United Communities Limited

(Known as Brighter Places since 1 April 2021)

Financial statements
For the year ended 31 March 2021

Co-Operative and Community Benefit Societies Act Number: 25495R

Regulator of Social Housing Number: L3758

Contents

Board Members, Executive Officers, Company Information

Board Members		Date From	Other Committee Membership	Board Meeting Attendance			Remuneration
				No. Attended	Total		
J Taylor	Chair	Nov 15	◆	10	10	100%	£3,940
F Greenway	Chair of A&RC	Jan 20	■	10	10	100%	£2,856
R Marshall		Oct 20	◆	2	4	50%	£952
P Hassan	Chair of G&RC	Sep 18	■	9	10	89%	£1,905
F Lester		Nov 20	■	4	4	100%	£476
S Talbot-Williams		Sep 19	◆	10	10	100%	£1,905
K Anderson		Nov 20	◆	3	4	75%	£476
M Halloran		Sep 19	■	10	10	100%	£1,905
L McAllister-Jones		Sep 19	◆	6	10	60%	£1,905
S MacDonald	Independent member of G&RC only	Sep 18	◆	3	3	100%	
Changes during the year							
S Wigmore	Resigned Sep 20	Mar 13	■	6	6	100%	£1,904
J McGoldrick	Resigned Sep 20	Mar 12	◆	4	6	67%	£1,269
M Rogers	Resigned Sep 20	Sep 18	■	5	6	83%	£952
Anna Klimczak	Resigned Sep 20	Sep 19		6	6	100%	

Key: ◆ Governance and Remuneration ■ Audit and Risk Committee

Executive Officers	
Chief Executive	A Klimczak (Appointed permanent 1 October 2020)
Finance Director & Company Secretary	G Giles (Appointed 15 March 2021)
Development and Investment Director	S Gilbert
Operations Director	D Bull
Head of HR and OD	S Wilcox
Changes during the year	
Interim Finance Director & Company Secretary	S Kellock (Resigned 31 March 2021)

Company Information	
Registered Office	Eden House, 10 Eastgate Office Park, Eastgate Rd, Bristol, BS5 6XX
Registered number	Registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, No: 25495R. Registered by the Regulator of Social Housing, No. L3758.
Independent Auditor	Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP
Principal Solicitors	Trowers & Hamlins LLP, 55 Princess Street, Manchester, M2 4EW
Principal Bankers	NatWest PLC, 3 Temple Back East, Temple Quay, Bristol, BS1 9BW

Report of the board

The Board presents its report and the audited consolidated financial statements for the year ended 31 March 2021.

Principal activities

United Communities Limited ('UC', 'the Association') is a not-for-profit registered community-based provider of social housing with a focus on delivering exceptional customer service to our existing and future tenants. We are a housing association managing over 1,800 homes in Bristol and the surrounding areas, with the vast majority of our homes being for general social housing residents, but we also have a number of shared ownership homes.

At UC, we are committed to delivering **More Than Just a Roof** for all our customers. This means going the extra mile and striving to have a positive impact on all our residents' lives by providing good quality homes, a great service and vibrant communities.

UC was formed on 17th July 2017, following the Transfer of Engagements from Bristol Community Housing Foundation to United Housing Association which was subsequently renamed United Communities.

UC's Group includes Bristol Living Limited, a subsidiary whose principal activity is owning and managing photo-voltaic cells (solar panels) installed on the roofs of 129 properties.

During the year the Board progressed potential merger discussions with Solon South West Housing Association, with the latter legally transferring its engagements to UC on 1st April 2021. At this time Brighter Places Housing Association was born. A new name and organisation but focused on the same ambitions of enhancing residents lives through the services it provides.

Board and governance

The Board members who served during the period are shown on page 3. At the date of these financial statements, UC's Board has 10 members.

Our Executive Officers are listed on page 4, at the 31st March 2021. At the date of these financial statements, none of the Executive Officers are members of the Board. The Executives acts within the authority delegated to them by the Board, as set out in the Rules and Standing Orders. The remuneration of the Board members and Executive Team, along with details of the highest paid officer, is detailed in Note 9 of these financial statements.

Committee structure

There are two formal Committees – the Audit and Risk Committee (A&RC) and Governance and Remuneration Committee (G&RC). Each Committee of the Board has clear terms of reference and report back to the Board following each of their meetings.

The Board has delegated responsibility to the A&RC for the detailed oversight of risk management arrangements and the review of the work plan and outputs from internal and external audit. The role of the G&RC is to ensure that the organisation adopts appropriate and effective remuneration policies in the appointment of the Board and employment of the Chief Executive, Executive team and all staff alongside ensuring effective and compliant governance in line with the appropriate Codes of Governance.

Meetings during the year ended 31 March 2021	
Board	10
Audit & Risk Committee	3
Governance & Remuneration Committee	3

Appointment of Board members

Board members are appointed in a formal process which includes:

- completing an application form;
- attending a Board meeting as an observer; and
- attending an interview with a panel of Board members, residents and Executive Officers.

Board and Committee members are formally appointed at the Annual General Meeting.

Board skills, quality & experience

Board members should collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board needs to bring experience and understanding of a broad range of topics including but not limited to finance, development, residents' issues and local housing need.

Board Code of Conduct

Board members have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of UC and those who it seeks to serve. They must not use their position to obtain personal gain of any sort. On an annual basis we undertake a self-assessment to ensure we comply with all the provisions in the National Housing Federation's (NHF) Code of Conduct for Board Members, Staff and Residents.

Membership policy

It is UC's policy to encourage a limited number of key stakeholders, including tenants, to become shareholding Members because this:

- adds value to UC by drawing on a wider pool of expertise and knowledge;
- means the Board has to justify its actions to an informed group of shareholders;
- develops a group of people, interested in UC and from whom new Board Members can be drawn; and
- can help increase accountability to the community and other stakeholders.

Members can raise issues and vote at the Annual General Meeting and other General Meetings. All Board members are required to become shareholding members. Business conducted at the Annual General Meeting includes the appointment of members to serve on the Board and the approval of the annual financial statements. Other matters to be voted on may include changes to UC's constitution.

Internal controls assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only 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 the risks to which UC is exposed.

The process for identifying, evaluating and managing the significant risks faced by UC is ongoing and has been in place throughout the year commencing 1 April 2020 up to the date of approval of the financial statements. The Board receives and considers reports from management on these risk management and control arrangements on a periodic basis.

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

- Identifying and evaluating key risks

UC's risk management strategy, setting out the Board's attitude to risk in the achievement of its objectives, 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 Chief Executive is responsible for reporting to the Board any significant matters affecting key risks. The Strategic Risk Register (SRR) is the reporting tool for the Board to assure itself (gain confidence based on evidence) about the successful delivery of the strategic objectives. On a quarterly basis, the Board reviews the SRR. The A&RC reviews the operational risk register on a quarterly basis and will recommend any relevant risks for escalation to the SRR.

- Control environment and internal controls

The processes to identify and manage the key risks to which UC is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include strategic planning, staffing resource, performance monitoring, control over developments and the setting of standards and targets.

- Information and reporting systems

Financial accounting and reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years that are reviewed and approved by the Board and monitored throughout the year. The Board also receives regular performance information relating to development and housing management activities.

- Monitoring arrangements

It is the responsibility of the A&RC to make recommendations to the Board to ensure that appropriate arrangements are implemented to monitor UC's control environment. PWC were the Association's internal auditors for the year to 31 March 2021 and they have undertaken reviews during the year around health and safety score card review, GDPR and regulatory compliance.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the A&RC to regularly review the effectiveness of the system of internal control. The Board receives a report from each meeting of the A&RC.

Health and Safety

UC is committed to its health and safety and welfare obligations and complies with relevant health and safety legislation. UC adopts a pro-active and robust approach to all areas of Landlord Health & Safety, utilising independent experts for specialist areas of compliance in conjunction with a programme of internal audit reviews.

Donations

Working with Solon South West, UC established a coronavirus community fund to support local communities during the unprecedented and challenging times faced in 2020/21. Applications were received from an array of local community groups for values of up to £5,000 each. A total of £100,000 of funding was shared between 26 partners, with UC's contribution being £50,000 paid in 2020/21 (2020: £nil).

Directors' insurance

UC's Board members and officers have appropriate personal liability insurance cover in place. Cover was in place throughout the year and no claims were made.

Independent Auditor

Mazars LLP were re-appointed as auditors at the Board Meeting on 24 September 2020. They have confirmed their willingness to continue in office.

Approval

The report of the Board was approved by the Board on 22 July 2021 and signed on its behalf by:

Grant Giles, Company Secretary and Finance Director

Strategic Report

What we do

United Communities Limited was formed when Bristol Community Housing Foundation (BCHF) transferred its assets and liabilities to United Housing Association (UHA) on 17th July 2017. The Transfer of Engagements formalised the Strategic Alliance under which UHA and BCHF have been operating since 2013 managing just over 1,800 properties in Bristol and surrounding areas.

BCHF was established in the late 1990s to undertake the replacement of 630 defective Parkinson Reinforced Concrete houses on the Upper Horfield estate in North Bristol by forming an innovative partnership with Bristol City Council (BCC) and Bovis Homes Limited.

UHA was formed in 1986 with the primary objective of advocating and providing good quality, affordable housing and related services for the black and minority ethnic (BME) community in Bristol. It was set up because the needs of the BME community were not being met satisfactorily by the local authority or existing housing associations.

By formally bringing BCHF and UHA together as United Communities Limited, the organisation was able to realise financial capacity which enabled plans to build over 100 more homes in the period to 2022, than could have been provided if the organisations remained separate.

UC manages just over 1,800 properties with the vast majority at general needs social rents.

Vision and Business Aims

In July 2019, our new Business Plan 'United Futures' was approved by the Board and published. The Business Plan was written in consultation with Board members, colleagues and customers and covers the five years, 2019-2024. UC's purpose is to deliver 'more than just a roof' and have a positive impact on residents' lives by providing great homes and communities across the wider Bristol area. Recognising our challenging operating environment, the plan sets out our continued desire to innovate, improve and collaborate whilst retaining our financial stability.

Whilst the Board continued to progress merger discussions with Solon South West, the business remained focussed on continuing to deliver its previously committed strategy throughout 2020/21.

Our 'more than just a roof 'vision for 2024 was:

MORE...HOMES
Completing 550 new homes plus 150 in partnership with others;

MORE...PEOPLE POWER
Residents and staff have a strong role in decisions and co-production of services;

MORE...IMPROVED CUSTOMER SATISFACTION
Residents will report that they are happy with our service and can access it when they want;

MORE...QUALITY HOMES
Residents say they feel proud of the standard of their homes and communities; and

MORE...RESILIENCE
Robust governance and financial strength will underpin the work set out in this plan.

Our progress during the year against key priorities is as follows

More Homes	Progress in 2020/21
Deliver a mix of affordable rented + shared ownership homes, completing 550 by 2024.	• There were no completions during 2020/21 There are 194 homes currently on site, Dunmail (77), Luckwell (67) and Shaldon Road (50). With further land secured awaiting start on site totalling 79 units: Speedwell Road (13), Oldbury Court (16) and Midland Rd (50). • Firm pipeline, awaiting completion of land contracts totals 80. Astry Close (30) planning achieved Q4, St Johns Lane (35) planning determination due Q2 2021/22 and Marshfield (15) planning achieved Q4 and land contracts due to exchange in Q1 2021/22.
Strengthen our role in community-led developments to empower local residents and bring forward land for new homes.	• UC continue to strengthen their position in the community led sector. With Shaldon Road (50) on site with the first handovers due in Q2 2021/22, Astry Close (30) and Marshfield (15) with planning permission awaiting contractor procurement. • The Glencoyne Square regeneration project has achieved planning for 120 homes across phase 1 with the Southmead Development Trust (20), Abri (70) and UC (30) working together to deliver this scheme.

More People Power	Progress in 2020/21
Residents will get individual support to thrive in their homes and community via our 'More Than' approach.	• Futures Bright career coaches received over 250 referrals during 2020/21, which resulted in 242 individual action plans for residents. • The tenancy impact team continued to provide intensive support for a number of our residents: 14 cases have been closed this year with tenancies sustained, which represents an increase compared to the previous year of almost 30%.

More Improved Customer Satisfaction	Progress in 2020/21
Deliver a responsive, easy to access service, to bring high levels of customer satisfaction	• We carry out quarterly customer satisfaction surveys and follow up with all comments. This feedback is reported back to colleagues and used to design services.
Provide a repairs service that is easy to use and delivers both quality and choice.	• Customer satisfaction with repairs, as measured by our quarterly Star survey tracker, has resulted in a satisfaction level of 69% for 2020/21. This is below the previous years' figure by 4%. While the impact of the pandemic will be one of the main drivers for the reduced satisfaction levels, with many routine repairs being put on hold or delayed during the past year, we are closely monitoring performance to drive service improvements. • Customer satisfaction level following a repair is at 89%.

Service charges will be high quality, good value for money and well managed	• United Communities introduced variable service charges in 2020/21. Allowing for increased accountability - due to Service Charges now being based on actual spend per scheme, residents pay for the services they directly receive. • A full breakdown of charges is provided to enable customers to see exactly what services they are paying for. • For 2020/21 service charges have increased for approx. 60% of households and reduced for approx. 40% households. • To engage residents with the service charge process UC held 2 online consultation events open to all residents to attend and offered a menu of other communication methods to engage as wide a proportion of residents as possible. • Satisfaction continues to be being monitored via the STAR tracker survey. Service charge VFM is the highest it has been since 2017. At Q4, satisfaction with value for money was 66%, and has been consistently at this level throughout the year.

More Quality Homes	Progress in 2020/21
Deliver updated homes that meet resident expectations for the 2020s	• Void Pilots have been completed in the year and a superior void standard finalised and implemented across the business.

More Resilience	Progress in 2020/21
Make sure that the way we run things remains strong and that we keep pace with changes in regulation.	• Regulatory Judgement published in January 2021 re-confirming UC's rating as V1/G1.
Sustain our operating margin to maximise our financial power to build new homes and invest in More Than.	• Operating margin for 2020/21 is 27% against sector median of 23% and peer median 20%. • Gearing ratio as at 31 March 2020 44% against a sector median of 41% and peer median of 44%
Drive down the cost of our debt so that our surpluses go further.	• EBITDA – MRI for 2020/21 was 174% against a sector median of 170%. • Average cost of finance continues to sit below 4%.
Be open to partnerships that offer a step change in the quality of our customer services for residents.	• A merger with Solon South West completed on 1 April 2021 to deliver improved service to our existing and new customers in Bristol and the surrounding areas.

The Future - Brighter Places

Following initial merger discussion between the Boards of United Communities and Solon South West Housing Association throughout 2019/20, both organisations entered into a Strategic Alliance on 1st October 2020. The Strategic Alliance formally brought the two organisations closer together including the appointment of a joint Chief Exec and joint Transformation Director. The Boards also worked closer together with overlapping meetings and a number of Board members who were members of both organisations. The Strategic Alliance was a steppingstone to a full legal merger, and this was achieved on 1 April 2021 when the two organisations merged to become Brighter Places.

Brighter Places
Building better futures

The merger business case identified that working together would enable us to achieve better value for money, to provide more affordable homes, to improve services to residents and stakeholders, and also to increase the potential for creating additional employment in the local area.

A key commitment for both UC and Solon throughout the merger was the involvement and engagement with our residents. In 2020, an Interim Residents Panel was formed consisting of residents from both organisation and these residents, alongside colleague, developed a new improved customer service proposal. This customer service proposal was circulated to all residents as part of the merger consultation and residents had the opportunity to attend a number of virtual events to discuss the merger and the proposal in more detail.

This customer service proposal outlines 9 commitments Brighter Places has already started to deliver;

- A £10-million programme of improvements
- The delivery of 1,000 new homes by 2025
- An apprenticeship programme to enable local people to develop professional skills
- An accessible and modern customer office and simple self-service option
- Fast, high-quality and consistent customer service focused on a personal approach
- Greater investment in tackling anti-social behaviour and improving communal areas
- A major overhaul of the repairs process
- An annual home safety MOT and energy-efficiency improvements
- A commitment to equality, diversity and inclusion at all levels of the organisation
- Make Brighter Places a destination employer to attract people determined to make a positive impact for residents

Value for Money

On 1st April 2018, the Regulator of Social Housing published the new Value for Money Standard. Alongside the Standard is the Code of Practice which clarifies the Standard by explaining and elaborating on the content.

The Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the ‘Value for Money Metrics’ document issued by the Regulator in April 2018.

During 2020/21, UC continued to participate in the Sector Scorecard, a tool for measuring efficiency within the sector by looking at several key indicators. A number of these metrics have been adopted by the Regulator as the ‘Value for Money Metrics’.

The table below details UC's group performance against both the Value for Money Metrics as well as the Sector Scorecard indicators. UC benchmarks performance using the latest Global Accounts published by the Regulator of Social Housing, the Sector Scorecard. Value for Money Metrics have been benchmarked both against the sector median and the peer median which is based on Housing Providers with less than 2,500 units.

Reinvestment %	**2019/20**	**2020/21**	**2020/21 Target**	**Sector Median (all)**	**Peer Median**
This metric looks at UC's investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.	18.5%	7.0%	7.5%	7.2%	5.6%

The actual reinvestment % for UC at 7.0% is marginally higher than the peer median and is aligned to the overall sector median. Despite the restrictions being placed on development sites as a result of COVID-19, significant activity was still maintained throughout the year to work towards delivering our target on new homes. Similarly, our planned capital programme was subject to significant restrictions with access to resident's homes extremely limited during the national lockdowns. Despite those challenges, the organisation was able to meet the reinvestment percentage.

During 2020/21, UC invested £8.9m into developing new homes, with work continuing on 3 sites to deliver 194 homes at: Dunmail (77), Luckwell (67) and Shaldon Road (50).

As delivery of the Brighter Places customer commitments continue, re-investment is expected to remain at similar levels

New supply delivered (social housing) as a % of total stock	**2019/20**	**2020/21**	**2020/21 Target**	**Sector Median (all)**	**Peer Median**
This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units. Note that UC does not develop non-social units.	1.7%	0%	0.3%	1.5%	0.7%

UC has an ambitious development programme with an aspiration to deliver 550 new affordable homes by 2024, consisting of a mix of affordable rented and shared ownership homes built by UC and 150 "off balance sheet" ethical market rent homes.

As at 31st March 2021, 80 of homes out of the target of 550 homes have been completed in prior years, with 194 homes currently on site and land secured for a further 79 homes. The firm pipeline has identified a further 83 units against the target with an additional 90 homes being delivered through partners.

UC was due to complete 70 new homes in 2020/21 (represents 0.3% new supply as a % of total stock) however these were delayed as a result of the closure of construction sites during the first national lockdown and the ongoing restrictions. These new homes are now due to be completed during 2021/22.

As part of the commitments made following announcement of the merger with Solon South West to form Brighter Places, the development aspiration has been increased to 1,000 homes.

Gearing %	2019/20	2020/21	2020/21 Target	Sector Median (all)	Peer Median
This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.	43.7%	43.7%	41.9%	44.0%	34.5%

Gearing at 43.7% is aligned to prior year and the sector median at 44.0% but higher than the peer median of 34.5%.

During the year, UC drew £6m from a facility with Triodos and partially repaid the RBS facility by £3m.

UC currently has £60.9m of drawn loan facilities with a further £21.0m of facilities arranged and undrawn.

EBITDA – MRI	2019/20	2020/21	2020/21 Target	Sector Median (all)	Peer Median
This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that UC is generating surplus cash over and above interest payments	241%	192%	209%	170%	199%

EBITDA-MRI (earnings before interest, tax, depreciation and amortisation including major repairs) as a % of interest has reduced from 2019/20 primarily driven by increased investment in new and existing homes, in line with our more than strategy.

The measure is marginally above the sector median, but below the peer average, which is expected given the aspirational development programme in relation to our peers.

EBITDA-MRI performance is lower than target primarily due to the impact of the additional costs incurred relating to the merger and COVID-19 which increased operating costs during the year.

Headline social housing cost per unit (£)	2019/20	2020/21	2020/21 Target	Sector Median (all)	Peer Median
The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing	£3,274	£3,398	£3,113	£3,830	£4,600

The headline social housing cost per unit has increased slightly (4%), from the 2019/20 unit cost. The social housing cost per unit is split out into constituent parts detailed below on page 17.

The increase in cost per unit from the prior year is largely due to investment in staffing costs and additional home repairs service costs. Additional costs have also been incurred in relation to the merger with Solon South West Housing Association. As a result of these additional costs, the cost per unit for the year is higher than target.

The UC per unit costs remains below both the sector and peer median – the higher maintenance cost per unit compared to the sector median has been offset by lower major repairs cost per unit, which represents our capital component spend, due to the relatively younger age of our property portfolio. More detail is included on page 17.

Operating Margin % Social Housing	2019/20	2020/21	2020/21 Target	Sector Median (all)	Peer Median
This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities	28.1%	23.8%	27.2%	25.7%	23.9%

Our social housing operating margin has decreased from 28.1% in 2019/20 to 23.8% in 2020/21. This is slightly below the sector median but when comparing to peer median, performance is good.

Turnover from rent has remained relatively consistent with prior year however routine maintenance costs increased as planned and capital repair activities were paused due to COVID-19 access restrictions to customers' homes.

Operating Margin % Overall	2019/20	2020/21	2020/21 Target	Sector Median (all)	Peer Median
This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities	31.0%	27.2%	29.5%	23.1%	20.3%

The overall operating margin has decreased from the previous year due to additional routine maintenance costs resulting from COVID-19, increased management costs within the housing team as well as costs relating to the merger. The additional merger costs and routine maintenance costs resulted in actual performance of 27.2% being slightly lower than target of 29.5%.

Performance exceeds that of the sector median and is significantly better that the comparative peer median which is a positive.

Return on capital employed (ROCE) %	2019/20	2020/21	2020/21 Target	Sector Median (all)	Peer Median
This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources	2.9%	2.1%	2.1%	3.4%	3.0%

Return on capital employed has decreased slightly in 2020/21 due to the year on year operating surplus reduction driven by increased staffing and repairs costs resulting from responding to the COVID-19 pandemic and preparation for the merger.

Other Metrics – Sector Scorecard and UC Specific				
Development – Capacity and Supply				
Units at 'in contract' stage	**2019/20**	**2020/21**	**Target**	**Sector Median**
This metric demonstrates how we are moving towards our 550 new homes target	127	194	132	N/A

At the end of 2020/21, UC is on site with three developments totalling 194 UC units; Dunmail (77), Shaldon Road (50) and Luckwell Road (67).

No further schemes entered into contract during the year. Speedwell Road (13) Oldbury Court (16) and Midland Road (50) were delayed for a range of reasons. Oldbury is at the planning stage with an aim to achieve Passivhaus certified standard homes, Speedwell Road (13) is due out to tender in Q1 2021/22 and Midland Road following shortly after during Q2 2021/22.

Outcomes Delivered				
Customers satisfied with the service we provide	**2019/20**	**2020/21**	**Target**	**Sector Median**
This metric brings in the customers perspective – to what extent are our customers satisfied with the service we provide	77%	78%	85%	91%

This metric looks at several different areas including the quality of homes, value for money for rent paid, value for money for service charges and satisfaction with repairs. Overall, satisfaction with the service we provide has improved by 1% from 77% in 2019/20.

Improving Customer satisfaction is a key outcome for the strategic plan to 2024, 'United Futures', to ensure good quality customer services that are easy to access. Star data collection is being used to support improvement in this area.

The customer satisfaction target applied and set out in UC's strategy, 'United Futures', is 85%, to be achieved by 2024 and the year on year increase is a positive movement but performance continues to lag behind the target.

Customer satisfaction remains a key strategic objective for Brighter Places, with an increasing focus on working with customers for better outcomes.

£ spent on More Than activities	2019/20	2020/21	Target	Sector Median
A priority in our strategic plan "United Futures" is to spend up to 20% of our net surplus on more than activities; this metric measure that spend	£222k	£362k	£365k	N/A

Our 'More than' approach is about having a positive impact on residents' lives. This is achieved through investing in opportunities through partners in our communities.

Number of residents individually supported to thrive with 'more than' approach	2019/20	2020/21	Target	Sector Median
A priority in our strategic plan "United Futures'" is to support to find or improve their work to enable tenancy sustainment	89	136	N/A	N/A

The Future Bright scheme, supported 136 individuals during the year through career coaching. As at 31 March 2021, 115 individuals were being supported with current cases being offered specialist advice and support for residents to improve their employment opportunities.

Effective Asset Management				
Occupancy	**2019/20**	**2020/21**	**Target**	**Sector Median**
This measure demonstrates how efficient we are at turning around empty (void) stock	99.6%	99.0%	99.5%	99.3%

Despite the restrictions imposed through social distance working practices on void properties, we continued to prepare them for re-let quickly. The average turnaround for re-letting our properties in 2020/21 was 45 days (19/20: 20 days, Target: 15 days). The increase in turnaround time was driven by access to resources and an increased number of major work voids resulting from difficulty in accessing our properties for pre-void inspections, again due to COVID-19 access restrictions.

Ratio of responsive repairs to planned maintenance spend	2019/20	2020/21	Target	Sector Median
This measure shows how we are allocating funds to planned maintenance as opposed to responsive repairs	137%	144%	157%	64%

This indicator reflects where we are in our component replacement programme which is driven by the age of our properties remaining relatively young compared to the sector.

Net proceeds from shared ownership stair-casing	2019/20	2020/21	Target	Sector Median
Shared ownership stair-casing brings in additional income to the organisation which can be reinvested	£265k	£91k	£0	N/A

One shared ownership property stair-cased in the year to full ownership.

Operating Efficiencies

Management cost per unit	2019/20	2020/21	Target	Sector Median
This metric shows UC's cost per unit incurred in managing our properties	£842	£973	£1,015	£1,068

Management costs per unit have increased year on year but remain within target and the sector median. This increase in year is primarily due to additional staffing costs to support maintaining customer service during the pandemic and preparation for the merger with Solon South West.

Service charge cost per unit	2019/20	2020/21	Target	Sector Median
This metric shows UC's service charge cost per unit	£253	£243	£220	£662

Service charges have reduced from prior year and now sit well within the sector median.

Maintenance cost per unit	2019/20	2020/21	Target	Sector Median
This metric shows UC's average maintenance cost per unit including responsive repairs and planned revenue repairs (over £500 per repair)	£1,541	£1,623	£1,348	£1,100

The maintenance cost per unit has marginally increased year on year and performance continues to sit above the sector median of £1,100. The COVID-19 pandemic resulted in restrictions to service during the year with access to homes being limited which resulted in planned capital works being deferred and resource being deployed on more maintenance and minor repairs activity. Consequently, the cost of providing repairs increased.

Major repairs cost per unit	2019/20	2020/21	Target	Sector Median
This metric shows UC's average component replacement cost per unit	£444	£362	£273	£907

Major repairs relate to our capital component replacement scheme which at £362 per unit is significantly lower than the sector median. We exceeded our target of £273 per unit. The target was based on worst case assumptions at the start of the year when the budget was revised to take account of COVID-19 and the resulting national lockdown. Although our access to complete internal works in resident's homes was limited for a significant amount of the year i.e. kitchen and bathroom replacements, we were able to divert resource towards non-intrusive capital works to ensure works did not cease completely and as such, we exceeded our target.

We plan our component spend over a 35 year period in line with expected lives and we also use data obtained during stock condition surveys to update the programme with required works. Our strategy is only to replace components based on their condition rather than age. Our component spend has historically been lower than the sector median primarily due to the age of our properties. Our stock has not yet triggered any component replacements due to age. These properties are between 10 and 15 years old and as such have not yet required new kitchens, bathrooms, windows and doors. As these properties become older, our investment will increase.

Even taking the above into account, we recognise that we need to invest more effectively in our existing stock. Brighter Places have committed £10m to re-investment and improvements in legacy properties. Stock condition surveys have been carried out by independent consultants, Ridge, on all UC properties over the last three years which has provided up to date and comprehensive data on our properties and the required investment programme.

Other social housing cost per unit	2019/20	2020/21	Target	Sector Median
This metric shows any other costs not included in the above categories	£193	£198	£256	£468

This relates to payments on our leased properties and bad debt. We have 84 properties on 35-year leases from other housing associations and have a commitment to pay an annual lease charge.

Rent arrears	2019/20	2020/21	Target	Sector Median
This shows how effective we are at collecting rents due	2.6%	3.0%	<3%	N/A

UC rent arrears collection rate has increased from previous year but remains within our target outcome despite the external pressures faced from the COVID-19 environment.

Overheads as a % of adjusted turnover	2019/20	2020/21	Target	Sector Median
This indicates whether the organisation has high overheads. If high, this could indicate that there are cost savings to be made in UC	7.3%	4.0%	5.9%	13.9%

Reduction year on year with turnover marginally increasing and overheads reducing, partially driven by savings from office costs due to lockdown restrictions.

Financial review

The Statement of Comprehensive Income for the year ended 31 March 2021 and the Statement of Financial Position at 31 March 2021 are shown on pages 27 and 28. The key financial highlights for the group are as follows:

- The Total comprehensive income for the year of £91,000 represents a £1,725,000 reduction from the 2020 result of £1,816,000. The result is significantly impacted by the actuarial value of the pension scheme reporting a large surplus in 2020 £716,000, but a loss at 31 March 2021 of £640,000, a movement of £1,356,000
- The surplus for the year before actuarial loss is £731,000, down £369,000 from £1,100,000 in 2020. A £215,000 year on year increase in turnover has been offset by a £406,000 increase in operating costs, largely due to increased repairs and maintenance spend, and increased colleague and non-colleague costs relating to merger activity. The overall surplus was further impacted by a year on year reduction in income from the sale of shared ownership properties, due to planned lower volumes of completions.
- The operating surplus for the year £3,054,000 (28.1%) represents a decrease of £399,000 versus the prior year (2020: £3,453,000, 31.0%). Adjusting for the impact of asset disposal and shared ownership sales, the decrease in operating surplus becomes £190,000. With the revised operating margins being 27.6% (2021) and 29.9% (2020). The decrease in operating margin is primarily driven by an increase in operating expenditure, described above.

- Interest and financing costs for the year to 31 March 2021 of £2,333,000 (2020: £2,454,000) represents a decrease of £121,000. Net additional funds have been drawn in the year, but borrowing costs benefitted from the reduction in Libor versus the prior year as funders responded to the impact of the pandemic.
- The year-end cash position has decreased during the year with a balance of £9,292,000 at 31 March 2021 (2020: £10,468,000).

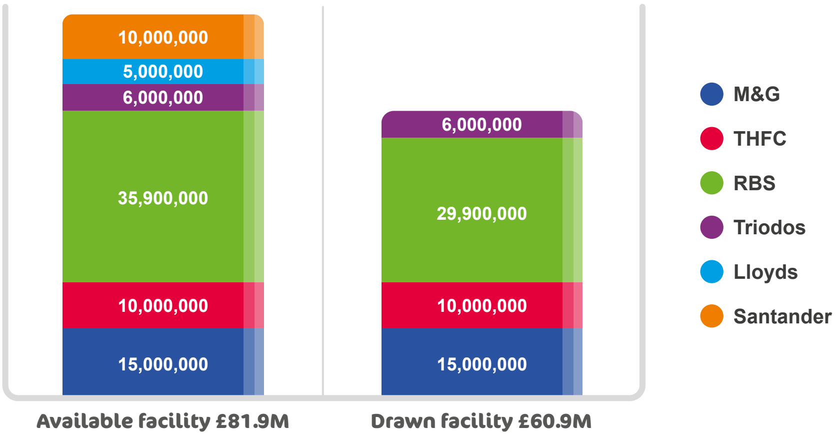
Funding and Treasury

In relation to funding and Treasury activity, key lenders to the organisation are Santander, M&G, Triodos, RBS, THFC and Lloyds with Nat West our principal bank providing day to day transactional support. During the year, UC undertook the following key activities:

- Draw down of £6m Triodos facility
- Partially Repaid the RBS facility (£3.0m) – Security to be reviewed for release as part of Brighter Places treasury strategy.

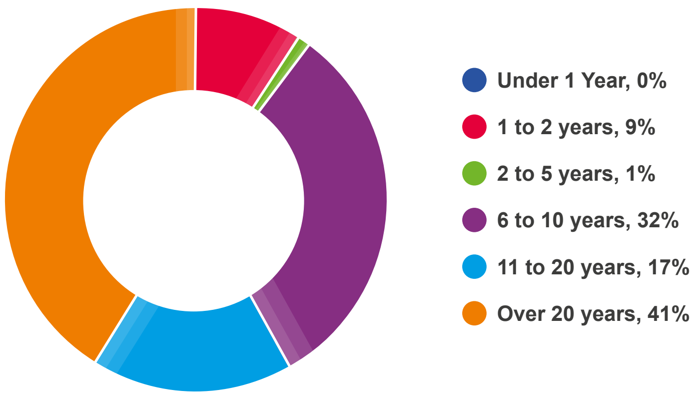
Arranged facilities as at 31 March 2021 totalled £81.9m of which £60.9m were drawn; the split between lender is illustrated in the Facility Debt Profile below:

Facility debt profile



At the balance sheet date, the repayment profile of the drawn debt has 58% of the debt repayment being due after 10 years. The Drawn Debt Repayment Profile is illustrated below:

Drawn debt repayment profile



Of the total debt drawn 72% is at fixed interest rates, in line with the annually approved Treasury Policy. The latest combined Brighter Places business forecast estimates a total of £40m additional funding is required over the 30-year financial plan period predominantly required for development and re-financing of existing facilities.

At the year-end there were 337 units of unencumbered units of stock, subject to satisfactory gearing and interest cover providing security head room of EUV 19.7m MVSH £37.6m.

Treasury activities are controlled and monitored by the Board and are executed by the Finance Director with the assistance of external consultants as required. This ensures that adequate cost-effective funding is available for the requirements of the business and that financial risk is minimised. Cash flows are monitored and forecast regularly to minimise cash held and further funds are drawn down as required to cover the investment plans of the Group.

UC's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance UC's operations.

Future plans, risks and uncertainties

2020/21 was an eventful year with the business facing an uncertain economic and operating environment brought about by the global COVID-19 pandemic, Brexit and significant changes to national housing policy through the Social Housing White Paper published by the Ministry of Housing Communities and Local Government in November 2020. These risks continue to shape our future plans and align to our reasons for completing the merger with Solon Housing South West.

In 2021/22 the new 2020 Rent Standard, effective from 1 April 2020 ends the four years of annual reductions, returning to CP +1% rent increases for the next 5 years. However, any positive impact this may have on revenue may be offset by the future approach of Government to reducing the nation's debt levels, solving the housing crisis and meeting its environmental commitments.

This backdrop helped the combined Board of Brighter Places set its customer commitments and future plans as set out above.

The key risks during the financial year, and which have informed our future plans, are summarised below:

Risk	Mitigation
Political uncertainty and change including uncertainty around rents, further welfare reform, and unforeseen changes in the external environment.	The government has made a number of pledges around housing and welfare cuts including the extension of right to buy to housing associations, reduction in the benefit cap, freezing working age benefits for two years and removing automatic entitlement to housing support for 18 to 21 year olds. Despite the reversion back to CPI plus 1% for rent setting levels, there continues to be uncertainty around rent levels given unforeseen changes in the external environment. Though the housing sector generally has been robust in its response to COVID-19, there remain unforeseen potential changes in our external environment where the government may influence the performance of the economy and the lives of our residents. It is not yet known what impact this will have on the housing sector, with a potential for increased unemployment and the tightening of development resources regarding availability and cost as the government support for individuals and businesses is reduced. Whilst many political changes themselves are outside of our control, early planning and a good understanding at Board and Executive Officer level means that we are well placed to respond quickly to changes as they occur. We have and will continue to refresh and stress test our long-term financial plan. We also undertake extensive mitigation planning to understand the necessary steps to ensure viability of the business.

Risk	Mitigation
Availability of funding from financial institutions	This is the risk that financial institutions stop lending in general or to the housing sector specifically. We engage treasury advisors who can provide up to date information on the financial sector and current trends. Current indications are that, despite the challenging economic environment, lenders continue to have confidence in the sector and a continuing appetite to provide funding.
Interest rate rise impacts on the financial business plan	The timing and scale of interest rate rises have an impact on our budget and variable rate funding costs both now and in the future. The Bank of England response to COVID-19 has focused on maintaining historically low interest rates to stimulate the economy and these low rates are likely to be sustained in the near term, certainly whilst inflation remains below the long term Government aspiration. We will continue to monitor the situation and undertake robust stress testing of the long-term financial plan to identify the impact of any change, which includes modelling the impact of interest rate increases. Appropriate mitigations are identified, with contingency plans prepared, which would ensure the organisation's viability.
Rising land and build costs and decreasing land availability impacts on our ability to deliver new homes	As United Communities, our strategy 'United Futures' sets out our plan for delivering 550 new homes by 2024. This aspirational target has been further increased following our merger to become Brighter Places and includes a commitment to deliver 1,000 new homes by 2025. Against a backdrop of increasing prices and a competitive land market, we have set controlled investment parameters to ensure we deliver in an efficient and effective manner, whilst providing high quality homes to our future customers. We are focussed on developing new products and creative delivery models and partnerships which will help us achieve our targets.
Rise in CPI impacts on the financial business plan	CPI has maintained historically low levels throughout 2020/21 with the uncertain economic back drop provided by Brexit and the COVID-19 pandemic having a significant impact on business confidence across the globe. There is potential for CPI to rise as the economy improves, but the Government debt provision, increased unemployment and the impact of new strains of the virus provide considerable uncertainty on this outcome. Whilst an increase in CPI does put a pressure on our cost base, it also provides an increase to income with the return to rent setting now reverting back CPI +1%, following four years of effective rent income reduction. To mitigate against the impact of changes to CPI, the organisation undertakes robust stress testing of the long-term financial plan which includes modelling the impact of CPI increases on costs and rental income decreases. Mitigating actions are then identified including saving plans and adjustments to the planned spend.
Development and sales	Following an initial period of "lockdown" resulting from control measures introduced for COVID-19, in contract development schemes returned to site, although productivity was impacted due to social distancing requirements. Changes to the programme due to the pandemic are incorporated into plans, and robust stress testing of changes to development, and associated sales and rent revenues, has been undertaken.

The Association is exposed to the following financial risks:

Risk	Mitigation
Interest rate risk	The Association uses treasury advisors to recommend an appropriate hedging strategy which has been approved by the Board. This includes maintaining a balance between the value of the Association's drawings which are at fixed and variable interest rates, with the aim of minimising interest rate risk.
Liquidity risk	Cash flow monitoring takes place monthly. Forecasts are prepared quarterly and revised regularly throughout the year to ensure that UC has sufficient working capital to finance its day to day activities and can accurately forecast future funding needs.
Credit risk	UC's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments. UC's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. Rent arrears are monitored regularly. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Our Treasury Management Policy sets out minimum requirements in terms of credit ratings for the financial institutions it deals with

The Governance and Financial Viability Standard

UC has fully complied with the Governance and Financial Viability Standard issued by the Regulator of Social Housing.

The Regulator of Social Housing (RSH) published a refreshed regulatory judgement for UC in January 2021 that confirmed the regulatory ratings for financial viability and governance are as follows:

Viability (V1) "The provider meets the requirements set out in the Governance and Financial Viability standard of the Regulatory Framework in relation to financial viability."

Governance (G1) "The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation."

Further details on the RSH's regulatory approach and UC's regulatory judgement can be found at https://www.gov.uk/government/publications/regulatory-judgements-and-regulatory-notices

National Housing Federation Code of Governance

The Board has adopted the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)" and confirm that UC complies fully with the Code.

Statement of Board members' responsibilities

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

Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation 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). Under Housing Association 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 of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with Housing Association legislation. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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 the auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Approved by the Board and signed on its behalf by:

Grant Giles, Company Secretary

Independent Auditor's Report to the members of United Communities Limited

Opinion

We have audited the financial statements of United Communities Limited (the 'parent association') and its subsidiary ('the group') for the year ended 31st March 2021 which comprise the Group and the Parent Associations' Statements of Comprehensive Income, the Group and the Parent Associations' Statements of Financial Position, the Group and the parent associations' Statements of Changes in Reserves, the Group 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 [FRS 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 of the Parent Associations' affairs as at 31 March 2021 and of the group's and the parent associations' surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

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 company 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

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.

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 company'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.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. 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 course of 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

the parent association has not kept proper books of account, or
a satisfactory system of control over transactions has not been maintained, or
the financial statements are not in agreement with the books of account, or
we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 5-6, 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 directors determine 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 company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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. Based on our understanding of the Group and the Parent Association and its industry, we identified that the principal risks of non-compliance with laws and regulations related to pensions legislation, employment regulation and health and safety regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the board and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- •Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

(Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street

Redcliffe

Bristol

BS1 6DP

Group and Association Statement of Comprehensive Income

For the year ended 31 March 2021

		Group		Association	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Turnover	3a	**10,875**	**10,660**	**10,817**	**10,604**
Operating expenditure	3a	(7,878)	(7,472)	(7,820)	(7,414)
Surplus on disposal of property, plant and equipment	4	57	265	57	265
Operating surplus		**3,054**	**3,453**	**3,054**	**3,455**
Finance income	6	10	101	10	99
Interest and financing costs	5	(2,333)	(2,454)	(2,333)	(2,454)
Surplus for year		731	1,100	731	1,100
Initial recognition- multi employer benefit scheme(SHPS)		-	-	-	-
Actuarial gain/(loss) in respect of pension scheme		(640)	716	(640)	716
Total Comprehensive Income for the year		**91**	**1,816**	**91**	**1,816**

Group and Association Statement of Financial Position

At 31 March 2021

		Group		Association	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Housing properties	10	137,349	130,246	137,349	130,246
Other property, plant and equipment	11	842	874	250	244
		138,191	131,120	137,599	130,490
Current assets					
Debtors	13	1,348	1,275	1,435	1,352
Investments		-	-	1,000	1,000
Cash		9,292	10,468	8,813	10,037
		10,640	11,743	11,248	12,389
Creditors					
Amounts falling due within one year	15	(3,544)	(6,008)	(3,560)	(6,024)
Net current assets		7,096	5,735	7,688	6,365
Total assets less current liabilities		145,287	136,855	145,287	136,855
Creditors:					
Amounts falling due after more than one year	15	(74,276)	(66,591)	(74,276)	(66,591)
Defined benefit pension liability	16	(1,194)	(536)	(1,194)	(536)
Net assets		69,817	69,728	69,817	69,728
Capital and reserves					
Called-up share capital	17	-	-	-	-
Revenue reserve		66,580	66,491	66,580	66,491
Revaluation reserve		3,237	3,237	3,237	3,237
Total reserves		69,817	69,728	69,817	69,728

The financial statements were approved by the Board on 22 July 2021 and signed on its behalf by:

James Taylor
Chair

Faye Greenway
Chair of A&RC

Grant Giles
Company Secretary

Group and Association Statement of Changes in Reserves

At 31 March 2021

	Group			Association		
	Revenue reserve	Revaluation reserve	Total	Revenue reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	66,489	3,237	69,726	66,489	3,237	69,726
Surplus for the year	91	-	91	91	-	91
At 31 March 2021	66,580	3,237	69,817	66,580	3,237	69,817

	Group			Association		
	Revenue reserve	Revaluation reserve	Total	Revenue reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	64,675	3,237	67,912	64,675	3,237	67,912
Surplus for the year	1,816	-	1,816	1,816	-	1,816
At 31 March 2020	66,491	3,237	69,278	66,491	3,237	69,728

Group and Association Statement of Cashflows

At 31 March 2021

	2021	2020
	£'000	£'000
Cash flow from operating activities		
Surplus for the year (before tax and interest)	3,055	3,453
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	2,186	2,123
Loss on sale of plant and equipment	(89)	(115)
Amortisation of social housing grant	(119)	(104)
Amortisation of leased components	6	5
Decrease in pension deficit	18	33
Decrease in inventories	-	-
(Loss) on disposal	(57)	(265)
(Increase) in debtors	(74)	12,021
Increase in creditors	438	(12,034)
Net Cash generated by operations activity	5,364	5,117
Cash flows from investing activities		
Purchase of property	(9,175)	(18,166)
Proceeds from sale of property, plant and equipment	57	265
Grants received	1,997	7,085
Interest received	10	84
Net Cash generated by operations activity	(7,111)	(10,732)
Cash flows from financing activities		
Interest paid	(2,339)	(2,189)
Repayments of borrowings	(3,000)	(698)
New Loans	6,000	12,168
Arrangement fees	(90)	(171)
Net cash flows from financing activities	571	9,110
Net increase/(decrease) in cash and cash equivalents	(1,176)	3,495
Cash and cash equivalents at beginning of year	10,468	6,973
Cash and cash equivalents at end of year	9,292	10,468

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1.1 Legal Status and Registered Office Address

The Association is a Private Registered Provider of Social Housing in England under the Co-operative and Community Benefit Societies Act 2014. Its registered address is Eden House, 10 Eastgate Office Park, Eastgate Road, Bristol, BS5 6XX

1.2 General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2015. United Communities is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

1.3 Going Concern

UC's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

UC has considerable financial resources and, therefore, the Board believe that the organisation is well placed to manage its business risks successfully despite current uncertainties in the social housing sector.

After making enquiries, the Board have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

It should be noted that UC has completed a merger Solon South West Housing Association on 1 April 2021. Solon South West Housing Association are a Bristol based association of a similar size and business activity and have transferred engagements to UC, with the combined entity operating under the name of Brighter Places.

1.4 COVID-19

As a result of the COVID-19 pandemic that has affected the global economy in 2020 and 2021, normal budgets and long-term planning timescales face increased uncertainty due to the unknown outcomes. United Communities have and will, as Brighter Places, continue to review and monitor current year budgets to take account of known impacts, in addition the Board closely review and monitor the long-term financial plan, including stress testing for as yet unknown events. This work so far has identified potential risk resulting from COVID-19 and enabled mitigation to be set in place. Currently the known impact of COVID-19 can be managed within the plan, with lender covenants continuing to be met. COVID-19 does not raise any going concern issues for United Communities.

1.5 Property, plant and equipment - housing properties

Initial recognition

Housing properties are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

Properties under construction

For properties under construction, direct overheads, interest and incremental costs associated with new developments are capitalised. Properties under construction are not depreciated.

Shared ownership properties

The cost of shared ownership properties is 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 until sold, when the costs and related sales proceeds are included in turnover and operating costs respectively. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Sales of subsequent tranches ('stair-casing') are accounted for as a disposal of a fixed asset, with only the surplus or deficit on disposal being accounted for in the Statement of Comprehensive Income.

Major components and depreciation

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives as follows:

- Structure 100 years
- Roofs 60 years
- Doors and windows 25 years
- Kitchens 20 years
- Bathrooms 30 years
- Heating systems 10 - 15 years
- Electrical 30 years
- Lift 20 years
- Mechanical systems 20 years

Long lease Properties are depreciated over the shorter of estimated useful economic lives or lease duration.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

1.6 Non-housing property, plant and equipment

Non-housing property, plant and equipment are stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

Expected useful lives are as follows:

- Furniture, fixtures & fittings 5 - 10 years
- Office adaptations in line with the lease term
- Computer equipment 5 years
- Non-housing fixed asset expenditure less than £500 is not capitalised.

1.7 Investment properties

The classification of properties as investment property or property, plant and equipment are based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

1.8 Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

1.9 Social Housing Grant and other Government grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component. Grants received from non-government sources are recognised as revenue using the performance model.

1.10 Donated land

Where a donation of land is received or land is acquired at below market value from a government source, this is accounted for as a non-monetary government grant. The difference between the fair value of the asset donated or acquired and the consideration paid for the asset is recognised as a government grant and included in the Statement of Financial Position as a liability.

Where a donation of land is received or acquisitions of land at below their market value from a third party that does not meet the definition of a government source the transaction is recognised as an asset in the Statement of Financial Position at fair value, taking account of any restrictions on the use of the asset and income equivalent to the difference between any amounts paid or payable for the asset and the fair value of the asset is recognised in surplus or deficit in the Statement of Comprehensive Income as a donation when future performance-related conditions are met.

1.11 Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership stair-casing sales, when full stair-casing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not to be recognised as a provision. On subsequent stair-casing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

1.12 Leased assets

At inception the Association assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

1.13 Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

1.14 Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

1.15 Taxation

UC is an exempt charity and is therefore not subject to Corporation tax on its charitable activities.

The Association is registered for VAT (Registration number 682622132) and recovers VAT incurred on expenditure that directly relates to sales made that are chargeable to VAT. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Customs and Excise. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

1.16 Pensions

UC is a member of the Social Housing Pension Scheme (SHPS), which is administered by the Pensions Trust. The Social Housing Pension Scheme combines several offerings including both a defined benefit scheme and a defined contribution scheme. UC has closed its existing defined benefit scheme to new and existing members. New members can enrol in the defined contribution scheme.

Multi-employer defined benefit pension scheme – Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi- employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

For financial years ending on or before 28 February 2019, it has not been 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 enough information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Defined contribution scheme

The Association participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

1.17 Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Homes England and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met. Other income is recognised on a receivable basis when UC has a legally enforceable right to the income.

1.18 Properties managed for and on behalf of others

UC levies a fee for its management services to the landlord of the property. These fees are accounted for in the income and expenditure account in the period to which they relate. Ordinarily, UC will deduct this fee from rent collected from the managed properties and transfer the net amount to the landlord.

1.19 Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or noncurrent assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

1.20 Service charges

UC levies service charges to its tenants based on the costs incurred over a 12-month period. Service charges are levied weekly or monthly alongside the rental charge for the property. Service charges are collected using the variable service charge method. Any under or over recovery from the service is recovered or repaid in future financial periods. This over / under recovered balance is now reflected as an explicit debtor / creditor in the accounts. Note that previously over / under recovered service charge balances were accounted for in the income and expenditure account in the period to which they related.

1.21 Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

1.22 Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1.23 Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

1.24 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

1.25 Holiday pay accrual

FRS 102 requires short term employee benefits to be charged in surplus or deficit to the Statement of Comprehensive Income as the employee service is received

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

2.1 Impairment of social housing properties

The Association must make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

In accordance with paragraphs 14.43 to 14.45 of the Housing SORP 2014, UC is required to make the following disclosure:

- Judgements made in defining the Cash Generating Unit (CGU);
- Estimation technique and judgement used in measuring recoverable amount; and
- When VIU-SP is used to estimate the recoverable amount, the key assumptions used and details of the method used.

UC estimated the recoverable amount of its housing properties as follows:

- Determined the level at which the recoverable amount is to be assessed (i.e. the individual asset level or at CGU) level. The CGU was determined to be an individual scheme:
- Estimated the recoverable amount of the CGU;
- Calculated the carrying amount of the CGU; and
- Compared the carrying amount to the recoverable amount to determine if an impairment loss had occurred.

Based on this assessment, UC calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, there was no impairment of social housing properties.

2.2 Capitalisation of property development costs

The Association capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

2.3 Provisions

Provision is made to recognise certain liabilities and for rent arrears that are considered uncollectable. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. Rental debt provisions consider the age of the debt and whether the tenant is continuing in occupancy or is a former tenant, with all former tenant arrears provided for. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

2.4 Defined benefit pension scheme

The Association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability.

2.5 Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Association considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

3a. Turnover, operating costs and operating surplus

2021	Group			Association		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	10,352	(7,740)	2,612	10,352	(7,740)	2,612
Total	10,352	(7,740)	2,612	10,352	(7,740)	2,612
Other social housing activities						
1st tranche property sales	-	-	-	-	-	-
Management charges	40	(24)	16	40	(24)	16
Community regeneration	197	(56)	141	197	(56)	141
Gift Aid from subsidiary	-	-	-	87	-	87
Feed in tariff / export tariff	165	(58)	107	-	-	-
Other	105	-	105	105	-	105
	10,859	(7,878)	2,981	10,781	(7,820)	2,961
Activities other than social housing activities	16	-	16	36	-	36
Total	10,875	(7,878)	2,997	10,817	(7,820)	2,997

2020	Group			Association		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (note 3b)	10,200	(7,336)	2,864	10,200	(7,336)	2,864
Total	10,200	(7,336)	2,864	10,200	(7,336)	2,864
Other social housing activities						
1st tranche property sales	-	-	-	-	-	-
Management charges	42	(24)	18	42	(24)	18
Community regeneration	169	(54)	115	169	(54)	115
Gift Aid from subsidiary	-	-	-	78	-	78
Feed in tariff / export tariff	154	(58)	96	-	-	-
Other	95	-	95	95	-	95
	10,660	(7,472)	3,188	10,584	(7,414)	3,170
Activities other than social housing activities	-	-	-	20	-	20
Total	10,660	(7,472)	3,188	10,604	(7,414)	3,190

3b. Particulars of Income and Expenditure from social housing lettings – Group and Association

	General Needs Housing	Affordable Rent	Intermediate Rent	Low Cost Home Ownership	Supported Housing for Older People	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Rents receivable	8,368	1,023	161	202	-	**9,754**	**9,486**
Service charge income	400	-	-	79	-	**479**	**610**
Amortised government grant	103	9	2	5	-	**119**	**104**
Other grants	-	-	-	-	-	**-**	**-**
Turnover	8,871	1,032	163	286	-	**10,352**	**10,200**
Expenditure							
Service charge costs	(364)	-	-	(79)		**(443)**	**(464)**
Management	(1,576)	(146)	(16)	(41)	-	**(1,779)**	**(1,545)**
Routine Maintenance	(2,435)	(225)	(26)	-	-	**(2,686)**	**(2,328)**
Planned Maintenance	(257)	(24)	(3)	-	-	**(284)**	**(493)**
Bad Debts	(75)	(7)	(2)	(4)	-	**(88)**	**(92)**
Depreciation of housing properties	(1,850)	(171)	(39)	(36)	-	**(2,096)**	**(2,037)**
Accelerated Depreciation	(80)	(7)	(2)	0	-	**(89)**	**(114)**
Property Lease Charges	(275)	-	-	-	-	**(275)**	**(263)**
Operating costs	(6,912)	(580)	(88)	(160)	-	**(7,740)**	**(7,336)**
Operating surplus - Social housing lettings	**1,959**	**452**	**75**	**126**	**-**	**2,612**	**2,864**
Void losses	68	-	6	-	-	**74**	**49**

4. Surplus on disposal of property, plant and equipment

	2021	2020
	£'000	£'000
Sale of subsequent tranche Income	91	491
Subsequent tranche cost of sales	(34)	(226)
Surplus on disposal	57	265

5. Interest and financing costs

	2021	2020
	£'000	£'000
Bank loans and overdrafts	2,151	2,238
Unwinding of discounts on provisions	18	34
Other	280	232
	2,449	2,504
Financing costs capitalised to developments	(116)	(50)
	2,333	2,454

Financing costs have been capitalised based on a capitalisation rate 3.8% (which is the weighted average of rates applicable to the Group's general borrowings outstanding during the year).

6. Other finance income

	2021	2020
	£'000	£'000
Bank interest receivable	10	101
	10	101

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Depreciation of property	2,096	2,038	2,096	2,038
Depreciation of plant and equipment	91	85	53	48
Accelerated depreciation	89	115	89	115
Government grants	(119)	(104)	(119)	(104)
Audit fees:				
Statutory audit	17	16	15	14
Audit-related assurance services	25	16	25	16
Tax advisory services	1	1	-	-
Operating lease rentals:				
Social Housing Properties	276	264	276	264
Office Lease	82	57	82	57
Equipment	1	1	1	1

8. Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	1,507	1,249
Social security costs	135	113
Other pension costs	85	80
Surplus on disposal	1,727	1,442

The Full Time Equivalent number of staff who received emoluments, including pension contributions, in excess of £60,000 are shown below:

	2021	2020
Salary Band	Number	£'000
£60,000 – £69,999	2	-
£70,000 – £79,999	1	1
£80,000 – £89,999	-	1
£90,000 – £99,999	-	-
£100,000 – 109,999	1	-

	2021	2020
	Number	£'000
The average full-time equivalent number of employees was:	43.1	39

The basis of the calculation of the full-time equivalents was 37 hours per week = 1 full time equivalent.

9. Directors' remuneration and transactions

Key management personnel remuneration

	2021	2020
Directors who are executive staff members	**£'000**	**£'000**
Wages and salaries	348	297
Other pension costs	21	24
Compensation for loss of office	30	-
Estimated money value or any other benefits other than in cash	1	1
Directors who are executive staff members		
Wages and salaries	23	27
Other pension costs	-	-
	423	349

- Board remuneration on a named basis is included on page 3.
- Independent co-optees on the Board at Committee level only are not remunerated.
- Our Chief Executive receives no remuneration in respect of being a member of the Board.
- During the year compensation for loss of office was paid to 1 Director (£30,000).
- Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management team.

	2021	2020
Remuneration of the highest paid director, excluding pension contributions:	**£'000**	**£'000**
Emoluments	100	85

The Chief Executive is an ordinary member of the pension scheme. No enhanced or special terms apply.

10. Tangible fixed assets – housing properties

	Completed properties	Under construction	Completed Shared ownership	Shared Ownership Under construction	Total
Group and Association	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation					
At 31 March 2020	124,046	11,164	4,696	7,194	147,100
Opening Adjustment	(42)	42	-	-	-
Additions	-	7,282	-	1,351	8,633
Transfer to Shared Ownership	-	-	-	-	-
Transfer of completed properties	38	(38)	-	-	-
Component additions	690	-	-	-	690
Transfer from stock	-	-	-	-	-
Sale of property	-	-	(36)	-	(36)
Accelerated depreciation on component disposal	(336)	-	-	-	(336)
At 31 March 2021	124,396	18,450	4,660	8,545	156,051
Depreciation					
At 31 March 2020	16,595	-	261	-	16,856
Charge for the year	2,059	-	36	-	2,095
Sale of property	-	-	(1)	-	(1)
Accelerated depreciation on component disposal	(248)	-	-	-	(248)
At 31 March 2021	18,406	-	296	-	18,702
Net book value					
At 31 March 2021	**105,990**	**18,450**	**4,364**	**8,545**	**137,349**
At 31 March 2020	107,451	11,166	4,435	7,194	130,246

Long leasehold assets included above at net book value amount to £13.34m (2020: £13.53m)

11. Property, plant and equipment – other

Group	Office Equipment £'000	Shared Assets £'000	PV Cells £'000	Scheme Furniture £'000	Total £'000
Cost or valuation					
At 31 March 2020	90	364	938	397	1,789
Additions	-	34	-	24	58
Disposals	-	-	-	-	-
At 31 March 2021	90	398	938	421	1,847
Depreciation					
At 31 March 2020	90	287	308	229	914
Charge for the year	-	36	38	17	91
Sale of property	-	-	-	-	-
At 31 March 2021	90	323	346	246	1,005
Net book value					
At 31 March 2021	**-**	**75**	**592**	**175**	**842**
At 31 March 2020	-	76	630	168	874

11. Property, plant and equipment – other (continued)

Association	Office Equipment £'000	Shared Assets £'000	Scheme Furniture £'000	Total £'000
Cost or valuation				
At 31 March 2020	90	364	397	851
Additions	-	34	24	58
Disposals	-	-	-	-
At 31 March 2021	90	398	421	909
Depreciation				
At 31 March 2020	90	287	229	606
Charge for the year	-	36	17	53
Disposals	-	-	-	-
At 31 March 2021	90	323	246	659
Net book value				
At 31 March 2021	**-**	**75**	**175**	**250**
At 31 March 2020	-	76	168	244

12. Fixed asset investments

Group investments

UC has a 100% investment holding in the subsidiary undertakings, Bristol Living Limited (BLL). The principal activity of BLL is the Installation of PV panels.

UC owns 10% of the issued share capital of Dunmail 2017 Project Limited, a SPV with which UC has entered into a Development Agreement to purchase 77 shared ownership and affordable rented units at Golden Brick for a fixed price. The remaining 90% of Dunmail 2017 Project Limited is owned by Touchpoint Limited. No consideration was paid for the 10% investment in Dunmail 2017 Project Limited.

13. Debtors - amounts falling due within one year:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Rent Arrears	809	763	809	763
Provision for bad debts	(535)	(453)	(535)	(453)
Amounts owed by Bristol Living Limited	-	-	87	77
VAT	3	4	3	4
Other debtors	364	241	364	241
Prepayments and accrued income	187	200	187	200
THFC (pending security)	-	-	-	-
THFC interest reserve fund	520	520	520	520
	1,348	1,275	1,435	1,352

14. Creditors – amounts falling due within one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	123	3,000	123	3,000
Retentions	351	250	351	250
Rents received in advance	421	422	421	422
Trade creditors	938	858	938	858
Pension	24	22	24	22
Revenue grants received in advance	53	42	53	42
Other taxation and social security	-	-	-	-
Other creditors	96	96	96	96
THFC deferred income	92	92	92	92
Disposal Proceeds Fund	-	-	-	-
THFC Interest Fund	520	520	520	520
Accruals and deferred income	926	706	942	722
	3,544	6,068	3,560	6,024

During 2018/19 The Housing Finance Corporation (THFC) bond issue completed at a nominal interest rate of 5.2%. This is against the effective interest rate of 3.501% and resulted in a premium of £2,289,900 being paid to United Communities. . This premium which reflects future deferred income will be released over the life of the bond against the interest charge ensuring that the nominal interest paid annually agrees to the Bond issue rate.

15. Creditors – amounts falling due after more than one year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans	59,790	53,916	59,790	53,916
Sinking funds	241	221	241	221
Recycled capital grant fund	160	155	160	155
THFC deferred income	1,985	2,076	1,985	2,076
Government grants (see below)	12,100	10,223	12,100	10,223
THFC (pending security)	-	-	-	-
THFC interest reserve fund	-	-	-	-
	74,276	66,591	74,276	66,591

- THFC interest reserve fund monies held in ESCROW in the event of interest payment default
- Loans are secured on freehold housing properties (£53.0m charged against borrowings at a blend of EUV-SH and MV-STT. Interest on loans is payable at an average rate of 3.8%.
- The total accumulated amount of capital grant received or receivable at the Statement of Financial Position date is £78,941,673 (2019: £71,868,000)

Group and Association

	2021	2020
Deferred income - Government grants	£'000	£'000
Brought forward at beginning of year	10,223	3,330
Grants receivable	1,997	7,074
Grants recycled	-	-
Grants utilised	-	(77)
Amortisation to Statement of Comprehensive Income	(119)	(104)
Carry forward at end of year	12,101	10,223
Recycled Capital Grant Fund (RCGF)		
Brought forward at beginning of year	155	107
Inputs to the RCGF		
Grants to be recycled	-	77
Interest to scheme	5	3
Grant utilised		
Grant utilised on new build scheme	-	(32)
Carry forward at end of year	160	155

RCGF balance 3 years old or more at the year end £75,119 (2020:£Nil)

15. Creditors – amounts falling due after more than one year (continued)

Group and Association	2021	2020
	£'000	£'000
Disposal Proceeds Fund (DPF)		
Brought forward at beginning of year	-	11
Inputs to the DPF	-	-
Grant utilised		
Grant utilised on new build scheme	-	(11)
Carry forward at end of year	-	-

Borrowings are repayable as follows:

	2021	2020
Group and Association	£'000	£'000
Bank loans		
Between one and two years	5,249	-
Between two and five years	778	5,000
After five years	54,750	49,900
Carry forward at end of year	60,777	54,900
Less arrangement fees on variable debt	(986)	(984)
On demand or within one year	123	3,000
	59,914	56,916

At 31 March 2021, UC had £21m of undrawn loan facilities;(£6m RBS, £10m Santander, £5m Lloyds)

Analysis of Change in net Debt

	As at 31 March 2020	Cash Flows	Finance Lease	Other non-cash changes	As at 31 March 2021
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents					
Cash	10,468	(1,176)	-	-	9,292
Treasury Deposits	-	-	-	-	-
Total cash and cash equivalents	**10,468**	**(1,176)**	**-**	**-**	**9,292**
Borrowings					
Debt due within 1 year	3,000	(2,877)	-	-	123
Debt more than 1 year	53,916	5,876	-	-	59,792
Finance Lease	-	-	-	-	-
Total Borrowings	56,916	2,999	-	-	59,915
Net Debt	**(46,448)**	**(4,175)**	**-**	**-**	**(50,623)**

16. Retirement benefit schemes

The Pensions Trust – Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), 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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a '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 has not been 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 enough information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Present values of provision	**2021**	**2020**
	£'000	**£'000**
Present value of provision	1,194	536

Reconciliation of opening and closing balances of the present value of scheme liabilities	**2021**	**2020**
	£'000	**£'000**
Defined benefit Obligation at start of period	3,892	4,495
Current Service Cost	-	-
Expenses	6	6
Interest Expense	91	104
Member Contributions	-	-
Actuarial losses (gains) due to scheme experience	(21)	127
Actuarial (gains) losses due to changes in demographic assumptions	17	(37)
Actuarial (gains) losses due to changes in financial assumptions	1,122	(595)
Benefits paid and expenses	(80)	(208)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
	5,027	3,892

16. Retirement benefit schemes (continued)

Reconciliation of opening and closing provisions	**2021**	**2020**
	£'000	**£'000**
Provision at 1 April 2019	536	1,218
Unwinding of the discount factor (interest expense)	18	34
Deficit contribution (recovered) / paid	640	(716)
Re-measurements - impact of any change in assumptions	-	-
Prior year adjustment	-	-
Re-measurements - amendments to the contribution schedule	-	-
	1,194	536

Statement of Comprehensive income	**2021**	**2020**
	£'000	**£'000**
Interest expense	18	34
Re-measurements - impact of any change in assumptions	640	(716)
Re-measurements - amendments to the contribution schedule	-	-
Costs recognised in the Statement of Comprehensive Income	658	(682)

	2021	**2020**
	£'000	**£'000**
Net Interest	12	28
Amounts charged to other finance costs	12	28

Reconciliation of opening and closing balances of the fair value of plan assets	**2021**	**2020**
	£'000	**£'000**
Opening fair value of plan assets	3,356	3,277
Interest Income	79	76
Return on plan assets	363	98
Contribution paid by employer	115	113
Benefits paid	(80)	(208)
Closing fair value of plan assets	3,833	3,356

	2021	**2020**
Major categories of plan assets as a percentage of total plan assets	**%**	**%**
Equities	16	14
Bonds	6	6
Properties	4	4
Other	74	76

16. Retirement benefit schemes (continued)

Assumptions	2021	2020
	% per annum	% per annum
Rate of discount	2.21	2.35
Inflation (RPI)	3.24	2.55
Inflation (CPI)	2.87	1.55
Salary Growth	3.87	2.55

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Mortality Assumptions - No of years	2021	2020
Retiring Today		
Males	21.6	21.5
Females	23.5	23.3
Retiring in 20 years time		
Males	22.9	22.9
Females	25.1	24.5

17. Share capital

	2021	2020
	£	£
At beginning of year	19	19
Issued during the year	4	-
Cancelled during the year	(4)	-
	19	19

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up, and are not redeemable.

18. Financial commitments

Capital commitments are as follows:	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Contracted for but not provided for	19,926	13,235	19,926	13,235
Approved by the directors but not contracted for	38,460	47,298	38,460	47,298
	58,386	60,533	58,386	60,533

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
Payments due	£	£
- Within one year	372	369
- Between one and five years	1,096	1,170
- After five years	4,833	4,993
	6,301	6,532

Financial Assets measured at amortised cost	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	9,292	10,468	9,813	11,036
Short Term Investments	-	-	-	-
Debtors	1,350	1,275	1,438	1,352
	10,642	11,743	11,251	12,388

Financial Liabilities measured at amortised cost	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade Creditors	19,961	15,702	19,977	15,718
Interest Payable	93	104	93	104
Loans and Borrowing	57,624	56,916	57,624	56,916
	77,678	72,722	77,694	72,738

19. Housing Stock

	2020 Units	Additions	Disposals	Conversions	2021 Units
Owned and Completed Housing					
General Needs	1,477	-	-	-	1,477
Affordable Rent	142	-	-	-	142
Intermediate Rent	33	-	-	-	33
Supported Housing Accommodation	-	-	-	-	-
Shared Ownership	83	-	(1)	-	82
Total Owned Housing units	**1,735**	**-**	**(1)**	**-**	**1,734**
Total Housing units Managed for Others	**12**	**-**	**-**	**-**	**12**
Leased Housing (Over 30 years)					
General Needs	82	-	-	-	82
Affordable Rent	2	-	-	-	2
Total Housing units Leased from others	84	-	-	-	84
Total No units Owned , Managed and Leased	**1,831**	**-**	**(1)**	**-**	**1,830**

UC also collects rent and deal with anti-social behaviour issues on 98 units on behalf of the Milestones Trust.

20. Related party transactions

The Association has taken advantage of the exemption from disclosing transactions with its wholly owned subsidiary, Bristol Living Limited.

Bristol Living Limited– a company limited by shares and registered in England and Wales. UC (now Brighter Places) have a 1,000 £1 ordinary share investment (100% of the company's shares) in Bristol Living Ltd; a company that carried out the installation of photo-voltaic (PV) panels on the roofs of properties owned by its parent and collection of the Feed-In-Tariff and Export Tariff from those units. All of the profits made by Bristol Living Ltd are gift aided to the parent company.

The Association has a 1% shareholding in Alliance Homes Partnership which delivers the responsive repairs for both United Communities and Alliance Homes Group.

During the Financial year United Communities entered a strategic alliance with Solon Housing Association.

The Association also has a 10% share in 'Dunmail 2017 Project Limited'.

The transactions during the year were as follows:

Related Party	Payments Made		Payments received	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Alliance Homes Group	1,708	1,287	-	-
Dunmail 2017 Project Ltd	1,734	-	-	90
Solon Housing Association	30	-	47	-

As at year end £28k of the £30k invoiced from Solon was outstanding. Of the £47k invoiced to Solon £40k was outstanding as at year end.

21. Post Balance Sheet Events

Following initial merger discussion between the Boards of United Communities and Solon South West Housing Association throughout 2019/20, both organisations entered into a Strategic Alliance on 1st October 2020. The Strategic Alliance formally brought the two organisations closer together including the appointment of a joint Chief Exec and joint Transformation Director. The Boards also worked closer together with overlapping meetings and a number of Board members who were members of both organisations. The Strategic Alliance was a steppingstone to a full legal merger, and this was achieved on 1 April 2021 when the two organisations merged to become Brighter Places.

22. Legislative Provision

The association is a company limited by guarantee and is registered with the Regulator of Social Housing under the Housing and Regeneration Act 2008.