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# Unity Housing Association Limited

Annual Report and Consolidated Financial Statements

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*Year Ended 31 March 2022*

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**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**

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**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

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**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS**

***Board of Management***

Chair	S Bhargava
Other Members	W Butt – to 23 September 2021
	E Cook
	E Green
	A Hamied
	D Heels – to 23 September 2021
	J Jeffries
	H Marfoua - from 23 September 2021
	D Mitchell - from 23 September 2021
	D Richmond
	N Ruhi-Khan - to 31 December 2021
	P Taylor - from 23 September 2021
	R Walker – to 23 September 2021
	A Rashid –Audit & Risk Management Committee Independent Co-optee
	B Letham Operations Committee Co-optee– from 23 September 2021

***Executive Directors***

Chief Executive	C Boston from 1 October 2021, interim from 4 December 2020
Operations Director & Deputy Chief Executive	P Sidhu – to 23 April 2022
Interim Operations Director	D Higgins - from 25 April 2022
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

***Solicitor***

Bevan Brittan LLP, Toronto Square, 7<sup>th</sup> Floor, Toronto Street, Leeds, LS1 2HJ

***Banker***

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

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**REPORT OF THE BOARD**

The Board presents its annual report and the Group's audited financial statements for the year ended 31 March 2022, 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'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 Association is a registered social landlord, UPS, 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 UHDS, a development company.

The Association and UPS both have charitable status and are registered as Co-operative and Community Benefit Societies. UPS is administered by a separate Board of Management and UHDS is 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 1,372 units of mainly general needs accommodation of which 1,350 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 over 4 sites. UHDS a wholly owned subsidiary was set up to manage development activities providing design and build services to the Association.

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, this includes Category 1 housing for people who need additional housing-related support;
- Supported housing;
- 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.

The Group's average employees during the year were 39, 22 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 8 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 £955k (2021: £1,382k). There is a gain of £533k through other comprehensive income (2021: £986k loss), leading to the total comprehensive income for the year of £1,488k (2021: £446k). At 31 March 2022 the Group's reserves amounted to £20,764k (2021: £19,276k).

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**REPORT OF THE BOARD (cont.)**

**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 2021/22 are 27 (2021: 26).

**Financial instruments**

The Group's approach to financial risk management is outlined in the Operating and Financial Review on pages 8 to 23.

**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. 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. 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. More is included on board tenure in the Code of Governance section.

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 but the away day was in person. 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 2022*

**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 that they are entitled to a car allowance equivalent to 10% of gross salary. Their notice periods of three months are the same as newer managers. 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 any period an Interim Director 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.

**Equality Diversity and Inclusion (EDI)**

The Board is committed to EDI and has agreed equality and diversity commitments and objectives. The Group proactively works towards achieving these and also in the delivery of projects which lead to sustainable communities for all. Staff and Board received refresher Equality, Diversity and Inclusion (EDI) training in March 2021 from Housing Diversity Network and are embarking on a new diversity awareness programme from April 2022. A new EDI Policy and Strategy was agreed by the Board in December 2021. These reflect an increased expectation from the Board and should lead to better EDI performance throughout the organisation.

**Tenant Involvement**

The Group actively encourages tenants' involvement in decision making by promoting mechanisms of tenant involvement. Following a recruitment exercise during 2020-21 and a period of observation three tenants were elected at the Annual General Meeting in September 2021, one each to the Association board, UPS board and Operations Committee to improve the customer voice on the board. We are revising our Resident Involvement Strategy and using new technology to provide residents with more opportunity for participation.

**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 39 complaints (2021: 40).

**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 March 2022 as G1V1 following an In-depth Assessment by the RSH.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**REPORT OF THE BOARD (cont.)**

**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.

**NHF Code of Governance**

The Board has adopted the 2020 NHF Code of Governance. The new code is designed to ensure the highest standards of governance and enhances the requirements of the previous 2015 Code of Governance with which Unity was fully compliant.

The board decided to adopt the new code in September 2021, taking a self-assessment against the new code to the HR & Governance Committee in December 2021 and identifying actions needed to be compliant by 31 March 2022. The following actions have been undertaken:

- The EDI policy was updated and a new EDI Strategy was approved by the board in December 2021.
- The board discussed Culture at the away day in October 2021, outlining the key principles, endorsing the current Values and approving an OD and People Strategy in March 2022.
- The board reviewed its shareholder admission policy and resolved to provide more support to shareholders so that they can play a more effective role.
- The Unity board has agreed its strategy on carbon neutrality and introduced a new report at Operations Committee to track progress towards achieving EPC C in 2030.
- To ensure customer voice is heard, a new monthly customer survey was introduced. Over the year over 96% of tenants participated in the survey. In addition, in August we started a two-year programme of insight visits to every household.
- An external governance review has been undertaken during the year and identified no areas of weakness but areas for ensuring continuous improvement
- Board considered succession planning and imposed a maximum term for new members of six years. However, in the interests of corporate memory, both boards will have members who have served more than six years until September 2024.
- Board reviewed and set a new Risk Appetite, integrating it into the Risk Register and Risk Strategy.

Having taken the actions above the board considers that it is compliant with the Code of Governance 2020 as at 31 March 2022.

**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;

**UNITY HOUSING ASSOCIATION LIMITED**  
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**REPORT OF THE BOARD (cont.)**

• **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 confirming that there are adequate systems of internal control including an overall assessment of Reasonable Assurance from the Internal Auditors. There is also a service review programme and, in the year, both Income Management and Allocations services were subject to a review, the Internal Auditors undertaking the Allocations one.

**Going concern**

The Group has assessed its going concern period as 12 months from approval of the financial statements, being the 12 months ending 30 September 2023. 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. Security work for this facility completed in August 2021 enabling the loan facility of £7.5m and the associated premium on issue of £4m to be released to UHA. £390k will remain invested with THFC for the period of the loan, being one year of interest.

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 including changing the assumptions which were agreed in December 2021 and updating them in June 2022, to include the period to 30 September 2023, before approving the 30-year business plan. There are undrawn 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.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**REPORT OF THE BOARD (cont.)**

The Group has a net current liabilities position as at 31 March 2022, which is the usual position at the end of the year for the Group. Tenant debtors are low and creditor payments depend on the timing of delivery of the maintenance programme. The Group chooses not to draw down available facilities and incur additional interest charges solely to achieve a net current asset position. The 2020-21 year had a net current assets position at 31 March 2021 due to the loans receivable from THFC (see note 18).

The Group has 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 war in Ukraine and the potential reintroduction of austerity measures: the potential for costs to increase to 9.8% whilst a rent cap of 5% is imposed, as well as considering the impact of a potential rent freeze. The biggest impact is clearly from the rent stress tests which would require mitigations to be applied over the life of the 30 year business plan to improve the financial position but not within 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 has been again impacted by the ongoing challenges of lockdowns 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 have remained open throughout the year following social distancing rules albeit there were fewer occupants as businesses similarly made arrangements to work a mixture of from home and the centres. Interest in units has been sustained through this period and at the year-end there was full occupation and a waiting list and this 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.

**Annual general meeting**

The annual general meeting will be held on 19 September 2022

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

## **OPERATING AND FINANCIAL REVIEW**

### **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. It does seem that, as we overcome one challenge, another one quickly appears to replace it. Just as it appears the worst of the Covid-19 pandemic is behind us, both Unity and our tenants face an even tougher financial challenge: the cost-of-living crisis.

It is well documented that inflation and steep increases in the food prices and utility bills hit the poorest sections of society hardest. Poverty is already an issue for many of our tenants, 59% of whom claim Universal Credit. To make matters worse for our customer profile, unemployment amongst Black and Minority Ethnic (BME) people in Leeds is 7.2%, compared to 3.2% for white people. Our Income Management team has already done excellent work helping tenants move onto Universal Credit. Looking ahead, we are hoping to launch additional services to help tenants with unclaimed benefits.

Nor can we ignore the fundamental issue of climate change. All of our new housing stock is built sustainably with a keen eye on energy efficiency, ensuring that it both meets and exceeds the Government SAP rating requirements. Whilst protecting the environment for future generations is something we fully support, it does bring with it additional cost pressures and hence the board has determined that whilst development is still a key activity, the numbers will be lower whilst investment in existing stock increases to meet requirements of EPC C by 2030 as well as maintaining decent homes and stock condition standards.

This year Unity celebrated 35 years in business. We have so much to be proud of, not just as a provider of affordable housing. We are a genuine force for good within the communities we serve. Our employment team help people to find jobs or take up training/education to improve their career prospects; our business centres continue to create work and provide opportunities for local fledgling entrepreneurs to set up their own business; and our development team builds decent affordable homes in areas with low land values to house local people.

### **Objectives and strategy**

The Group held visioning exercises with the Board, staff and tenants which resulted in a new 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

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 these strategic themes for 2021-22 follows.

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## **OPERATING AND FINANCIAL REVIEW (cont.)**

### **1. Providing excellent customer service and sustaining meaningful tenant engagement**

Tenant involvement has always been a key objective. Their support and feedback help the Group design services and develop policies that meet the needs of the multi-cultural neighbourhoods in which we operate. Our neighbourhoods are home to over 20 different ethnicities. Our two-year programme of insight visits to every household will help us better understand and meet tenant needs. During the past year we have embarked on a strategy to transform Unity's involvement with tenants, the aim being to increase the number of people we engage with, the way we do it and the subject matter.

In April 2021 we launched a new approach, utilising a monthly telephone customer satisfaction survey; 100 Association residents a month were asked to rate their satisfaction with Unity's services. In total over 1100 residents were involved. 96% of our tenants agree that Unity provides them with a safe and secure home – there is room for improvement in other areas. For instance, 85% of respondents think that their rent provides good value for money and overall satisfaction with the Association's service stands at 80%. Alongside service improvements, we will be continuing to survey our residents in 2022/23.

The Chief Executive wrote to all residents in January 2022 announcing Unity's focus on investment in our existing housing stock through a planned maintenance programme over the next five years. To ensure that a programme is delivered that has widespread support, an in-depth consultation utilising digital communication channels, involving as many residents as possible, will take place during the financial year 2022/23.

### **2. Growing and protecting the organisation**

As well as managing 1,372 properties, the Group is a developer of new affordable housing and was a partner in the Accent Consortium, selected by Homes England as one of its development partners in the region. During 2021/22 Unity Housing Association was successful in its application for Investment Partner Status, enabling the Association to continue to develop but also to support other smaller housing organisations to realise their ambition to develop homes of their own. It also encourages these organisations to actively use their development capacity.

The Association obtained Homes England grant funding approval to develop 220 new homes as part of the Affordable Homes and Shared Ownership Affordable Homes programmes. The Association had completed 185 properties by the end of March 2022, a further 13 completed in May 2022 and 2 are due to complete in July 2022. The remaining 20 are part of a 30-unit site in Kirklees which received planning approval in June 2021 and started on site in February 2022. This exceeds the original allocation by 10 units, the grant for which is coming from the Continuous Market Engagement process.

There have continued to be delays in development delivery during the year as Contractors reported longer lead in times for some materials, however, the expected increase in contract costs did not materialise in the recent tender which was received. The Group continues to monitor 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.

We are meeting all lender covenants including interest cover and gearing. The operating surpluses will be used to part fund our planned development programmes alongside additional debt financing and grant funding. In August 2021 the security for The Housing Finance Corporation (THFC) loan completed, enabling access to the £7.5m loan and the premium on issue of £4m, £0.3m, one year of interest is retained in a sinking fund for the duration of the loan.

**UNITY HOUSING ASSOCIATION LIMITED***Year ended 31 March 2022***OPERATING AND FINANCIAL REVIEW (cont.)****3. Raising operational performance to best in class**

In 2021-22 Unity Housing Association has retained its accreditation of Customer Service Excellence, achieving Compliance Plus for its corporate commitment to putting the customer at the heart of service delivery as evidenced in the new Corporate Plan. The Group was particularly pleased to achieve this accreditation for the Enterprise Centres as well as housing to ensure that all customers receive excellent customer service.

During the year the Association produced a new Income Management Strategy and Action Plan in response to an Income Management Service Review to address the ongoing challenges of arrears management.

A further service review on Customer Services started. As a result of the pandemic, office footfall has been lower whilst telephone calls have increased. Calls abandoned have been tracked and performance is not currently where the Association would like this to be, so action has been taken to introduce a new telephone system and tracking of call statistics to improve this.

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. As well as turnover in existing stock, 44 new homes were let during the year. An allocations internal audit identified the need for improvement in some areas, so a new toolkit has been introduced however, performance on relets for 2021-22 is lower than in recent years as a few long-term voids have come back into management. Due to the small numbers the Association has, the impact is disproportionate.

**4. Developing and enhancing our social purpose**

The board agreed a new social purpose statement, *'To fight inequality and empower BME people to improve their lives by creating opportunities and helping to regenerate communities'*.

In practical terms our social purpose is all about inclusive growth – which is our tenants' greatest need for the foreseeable future. The work of Unity Enterprise, our business arm, in fostering small businesses, developing skills through training and encouraging entrepreneurs, means that the Group is ideally placed to transform the life chances of people in our target areas of operation. Unity Enterprise now provides around 93 small businesses and social enterprises with office or workspace from Unity Business Centre, Chapeltown Enterprise Centre and Leeds Media Centre. We are currently finalising a new fifteen-year lease with Leeds City Council (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.

The Unity Employment Services (UES) hub, based at Unity Business Centre, has had a highly successful year. It supports Unity tenants and people in the wider communities in which they live, to return to employment and training. Working with partners which include Learning Partnerships, PATH and the YMCA, Regular sessions such as digital inclusion, job club and employability have been popular. The team is developing its expertise in supporting people with secondary barriers to become job/training ready. It uses individually tailored training plans based on candidates' skills and knowledge to assist them into either paid or voluntary employment. The team have been innovative in where and how they have hosted training sessions to ensure that they remained responsive even during the pandemic lockdowns. During the year the Association worked with Clarion and the Department for Work and Pensions to employ 'Kickstart' apprentices in Housing, Regeneration, Customer Services and Finance.

As a result of the pandemic, Unity's ongoing collaborative programmes with community groups for much of the year have largely been put on hold. However, the excellent work of the Holbeck Neighbourhood Forum (HNF) has been maintained. The Forum consists of local residents, ward members, businesses and other local stakeholders supported by various departments of the Council. Holbeck is one of the most disadvantaged neighbourhoods in Leeds.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**OPERATING AND FINANCIAL REVIEW (cont.)**

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. Strengthening the resilience and harnessing the innovative potential of our people**

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.

In conjunction with another local provider Leeds and Yorkshire, a shared HROD business partner has been employed, enabling some shared training opportunities as well as partnership working. A new Organisational Development (OD) and People Strategy was approved by the board in March 2022.

IT systems which had been configured to enable remote working in response to the Covid-19 pandemic now enable hybrid working. Microsoft 365 was implemented in September 2021 to support this and the board approved a new IT strategy in March 2022, recognising the need to continue to move forward with the digitisation of services and the move to cloud based servers.

**Risks and uncertainties**

Risk Management work of the Board

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. 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 Board reviewed its Risk Appetite during the year, creating a new statement and integrating the Risk Appetite into the Risk Register. The Risk Management Strategy which sets out the approach to risk, responsibilities for risk, reporting of risk and scoring of risk, was updated to incorporate the Risk Appetite Statement.

The Board received an assessment of the Group Risk Register against the Sector Risk Profile which is produced by the Regulator of Social Housing to identify if there were any areas which had not been considered, as a result of which Decarbonisation was added. The Board also enhanced its stress testing, mapping the stress tests to the risks and increasing the numbers of scenarios tested, in particular reflecting the current economic uncertainty.

Existing and potential emerging risks associated with the current and planned activities of the Group are identified and documented using a Risk Register identifying whether each risk is a Group or Entity Risk.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**OPERATING AND FINANCIAL REVIEW (cont.)**

Principle and Emerging risks

At each Audit and Risk Management Committee there is a review of the Risk Register as well as a report and discussion on emerging risks.

The current principle risks and uncertainties faced by the Group are:

- Ensuring Regulatory compliance
- Economic and political uncertainty and maintaining financial viability and maximising financial capacity
- Managing and maintaining housing stock and business centres
- Managing health and safety risks
- Managing procurement and contract risks
- Managing Development risks
- Managing IT system risks and ensuring GDPR compliance
- Managing Staffing risks

The risks are recorded, assessed and scored in terms of their impact and probability both before and after the application of internal controls. Specific Covid related risk considerations and additional controls as a result of the ongoing pandemic were included until March 2022. The previous section considering Brexit related risks has been removed as the Group has not experienced transition implications in terms of labour costs or material shortages. Covid had a bigger implication particularly on maintenance. To date development costs have been close to tender estimates but the Group has recognised the movement in the sector and introduced additional real inflation assumptions for the next 18 months of the business plan.

The areas of risk that carry a high-risk score after risk controls are implemented are considered below.

Key risk	Controls/action to manage or mitigate the risk
Failure to maintain the necessary investment in the planned maintenance programme will result in deterioration of stock condition, failure to meet Homes (for Human Habitation) Bill requirements 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. Non-compliance with the requirements of being an Investment Partner lead.	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 Use of the Homes England Compliance checklist, regular partner reviews and control mechanisms to meet audit requirements. Annual and quarterly certifications.
Poor management of the Group's Health and Safety obligations	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. External Consultants annually review our Health and Safety. Fire risk assessment of flats and annual review of resultant action plan.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**OPERATING AND FINANCIAL REVIEW (cont.)**

**VALUE FOR MONEY (“VFM”)**

The Regulator introduced a new Value for Money Standard in April 2018. Unity is compliant with the standard as demonstrated below.

VFM is important to Unity. We owe it to our tenants and customers to strike the right balance between cost and quality, taking into account the views of those who pay for services out of their own pockets and those that don't. But VFM is not just about reducing costs and being the cheapest. In providing effective, meaningful services to some of vulnerable, disadvantaged and low income households we often have to pay a higher input cost to make services equitable, accessible, and appropriate for them.

VFM is also central to all five of the key themes in the Corporate Plan:

- ✚ 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

The board approved a new VFM Strategy in December 2021 underlining our drive to provide a high-quality professional service to residents that is value for money (VfM) for us and them.

The starting point is that we are a small Housing Association with big ambitions to do a lot more for the people we serve. Hence in delivering all of our corporate plan objectives the approach agreed by the Board is that:

- a. VFM is a cross cutting theme, an aspiration in everything we do
- b. Where possible we will seek partnerships to do more, do it better and reduce risks
- c. We will take advantage of opportunities to secure external funding whether from private or public sectors, to support our activities
- d. We will consider a range of possible alternatives to address an identified problem or meet a particular objective before recommending a specific proposal.

Our success in delivering VfM will be judged by the quality of the services provided, the resources used, whether the service is fit for purpose, service outcomes and the satisfaction of our residents.

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 2022

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

Strategic Theme	Performance/ VFM measure		
<b>1. Excelling at Customer Service and Resident Engagement</b>	Customer Service Excellence accreditation Maintenance satisfaction (%) Complaints - number received Complaints responded on time (%)		
<b>2. Grow and Protect the organisation</b>	<table border="0"> <tr> <td style="vertical-align: top;"> <b><u>RSH VFM metrics</u></b>            1. Reinvestment %            2a. New supply delivered - social housing (%)            2b. New supply delivered - non-social housing (%)            3. Gearing at cost (%)            4. EBITDA (Interest cover)(%)            5. Headline Social Housing cost per unit (£)            6a. Operating Margin - social housing lettings (%)            6b. Operating Margin - overall (%)            7. ROCE (%)         </td> <td style="vertical-align: top;"> <b><u>Health &amp; Safety</u></b>            Properties with live Gas service certificate (%)            Properties with live Electrical service certificate (%)   <b><u>Development</u></b>            No. New home starts            No. New home completions         </td> </tr> </table>	<b><u>RSH VFM metrics</u></b> 1. Reinvestment % 2a. New supply delivered - social housing (%) 2b. New supply delivered - non-social housing (%) 3. Gearing at cost (%) 4. EBITDA (Interest cover)(%) 5. Headline Social Housing cost per unit (£) 6a. Operating Margin - social housing lettings (%) 6b. Operating Margin - overall (%) 7. ROCE (%)	<b><u>Health &amp; Safety</u></b> Properties with live Gas service certificate (%) Properties with live Electrical service certificate (%)  <b><u>Development</u></b> No. New home starts No. New home completions
<b><u>RSH VFM metrics</u></b> 1. Reinvestment % 2a. New supply delivered - social housing (%) 2b. New supply delivered - non-social housing (%) 3. Gearing at cost (%) 4. EBITDA (Interest cover)(%) 5. Headline Social Housing cost per unit (£) 6a. Operating Margin - social housing lettings (%) 6b. Operating Margin - overall (%) 7. ROCE (%)	<b><u>Health &amp; Safety</u></b> Properties with live Gas service certificate (%) Properties with live Electrical service certificate (%)  <b><u>Development</u></b> No. New home starts No. New home completions		
<b>3. Operational Performance</b>	<table border="0"> <tr> <td style="vertical-align: top;"> <b><u>Repairs</u></b>            Emergency repairs responded on time (%)            Urgent repairs responded on time (%)            Routine repairs responded on time (%)            Repairs Appointments kept            Repairs first time fix            Average SAP rating (an energy rating performance)         </td> <td style="vertical-align: top;"> <b><u>Housing Income Management</u></b>            Rent arrears (%) - best benefit week            Rent arrears (£'s)            Income collection (%)   <b><u>Housing - Voids and Lettings</u></b>            General Needs Reliet times (days)            General needs Void loss (%)         </td> </tr> </table>	<b><u>Repairs</u></b> Emergency repairs responded on time (%) Urgent repairs responded on time (%) Routine repairs responded on time (%) Repairs Appointments kept Repairs first time fix Average SAP rating (an energy rating performance)	<b><u>Housing Income Management</u></b> Rent arrears (%) - best benefit week Rent arrears (£'s) Income collection (%)  <b><u>Housing - Voids and Lettings</u></b> General Needs Reliet times (days) General needs Void loss (%)
<b><u>Repairs</u></b> Emergency repairs responded on time (%) Urgent repairs responded on time (%) Routine repairs responded on time (%) Repairs Appointments kept Repairs first time fix Average SAP rating (an energy rating performance)	<b><u>Housing Income Management</u></b> Rent arrears (%) - best benefit week Rent arrears (£'s) Income collection (%)  <b><u>Housing - Voids and Lettings</u></b> General Needs Reliet times (days) General needs Void loss (%)		
<b>4. Developing and investing in our social purpose</b>	<table border="0"> <tr> <td style="vertical-align: top;"> <b><u>Unity Enterprise</u></b>            Unity Enterprise Void loss (%)         </td> <td style="vertical-align: top;"> <b><u>Employment Services</u></b>            No. people supported into employment            No. people given training            No. people helped into volunteering positions         </td> </tr> </table>	<b><u>Unity Enterprise</u></b> Unity Enterprise Void loss (%)	<b><u>Employment Services</u></b> No. people supported into employment No. people given training No. people helped into volunteering positions
<b><u>Unity Enterprise</u></b> Unity Enterprise Void loss (%)	<b><u>Employment Services</u></b> No. people supported into employment No. people given training No. people helped into volunteering positions		
<b>5. Building resilience through Organisational</b>	Investors in People accreditation Sickness per full time equivalent (fte) - days		

**RSH VFM Metrics**

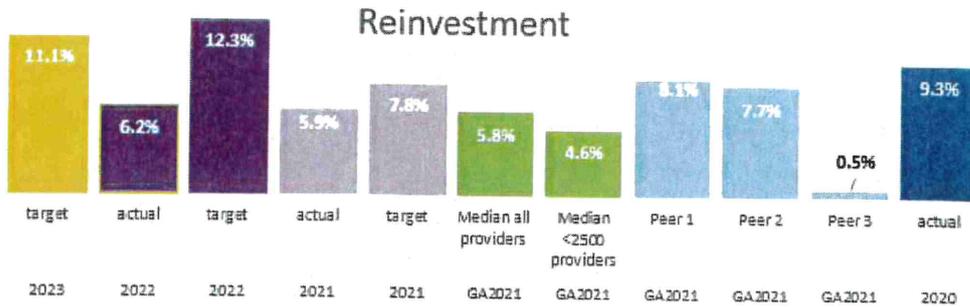
The charts overleaf set out each VFM metric, making a comparison for the Group for the year ended 31 March 2022 and showing the actual performance against the budgeted performance for the year and against the RSH 2021 Global Accounts (GA2021) which have been produced. A 3 year actual trend is shown for the Group as well as the target for 2023.

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 46 providers. The Board felt this was the most meaningful comparator. Performance has then been narrowed further to understand how the Group performs against other similar sized organisations in the region. This groups contains 6 organisations but two of those have a large amount of housing for older persons and hence are not included. The 3 peer organisations are located in the Yorkshire region: Arches (peer 1), Leeds and Yorkshire (peer 2) and Manningham (peer 3) housing associations. Please also note since benchmarking information for 2022 are not scheduled for release until much later in the year, VFM comparisons can only be made for 2021, or between our 2022 outturn and other organisations performance in 2021.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

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

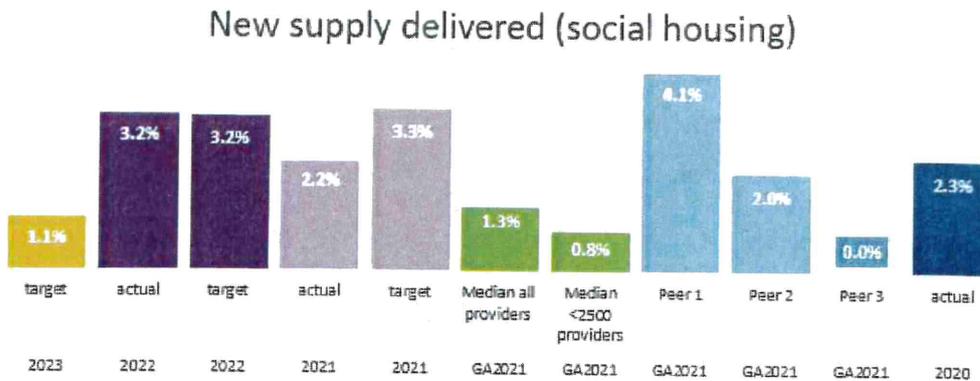
**1. Reinvestment %**



The target for 2022 was based upon the assumption that development activity would be higher and we would invest more in existing stock. However Covid restrictions meant both Development activity and major repairs expenditure were slightly lower than budgeted.

Unity's actual performance for 2021 was similar to the median of all providers, better than the median for <2500 unit organisations, but lower than 2 of the regional peers. 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.

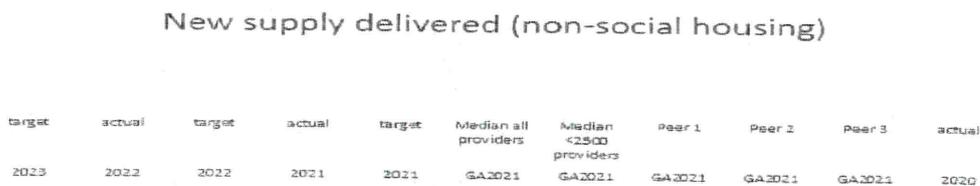
**2a) New Supply delivered (social housing)**



The actual for 2021 compares very favourably with the median of all delivery in the country and also for those organisations <2500 units.

While the actual units delivered in 2022 matched the budget (44), it included some properties delayed from 2021, and excluded properties expected in 2022 that were delayed by Covid. The timing of the current programme results in the target for reinvestment for 2023 being high but the actual handovers being few as an 18 month build is assumed.

**2b) New Supply delivered (non-social housing)**

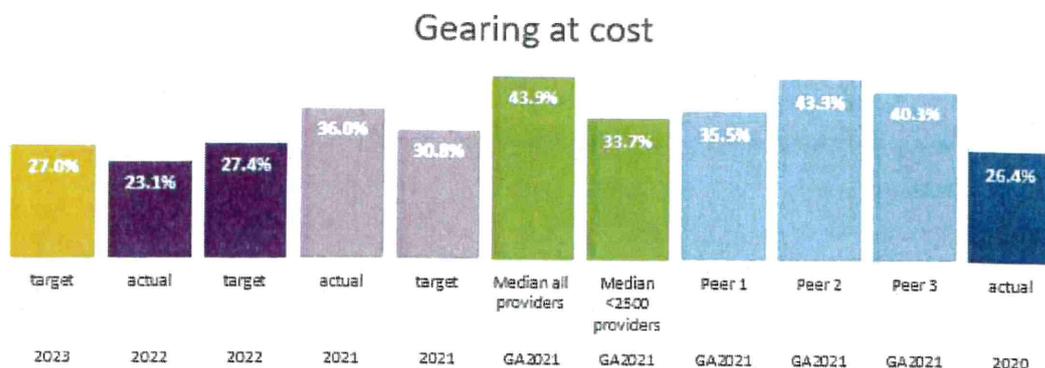


Board decision not to invest currently in non- social housing, so both targets and actuals are nil for this VFM metric.

**UNITY HOUSING ASSOCIATION LIMITED**  
 Year ended 31 March 2022

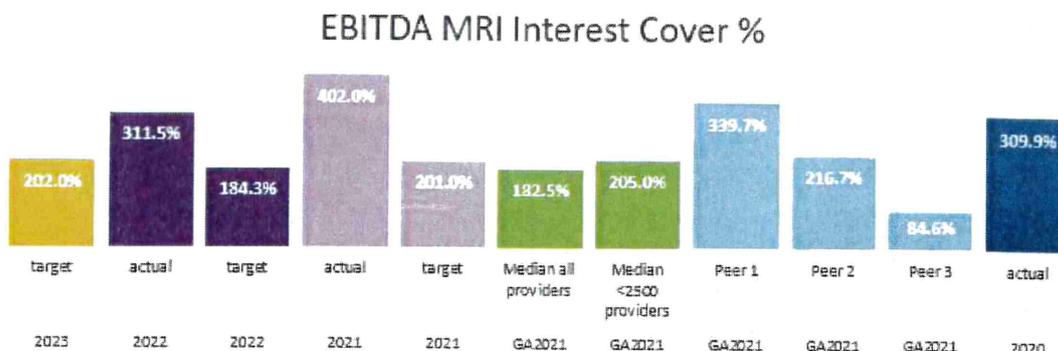
**OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)**

3. Gearing at cost %



Development slowdown meant that additional funds were not needed and hence the end of year position is lower drawn funds than budgeted. The reduction in gearing was forecast in recognition of the Treasury Strategy which included the repayment of the revolving credit facility once security charging was completed on the new THFC loan.

4. EBITDA MRI Interest Cover %



In 2021 the Group benefitted from the lower interest rates which were introduced as a response to the pandemic, because we have a number of variable rate loans. This measure was budgeted to reduce due to the increased cost per unit but exceeded budget as interest payable was lower due to fewer loan drawdowns.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

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

**5. Headline Social Housing Cost per Unit**

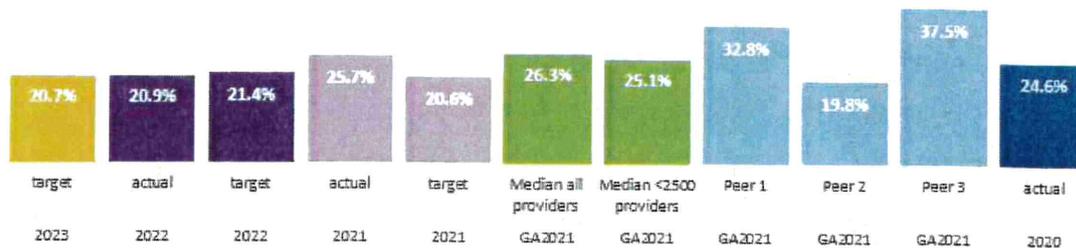
**Headline Social Housing cost per unit**



Our **Social Housing cost per unit** remains low in comparison to the sector. The Global Accounts data published for 2021 showed that Unity's cost per unit was lower than the median of all providers and at £3.08 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 more in major repairs to benefit service delivery. However, during the 2021 year, there were some delays filling vacancies and some overheads were not incurred. Next year we intend to invest more in response to pressures to improve service delivery. While cost will go up significantly so will quality, and we intend to keep costs below the median for similar size Housing Associations.

**6a. Operating Margin - social housing lettings%**

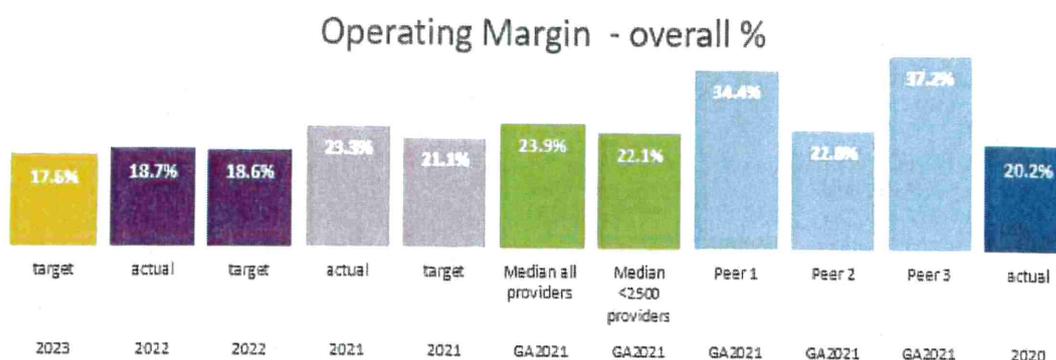
**Operating Margin - social housing lettings%**



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. In 2022 due to higher sickness levels, costs were slightly higher than budget. Responsive Maintenance costs were also higher than budgeted, reducing the surplus.

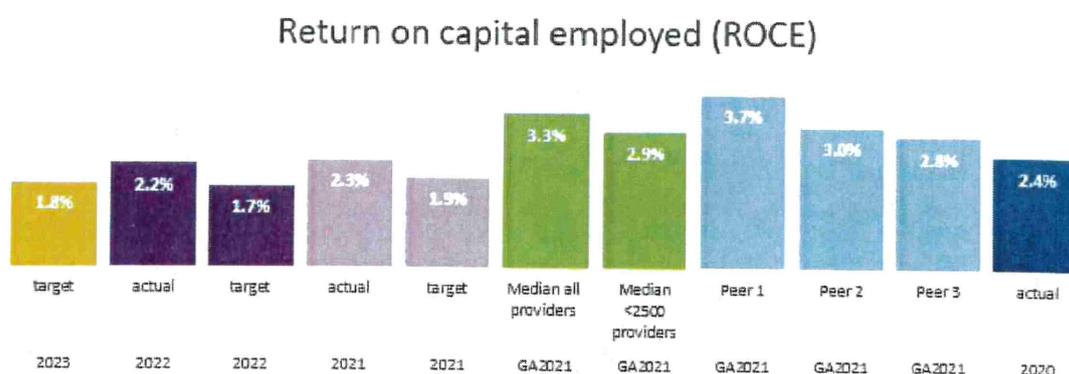
**UNITY HOUSING ASSOCIATION LIMITED**

Year ended 31 March 2022

**OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)**6b. Operating Margin –overall %

To fulfil its social purpose Unity provides several additional services to benefit people in the community compared to other providers. This includes an employment and training service. This means that Unity incurs additional costs and is expected therefore to have a lower operating margin, than its peers. Our emphasis on VFM is to ensure the gap is as narrow as possible.

For 2023, 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 2023 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. The scheme did not start in 2022 and hence this lower target is now reflected for 2023.

7. Return on Capital Employed %

This measure tracks the movement in total and current fixed assets in comparison to the operating surplus. 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. There is also an impact from a large proportion of new properties completing in the last quarter of the year. The overall operating surplus for 2022 included right to acquire and staircasing sales during the year which are not budgeted for as they cannot be relied upon. We are lower than our peers as explained in the overall margin as Unity contributes to additional services such as employment. We are recognising this by beginning to calculate social value using the HACT social value insight model.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

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

**Key Performance Indicators (KPIs)**

Tracking the following Performance Indicators is a clear VFM focus.

Excelling at Customer Service	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
Customer Service Accreditation	awarded UHA+UE	awarded UHA	awarded UHA	awarded UHA				
Complaints -Number received*	info	39	info	40	n/a	19	21	21
Complaints responded on time %	100.0%	80.2%	100.0%	51.2%	100.0%	100.0%	100.0%	100.0%
Maintenance satisfaction %	95.0%	95.3%	95.0%	94.6%	95.0%	95.1%	97.0%	97.2%

\* information measure - no target set

The Group was pleased to achieve the UE customer service excellence accreditation. Complaints remained at the 2021 levels, the timeliness of responses remaining 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 and there is a reprioritisation of focus on responses. Maintenance satisfaction in the final quarter was just above the target having dipped in the 3<sup>rd</sup> quarter.

Health & Safety	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
Gas Service certificate %	100.0%	100.0%	100.0%	99.7%	100.0%	98.7%	100.0%	100.0%
Electrical Service certificate %	100.0%	100.0%	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. During 2021-22 performance improved back to 100% levels but at periods during the year it was slightly lower albeit compliant with procedures. At the end of March 2021 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. Electrical testing also regained 100% compliance. At the end of March 2021 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.

Development	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
No. New developments start on site	27	30	30	15	32	14	60	84
No. new development units completed	15	44	59	30	44	30	23	12

During the year, the targets for development starts were achieved as Plane Street started on site in February 2022. Completions were not achieved due to delays with contractors on site and accessing materials. The delayed Dale Lane 14 units scheme handed over in June 2021 and the Group was pleased to see the Leopold site which had been affected by a contractor going into administration complete 30 units in January 2022. Fifteen units which were due to complete in Kirklees in the year were delayed into 2022 with 13 units completing in May 2022 and the final 2 units due to compete in July 2022.

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. The development team is also supporting other organisations, building 4 units for Chartford Homes in Kirklees and working with Manningham Housing Association to restart their development activity. New Wortley group were being supported to become a Housing Association but they are no longer able to progress this. Unity is working with the Council to get approval to continue the scheme which was to be developed.

**UNITY HOUSING ASSOCIATION LIMITED**

Year ended 31 March 2022

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

REPAIRS	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
Emergency	99.0%	99.2%	99.0%	98.5%	99.0%	99.1%	99.2%	93.9%
Urgent	99.0%	98.7%	99.0%	98.8%	99.0%	99.0%	99.1%	92.1%
Routine	99.0%	98.7%	99.0%	99.3%	99.0%	98.9%	99.3%	94.0%
Appointments kept	99.0%	96.3%	99.0%	95.3%	99.0%	95.1%	96.7%	93.8%
Repairs First time fix	95.0%	82.0%	95.0%	81.3%	95.0%	91.3%		
Average SAP rating	73.0	74.3	74.8	74.8	73.0	74.4	74.3	74.2

Performance was not met for urgent or routine repairs, primarily during the 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 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 reset to match the National requirement.

Income Management	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
Rent arrears % *	4.55%	4.85%	5.07%	4.60%	3.71%	4.18%	4.12%	4.83%
Income collection	100.50%	103.65%	102.00%	100.42%	100.00%	101.46%	101.01%	99.78%

\* general needs rent arrears tracking best benefit week until 2021

The board is not satisfied with the current levels of arrears. As a result of an income management service, a new strategy and action plan has started, resulting in changes to processes and the structure of the team. There is a continued challenge 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. The team is moving to just tracking Month end arrears in the new financial year rather than the week the highest value of housing benefit is received.

Lettings and Voids	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
GN Re-let times - excl. new develop	24 days	56.1 days	26 days	36.3 days	20 days	28.8 days	21.2 days	27.8 days
Rent loss from voids - General Needs	0.70%	0.98%	0.75%	0.83%	<1%	0.56%	0.40%	0.77%

Unity Enterprise Void loss %	11.20%	2.95%	19.02%	5.20%	10.56%	0.56%	0.40%	0.77%
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Re-let times are much higher than target, due to delays in lettings a few properties which has significantly distorted the relet average. A new toolkit for lettings and refreshed processes have been implemented following a detailed review of practices. Three properties have been identified as needing significant investment to bring back into management. As a result of this, despite demand remaining high, the void loss has been slightly higher. The internal UHA budget was also set higher than the management target at 1%. 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 as this did not start, the Enterprise manager continued to let the units. The target for 2023 has been set reflecting this shift in timing on the project.

Resilience through OD &HR development	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
Investors in People Accreditation	Silver							
Sickness per FTE (days)	4.0	11.9	4.0	6.4	4.0			

Sickness was significantly higher than target due to long term sickness primarily, resulting in operations and additional occupational health referrals. This will continue to be monitored as we recover from the pandemic.

**UNITY HOUSING ASSOCIATION LIMITED**

Year ended 31 March 2022

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

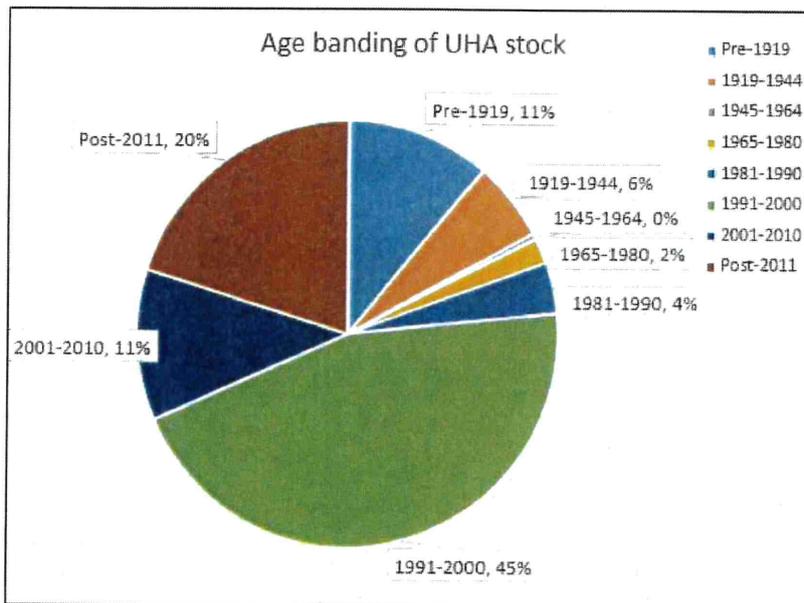
**Social Value** - the Group is committed to delivering social value via services that complement housing management and development. The following metrics are tracked monthly. Unity not only builds homes, but also brings on board and works with partners to improve local community facilities leading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

Employment Services	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual	2018 Actual
No. people supported into employment	160	148 (28)	145	161 (82)	132	117 (28)	119	110
No. people given training	254	233 (30)	231	185 (66)	210	251 (70)	179	177
No. people helped into volunteering positions	27	15 (1)	25	8 (3)	25	20 (4)	24	30

To maintain its services over the past year Unity Enterprise Services (UES) had to continue to adjust and rethink its approach to clients. It continued to deliver English Speaking as another Language (ESOL), Job Club and IT classes in a Covid secure manner. ESOL and Job Club become outdoor activities, weather permitting. The team also worked to submit bids, receiving a £7k grant award just before the year end from the NHS. We also undertook some research to calculate the social value of the work of UES. For an annual £60-£70k investment our findings suggest that UES generated £1.24m in social value based on clients finding fulltime or part-time employment, voluntary work or a parent not in work finding a paid job.



**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 2022

**OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)****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	Approved application made to European Regional Development Fund (ERDF) to improve the asset with LCC as the lead applicant. Unity Enterprise to be the project manager of the scheme and legal documents being finalised. Currently out to tender via Efficiency North. Tender process timetable anticipates a contract start on site in 22-23 year with completion by June 2023.
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	The building is in need of some attention as it is looking tired.	Building owned	On-going refurbishment and maintenance plan
Chapeltown 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 2021/22 are summarised below.

In addition, the new VFM strategy identifies a number of areas within operational activity which can be improved upon within the life of the 2022-26 Corporate Plan.

**UNITY HOUSING ASSOCIATION LIMITED**  
**Year ended 31 March 2022**

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

<b>Targets</b>	<b>Activity in the year</b>	<b>Outcomes</b>
KPI targets	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 quarterly to the Board, 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 – Income management completed, Customer services started and Allocations reviewed. The focus of each being performance is below peers in these areas.	Report and action plan on the service area presented to Senior Management Team to achieve quality improvement and cost efficiency
Expand our social return on investment model	To apply social return on investment model to capture the social value of the most repeated social purpose activities which are outside of housing delivery	That social value is measured, captured and reported upon within the Regeneration team report
Know your assets – Leeds Media Centre ERDF refurbishment	To start the ERDF refurbishment project during 2022-23 and 2022-24, 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 – this is still delayed but anticipate a 2022-23 start.

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 2022***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 25 and the following paragraphs highlight key features of the Group's financial position at 31 March 2022.

The Group's financial result for the year ended 31 March 2022 is a Total Comprehensive Surplus of £1,488k compared to a Total Comprehensive Surplus of £446k in 2020-21. The surplus for the year was £955k before the actuarial gain in respect of the pension scheme was included. The Group exceeded its budgeted surplus during the year due to lower than budgeted interest rates, and property sales which are unbudgeted but operating costs were higher due to additional repairs and increased staffing costs.

**Planned maintenance and improvements**

Major repairs of £571k were capitalised, compared to £575k in 2020-21.

**Housing properties and other fixed assets**

The Group spent some £4,530k (2021: £4,268k) on the development and purchase of housing properties during the year. Total grants received in the year were £453k (2021: £1,691k), the Group's housing asset base at net book value has increased from £72.7m to £75.2m.

**Cash flow and liquidity**

The net cash inflow for the Group amounted to £2,475k (2021: £145k inflow) and is shown in the consolidated statement of cash flows on page 34. The Group had cash resources of £4,508k as at 31 March 2022 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 and beyond.

**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 2022

**OPERATING AND FINANCIAL REVIEW (cont.)**

Table 1 – Association only highlights, five-year summary

For the year ended 31 March

	2022	2021	Restated 2020	2019	2018
<b>Statement of Comprehensive Income (£'000)</b>					
Total turnover	7,578	7,247	6,794	6,693	6,926
Income from Social Housing Lettings	7,453	7,156	6,709	6,568	6,822
Operating surplus	1,661	1,990	1,761	1,556	2,379
Interest Payable	(678)	(592)	(596)	(575)	(475)
Surplus for the year	998	1,417	1,189	1,019	1,933
Total Comprehensive Income/ (deficit) for the year	1,531	481	2,175	(248)	1,933
<b>Statement of Financial Position (£'000)</b>					
Tangible Fixed Assets (excl. long term debtors)	76,647	74,127	71,557	66,919	61,755
Net current (liabilities)/ assets	(3,164)	9,414	(1,258)	(310)	689
<b>Total Loans</b>	<b>22,232</b>	<b>28,621</b>	<b>20,621</b>	<b>19,100</b>	<b>17,311</b>
Revenue Reserves	20,620	19,089	18,608	16,433	16,681
Total	20,620	19,089	18,608	16,433	16,681
<b>Accommodation figures</b>					
Total housing stock (No of units) excl. 3 leased to third party	1,382	1,341	1,313	1,287	1,273
<b>Statistics</b>					
Surplus for the year as % of turnover Comprehensive Income for the year as % of turnover	13.20%	19.60%	17.80%	15.20%	27.90%
Surplus for the year as % of social housing lettings	20.20%	6.60%	32.30%	(3.70)%	27.90%
Voids as a % of social housing lettings	13.40%	19.80%	18.00%	15.50%	28.30%
Bad debts as a % of social housing lettings	0.96%	0.72%	0.57%	0.25%	0.81%
Operating surplus per unit housing stock	0.85%	0.32%	0.16%	(0.51)%	0.51%
Total Reserves per unit housing stock	£1,202	£1,484	£1,357	£1,207	£1,869
Interest Cover (surplus before interest payable divided by interest payable)	£14,920	£14,235	£14,172	£12,768	£13,104
Liquidity (Current assets divided by current liabilities)	2.45	3.36	2.99	2.71	5.01
Gearing (total loans as a % of SHG plus reserves)	0.67	3.43	0.73	0.93	1.20
	40.87%	55.18%	40.28%	39.71%	36.17%

**UNITY HOUSING ASSOCIATION LIMITED***Year ended 31 March 2022***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**

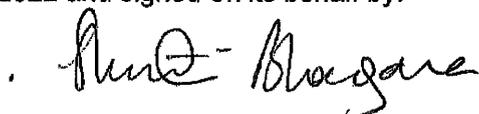
At the date of making this report each of the Group's Board members, as set out on page 1, confirm the following:

- 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**

The board has made the decision to go through a tender process for External Audit. This process is currently underway.

The report of the Board and Operating and Financial Review was approved by the Board on 27 July 2022 and signed on its behalf by:



**Shruti Bhargava**  
Chair

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**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 2022, 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 2022 and of the group's and the parent society's income and expenditure for the year then ended; and
- 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 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 2022*

**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 the 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; or
- 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 26, 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

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION  
(cont.)**

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

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](http://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 2020. 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.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITY HOUSING ASSOCIATION  
(cont.)**

- 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;
  - 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.
  
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
  
- 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.

**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  
20/9/2022

**UNITY HOUSING ASSOCIATION LIMITED***Year ended 31 March 2022***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>			
Operating income	3	8,078	7,780
Operating costs	3	(6,450)	(5,813)
<b>Operating surplus</b>		<u>1,628</u>	<u>1,967</u>
Interest receivable	7	5	7
Interest and financing costs	8	(678)	(592)
<b>Surplus on ordinary activities before taxation</b>		<u>955</u>	<u>1,382</u>
Tax on surplus on ordinary activities	9	-	-
<b>Surplus for the year</b>		<u>955</u>	<u>1,382</u>
Actuarial gain/(loss) in respect of pension scheme	11	533	(936)
<b>Total comprehensive income for the year</b>		<u><u>1,488</u></u>	<u><u>446</u></u>

The accompanying notes of pages 37 to 65 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.

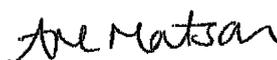
The financial statements were approved by the Board on 27 July 2022 and signed on its behalf by;



**Shruti Bhargava**  
Chair



**Board Member**



**Ann Marie Matson**  
Secretary

**UNITY HOUSING ASSOCIATION LIMITED**

Year ended 31 March 2022

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>			
Operating income	3	7,578	7,247
Operating costs	3	(5,917)	(5,257)
<b>Operating surplus</b>		<u>1,661</u>	<u>1,990</u>
Interest receivable	7	15	19
Interest and financing costs	8	(678)	(592)
<b>Surplus on ordinary activities before taxation</b>		<u>998</u>	<u>1,417</u>
Tax on surplus on ordinary activities	9	-	-
<b>Surplus for the year</b>		<u>998</u>	<u>1,417</u>
Actuarial gain/(loss) in respect of pension scheme	11	533	(936)
<b>Total comprehensive income for the year</b>		<u><u>1,531</u></u>	<u><u>481</u></u>

The accompanying notes on pages 37 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.

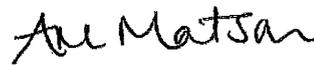
The financial statements were approved by the Board on 27 July 2022 and signed on its behalf by:



Shruti Bhargava  
Chair



Board Member



Ann Marie Matson  
Secretary

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

For the year ended 31 March 2022

	Income and expenditure reserve	Total
	£'000	£'000
Balance as at 1 April 2020	18,830	18,830
Total comprehensive income for the year	446	446
Balance at 31 March 2021	<u>19,276</u>	<u>19,276</u>
Total comprehensive income for the year	1,488	1,488
Balance at 31 March 2022	<u><u>20,764</u></u>	<u><u>20,764</u></u>

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**

For the year ended 31 March 2022

	Income and expenditure reserve	Total
	£'000	£'000
Balance as at 1 April 2020	18,608	18,608
Total comprehensive income for the year	481	481
Balance at 31 March 2021	19,089	19,089
Total comprehensive income for the year	1,531	1,531
Balance at 31 March 2022	<u><u>20,620</u></u>	<u><u>20,620</u></u>

The accompanying notes on pages 37 to 66 form part of the financial statements.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Housing properties	13	75,185	72,736
Non-housing freehold properties	14	2,531	2,605
Other tangible fixed assets	14	135	115
Fixed asset investment	15	391	391
		<u>78,242</u>	<u>75,847</u>
<b>Current assets</b>			
Debtors due within one year	17	1,804	345
Loans receivable	18	-	11,456
Cash at bank and in hand		4,508	2,033
		<u>6,312</u>	<u>13,834</u>
<b>Creditors: Amounts falling due within one year</b>	20	(9,678)	(4,637)
<b>Net current (liabilities)/ assets</b>		<u>(3,366)</u>	<u>9,197</u>
<b>Total assets less current liabilities</b>		<u>74,876</u>	<u>85,044</u>
<b>Creditors: Amounts falling due after more than one year</b>	21	(53,059)	(64,055)
<b>Defined Benefit Pension liability</b>	11	(1,053)	(1,713)
<b>Net assets</b>		<u>20,764</u>	<u>19,276</u>
<b>Reserves</b>			
Non-equity share capital	24	-	-
Income and expenditure reserve		20,764	19,276
<b>Total reserves</b>		<u>20,764</u>	<u>19,276</u>

The accompanying notes on pages 37 to 66 form part of the financial statements.

The financial statements were approved by the Board on 27 July 2022 and signed on its behalf by:



Shruti Bhargava  
Chair



Board Member



Ann Marie Matson  
Secretary

**UNITY HOUSING ASSOCIATION LIMITED**

Year ended 31 March 2022

**ASSOCIATION STATEMENT OF FINANCIAL POSITION**

At 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Housing properties	13	75,614	73,082
Non-housing freehold properties	14	604	625
Other tangible fixed assets	14	38	29
Fixed asset investment	15	391	391
Investment in subsidiaries	16	-	-
Long term debtors	19	187	219
		<u>76,834</u>	<u>74,346</u>
<b>Current assets</b>			
Debtors due within one year	17	1,916	385
Loans receivable	18	-	11,456
Cash at bank and in hand		4,407	1,414
		<u>6,323</u>	<u>13,255</u>
<b>Creditors: Amounts falling due within one year</b>	20	<u>(9,487)</u>	<u>(3,841)</u>
<b>Net current (liabilities)/ assets</b>		<u>(3,164)</u>	<u>9,414</u>
<b>Total assets less current liabilities</b>		<u>73,670</u>	<u>83,760</u>
<b>Creditors: Amounts falling due after more than one year</b>	21	(51,997)	(62,958)
<b>Defined Benefit Pension liability</b>	11	(1,053)	(1,713)
<b>Net assets</b>		<u>20,620</u>	<u>19,089</u>
<b>Reserves</b>			
Non-equity share capital	24	-	-
Income and expenditure reserve		20,620	19,089
<b>Total reserves</b>		<u>20,620</u>	<u>19,089</u>

The accompanying notes on pages 37 to 66 form part of these financial statements.

The financial statements were approved by the Board on 27 July 2022 and signed on its behalf by:



Shruti Bhargava  
Chair

Board Member



Ann Marie Matson  
Secretary

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash generated from operating activities	27	2,131	3,597
<b>Cash flow from investing activities</b>			
Purchase, construction and improvement of housing properties		(4,530)	(4,268)
Other fixed asset additions		(64)	(66)
Social housing grant – received		453	856
Proceeds from disposal of shared ownership properties		355	390
Interest received		5	8
Net cash outflow from investing activities		<u>(3,781)</u>	<u>(3,080)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(916)	(667)
Loan drawdowns		8,500	2,000
Bond premium drawdown		3,992	-
Housing loans repaid		(7,388)	(1,500)
Loan issue costs		(63)	(205)
Net cash inflow / (outflow) from financing activities		<u>4,125</u>	<u>(372)</u>
Net change in cash and cash equivalents		2,475	145
Cash and cash equivalents at the beginning of the year		2,033	1,888
Cash and cash equivalents at the end of the year		<u>4,508</u>	<u>2,033</u>

The accompanying notes on pages 37 to 66 form part of these financial statements.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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 parent association 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 30 September 2023. 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 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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 and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. For grant income see Government grants section.

**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 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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.

**Financial Instruments**

*Financial assets*

Short-term debtors are measured at transaction price, less any impairment.

*Financial liabilities*

Short-term trade and other creditors are measured at the transaction price.

Bank loans are initially measured at fair value (net of transaction costs) and are subsequently held at amortised cost.

*Loan premium*

Premium arising from the THFC loan drawdown 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.

**Sinking fund**

Sinking fund contributions are collected and included in a sinking fund creditor account at cost and released when expenditure is incurred.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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:

Judgements

**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 for the current year.

Estimates

**Pensions**

Management and Board 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. See note 11.

**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. See note 13 and 14.

**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. The bad debt provision as at 31 March 2022 is £318k (2021: £332k). See note 17.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

3 Turnover, cost of sales, operating costs and operating surplus

GROUP – continuing activities

	Turnover	<u>2022</u> Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing activities</b>			
Income & expenditure from lettings	7,453	(5,896)	1,557
	<hr/>	<hr/>	<hr/>
<b>Other social housing activities</b>			
Management services	7	-	-
Letting of workspace units	598	(520)	78
Community Regeneration	-	(84)	(84)
Development	20	(56)	(36)
Administrative expenses	-	(13)	(13)
Gain on disposal of housing properties and other fixed assets	-	119	119
	<hr/>	<hr/>	<hr/>
	8,078	(6,450)	1,628
	<hr/>	<hr/>	<hr/>
		<u>2021</u>	
	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing activities</b>			
Income & expenditure from lettings	7,156	(5,320)	1,836
	<hr/>	<hr/>	<hr/>
<b>Other social housing activities</b>			
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 fixed assets	-	158	158
	<hr/>	<hr/>	<hr/>
	7,780	(5,813)	1,967
	<hr/>	<hr/>	<hr/>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

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

ASSOCIATION – continuing activities

	Turnover	<u>2022</u> Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing activities</b>			
Income & expenditure from lettings	7,453	(5,896)	1,557
	<hr/>	<hr/>	<hr/>
<b>Other social housing activities</b>			
Management services	41	-	41
Community Regeneration	-	(84)	(84)
Development	20	(56)	(36)
Gain on disposal of housing properties and other fixed assets	-	119	119
	<hr/>	<hr/>	<hr/>
	7,514	(5,917)	1,596
	<hr/>	<hr/>	<hr/>
<b>Activities other than social housing</b>			
Gift aid	64	-	64
	<hr/>	<hr/>	<hr/>
	7,578	(5,917)	1,661
	<hr/>	<hr/>	<hr/>
		<u>2021</u>	
	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
<b>Social housing activities</b>			
Income & expenditure from lettings	7,156	(5,320)	1,836
	<hr/>	<hr/>	<hr/>
<b>Other social housing activities</b>			
Management services	48	-	48
Community Regeneration	-	(148)	(148)
Development	-	53	53
Gain on disposal of housing properties and other fixed assets	-	158	158
	<hr/>	<hr/>	<hr/>
	7,204	(5,257)	1,948
	<hr/>	<hr/>	<hr/>
<b>Activities other than social housing</b>			
Gift aid	43	-	43
	<hr/>	<hr/>	<hr/>
	7,247	(5,257)	1,990
	<hr/>	<hr/>	<hr/>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

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

**GROUP**

	2022			Total £'000	2021 Total £'000
	General needs housing £'000	Supported Housing £'000	Low cost home ownership £'000		
<b>Income from social housing</b>					
Rent receivable, net of identifiable service charges & voids	5,988	87	53	6,128	5,919
Service charges receivable net of voids	337	22	28	387	341
Amortisation of grant	919	-	-	919	896
Revenue grant	19	-	-	19	-
<b>Total income from social housing</b>	<b>7,263</b>	<b>109</b>	<b>81</b>	<b>7,453</b>	<b>7,156</b>
<b>Expenditure on social housing</b>					
Services	(318)	(13)	(14)	(345)	(285)
Management	(2,392)	-	-	(2,392)	(2,014)
Routine maintenance	(662)	(12)	-	(674)	(684)
Planned maintenance & Property Improvements	(388)	(4)	-	(392)	(353)
Major repairs	(12)	(8)	-	(20)	-
Changes in bad debt provision and bad debt expense	(63)	-	-	(63)	(23)
Depreciation of housing properties	(1,970)	-	-	(1,970)	(1,892)
Depreciation of other fixed assets	(40)	-	-	(40)	(69)
<b>Operating costs on social housing lettings</b>	<b>(5,845)</b>	<b>(37)</b>	<b>(14)</b>	<b>(5,896)</b>	<b>(5,320)</b>
<b>Operating surplus on social housing lettings</b>	<b>1,418</b>	<b>72</b>	<b>67</b>	<b>1,557</b>	<b>1,836</b>
<b>Void losses</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43</b>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

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

**ASSOCIATION**

	2022			Total £'000	2021 Total £'000
	General needs housing £'000	Supported Housing £'000	Low cost home ownership £'000		
<b>Income from social housing</b>					
Rent receivable, net of identifiable service charges & voids	5,988	87	53	6,128	5,919
Service charges receivable net of voids	337	22	29	387	341
Amortisation of grant	919	-	-	919	896
	19	-	-	19	-
<b>Total income from social housing</b>	<b>7,263</b>	<b>109</b>	<b>81</b>	<b>7,453</b>	<b>7,156</b>
<b>Expenditure on social housing</b>					
Services	(318)	(13)	(14)	(345)	(285)
Management	(2,392)	-	-	(2,392)	(2,014)
Routine maintenance	(662)	(12)	-	(674)	(684)
Planned maintenance & Property Improvements	(388)	(4)	-	(392)	(353)
Major repairs	(12)	(8)	-	(20)	-
Changes in bad debt provision and bad debt expense	(63)	-	-	(63)	(23)
Depreciation of housing properties	(1,970)	-	-	(1,970)	(1,892)
Depreciation of other fixed assets	(40)	-	-	(40)	(69)
<b>Operating costs on social housing lettings</b>	<b>(5,845)</b>	<b>(37)</b>	<b>(14)</b>	<b>(5,896)</b>	<b>(5,320)</b>
<b>Operating surplus on social housing lettings</b>	<b>1,418</b>	<b>72</b>	<b>67</b>	<b>1,557</b>	<b>1,836</b>
<b>Void losses</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**4 Accommodation in management– Group and Association**

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

	2022	2021
	No.	No.
<b>Social housing</b>		
General needs housing:		
Social rent	1,161	1,122
Affordable rent	128	115
Housing for Older People	-	10
Low cost home ownership	61	62
	<u>1,350</u>	<u>1,309</u>
<b>Total owned and managed</b>		
Managed by others:		
Care Home	5	5
Agency managed supported	17	17
	<u>22</u>	<u>22</u>
<b>Total owned and managed by others</b>		
<b>Total owned and managed Social Housing</b>	<u>1,372</u>	<u>1,331</u>
Leasehold units (owned 6 (2021: 6), managed 4 (2021:4))	10	10

**5 Operating surplus**

This is arrived at after charging:

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Depreciation of housing properties	1,970	1,892	1,970	1,892
Depreciation of other tangible fixed assets	118	143	41	69
Surplus on disposal of other tangible fixed assets	119	158	119	158
Auditors' remuneration - Association	25	24	25	24
Auditors' remuneration – Subsidiary entities	9	8	-	-
Auditors' remuneration – non-audit fees (tax compliance)	15	2	6	1
Auditors' remuneration – non-audit fees (VAT advisory)	-	-	-	-
Additional audit fee	-	2	-	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**6 Surplus on sale of fixed assets – housing properties & other**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Disposal proceeds	355	390	355	390
Carrying value of fixed assets	(132)	(127)	(132)	(127)
Capital grant recycled (note 24)	(104)	(105)	(104)	(105)
	<u>119</u>	<u>158</u>	<u>119</u>	<u>158</u>

**7 Interest receivable and other income**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest receivable and similar income	5	7	15	19
	<u>5</u>	<u>7</u>	<u>15</u>	<u>19</u>

**8 Interest payable and similar charges**

	Group & Association	
	2022 £'000	2021 £'000
Interest on loans and overdraft facilities	(643)	(572)
Pension interest	(35)	(20)
	<u>(678)</u>	<u>(592)</u>

**9 Tax**

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current tax on surplus on ordinary activities	-	-	-	-
<b>Factors affecting tax charge for the year</b>				
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	955	1,382	998	1,417
Adjustment in respect of charitable activities	(955)	(1,382)	(998)	(1,417)
Surplus on ordinary activities subject to tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total tax charge for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**10 Employees**

	Group		Association	
	2022 No.	2021 No.	2022 No.	2021 No.
Average monthly number of employees				
Administration	13	13	10	10
Development	4	3	4	3
Housing management & maintenance	22	21	21	20
	<u>39</u>	<u>37</u>	<u>35</u>	<u>33</u>

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Staff costs				
Wages and salaries	1,506	1,417	1,403	1,313
Social security costs	135	129	125	120
Other pension costs	74	77	69	72
	<u>1,715</u>	<u>1,623</u>	<u>1,597</u>	<u>1,505</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 2020 and rolled forward, allowing for the different financial assumptions required under FRS102, to March 2022 by a qualified independent actuary. The previous triennial valuation at 30 September 2020 revealed a deficit of £1,522m. A recovery plan has been put in place with the aim of removing this deficit by 31 March 2028.

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.

A contingent liability has been added in respect of the scheme at Note 32.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**11 Social Housing Pension Scheme (continued)**

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	2022 £'000	2021 £'000
Fair value of plan assets	7,876	7,375
Present value of defined benefit obligation	8,929	9,088
Defined benefit (liability) to be recognised	(1,053)	(1,713)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Defined benefit obligation at start of period	9,088	7,455
Current service cost	82	52
Expenses	6	6
Interest expense	198	176
Contributions by plan participants	51	49
Actuarial losses (gains) due to scheme experience	516	(152)
Actuarial (gains)/ losses due to changes in demographic assumptions	(130)	30
Actuarial (gains)/ losses due to changes in financial assumptions	(763)	1,676
Benefits paid and expenses	(119)	(204)
Defined benefit obligation at end of period	8,929	9,088

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

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Fair value of plan assets at start of period	7,375	6,511
Interest income	163	156
Experience on plan assets (excluding amounts included in interest income) - gain	156	618
Contributions by the employer	250	245
Contributions by plan participants	51	49
Benefits paid and expenses	(119)	(204)
Fair value of plan assets at end of period	7,876	7,375

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £319k

Note that the contributions by the employer and the contributions by plan participants are cash payments into the scheme.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022**

**11 Social Housing Pension Scheme (continued)**

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME**

	Period from 31 March 2021 to 31 March 2022 £'000	Period from 31 March 2020 to 31 March 2021 £'000
Current service cost	82	52
Expenses	6	6
Net interest expense	35	20
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	123	78

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	Period ended 31 March 2022 £'000	Period ended 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain	156	618
Experience gains and losses arising on the plan liabilities – (loss)/ gain	(516)	152
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	130	(30)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/ (loss)	763	(1,676)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain / (loss)	533	(936)
Total amount recognised in Other Comprehensive income – gain/ (loss)	533	(936)

**ASSETS**

	31 March 2022 £'000	31 March 2021 £'000
Absolute Return	316	407
Alternative Risk Premia	260	278
Cash	27	-
Corporate Bond Fund	525	436
Currency Hedging	(31)	-
Credit Relative Value	262	232
Distressed Opportunities	282	213
Emerging Markets Debt	229	298
Fund of Hedge Funds	-	1
Global Equity	1,511	1,175
Infrastructure	561	492
Insurance-Linked Securities	184	177
Liability Driven Investment	2,197	1,874
Liquid Credit	-	88
Long Lease Property	203	145
Net Current Assets	22	45
Opportunistic Illiquid Credit	265	187
Opportunistic Credit	28	202
High Yield	68	221
Private Debt	202	176
Property	213	153
Risk Sharing	259	268
Secured Income	293	307
<b>Total assets</b>	<b>7,876</b>	<b>7,375</b>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022**

**11 Social Housing Pension Scheme (continued)**

KEY ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.79	2.18
Inflation (RPI)	3.54	3.27
Inflation (CPI)	3.17	2.87
Salary Growth	3.17	2.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

**12 Board members and executive directors**

The aggregate emoluments of the Executive Directors amounted to:

	Basic salary £'000	Benefits in kind £'000	Holiday buyback £'000	Pension contributions £'000	2022 Total £'000	2021 £'000
Chief Executive- A Akbor (to 31/01/21)	-	-	-	-	-	75
Chief Executive – C Boston (Interim from 04/12/20, permanent 01/10/21)	129	5	-	2	136	65
Operations Director & Deputy CEO - P Sidhu	76	8	3	6	93	93
Regeneration & Development Director – W Noteman	65	6	-	5	77	76
Resources Director -AM Matson	71	7	3	6	87	83
					<u>392</u>	<u>392</u>

The emoluments of the highest paid executive officer, the Chief Executive, excluding pension contributions were; £133,500 (2021: £136,000). For 2022 this was combined for the Interim Chief Executive to 30/9/21 and the Chief Executive from 01/10/21. For 2021 this was combined for the Chief Executive to 31/1/21 and the Interim Chief Executive from 4/12/20. 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 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**12 Board members and executive directors (continued)**

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

	2022 £'000	2021 £'000
Board member payments	44	46
Expenses Paid	-	-
	<u>44</u>	<u>46</u>

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

	2022 £'000	2021 £'000
S Bhargava (Chair)	6.4	6.0
N Ahmed – to 26/02/21	-	2.7
W Butt (Committee Chair 2021)	1.7	3.4
E Cook (Committee Chair)	3.5	3.4
E Green (Board member/Subsidiary Chair)	3.5	3.4
A Hamied (Board & Subsidiary member)	3.1	3.0
D Heels (Committee Chair)	1.7	3.4
J Jeffries	3.0	3.0
H Marfoua	1.5	-
D Mitchell	1.5	-
D Richmond (Committee Chair)	3.2	3.0
N Ruhi-Khan	2.3	3.0
P Taylor	1.7	-
R Walker	1.5	3.0
A Rashid (Committee Co-optee)	0.8	0.8
B Letham (Committee Co-optee)	0.4	-
	<u>35.8</u>	<u>38.1</u>

Emoluments paid to Unity Property Services Limited Board members were

	2022 £'000	2021 £'000
R Clarke	0.7	-
K Iqbal	1.4	1.4
W Jennings	1.4	1.4
R Panesar	0.7	1.4
C Powell	1.4	1.4
A Ravat	1.4	1.4
A Walsh	1.4	1.4
	<u>8.3</u>	<u>8.4</u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**12 Board members and executive directors (continued)**

**Key management personnel**

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

	2022 £'000	2021 £'000
Basic Salary	384	383
Holiday buy back	6	-
Benefits in kind	26	31
Employers NIC	36	35
Pension contributions	20	25
	472	474
	472	474

The Chief Executive from 01/10/2021 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 (2021: £ nil).

Staff who fell in the following bands of remuneration (including employer pension contributions), are all Executive Directors of the Association:

	2022 No	2021 No
£60,001 to £70,000	-	1
£70,001 to £80,000	1	2
£80,001 to £90,000	1	1
£90,001 to £100,000	1	1
£130,001 to £140,000	1	-

The table reflects the permanent and Interim Chief Executives in 2021 based on the actual amount they received.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**13 Tangible fixed assets – properties**

<b>GROUP</b>	<b>Social housing properties held for letting</b>	<b>Completed shared ownership housing properties</b>	<b>Social housing properties under construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 April 2021	90,646	2,325	5,042	98,013
Unused retention	(14)	-	-	(14)
Additions	-	-	4,075	4,075
Replacement of Components	571	-	-	571
Transfers	6,844	-	(6,844)	-
Disposals	(435)	(61)	-	(496)
At 31 March 2022	97,612	2,264	2,273	102,149
<b>Depreciation</b>				
At 1 April 2021	24,890	387	-	25,277
Charged in Year	1,926	-	-	1,926
Disposals	(228)	(11)	-	(239)
At 31 March 2022	26,588	376	-	26,964
<b>Net book value</b>				
At 31 March 2022	71,024	1,888	2,273	75,185
At 31 March 2021	65,756	1,938	5,042	72,736
<b>ASSOCIATION</b>				
	<b>Restated Social housing properties held for letting</b>	<b>Completed shared ownership housing properties</b>	<b>Social housing properties under construction</b>	<b>Restated Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 April 2021	90,992	2,325	5,042	98,359
Unused retention	(14)	-	-	(14)
Additions	-	-	4,158	4,158
Replacement of Components	571	-	-	571
Transfers	6,844	-	(6,844)	-
Disposals	(435)	(61)	-	(496)
At 31 March 2022	97,958	2,264	2,356	102,578
<b>Depreciation</b>				
At 1 April 2021	24,890	387	-	25,277
Charged in Year	1,926	-	-	1,926
Disposals	(228)	(11)	-	(239)
At 31 March 2022	26,588	376	-	26,964
<b>Net book value</b>				
At 31 March 2022	71,370	1,888	2,356	75,614
At 31 March 2021	66,102	1,938	5,042	73,082

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**13 Tangible fixed assets – properties (continued)**

Social Housing Grants	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Opening balance 1 April	33,912	33,739	32,780	32,570
Additions	2,000	1,188	2,000	1,188
Released to income in the year	(955)	(933)	(919)	(896)
Disposals	(81)	(82)	(81)	(82)
Closing balance 31 March	<u>34,876</u>	<u>33,912</u>	<u>33,780</u>	<u>32,780</u>

**Expenditure on works to existing properties**

	Group and Association	
	2022 £'000	2021 £'000
Amounts capitalised	571	575
Amounts charged to income and expenditure account	20	353
Total	<u>591</u>	<u>928</u>

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

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**14 Tangible fixed assets – other**

<b>GROUP</b>						
	<b>Group Non- housing properties for letting £'000</b>	<b>Group Freehold offices £'000</b>	<b>Group Total Non housing £'000</b>	<b>Group Furniture &amp; Equipment £'000</b>	<b>Group Computer Equipment £'000</b>	<b>Total Other fixed assets £'000</b>
<b>Cost</b>						
At 1 April 2021	2,446	961	3,407	370	750	1,120
Additions	-	-	-	36	28	64
At 31 March 2022	<u>2,446</u>	<u>961</u>	<u>3,407</u>	<u>406</u>	<u>778</u>	<u>1,184</u>
<b>Depreciation</b>						
At 1 April 2021	466	336	802	289	716	1,005
Charged in year	54	20	74	21	23	44
At 31 March 2022	<u>520</u>	<u>356</u>	<u>876</u>	<u>310</u>	<u>739</u>	<u>1049</u>
<b>Net book value</b>						
At 31 March 2022	<u>1,926</u>	<u>605</u>	<u>2,531</u>	<u>96</u>	<u>39</u>	<u>135</u>
At 31 March 2021	<u>1,980</u>	<u>625</u>	<u>2,605</u>	<u>82</u>	<u>33</u>	<u>115</u>

**ASSOCIATION**

	<b>Freehold offices £'000</b>	<b>Total Non housing £'000</b>	<b>Furniture &amp; Equipment £'000</b>	<b>Computer Equipment £'000</b>	<b>Total Other fixed assets £'000</b>
<b>Cost</b>					
At 1 April 2021	961	961	172	662	834
Additions	-	-	-	28	28
At 31 March 2022	<u>961</u>	<u>961</u>	<u>172</u>	<u>690</u>	<u>862</u>
<b>Depreciation</b>					
At 1 April 2021	336	336	172	633	805
Charged in year	20	20	-	20	20
At 31 March 2022	<u>356</u>	<u>356</u>	<u>172</u>	<u>653</u>	<u>825</u>
<b>Net book value</b>					
At 31 March 2022	<u>605</u>	<u>605</u>	<u>-</u>	<u>37</u>	<u>37</u>
At 31 March 2021	<u>625</u>	<u>625</u>	<u>-</u>	<u>29</u>	<u>29</u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2022

15 Fixed asset investment

	Group and Association	
	2022	2021
	£'000	£'000
THFC ISRF restricted access account	391	391
Total	<u>391</u>	<u>391</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. Interest is accumulated on the account and may be drawn upon request assuming that £390,000 remains.

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

	2022	2021
	£	£
Shares in subsidiary and undertakings	104	104

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 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

17 Debtors

	Group 2022 £'000	2021 £'000	Association 2022 £'000	2021 £'000
<b>Due within one year</b>				
Arrears of rent and service charges	432	515	428	500
Less: Provision for bad debts	(318)	(342)	(318)	(332)
	<u>114</u>	<u>173</u>	<u>110</u>	<u>168</u>
Prepayments & accrued income	188	144	178	131
Grants receivable	1,434	-	1,434	-
Other debtors	65	25	47	4
Other taxation & social security	3	3	-	-
Amounts due from subsidiaries	-	-	147	82
	<u>1,804</u>	<u>345</u>	<u>1,916</u>	<u>385</u>

Of the amounts due from subsidiaries £115k (2021: £50k) is interest free and repayable on demand, £32k (2021: £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.

Grants receivable relates to grant claims for developments which were made before 31 March 2022 and due as at 31 March 2022 but received at the beginning of April 2022.

18 Loans receivable

	Group and Association	
	2022 £'000	2021 £'000
Loans receivable	-	11,456
Total	<u>-</u>	<u>11,456</u>

At 31st March 2021, 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 after which all of the loan was drawn down into Unity bank accounts.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

19 Long term debtors

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts due from subsidiary	-	-	187	219
	<u>-</u>	<u>-</u>	<u>187</u>	<u>219</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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debt (note 23)	6,774	1,319	6,774	1,319
Grant due in one year (note 22)	968	1,154	932	1,119
Trade creditors	285	733	134	90
Rent & service charges received in advance	169	156	169	156
Interest accrued on loans	24	73	24	73
Other taxation and social security	44	31	44	31
Accruals and deferred income	678	937	638	899
THFC premium	191	95	191	95
Other creditors	545	139	47	49
Amount due to subsidiary	-	-	534	10
	<u>9,678</u>	<u>4,637</u>	<u>9,487</u>	<u>3,841</u>

21 Creditors: amounts falling due after more than one year

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debt (note 21)	15,459	27,302	15,459	27,302
Loan issue costs:				
At 1 April	(374)	(183)	(374)	(183)
Additions	(63)	(239)	(63)	(239)
Amortised during the year	55	48	55	48
	<u>15,077</u>	<u>26,928</u>	<u>15,077</u>	<u>26,928</u>
Recycled Capital Grant Fund (note 26)	166	176	166	176
THFC premium	3,906	4,193	3,906	4,193
Deferred grant income	33,910	32,758	32,848	31,661
	<u>53,059</u>	<u>64,055</u>	<u>51,997</u>	<u>62,958</u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

22 Deferred grant income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April	33,912	33,739	32,780	32,570
Grant received in the year	2,000	1,188	2,000	1,188
Released to income in the year	(955)	(933)	(919)	(896)
Disposals	(81)	(82)	(81)	(82)
As at 31 March	<u>34,876</u>	<u>33,912</u>	<u>33,780</u>	<u>32,780</u>

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Amounts to be released within one year	968	1,154	932	1,119
Amounts to be released in more than one year	33,910	32,758	32,848	31,661
	<u>34,876</u>	<u>33,912</u>	<u>33,780</u>	<u>32,780</u>

23 Debt analysis

	Group and Association	
	2022 £'000	2021 £'000
<b>Due within one year</b>		
Bank and Building Society loans	6,774	1,319

	Group and Association	
	2022 £'000	2021 £'000
<b>Due after more than one year</b>		
Bank and Building Society	7,959	19,802
THFC	7,500	7,500
	<u>15,459</u>	<u>27,302</u>

	Group and Association	
	2022 £'000	2021 £'000
<b>Debt is repayable</b>		
Within one year	6,774	1,319
Between one and two years	1,036	6,852
Between two and five years	3,127	3,139
After five years	11,295	17,311
	<u>22,233</u>	<u>28,621</u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

23 Debt analysis (continued)

	Group and Association	
	2022	2021
	£'000	£'000
Premium on issue - THFC	4,097	4,288

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. All loans are classified as basic.

There are three facilities with variable rates of interest for which the Group received LIBOR to SONIA amendment letters. There has not been a significant change in interest charged as a result of this. The Group has taken the available exemption as per the FRS 102 practical expedient not to assess whether the impact of the LIBOR reform constitutes a substantial debt modification, as there have been no other changes made to the facilities in the year

At 31st March 2022, the Group had undrawn loan facilities of £15m (2021: £10m) having repaid the revolving credit facility to the Yorkshire Bank upon completion of the security charging of the THFC loan.

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	
	2022	2021
	£	£
Shares of £1 each issued and fully paid		
At 1 April	36	36
Joining during the year	3	-
Leaving during the year	(6)	-
At 31 March	33	36

25 Financial commitments

	Group and Association	
	2022	2021
	£'000	£'000
Capital Expenditure contracted for but not provided in accounts	5,891	4,893
Capital Expenditure authorised but not contracted for	4,422	6,083
	10,313	10,976

Capital expenditure will be financed out of existing cash balances, grants to be received and debt facilities.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

26 Recycled Capital Grant Fund

	Group and Association	
	2022	2021
	£'000	£'000
At 1 April	176	390
Net sales proceeds recycled	104	105
Interest Accrued	-	-
Withdrawals	(114)	(319)
	<u>166</u>	<u>176</u>

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

	2022	2021
	£'000	£'000
Surplus for the year	955	1,382
Depreciation of housing properties	1,926	1,827
Accelerated depreciation of components	44	68
Depreciation of other fixed assets	118	144
Grant Amortisation	(955)	(933)
Loan issue costs amortised	55	48
Surplus on sale of tangible assets	(179)	(158)
Interest receivable	(5)	(7)
Interest payable	867	687
Pension costs less contributions payable	(239)	(245)
Amortisation of the THFC premium	(191)	-
(Increase)/ Decrease in debtors	(25)	507
(Decrease)/ Increase in creditors	(240)	277
Net cash inflow from operating activities	<u>2,131</u>	<u>3,597</u>

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**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 2022 £'000	2021 £'000	Association 2022 £'000	2021 £'000
In one year	19	14	15	9
Between one and five years	8	4	8	-
	<u>27</u>	<u>18</u>	<u>23</u>	<u>9</u>

**29 Categories of financial assets and financial liabilities**

	2022 £'000	2021 £'000
Financial assets that are debit instruments measured at amortised cost	6,121	13,687
Financial liabilities measured at amortised cost	23,700	34,719

**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:

	2022 £'000	2021 £'000
Fixed rate	15,073	15,652
Floating rate	7,160	12,969
Total borrowings	<u>22,233</u>	<u>28,621</u>

**Borrowing facilities**

As at 31 March 2022 the group had undrawn loan facilities of £15m.

**UNITY HOUSING ASSOCIATION LIMITED**  
Year ended 31 March 2022

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**30 Related parties**

During the year, the Association charged Unity Property Services Limited £28k (2021: £28k) and Unity Housing Development Services Limited £6k (2021: £6k) for management services.

At 31 March 2022 there was a loan of £219k due from Unity Property Services Limited (2021: £251k). 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 £33k (2021: £7k) and from Unity Housing Development Services Limited is £82k (2021: £43k).

During the year Unity Housing Development Services charged Unity Housing Association £4,262k (2021: £3,245k) for design and build services of which £535k was outstanding as at 31 March 2022 (2021: £10k).

The amount due from Unity Housing Development Services Limited as at 31 March 2022 in respect of gift aid was £64k (2021: £43k)

From September 2021 the Board includes three new tenant members: Haji Marfoua, Rohan Clarke, Belinda Letham. All hold their tenancy agreements on normal terms and cannot use their position to their advantage. The rent charged for the year was:

	Group		Association	
	Rent charged weekly	Balance as at 31 March 2022	Rent charged weekly	Balance as at 31 March 2022
	£	£	£	£
Haji Marfoua	96	-247	96	-247
Belinda Letham	101	-4	101	-4
Rohan Clarke	90	-211	90	-211

All rounded to the nearest pound. '-ve' = credit balance.

**31 Analysis of changes in net debt**

	1 April 2021	Cash Flows	Other Non cash	31 March 2022
	£'000	£'000	£'000	£'000
Cash	2,033	2,475	-	4,508
Loans due within one year	(1,319)	1,319	(6,774)	(6,774)
Loans due in more than one year	(19,802)	5,069	6,774	(7,959)
THFC loan	(7,500)	-	-	(7,500)
Net debt	(26,588)	8,863	-	(17,725)

The THFC loan was classified as non-cash in 2021. It has been included in the 2022 Statement of Cashflows as the physical cash was received during the financial year. Interest has been payable on the loan from completion in September 2020.

**UNITY HOUSING ASSOCIATION LIMITED**  
*Year ended 31 March 2022*

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022**

**32 Contingent Liability**

The Group has been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of the changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue (2021:nil).