1 4BN

Bankers

Yorkshire Bank Plc
329 Harehills Lane
Leeds
LS9 6AX

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2009

REPORT OF THE BOARD

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2009, which includes the accounts of Unity Housing Association Ltd and its subsidiary Unity Property Services Ltd.

Principal activities

The Association is a not-for-profit organisation administered by a voluntary Board of Management. The Association operates in Leeds from its offices in Chapeltown. The Association has a subsidiary, Unity Property Services Limited (UPS), trading as Unity Enterprise that is also a not-for-profit organisation administered by a voluntary Board. The Association has the right to appoint the majority of members to the Board of UPS and thereby exercises control.

The Association owns and leases 1,055 units of general needs accommodation of which we directly manage 1,025 units. We have 11 units of special needs accommodation and two properties are providing accommodation for students which are managed by agents on behalf of the Association and some properties which we lease to Canopy. The Subsidiary manages business workspace accommodation in Chapeltown and Harehills. The Group's average employees during the year were 40, 13 of whom are directly involved in the provision of housing services. The Association's principal activities are the development and management of social housing.

Business review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review that follows this Report of the Board set out on pages 6 to 12.

Housing property and fixed assets

Details of changes to the Group's tangible fixed assets are shown in notes 12 and 13 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

After transfer of the surplus for the year of £393k (2008: £341k), Group revenue reserves amounted to £7.3m including a transfer of £1.4m designated reserves no longer required (2008: £5.5m restated).

Post balance sheet events

We consider that there have been no events since the year-end that have had a significant effect on the Group's financial position.

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within an average of 30 days from receipt, or earlier if agreed with the supplier.

Financial instruments

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

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.

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2009

REPORT OF THE BOARD (cont)

The Group continues to provide information on its objectives, progress and activities through regular office and departmental meetings. The Group provides training programmes focused on quality and customer service and seeks 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.

Board members and executive officers

The present Board members and the executive officers of the Group are set out on page 1. During the period to the date of this report Mr A Graham and Mrs J Ruddock resigned from the board on 9th July 2008 and Mr E Bowen resigned on 17th September 2008, all of the other members served on the Board throughout the period.

The Board members are all shareholders of Unity. 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 officers 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 Board may be tenant Board members. Except for co-optees and tenants, only shareholders can be Board members. At every annual general meeting one third of the Board retires.

The Board meets six times a year for regular business and annually for a weekend to discuss future strategy and members' training. 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 officers.

The Board is supported by Audit Committee, and an Operations Committee.

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

Remuneration Policy

The Board set the Group's remuneration for its employees on an annual basis. It agrees the appointment of the executive directors, as well as 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, their notice periods comprise three months.

Pensions

The executive directors are members of the Social Housing Pension Scheme, a defined benefit final salary pension scheme. The executive directors participate in the scheme on the same basis as all other eligible staff. The Group contributes to the scheme on behalf of its employees.

REPORT OF THE BOARD (cont)

Other benefits

The executive directors may be entitled to other benefits such as essential car user allowance, and the provision of a car (Chief Executive). Details of executive directors' salaries are set out in note 11 of the audited financial statements.

NHF Code of Governance

We are pleased to report that Unity complies with the principal recommendations of the NHF Code of Governance (revised 2004).

The Board has agreed a protocol within the standing orders which sets out the policy for determining what non-audit work can be undertaken by the external auditors and procedures for periodic review and selection of external auditors. The level of fees paid for this work is set out in note 6 to the financial statements.

Equality and Diversity

The Board has agreed equality and diversity targets and the Group proactively works towards achieving these and also in the delivery of projects which lead to sustainable communities for all.

Tenant Involvement

We actively encourage tenants' involvement in decision making by promoting mechanisms of tenant involvement and have one tenant Board member.

Complaints

We have a clear and simple complaints policy which is available to tenants. During the year we received 50 complaints relating mainly to repairs performance of which 50 were resolved.

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 Unity and its subsidiary.

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 and is consistent with the principles outlined in the Housing Corporation (now Tenant Services Authority) Circular 07/07 "Internal controls assurance".

The process for identifying, evaluating and managing the significant risks faced by the Group, which is ongoing, has been in place throughout the period commencing 1 April 2008 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 half way through the 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 produce a half yearly update reports on these risks, in addition to the yearly review of risk at Board and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

REPORT OF THE BOARD (cont)

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 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 to assess progress towards achievement of key business objectives, targets and outcomes. The outcomes of these reviews are reported to Board at meetings throughout the year.

Monitoring arrangements

Regular management reporting on control procedures provide assurance to successive levels of management and to the Board. It is supplemented by regular reviews by internal audit that provide independent assurance to the Board, via its Audit Committee. The arrangements include the rigorous procedure, monitored by the Audit Committee, for ensuring that corrective action is taken in relation to any significant control issues on internal audit action plans. A Fraud Register is maintained and is reviewed by the Audit Committee. There were no fraud cases during the year.

The Audit Committee has received the Chief Executive's annual review of the effectiveness of the systems of internal controls for the Association and its subsidiary and the Annual Report of the Internal Auditor and has reported its findings to the Board.

Going concern

After making enquiries 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. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 16th September 2009.

Disclosure of information to auditors

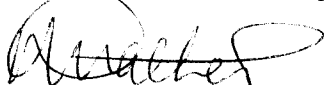
At the date of making this report each of the Association's Board members, as set out on page 1, confirm the following:

- so far as each Board member is aware, there is no relevant audit information which the Association's auditors are unaware, and
- each Board member has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Association's auditors to establish that the Association'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 was approved on 8th July 2009 and signed on its behalf by:



Naheed Arshad-Mather
Chair

OPERATING AND FINANCIAL REVIEW

Background

Activities

The Unity Group consists of Unity Housing Association (parent) a registered social landlord and Unity Property Services our one subsidiary trading as Unity Enterprise which is a business delivering office and workshop space to business start ups as well as project management for business start-ups and social enterprise. Both organisations have charitable status.

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

The Association 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 nearly 1,100 properties, the Association is a developer of new affordable housing and is a partner in Firebird JVC selected by the Homes and Communities Agency as one of its development partners in the region. The Association has been the accountable body for the Feel Good Factor (FGF) project since 2003. The FGF became an independent organisation in 2007/08 and the Association ceased to be the accountable body from June 2008.

External influences

Government policies are aimed at increasing housing supply; extending opportunities for people to buy their homes; and consulting on changes to the planning and taxation systems to help finance new developments.

In addition, the quality of affordable housing remains a key focus for a government committed to delivering decent social housing by 2010. Associations are also expected to contribute to the efficiency targets for the sector following the Gershon review and are faced with the objectives of improving efficiency and quality of services.

Objectives and strategy

The Group's objectives and strategy are set out in a business plan that is reviewed and approved by the Board each year. The four key objectives are summarised as follows:

To fulfil a unique role as a Black and Minority Ethnic (BME) housing Association in Leeds we will be seen as successful and uniquely knowledgeable on BME housing and regeneration issues as well as a beacon of good practice on equality and diversity. We will use our position to deliver services directly and also to influence policy and delivery of services by others.

To provide high quality, affordable housing and related services – we will deliver a range of flexible, high quality housing and related services which respond to the needs of our current customers and communities. We will take account of emerging needs of new customers and communities and design our services accordingly.

To contribute to the regeneration of target neighbourhoods and the development of BME communities – we will work in partnership with others to help create and sustain neighbourhoods where BME communities want to live. We will develop more new housing and deliver a range of regeneration activities in target neighbourhoods. We will continue to run Unity Enterprise as a profitable business to help us achieve our objectives.

OPERATING AND FINANCIAL REVIEW (cont)

To be a progressive and expanding business with a sound resource base – we will be a strong, effective and forward looking organisation. Our governance and performance management arrangements will be of the highest standard and we will be a place where people want to work.

Performance and development

The key indicators used by senior management and the Board to monitor achievement of the Group’s objectives are set out below. The Board agrees targets each year that are designed to manage development and deliver continuous service improvement.

	Objective	Indicator
Unique BME role	<ul style="list-style-type: none"> • Leeds BME housing strategy • Review needs of BME older people • Refugee community housing and employment project 	<ul style="list-style-type: none"> • Oversee delivery of the action plan • Consider services to meet needs and explore opportunities for Unity • Develop and deliver project in partnership with HACT
Quality housing service	<ul style="list-style-type: none"> • Asset Management • Audit Commission Inspection Action Plan • Tenant Satisfaction • Financial exclusion • Energy Efficiency 	<ul style="list-style-type: none"> • Produce revised asset management strategy • Produce 5 year Planned Maintenance programme • Produce estates improvement programme • Report on progress with action plan • Produce action plan aimed at moving towards a “two star” service • Carry out mini STATUS survey • Introduce welfare/benefits advisor • Explore external grant funding to assist with stock improvement
Target neighbourhoods	<ul style="list-style-type: none"> • Delivery of housing programme • Regeneration activities 	<ul style="list-style-type: none"> • Develop and bid for new development opportunities • Delivery of 2008/09 programme • Report on property acquisitions, disposals, conversions and stock transfers • Report on future role of Unity and other RSL’s in tackling worklessness • Develop and deliver estate improvement projects • Report on progress with Chapeltown Road Investment Strategy

OPERATING AND FINANCIAL REVIEW (cont)

- Opportunities for Tenant
 - Unity Enterprise
 - Launch of Tenants Into Work Project
 - Develop opportunities for expanding Unity Enterprise
 - Develop marketing strategy for Unity Enterprise
 - Explore Development Trust opportunities for Unity Enterprise
- Progressive Business**
- Contractual arrangements
 - Procure contractors for Responsive repairs, Planned repairs, Gas servicing, Grounds maintenance and Cleaning services
 - Business capacity and financial strategy and targets
 - Review risks and opportunities for growth and financial planning
 - Investors in people
 - Prepare for assessment
 - Equality & Diversity
 - Review strategy and develop new framework
 - Marketing
 - Develop strategy

Performance against some of these indicators is set out below:-

To fulfil a unique role as a BME housing Association

The implementation of the BME housing strategy is being progressed. An Implementation Manager jointly funded by the Leeds Housing Partnership Forum partners and employed by Leeds City Council was appointed in July 2007. Unity continues to host and chair the BME housing strategy Task Group that is overseeing the implementation of the strategy. The refugee employment project has now commenced in partnership with HACT.

To provide high quality affordable housing and related services

Key service performance is set out below and improvements have been made in a number of areas. Service improvement plans have been progressed in the area of lettings, repairs, customer services and tenant involvement, voids and shared ownership. A new Asset Management Strategy has been completed during 2008/09.

This has informed the development of a 5 year planned maintenance programme. The cyclical programme of external and internal painting was completed as was a programme of boiler replacements, new bathrooms and kitchens. A mini STATUS survey was completed during the year which showed an increase in overall satisfaction since the 2006 survey.

OPERATING AND FINANCIAL REVIEW (cont)

Our improvement in performance on key service areas is as follows:

Key Performance Indicator	Target	Performance	
Current Arrears	6.0%	5.8%	Achieved
Bad debt	2.0%	1.6%	Achieved
Voids	1.8%	0.6%	Achieved
Re-let time	24 days	9 days	Achieved
BME lettings	At least 50%	76%	Achieved
Turnover	<10%	8.6%	Achieved
Emergency repairs completed on target	98%	100%	Achieved
Urgent repairs completed on target	98%	99%	Achieved
Routine repairs completed on target	97%	98%	Achieved
Repair appointments met	90%	98.1%	Achieved
Planned maintenance to response maintenance	59:41	59:41	Achieved
Tenants satisfied with levels of involvement	75%	67%	Tenant satisfaction has improved considerably since the survey in 2006 and we continue to improve in this area.
Tenant satisfied with overall landlord services	75%	67%	Tenant satisfaction has improved considerably since the survey in 2006 and we continue to improve in this area.

To contribute to the regeneration of target neighbourhoods and the development of BME communities

We continue to develop and work on opportunities for growth and regeneration both on our own and with the Local Authority housing partnerships in the areas in which we work. We have continued to progress our affordable housing programme and s106 opportunities and are working with Firebird JVC to deliver on our approved housing programme. Following a bid to the Housing Corporation for New Tools grant in May 2003, Unity was awarded a total of £1,030,040 for the acquisition and demolition of 14 houses on Hird Street/Lodge Lane in Beeston. In addition to this Unity were awarded a further grant in 2007/08 of £710,000 for the construction of 7 new units which were completed in March 2009. A further allocation has been made to Unity in partnership with Accent Group for 22 units on the Highfield Crescent development from the 2008-11 N.A.H.P. which is part of the Leeds strategic sites programme.

Unity Enterprise completed the third year of its partnership with Jobs and Skills Department of Leeds City Council in 2008/09 in relation to the provision of Chapeltown Job Shop in its Chapeltown Enterprise Centre. Over 460 local residents used the Job Shop for employment and training advice and 45 local residents were assisted into employment and the project met all its NRF targets. Unity Housing also worked in partnership with other Housing Associations and ALMO's in the city on its "Tenants into Work" project also funded through NRF. Unity Enterprise took over the management of the Leeds Media Centre from July 2008 under a Service Level Agreement with Leeds City Council.

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

We have made a healthy Group surplus of £393k (2007/08 £341k), exceeding budget, and we are meeting all lender covenants including interest cover and gearing. Our efficiency savings and regulatory compliance statement have been positively received by the Tenant Services Authority and we have examined capacity issues in the year at the Board planning event and have a clear idea of the areas we want to develop going forward and will examine ways to utilise disposal proceeds fund and shared ownership profits to increase our investment capacity going forward.

OPERATING AND FINANCIAL REVIEW (cont)

We have introduced a new financial business planning model and have produced a new 30 year financial plan based on a revised asset management strategy which was developed following a stock condition survey completed last year.

The Senior Management Team (SMT) structure introduced the previous year was reviewed and the current structure was confirmed for a further year and will be reviewed again in 2010.

Audit Commission Inspection

The Association was inspected by the Audit Commission in February 2007 and the final report was issued in August 2007. The report concluded that "Overall, Unity Housing Association provides a one star fair service to customers and has promising prospects for improvement." A post inspection action plan was agreed with the Tenant Services Authority and all of the recommendations have now been completed and signed off by them in August 2008.

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. 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 half yearly together with action taken to manage the risks and the outcome of the action. These risk reports include assessments of key controls used to manage the risks. The Group has identified the major risks to successful achievement of its objectives as part of its business planning process and these are considered below:-

Key elements

Controls / action planned

Long term low inflation

a) Rents rise less than costs

a) Flexible treasury management strategy based on annual business plan

b) Rental growth insufficient to cover loan capital repayments

b) Long term financial planning

c) Develop strategies for sustainable growth in the number of units

Financial position

The Association Income and Expenditure account and Balance Sheet are summarised in Table 1 on page 12 and the following paragraphs highlight key features of the Group's financial position at 31 March 2009.

The Group's financial result for the year ended 31 March 2009 is good with a surplus of £393k in 2008-09 compared to £341k in 2007-08. Unity Property Services Limited has reported a small deficit of £5k for the year 2008-09 compared to a surplus of £63k in 2007-08.

Capital repayments were made of £366k as per the loan agreements. No further borrowing was undertaken in the year due to being in a surplus cash position. The percentage of fixed interest loans was 55% at the end of the financial year in order to hedge against the effects of future interest rate rises. Seven new units were completed during the year.

The losses from void properties remained at 0.6% of rent receivable in 2008-09. Both current tenant arrears and bad debt provisions for 2008/09 are within target.

OPERATING AND FINANCIAL REVIEW (cont)

Accounting policies

The Group's principal accounting policies are set out on pages 20 to 22 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties.

Planned maintenance and improvements

Expenditure on major repairs and improvements to properties was £540k (net of capitalised maintenance) in 2008-09 which compares to £473k in 2007-08. A new stock condition survey was completed in 2007-08 and the result of this has informed a new 5 year Planned Maintenance Programme. The stock condition survey has not revealed anything which would suggest that there are any major Decent Homes Standard issues that could not be addressed by 2010.

Housing properties and other fixed assets

The Association spent some £1,374k on the development and purchase of housing properties during the year. Due to sales proceeds from shared ownership sales, which have been set off against the cost, the Association's gross housing asset base has increased from £54.5m to £55.9m.

Cash flow and liquidity

The net cash inflow from Group operating activities during the year amounted to £1.4m. There was a net increase in capital investment, mainly due to the expenditure on housing properties as above. The impact of grants, sales and other asset purchases was minimal, resulting in a net inflow of £48k. In addition the Association has paid £366k of capital repayments, and serviced net interest costs of £731k. The net result is a decrease in the Group's cash and liquid resources of £984k. Net current assets of the Group at 31 March 2009 were £452k compared to £1,337k in 2007-08.

Treasury management

Treasury management is operated within a policy approved by the Board. The Association'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 Association has loan facilities in place at the year-end to cover cash flow requirements for the next two years.

Capital structure and reserves

Housing properties of £52.9m and other net assets of £2.2m are financed by grants of £33.1m (63%), loans of £13.4m (25%) and accumulated reserves of £7.7m (15%). Reserves include £7.3m of revenue reserves, £0.2m of repairs reserves and £0.2m of negative goodwill arising on the original acquisition of Unity Property Services.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in the SORP 2008.



Ali Akbor
Chief Executive/Secretary
8th July 2009

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

Table 1 – Association highlights, five-year summary

For the year ended 31 March	2009	2008	2007 Restated*	2006	2005
Income and Expenditure account (£'000)					
Total turnover	3,947	4,298	3,913	3,866	3,666
Gross rents receivable	3,908	3,792	3,604	3,617	3,552
Operating surplus	1,074	1,033	1,045	1,064	1,345
Interest Payable	(794)	(934)	(866)	(861)	(965)
Surplus for the year	397	283	388	335	50
Balance Sheet (£'000)					
Tangible Fixed Assets	53,424	52,487	52,425	51,705	51,600
SHG and other capital grants	33,148	32,879	32,497	32,363	31,997
Tangible fixed assets net of capital grants	20,276	19,608	19,928	19,342	19,603
Net current assets / (liabilities)	473	1,366	1,090	404	(426)
Loans	13,723	14,089	14,426	14,693	14,933
Reserves: Restricted		-	-	-	-
Designated	150	1,561	1,576	1,570	1,566
Revenue	7,178	5,370	5,112	3,714	3,383
Total	7,340	6,931	6,688	5,284	4,949
Accommodation figures					
Total housing stock managed (No of units)	1,025	1,031	1,049	1,057	1,054
Statistics					
Surplus for the year as % of turnover	10.1%	6.6%	9.9%	8.7%	1.2%
Surplus for the year as % of gross rents receivable	10.2%	7.5%	10.8%	9.3%	1.4%
Voids as a % of gross rents receivable	0.6%	0.6%	2.5%	1.9%	2.5%
Bad debts as a % of gross rents receivable	1.6%	2.0%	1.3%	1.1%	1.7%
Operating surplus per unit managed	£1,048	£1,002	£996	£1,007	£912
Total Reserves per unit managed	£7,149	£6,723	£6,337	£4,999	£4,695
Interest Cover (surplus before interest payable divided by interest payable)	1.5	1.4	1.5	1.3	1.1
Liquidity (Current assets divided by current liabilities)	1.3	1.8	1.9	1.4	0.7
Gearing (total loans as a % of SHG plus reserves)	33.9%	35.4%	36.9%	39.0%	40.4%

* The 2007 figures have been restated for change in shared ownership accounting policy. Prior period reported information has not been similarly adjusted because the impact of the change is not deemed material by the Board.

STATEMENT OF RESPONSIBILITIES OF THE BOARD

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association at the end of the year and of the surplus or deficit of the Group and Association for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by registered social landlords" (2008), subject to any material departures disclosed and explained in the financial statements.

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 Industrial and Provident Societies Acts 1965 to 2002, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social landlords (2008).

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Unity Housing Association Limited for the year ended 31 March 2009 which comprise the Group and Association Income and Expenditure Accounts, the Group and Association Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Total Recognised Surpluses and Deficits and the notes to the Financial Statements which have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with regulations made under section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The responsibilities of the Board for preparing the report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of responsibilities of the Board for the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the report of the Board is not consistent with the financial statements, if the Association has not kept proper accounting records or maintained a satisfactory system of control over its transactions, or if we have not received all the information and explanations we require for our audit. We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises only the report of the Board and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2009 and of the surplus for the year then ended
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Leeds, England
8th July 2009

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

GROUP INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	Note	2009 £ '000	2008 £ '000
Turnover: continuing activities	3	4,626	4,334
discontinued activities		-	453
Administrative costs		(1,184)	(1,182)
Direct property management costs		(2,366)	(2,504)
Operating costs	3	(3,550)	(3,686)
Operating surplus: continuing activities		1,076	1,101
discontinued activities		-	-
Surplus on sale of fixed assets – housing properties		33	65
Interest receivable and other income	8	78	109
Interest payable and similar charges	9	(794)	(934)
Surplus on ordinary activities	22	393	341

There were no gains and losses relating to the Group other than those included in the income and expenditure account.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009

	Note	2009 £ '000	2008 £ '000
Turnover: continuing activities	3	3,947	3,845
discontinued activities		-	453
Administrative costs		(896)	(987)
Direct property management costs		(1,977)	(2,278)
Operating costs	3	(2,873)	(3,265)
Operating surplus: continuing activities		1,074	1,033
discontinued activities		-	-
Surplus on sale of fixed assets – housing properties		33	65
Interest receivable and other income	8	84	119
Interest payable and similar charges	9	(794)	(934)
Surplus on ordinary activities	22	397	283

There were no gains and losses relating to the Association other than those included in the income and expenditure account.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2009

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Surplus for the financial year	393	341	397	283
Total recognised surpluses and deficits relating to the year (Note 22)	<u>393</u>	<u>341</u>	<u>397</u>	<u>283</u>
Prior year adjustment		1,026		1,026
Total recognised surpluses and deficits since the last report		<u>1,367</u>		<u>1,309</u>

RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS

For the year ended 31 March 2009

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Opening funds as previously stated	7,286	5,919	6,931	5,622
Prior year adjustment	-	1,026	-	1,026
Opening total funds as restated	<u>7,286</u>	<u>6,945</u>	<u>6,931</u>	<u>6,648</u>
Total recognised surpluses and deficits relating to the year	<u>393</u>	<u>341</u>	<u>397</u>	<u>283</u>
Closing funds	<u>7,679</u>	<u>7,286</u>	<u>7,328</u>	<u>6,931</u>

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

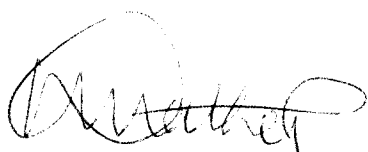
CONSOLIDATED BALANCE SHEET

At 31 March 2009

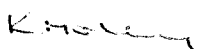
	Note	2009 £ '000	2008 £ '000
Tangible fixed assets			
Housing properties	12	52,851	51,900
Social housing grant	12	(30,083)	(30,083)
Other grants	12	(3,065)	(2,796)
	12	19,703	19,021
Fixed Asset Investment		5	5
Non-housing freehold properties	13	872	889
Other tangible fixed assets	13	80	77
		20,660	19,992
Current assets			
Debtors due within one year	15	361	269
Long term debtors	16	10	10
Cash at bank and in hand		1,844	2,828
		2,215	3,107
Creditors: Amounts falling due within one year	17	(1,775)	(1,770)
Net current assets		440	1,337
Total assets less current liabilities		21,100	21,329
Creditors: Amounts falling due after more than one year	18	13,421	14,043
Capital and reserves			
Non-equity share capital	21	-	-
Designated reserves	22	150	1,561
Negative Goodwill	22	235	239
Revenue reserve	22	7,294	5,486
Group funds	22	7,679	7,286
		21,100	21,329

The notes on pages 20 to 38 form part of these financial statements.

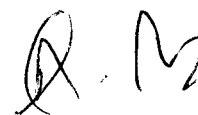
The financial statements were approved by the Board on 8th July 2009 and signed on its behalf by:



Naheed Arshad-Mather
Chair



Karen Morley
Board Member



Ali Akbor
Secretary

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

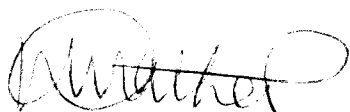
ASSOCIATION BALANCE SHEET

At 31 March 2009

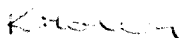
	Note	2009 £ '000	2008 £ '000
Tangible fixed assets			
Housing properties	12	52,851	51,900
Social housing grant	12	(30,083)	(30,083)
Other grants	12	(3,065)	(2,796)
		19,703	19,021
Fixed Asset Investment		5	5
Non-housing freehold properties	13	499	512
Other tangible fixed assets	13	69	70
		20,276	19,608
Current assets			
Debtors due within one year	15	303	274
Long term debtors	16	120	140
Cash at bank and in hand		1,712	2,683
		2,135	3,097
Creditors: Amounts falling due within one year	17	(1,662)	(1,731)
		473	1,366
Net current assets			
Total assets less current liabilities		20,749	20,974
Creditors: Amounts falling due after more than one year	18	13,421	14,043
Capital and reserves			
Non-equity share capital	21	-	-
Designated reserves	22	150	1,561
Revenue reserves	22	7,178	5,370
		7,328	6,931
Association's funds			
		20,749	20,974

The notes on pages 20 to 38 form part of these financial statements.

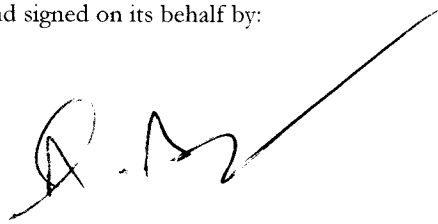
The financial statements were approved by the Board on 8th July 2009 and signed on its behalf by:



Naheed Arshad-Mather
Chair



Karen Morley
Director



Ali Akbor
Secretary

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	Note	2009 £ '000	2008 £ '000
Net cash inflow from operating activities	24	1,440	1,949
Returns on investments and servicing of finance			
Interest received		78	109
Interest paid		(809)	(904)
		(731)	(795)
Capital expenditure			
Purchase and construction of housing properties		(1,375)	(856)
Social housing grant – received		-	704
Other capital grants – received		39	62
Proceeds from disposal of shared ownership properties		54	-
Proceeds from disposal of RTA properties		-	143
Purchase of other fixed assets		(45)	(40)
		(1,327)	13
Financing			
Housing loans repaid	26	(366)	(337)
		(366)	(337)
(Decrease) / Increase in cash	26	(984)	830

The notes on pages 20 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

1. Legal status

The Association and its subsidiary, Unity Property Services Ltd, are registered under the Industrial and Provident Societies Act 1965. Only the Association is registered with the Housing Corporation as a social landlord.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Association are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting by registered social landlords, issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for registered social landlords General Determination 2006.

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using acquisition accounting.

Turnover

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Taxation

As all members of the Group have charitable status, it is not subject to taxation on surpluses arising from its activities.

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 Association 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.

Pensions

The Group participates in the Social Housing Pension Scheme (SHPS).

For the SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

Supporting people

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

2. Accounting policies (continued)

Housing properties

Housing properties are principally properties available for rent and 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 are 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 the direct overhead 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 fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Social housing grant

Social housing grant (SHG) is receivable from the Housing Corporation and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the Housing Corporation or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Housing Corporation. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value. The Group's housing properties are depreciated at the following annual rates:

New build properties	60 Years
Rehabilitated Properties	
- Studio flat	20 years
- Other flats	30 years
- Houses	45 years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus.

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

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 rates used for other assets are:

Freehold buildings	2%
Furniture, equipment, plant & machinery	20%
Computers and office equipment	20%
Motor vehicles	33%

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.

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Major repairs reserve

The Group's commitment to fund other major repairs is recognised by the transfer from accumulated surpluses to the designated major repairs reserve - the amount is based on the expected future liabilities arising from the results of the Group's latest stock condition survey.

Service charge repair reserve

Service charges received contribute towards the replacement of communal components of properties, such as door entry systems and fire alarms. A transfer from accumulated surpluses to the service charge repair reserve is made based upon the expected future liabilities for such expenditure.

Negative goodwill

Where the fair value ascribed to assets and liabilities upon the acquisition of new business exceeds the sum paid for them, a negative goodwill reserve is established. The reserve is released to revenue reserves on a straight-line basis over the useful economic lives of the assets giving rise to the reserve. The negative goodwill reserve in the Group's accounts relates to non-housing freehold property and is therefore amortised over 50 years (2% per annum).

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

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

ASSOCIATION – continuing activities

	2009		
	Turnover	Operating costs	Operating surplus
	£ '000	£ '000	£ '000
Social housing activities			
Income & expenditure from lettings	3,908	(2,830)	1,078
Community Regeneration		(43)	(43)
	3,908	(2,873)	1,035
Other social housing activities			
Non social housing activities - UHA	39	-	39
Non social housing activities – FGF (discontinued)	-	-	-
	3,947	(2,873)	1,074
	3,947	(2,873)	1,074
	2008		
	Turnover	Operating costs	Operating surplus
	£ '000	£ '000	£ '000
Social housing activities			
Income & expenditure from lettings	3,792	(2,765)	1,027
Community Regeneration	-	(47)	(47)
	3,792	(2,812)	980
Other social housing activities			
Non social housing activities - UHA	53	-	53
Non social housing activities – FGF (discontinued)	453	(453)	-
	4,298	(3,265)	1,033
	4,298	(3,265)	1,033

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

3. Turnover, cost of sales, operating costs and operating surplus (continued)
Particulars of income and expenditure from social housing lettings

GROUP & ASSOCIATION

	2009			2008
	General needs housing £'000	Low cost home ownership £'000	Total £'000	Total £'000
Income from social housing				
Rent receivable net of identifiable service charges & voids	3,732	5	3,737	3,627
Service charges receivable net of voids	143	16	159	150
Supporting people	12	-	12	12
Net rental income	3,887	21	3,908	3,789
Management services	39	-	39	3
Total income from social housing	3,926	21	3,947	3,792
Expenditure on social housing				
Services	(178)	(9)	(187)	(145)
Management	(1,161)	-	(1,161)	(1,277)
Routine maintenance	(507)	-	(507)	(431)
Planned maintenance & Property Improvements	(540)	-	(540)	(473)
Rent losses from bad debts	(64)	-	(64)	(74)
Depreciation of housing properties	(402)	-	(402)	(370)
Operating costs on social housing lettings	(2,852)	(9)	(2,861)	(2,770)
Operating surplus on social housing lettings	1,074	12	1,086	1,022
Void losses	27	-	27	22

UNITY HOUSING ASSOCIATION LIMITED

Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

4. Average weekly rent - Group

	2009	2008
	£	£
Average weekly assured tenancy rent per unit	72	70

5. Accommodation in management and development - Group

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

	2009	2008
	No.	No.
Social housing		
Housing accommodation - owned	979	982
Housing accommodation – leased	38	41
Accommodation managed for others	8	8
Total managed	1,025	1,031

6. Operating surplus

This is arrived at after charging:

	Group		Association	
	2009	2008	2009	2008
	£ '000	£ '000	£ '000	£ '000
Depreciation of housing properties	402	370	402	370
Depreciation of other tangible fixed assets	52	47	39	42
Auditors' remuneration (including VAT)	15	20	11	17
Auditors' fees for non audit services	5	10	5	10

7. Surplus on sale of fixed assets – housing properties

	Group		Association	
	2009	2008	2009	2008
	£ '000	£ '000	£ '000	£ '000
Disposal proceeds	33	65	33	65
Carrying value of fixed assets	-	-	-	-
	33	65	33	65

8. Interest receivable and other income

	Group		Association	
	2009	2008	2009	2008
	£ '000	£ '000	£ '000	£ '000
Interest receivable and similar income	78	109	78	109
Income from other investments	-	-	6	10
	78	109	84	119

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

9. Interest payable and similar charges

	Group & Association	
	2009	2008
	£ '000	£ '000
Loans and bank overdrafts	784	904
Interest on disposal proceeds fund	10	30
	<u>794</u>	<u>934</u>
	=====	=====

10. Employees

Average monthly number of employees	Group		Association	
	2009 No.	2008 No.	2009 No.	2008 No.
Administration	17	11	11	11
Development	1	1	1	1
Housing management	13	16	13	16
Property management	8	10	-	-
Community project	1	9	1	9
	<u>40</u>	<u>47</u>	<u>26</u>	<u>37</u>
	=====	=====	=====	=====

Staff Costs	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Wages and salaries	876	998	628	835
Social security costs	72	78	53	66
Other pension costs	61	69	51	60
	<u>1,009</u>	<u>1,145</u>	<u>732</u>	<u>961</u>
	=====	=====	=====	=====

SOCIAL HOUSING PENSION SCHEME

New members of staff employed by the Group are eligible to participate in the Social Housing Pension Scheme (SHPS). The scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2008. From April 2008, there are three benefit structures available, namely:

- Final salary with 1/60th accrual rate.
- Final salary with 1/70th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

10. Employees (continued)

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

The Group has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2007 and the final salary with 1/70th accrual rate for new entrants from 1st April 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at the individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

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

During the accounting period, the Group paid contributions at a rate of 14.1% for those members on 1/60th accrual rate and 12.9% for those on 1/70th. Member contributions varied between 3.1% and 6.1% depending on their age.

As at 31st March 2009, there were 16 active members of the Scheme employed by the Group (2008:16). The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify, on a reasonable and consistent basis, the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for period under FRS17 represents the employer contribution payable.

The last formally completed valuation of the Scheme was performed at 30 September 2008 by a professionally qualified actuary using the Projected Unit method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% pa
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price Inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

10. Employees (continued)

The valuation was carried out using the following demographic assumptions

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1%pa

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1%pa

The long term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

	Long term joint contribution rate (% of pensionable salaries)
Benefit Structure	
Final Salary with 1/60th accrual rate	17.8
Final Salary with 1/70th accrual rate	15.4
Career average revalued earnings with a 1/60th accrual rate	14.9

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

Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the scheme to new entrants are required to pay an additional employer contribution loading of 3% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the Social Housing Pension Scheme.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).

The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004. A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Regulator in due course.

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

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

10. Employees (continued)

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

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

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2008. As of this date the estimated employer debt for the Group was £3,351,000.

11. Board members and executive officers

	2009	2008
	£	£
Expenses Paid	3,784	2,766

None of the Board members received emoluments. The emoluments of the highest paid executive officer, the Chief Executive, excluding pension contributions, were £74,000 (2008: £67,000).

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

The emoluments of the Executive Officers excluding pension contributions amounted to £166,000 (2008 £203,000).

In 2009, all the executive officers were in place for the whole year, except as stated above. One executive officer is part time.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

12. Tangible fixed assets – properties

GROUP & ASSOCIATION	Social housing properties held for letting £'000	Completed shared ownership housing properties £'000	Social housing properties under construction £'000	Total £'000
Cost				
At 1 April 2008	52,477	896	1,165	54,538
Additions	387	1	986	1,374
Disposals	-	(21)	-	(21)
Transfers re prior year	(113)	9	104	-
At 31 March 2009	52,751	885	2,255	55,891
Depreciation				
At 1 April 2008	2,638	-	-	2,638
Charged in year	402	-	-	402
At 31 March 2009	3,040	-	-	3,040
Social Housing Grant				
At 1 April 2008	28,704	197	1,182	30,083
Transfers re prior year	(108)	-	108	-
At 31 March 2009	28,596	197	1,290	30,083
Other grants				
At 1 April 2008	2,735	61	-	2,796
Additions	232	-	37	269
Transfer	(17)	17	-	-
At 31 March 2009	2,950	78	37	3,065
Net book value				
At 31 March 2009	18,165	610	928	19,703
At 31 March 2008	18,400	638	(17)	19,021

UNITY HOUSING ASSOCIATION LIMITED*Year ended 31 March 2009***NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009****12. Tangible fixed assets – properties**

Expenditure on works to existing properties	Group	
	2009	2008
	£ '000	£ '000
Amounts capitalised	184	191
Amounts charged to income and expenditure account	540	473
Total	724	664

Social housing grant	Group	
	2009	2008
	£ '000	£ '000
Capital grants	30,083	30,083
	30,083	30,083

Housing properties book value, net of depreciation and grants, and offices net book value (note 12 & 13) comprises:

	Group	
	2009	2008
	£ '000	£ '000
Freehold land and buildings	20,575	19,910

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

13. Tangible fixed assets – other

GROUP AND ASSOCIATION

	Non housing properties for letting £'000	Freehold offices £'000	Group Total £'000	Association Freehold offices £'000
Cost				
At 1 April 2008	857	675	1,532	675
Additions	3	-	3	-
Transfers Fixtures & Fittings	3	-	3	-
At 31 March 2009	863	675	1,538	675
Grant				
At 1 April 2008	444	40	484	40
Additions	-	-	-	-
At 31 March 2009	444	40	484	40
Depreciation				
At 1 April 2008	36	123	159	123
Charged in year	9	13	22	13
Transfer Fixtures & Fittings	1	-	1	-
At 31 March 2009	46	136	182	136
Net book value				
At 31 March 2009	373	499	872	499
At 31 March 2008	377	512	889	512
Other Tangible Fixed Assets - Group				
	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 April 2008	169	427	23	619
Additions	12	25	-	37
Transfer Properties	(3)	-	-	(3)
At 31 March 2009	177	453	23	653
Grants				
At 1 April 2008	-	-	-	-
Received in year	-	2	-	2
	-	2	-	2
Depreciation				
At 1 April 2008	165	361	16	542
Charged in year	5	18	7	30
Transfer Properties	(1)	-	-	(1)
At 31 March 2009	169	379	23	571
Net book value				
At 31 March 2009	8	72	-	80
At 31 March 2008	4	66	7	77

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

13. Tangible fixed assets – other (cont)

Other Tangible Fixed Assets - Association	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 April 2008	144	417	23	584
Additions	5	20	-	25
At 31 March 2009	149	437	23	609
Depreciation				
At 1 April 2008	142	356	16	514
Charged in year	1	18	7	26
At 31 March 2009	143	374	23	540
Net book value				
At 31 March 2009	6	63	-	69
At 31 March 2008	2	61	7	70

14. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of Unity Property Services Limited which was a wholly owned subsidiary of the Association at the end of the year. The Association has the right to appoint members to the Board of the subsidiary and thereby exercises control over them. Unity Housing Association Limited is the ultimate parent undertaking.

During the year the Association provided management services for Unity Property Services and charged £33,000 (2008: £26,000).

15. Debtors

	Group 2009 £ '000	2008 £ '000	Association 2009 £ '000	2008 £ '000
Due within one year				
Arrears of rent and service charges	559	451	475	419
Less: Provision for bad debts	(325)	(280)	(325)	(274)
	234	171	150	145
Prepayments & accrued income	59	34	55	34
Other debtors	68	64	67	58
Amount due from subsidiary	-	-	31	37
	361	269	303	274

Other debtors include a loan to an executive officer as follows:

	£'000
Amount outstanding as at 1 st March 2008	-
Amount outstanding as at 31 st March 2009	6
Maximum outstanding in the year	7

The loan carries an interest rate of 5% and is due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

16. Long term debtors

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Long term debtor	10	10	10	10
Inter Company Loan	-	-	110	130
	<u>10</u>	<u>10</u>	<u>120</u>	<u>140</u>

17. Creditors: amounts falling due within one year

	Group		Association	
	2009 £ '000	2008 £ '000	2009 £ '000	2008 £ '000
Debt (note 20)	395	366	395	366
Trade creditors	327	107	299	101
Rent & service charges received in advance	66	93	66	93
Interest accrued on loans	14	39	14	39
Other taxation and social security	38	105	24	103
Other accruals and deferred income	783	555	739	550
Other creditors	153	505	125	479
	<u>1,775</u>	<u>1,770</u>	<u>1,662</u>	<u>1,731</u>

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

	Total	
	2009 £ '000	2008 £ '000
Debt (note 20)	13,328	13,723
At 1 st April 2008	(104)	(113)
Additions	(14)	-
Amortised during year	9	9
	<u>13,219</u>	<u>13,619</u>
Disposal proceeds fund (note 19)	202	424
	<u>13,421</u>	<u>14,043</u>

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2008

19. Disposal Proceeds Fund

	Group	
	2009	2008
	£ '000	£ '000
At 1 April 2008	424	354
Net sale proceeds recycled	-	100
Interest accrued	10	30
Major repairs and works to existing stock	-	(60)
Acquisition of dwellings for lettings	(232)	-
Balance at 31 March 2009	<u>202</u>	<u>424</u>

20. Debt analysis

	Group	
	2009	2008
	£ '000	£ '000
Due within one year		
Bank & Building Society loans	<u>395</u>	<u>366</u>

	Group	
	2009	2008
	£ '000	£ '000
Due after more than one year		
Bank & Building Society loans	<u>13,328</u>	<u>13,723</u>

Debt is repayable

	Group	
	2009	2008
	£ '000	£ '000
Within one year	395	366
Between one and two years	427	396
Between two and five years	1,513	1,393
After five years	11,388	11,934
	<u>13,723</u>	<u>14,089</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 in the period 2008 to 2020. The interest rates on the loans are fixed for terms ranging from one month to 12 years at rates ranging from 5.77% to 6.36%. 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.

At 31st March 2009 the group had undrawn loan facilities of £3.7m. (2008:£ 3.5m).

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2009

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

21. Non-equity share capital

	2009	2008
Shares of £1 each issued and fully paid	£	£
At 1 April 2008	59	59
Shares issued during the year	-	-
At 31 March 2009	<u>59</u>	<u>59</u>

22. Reserves

Group	Major Repairs Reserve £ '000	Serv Chg Repair Reserve £ '000	Revenue Reserve £ '000	Negative Goodwill £ '000	Total Reserves £ '000
At 1 April 2008	1,435	126	5,486	239	7,286
Surplus for the year	-	-	393	-	393
Transfers in the year	(1,411)	-	1,415	(4)	-
At 31 March 2009	<u>24</u>	<u>126</u>	<u>7,294</u>	<u>235</u>	<u>7,679</u>

Association	Major Repairs Reserve £ '000	Serv Chg Repair Reserve £ '000	Revenue Reserve £ '000	Total Reserves £ '000
At 1 April 2008	1,435	126	5,370	6,931
Surplus for the year	-	-	397	397
Transfers in the year	(1,411)	-	1,411	-
At 31 March 2009	<u>24</u>	<u>126</u>	<u>7,178</u>	<u>7,328</u>

23. Financial commitments

	2009	2008
	£'000	£'000
Capital Expenditure contracted for but not provided in accounts	2,376	1,159
	<u>2,376</u>	<u>1,159</u>

NOTES TO THE FINANCIAL STATEMENTS – 31ST MARCH 2009

24. Reconciliation of operating surplus to net cash inflow from operating activities

	2009 £ '000	2008 £ '000
Operating surplus	1,076	1,101
Depreciation of housing properties	402	370
Depreciation of other fixed assets	52	47
Surplus on sale of RTA properties	(33)	(65)
Loan issue costs amortised	5	9
	<hr/>	<hr/>
	1,502	1,462
Working capital movements		
Debtors	(75)	6
Creditors	13	481
	<hr/>	<hr/>
Net cash inflow from operating activities	1,440	1,949
	<hr/> <hr/>	<hr/> <hr/>

25. Reconciliation of Group net cash flow to movement in Group net debt

	2009 £ '000	2008 £ '000
Increase in cash	(984)	830
Cash flow from debt	366	337
	<hr/>	<hr/>
Increase in net debt from cash flows	(618)	1,167
Net debt at 1 April	(11,251)	(12,418)
	<hr/>	<hr/>
Net debt at 31 March	(11,869)	(11,251)
	<hr/> <hr/>	<hr/> <hr/>

26. Analysis of Group net debt

	1 April 2008 £ '000	Cash Flow £ '000	31 March 2009 £ '000
Cash at bank and in hand	2,828	(984)	1,844
Current asset investment	10		10
Loans	(14,089)	366	(13,723)
	<hr/>	<hr/>	<hr/>
Changes in net debt	(11,251)	(618)	(11,869)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

27. Related parties

Anthony Graham and Jean Ruddock were tenant Board members who resigned on 9th July 2008. Terence Holness is a tenant Board member (Observer). All of these have a tenancy on normal commercial terms, none of whom are able to use their position for any personal advantage.

Alex Sobel a Board member of Unity Property Services Limited is also an employee of Urbanbiz, who have a tenancy on normal commercial terms with Unity Property Services Limited, the subsidiary undertaking of Unity Housing Association Limited.

Loans to directors have been dealt with in note 15.