Unity Housing Association Limited

Annual Report and Consolidated Financial Statements

Year Ended 31 March 2023

Unity Homes & Enterprise

Supporting BME Communities and Multi-Cultural Neighbourhoods

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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BOARD MEMBERS, EXECUTIVE OFFICERS, ADVISORS AND BANKERS

Board of Management

Chair	S Bhargava
Other Members	E Cook
	E Green
	A Hamied
	S Jandu
	J Jeffries
	H Marfoua
	D Mitchell
	D Richmond - to 31 March 2023
	N Qureshi – from 1 April 2023
Independent Members	P Taylor
	A Rashid –Audit & Risk Management Committee -to 30 November 2022
	H Rashid – Audit & Risk Management Committee – from 10 July 2023
	B Letham Operations Committee– to 31 August 2022
	D Leone - Operations Committee– from 9 November 2022
	M Toutountzi - Operations Committee– from 1 November 2022

Executive Directors

Chief Executive	C Boston	
Operations Director & Deputy Chief Executive	P Sidhu	- to 23 April 2022
Interim Operations Director	D Higgins	- from 25 April 2022 to 31 March 2023
Director of Housing Operations	K Proctor	- from 19 June 2023
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

Carston Chartered Accountants & Statutory Auditors
Tudor House, 16 Cathedral Road, Cardiff, CF11 9LJ

Solicitor - *Bevan Brittan LLP, Toronto Square, 7th Floor, Toronto Street, Leeds, LS1 2HJ*

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

REPORT OF THE BOARD

The Board presents its annual report and the Group's audited financial statements for the year ended 31 March 2023, 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 1,385 units of mainly general needs accommodation of which 1,361 are directly managed, 5 Care home bed spaces and 19 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 40, 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 26 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 £746k (2022: £955k). There is a loss of (£402k) through other comprehensive income (2022: £533k gain), leading to the total comprehensive income for the year of £344k (2022: £1,488k). At 31 March 2023 the Group's reserves amounted to £21,108k (2022: £20,764k).

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 2022/23 are 28 (2022: 27).

Financial instruments
The Group's approach to financial risk management is outlined in the Operating and Financial Review on pages 8 to 26.

Health and safety
The Board is aware of its responsibility on all matters relating to health and safety. The Group continues to monitor its health and safety procedures and provides training and education to staff on health and safety matters through a health and safety consultant.

Board members and executive 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, a 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.

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. From September 2023 the defined benefit scheme closed to new entrants. All staff are entitled to join the defined contribution scheme which is the auto-enrolment scheme, to which employer contributions are made. 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. 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. Training on Equality, Diversity and Inclusion (EDI) has been delivered in the past year through the Tell Jane programme. Subjects covered have included Allyship, Black History Month, Disability is Diverse, Understanding Gender Identity, Fostering Inclusion, LGBT+ Awareness.

Tenant Involvement

The Group actively encourages tenants' involvement in decision making by promoting mechanisms of tenant involvement. This has included tenant voice on the Association board, UPS board and Operations Committee. In the past twelve months the Scrutiny Panel has also attended the Operations Committee meetings with an open remit to ask any questions of the Executive or Committee members. We are currently revising the opportunities for participation within our Resident Involvement Strategy with a new framework launched for Resident Inspectors.

To ensure customer voice is heard, a monthly customer survey continued during the year. Over the year 438 tenants participated in the survey. In addition, in August 2021 we started a two-year programme of insight visits to every household.

Complaints

We have a clear and simple Complaints Policy which is available to tenants. The Complaints policy and procedure was reviewed in August 2022 to ensure compliance with the Ombudsman's guidance on good practice. During the year, the Group received 42 complaints (2022: 39).

REPORT OF THE BOARD (cont.)

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 as G1V1 in March 2022 following an In-depth Assessment by the RSH and later in the year via a Stability Check in November 2022.

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. Having completed the actions the board considered that it was compliant with the Code of Governance 2020 as at 31 March 2022. A further self assessment has been undertaken during 2022-23 enabling the board to consider that it remains compliant with the Code as at 31 March 2023.

Internal controls assurance

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

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

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

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

- **Identifying and evaluating key risks**

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

REPORT OF THE BOARD (cont.)

- **Control environment and internal controls**

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

- **Information and reporting systems**

Financial reporting procedures include 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 new Internal Audit Firm commenced in 2022-23. 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 an ongoing service review programme.

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 2024. 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. During the year the Group repaid its Unity Trust Loan and drew £1.5m from its Yorkshire Bank loan. At the 31st March 2023 £13.5million of secured facilities were available to draw upon.

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 2022 and updated in March 2023, to include the period to 30 September 2024, before approving the 30-year business plan. There are undrawn loan facilities available to be drawn down until August 2025 as well as sufficient time to implement any mitigations if required for this not to be a risk in the going concern period.

The Group has a net current liabilities position as at 31 March 2023, 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.

REPORT OF THE BOARD (cont.)

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 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 Enterprise Centres, managed by Unity Property Services have remained open throughout the year following social distancing rules when required albeit there were fewer occupants as businesses 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 28 September 2023

OPERATING AND FINANCIAL REVIEW

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.

Corporate plan summary

This was the second year of Unity's five-year Corporate Plan 2021 -26, and we started it looking forward to the end of lockdown and the global pandemic. Unfortunately, we were soon plunged into a world financial crisis, sparked, and sustained by the war in Ukraine. For our customers and our business, we felt the adverse impact through increases in prices, a shortage of labour and materials and financial pressure felt both by our residential and commercial tenants. These conditions also meant significant challenges in delivering key services to our customers.

In the year we fully achieved 20/37 objectives. Of the remaining 17 we made significant progress with 12/17, and only 5/17 have not been progressed to any real extent. There were several highlights, the most significant are covered in more detail below. The year also saw some major drawbacks due mainly to the problems our contractor experience in securing labour and materials for repairs and maintenance. We realised very early in the financial year we were unlikely to match the same level of improvement since last year in repairs and maintenance, void turnaround, building compliance and income management and this proved to be the case. Less than half of the performance targets in these areas were met, resulting in a less than acceptable outcome for our customers. Although we ended the year with an improving trajectory, we may need to take some tough decisions in 2023 to ensure these services continue to recover and become beacon services for Unity tenants again.

Providing excellent customer services and sustaining meaningful engagement

There were tangible improvements in customer services following the implementation of service improvement plans and the induction, training, and development of a largely new staff team. Since customers interact with us by phone, we know we are on the right track when 89% of calls received were answered within six rings and 77% of phone enquiries were resolved first time. We were also pleased to receive a very positive end of year report from the Ombudsman commending us for the way we interacted with them and our customers in handling customer complaints and queries.

We completed 438 health checks in the year, which meant 32% of our tenants received a tenant centred home visit, which is an opportunity for us to find out about their needs and aspirations, so we are better able to shape service to meet their needs. This has also been an important tool in our strategy to reach and engage with all our customers in a meaningful way.

In the year we received customer feedback from 98% of our tenants through monthly satisfaction surveys.

OPERATING AND FINANCIAL REVIEW (cont.)

We also carried out a major Planned Maintenance tenant consultation exercise, informing every tenant of the improvements we planned to make to their property over the next five years and giving them an opportunity to tell us if they agreed. The good news is that the overwhelming majority told us that we'd got our plans right. Where the evidence supported the tenant's feedback the consultation led to a revision of the programme. Unfortunately, the agreed programme was hit by cost inflation pressures felt everywhere in the economy in 2022 and had to be reduced to match the budget available, but we hope to be back on track with it next year.

Unity has a strong commitment to resident representation, and this is evident by representation on Board and Committee, and through the Tenant and Scrutiny Panels. This year we set out to broaden the opportunities for tenant involvement. Among other things the health check visits were used to identify customers who wanted to be more actively involved in service delivery. Those who showed an interest were inducted and trained and invited to join one of four new groups engaged in undertaking estate inspections, carrying out Mystery shopping exercises, being part of multi-function teams overseeing service reviews or hearing complaints appeals.

We continued our strategy to increase estate satisfaction, using customer feedback to identify three estates for targeted action, roadshows to engage with residents to understand their priority concerns and multi-team estate clean up days to deal comprehensively with the issues.

For the first time we held information and participation events for our Shareholders beyond the Annual General Meeting. This included question and answer sessions with the CEO and Resources Director on the direction and health of the company.

Our overall customer satisfaction at year end was 79.2%. Against the indicator that matters most to us 87.2% of tenants believe we treat them fairly and with respect.

Growing and protecting the organisation

The prevailing economic conditions meant that both planned new build schemes enabling us to grow organically, stalled and now fall into 2023/24. However, we were able to achieve growth in other areas. For instance, we now provide fee generating development services for five other organisations, and we expect this number to grow in 2023. Similarly, we bid for over £200k of external grants and were successful in securing £100k.

In the year both the Government and the Regulator were busy raising the operations standards Housing providers must meet and we have been rising to these challenges. We are fully prepared for the introduction of the new Tenant Satisfaction Measures on the 1st of April 2023, and we are compliant with the Smoke and Carbon Monoxide Alarm (Amendment) Regulations which came into force on 1 October 2022.

Unity has retained the top rating (G1 and V1) for both governance and financial viability Governance, and for IIP Silver, although we are due to be assessed again early in 2024.

We were successful in attracting a high calibre field from which we appointed a new Chair of Unity Enterprise Board in December as part of board succession plan.

IT is important to the business and we have made improvements to our systems to keep up to date and continue to drive the business forward. For instance, we introduced a new phone system, and this played a key role in customer accessibility as mentioned above.

OPERATING AND FINANCIAL REVIEW (cont.)

The implementation of C365 will ensure greater transparency in the management of building compliance, providing additional levels of assurance and Cyber e-learning continues to be rolled out across the organisation.

There has been good progress embedding a Value for Money (VFM) culture. There is a golden thread linking our corporate plan to KPIs and a strong focus on achieving them, sustained by monthly and quarterly reporting to SMT, Committee and board. Although only 10/17 of the VFM targets were met only 3/17 made no progress at all, and the main reasons for this was adverse changes in the operating environment. We calculate and report social value generated by employment services and in the year these activities generated £2.8m of social value.

We are a relatively small organisation with big ambitions so forming strategic alliances and partnerships with other organisations is very important for our success. In the year we rolled out a PR strategy for UE and a new Stakeholder Engagement Plan for UHA. We also achieved the objective to develop six new partnerships with among others Apple box, Iota, Northern School of Contemporary Dance, YABA, RJC, and Park Lane. We are also looking ahead and having discussions with several others including Chapeltown Forum, Turning Lives Around, Feels Good Factor and NatWest Bank with the hope of developing partnerships in the future.

Raising operational performance to best in class

Despite the negative impact the cost-of-living crisis had on the ability of our customers to defray their rent, which has affected all Housing Associations, we still managed to reduce arrears, albeit slightly, compared to the 2021/22 end of year position. Hence, we expect that when the comparative end of year performance data is released our performance will be good in the circumstances.

Similarly, though our contractor took longer than anticipated to complete void repairs because of logistical problems connected to the war in Ukraine, we reduced the lettings times and there were only two properties vacant and available to let at the end of Quarter 4. Similarly, the total void loss performance was good, we managed to drop it down to 0.5% and surpassing the target of 0.7%.

There has been a tangible improvement in our ASB performance, which was strong throughout the year. 100% of tenants were contacted within target, 100% of ASB cases did not generate a further ASB complaint within 3 months and 86% of ASB victims were satisfied with the way their case was handled. Similarly, all targets were met for estate inspections and estate services quality. Each estate had a comprehensive inspection at least twice in the year and 73% of estates we cleaned and maintained to A standard against of 50% target, and 69% of estate grounds were maintained to A standard against of 50% target.

The current average SAP rating across our stock is 74.3 which is up 0.9% from last year and exceeds the Governments current target of 73. We have 148 homes currently below the target, but we are confident that they can all be brought up to target by 2030. The cost of this is estimated to be £673K and, ceteris paribus, we believe there is provision for it in our future planned investment. We continue to work with a consortia of other housing associations to identify and tap into additional funding streams and plan to be a contender in the next round of WAVE funding.

Developing and investing in our social purpose

Our most important project was the refurbishment of the Leeds Media Centre (LMC) to improve the thermal efficiency and investment life of the building and increase the number of business units. Despite many challenges threatening to capsize the project we kept it to budget and on course to meet the "drop dead" completion of the 23rd June.

OPERATING AND FINANCIAL REVIEW (cont.)

Related to LMC we were successful in securing £100k of external funding to create a modern fully equipped business incubator hub on the ground floor. As well as providing opportunity for fledgling entrepreneurs to pilot, test and launch new businesses it should be a modest income generator for UE for years to come. The completion of the Business incubator next year will finalise the transformation of Unity Enterprise from a subsidiary that simply lets out low-cost business units to one that offers the full range of business support services.

We successfully launched Steps to Business, a training course design to encourage, support and develop young BME people interested in starting a business. Although at the end of the year only 4/15 of the original cohort remained, they are likely to be taking the next step into business. A second course was run online and of the 12 starters 7 remain and are currently working on their Business Plans. This is a lower dropout rate of 58%, which suggests we are learning how best to support people. We have also added an intensive 4-day course and during the year had 35 people attend and complete this course. So far none of these have started trading yet, but it is early days.

Our employment services team had another good year. They helped 198 people into employment, 256 into training/education and 15 into voluntary work.

Improving organisational resilience and capability

Our ambition is to become a more innovative and creative organisation and the Reward and Recognition Policy approved at the start of the year is to encourage that. During the year there were many signs we are moving in the right direction. We won two national awards and were shortlisted for five others, more than doubled (165) the positive press coverage received in a year, easily going past the previous high watermark (106) set in 2020/21 and we submitted several competitive bids that secured external funding.

Despite financial pressures we maintained our normal level of investment in staff training and development. There were more than 60 training day opportunities available in the year and take up was more than 60%. These included EDI training for all staff via a 3rd party, Cyber training for all staff via e-learning and a Leadership Development programme for Managers and SMT.

The wellbeing of our staff is especially important to us and in the year, there were several noteworthy wellbeing initiatives. For instance:

- We held our second Making A Difference (MAD) staff awards ceremony. Over fifty awards were issued for a variety of achievements linked to our Values.
- "L'Unity Community" was set up as a vehicle for promoting, facilitating, organizing, and arranging staff social activities for staff to engage with each other outside work.
- Three staff were trained to be mental health first aiders to support their colleagues.

Our board, senior management team and employees are 50% BME and 50% women, which demonstrates our commitment to the objective that Unity's employees, management, and board reflects the gender and ethnic diversity of the community we serve.

OPERATING AND FINANCIAL REVIEW (cont.)
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 in December 2021 creating a new statement and integrating the Risk Appetite into the Risk Register. This has been revisited in 2023 and remains appropriate. The Risk Management Strategy sets out the approach to risk, responsibilities for risk, reporting of risk and scoring of risk and incorporates 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.

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 risks are recorded, assessed and scored in terms of their impact and probability both before and after the application of internal controls.

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 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. 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.

OPERATING AND FINANCIAL REVIEW (cont.)

Risks and uncertainties

Key risk	Controls/action to manage or mitigate the risk
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.

We completed all the Fire Risk Assessments (FRAs), to our 61 blocks by November 2022. However, in March we became aware that many of the remedial actions arising from the FRAs had not been expedited and finalised within a reasonable time and a large number were still outstanding. While none of them constituted a serious risk to the life and safety of our residents, we put the highest priority on thoroughly and speedily pulling together a remedial plan to resolve all the actions. While most of the actions have subsequently been completed and closed, there are some which will have multiple tasks to be completed before they can be closed, for instance policy changes, consultations with stakeholders, or third-party review. So, these will remain open much longer, in a few cases up to a year.

We operate an immediate evacuation strategy in the event of a fire and because of the measures associated with this we are satisfied there are sufficient mitigating measures in place to keep residents safe while we complete the actions.

Prior to this issue we had already identified a need to improve our data management, monitoring and reporting of compliance. We had invested in the most highly regarded compliance management system, 'C365', and started implementation in December 2022. It will be integrated with our existing housing management system. The FRA module is now live, and will be used to capture all compliance data, and monitor and report performance for all compliance areas from the 1st of April 2024.

For assurance we have since carried out a "deep dive" review of all other areas of compliance, (gas, water, electric, asbestos, lift maintenance, smoke, and carbon monoxide alarms) and are compliant.

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 is 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. As outlined in the operational review only 10/17 of the VFM targets included in the VFM Strategy for 2022-23 were met and 3/17 made no progress at all; the main reasons for this was adverse changes in the operating environment.

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

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

RSH VFM Metrics

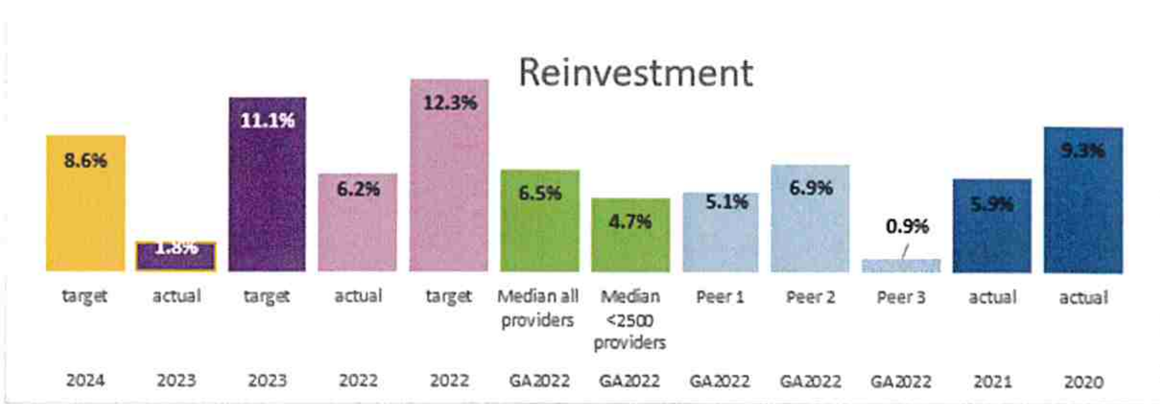
The charts overleaf set out each VFM metric, the comparison between the Group and selected groups of providers for the year ended 31 March 2023. This includes the actual performance against the budgeted performance for the 2023 year and the performance for the prior year against the RSH 2022 Global Accounts (GA2022) which have been published. A 4 year actual trend is shown for the Group as well as the target for 2024.

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 40 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 Yorkshire and Humberside region. This group 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 2023 are not scheduled for release until much later in the year, VFM comparisons can only be made for 2022, or between our 2023 outturn and other organisations performance in 2022.

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2023

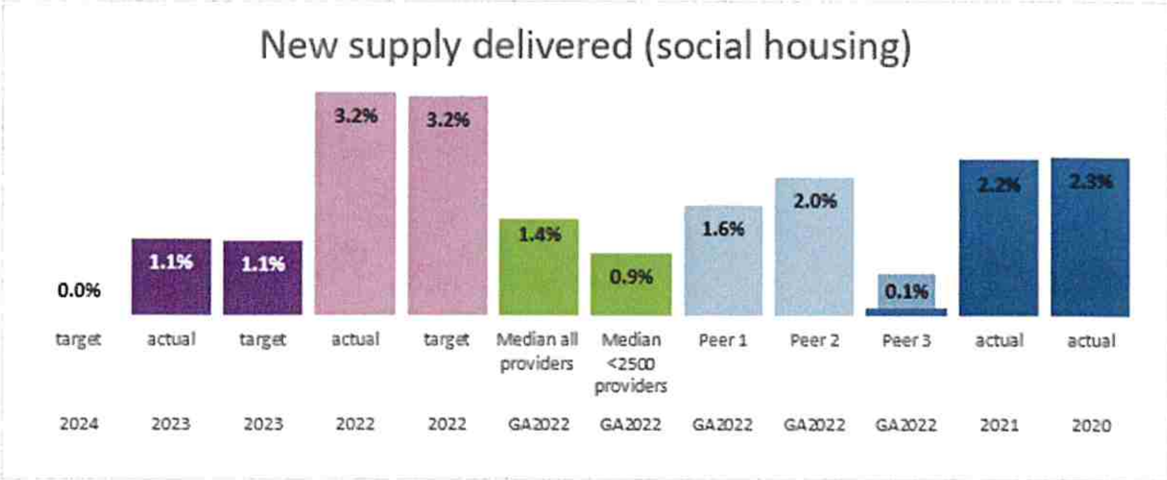
OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)

1. Reinvestment %



The target for 2023 was based upon the assumption that development activity would be higher. However the discovery of contamination on a large site of 30 units severely reduced spend during the year. Development staff have been in liaison with Homes England and a funding arrangement was secured when the contractor went into administration which will have a knock on into the target set for 2024.
Unity's actual performance for 2022 was above the median of all providers, and better than the median for <2500 unit organisations, but lower than 1 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)



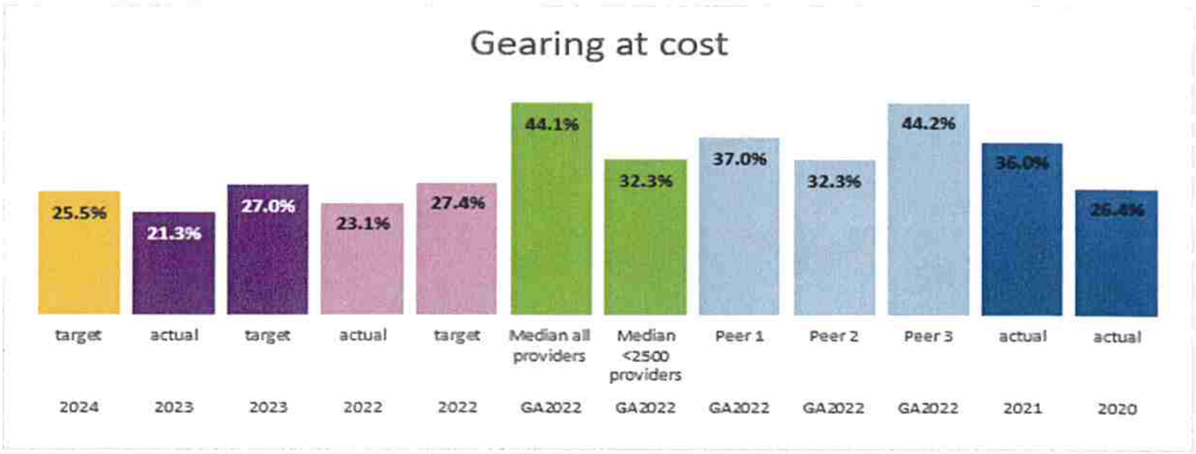
The actual for 2022 compares very favourably with the median of all delivery in the country and also for those organisations <2500 units and was higher than the delivery of the peers.
The actual units (15) delivered in 2023 matched the budget. The timing of the current programme results in the target for reinvestment for 2024 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.

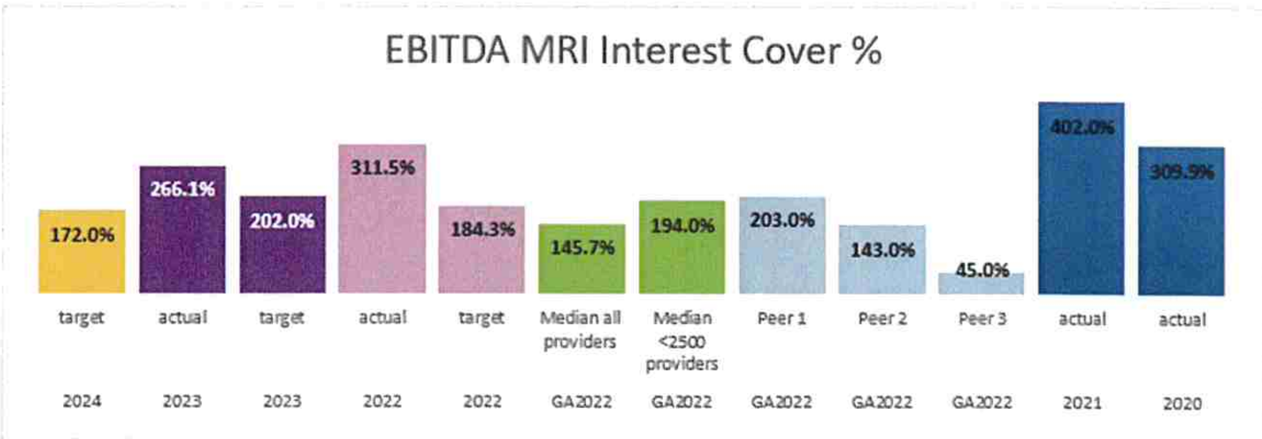
OPERATING AND FINANCIAL REVIEW – Value for Money (cont.)

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 – for both the 2022 and 2023 years. Unity has gearing which is lower than the median of all providers and the <2500 providers. A combination of planning delays and issues on site have contributed to this position. There was also a planned approach in the Treasury Strategy to repay the revolving credit facility once security charging was completed on the new THFC loan in 2022 and to repay the Unity Trust loan in 2023.

4. EBITDA MRI Interest Cover %



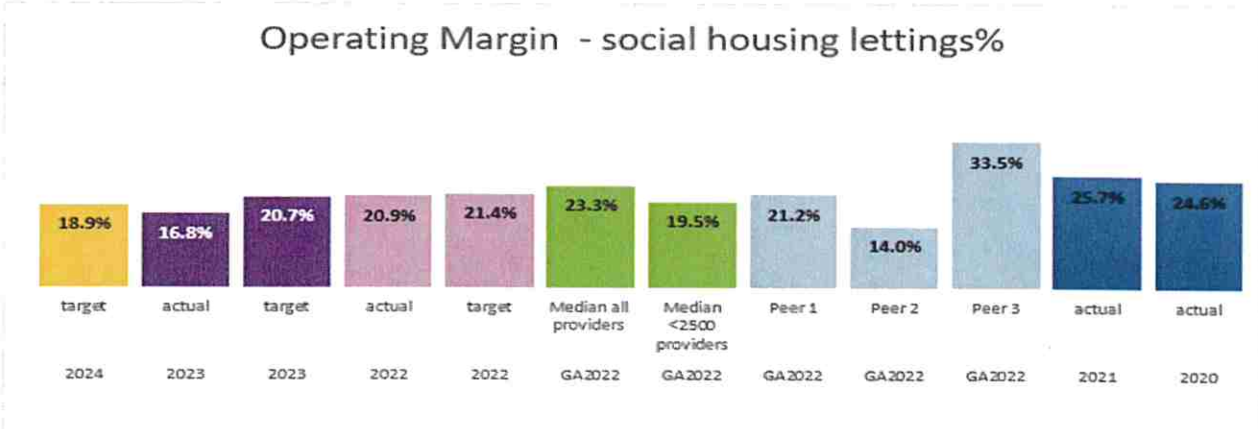
In 2021 the Group benefitted from the lower interest rates which were introduced as a response to the pandemic, because we have a number of variable rate loans. This measure was budgeted to reduce but exceeded budget as interest payable was lower due to fewer loan drawdowns in 2022 and there were some cost savings resulting in Unity have an EBITDA MRI cover in excess of the median of all providers and the median of <2500 providers. During 2023, the target reflected the assumed increase in loans drawn to support the development programme and hence the increase in interest. However, whilst loans drawn were fewer, interest rates increased significantly for the loans on variable rates and costs were also above budget. The target for 2024 reflects a budget which has been set with increased costs for maintenance and staffing in comparison to the 2023 year as well as higher interest rates being assumed.

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

5. Headline Social Housing Cost per Unit

Our **Social Housing cost per unit** for 2022 remains lower in comparison to the sector median of all providers and those <2500. It was however, higher than all 3 of the peers selected. Peer 3 is only gearing up to have a development programme so has fewer development staff and utilises support from Unity, 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 2022 year, there were some delays filling vacancies and some overheads were not incurred. 2023 target reflected the intention to invest more in response to pressures to improve service delivery. There was an intention that whilst cost will go up significantly so will quality, and we intended to keep costs below the median for similar size Housing Associations. This was true for the 2022 year but we will keep a watching eye on the 2023 global accounts as in 2023 the actual exceeded the budget as repairs spend exceeded budget and the target for 2024 assumes that this higher spend will remain.

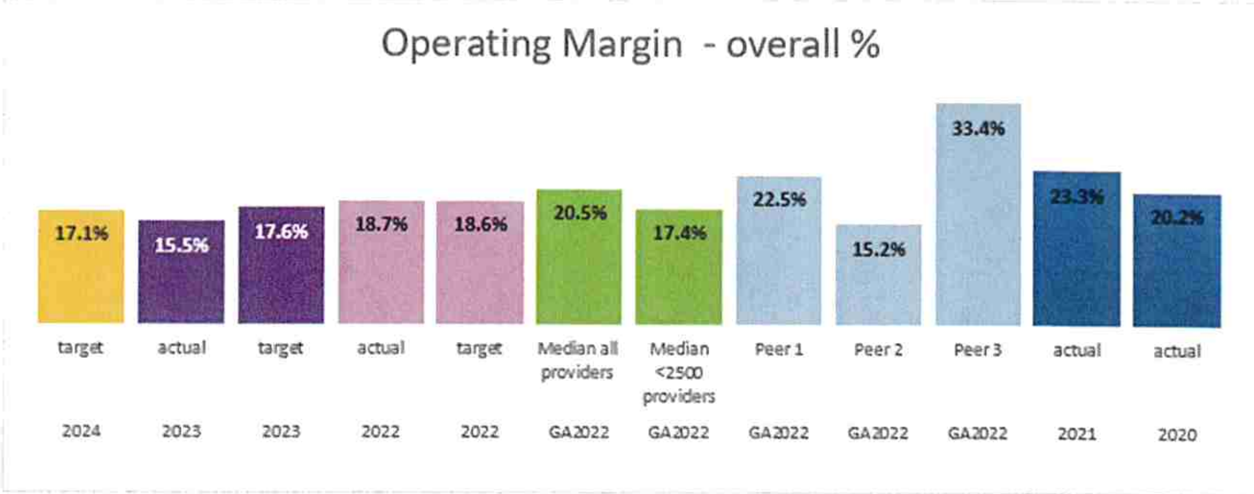
6a. Operating Margin - social housing lettings%



The operating margin for 2023 was set expecting to be lower than the 2022 budget recognising that maintenance costs and staffing costs were higher. However, repairs spend as referred to previously outstripped the budget as a result of both cost pressures and volume of jobs. This was a continued trend from 2022 where the operating margin was lower than in 2021 – due to higher sickness levels and increased responsive repairs costs but overheads were lower so the actual outturn exceeded the target. This trend of increased costs is expected to continue in 2024 albeit at a slightly lower level as posts are filled on a permanent basis.

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

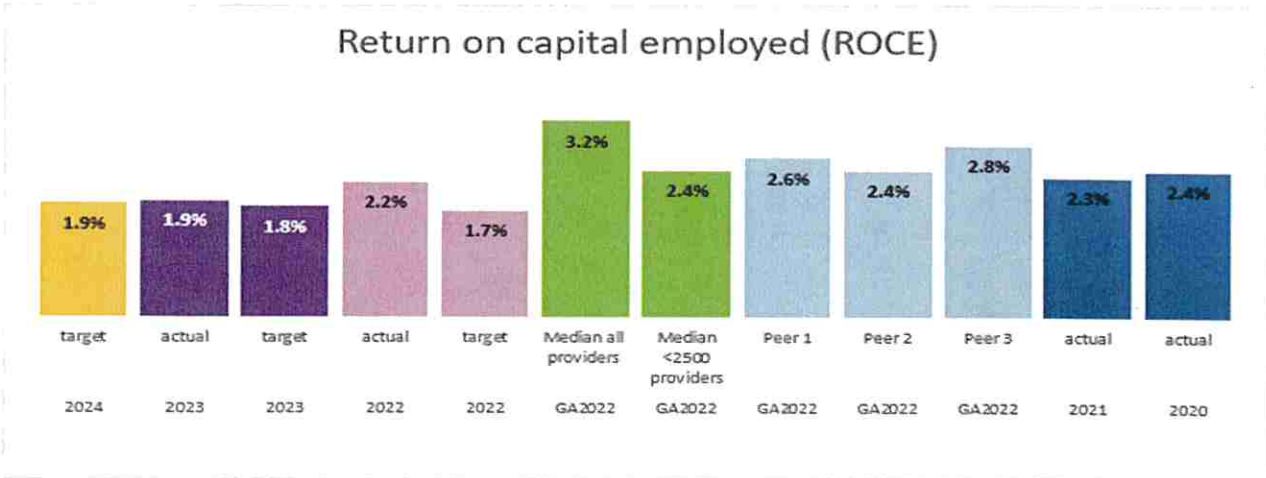
6b. Operating Margin –overall %



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 reflected the impact of the ERDF refurbishment project at Leeds Media Centre. The ERDF bid brings in external funding of £1.3m. 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 project spans over into the 2024 year as it has a target completion of 30th June 2023. The target for 2024 is an improving one reflecting the additional revenue which should be generated post the completion of the refurbishment and new business units being brought on stream.

7. Return on Capital Employed %



This measure tracks the movement in operating surplus including any gain or loss from disposal of fixed assets against the value of total and current fixed assets which Unity measures at cost. We are below the median for this measure against Organisations <2500 units, the sector as a whole and our peers. 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. Being lower than our peers is due to Unity contributing to additional services such as employment as explained in the overall margin. We are recognising this by beginning to calculate social value using the HACT social value insight model.

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	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
Customer Service Accreditation	awarded UHA+UE	awarded UHA+UE	awarded UHA+UE	awarded UHA+UE	awarded UHA+UE	awarded UHA+UE	awarded UHA+UE	awarded UHA	awarded UHA
Complaints -Number received*	info	42	info	39	info	40	n/a	19	21
Complaints responded on time %	85.0 % stage 1 complaints on time	82.75% stage 1 complaints on time	100.0%	60.2%	100.0%	51.2%	100.0%	100.0%	100.0%
Maintenance satisfaction %	95%	91.4%	95.0%	95.3%	95.0%	94.6%	95.0%	95.1%	97.0%

The Group was pleased to retain UE + UHA customer service excellence accreditation. 90% of complaints are about repairs and maintenance (R&M), so it is no surprise to see complaints increase slightly to 42 because as explained above R&M performance was down in the year. Although our contractor's performance was significantly impaired by rising costs and a shortage of labour and supplies, we were also concerned about their motivation, quality of work and efficiency. It is for this reason we did not meet the target for responding to 100% of complaints within the target time; R&M staff workload swelled dealing with a host of logistical problems relating to the contractor. We expect to see significant improvements next year in both complaints handling and R&M so the targets for complaints and maintenance are being retained.

Health & Safety	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
Gas Service certificate %	100.0%	99.2%	100.0%	100.0%	100.0%	99.7%	100.0%	98.7%	100.0%
Electrical Service certificate %	100.0%	95.7%	100.0%	100.0%	100.0%	99.6%	100.0%	98.5%	98.8%

The Group follows a ten-month gas servicing cycle to avoid breaching 12-month renewal of certification. During 2022-23 performance was slightly lower albeit compliant with 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. Electrical testing was also below 100%.

Development	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
No. New developments start on site	30	0	27	30	30	15	32	14	60
No. new development units completed	0	15	15	44	59	30	44	30	23

In 2022/23, the targets for development completion were achieved with 15 units handed over in Kirklees, 13 completing in May 2022 and 2 in July 22. However, start on sites targets were not achieved due to complications with both planned schemes. One site was found to be contaminated and no sooner was this resolved then the contractor went bust. The scheme had to be retendered. The second scheme is where Unity is seeking to rescue it by stepping into the shoes of a community organisation. However, the tri-partite discussions between Unity, the group and the council has proved more protracted than anticipated.

However, we are not daunted by last year's performance. Unity primarily chooses to build homes to slightly better space standards than usual because we recognise this is what our tenants want and need. We often do not get to build on the largest and best sites because this is very competitive, and we are a relatively small organisation. For this reason, we sometimes get the sites larger providers do not want, and they tend to be sites where the development is not straightforward.

We have Investment Partner Status with Homes England and notwithstanding the lack of our own developments we have been using this to good effect, and generating new income. The development team support other organisations, building 4 units for Chartford Homes in Kirklees and supporting their RSAP programme; working with Manningham Housing Association to restart their development activity. In the latter months of the year Unity started working with Pickering and Ferens Association to support their development activity.

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

REPAIRS	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
Emergency	99.0%	97.8%	99.0%	99.2%	99.0%	98.5%	99.0%	99.1%	99.2%
Urgent	99.0%	95.1%	99.0%	98.7%	99.0%	98.8%	99.0%	99.0%	99.1%
Routine	99.0%	96.3%	99.0%	98.7%	99.0%	99.3%	99.0%	98.9%	99.3%
Appointments kept	99.0%	94.6%	99.0%	96.3%	99.0%	95.3%	99.0%	95.1%	96.7%
Repairs First time fix	85.0%	82.0%	95.0%	82.0%	95.0%	81.3%	95.0%	91.3%	
Average SAP rating	74.0	74.2	73.0	74.3	74.8	74.8	73.0	74.4	74.3

Performance was not met for any category of repairs. Board were disappointed with this result and a performance improvement plan is currently being enacted to improve service levels. Tenants have been part of the development of this plan. 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	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
Rent arrears % *	4.55%	4.84%	4.55%	4.85%	5.07%	4.60%	3.71%	4.18%	4.12%
Income collection	101.00%	100.52%	100.50%	103.65%	102.00%	100.42%	100.00%	101.46%	101.01%

* general needs rent arrears tracking best benefit week until 2021

The board was pleased to see a slight reduction in the rent arrears % for the year against a backdrop of significant cost of living increases for all tenants that meant we had to balance the conflict between supporting tenants facing financial difficulties and collecting the rent. However, it is still our objective to reduce arrears below 2.5% and in line with the Housemark 1st quartile for the region. The actions arising from the income management service review have been implemented but are being revisited now that there is a new Housing Operations Director.

Lettings and Voids	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
GN Re-let times - excl. new develop	30 days	35.62 days	24 days	56.1 days	26 days	36.3 days	20 days	28.8 days	21.2 days
Rent loss from voids - General Needs	0.96%	0.50%	0.70%	0.98%	0.75%	0.83%	<1%	0.56%	0.40%
Unity Enterprise Void loss %	14.67%	0.90%	11.20%	2.95%	19.02%	5.20%	10.56%	0.56%	0.40%

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. The performance of the maintenance contractor has also contributed to delays.

Void loss did improve during the year – properties requiring significant investment to bring back into management were taken off charge. The internal UHA budget was also set higher than the management target at 1%.

Unity Enterprise performance was better than forecast. Despite the commencement of the LMC refurbishment and a budget that reflected this, demand for units remained high and disruption to existing tenants was minimised to enable their retention.

Resilience through OD &HR development	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
Investors in People Accreditation	Silver	year extension	Silver	Silver	Silver	Silver	Silver	Silver	Silver
Sickness per FTE (days)	5.5	8.5	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. It was however lower than the previous year reflecting the recovery from the pandemic sickness levels.

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

Employment Services	2024 Target	2023 Actual	2023 Target	2022 Actual	2022 Target	2021 Actual	2021 Target	2020 Actual	2019 Actual
No. people supported into employment	175	198 (10)	160	148	145	161 (82)	132	117 (28)	119
No. people given training	280	256(23)	254	233	231	185 (66)	210	251 (70)	179
No. people helped into volunteering positions	29	15 (4)	27	15	25	8 (3)	25	20 (4)	24

Note ( ) = number of Unity HA tenants.

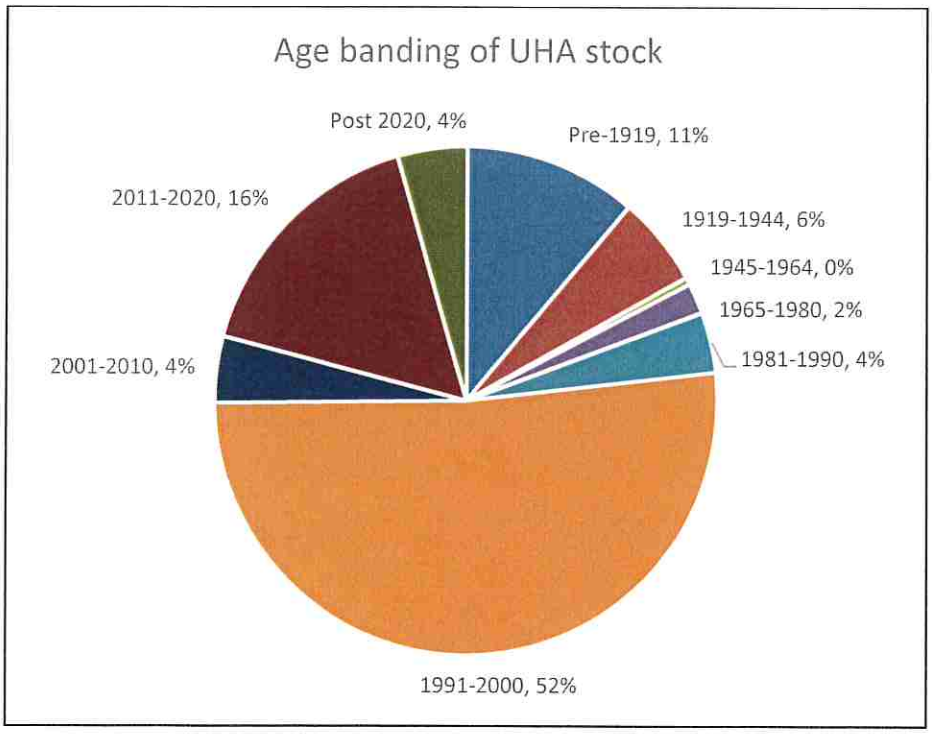
The Group is committed to delivering social value via services that complement housing management and development. To maintain its services over the past year Unity Enterprise Services (UES) had to continue to adjust and rethink its approach to clients. It continued to deliver English Speaking as another Language (ESOL), Job Club and IT classes in a Covid secure manner. The team also worked to submit bids, receiving a £7k grant award 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 £2.81m (2022: £1.24m) in social value based on clients finding full-time 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.



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)	Mixture of ERDF and Leeds City Council (LCC) Grants to refurbish the shell and communal areas completed June 2023. EPC B post refurbishment Some Units require some work going forward.	Leased asset from LCC - 15 year lease due to sign September 2023	On-going refurbishment and maintenance plan Works removed from the contract now being undertaken
Unity Business Centre 1	ERDF grant used to refurbish the communal areas – a few units need some modernisation as they change tenant.	Building owned	On-going refurbishment and maintenance plan Increase Insulation within the roof void
Unity Business Centre 2	The building has had extensive modernisation work over the last 5 years – funded via cash reserves – this includes – New windows and doors, new WC's and Kitchens, New boilers and flooring – along with lighting controls.	Building owned	On-going refurbishment and maintenance plan Increase Insulation within the roof void
Chapeltown Enterprise Centre	ERDF grant used to refurbish communal areas. The building is leased from Leeds City Council and currently has a rating of EPC D . Whether the building will qualify under the exceptions on the 7-year payback is being investigated.	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, amber is ok and green = good)

Leeds Media Centre has moved from red to green with the completion of the refurbishment which has been funded via an ERDF bid, a digital media grant and a loan from Leeds City Council. Leeds City Council 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 2022/23 are summarised below.

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

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

Targets	**Activity in the year**	**Outcomes**
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 No specific reviews in 2022-23.
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	Social Value is now 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 complete in 2023-24, enabling regeneration of the building and additional community business start-up support through a funded business advisor	Improved condition of the Leeds Media Centre – completed June 2023
VFM Strategy targets	Targets set and captured as part of the annual plan and reported biannually to the board.	For the 2022-23 year, 10/17 of the VFM targets included in the VFM Strategy for 2022-23 were met and 3/17 made no progress at all

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 objective to 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.

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 26 and the following paragraphs highlight key features of the Group's financial position at 31 March 2023.

The Group's financial result for the year ended 31 March 2023 is a Total Comprehensive Surplus of £344k compared to a Total Comprehensive Surplus of £1,488k in 2021-22. The surplus for the year was £746k before the actuarial loss in respect of the pension scheme was included. The Group incurred higher operating costs due to additional repairs and increased staffing costs which were only slight offset by a couple of property sales which are unbudgeted.

Planned maintenance and improvements

Major repairs of £840k were capitalised, compared to £571k in 2021-22.

Housing properties and other fixed assets

The Group spent some £1,332k (2022: £4,530k) on the development and purchase of housing properties during the year. Total grants received in the year were £2000k (2022: £453k), the Group's housing asset base at net book value has decreased from £75.2m to £73.9m.

Cash flow and liquidity

The net cash outflow for the Group amounted to £3,298k (2022: £2,475k inflow) and is shown in the consolidated statement of cash flows on page 37. The Group had cash resources of £1,210k as at 31 March 2023 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 2022.

OPERATING AND FINANCIAL REVIEW (cont.)

Table 1 – Association only highlights, five-year summary

For the year ended 31 March

	2023	2022	2021	2020	2019
Statement of Comprehensive Income (£'000)					
Total turnover	8,158	7,578	7,247	6,794	6,693
Income from Social Housing Lettings	8,009	7,453	7,156	6,709	6,568
Operating surplus	1,360	1,661	1,990	1,761	1,556
Interest Payable	(746)	(678)	(592)	(596)	(575)
Surplus for the year	710	998	1,417	1,189	1,019
Total Comprehensive Income/ (deficit) for the year	308	1,531	481	2,175	(248)
Statement of Financial Position (£'000)					
Tangible Fixed Assets (excl. long term debtors)	75,495	76,647	74,127	71,557	66,919
Net current (liabilities)/ assets	(1,948)	(3,164)	9,414	(1,258)	(310)
Total Loans	16,971	22,232	28,621	20,621	19,100
Revenue Reserves	20,928	20,620	19,089	18,608	16,433
Total	20,928	20,620	19,089	18,608	16,433
Accommodation figures					
Total housing stock (No of units) excl. 3 leased to third party	1,395	1,382	1,341	1,313	1,287
Statistics					
Surplus for the year as % of turnover	8.70%	13.20%	19.60%	17.80%	15.20%
Comprehensive Income for the year as % of turnover	3.80%	20.20%	6.60%	32.30%	(3.70)%
Surplus for the year as % of social housing lettings	8.90%	13.40%	19.80%	18.00%	15.50%
Voids as a % of social housing lettings	0.49%	0.96%	0.72%	0.57%	0.25%
Bad debts as a % of social housing lettings	0.08%	0.85%	0.32%	0.16%	(0.51)%
Operating surplus per unit housing stock	£975	£1,202	£1,484	£1,357	£1,207
Total Reserves per unit housing stock	£15,002	£14,920	£14,235	£14,172	£12,768
Interest Cover (surplus before interest payable divided by interest payable)	1.82	2.45	3.36	2.99	2.71
Liquidity (Current assets divided by current liabilities)	0.46	0.67	3.43	0.73	0.93
Gearing (total loans as a % of SHG plus reserves)	32.10%	40.87%	55.18%	40.28%	39.71%

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 2022, 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 (2022). 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 auditor, Carston Accountants, is willing to continue in office. A resolution to reappoint Carston Accountants as auditor of the Society will be proposed at the forthcoming Annual General Meeting.

The report of the Board and Operating and Financial Review was approved by the Board on 27 September 2023 and signed on its behalf by:

Shruti Bhargava

Shruti Bhargava
Chair

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 2023, 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 2023 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 United Kingdom Generally Accepted Accounting Practice; 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 2022.

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, 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.

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

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.
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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent society, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2019), the Co-Operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, Social Housing Regulatory Standards, and the NHF Code of Governance 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.

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.

Carston

Carston Chartered Accountants & Statutory Auditor,
1st Floor, Tudor House,
16 Cathedral Road
Cardiff CF11 9LJ
Dated: 28 September 2023

UNITY HOUSING ASSOCIATION LIMITED
Year ended 31 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover			
Operating income	3	8,798	8,078
Operating costs	3	(7,390)	(6,450)
Operating surplus		1,408	1,628
Interest receivable	7	84	5
Interest and financing costs	8	(746)	(678)
Surplus on ordinary activities before taxation		746	955
Tax on surplus on ordinary activities	9	-	-
Surplus for the year		746	955
Actuarial (loss)/ gain in respect of pension scheme	11	(402)	533
Total comprehensive income for the year		344	1,488

The accompanying notes of pages 38 to 67 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 September 2023 and signed on its behalf by;

Shruti Bhargava
Chair

Board Member

Ann Marie Matson
Secretary

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover			
Operating income	3	8,158	7,578
Operating costs	3	(6,798)	(5,917)
Operating surplus		1,360	1,661
Interest receivable	7	96	15
Interest and financing costs	8	(746)	(678)
Surplus on ordinary activities before taxation		710	998
Tax on surplus on ordinary activities	9	-	-
Surplus for the year		710	998
Actuarial (loss)/ gain in respect of pension scheme	11	(402)	533
Total comprehensive income for the year		308	1,531

The accompanying notes on pages 38 to 67 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 September 2023 and signed on its behalf by:

Shruti Bhargava

Ann Matson

Shruti Bhargava
Chair

Board Member

Ann Marie Matson
Secretary

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2023

	Income and expenditure reserve	Total
	£'000	**£'000**
Balance as at 1 April 2021	19,276	19,276
Total comprehensive income for the year	1,488	1,488
Balance at 31 March 2022	20,764	20,764
Total comprehensive income for the year	344	344
Balance at 31 March 2023	21,108	21,108

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2023

	Income and expenditure reserve	Total
	£'000	**£'000**
Balance as at 1 April 2021	19,089	19,089
Total comprehensive income for the year	1,531	1,531
Balance at 31 March 2022	20,620	20,620
Total comprehensive income for the year	308	308
Balance at 31 March 2023	20,928	20,928

The accompanying notes on pages 38 to 67 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Housing properties	13	73,923	75,185
Non-housing freehold properties	14	3,410	2,531
Other tangible fixed assets	14	128	135
Fixed asset investment	15	523	391
		77,984	78,242
Current assets			
Debtors due within one year	17	917	1,804
Cash at bank and in hand		1,210	4,508
		2,127	6,312
Creditors: Amounts falling due within one year	20	(4,377)	(9,678)
Net current liabilities		(2,250)	(3,366)
Total assets less current liabilities		75,734	74,876
Creditors: Amounts falling due after more than one year	21	(53,433)	(53,059)
Defined Benefit Pension liability	11	(1,193)	(1,053)
Net assets		21,108	20,764
Reserves			
Non-equity share capital	24	-	-
Income and expenditure reserve		21,108	20,764
Total reserves		21,108	20,764

The accompanying notes on pages 38 to 67 form part of the financial statements.

The financial statements were approved by the Board on 27 September 2023 and signed on its behalf by;

Shruti Bhargava
Chair

Board Member

Ann Marie Matson
Secretary

ASSOCIATION STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Housing properties	13	74,355	75,614
Non-housing freehold properties	14	587	604
Other tangible fixed assets	14	30	38
Fixed asset investment	15	523	391
Investment in subsidiaries	16	-	-
Long term debtors	19	155	187
		75,650	76,834
Current assets			
Debtors due within one year	17	622	1,916
Cash at bank and in hand		1,060	4,407
		1,682	6,323
Creditors: Amounts falling due within one year	20	(3,631)	(9,487)
Net current liabilities		(1,949)	(3,164)
Total assets less current liabilities		73,701	73,670
Creditors: Amounts falling due after more than one year	21	(51,580)	(51,997)
Defined Benefit Pension liability	11	(1,193)	(1,053)
Net assets		20,928	20,620
Reserves			
Non-equity share capital	24		-
Income and expenditure reserve		20,928	20,620
Total reserves		20,928	20,620

The accompanying notes on pages 38 to 67 form part of these financial statements.

The financial statements were approved by the Board on 27 September 2023 and signed on its behalf by:

Shruti Bhargava

Shruti Bhargava
Chair

Board Member

Ann Matson

Ann Marie Matson
Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	27	2,246	2,131
Cash flow from investing activities			
Purchase, construction and improvement of housing properties		(1,332)	(4,530)
Other fixed asset additions		(607)	(64)
Social housing grant – received		2000	453
Fixed asset investment		(132)	-
Proceeds from disposal of Right to Acquire/ Shared Ownership properties		254	355
Interest received		87	5
Net cash inflow/(outflow) from investing activities		270	(3,781)
Cash flow from financing activities			
Interest paid		(902)	(916)
Loan drawdowns		1,850	8,500
Bond premium drawdown		-	3,992
Housing loans repaid		(6,762)	(7,388)
Loan issue costs		-	(63)
Net cash (outflow)/inflow from financing activities		(5,814)	4,125
Net change in cash and cash equivalents		(3,298)	2,475
Cash and cash equivalents at the beginning of the year		4,508	2,033
Cash and cash equivalents at the end of the year		1,210	4,508

The accompanying notes on pages 38 to 67 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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 2022.

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 2024. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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 2023 is £288k (2022: £318k). See note 17.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

GROUP – continuing activities

	2023		
	Turnover	**Operating costs**	**Operating surplus**
Social housing activities	**£'000**	**£'000**	**£'000**
Income & expenditure from lettings	8,009	(6,660)	1,349
Letting of workspace units	674	(583)	91
Administrative expenses	-	(7)	(7)
Other social housing activities			
Management services	3	-	3
Community Regeneration	33	(112)	(79)
Development	79	(74)	5
Gain on disposal of housing properties and other fixed assets	-	46	46
	8,798	(7,390)	1,408

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

ASSOCIATION – continuing activities

	2023		
	Turnover	**Operating costs**	**Operating surplus**
Social housing activities	**£'000**	**£'000**	**£'000**
Income & expenditure from lettings	8,009	(6,660)	1,349
Other social housing activities			
Management services	37	-	37
Community Regeneration	33	(112)	(79)
Development	79	(74)	5
Gain on disposal of housing properties and other fixed assets	-	48	48
	8,158	(6,798)	1,360
Activities other than social housing			
Gift aid	-	-	-
	8,158	(6,798)	1,360

	2022		
	Turnover	**Operating costs**	**Operating surplus**
Social housing activities	**£'000**	**£'000**	**£'000**
Income & expenditure from lettings	7,453	(5,896)	1,557
Other social housing activities			
Management services	41	-	41
Community Regeneration	-	(84)	(84)
Development	20	(56)	(36)
Gain on disposal of housing properties and other fixed assets	-	119	119
	7,514	(5,917)	1,596
Activities other than social housing			
Gift aid	64	-	64
	7,578	(5,917)	1,661

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

GROUP

	2023				2022
	General needs housing	**Supported Housing**	**Low cost home ownership**	**Total**	**Total**
Income from social housing	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable, net of identifiable service charges & voids	6,485	68	53	6,606	6,129
Service charges receivable net of voids	413	10	29	452	387
Amortisation of grant	941	-	-	941	919
Revenue grant	10	-	-	10	19
Total income from social housing	7,849	78	82	8,009	7,453
Expenditure on social housing					
Services	(391)	(9)	(18)	(418)	(345)
Management	(2,424)	-	-	(2,424)	(2,392)
Routine maintenance	(874)	(31)	-	(905)	(674)
Planned maintenance & Property Improvements	(547)	(6)	-	(553)	(392)
Major repairs	(121)	-	-	(121)	(20)
Changes in bad debt provision and bad debt expense	3	-	-	3	(63)
Depreciation of housing properties	(2,200)	-	-	(2,200)	(1,970)
Depreciation of other fixed assets	(42)	-	-	(42)	(40)
Operating costs on social housing lettings	(6,596)	(46)	(18)	(6,660)	(5,896)
Operating surplus on social housing lettings	1,253	32	64	1,349	1,557
Void losses	32	-	-	32	72

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

ASSOCIATION

	2023				2022
	General needs housing	Supported Housing	Low cost home ownership	Total	Total
Income from social housing	£'000	£'000	£'000	£'000	£'000
Rent receivable, net of identifiable service charges & voids	6,485	68	53	6,606	6,129
Service charges receivable net of voids	413	10	29	452	387
Amortisation of grant	941	-	-	941	919
	10	-	-	10	19
Total income from social housing	7,849	78	82	8,009	7,453
Expenditure on social housing					
Services	(391)	(9)	(18)	(418)	(345)
Management	(2,424)	-	-	(2,424)	(2,392)
Routine maintenance	(874)	(31)	-	(905)	(674)
Planned maintenance & Property Improvements	(547)	(6)	-	(553)	(392)
Major repairs	(121)	-	-	(121)	(20)
Changes in bad debt provision and bad debt expense	3	-	-	3	(63)
Depreciation of housing properties	(2,200)	-	-	(2,200)	(1,970)
Depreciation of other fixed assets	(42)	-	-	(42)	(40)
Operating costs on social housing lettings	(6,596)	(46)	(18)	(6,660)	(5,896)
Operating surplus on social housing lettings	1,253	32	64	1,349	1,557
Void losses	32	-	-	32	72

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

4 Accommodation in management– Group and Association

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

	2023 No.	2022 No.
Social housing		
General needs housing:		
Social rent	1,158	1,161
Affordable rent	143	128
Housing for Older People	-	-
Low cost home ownership	60	61
Total owned and managed	1,361	1,350
Managed by others:		
Care Home	5	5
Agency managed supported	19	17
Total owned and managed by others	24	22
Total owned and managed Social Housing	1,385	1,372
Leasehold units (owned 6 (2022: 6), managed 4 (2022:4))	10	10

5 Operating surplus

This is arrived at after charging:

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Depreciation of housing properties	2,200	1,970	2,200	1,970
Depreciation of other tangible fixed assets	120	118	42	41
Surplus on disposal of property and other tangible fixed assets	46	119	48	119
Auditors' remuneration - Association	40	25	40	25
Auditors' remuneration – Subsidiary entities	24	9	-	-
Auditors' remuneration – non-audit fees (tax compliance)	-	15	-	6

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Disposal proceeds	254	355	254	355
Carrying value of fixed assets	(146)	(132)	(144)	(132)
Capital grant recycled (note 24)	(62)	(104)	(62)	(104)
	46	119	48	119

7 Interest receivable and other income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable and similar income	84	5	96	15

8 Interest payable and similar charges

	Group & Association	
	2023	2022
	£'000	£'000
Interest on loans and overdraft facilities	(717)	(642)
Pension interest	(25)	(35)
RCGF Interest	(4)	-
	(746)	(677)

9 Tax

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Current tax on surplus on ordinary activities	-	-	-	-
Factors affecting tax charge for the year The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:				
Surplus on ordinary activities before tax	746	955	709	998
Adjustment in respect of charitable activities	(746)	(955)	(709)	(998)
Surplus on ordinary activities subject to tax	-	-	-	-
Total tax charge for the period	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

10 Employees

	Group		Association	
	2023	2022	2023	2022
	No.	No.	No.	No.
Average monthly number of employees				
Administration	13	13	10	10
Development	5	4	5	4
Housing management & maintenance	22	22	21	21
	40	39	36	35

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Staff costs				
Wages and salaries	1,493	1,506	1,368	1,403
Social security costs	139	135	127	125
Other pension costs	91	74	85	69
	1,723	1,715	1,580	1,597

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 scheme is 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.

The last completed formal triennial actuarial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028. 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.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, therefore the company has accounted for the scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the scheme as a defined benefit scheme. For accounting purposes a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.
The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

11 Social Housing Pension Scheme (continued)

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

	2023 £'000	2022 £'000
Fair value of plan assets	5,266	7,876
Present value of defined benefit obligation	6,459	8,929
Defined benefit (liability) to be recognised	(1,193)	(1,053)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Defined benefit obligation at start of period	8,929	9,088
Current service cost	58	82
Expenses	6	6
Interest expense	248	198
Contributions by plan participants	18	51
Actuarial losses (gains) due to scheme experience	33	516
Actuarial (gains)/ losses due to changes in demographic assumptions	(13)	(130)
Actuarial (gains)/ losses due to changes in financial assumptions	(2,679)	(763)
Benefits paid and expenses	(141)	(119)
Defined benefit obligation at end of period	6,459	8,929

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

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Fair value of plan assets at start of period	**7,876**	**7,375**
Interest income	**223**	**163**
Experience on plan assets (excluding amounts included in interest income) – (loss)/ gain	**(3,061)**	**156**
Contributions by the employer	**351**	**250**
Contributions by plan participants	**18**	**51**
Benefits paid and expenses	**(141)**	**(119)**
Fair value of plan assets at end of period	**5,266**	**7,876**

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£2,838,000)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2023

11 Social Housing Pension Scheme (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	Period from 31 March 2022 to 31 March 2023 £'000	Period from 31 March 2021 to 31 March 2022 £'000
Current service cost	58	82
Expenses	6	6
Net interest expense	25	35
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	89	123

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/ gain	(3,061)	156
Experience gains and losses arising on the plan liabilities – (loss)	(33)	(516)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain /(loss)	13	130
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	2.679	763
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss) /gain	(402)	533
Total amount recognised in Other Comprehensive income – (loss)/ gain	(402)	533

ASSETS

	31 March 2023 £'000	31 March 2022 £'000
Absolute Return	57	316
Alternative Risk Premia	10	260
Cash	38	27
Corporate Bond Fund	-	525
Currency Hedging	10	(31)
Credit Relative Value	199	262
Distressed Opportunities	159	282
Emerging Markets Debt	28	229
Fund of Hedge Funds	-	-
Global Equity	98	1,511
Infrastructure	602	561
Insurance-Linked Securities	133	184
Liability Driven Investment	2426	2,197
Liquid Credit	-	-
Long Lease Property	159	203
Net Current Assets	13	22
Opportunistic Illiquid Credit	225	265
Opportunistic Credit	-	28
High Yield	18	68
Private Debt	234	202
Property	227	213
Risk Sharing	388	259
Secured Income	242	293
Total assets	**5,266**	**7,876**

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2023

11 Social Housing Pension Scheme (continued)

KEY ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	4.86	2.79
Inflation (RPI)	3.19	3.54
Inflation (CPI)	2.77	3.17
Salary Growth	2.77	3.17
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

12 Board members and executive directors

The aggregate emoluments of the Executive Directors amounted to:

	Remuneration £'000	Benefits in kind £'000	Holiday buyback £'000	Pension contributions £'000	2023 Total £'000	2022 £'000
Chief Executive	93	9	-	9	111	136
Operations Director & Deputy CEO	28	1	2	1	32	93
Regeneration & Development Director	67	7	4	7	87	77
Interim Housing Services Director	101	-	-	-	101	
Resources Director	73	7	-	8	88	87
					418	392

The emoluments of the highest paid executive officer, the Chief Executive, excluding pension contributions were; £102,000 (2022: £133,500). For 2022 this was combined for the Interim Chief Executive to 30/9/21 and the Chief Executive from 01/10/21. The payment for the services of the Interim Chief Executive were made to a third party agency. The payment for the services of the Interim Housing Services Director were made to a third party company.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

12 Board members and executive directors (continued)

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

	2023 £'000	2022 £'000
Board member payments	43	44
Expenses Paid	1	-
	44	44

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

	2023 £'000	2022 £'000
S Bhargava (Chair)	6.6	6.4
W Butt	-	1.7
E Cook (Committee Chair)	3.5	3.5
E Green (Board member/Subsidiary Chair)	3.4	3.5
A Hamied (Board & Subsidiary member)	3.1	3.1
J Jeffries	3.1	1.7
D Leone (Independent Committee member)	0.4	3.0
B Letham (Independent Committee member)	0.4	0.4
H Marfoua	3.1	1.5
D Mitchell	3.1	1.5
A Rashid (Independent Committee member)	0.6	0.8
D Richmond (Committee Chair)	3.5	3.2
N Ruhi-Khan	-	2.3
P Taylor (Committee Chair)	3.6	1.7
M Toutountzi (Independent Committee member)	0.4	-
R Walker	-	1.5
	34.8	**35.8**

Emoluments paid to Unity Property Services Limited Board members were

	2023 £'000	2022 £'000
R Clarke	1.4	0.7
K Iqbal	1.4	1.4
S Jandu (Chair)	1.0	-
W Jennings	1.4	1.4
R Panesar	-	0.7
C Powell	1.4	1.4
A Ravat	1.4	1.4
A Walsh	1.4	1.4
	9.5	**8.3**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

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:

	2023 £'000	2022 £'000
Remuneration	408	384
Holiday buy back	7	6
Benefits in kind	24	26
Employers NIC	36	36
Pension contributions	24	20
	499	472

The Chief Executive 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 £30k (2022: £nil).

Staff who fell in the following bands of remuneration as their employee package (excluding employer pension contributions), are all Executive Directors of the Association:

	2023 No	2022 No
£60,001 to £70,000	-	-
£70,001 to £80,000	1	2
£80,001 to £90,000	1	1
£90,001 to £100,000	-	-
£100,001 to £110,000	2	-
£130,001 to £140,000	-	1

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

13 Tangible fixed assets – properties

GROUP	Social housing properties held for letting	Completed shared ownership housing properties	Social housing properties under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2022	97,612	2,264	2,273	102,149
Additions	-	-	522	522
Replacement of Components	840	-	-	840
Transfers	2,357	-	(2,357)	-
Disposal of components	(645)			(645)
Disposal of properties	(170)	(51)	-	(221)
At 31 March 2023	99,994	2,213	438	102,645
Depreciation				
At 1 April 2022	26,588	376	-	26,964
Charged in Year	2,119	-	-	2,119
Disposals	(351)	(10)	-	(361)
At 31 March 2023	28,356	366	-	28,722
Net book value				
At 31 March 2023	71,638	1,847	438	73,923
At 31 March 2022	71,024	1,888	2,273	75,185

ASSOCIATION	Social housing properties held for letting	Completed shared ownership housing properties	Social housing properties under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2022	97,958	2,264	2,356	102,578
Additions	-	-	525	525
Replacement of Components	840	-	-	840
Transfers	2,440	-	(2,440)	-
Disposal of components	(645)	-	-	(645)
Disposal of properties	(170)	(51)	-	(221)
At 31 March 2023	100,423	2,213	441	103,077
Depreciation				
At 1 April 2022	26,588	376	-	26,964
Charged in Year	2,119	-	-	2,119
Disposals	(351)	(10)	-	(361)
At 31 March 2023	28,356	366	-	28,722
Net book value				
At 31 March 2023	72,067	1,847	441	74,355
At 31 March 2022	71,370	1,888	2,356	75,614

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

13 Tangible fixed assets – properties (continued)

Social Housing Grants	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Opening balance 1 April	34,876	33,912	33,780	32,780
Additions	763	2,000	244	2,000
Released to income in the year	(975)	(955)	(941)	(919)
Disposals	(55)	(81)	(55)	(81)
Closing balance 31 March	**34,609**	**34,876**	**33,028**	**33,780**

Expenditure on works to existing properties

	Group and Association 2023 £'000	Group and Association 2022 £'000
Amounts capitalised	840	571
Amounts charged to income and expenditure account	121	20
Total	961	591

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

14 Tangible fixed assets – other

GROUP

	Group Non-housing properties for letting	Group Freehold offices	Group Total Non housing	Group Furniture & Equipment	Group Computer Equipment	Total Other fixed assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	2,446	961	3,407	406	778	1,184
Additions	950	2	952	28	13	41
Disposals	-	-	-	(3)	(98)	(101)
At 31 March 2023	3,396	963	4,359	431	694	1,124
Depreciation						
At 1 April 2022	520	356	876	310	739	1,049
Charged in year	53	20	73	25	22	47
Disposals	-	-	-	(1)	(98)	(99)
At 31 March 2023	573	376	949	334	663	997
Net book value						
At 31 March 2023	2,823	587	3,410	97	31	128
At 31 March 2022	1,926	605	2,531	96	39	135

ASSOCIATION

	Freehold offices	Total Non housing	Furniture & Equipment	Computer Equipment	Total Other fixed assets
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	961	961	172	690	862
Additions	2	2	1	13	14
Disposals	-	-	-	(98)	(98)
At 31 March 2023	963	963	173	606	778
Depreciation					
At 1 April 2022	356	356	172	653	825
Charged in year	20	20	-	21	21
Disposals				(98)	(98)
At 31 March 2022	376	376	172	576	748
Net book value					
At 31 March 2023	587	587	1	29	30
At 31 March 2022	605	605	-	37	37

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023

15 Fixed asset investment

	Group and Association	
	2023	2022
	£'000	£'000
THFC ISRF restricted access account	390	391
THFC designated sinking fund account	133	-
Total	523	391

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.

Where properties that are held as part of the THFC security portfolio are disposed of there is an obligation to transfer the security value of the property into a designated sinking fund account. £132,000 has been transferred into this account during 2022/23. Interest is accumulated on the account resulting in a year-end balance of £133k.

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

	2023	2022
	£	£
Shares in subsidiary and undertakings	101	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	Non equity £1	100%	Low cost commercial office and workshop lettings
Unity Housing Development Services Limited	England and Wales	Ordinary Shares £100	100%	Development Company

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

17 Debtors

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Arrears of rent and service charges	446	432	443	428
Less: Provision for bad debts	(288)	(318)	(288)	(318)
	158	114	155	110
Prepayments & accrued income	226	188	198	178
Grants receivable	-	1,434	-	1,434
Other debtors	373	65	36	47
Other taxation & social security	160	3	-	-
Amounts due from subsidiaries	-	-	233	147
	917	1,804	622	1,916

Of the amounts due from subsidiaries £201k (2022: £115k) is interest free and repayable on demand, £32k (2022: £32k) is the amount due within one year of the total loan provided to Unity Property Services Limited. The balance due in greater than one year is included in long term debtors.

18 Long term debtors

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts due from subsidiary	-	-	155	187
	-	-	155	187

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

19 Creditors: amounts falling due within one year

	Group 2023 £'000	2022 £'000	Association 2023 £'000	2022 £'000
Debt (note 22)	1,020	6,774	1,003	6,774
Grant due in one year (note 22)	1,019	968	958	932
Trade creditors	707	285	197	134
Rent & service charges received in advance	169	169	169	169
Interest accrued on loans	30	24	30	24
Other taxation and social security	42	44	42	44
Accruals and deferred income	1,032	678	748	638
THFC premium	191	191	191	191
Other creditors	162	545	51	47
Provisions	5	-	5	-
Amount due to subsidiary	-	-	237	534
	4,377	9,678	3,631	9,487

20 Creditors: amounts falling due after more than one year

	Group 2023 £'000	2022 £'000	Association 2023 £'000	2022 £'000
Debt (note 22)	16,301	15,459	15,968	15,459
Loan issue costs:				
At 1 April	(382)	(374)	(382)	(374)
Additions	-	(63)	-	(63)
Amortised during the year	33	55	33	55
	15,952	15,077	15,619	15,077
Recycled Capital Grant Fund (note 26)	176	166	176	166
THFC premium	3,715	3,906	3,715	3,906
Deferred grant income	33,590	33,910	32,070	32,848
	53,433	53,059	51,580	51,997

21 Deferred grant income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 April	34,876	33,912	33,780	32,780
Grant received in the year	763	2,000	244	2,000
Released to income in the year	(975)	(955)	(941)	(919)
Disposals	(55)	(81)	(55)	(81)
As at 31 March	34,609	34,876	33,028	33,780

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts to be released within one year	1,019	968	958	932
Amounts to be released in more than one year	33,590	33,910	32,070	32,848
	34,609	34,876	33,028	33,780

22 Debt analysis

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Bank and Building Society loans	1,020	6,774	1,003	6,774

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due after more than one year				
Bank and Building Society	8,468	7,959	8,468	7,959
Local Authority Loan	333	-	-	-
THFC	7,500	7,500	7,500	7,500
	16,301	15,459	15,968	15,459

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Debt is repayable				
Within one year	1,020	6,774	1,003	6,774
Between one and two years	1,042	1,036	1,008	1,036
Between two and five years	4,418	3,127	4,384	3,127
After five years	10,841	11,295	10,577	11,295
	17,321	22,233	16,971	22,233

22 Debt analysis (continued)

	Group and Association	
	2023	**2022**
	£'000	**£'000**
Premium on issue - THFC	3,906	4,097

The bank and building society loans are secured by fixed charges on individual properties. The 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 5.75%. 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 2023, the Group had undrawn loan facilities of £13.65m; £13.5m Association and £0.15m UPS. (2022: £15m; £15m Association and £0m UPS). During the year £1.5m of the £15m of the Association's revolving credit facility from the Yorkshire Bank was drawn. A new £0.5m facility from Leeds City Council was arranged for UPS for the Leeds Media Centre refurbishment of which £0.35m was drawn during the year.

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.

23 Non-equity share capital

	Group and Association	
	2023	**2022**
	£	**£**
Shares of £1 each issued and fully paid		
At 1 April	33	36
Joining during the year	1	3
Leaving during the year	-	(6)
At 31 March	34	33

24 Financial commitments

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Capital Expenditure contracted for but not provided in accounts	-	5,891	-	5,891
Capital Expenditure authorised but not contracted for	13,277	4,422	12,340	4,422
	13,277	10,312	12,340	10,312

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

25 Recycled Capital Grant Fund

	Group and Association	
	2023	2022
	£'000	£'000
At 1 April	166	176
Net sales proceeds recycled	62	104
Interest Accrued	4	-
Withdrawals	(56)	(114)
	176	166

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

	2023	2022
	£'000	£'000
Surplus for the year	746	955
Depreciation of housing properties	2,119	1,926
Accelerated depreciation of components	81	44
Depreciation of other fixed assets	120	118
Grant Amortisation	(976)	(955)
Loan issue costs amortised	33	55
Surplus on sale of tangible assets	(29)	(179)
Interest receivable	(84)	(5)
Interest payable	908	867
Pension costs less contributions payable	(339)	(239)
Amortisation of the THFC premium	(191)	(191)
(Increase)/ Decrease in debtors	(547)	(25)
(Decrease)/ Increase in creditors	406	(240)
Net cash inflow from operating activities	2,246	2,131

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

27 Operating Leases

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

Leasing commitments

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

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
In one year	6	19	6	15
Between one and five years	1	8	1	8
	7	27	7	23

28 Categories of financial assets and financial liabilities

	2023	2022
	£'000	£'000
Financial assets that are debit instruments measured at amortised cost	1,741	6,121
Financial liabilities measured at amortised cost	19,297	23,700

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:

	2023	2022
	£'000	£'000
Fixed rate	9,454	15,073
Floating rate	7,867	7,160
Total borrowings	17,321	22,233

Borrowing facilities

As at 31 March 2023 the group had undrawn loan facilities of £13.65m.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

29 Related parties

During the year, the Association charged Unity Property Services Limited £29k (2022: £28k) and Unity Housing Development Services Limited £5k (2022: £6k) for management services. The charge is calculated at 5% Turnover excluding grants and is to allow for management time and financial services such as invoice processing and production of management accounts.

At 31 March 2023 there was a loan of £187k due from Unity Property Services Limited (2022: £219k). 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 £30k (2022: £33k) and from Unity Housing Development Services Limited is £171k (2022: £82k).

During the year Unity Housing Development Services charged Unity Housing Association £696k (2022: £4,262k) for design and build services of which £237k was outstanding as at 31 March 2023 (2022: £535k).

The amount due from Unity Housing Development Services Limited as at 31 March 2023 in respect of gift aid was £nil (2022: £64k)

The Board includes two tenant members at the year end: Haji Marfoua, Rohan Clarke. Each holds 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 2023	Rent charged weekly	Balance as at 31 March 2023
	£	£	£	£
Haji Marfoua	100	-308	100	-308
Rohan Clarke	93	-352	93	-352

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

30 Analysis of changes in net debt

	1 April 2022 £'000	Cash Flows £'000	Other Non-cash £'000	31 March 2023 £'000
Cash	4,508	(3,298)	-	1,210
Loans due within one year	(6,774)	5,754	-	(1,020)
Loans due in more than one year	(7,959)	(842)	-	(8,801)
THFC loan	(7,500)	-	-	(7,500)
Net debt	(17,725)	1,615	-	(16,110)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023

31 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 (2022:nil).