



better homes and better
services for better lives



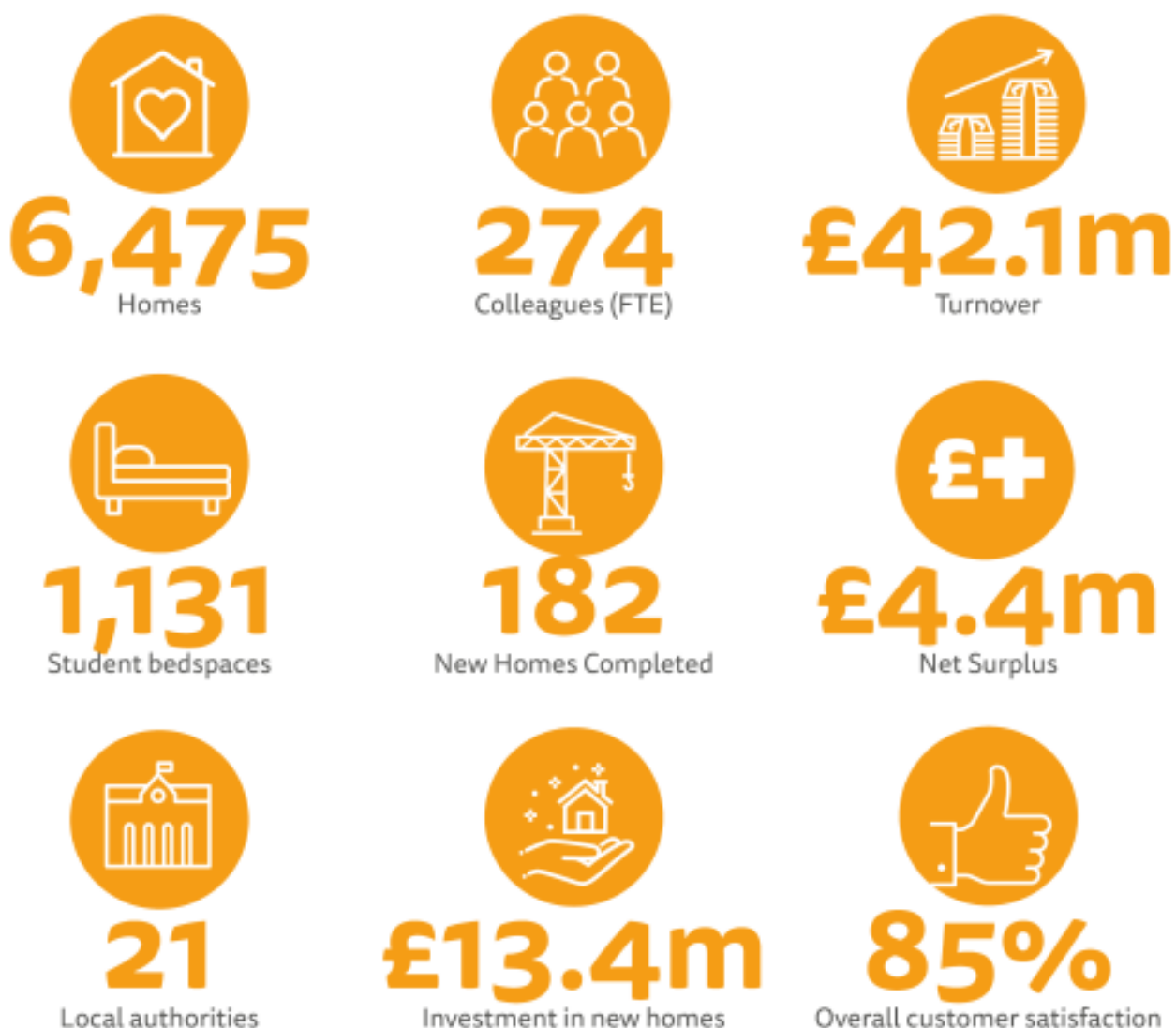
Acis Group Limited

Annual Report and Financial Statements

Year ended 31 March 2021

Company No: 03593345

Acis Group in numbers



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Board Members, Executive Officers, Advisors and Bankers

Board:

Chair	Michael Kay
Vice Chair	Graham Ward
Other Members	Nigel Whitaker Ronan O'Hara Paul Satchwell Kathryn Smart Bruce Kerr Carole Hodson Suzanne Bolton

Please see pages 42-44 for board appointment and resignations

Executive officers:

Chief Executive	Greg Bacon
Finance Director	Adrian Chamberlain
Director for Customer Excellence	Paul Woollam
Director of Property Services	Mark Jones
Company Secretary	Catherine Kelly

Registered numbers:

Registered as a charitable social landlord under the Companies Act 2006, No. 03593345

Registered as a charity with The Charity Commission, No. 1141067

Registered by the Regulator for Social Housing, No. L4229

Registered office:

Acis House
Bridge Street
Gainsborough
Lincolnshire
DN21 1GG
www.acisgroup.co.uk

Auditor:

Beever and Struthers
Chartered Accountants and
Statutory Auditors
St. George's House
215-219 Chester Road
Manchester
M15 4JE

Solicitors:

Trowers & Hamlins
3 Bunhill Row
London
EC1Y 8YZ

Bevan Brittan LLP
Toronto Square
7th Floor Toronto Street
Leeds
LS1 2HJ

Forbes Solicitors
Rutherford House
4 Wellington Street
Blackburn, Lancashire
BB1 8DD

Bankers:

National Westminster Bank Plc
Leicester Customer Service Centre
Bede House
11 Western Boulevard
Leicester
LE2 7EJ

Chairman's Statement

During a year that most people and organisations have stood still, Acis Group has bucked the trend to grow again – in even the most difficult of circumstances. We have grown the number of services, grown the number of homes we offer, grown the amount of people we serve and grown our standing within our communities.

The 2020/21 financial year may go down in history due to the global pandemic, but the work done by Acis Group in previous years set it up to ride the stormiest of seas.

This stability has enabled us to handle the various situations the coronavirus pandemic threw at us. The process of already moving to an agile workforce was unbelievably well-timed, allowing our workforce to adapt to scenarios that meant many breakfast tables, lounges and spare rooms became our new offices.

It's important our people are recognised, whether it's our engineers working in people's homes to keep our communities safe or our staff on the frontline, furloughed or working flexibly, everyone has played their part in a huge year. That also goes for our leadership team in the early days of the pandemic, with us taking a lead in the sector, taking a stand on repairs and maintenance.

Throughout all of this, our focus has remained on our two priorities – our customers and our staff.

Our first port of call was to maintain a good level of repairs and maintenance. I'm proud that our quick thinking, adaptability and strong leadership meant that we only paused our essential repairs and servicing for three days.

Our focus on our customers continued with the development of a new service to 'check in' on our 'vulnerable' customers. Pivoting some of our teams, we were able to speak to over 1800 customers in the first month and, through working with our trusted partner network, we were able to offer support and signposting to relevant services in uncertain times.

So effective in its first few months, this programme was expanded, and our team successfully applied for funding to embed it further, with the scheme now cemented as part of our long-term service offering.

We have used the experience to learn more about our customers. Learn more about what they want from us and how we can make their lives better. We've remodeled our customer experience with a newly-designed Customer Service Centre to make sure we're there for our customers when they need us.

Like most organisations, we've seen the trend in using new technologies to communicate but the time has helped us to realise that human interaction – even if online – is still key.

And how we engage customers was central to the government's Social Housing White Paper, aligning closely with the National Housing Federation's Together with Tenants Charter and the new Code of Governance. We'll be taking this forward in 2021/22 and beyond to ensure our customers have a full and proper say on how we deliver for them.

Given our focus is and always will be firmly on our customers, it's extremely good to see our overall customer satisfaction at an all-time high at the end of the financial year.

Our Way of Working programme is due to end in 2021/22 – a programme of works that has implemented huge changes to how we work with the aim being to increase customer satisfaction. We consider this programme to have been so successful, we have embedded a business improvement team within the Group structure to look at further opportunities for improvement and innovation.

One area of our work that has suffered most in the year has been our student accommodation portfolio following the pause of face-to-face university teaching. But as part of our commitment to doing the right thing, we voluntarily released hundreds of our students from their obligation to pay rent on their final term. This was followed by a downturn in occupancy for the following academic year and increasing pressures for rent holidays or discounts. We again responded with a 30% discount on second term rents for those who were unable to occupy their premises.

Despite the challenges faced within the year, we have responded extremely well and ended the financial year with a positive performance against our original financial targets – again in part due to the decisions of previous years. Having moved our repairs and maintenance service, Prime, in-house this has protected us massively against a major loss in service whilst also limiting our reliance on sub-contractors and other external partners when capacity elsewhere was stretched. Overall this allowed us to continue to have full control of our service throughout the pandemic.

And our growth continued outside of our normal 'landlord' responsibilities.

The construction sector continued throughout the pandemic, bringing another busy but buoyant year for our development team. Working with our development partners, we helped to create another 182 much-needed new homes in our communities.

Chairman's Statement Continued

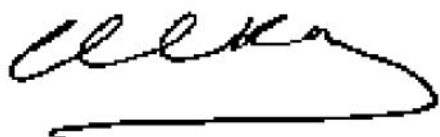
Our work to regenerate large swathes of our home town Gainsborough also carried on despite the uncertainty, with the first stages starting to take shape in 2021.

But the biggest news in this arena is us being granted Homes England Investment Partner status, giving us direct access to grant funding within the 2021-2026 Affordable Homes Programme.

Building on our acquisition of Lincolnshire Home Independence Agency to form Acis HomePlus in 2019, our wrap-around services continued to grow with the acquisition of Gainsborough-based training provider Riverside Training in 2020.

Our innovation, development and continued growth is, in no small part, down to our stability at leadership level. We have been fortunate to retain all our Board members and our executive leadership team is as strong as ever.

After a year that nobody wants to repeat, it feels somewhat odd to look back over the period with anything but trepidation. But following a truly testing 12 months, I can reflect proudly on Acis Group's efforts, achievements and impact and know the organisation is in great shape to continue to make a positive difference for many years to come.

A handwritten signature in black ink, appearing to read 'Michael Kay', with a long horizontal flourish extending to the right.

Michael Kay, Chairman
July 2021

Operating and Financial Review and Strategic Report

Business overview

Acis Group Limited (Acis) is a diverse organisation with substantial diversity in our customers; our people; our physical locations and in the wide range of services that we offer across the Group. This is something we are proud of and we believe it enables us to adapt to our ever-changing operating environment, and to make noticeable improvements to our customers' lives.

Acis began life in 1999 out of the large-scale voluntary transfer of properties previously owned by West Lindsey District Council. Since then the organisation has grown significantly. Today, we develop new homes, provide housing and related services and deliver community regeneration across 21 local authority areas covering Lincolnshire, South Yorkshire, Nottinghamshire and Derbyshire.

We own and manage over 7,500 properties to rent or lease, including a growing portfolio of low-cost home ownership products and more than 1,100 student accommodation bed-spaces in Nottingham and Sheffield.

We deliver an active new development programme across our areas of operation, and we continue to invest in our existing estates and communities in order to improve both the quality of life of our customers and the long-term performance potential of our asset base.

We are a regional housing provider, but we are not prescriptive about how our area of operations is defined. We will consider opportunities in varied locations, the key being that they are viable both operationally and financially.

Group activities

Acis consists of a parent registered provider, Acis Group Limited, and seven subsidiaries, as follows:

- Acis Development Services Limited
- Acis Management Limited
- Prime Repairs and Maintenance Limited (Formerly Acis Homes Limited)
- Acis HomePlus Limited (Formerly Acis Housing Limited)
- Riverside Access and Training Centre Gainsborough CIC
- Acis Properties Limited (Dormant)
- Eione LLP

Acis Group Limited is the main asset-holding entity of the Group, including all the Group's housing properties held for rent. Student accommodation management is delivered via Eione LLP; a 60 per cent owned joint venture with Derwent Facilities Management Limited. Repairs and maintenance activities are delivered via Prime Repairs and Maintenance Limited, a wholly owned subsidiary established in September 2016. Other subsidiary entities provide services for specific activities carried out within the Group, primarily development services and commercial investments. Acis HomePlus Limited (Formerly Acis Housing Limited) provides home independence services on behalf of local authorities under Disabled Facilities Grant arrangements and to private customers. Our newly acquired training company Riverside Access and Training Centre provides a wide range of training opportunities to our customers and the wider community.

Our goals

At Acis, we want to create opportunities for people to have better lives through the provision of better homes and better services. Our five-year corporate strategy aims to drive the organisation to achieve long-term success across four priority areas:

Priority 1: Customers	Provide the best possible service to the people in our communities.
Priority 2: Partnerships	Work with others to grow the service we offer and improve the lives of those living in our homes and the communities in which we work.
Priority 3: Efficiency	Ensuring we deliver a customer focused and efficient service that drives value for money through the way we work.
Priority 4: Growth	Grow our organisation, creating financial efficiency and strength to support more customers.

Operating and Financial Review and Strategic Report (continued)

Our strategy sets out our ambitious plans for the next five years. We will become an organisation providing more supportive products and services that are developed in conjunction with our customers, to ensure they meet their needs. These services will give help and support to those most vulnerable in society, helping them live better lives.

By 2024 we aim to support people living in at least 10,000 homes that are right for them, support thousands more in the surrounding communities, and work across a wider geographical area than the 21 local authority areas we currently work in. We will have broadened the types of homes we offer to include supported housing for all different groups including those with additional needs, older people and those who need health-related support. We will deliver services to support our customers, and those living in our communities, helping them to overcome challenges they face.

Above everything we will provide an amazing service to all our customers and continue to look after their homes through delivering a fantastic repairs and maintenance service and ensuring their home is safe and secure through our compliance activities. Our wider teams will ensure their voice is heard in everything we do to improve our service and deliver value for them.

The financial strength of the organisation is the foundation that enables us to meet our objectives. We continue to drive up efficiency, cost effectiveness delivered through procurement and contract management, and a strongly commercial approach to our work. We will be building on a solid base that already gives the organisation a firm financial footing. That said, we recognise we have historically focussed on delivering a high gross margin. In future we will have a much more balanced approach, ensuring customers' homes receive the appropriate investment along with improved customer services which delivers what our customers want and expect of us.

Future plans

The Board has approved a new five-year corporate strategy in response to the current and expected operating environment and building on what we have achieved to date. This sets out the strands of activity we will undertake in support of our four corporate priority areas:

Priority 1: Our Customers

Our customers are our absolute priority. Everything we do is for the people we serve. We recognise that one size doesn't fit all. We need to adapt our approach to ensure all customers have access to the same high standard of service across the board.

Measure of success:

Increase customer satisfaction and then sustain it at a level above 90%

We will do this by:

- Ensuring our repairs service meets our customers' expectations.
- Involving our customers to design services they want and help us monitor performance.
- Giving our customers more choice in how they communicate with us through digital means such as texting and online services.
- Providing increased support for our customers – both online and face to face.
- Supporting our people to deliver better for our customers – both online and face to face.
- Being seen out and about in the communities where we work.

Operating and Financial Review and Strategic Report (continued)

Priority 2: Our Partnerships

Work with others to grow the service we offer and improve the lives of those living in our homes and the communities in which we work.

We know we cannot work alone to achieve our goals. Through partnership working, we aim to add real value to everyone who lives in our homes, the community and neighbourhood. Ultimately, we will work with others to enhance our service offering and improve the lives of those living in our homes.

Measure of success:

Develop new services to the demands and needs of our customers and communities. We aim for those services to be at least 10% of our turnover.

We will do this by:

- Building on our strategic links with local authorities.

- Implementing targeted and proactive stakeholder engagement and management for all areas we work.
- Continuing to develop relationships with sectors wider than housing to increase our offer for our customers.
- Developing our service offer to ensure we are supporting customers and the wider community.
- Supporting our people to build relationships and knowledge externally.

Priority 3: Our Growth

Grow our organisation, creating financial efficiency and strength to support more customers.

Growth is fundamental to our strategy. Our aspiration to grow not only provides more financial stability but it enables us to make a bigger impact on our charitable aims by helping more people.

Measure of success:

Increasing the number of homes we own or manage towards our target of 10,000. Develop 1,000 new homes.

We will grow by:

- Developing a range of different tenures including homes for low-cost rent, affordable home ownership and outright sale.
- Increasing our scale of operation to work in new areas further than we work now.

- Continuing with our new-build programme to develop more homes in areas where we see greatest need.
- Seeking opportunities for growth through stock purchases or swaps.
- Identifying opportunities for us to deliver more through strategic partnerships.
- Developing our service offering to ensure we are supporting customers and the wider community.
- Develop different types of homes that meet our customers' needs.
- Defining and delivering our support service offering that's more than bricks.

Operating and Financial Review and Strategic Report (continued)

Priority 4: Our Efficiency

Ensuring we deliver an efficient and customer-focused service that drives value for money through the way we work.

We have always taken a commercial approach, operating in an efficient manner, diversifying into other income streams. As a result, the organisation is financially robust and is well placed to achieve great things in a challenging sector.

Our focus during the lifetime of this strategy is on generating maximum value for money (VFM). We will ensure the way we work is not only delivered in the best way for our customers but maximises efficiencies too.

Measure of success:

At least 90% of our customers feel their rent provides value for money.

Increase customers' satisfaction with our repairs and maintenance service to 83% or over.

We will do this by:

- Ensuring we deliver an efficient repairs service that meets our customers' expectations.
- Delivering improved management information under a business performance management framework.
- Strengthening our procurement practices to deliver greater VFM.
- Developing new tools and technology to deliver more efficiency.
- Recognising our people are key and providing them with a learning environment where personal development is actively encouraged and supported.
- Equipping our people with the tools they need, including processes that work, to do their jobs more effectively.

A detailed operational plan sets out the specific projects that will be delivered in order to progress these corporate priorities. Culturally, we continue to promote and exhibit the three values that are most fundamental to how we go about our activities. These are the core values we care most about and they help us to understand what behaviours and attitudes will need to be exhibited as we move us forward against the set strategy:

Honest	We work on a basis of trust. We are honest and behave responsibly with a shared purpose
Positive	We are positive in our thinking and the choices we make
Ambitious	We are ambitious, take pride in our achievements and are constantly innovating and improving

Operating and Financial Review and Strategic Report (continued)

Our resources and services – in the year and looking forward

Our finances

Financial performance results for 2020/21 represent a good outturn position set against the difficult operating conditions caused by Coronavirus, which inevitably disrupted some business activities. We responded swiftly to the impact of the first national lockdown undertaking significant financial modelling to ensure that we were able to remain financial stable, this was followed in September 2020 by a full revised budget and business plan incorporating the many changes brought about by the Coronavirus pandemic. Our Group net surplus before taxation reduced to £4.4m (2020: £6.0m).

2020/21 saw the return to social housing rent increases following four years of statutory social housing lettings rent reductions, Group turnover increased by £2.1m (5 per cent) year on year. This was predominantly driven by increased property sales (£1.4m outright sales and £1.3m first tranche shared ownership), furlough income and increased income for subsidiary companies, this was offset by a £1.8m reduction in student accommodation income as a result of lower occupancy, discounts and releases resulting from Coronavirus restrictions.

Operating surplus from social housing lettings, excluding depreciation and impairment reduced slightly by 6.0% to £12.4m (2020: £13.2m) primarily as a result of Coronavirus related costs. Due to restrictions we were unable to complete large elements of our repairs and home improvement activities and in May 2020 we furloughed a number of our people, the majority being within the repairs activity and through voluntary efforts.

The restrictions created a backlog of responsive, void repairs and compliance activity. We were able to return the majority of our people promptly and reallocate their work to address the backlog and recover the compliancy position. This resulted in us returning to 100% gas safety compliance in September 2020 and maintaining this for the rest of the year. We also ended the year with less vacant properties and responsive repairs than we started the year with.

We were unable to undertake the usual levels of investment in our existing stock in the year due to Coronavirus restrictions. These internal staff were reallocated to clear the backlogs and therefore this came at a cost and reduced the operating surplus in the year.

Net debt (drawn loans less cash and cash equivalents held by the Group) decreased to £173.5m (2020: £174.9m) through the year. The organisation remained healthily cash-generative throughout 2020/21, on the back of very successful property sales transactions which we largely unaffected by the pandemic.

Our approach to Value for Money (VFM) includes a strong focus on 'free cash' as a key component of financial strength. Free cash is a measure of the ability of the core business to generate positive cash after taking into account core operating activity, net interest costs and capital expenditure on existing assets. The measure excludes all new development and sales activity, depreciation and impairment. Work to drive ongoing improvements to free cash will enhance our capacity to meet the future needs of our customer base and will ensure that each pound of external funding is stretched further for investment in new homes.

Our Board Strategy events continue to provide opportunities for our Board to focus on important areas of our operations. The planned May 2020 board strategy session did not proceed as a result of the lockdown. The November 2020 strategy event proceeded as planned as a virtual session. The session was attended by a specialist energy and sustainability consultant who presented details of the emerging Government policy for net carbon zero for new and existing housing stock. The session concluded with the Board revisiting its risk appetite matrix to determine whether there had been changes to this a result of the Pandemic.

The Coronavirus pandemic, legacy of austerity, benefit freezes and the roll out of universal credit has placed many of our customers in financial hardship. We are very aware of the pressures on customers and have found different ways to support customers during the year resulting in no evictions and an overall reduction in rent arrears which is a great achievement in very difficult circumstances.

Operating and Financial Review and Strategic Report (continued)

Our people

While we can reflect with pride on our achievements since the organisation was formed in 1999, we recognise that we must continue to adapt to our operating environment. Customer expectations and external political, technological and economic factors will shape our services in a number of ways.

This has clearly been an unprecedented year with necessary changes and restrictions to the ways of working. Our people have remained as strong and committed as ever delivering a vitally important service and support to our customers in difficult circumstances whilst achieving so much improvement to drive the service forward.

Throughout the Covid pandemic, our focus was to ensure that all of our people, particularly those at the front line of service delivery were kept safe. Whilst completing the Covid workplace assessments, we ensured an adequate supply of Personal Protective Equipment and provided our people with the tools to undertake dynamic risk assessments.

At Group Board level we have enjoyed a year of stability following the appointment of Suzanne Bolton in January 2020. The Board have adapted well to new virtual meetings format. Towards the end of the calendar year the board undertook an independent governance review to ensure that its Governance arrangements remain strong.

We also enjoyed a year of stability in the Executive Leadership Team. The only Senior Management change was the departure of Ken Browne from the post of Head of Asset Management in October 2020. The depth of experience within the team meant that we were able to appoint Andy Turner to the Head of Asset Management role, providing valuable continuity in knowledge base within the team.

In May 2020, as the first lockdown strengthened, we furloughed 109 of our people; the majority through voluntary efforts. Whilst this was heavily focused on our in-house repairs' activities, we wanted to ensure that we applied the same robust logic across the whole of the organisation. Our Executive Leadership Team and a number of Board members voluntarily took a 20% salary waiver for part of the year in support of those who were furloughed.

The return to work was carefully managed with all of our people coming through training updates and being provided with the latest safe systems of work for dealing with the risk of Covid. Our offices were reconfigured with controls in place as to the number of attendees, one-way systems for people mobility and enhanced cleaning regimes with the mandate continuing to work from home where you can.

Our employee forum, Our People's Voice, have continued to meet monthly. The forum acts as the official staff consultative body for our people across the organisation and have been invaluable in messaging key health and safety changes associated with Coronavirus as well as their involvement in minor organisational changes.

Our people have continued to deliver for our customers throughout the pandemic and we would like to thank each of them for their commitment and resilience. Whether they were Furloughed, redeployed or working throughout, under different ways of working. They have all played their part and are an asset to the organisation.

Business infrastructure

The move towards agile working and greater use of digital technologies has started in earnest in the year.

The rolling out of new devices for all non-operative staff, which took place shortly before the first lockdown in March 2020, has provided us much greater flexibility as to how and where we work. Without that technology our ability to operate remotely from the offices would have been severely hampered. It has facilitated a much more flexible approach to the work environment, enabling team meetings, conversations, and virtual face to face discussions with staff at all levels. It has also proven invaluable throughout the induction processes for new recruits.

The year has seen us go live with texting services, both on arrears balances and repairs, offering live-chat services on our website and providing access for our customers to their "MyAcis" portal; offering the ability to view their rent account and outstanding repairs as well as making payments and raising new repairs. A later phase will look at self-appointing repairs to enable customers to not only register a repair but to choose an appointment slot for the works.

Operating and Financial Review and Strategic Report (continued)

These changes in the way we work have helped us identify that our customers expect us to be able to offer services outside of our core operating hours and this had led to us increasing our customer service centre response times to be able to respond more effectively to our customers.

The year also saw the completion of the new HR and Payroll system which went live in April 2020, the new system has the capability to provide much more in terms of HR process management and business intelligence.

Our Way of Working programme will formally come to an end in 2021-22 although the work that the team has contributed to will continue within the business, calling on specialised project resources as needed. The programme has seen us look to streamline our activities through clarity of purpose, process engineering, investment in new technologies, embracing digital interaction with our customers and changing our customer mind-set to “get on and do what’s right”. This represents a shift away from maximising financial margins at all cost to providing a more balanced business aimed at delivering what our customers want.

In the coming year we will be implementing a new end to end repairs system, that will not only provide greater efficiencies but also provide further functionality for our customers when reporting and tracking a repair.

Our services

Throughout the year, a connected series of events have occurred which align to enforce a greater focus on involving customers; ensuring that they are respected, listened to, and have an input to making changes to the services they receive. This has included the publication of the Government’s Social Housing White Paper that is due to strengthen consumer regulator and the role of the Regulator of Social Housing in enforcing change, the publication of the National housing Federations Together with Tenants Charter and accompanying new Code of Governance and the publication of the new Housing Ombudsman’s Complaint Handling Code which enforces stricter parameters around dealing with customer issues. These areas will inevitably all be the focus of our attention in 2021/22.

The responsive repairs service is typically viewed by residents as the most important service we provide. We have continued to improve this service throughout the year whilst ensuring that customers still receive this service in a way that is safe for all. We have been successful in clearing any backlogs associated with the Coronavirus restrictions and manage to record our highest level of customer satisfaction with this service for many years.

Tackling antisocial behaviour is another key priority for our customers and our service standards have remained high in this area. In the year we were successful in receiving the Housemark ASB re-accreditation.

Our growth in diversified, but aligned, businesses continued within the year through the acquisition of Riverside Training’s business interests through a new, controlled, subsidiary Riverside Access and Training Centre Gainsborough Community Interest Company. This offers us the opportunity to deliver training and welfare/social support services alongside employability programmes in an effort to make a real difference to people’s lives.

We have continued to ensure that adequate provisioning exists within the long-term business plan to ensure that our commitment to quality homes can be maintained.

We are also starting our journey to plan for how we might deliver zero net carbon by 2050 in line with Government targets. With currently unknown replacement technologies for our existing fuel sources and, perhaps more importantly, an unknown funding obligation on the business, our current focus is on establishing the base data from which no regret decisions can be made about improving the thermal efficiency of our existing housing stock.

Building new homes

We have continued to respond to the national shortage of affordable housing in the year with 182 new homes handed over and many more on site being developed for handover in the coming years.

Largely as a consequence of our Board’s commitment to recognise the need to take development risk on more sales products in order to cross-subsidise affordable homes, we were able to maintain an active development programme and ended the year delivering 89 new rented homes, 51 for shared ownership and 42 homes developed for outright sale.

Operating and Financial Review and Strategic Report (continued)

We also completed the demolition of some low demand under-performing accommodation in North Parade Gainsborough and started the build of new affordable homes on the site which are due to be complete in the coming year.

Our development aspirations reflect the continuing need for cross subsidy, and we intend to continue to develop on a mixed tenure basis, utilising the surpluses made from outright and shared ownership property sales to support provision of new rented homes in the communities which need them.

Mixed tenure development clearly builds housing market risk into the organisation. Our financial planning and stress-testing on both an individual scheme and organisation-wide basis factors this in, and schemes are not approved unless they add value and have a feasible exit or mitigation strategy in the event of market downturn.

Supporting our communities

The Coronavirus pandemic and welfare reform have undoubtedly changed the circumstances of many of our customers. Our immediate priority is to work with customers to make sure they can sustain their tenancies, including meeting their rent payment obligations. When this becomes difficult, we work proactively with other agencies to offer access to support and guidance. This has never been more important than in the last year due to the level of uncertainty our customers faced.

More broadly, we recognise that some of our customers require help to improve their employability, skills and financial independence. We have done some really valuable work in this area in the past but with the acquisition of Riverside Training during the year we are now able to do even more to support our customers and those in the wider communities in which we work.

We also work with other agencies to provide specialist advice and are actively engaged in seeking to establish partnership arrangements that can support this further.

We believe that community safety and community investment play a vital part in overall community wellbeing, and our investment in them protects our income streams by helping to create safe, secure and

well-integrated communities. We have focused on growing our business and building in the efficiencies and economies of scale that can enable us to continue to deliver these valuable extra services.

Section 172 Statement

The Directors have had regard to their duties as set out in section 172 of the companies act 2006. As a registered charity, the duty of a director is to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its charitable beneficiaries. The key factors that demonstrate this duty are:

Decision making

All decisions taken by the Board are done so after considering the short, medium and long term financial and non-financial impact on the Group. The Group has a long-term financial plan which all material decisions are considered against; the plan is stress tested for multi variable scenarios and early warning triggers are in place and are reported to the Board. All investment decisions are supported by detailed financial modelling using financial assumptions set out in the Group's Investment Policy.

Examples of Board decision making in the year include:

- Early consideration of the possible impact of Coronavirus on the Group business plan with a number of scenario's and mitigations modelled early in the year. This was followed by Board review and approval of an updated mid-year business plan.
- Review and scrutiny of the plans to redevelop Acis House office in Gainsborough, as part of our journey to transform the way we work. Ensuring that the plans remain fit for the future, having regard for the lessons learnt from the pandemic ways of working.
- Promptly deciding to release students from their rent agreements for the last term of the 2019/20 academic year and offering discounts during the 2020/21 academic year, after considering the financial impact to the Group and the impact on all stakeholders.

Operating and Financial Review and Strategic Report (continued)

Employee engagement

Our people form a key part of our corporate strategy, we have a commitment to equip our people to ensure they have the skills, tools, support and empowerment they need to do what needs to be done to serve our customers. We regularly benchmark our salaries and benefits to ensure that they remain competitive. We have an employee forum, Our People's Voice, which meets monthly, The forum acts as the official staff consultative body for our people across the organisation. We also hold the Investors in People accreditation.

Examples of engagement with employees during the year include:

- In May 2020, as the first lockdown strengthened, it was necessary to Furlough a number of our people for a short period of time. Through engaging with our people the majority were identified through voluntary efforts. Our Executive Leadership Team and a number of Board members voluntarily took a 20% salary waiver in support of those who were furloughed.
- We held weekly coffee time meetings, all people calls and provided regular communications to ensure that all of our people were kept updated and were able to engage with colleagues and Directors on a less formal basis whilst working from home.
- We encouraged all of our people to complete the IIP survey which will form part of our re-accreditation and will help us shape how we work.
- Our Human Resource department was reviewed and reorganized, including the introduction of a new system, to ensure that it continues to provide an efficient good quality service to our people.

Supplier relationships

Good relationships with suppliers are key to us being able to deliver our services to our customers. These are managed through dedicated contract managers and supported by our Procurement Manager. We work with our suppliers to develop and build effective relationships.

Examples of engagement with suppliers during the year include:

- Early engagement with our supply chain to understand the impact of Coronavirus on their businesses, both to mitigate against supply disruption and to understand possible constraints.
- Ongoing contract management discussion with key suppliers.
- Exploring procurement frameworks for re-procurements and to build new relationships which will further strengthen our supply chain and build resilience.

Customer Engagement

The relationship with our customers is key to our success and is our number one priority in our corporate strategy. We strive to provide an amazing service to all of our customers and continue to look after their homes ensuring it is safe and secure. We ensure that the customer's voice is heard through a variety of initiatives to help us improve our services and deliver value for money.

Examples of engagement with customers during the year include:

- We continued to undertake our quarterly independent customers satisfaction survey, the consolidated annual results of which have been very positive this year. We achieved our 85% target for overall customer satisfaction which is an 8% increase on the previous year.
- We adapted quickly at the start of the Coronavirus pandemic and formed a dedicated project team to contact any customers who needed any help or signposting throughout the pandemic. More details on this project can be found on page 23.
 - We adopted the Together with Tenants charter and committed to continue to improve all opportunities for our customers to shape the way we work for them. Further details can be found on page 25.

Operating and Financial Review and Strategic Report (continued)

Communities and Environment

We actively consider our effect on the wider communities and the environment. In addition to providing a large portfolio of mixed tenure housing and associated estate management services, we go beyond the bricks and mortar, to focus on the people who live in our homes and the wider communities in which they live. Our homes are the starting point to help people achieve whatever they want to and our wider service offering is continuing to grow. This now includes home adaptations to enable people to stay in their homes longer as well as training and employability support services. This means we can support more people in our communities.

Below are some of our activities in the year

- We built on our 'more than bricks' mantra of being more than a landlord as we acquired Gainsborough based training provider Riverside Training. We are now able to offer personal and skills development opportunities, more details can be found on page 29.
- We continue to explore ways to reduce our impact on the environment, our Board strategy events included presentations and debate on the de-carbonisation agenda to help us formulate a plan. We have also undertaken analysis of our greenhouse gas emissions for the first time so that we can understand the source and target reduction, further details can be found on page 35.
- We started two well-anticipated regeneration schemes at North Parade and Bowling Green Lane in our hometown, Gainsborough. These will provide much needed, mixed tenure, homes in the town.

Business Conduct

The Group strives to maintain a reputation for high standards of business conduct. The Group has the top governance grade (G1) as assessed by the Regulator of Social Housing and undertakes an annual assessment of compliance against the regulatory standard. In addition, the Group also carries out an annual assessment of compliance with the National Housing Federation's (NHF) code of Governance.

In line with the NHF Code, the Group has given robust consideration to the effectiveness and conduct of business for all Boards and Committees. An independent governance review was undertaken in the year.

The Group has core policies in place which the directors agree to uphold. This includes a code of conduct, Group standing orders, financial regulations and a confidential reporting (whistleblowing) policy.

The directors also complete declarations of interest disclosures to avoid any potential conflicts of interest. Collectively, these measures help to ensure that the Board acts in the best interest of the Group at all times.

Strategic risk overview

Risk evaluation remains integral to the formulation and delivery of our business strategy. Our Board and Executive Management Team has maintained its programme of risk review throughout the year. Despite the risk management strategy not being due for renewal, the board revisited this at its November strategy session in light of changes in the operating environment as a result of Coronavirus and as the Group becoming more complex through the addition of further subsidiaries. At this session the board reviewed its previous assessment of risk appetite and considered what key strategic risks the organisation was currently facing for comparison against the existing register. This work, alongside an operational review of team registers resulted in a new risk management strategy being approved in the year alongside refinement of how risks are captured and reported. This further strengthens this crucial element of our internal controls framework.

Operational and project specific risk maps help in support of the corporate risk register – this work has driven increased risk awareness into operational teams, providing another level of assurance that our staff are thinking about what could impede successful delivery of targets and what can be done to manage these risks.

Our Audit and Risk Committee performs a detailed risk management scrutiny function on behalf of the Board. The most significant risks currently facing the organisation are shown in the table below. These, along with the other main risks captured on the corporate risk register, are reviewed by the Board on at least a quarterly basis and at every Audit and Risk Committee meeting.

These risks link closely to the work we do to stress-test our financial plans against a range of adverse scenarios. For each of the scenarios we identify the necessary mitigations and early warning triggers which are continuously monitored and reported quarterly to the Finance and Development Committee. These triggers will allow us to respond quickly if necessary.

Operating and Financial Review and Strategic Report (continued)

Risk area	Consequences	Mitigation	Control measures
Economic constraints from Coronavirus	Economic recovery post pandemic impacting available funds for both Acis and our customers.	Stress testing of business plan, early warning triggers monitored and reported to Finance Committee and Board.	Financial planning Performance management Board & Committee oversight
Reduced demand for student accommodation	External factors such as Coronavirus and changes in student approach to studies could lead to a short-term reduction in occupancy and income.	Strong established relationship with both Universities; board member and JV partner expertise; stock assessment taken by third party experts on a periodic basis.	Performance management JV Governance Financial planning and modelling
Financial impact of net carbon zero agenda	To achieve the Government targets for net carbon zero there will be a requirement to improve the energy efficiency of our homes the costs of retrofit will be significant.	Factor low carbon into new development design; collect EPC data for all existing strong; high levels component replacement and investment planned.	Collection of all necessary base data to make an informed decision; consultants engaged to model financial impact and start to develop a strategy.
Failure to deliver the development programme	Lack of skills or pipeline resulting in failure to deliver new home programme, resulting in failure to deliver the strategic objectives and possible reputational damage.	In house development team in place and strengthened in the year with access to consultants and contractors; good relationships with key stakeholders	Close monitoring of all current and future development activity by Finance and Development committee and Board.
Failure to sell home ownership properties within agreed targets	Changes in market conditions could result in delayed sales, reduced revenues. Impacting future delivery and social housing provision.	Strong appraisal process including scenario analysis; exit strategies; strong marketing; stress testing	Financial planning Investment appraisal and portfolio Performance reporting
Cost and income inflation divergence	The rate of rent increases are significantly less than expenditure inflation as a result of Coronavirus and EU transition impact costs or Government changes to the rent settlement.	Stress testing of business plan, early warning triggers monitored and reported to Finance Committee and Board including inflation sensitivities. Business plan predicated on CPI after current settlement.	Performance management, Board and committee reporting
Operational and financial uncertainty as a result of a Health Pandemic (Coronavirus)	Inability to deliver services/engage with customers and our customers ability to meet their financial requirements. Potential for significant increase in demand for our services.	Business continuity team closely monitoring situation; stress testing; separate detailed risk register; additional support in place for customers through EP19 and arrears action.	Committee/Board scrutiny of monthly accounts and Cashflows. Strong financial planning Strong governance and Board reporting
Breach of banking covenants	A number of factors combine to impact negatively on the business plan and banking covenants.	Strong financial controls framework and budget monitoring; stress testing with early warning triggers; contingency allowance	Strong oversight of financial performance at senior management, Committee and Board levels.
Obligation from planning and social housing white papers	Inability to deliver our growth strategy; reputational damage; breach of regulatory code.	Good relationship with stakeholders; early assessment and monitoring	Strong oversight at all levels of the organisation.
Poor customer/stakeholder reputation	Customer/stakeholders view our actions negatively resulting in reputational damage.	KPI monitoring and surveying in place; customer first approach; customer involvement and feedback promoted.	Reporting of stakeholder contact and customer satisfaction to Board
Repairs service delivery	Failure to meet our service standard; reduced financial efficiency; Loss of reputation.	Improved infrastructure and tools in place and being developed; strong performance reporting.	Performance management; reporting to Operations Committee and Board; repairs satisfaction and efficiency monitoring.

Operating and Financial Review and Strategic Report (continued)

Financial Performance

The reported results for 2020/21 evidence continued strong financial performance.

Income

Group turnover increased to £42.1m in 2020/21 up 5.1% from last year. Around 22% of the Group's turnover (£9.2m) was generated by property sales activities comprising both shared ownership first tranche sales as well as properties developed for outright sale. This is up from the £6.6m recorded in 2019/20 year.

Rent and service charge losses due to empty general needs, sheltered and shared ownership properties increased significantly in the year as a result of Coronavirus restrictions to £0.6m (2020: £0.3m) although strong performance in the later part of the year saw this returning to normal levels by the end of the year.

When setting rents the Group ensures that rents remain affordable taking account of local factors and we ensure that all rents comply with the Regulator of Social Housing's rent standard. The rent standard allows for an element of flexibility and the Group has elected to apply a ten percent tolerance to the target rent of its supported housing and a five percent tolerance to the target rent on its general needs housing. With these tolerances applied, rents remain below affordable rents levels and within the local housing allowances in the areas in which we operate, demonstrating affordability. Applying the tolerance allows the Group to remain financially viable whilst it strives to deliver additional affordable homes for more customers, in keeping with its corporate objectives.

Rent and service charge arrears were a key area of business focus through the year with concerns around customers' ability to discharge their rent obligations due to the impact that the Coronavirus pandemic. With restrictions around court actions the team provided further support to customers and further refined our systems and processes. These measures helped to preserve our strong performance levels. Rents and service charges receivable on social housing are held as debtor balances and reported a reduction during the year which we are very pleased with.

Net Surplus

Ongoing cost efficiency continues to be embedded within our reported results. Our costs per units benchmark particularly well against the sector as a whole, further details are available in the Value for Money Statement section of these accounts.

Group net surplus decreased to £4.4m in 2020/21 down from £6.0m last year. This is primarily due to the impact of Coronavirus on student accommodation income, we were aware of this potential early in the pandemic and adjusted our budgets and financial modelling accordingly.

Surpluses generated by the Group are reinvested back into the stock primarily through a programme of capital major component replacements.

Statement of Financial Position

The Group Statement of Financial Position saw a net addition of £8.3m (2020: £12.9m) tangible fixed assets through the year. This is after taking account of new housing additions of £13.4m (2020: £13.9m) and works to existing stock of £1.7m (2020: £5.6m). Whilst the work to develop new homes continued throughout the pandemic, restrictions meant that it was necessary to curtail large parts of investment programme on existing stock.

The Group has a fully secured revolving credit facility in place with an undrawn balance of £22.6m (2020: £25.0m).

Following an update of the full actuarial valuation, a provision for the Social Housing Pension Scheme (SHPS) defined pension liability has been recognised at £3,325k.

Operating and Financial Review and Strategic Report (continued)

Future financial performance

Our financial results exhibit a strong and consistent trend. We want to ensure that we can make decisions about customer services delivery and asset investment from a position of choice and strength.

Our financial plan aligns with our corporate strategy, which emphasises the need for ongoing operational efficiency to underpin service delivery, for growth in our housing portfolio, for greater partnership working to deliver more and for our continued commitment to our customers. The ambition for 2021/22 and beyond is therefore to remain on a path of continuous financial strength whilst continuing to build on all our strategic priorities.

Commercial strength is fundamental to the achievement of our broader objectives and delivery of healthy surpluses is vital to our success. Increased financial capacity leads to increased investment options – we need to evidence to our customers and stakeholders how financial strength has a direct and positive influence on our social value and particularly in the current environment, our ability to meet the demand for new housing provision.

Achievement of our goals is dependent on sound financial management at all levels of the organisation. We have made good strides with raising the profile of financial management within our business, and we have ambition to continue ratcheting up this work so that finance becomes an enabler of business transformation. We believe that it's right and natural for financial awareness and responsibility to be at the heart of all our daily actions and activities.

Treasury management

Acis operates a treasury function within its core finance team, with responsibility for the management of liquidity, interest rate risk and counterparty risks. These activities are governed by a treasury management policy and strategy which are approved each year by the Board. The policy is based on industry good practice standards and was constructed with the assistance of expert external advice.

The organisation adopts a risk-based approach to liquidity and interest rate management. The overriding objective is the avoidance of unacceptable risk. Surplus cash is invested with approved banks and counterparties in line with the Treasury Management Policy (ensuring the preservation of capital rather than maximising returns). The Group is funded from a number of sources including long-term loans, retained earnings and grant primarily provided by government agencies. All funding is in sterling and, therefore, there is no currency exchange exposure to the Group.

Loans and credit structure

Acis Group Limited ('AGL') is the parent company of the Group and the main borrowing vehicle. As at 31 March 2021 the Group had committed facilities of £199.5 million (2020: £204.7 million). Drawn loans as at 31 March 2020 totalled £176.9 million (2020: £179.7 million). Current loan facilities are sourced from the banking sector and from a private placement arranged directly with institutional investors and include a revolving credit facility. A significant amount of debt is repayable over the next ten years and in order to deliver its long-term financial plan, the Group will require additional debt facilities to maintain its future operation.

Interest rate management

The organisation has a risk-averse attitude to interest rate movements, and our treasury strategy requires at least 50 per cent of drawn funds to be held on fixed or hedged rates of interest. As at 31 March 2021, 86 per cent of drawn monies were held on this basis (2020: 85 per cent), comprising a combination of standard fixed rate debt and cancellable fixed rate debt. All such hedges are embedded within loan agreements; the organisation does not enter into free-standing derivatives and so has no mark to market exposure. Interest and related expense on our loans was £7.1m across the Group during the year (2020: £7.4m). The weighted average cost of funds as at 31 March 2021 was 4.02 per cent (2020: 4.03 per cent)

Operating and Financial Review and Strategic Report (continued)

Covenant compliance

AGL's loan facility financial covenants are based on interest cover and gearing ratios. Interest cover is calculated on Operating Surplus after adding back housing property depreciation and includes surpluses from property sales and capital improvements expenditure. Gearing is based on total debt compared to the balance sheet historic cost of housing assets. Covenants are monitored monthly, reported to the Board and finance and development committee on a quarterly basis and annually to the finance providers. Covenants were met as at the balance sheet date and we expect this to continue to be the case going forward.

Liquidity and cash flow

Surplus funds from operations and drawdowns from the revolving credit facility are used for the purposes of funding new development activity. Any additional cash balances are placed on short-term deposit. The organisation will only deposit monies with institutions which comply with stringent Treasury Management Policy parameters, based on credit rating agency assessments of financial strength. The combination of internal cash generated by the organisation, cash held by the organisation and a revolving credit facility are sufficient to fund the Group's anticipated development programme for the next year.

Governing Document

Acis Group Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 9 December 2010. It is registered as a charity with the Charity Commission.

Operating and Financial Review and Strategic Report (continued)

Acis Group Limited

Value for Money Statement for the financial year ended 31 March 2021

Introduction

Value for Money (VFM) isn't about saving money at all costs. It's about ensuring our customers obtain maximum benefit from what we spend on goods, services and works. It's important to any organisation, but fundamental to ours.

We're a people-focused organisation. We're here to support the people in our properties across the Midlands and Yorkshire and the Humber. We recognise everyone's different, leading different lives in different circumstances – so the homes and services we offer have to be right for them.

It's important that our customers know every single penny is spent wisely, with money reinvested to improve the services they receive. Only through achieving good value for money can we achieve the best we can for our customers and grow the organisation so we can help more people.

Our approach

Our people, at all levels, recognise what it means in their work as we strive to deliver for our customers every single day. With a customer-first ethos embedded into everything we do, so is VFM.

Our strategy focuses on the three Es:

Economy	Careful use of resources to save cost, time or effort
Efficiency	Improving the balance between service costs and performance levels
Effectiveness	Delivering the services that customers desire

Every cost decision is made on sound judgment of these factors, making sure we think about the impact on customers every step of the way.

We regularly report – internally and externally – on VFM matters to show others how we're performing. And our strong customer voice initiatives give us a good sounding board to keep on track or improve our performance.

And while we're content with our approach, we know we can't stand still. We work with partner agencies and those with good service provision to ensure we keep on top of our game and react positively to changes to drive service improvement.

Our objectives

We are now one year into our three-year VFM Strategy, which has four main objectives:

- Ensure customers are involved in defining specifications and helping us monitor performance
- Strengthen our procurement practices to deliver greater VFM
- Improve our systems and processes, to deliver cost and time savings
- Develop and deliver a plan for dealing with non-performing assets

We're confident we're on track with these objectives, highlighted by our performance indicators and examples shown later in this statement.

Operating and Financial Review and Strategic Report (continued)

Our performance

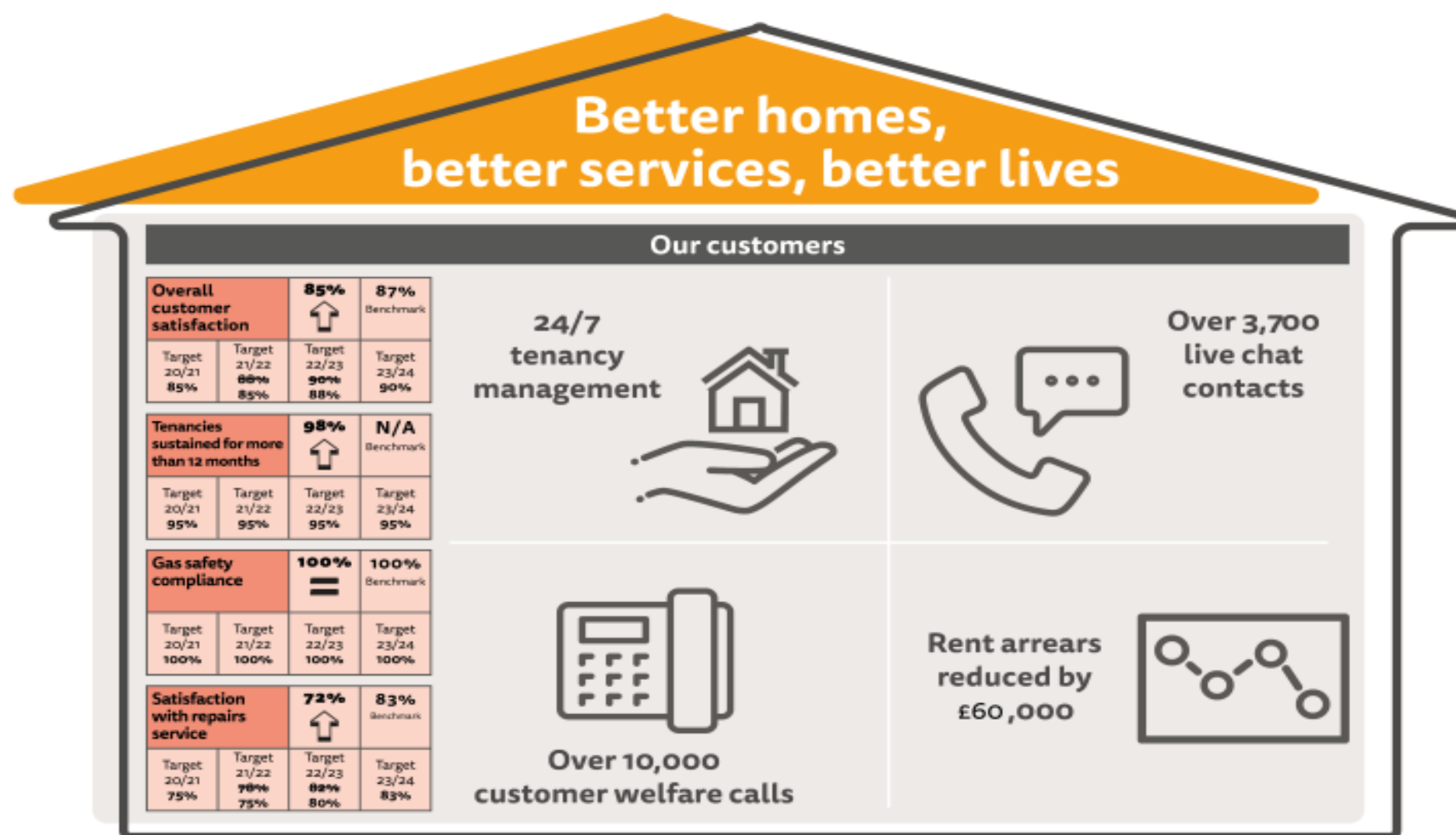
Everything we do is linked to our Corporate Strategy, which has four priorities: Our customers, our growth, our partnerships and our efficiency.



We have continued to develop our KPI framework in the year following the appointment of our dedicated Performance Lead. Our Performance Lead has worked across the business to develop and challenge our KPI reporting, ensuring we focus on those areas that matter most to our customers and to our business health. We have tailored all our KPI dashboards and reporting to ensure that they provide meaningful data on which the business can make informed decisions. We also include detailed actions plans for any areas that are not performing in line with our targets. Every quarter at its board meeting, the Board and committees consider a number of performance results at each of their meetings and have access to ongoing monthly reporting between meetings.

The board approve all KPI targets at the beginning of the year along with the annual budgets to ensure that we continue to progress toward achieving our overall ambitious targets. We also track how we perform against others in our sector through Housemark benchmarking, where figures are obtainable. These are shown in the visuals over the next few pages.

Operating and Financial Review and Strategic Report



Arrows indicate direction of performance

Operating and Financial Review and Strategic Report

Our Customers

Overall performance

Performance in this area has been exceptionally strong in the year. Whilst we fell slightly short of our ambitious repairs satisfaction target in the year, we did achieve our highest reported levels of customer satisfaction for many years. This gives a good indication that all our work and effort in this area over recent years is starting to come through in these metrics. However, it is taking slightly longer than anticipated so we have amended some of the targets very slightly whilst still achieving our overall targets from our strategy. We are also able to report 100% gas safety compliance which in most years is a given but in a very challenging year with restrictions in place is something that we are very proud of.

Our customer service

As we grow as an organisation, our customers' needs adapt and develop along the way. This year we reviewed all aspects of our customer service to redesign our offer to our customers.

Our vision to move to a more digital way of working took a big step forward with this change as we introduced a number of new ways of contact for our customers. And these improvements are two-way. Not only have we introduced digital ways for customers to contact us, but these are an efficient way for us to deliver key information and updates to our customers.

In July 2020 we launched our live chat system for customers to contact our customer service centre directly through our website and chat almost instantly with a member of the team. From 1 July – 31 March we had over 3,700 contacts from customers on this system alone.

Following this, our MyAcis customer portal was launched to give our customers 24/7 access to manage their tenancies online – including paying rent, reporting repairs and accessing key tenancy documents.

Because of this, changes have been made to our customer service centre with our opening hours extended to 8am-9pm on weekdays with a focus on digital platforms from 5pm-9pm.

And that's not all – our customer service centre are now supporting customers even more than ever with proactive outbound calls being made to customers awaiting updates or information following enquiries for sales, Acis HomePlus or Riverside.

Emergency Project-19

Last year we adapted quickly to the coronavirus pandemic by contacting 1,800 of our most vulnerable customers to offer proactive support and information to help keep them safe during an uncertain time.

Following this we were successful in winning funding from the National Lottery Community Fund to form a dedicated project team to support any of our customers who needed any help or signposting throughout the pandemic. This led to the team completing almost 10,000 contacts to our customers from tangible support offerings to simple weekly check ins with those customers who just needed a chat during a challenging time.

With further funding secured through the European Social Fund (ESF) we have now been able to bring this project into our day-to-day work.

A year of no evictions

In a year where evictions were put on hold due to the coronavirus pandemic, there was initial concern about potential rising levels of rent arrears.

However, our income team worked tirelessly to put a plan in place to minimise the impact of Covid-19 on the organisation. In doing so, we tweaked our approach to income management with great success. We offered more support and advice than ever before to customers around paying their rent and signposted them to wider help they could receive. Because of this, we not only stopped arrears growing but actually lowered arrears from the previous year.

Operating and Financial Review and Strategic Report

Better homes, better services, better lives

Our partnerships

Number of stakeholders engaged with **826** **N/A**
Benchmark

Target 20/21	Target 21/22	Target 22/23	Target 23/24
850	1000	1000	1200

Amount of funding won from external funding sources **£9.07m** **N/A**
Benchmark

Target 20/21	Target 21/22	Target 22/23	Target 23/24
£500,000	£500,000	£500,000	£500,000

New stakeholders engaged with **155** **N/A**
Benchmark

Target 20/21	Target 21/22	Target 22/23	Target 23/24
400	480	575	600

Social value contribution* **£2.91m** **N/A**
Benchmark

Target 20/21	Target 21/22	Target 22/23	Target 23/24
£5.95m	£7.15m	£8.6m	£9m

Homes England Investment Partner
status achieved



Committed to the
Together with Tenants Charter

826 stakeholders engaged



*as calculated by the Housing Association's Charitable Trust (HACT) calculator

Arrows indicate direction of performance

Operating and Financial Review and Strategic Report

Our Partnerships

Overall performance

Another strong year in this area building on the foundations that have been put in place over recent years. Following our acquisition of Riverside Training we have secured a significant amount of external funding which will allow us to provide extra support and training over a number of years to our customers and the wider communities in which we work.

Stakeholder engagement

Stakeholder engagement is as high as it's ever been at Acis and has set the foundations of an exciting future. Over the past 12-months we engaged 826 partners which allows us to continue to grow our reputation and relationships with local and national partners.

Growing these relationships is helping our teams secure further funding to put back into our services and customers to continue to grow and improve so our customers have the services they need.

Investment Partner status

In 2020/2021 we successfully applied to secure Homes England Investment Partner status.

This has been an ambition for a number of years and means we can continue to grow and develop new, quality, affordable homes for our current and new customers.

The status allows us to directly submit bids to Homes England for grants and has made the process more efficient – saving the costs paid to the Blue Skies consortium to submit bids for us.

This has established a direct relationship between Acis Group and Homes England.

Together with Tenants

One of the biggest partnerships we've continued to grow this year has been the relationship with our customers. This year we adopted the Together with Tenants charter and committed to continue to improve all opportunities for our customers to shape the way we work for them.

When signing up to the charter, we began asking all customers how they feel we currently perform against six key commitments which then led to further virtual consultations with customers who wanted to get involved further.

Over the past year our customers have helped us shape our new digital services and our new customer service availability hours amongst other things and the Together with Tenants commitment will drive this partnership forward even further.

Operating and Financial Review and Strategic Report

Better homes, better services, better lives

Our efficiency

Rent arrears Current and former	3.3% ↑	4.5% Benchmark
Target 20/21 3.9%	Target 21/22 4.3%	Target 22/23 4.3%
Target 23/24 4.1%		

Number of empty properties At end of year	29 ↑	N/A Benchmark
Target 20/21 46	Target 21/22 40	Target 22/23 39
Target 23/24 38		

Staff sickness (days)	5.06 ↑	5.07 Benchmark
Target 20/21 6.0	Target 21/22 5.5	Target 22/23 5.5
Target 23/24 5.5		

Voluntary staff turnover	8.9% ↑	12.4% Benchmark
Target 20/21 8%	Target 21/22 8%	Target 22/23 8%
Target 23/24 8%		



New property
sales process
in place

Digital services
fully operational



Streamlined
customer
journeys

Prime - In-house repairs
offering Covid service
delivery protection



Arrows indicate direction of performance

Operating and Financial Review and Strategic Report

Our efficiency

Overall performance

Extremely strong performance in this area in what has been an extremely challenging year with the ongoing pandemic affecting both the ability to take action on arrears cases and to let and repair properties during the year. Despite this we ended the year with less arrears and less empty properties than we started the year with. We also experienced lower staff sickness and staff turnover than the previous year.

Process changes

This year gave us the opportunity to take a step back and reflect on how we work and how we can improve for the future. One way we did this was to introduce a new property sales process and, alongside changes in the sales and customer service centre teams, this allowed us to begin to streamline the customer journey and be more efficient in doing so. With the customer service centre now fully supporting the sales team by taking enquiries and contacting potential buys directly, this process has already begun to show signs of great efficiency.

Going digital

2020/2021 has been a big year for us in our journey to becoming a more digital organisation. As we've not been able to see or support customers face-to-face like we used to, we've had to continue to drive our digital offer forward. The introduction of live chat, MyAcis and digital signing software has allowed us to support more customers in more ways than ever before.

Through Riverside Training we have succeeded in being able to deliver training and courses online through Zoom or Microsoft Teams and internal meetings on these platforms have meant we have a great platform to work from when the world opens back up.

In-house repairs

The Covid pandemic has impacted many organisations in many ways but having our repairs and maintenance team, Prime, meant our service could quickly return to normal.

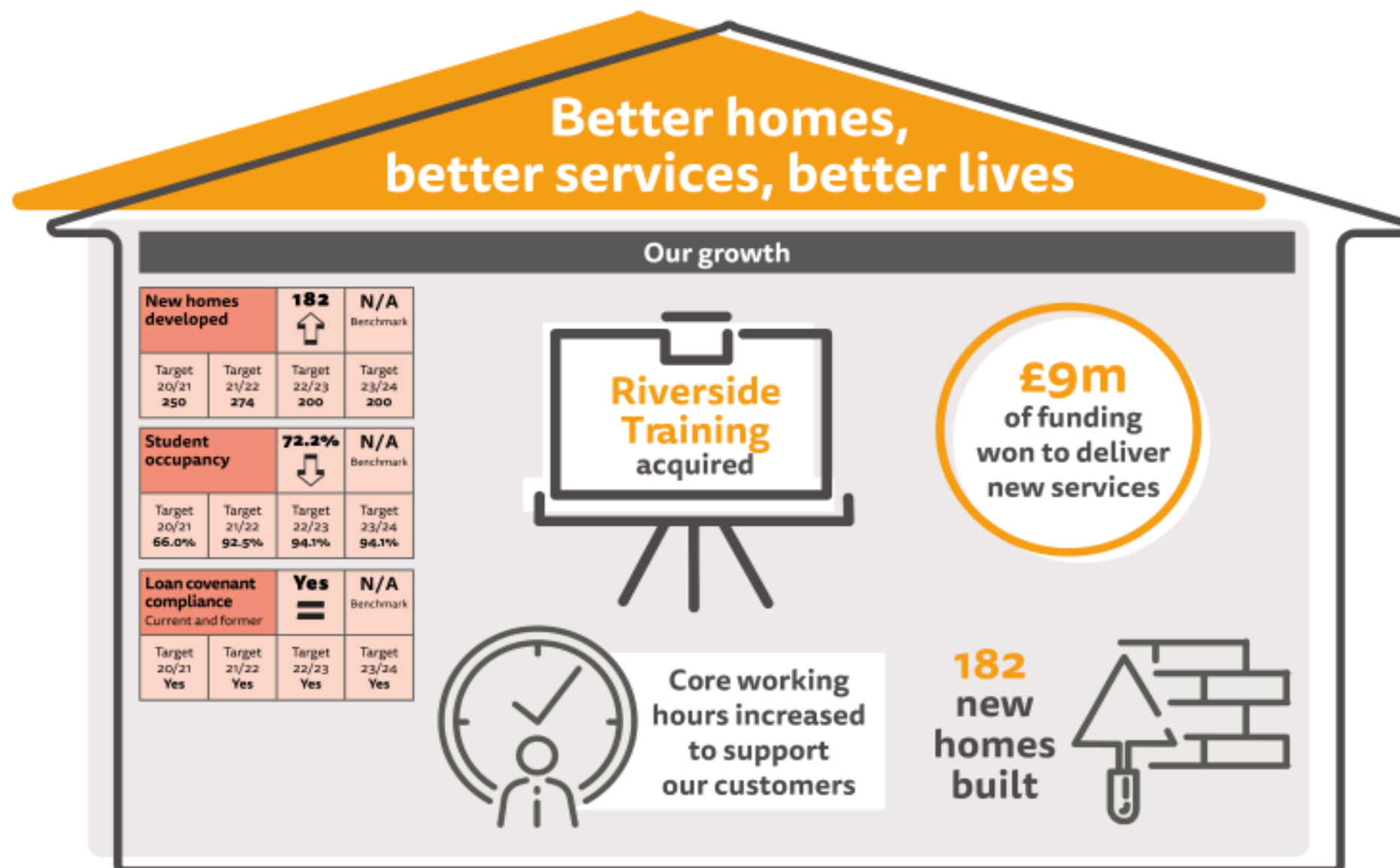
Having Prime in-house allowed us to pool resources across the team internally to support on projects and where workloads demanded without the need to rely heavily on external contractors. Whilst contractors were still key partners throughout the pandemic, we were able to manage our service through our Prime team – especially in areas where others may have struggled to find available contractors.

This protected us massively against the pandemic and whilst it was still a challenge, our team worked tirelessly to keep our service running to support our customers.

Temporary staff procurement

Like most organisations, Acis occasionally has a requirement for temporary staff which includes Prime operatives. During the year we rationalised and consolidated our procurement of temporary staff across the business. Using the CCS framework, we made a direct award which now provides better access to the market and greater value for money.

Operating and Financial Review and Strategic Report



Arrows indicate direction of performance

Operating and Financial Review and Strategic Report

Our growth

Overall performance

Good growth performance in the year with many much needed new homes added to our portfolio and a strong development pipeline with continued high growth in coming years. The Student occupancy level was impacted by the Coronavirus Pandemic with government restrictions meaning that many students had to return home resulting in us agreeing to early releases and discounts where students were unable to use their accommodation.

Our growth

In a year in which many organisations understandably struggled, we grew. Our stability and growth mindset helped us to continue down our path even in the toughest time. We now support more people than ever, have more homes than ever and offer more services than ever.

Riverside Training

As we looked to expand on the services we offer and build on our 'more than bricks' mantra of being more than a landlord, we acquired Gainsborough-based training provider Riverside Training in 2020.

Offering personal and skills development opportunities for people in Lincolnshire, Riverside Training has been brought into the Acis Group family to support communities to 'get on' in life.

Courses include accredited qualifications, basic skills such as maths and English, arts and crafts, IT, health and wellbeing and complement existing employability provision being run by wider Acis teams.

In the months following the acquisition, the training offer has been expanded and embedded further to positively impact the lives of as many people as possible.

Developing new homes

Construction work ploughed on throughout the pandemic, and so did our work with our many development partners.

Our busy year ended with another 182 much-needed homes being developed in our communities, including 89 for rent, 51 for shared ownership and 42 for outright sale.

Our work to regenerate our hometown, Gainsborough, carried on despite the uncertainty caused by the pandemic. The well-anticipated schemes at North Parade and Bowling Green Lane started in the year for future year completions.

We were also delighted to be given Homes England Investment Partner status, giving us direct access to the 2021-2026 Affordable Homes Programme. This will enable us to develop even more homes for people who need them.

Funding success

One of the main reasons we are able to grow, expand our services and help more people than ever before is because we have been able to draw down funding from various sources.

Our team has worked tirelessly to source relevant funding opportunities linked to what we want to achieve as an organisation.

Operating and Financial Review and Strategic Report (continued)

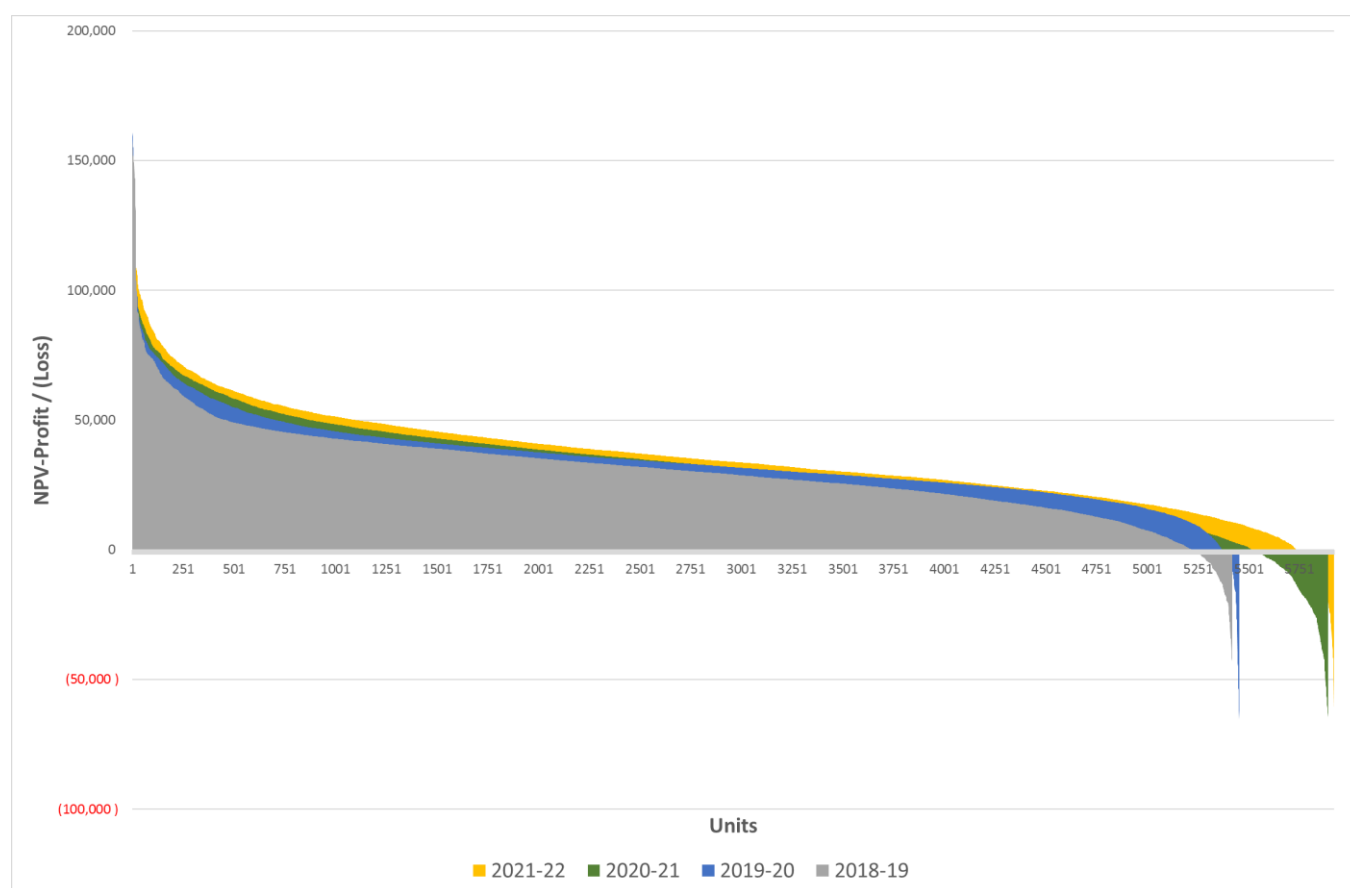
Sustainability modelling of our assets

We continued to build on the previous work to review our return on assets data including wider sustainability modelling which considers other non-financial impacts on our stock and our customers such as energy efficiency, demographics and neighbourhood issues. This work is helping to inform future investment strategies and to ensure that we have a fully rounded understand of how our properties are performing and why.

Our return on asset analysis shows that we currently have just over 180 loss making properties across our rental portfolio this is an increase on the previous year as a small number of properties tipped over to loss making largely due to tenancy management requirements.

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Loss-making properties	210	196	84	83	182
Average loss per property	£10,230	£10,036	£13,012	£11,475	£11,934

This graph below ranks all of the rental properties in order of return for the last three years and shows improved asset performance across the property portfolio over this period.



Operating and Financial Review and Strategic Report (continued)

How our operating costs compare

We continue to review and benchmark our costs against other housing associations. We use this information to explore and understand the variations in our costs and performance, and if necessary, look to do what we can to improve. The data in this table compares our cost per unit for different activities with the rest of the sector. The sector data is taken from the 2019/20 regulators global accounts which draws together the published financial statements of all housing associations.

The data below demonstrates that in the year we performed in the most efficient 25 per cent for three out of six indicators and in the second most efficient 25 per cent for the remaining three indicators. Our major repairs spend has historically been an outlier but this was reduced in the year due to curtailment of large parts of our investment programme as a result of pandemic restrictions. This normally higher than sector spend on major repairs is however a result of a conscious decision by the Board to invest more heavily for the direct benefit of our customers and their homes. This is in line with our ethic to provide better homes for our customers. We see this as a positive decision which will provide benefits in the longer term for both our organisation and our customers.

	Headline Social Housing CPU	Management CPU	Service Charge CPU	Maintenance CPU	Major Repairs CPU	Other Social Housing CPU
Acis Group Result 2020/21	£2,557	£584	£148	£937	£720	£168
Acis Group Result 2019/20	£2,935	£593	£135	£907	£1,183	£117
Acis Group Result 2018/19	£2,841	£538	£137	£921	£1,097	£148
Acis Group Result 2017/18	£2,657	£538	£128	£907	£964	£120
Acis Group Result 2016/17	£2,436	£422	£123	£850	£929	£112
Sector - Top 25%	£4,594	£1,322	£805	£1,314	£1,030	£369
Sector - Median	£3,810	£1,062	£441	£1,107	£813	£192
Sector - Bottom 25%	£3,328	£857	£252	£907	£590	£81

CPU = Cost per unit; top 25% equals least efficient; bottom 25% equals most efficient

 = most efficient
  = relatively efficient
  = relatively inefficient
  = least efficient

Value for money metrics

In addition to our own way of recognising performance, we also report on the Regulator of Social Housing's Value for Money Metrics, which increases transparency and helps to compare performance with other housing associations through a suite of metrics.

Operating and Financial Review and Strategic Report (continued)

Metric	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	Top 25%	Median	Bottom 25%
1) Reinvestment% - Efficiency	15.1%	7.8%	5.9%	11.0%	11.0%	11.6%	10.0%	7.2%	4.9%
2a) New supply delivered (social) % - Effectiveness	2.0%	2.3%	2.2%	3.6%	2.5%	2.2%	2.4%	1.5%	0.7%
2b) New supply delivered (non-social) % - Effectiveness	0.08%	0.42%	0.55%	0.46%	0.34%	0.62%	0.15%	0.00%	0.00%
3) Gearing % - Efficiency	67.8%	68.6%	65.8%	64.4%	64.2%	63.5%	33.0%	44.0%	54.7%
4) EBITDA MRI interest cover % - Efficiency	160.4%	174.4%	214.1%	130.4%	141.5%	135.8%	227%	170%	126%
5) Headline social housing cost per unit – Economy	£2,841	£2,935	£2,557	£3,372	£3,491	£3,664	£3,180	£3,690	£4,690
6a) Operating margin % - Efficiency	31.4%	30.5%	24.4%	23.1%	26.7%	26.4%	28.68%	23.1%	18.1%
6b) Operating margin (social housing lettings) % - Efficiency	26.5%	27.7%	25.4%	23.5%	26.4%	27.4%	32.3%	25.7%	20.8%
6c) Operating margin (other social housing activity) %- Efficiency	20.1%	17.5%	25.4%	22.7%	27.5%	15.8%	26.9%	9.6%	-10.5%
6d) Operating margin (non-social housing activities) % - Efficiency	53.0%	41.8%	24.7%	21.7%	27.3%	25.8%	45.1%	20.3%	5.1%
7) ROCE % - Efficiency	4.2%	4.9%	4.1%	3.6%	4.1%	4.9%	4.4%	3.4%	2.6%

= most efficient
 = relatively efficient
 = relatively inefficient
 = least efficient

Operating and Financial Review and Strategic Report (continued)

The metrics demonstrate that overall, we are performing well against the sector. In 2020/21 eight of the eleven metrics measured we were performing in line with or better than the rest of the sector. There are a few key areas of lower performance and fluctuations including:

- Our desire to develop and invest in existing assets means that we have higher levels of debt causing higher gearing and lower interest cover, although this is a conscious decision of the Board.
- Our cost per unit data has always been low. The increased capital investment in existing homes (which is accelerated in the early years of the business plan to ensure our customers feel the benefit of this investment) does increase this metric to be more in line with the sector average over the next few years.
- Our operating margin is good, particularly that derived from our non-social housing activities, although the operating margin on social housing is below the sector average as we continue to invest to improve our service offering.

Looking ahead

VFM will continue to play a vital part of our delivery in the coming years, particularly as we enter an uncertain political and economic time.

In line with our ambitious plans to transform the way we work and following the successful redevelopment of our Sheffield office space, we will be working towards the redevelopment of Acis House in Gainsborough. However, as the success of remote working during coronavirus has shown, our commitment to a flexible working approach will be at the heart of redevelopment plans.

We will continue on our journey to improve and streamline our repairs service to ensure it is as efficient as possible building on the successes achieved in the last year.

We have a strong pipeline of new developments to grow the organisation over the next five years, in line with local need. As the number of people we support increases, so will our services to support them. We will work to devise and develop new services with new and existing partner organisations, focusing on gaining external funding where possible so no cost is passed on to our customers.

Further customer involvement in how we deliver our services is a must to ensure we are providing the right type – and level – of services they want from us. Customers are especially set to be involved in the design of our digital facilities.

To find out more about how we deliver our services,
visit **www.acisgroup.co.uk** or call us on **0800 027 2057**

Report of the Directors

Report of the Directors

Board members and executive directors

The Board members and executive directors of the group are set out on page 3. This year there have been no changes to the Board and executive team.

The executive directors are the Chief Executive, the Finance Director, the Director of Property Services and the Director for Customer Excellence.

Group insurance policies indemnify Board members and officers against liability when acting for the Group.

Service contracts

The Chief Executive and the other executive directors are employed on the same terms as other employees with their notice periods ranging from three to six months.

Employees

We recognise that the success of our business depends on the quality of our managers and our people. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

We are committed to equal opportunities and, in particular, we support the employment of disabled people, both in recruitment and in retention of employees who become disabled whilst employed by the Group. The company retains 'positive about disabled people' and Investors In People accreditation, in recognition of its commitment in these areas.

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters. We also have a Health and Safety Steering Group to engage with staff across the organisation and enable positive change to be brought forward.

Donations

The Group made no charitable or political donations during the course of the year.

Financial risk management objectives and policies

The Group uses various financial instruments, including loans and cash, and other items such as rent arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments

exposes the Group to a number of financial risks. The main risks arising from the Group's financial instruments are considered by the directors to be interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group finances its operations through a mixture of retained surpluses and bank borrowings. The Group's exposure to interest fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and investing cash assets safely and profitably.

Credit risk

The Group's principal credit risk relates to tenant arrears. This risk is managed by providing support to eligible tenants with their applications for benefits and closely monitoring the arrears of self-funding tenants. Welfare reform and resulting changes to the benefits system have been identified as a key risk to the Group. The challenges faced by these changes are continually being assessed in light of new best practice and local benchmarking.

Emissions and Energy Consumption

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 our energy use and greenhouse gas (GHG) emissions are set out below.

The data relates to UK emissions for the 12-month period from 1 April 2020 to 31 March 2021.

Report of the Directors (continued)

Acis Group Ltd Energy Use and Associated Greenhouse Gas Emissions

Total Energy consumption	3,412,527 kWh
Emissions from combustion of gas (Scope 1)	147 tCO ₂ e
Emissions from combustion of fuel for the purposes of transport (Scope 1)	417 tCO ₂ e
Emissions from purchased electricity (Scope 2)	191 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	38 tCO ₂ e
Total gross emissions	793 tCO₂e
Emissions per staff member	3 tCO₂e per staff member
Total Gross Scope 1, Scope 2 [market based] & Scope 3 emissions (tCO₂e) [optional]	602 tCO₂e
Energy generated and then exported (kWh) [optional]	18,902 kWh
Total annual net emissions (tCO₂e) [optional]	789 tCO₂e

We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). The 2020 UK Government GHG Conversion Factors for Company Reporting published by the UK Department for Environment Food & Rural Affairs (DEFRA) are used to convert energy use in our operations to emissions of CO₂e. Carbon emission factors for purchased electricity calculated according to the 'location-based grid average' method. This reflects the average emission of the grid where the energy consumption occurs. Data sources include billing, invoices and the Group's internal systems. We purchase 100% renewable electricity for all sites and have included an additional figure calculated using market-based factors to account for this in our report.

For one of the sites, the Sheffield office, the building is leased where the utilities are included in the service charge. Benchmarking based on floor area against industry benchmarks has been used to provide estimated electricity consumption at this site. For transport data where actual usage data (e.g. litres) was unavailable conversions were made using average fuel consumption factors to estimate the usage. We have chosen to report our gross emissions against staff number.

We are committed to reducing the environmental impact of our operations. In the period covered by the report we have significantly invested in agile working. Devices have been issued to all staff to work remotely saving on travel time. We have changed many of our heating technology to more energy efficient versions and have installed multiple Air Sourced Heat Pumps.

Going concern

The Group's activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place long-term debt facilities, an undrawn revolving credit facility, cash reserves, and generates positive cash from core operations.

These elements combine to provide sufficient resources to finance committed reinvestment and development programmes, along with the Group's day to day operations.

The Group has a long-term business plan which shows that it is able to service its debt facilities whilst continuing to comply with lenders' covenants. The business plan also includes multi variance stress testing scenarios and trigger points which are monitored and reported on regularly to the Board and Finance and Development Committee.

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

Post balance sheet events

There were no post balance sheet events.

Report of the Directors (continued)

Other Group companies

Acis Development Services Limited

Acis Development Services Limited was established in October 2010 to provide design and construction services to the Company and undertake the construction and sale of properties on the open market.

Acis Management Limited

Acis Management Limited is the majority partner in Galatia LLP and Eione LLP, providing management services to both.

Eione LLP

Eione LLP was established in January 2013 as a joint venture to provide facilities management services to the student accommodation properties owned by the Company. Turnover during the course of the year related to services provided to both partners (the Company and Derwent Facilities Management).

Prime Repairs and Maintenance Limited

Prime Repairs and Maintenance Limited became responsible for the delivery of all repairs and maintenance activities for the Group in September 2016. All turnover during the course of the year related to services provided to the company.

Acis HomePlus Limited (Formerly Acis Housing Limited)

Acis HomePlus Limited (Formerly Acis Housing Limited) provides home independence services including adaptations to the Group and the private sector. Acis HomePlus Limited (Formerly Acis Housing Limited) commenced trading in November 2019 after changing its name from Acis Housing limited.

Riverside Access and Training Centre Gainsborough CIC

Riverside Training was acquired by the Group in September 2020. Riverside Training delivers training and welfare/social support services alongside employability programmes.

Acis Properties Limited

Acis Properties Limited has been dormant throughout the period.

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

This responsibility applies to all organisations within the Group, including those not registered with the Regulator of Social Housing.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. The Board receives and considers reports from management on these risk management and control arrangements throughout the year.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Audit and Risk Committee, Finance and development Committee, Operations Committee and Remuneration and Review Committee;
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- Board approved risk appetite levels;
- Robust strategic and business planning processes;
- Quarterly review of the Group's risk map by the Board;
- Detailed financial budgets and forecasts for subsequent years;
- Formal recruitment, retention, training and development policies;
- Established authorisation and appraisal procedures for all significant new initiatives and commitments;
- Regular reporting to senior management and the Board of key business objectives, targets and outcomes;
- Board approved whistleblowing and anti-theft and corruption policies; and
- Detailed policies and procedures in each area of the Group's work.

Internal controls assurance

Report of the Directors (continued)

A fraud register is maintained and available for review at every meeting of the Audit and Risk Committee. No significant fraud has been reported in the year with only one minor incident where the Group suffered a small loss, this was reported to the Group's Audit and risk Committee.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes and an update from the committee chair for all Audit and Risk Committee meetings.

The Audit and Risk Committee has received and considered the annual review of the effectiveness of the system of internal control for the Company and its subsidiaries and the annual report of the internal auditor and has reported its findings to the Board.

Governance

Governance and Financial Viability Standard

Acis has designed and implemented a comprehensive approach to the management of regulatory compliance including:

- Codifying the role and responsibilities of the Board, Sub-Committees and Officers in relation to RoSH compliance;
- Specifying the regulatory requirement and building the supporting evidence base of compliance
- Identification of the deadlines for each regulatory cycle with project plan in place to support completion of the regulatory cycle deadlines. The project plan developed includes clear stage gates / milestones, risk review
- and specific ownership of items in the plan by officers
- Appropriate scrutiny at identified points by officers, Board and Committees
- A programmed approach to compliance designed to ensure visibility of the way that issues are being addressed at stages where remedial action can be taken if required
- The Group has applied this approach to all elements of the Regulatory Standard, with each element of the Standard and the accompanying code of practice specified along with the associated evidence references and required actions which are tracked using a RAG status.

Assessment of Acis Group Limited's compliance with the Governance and Viability standard has been made by the Board and there are no areas of non-compliance.

Code of Governance

Acis Group Limited, as a registered provider of affordable housing, is governed in accordance with the NHF Code of Governance. This does not apply to non-registered subsidiary entities. Compliance with the Code has been upheld by Acis Group Limited during the year.

In line with the NHF Code the Group has given robust consideration to the effectiveness and conduct of business for all Boards and Committees and notes the requirement for a formal review at least every three years. The latest review was undertaken in January 2021.

In December 2016 the NHF published its voluntary code in relation to Mergers, Group Structures and Partnerships. Acknowledging the strategic aim to grow our organisation, and to create financial efficiency and strength through actively seeking collaborative working arrangements, the Board formally adopted the code at its meeting held in April 2016. Within the year, the Group made no formal merger proposals to any other party.

Board composition

The Board is made up of nine non- executive members, one of whom is a tenant. The Board structure includes the following committees and groups:

Report of the Directors (continued)

Committee / Group	Membership	Meeting frequency 2020/21	Role
Audit and Risk Committee	Kathryn Smart (Chair) Bruce Kerr Paul Satchwell Russell Stone (Independent member) Suzanne Bolton (Appointed 18 May 2020 – Resigned 12 March 2021)	4	Provides independent scrutiny and challenge to provide the Board with assurance. Ensure that appropriate external audit arrangements are in place and regularly evaluated and monitored. Consideration of audit reports and detailed review of financial statements. Seek assurance that appropriate risk management and assessment techniques are operated within the Group and performs detailed scrutiny and evaluation of risk. Ensures satisfactory internal audit arrangements operate within the Group and seek assurance that appropriate systems of internal control are established and maintained. Ensure an adequate system of internal control is in place.
Remuneration and Review Committee	Kathryn Smart (Chair) Mike Kay Graham Ward	2	Review and recommend remuneration package of the Chief Executive and executive directors to the Board. Oversight of appraisal of the Chief Executive and executive directors.
Finance and Development Committee	Graham Ward (Chair) Paul Satchwell Ronan O'Hara Nigel Whitaker	4	Maintain an overview of the Group's financial performance including reviewing and commenting upon the Group's management accounts and financial forecasts. Consider financial implications of proposals for areas of major new strategic business development on behalf of AGL and make recommendations to the board. Assist in the development of the Group's Treasury Management Strategy and consider the impact of changes in interest rates on the same. Monitor the Group's existing loan portfolio and determination of the adopted approach in relation to the drawdown of new funds, and the maturity of existing loans. Consider and approve within delegated authorities new development proposals or recommend to Board. Ensure compliance with the Group's Financial regulations in relation to procurement. Review the Group's Business Plan and act as an early warning system to the Board in cases of concern.

Report of the Directors (continued)

Operations Committee	Bruce Kerr (Chair) Ronan O'Hara Nigel Whitaker Carole Hodson Deborah Newton (Independent member) Resigned 11 March 2021	4	Ensure the maintenance of adequate and effective arrangements for internal monitoring of operational action plans and performance management processes. Receive reports and other performance information in relation to the Groups performance on all operational services. Receive reports in relation to the Group's customer communications and feedback. Report any serious delivery or compliance failures or concerns to the Group Board.
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Report of the Directors (continued)

Skills and recruitment

All appointments are approved by the Board with due consideration of skills and supported by an objective and rigorous selection and assessment process. All appointments are made in accordance with the Board's skills matrix and the recruitment processes focused on securing members with the following appropriate skills:

Housing Sector: in-depth, up-to-date knowledge including the housing needs Acis Group aims to meet, and the opportunities and threats posed by the organisation's external framework

Resident / Customer: experience of the needs, concerns and aspirations of Acis' customers/tenants, community development. Community relations and needs including equal opportunity, disability and managing diversity

Strategic leadership and management: vision, intellectual flexibility, political astuteness and drive for results. Experience of working at a strategic management level in the commercial, public sector, local/central government policy or charitable sector

Analytical: ability to digest large amounts of information, picking out the relevant points and using the information to support strategic decision making

Business Management: successful senior level business, financial and management experience including the ability to monitor performance and hold to account, change management, basic HR/employee engagement, IT and PR and Marketing.

The Board is made up of a range of skilled business people, with both private and public sector backgrounds, ensuring a broad range of skills, competencies, experience and knowledge. Members of the Executive Leadership Team attend the Board and Committees but are not Board members.

Evaluation

All Board members are subject to an individual appraisal conducted by the Chair. The appraisal process assesses contributions made, reviews and identifies training and development needs of the individual, and formalises individual and wider Board goals for the forthcoming year.

The adopted code of governance sets a requirement for appraisal of individual members to be carried out at least every two years. A formal governance review was completed during the 2020/21 financial year and this encompassed the Chair's appraisal. As part of this process Board members and members of the Executive Leadership Team were invited to give open and honest feedback.

The Board also completed a collective annual review of effectiveness for the year ended 31 March 2021.

Committees and the Boards of subsidiary companies also undertook an annual review of effectiveness. An action plan will be drawn up and adopted by the Board to address any elements identified as areas where performance could be enhanced.

Attendance

The attendance at meetings by Board members throughout the year was as follows:

Report of the Directors (continued)

Acis Group Board

Member	Maximum Possible	Actual Attendance	Comment
Mike Kay	9	9	
Graham Ward	9	8	
Nigel Whitaker	9	8	
Paul Satchwell	9	8	
Ronan O'Hara	9	9	
Kathryn Smart	9	9	
Bruce Kerr	9	8	
Carole Hodson	9	9	
Suzanne Bolton	9	7	

Audit and Risk Committee

Member	Maximum Possible	Actual Attendance	Comment
Kathryn Smart	4	4	
Bruce Kerr	4	4	
Paul Satchwell	4	4	
Russell Stone	4	4	
Suzanne Bolton	4	2	Resigned 12 March 2021

Remuneration and Review Committee

Member	Maximum Possible	Actual Attendance	Comment
Michael Kay	2	2	
Graham Ward	2	2	
Kathryn Smart	2	2	

Operations Committee

Member	Maximum Possible	Actual Attendance	Comment
Bruce Kerr	4	3	
Ronan O'Hara	4	3	
Nigel Whitaker	4	4	
Carole Hodson	4	4	
Deborah Newton	4	3	Resigned 11 March 2021

Report of the Directors (continued)

Finance and Development Committee

Member	Maximum Possible	Actual Attendance	Comment
Graham Ward	4	4	
Paul Satchwell	4	4	
Nigel Whitaker	4	4	
Ronan O'Hara	4	3	

Eione LLP

Member	Maximum Possible	Actual Attendance	Comment
Graham Ward	4	4	
Greg Bacon	4	3	
Adrian Chamberlain	4	4	
Janice Boucher	4	4	
David Wooffindin	4	4	

Prime Repairs and Maintenance Limited

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	2	Appointed 27 July 2020

Acis Development Services Limited

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	2	Appointed 27 July 2020

Acis Management Limited

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	2	Appointed 27 July 2020

Report of the Directors (continued)

Acis HomePlus Limited (Formerly Acis Housing Limited)

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	2	Appointed 27 July 2020

Riverside Access and Training Centre Gainsborough CIC

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	2	Appointed 27 July 2020

Report of the Directors (continued)

Statement of the responsibilities of the Board for the financial statements.

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

Company law requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018 (Statement of Recommended Practice for Registered Social Housing Providers). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Company and Group for that period. In preparing these financial statements, the directors are 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 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006 (Part 10, chapter 2, paragraphs 170-180).

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice:

Accounting by Registered Social Housing Providers (2018) (SORP). The Board is responsible for the maintenance and integrity of the corporate and financial information on the Group's website.

Public Benefit

Acis has considered the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and planning future activities. All of the Company's charitable activities, details of which appear in the Operating and Financial Review, are undertaken for the benefit of local communities.

The charitable objectives of the company are "to carry on the business of providing social housing, other housing, accommodation and assistance to help house people and associated facilities, services and amenities for poor people and for the relief of elderly, disabled (whether physically or mentally) or chronically sick people".

Report of the Directors (continued)

Our vision is to create opportunities for people to have better lives through the provision of better homes and better services. The Company has the following streams in relation to its charitable objects:

- Over 5,700 properties for rent, primarily by families who are unable to rent or buy at open market rates;
- Over 250 sheltered housing properties across nine schemes and assistance for people who need additional housing-related support;
- almost 500 low-cost home ownership properties, primarily shared ownership and the Rent to Own initiative;
- 7 Supported properties where the tenants receive support from other agencies;
- Over 1,100 student bed spaces providing affordable accommodation for students to continue their education;
- Support for tenants and the wider communities in education and gaining access to the workplace.
- Support for those requiring adaptations in order to stay in their properties.

To deliver these objects the Company engages in a comprehensive range of activities including those referred to in the Operating and Financial Review and Strategic Report and also in the annual report to tenants. These activities are underpinned by a comprehensive framework of strategies and policies to maximise the involvement of our tenants and ensure a robust governance structure.

Over 33 per cent of our tenants are aged 60 or over and nearly 35 per cent of our tenants are on full or partial Housing Benefit and over 30 per cent are on Universal Credit. Our tenancies are open to all, subject to Local Authority and local lettings policies which are legitimate, proportionate, rational and justifiable.

Annual general meeting

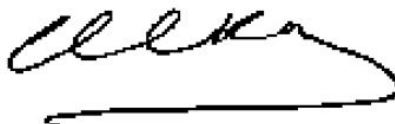
The Annual General Meeting will be held on 27 September 2021 at Acis House, Bridge Street, Gainsborough.

External auditors

Beever and Struthers LLP were appointed to audit the Group and Association financial statements for the year ended 31 March 2021. We will be undertaking a full competitive tender for external audit services in 2021/22.

Approval

The Report of the Board was approved by the Board on 26 July 2021 and signed on its behalf by:



Michael Kay

Chairman

Independent Auditor's Report to the Members of Acis Group Limited

Independent Auditor's Report to the Members of Acis Group Limited

We have audited the financial statements of ACIS Group (the 'parent Associate') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated and parent Associate Statement of Comprehensive Income, the Consolidated and parent Associate Statement of Financial Position, the Consolidated and parent Associate Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 Associate's affairs as at 31 March 2021 and of the Group's income and expenditure and the parent Associate's income and expenditure 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 Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 Group and parent Associate 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 Group's or the parent Associate'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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent Auditor's Report to the Members of Acis Group Limited (continued)

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 the light of the knowledge and understanding of the Group and the parent Associate 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 Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Associate financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 45, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and the parent Associate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent Associate or to cease operations, or has 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 these financial statements.

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

Independent Auditor's Report to the Members of Acis Group Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Group and parent Associate, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our Report

This report is made solely to the Associate'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 Associate'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 Associate and the Associate's members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
 Statutory Auditor
 St George's House
 215-219 Chester Road
 Manchester
 M15 4JE

Date: 25 August 2021

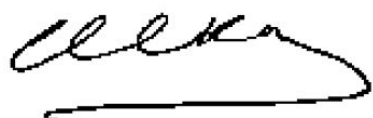
Consolidated Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover: continuing activities	3	42,133	40,078
Operating expenditure	3	(31,720)	(27,874)
Gain on disposal property, plant, equipment	5	260	417
Operating surplus		10,673	12,621
Interest receivable	6	1	91
Interest payable and financing costs	7	(6,278)	(6,740)
Surplus before taxation		4,396	5,972
Taxation	12	(24)	(28)
Surplus for the year after taxation		4,372	5,944
Other comprehensive income			
Initial recognition of Defined Benefit Pension Scheme in the year	9	-	-
Actuarial gain/ (loss) in the year	9	(2,091)	1,362
Total comprehensive income for the year		2,281	7,306
Total comprehensive income for the year attributable to:			
Non-controlling interests		149	148
Owners of the parent company		2,132	7,158

The consolidated results relate wholly to continuing activities and the notes on pages 58 to 102 form an integral part of these financial statements.

The financial statements on pages 51 to 102 were approved and authorised for issue by the Board on 26 July 2021.



Michael Kay
Chair / Trustee



Mr Graham Ward
Vice Chair / Trustee



Mrs Catherine Kelly
Secretary

Acis Group Limited, Company Number 03593345

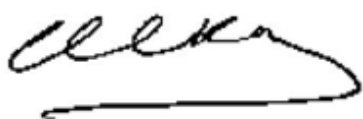
Association Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover: continuing activities	3	37,425	36,987
Operating expenditure	3	(28,477)	(25,687)
Gain on disposal property, plant, equipment	5	260	417
Operating surplus		9,208	11,717
Interest receivable	6	207	224
Interest payable and financing costs	7	(6,278)	(6,740)
Gift aid	11	1,290	845
Surplus before taxation		4,427	6,046
Taxation	12	(24)	(28)
Surplus for the year after taxation		4,403	6,018
Other comprehensive income			
Initial recognition of Defined Benefit Pension Scheme in the year	9	-	-
Actuarial gain/ (loss) in the year	9	(2,091)	1,362
Total comprehensive income for the year		2,312	7,380

The results of the association relate wholly to continuing activities and the notes on pages 58 to 102 form an integral part of these financial statements.

The financial statements on pages 51 to 102 were approved and authorised for issue by the Board on 26 July 2021 and were signed on its behalf by:



Michael Kay
Chair / Trustee



Mr Graham Ward
Vice Chair / Trustee



Mrs Catherine Kelly
Secretary

Acis Group Limited, Company Number 03593345

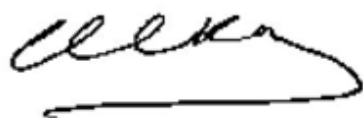
Consolidated and Association Statement of Financial Position

As at 31 March 2021

		Group		Association	
	Note	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed Assets					
Housing	13	263,896	255,413	265,605	257,092
Non-housing	14	1,541	1,827	1,337	1,581
Tangible Fixed Assets		265,437	257,240	266,942	258,673
Current Assets					
Stock	16	7,026	9,377	4,225	4,737
Trade and Other Debtors	17	1,081	1,957	5,145	6,829
Cash and Cash Equivalents	18	3,270	4,578	1,931	3,933
		11,377	15,912	11,301	15,499
Less: Creditors: amounts falling due within one year	19	(15,191)	(14,839)	(14,845)	(14,325)
Net Current Assets		(3,814)	1,073	(3,544)	1,174
Total Assets Less Current Liabilities		261,623	258,313	263,398	259,847
Creditors: amounts falling due after more than one year	20	(210,562)	(211,193)	(210,562)	(211,193)
Provisions for liabilities					
Pension - defined benefit liability		(3,325)	(1,455)	(3,325)	(1,455)
Total Net Assets		47,736	45,665	49,511	47,199
Reserves					
Income and Expenditure Reserve		47,736	45,665	49,511	47,199

The notes on pages 58 to 102 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 26 July 2021 and were signed on its behalf by:



Michael Kay
Chair / Trustee



Mr Graham Ward
Vice Chair / Trustee



Mrs Catherine Kelly
Secretary

Acis Group Limited, Company Number 03593345

Consolidated Statement of Changes in Equity (reserves)

	Income and Expenditure Reserve £'000	Total Excluding Non- controlling Interest £'000	Non- Controlling Interest £'000	Total £'000
Balance as at 31 March 2019	38,406	38,406	87	38,493
Surplus for the year after tax	5,796	5,796	148	5,944
Other comprehensive income for the year after tax	1,362	1,362	-	1,362
Total Comprehensive income for the year	7,158	7,158	148	7,306
Distribution in year	-	-	(134)	(134)
Balance as at 31 March 2020	45,564	45,564	101	45,665
Surplus for the year after tax	4,223	4,223	149	4,372
Other comprehensive income for the year after tax	(2,091)	(2,091)	-	(2,091)
Total Comprehensive income for the year	2,132	2,132	149	2,281
Distribution in year	-	-	(210)	(210)
Balance as at 31 March 2021	47,696	47,696	40	47,736

Association Statement of Changes in Equity (reserves)

	Income and Expenditure Reserve £'000	Total £'000
Balance as at 31 March 2019	39,819	39,819
Surplus for the year after tax	6,018	6,018
Other comprehensive income for the year after tax	1,362	1,362
Total Comprehensive income for the year	7,380	7,380
Balance as at 31 March 2020	47,199	47,199
Surplus for the year after tax	4,403	4,403
Other comprehensive income for the year after tax	(2,091)	(2,091)
Total Comprehensive income for the year	2,312	2,312
Balance as at 31 March 2021	49,511	49,511

The notes on pages 58 to 102 form an integral part of these financial statements.

Consolidated Statement of Cash Flow

	2021 £'000	2020 £'000
Net cash generated from operating activities	19,623	13,736
Cash flow from investing activities		
Purchase of tangible fixed assets	(15,243)	(20,372)
Transfer of existing housing stock	-	-
Proceeds from sale of tangible fixed assets	961	1,304
Grants received	3,294	1,785
Interest received	1	91
	<u>(10,987)</u>	<u>(17,192)</u>
Cash flow from financing activities		
Interest paid	(7,177)	(7,090)
New secured loans (revolver utilisation)	2,400	-
Repayments of borrowings	(5,167)	(4,167)
	<u>(9,944)</u>	<u>(11,257)</u>
Net change in cash and cash equivalents	(1,308)	(14,713)
Cash and cash equivalents at beginning of year	4,578	19,291
Cash and cash equivalents at end of the year	3,270	4,578

Reconciliation of Group Operating Surplus to Net Cash Inflow from Operating Activities

	2021 £'000	2020 £'000
Cash generated from operating activities		
Surplus for the year	2,132	7,158
<u>Adjustment for non-cash items</u>		
Depreciation of tangible fixed assets	6,665	6,411
(Increase) / decrease in stock	2,351	(4,014)
Decrease / (increase) in trade and other debtors	875	(641)
Increase / (decrease) in trade and other creditors	2,722	(1,095)
Pension costs less contributions payable	(257)	(238)
Carrying amount of tangible fixed asset disposals	229	887
Share of operating surplus in Eione LLP	(381)	(220)
<u>Adjustments for investing or financing activities</u>		
(Gain)/loss on disposal of tangible fixed assets	(260)	(417)
Deferred Government grants utilised in the year	(730)	(744)
Interest and financing costs	6,278	6,740
Interest received	(1)	(91)
Net cash generated from operating activities	19,623	13,736

The notes on pages 58 to 102 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2021

1. Legal Status

Acis Group Limited (The Association) is incorporated in England under the Companies Act 2006. The Association is limited by guarantee, is a registered charity and classed as a Public Benefit Entity. The principle activity undertaken is the provision of social housing.

The Association is registered with the Regulator of Social Housing (RoSH) as a Private Registered Provider of Social Housing. The registered office is Acis House, Bridge Street, Gainsborough DN21 1GG.

The group comprises the following entities:

Name	Incorporation	Registered/ Non-Registered
Acis Group Limited	Companies Act 2006	Registered
Acis Management Limited	Companies Act 2006	Non-Registered
Acis Development Services Limited	Companies Act 2006	Non-Registered
Prime Repairs and Maintenance Limited	Companies Act 2006	Non-Registered
Acis HomePlus Limited (Formerly Acis Housing Limited)	Companies Act 2006	Non-Registered
Acis Properties Limited (Dormant)	Companies Act 2006	Non-Registered
Riverside Access and Training Centre	Companies Act 2006	Non-Registered
Gainsborough Community Interest Company		
Eione LLP	Limited Liability Act 2000	Non-Registered

2. Principal Accounting Policies

Basis of accounting

The financial statements of the Group and Association have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for Registered Housing Providers: Housing SORP 2018 update. The accounts comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The Group is required under the Companies Act 2006 to prepare consolidated Group Accounts.

The accounts have been prepared on the historical cost basis of accounting and are presented in sterling £'000 for the year ended 31st March 2021.

The Group's Financial Statements have been prepared in accordance with FRS 102. The Group meets the definition of a Public Benefit Entity (PBE).

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company,
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole, and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remunerations is included in the totals of the group as a whole.

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Basis of consolidation

The consolidated Financial Statements incorporate the results of all of its subsidiary undertakings as at 31 March 2021 using the acquisition method of accounting as required. Where the acquisition method is used the results of the subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control.

Going Concern

The Group's Financial Statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Group's long-term business plan show that it is able to service its debt facilities whilst continuing to comply with its lenders covenants and therefore we consider it appropriate to continue to prepare the Financial Statements on a going concern basis.

Stress testing of the business plan has been undertaken, with consideration to the ongoing impact of the coronavirus epidemic, this has been shared with the Board. All of the scenarios within the stress testing demonstrate that with corrective action cashflow and lenders' covenants can be maintained.

The Group has a long-term business plan which shows that it is able to service its debt facilities whilst continuing to comply with lenders' covenants. The business plan also includes multi variance stress testing scenarios and trigger points which are monitored and reported on regularly to the Board and Finance and Development Committee.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimates means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- a. Development expenditure** – The Group capitalises development expenditure in accordance with the accounting policy described on page 63. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- b. Categorisation of Housing Properties** - The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that no current rented properties or student accommodation should be classed as investment properties.
- c. Impairment** – Where it is recognised that there is a permanent diminution in value of any property, the full reduction in value is written off to the Statement of Comprehensive Income in the year in which the diminution is recognised. An impairment review carried out for the year concluded that no assets were to be impaired resulting in no charge in 2020/21 financial statements. In arriving at this conclusion, the Group used numerous indicators including external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The impact of Coronavirus on the value of assets was also considered in detail within the impairment review.

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Other key sources of estimation and assumptions:

Tangible fixed assets – Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock and Work in progress – The Group carries stock and work in progress of properties that it intends to sell. The stock is held at cost and this is regularly compared to the recoverable amount to ensure no impairment is required. The recoverable amounts are derived from local market data and sales experience, values to date in our area have not been impacted by coronavirus.

Pension and other post-employment benefits – The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 9.

Impairment of non-financial assets – Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme or property type level whose cash income can be separately identified.

Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties.

The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

An impairment review carried out for the year concluded that no assets were to be impaired resulting in no charge in 2020/21 financial statements.

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Acquisition accounting

Acis Management Limited; Acis Development Services Limited; Prime Repairs and Maintenance Limited, Acis HomePlus Limited and Riverside Access and Community Centre Gainsborough Community Interest Company have been included in the group financial statements using the purchase method of accounting. Eione LLP is 60% controlled by the Group and is consolidated as a subsidiary.

Accordingly, the group statement of comprehensive income and statement of cash flows include the results and cash flows of the above Companies for the current accounting period. In respect of Acis HomePlus Limited (Formerly Acis Housing Limited), the results and cashflows have been included from its commencement of trading in November 2019. Acis HomePlus Limited (Formerly Acis Housing Limited) is the new name for Acis Housing Limited. The change in name became effective from October 2019.

Turnover and revenue recognition

Turnover represents rental income and service charges receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership, and other properties developed for outright sale, and other income and are recognised in relation to the period when the goods or services have been supplied. Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group in the main operates variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges are based on the last full financial year costs. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within creditors.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Taxation

The parent Association became a registered charity on 1 April 2011 and from this date any surpluses or deficits arising from its charitable activities have been exempt from Corporation tax.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

In accordance with FRS 102, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs.

Tangible Fixed Assets and Depreciation

Housing properties and Student Accommodation

Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Housing properties under construction are stated at cost and are not depreciated. These are re-classified as housing properties on practical completion of construction. Freehold land is not depreciated.

The costs of Low Cost Home Ownership Properties (Shared Ownership) are split proportionally between current and fixed assets based on the element relating to expected first tranche portion (initial staircasing). The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Subsequent sales are treated as sales of fixed assets / property sales in operating profit.

Student Accommodation properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings and expenditure incurred in respect of improvements.

Depreciation is charged so as to write down the net book value of properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. For social housing properties, a full year's depreciation is charged in year of acquisition. For student accommodation, depreciation is charged from the month of acquisition. The depreciable amount is arrived at on the basis of original cost, less residual value. The Group's housing properties are depreciated at the following annual rates:

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Houses and flats	0.75% to 4.2%
Student accommodation buildings	0.85%
Garages	1.2%
Commercial Properties	2.0%

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Bathrooms	3.3% to 10.0%	Roofs	1.3% to 2.5%
Central Heating and Boilers	4.0% to 10.0%	External Cladding and Structural Works	1.7% to 2.5%
Doors	5.0% to 6.7%	Windows	2.5% to 20.0%
Electrical Works	2.5% to 5.0%	Fixtures and Fittings	33.3%
Kitchens	5.0% to 14.3%	Environmental Improvements	3.3%
Photo Voltaic Panels	4.0%		

The association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold Offices	2.0%	Motor Vehicles	20.0%
Building Fitting and Equipment	10.0% to 20.0%	Depot Fitting and Equipment	20.0%
Computer Equipment and Software	25.0%	Furnished Accommodation	25.0%

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Stock and properties held for sale

Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Stock swaps

Where an agreement is entered into with another PRP to swap housing stock, the outgoing stock is treated as a disposal with a gain/loss recorded in profit or loss. The incoming stock is measured at fair value.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is derecognised and recognised as income in the Statement of Comprehensive Income.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

The voluntary right to buy Midlands Pilot scheme ended during 2019/20, the net receipt from the sales were recycled into a recycled grant fund within creditors. This fund is to be used for a one for one replacement within 3 years from recycled date.

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing. This fund has been abolished in April 2020 and the Group has utilised all of the fund on new schemes within the prior year (2020).

Holiday pay and annualised hours accrual

A liability is recognised to the extent of any unused holiday pay entitlement and annualised hours which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

Income and Expenditure Reserve

The Group generates reserves:

- to provide a cushion against risk and uncertainty of future operations;
- to finance future major repairs and improvements; and
- to provide internal subsidy for new homes and property development.

Due to the decline in social housing grant (SHG) and other capital grants available to the sector over recent years, the Group continues to commit more of its reserves to financing investment in new homes and larger maintenance programmes. This approach not only enables greater investment, but it also reduces interest costs as additional loan finance can be kept to a minimum.

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Loans

All loans held by the group are classified as basic financial instruments in accordance with FRS 102.

They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method,
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment,
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.

Impairment of Financial Assets

Financial Assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

- a. All equity instruments regardless of significance, and
- b. Other financial assets that are individually significant

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics. An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

Notes to the Financial Statements

For the year ended 31 March 2021 Principle accounting policies (continued)

- a. For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- b. For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

Retirement benefits

The Group operates two types of pension scheme; a defined contribution scheme for new members and a legacy defined benefit scheme. The cost of providing retirement pensions and related benefits for both schemes are charged to management expenses over the periods benefiting from the employee's services.

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT').

Notes to the Financial Statements

For the year ended 31 March 2021

3. Particulars of Turnover, Cost of Sales, Operating Expenditure and Operating Surplus

Group - Continuing activities

	2021			
	Turnover £'000	Cost of Sales £'000	Operating expenditure £'000	Operating Surplus £'000
Social Housing Lettings	27,345	-	(20,816)	6,528
Other social housing activities				
First tranche low cost home ownership sales	4,432	(3,307)	-	1,125
other	-	-	-	-
	4,432	(3,307)	-	1,125
Non-social housing activities				
Other lettings	321	-	(71)	250
Student accommodation lettings	3,541	-	(2,560)	981
Properties for outright sale	4,830	(3,760)	-	1,070
Intra-group service level agreements	-	-	-	-
Eione - non group sourced turnover	298	-	-	298
Other	1,366	-	(1,206)	160
	10,356	(3,760)	(3,837)	2,760
	42,133	(7,067)	(24,653)	10,413

Group - Continuing activities

	2020			
	Turnover £'000	Cost of Sales £'000	Operating expenditure £'000	Operating Surplus £'000
Social Housing Lettings	26,852	-	(19,408)	7,444
Other social housing activities				
First tranche low cost home ownership sales	3,175	(2,618)	-	557
Other	-	-	-	-
	3,175	(2,618)	-	557
Non-social housing activities				
Other lettings	312	-	(114)	198
Student accommodation lettings	5,296	-	(2,844)	2,452
Properties for outright sale	3,443	(2,661)	-	782
Intra-group service level agreements	-	-	-	-
Eione - non group sourced turnover	281	-	-	281
Rechargeable repair work	178	-	-	178
Other	541	-	(229)	312
	10,051	(2,661)	(3,187)	4,203
	40,078	(5,279)	(22,595)	12,204

Notes to the Financial Statements

For the year ended 31 March 2021

Association - Continuing activities

	2021			
	Turnover £'000	Cost of Sales £'000	Operating expenditure £'000	Operating Surplus £'000
Social Housing Lettings	27,345	-	(21,339)	6,005
Other social housing activities				
First tranche low cost home ownership sales	4,432	(3,307)	-	1,125
Other	-	-	-	-
	4,432	(3,307)	-	1,125
Non-social housing activities				
Other lettings	321	-	(71)	250
Student accommodation lettings	3,541	-	(2,869)	672
Properties for outright sale	-	-	-	-
Intra-group service level agreements	672	-	-	672
Eione - non group sourced turnover	-	-	-	-
Other	1,114	-	(891)	224
	5,648	-	(3,831)	1,818
	37,425	(3,307)	(25,170)	8,948

Association - Continuing activities

	2020			
	Turnover £'000	Cost of Sales £'000	Operating expenditure £'000	Operating Surplus £'000
Social Housing Lettings	26,852	-	(19,882)	6,970
Other social housing activities				
First tranche low cost home ownership sales	3,175	(2,618)	-	557
Other	-	-	-	-
	3,175	(2,618)	-	557
Non-social housing activities				
Other lettings	312	-	(114)	198
Student accommodation lettings	5,331	-	(2,844)	2,487
Intra-group service level agreements	547	-	-	547
Rechargeable repair work	178	-	-	178
Other	592	-	(229)	363
	6,960	-	(3,187)	3,773
	36,987	(2,618)	(23,069)	11,300

Notes to the Financial Statements

For the year ended 31 March 2021

Particulars of Income and Expenditure from Social Housing Lettings

Group	General Housing £'000	Supported Housing and housing for older people £'000	Shared Ownership £'000	2021 Total £'000	2020 £'000
Turnover from social housing lettings					
Rent receivable net of service charges and voids	23,874	1,040	1,073	25,987	25,426
Service charges receivable	310	247	77	634	688
Amortised Government Grants	685	-	39	724	738
Turnover from Social Housing lettings	<u>24,869</u>	<u>1,287</u>	<u>1,189</u>	<u>27,345</u>	<u>26,852</u>
Expenditure on social housing lettings					
Management	(3,332)	(151)	(289)	(3,772)	(3,779)
Service charge costs	(467)	(372)	(116)	(955)	(862)
Routine maintenance	(4,507)	(218)	-	(4,725)	(4,277)
Planned maintenance	(1,275)	(48)	-	(1,323)	(1,498)
Major Repairs	(2,813)	(98)	-	(2,911)	(1,958)
Bad Debts	(146)	-	-	(146)	(556)
Depreciation of housing properties	(5,306)	(252)	(210)	(5,768)	(5,735)
Other Costs	(1,164)	(53)	-	(1,217)	(743)
Operating costs on social housing lettings	<u>(19,009)</u>	<u>(1,191)</u>	<u>(615)</u>	<u>(20,816)</u>	<u>(19,408)</u>
Operating surplus on social housing	<u>5,859</u>	<u>96</u>	<u>574</u>	<u>6,528</u>	<u>7,444</u>
Void losses (being rental income lost as a result of property not being let, although it is available for lettings)	<u>(403)</u>	<u>(17)</u>	<u>(206)</u>	<u>(626)</u>	<u>(351)</u>

Notes to the Financial Statements

For the year ended 31 March 2021

Particulars of Income and Expenditure from Social Housing Lettings

<u>Association</u>	General Housing £'000	Supported Housing and housing for older people £'000	Shared Ownership £'000	2021 Total £'000	2020 £'000
Turnover from social housing lettings					
Rent receivable net of service charges and voids	23,874	1,040	1,073	25,987	25,426
Service charges receivable	310	247	77	634	688
Amortised Government Grants	685	-	39	724	738
Turnover from Social Housing lettings	<u>24,869</u>	<u>1,287</u>	<u>1,189</u>	<u>27,345</u>	<u>26,852</u>
Expenditure on social housing lettings					
Management	(3,332)	(151)	(289)	(3,772)	(3,779)
Service charge costs	(467)	(372)	(116)	(955)	(862)
Routine maintenance	(4,810)	(218)	-	(5,028)	(4,473)
Planned maintenance	(1,340)	(48)	-	(1,388)	(1,605)
Major Repairs	(2,906)	(98)	-	(3,004)	(2,082)
Bad Debts	(146)	-	-	(146)	(556)
Depreciation of housing properties	(5,371)	(252)	(208)	(5,831)	(5,800)
Exceptional item	-	-	-	-	-
Other Costs	(1,163)	(53)	-	(1,216)	(725)
Operating costs on social housing lettings	<u>(19,534)</u>	<u>(1,191)</u>	<u>(613)</u>	<u>(21,339)</u>	<u>(19,882)</u>
Operating surplus on social housing	<u>5,334</u>	<u>96</u>	<u>576</u>	<u>6,005</u>	<u>6,970</u>
Void losses (being rental income lost as a result of property not being let, although it is available for lettings)	<u>(403)</u>	<u>(17)</u>	<u>(206)</u>	<u>(626)</u>	<u>(337)</u>

Notes to the Financial Statements

For the year ended 31 March 2021

Particulars of Turnover from Non-Social Housing Activities

	2021 £'000	Group 2020 £'000	2021 £'000	Association 2020 £'000
Market rented properties	243	238	243	238
Commercial properties	18	18	18	18
Private garages	54	50	54	50
Release of Capital Grants	6	6	6	6
Student accommodation lettings	3,541	5,297	3,541	5,331
Properties for outright sale	4,830	3,442	-	-
Intra-group service level agreements	-	-	672	547
Eione - non group sourced turnover	298	495	-	-
Other	1,366	477	1,114	770
	10,356	10,023	5,648	6,960

4. Operating Surplus

This is arrived at after charging

	Group 2021 £'000	2020 £'000	Association 2021 £'000	2020 £'000
Depreciation of housing properties	5,570	5,368	5,700	5,498
Impairment losses of housing properties	(267)	-	(267)	-
Depreciation on other owned fixed assets	707	674	642	609
Depreciation of other tangible fixed assets	388	368	290	303

Auditors remuneration (Excluding VAT)

-Fees payable for the audit of the financial statements	17	17	17	17
-Audit of the Financial Statements of the company's subsidiaries pursuant to legislations	19	12	19	12
Total audit services	36	29	36	29
-Tax compliance services	7	6	7	6
-All other services	2	2	2	2
Total non-audit services	9	8	9	8

Notes to the Financial Statements

For the year ended 31 March 2021

5. Surplus on Sale of Fixed Assets – Housing Properties

Group

2021

	Shared Ownership Fully Staircased sales £'000	Right to acquire and Right to buy sales £'000	Other Property, Plant and Equipment sales £'000	Total £'000
Proceeds of sales	596	365	-	961
Less: Costs of sales	(441)	(260)	(0)	(701)
Surplus	<u>155</u>	<u>105</u>	<u>(0)</u>	<u>260</u>

Group

2020

	Shared Ownership Fully Staircased sales £'000	Right to acquire and Right to buy sales £'000	Other Property, Plant and Equipment sales £'000	Total £'000
Proceeds of sales	467	828	9	1,304
Less: Costs of sales	(382)	(501)	(4)	(887)
Surplus	<u>85</u>	<u>327</u>	<u>5</u>	<u>417</u>

Association

2021

	Shared Ownership Fully Staircased sales £'000	Right to acquire and Right to buy sales £'000	Other Property, Plant and Equipment sales £'000	Total £'000
Proceeds of sales	596	365	-	961
Less: Costs of sales	(441)	(260)	(0)	(701)
Surplus	<u>155</u>	<u>105</u>	<u>(0)</u>	<u>260</u>

Association

2020

	Shared Ownership Fully Staircased sales £'000	Right to acquire and Right to buy sales £'000	Other Property, Plant and Equipment sales £'000	Total £'000
Proceeds of sales	467	828	9	1,304
Less: Costs of sales	(382)	(501)	(4)	(887)
Surplus	<u>85</u>	<u>327</u>	<u>5</u>	<u>417</u>

Notes to the Financial Statements

For the year ended 31 March 2021

6. Interest Receivable and Other Income

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
On financial liabilities measured at amortised cost:				
Interest Receivable:				
Interest receivable on bank deposits	1	91	1	91
Loan interest from subsidiary company	-	-	206	133
	<u>1</u>	<u>91</u>	<u>207</u>	<u>224</u>

7. Interest Payable and Financing Costs

	Note	Group		Association	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
On financial liabilities measured at amortised cost:					
On loans repayable		7,085	7,360	7,085	7,360
Amortised breakage costs release	10	(350)	(350)	(350)	(350)
Other Interest		23	2	23	2
Loan Amortisation Fee		38	25	38	25
On defined benefit pension schemes					
Expected return on plan assets		(204)	(197)	(204)	(197)
Interest on scheme liabilities		235	265	235	265
		<u>6,827</u>	<u>7,105</u>	<u>6,827</u>	<u>7,105</u>
Less: Interest capitalised		(549)	(365)	(549)	(365)
		<u>6,278</u>	<u>6,740</u>	<u>6,278</u>	<u>6,740</u>
Capitalisation rate used to determine finance costs capitalised during the period		<u>4.0%</u>	<u>4.1%</u>	<u>4.0%</u>	<u>4.1%</u>

Notes to the Financial Statements

For the year ended 31 March 2021

8. Key Management Personnel Remuneration

The non-executive and executive directors listed on page 3, are considered to be key management personnel.

The aggregate emoluments paid to or receivable by Executive and Non-Executive Directors and Former Executive and Non-Executive Directors was:

	Basic Salary	Car Allowance	Pension Contributions	2021 Total	2020 Total
	£'000	£'000	£'000	£'000	£'000
Executive Directors	380	41	48	469	434
Board Members					
Michael Kay	11	-	-	11	11
Graham Ward	6	-	-	6	6
Bruce Kerr	5	-	-	5	6
Carole Hodson	4	-	-	4	4
Nigel Whitaker	4	-	-	4	4
Kathryn Smart	5	-	-	5	5
Denise Maguire	-	-	-	-	2
Suzanne Bolton	5	-	-	5	-
Ronan O'Hara	4	-	-	4	4
Paul Satchwell	4	-	-	4	4
	428	41	48	517	480

Expenses paid during the year to Board members amounted to £Nil (2020: £6,463). The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £131,107 (2020: £135,222). During the year the executive directors and a number of the non-executive directors volunteered to take a 20% reduction in salary, for a short period, when a large number of staff were furloughed.

The current Chief Executive, Greg Bacon, was appointed in May 2016. Greg Bacon is an ordinary member of the Social Housing Defined Contribution Pension Scheme and no enhanced or special terms apply. The employer contributions for the Chief Executive were £9,485 (2020: £9,620). Acis Group Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

Notes to the Financial Statements

For the year ended 31 March 2021

9. Employee Information

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2021	2020	2021	2020
Administration	61	53	53	43
Development	8	6	8	6
Operational	205	193	186	169
	274	252	247	218

The monthly average number of full-time equivalent employees is based on contracted hours of 40 hours per week for operatives or 37 hours per week for all other employees

Employee Costs

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	8,078	7,585	7,444	6,900
Social security costs	751	695	707	645
Other pension costs	408	373	396	363
	9,237	8,653	8,547	7,908

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000

	Number
£60,001 - £70,000	6.67
£70,001 - £80,000	3.00
£80,001 - £90,000	-
£90,001 - £100,000	-
£100,001 - £110,000	1.00
£110,001 - £120,000	2.00
£120,001 - £130,000	-
£130,001 - £140,000	-
£140,001 - £150,000	1.00
£150,001 - £160,000	-

Notes to the Financial Statements

For the year ended 31 March 2021

Pension Obligations

During the year ended 31 March 2021 the employees of the Group participated in one of two pension schemes. These were the Social Housing Pension Scheme (SHPS) for employees of the Company, and a separate stakeholder scheme for Eione LLP employees.

The Group now participates in the Social Housing Pension Scheme (SHPS), and a stakeholder scheme for Eione LLP. Contributions are made to SHPS for both defined benefit and defined contribution schemes. The Eione scheme is a defined contribution money purchase scheme.

The SHPS scheme is open to all executive officers and employees of the Association.

The stakeholder scheme operated by Eione LLP is open to all employees of Eione LLP.

The Pensions Trust - Social Housing Pension Defined Benefits Scheme (SHPS)

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.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Notes to the Financial Statements

For the year ended 31 March 2021

Principal Actuarial Assumptions

	At 31 March 2021	At 31 March 2020
Rate of increase in salaries	3.21%	2.51%
Discount rate for scheme liabilities	2.22%	2.33%
Inflation assumption (CPI)	2.87%	1.51%
Salary growth	3.87%	2.51%
Commutation of pensions to lump sums	75% of maximum allowance	75% of maximum allowance

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

Life expectancy at age 65	At 31 March 2021 Years	At 31 March 2020 Years
Retiring today		
Males	21.6	21.5
Females	23.5	23.3
Retiring in 20 years		
Males	22.9	22.9
Females	25.1	24.5

Analysis of the amount charged to operating expenditure in the statement of comprehensive Income

	At 31 March 2021 £'000	At 31 March 2020 £'000
Employer service cost	117	159
Expenses	11	11
Interest on pension Liabilities	31	68
Amount charged to operating expenditure	159	238

Notes to the Financial Statements

For the year ended 31 March 2021

Analysis of the amount recognised in Other Comprehensive Income

	At 31 March 2021 £'000	At 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	831	111
Experience gains and losses arising on the plan liabilities - gain (loss)	296	(335)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(44)	94
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	<u>(3,174)</u>	<u>1,492</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(2,091)	1,362
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	<u>-</u>	<u>-</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>(2,091)</u>	<u>1,362</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	At 31 March 2021 £'000	At 31 March 2020 £'000
Fair value of plan assets at start of period	8,656	8,099
Interest income	204	197
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	831	111
Contributions by the employer	380	366
Contributions by plan participants	30	28
Benefits paid and expenses	(162)	(145)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	<u>9,939</u>	<u>8,656</u>

Notes to the Financial Statements

For the year ended 31 March 2021

Reconciliation of opening and closing balances of the defined benefit obligation

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Defined benefit obligation at start of period	10,111	11,044
Current service cost	117	159
Expenses	11	11
Interest expense	235	265
Contributions by plan participants	30	28
Actuarial losses (gains) due to scheme experience	(296)	335
Actuarial losses (gains) due to changes in demographic assumptions	44	(94)
Actuarial losses (gains) due to changes in financial assumptions	3,174	(1,492)
Benefits paid and expenses	(162)	(145)
Losses (gains) due to benefit changes	-	0
Exchange rate changes	-	-
Defined benefit obligation at end of period	13,264	10,111

Notes to the Financial Statements

For the year ended 31 March 2021

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Fair value of plan assets	9,939	8,656
Present value of defined benefit obligation	13,264	10,111
Surplus (deficit) in plan	(3,325)	(1,455)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(3,325)	(1,455)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

Assets

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Global Equity	1,584	1,266
Absolute Return	549	451
Distressed Opportunities	287	167
Credit Relative Value	313	237
Alternative Risk Premia	374	605
Fund of Hedge Funds	1	5
Emerging Markets Debt	401	262
Risk Sharing	362	292
Insurance-Linked Securities	239	266
Property	206	191
Infrastructure	663	644
Private Debt	237	174
Opportunistic Illiquid Credit	253	210
High Yield	298	0
Opportunistic Credit	272	0
Corporate Bond Fund	587	494
Liquid Credit	119	4
Long Lease Property	195	150
Secured Income	413	328
Liability Driven Investment	2,526	2,873
Net Current Assets	60	37
Total assets	9,939	8,656

Notes to the Financial Statements

For the year ended 31 March 2021

10. Exceptional Item, Amortised Breakage costs

The Company incurred an Exceptional Item charge of £3.5 million relating to the refinancing of the Company loan facility on 31 January 2013. The loan portfolio contained a number of fixed loans whose maturity expired after the refinancing date and which led to 'breakage costs' of £3.5 million being levied by the bank as the old facility was terminated. The breakage costs have been rolled up into a new finance facility and will be paid over the ten-year life of the new loan, thus releasing the liability over the term of the new loan. Accounting convention requires these costs to be accrued and charged to the Statement of Consolidated Income in the year, with the creditor to be amortised over the period the cash is paid. This amortisation results in an exceptional credit of £350,000 included in interest payable (2020: £350,000).

11. Gift Aid

During the year, the Company was gifted £1,289,829 (2020: £845,064) from group companies. The receipt of gift aid by the Company from its subsidiaries is based on the subsidiary's taxable surpluses. During the year to 31 March 2019 Acis Group Limited entered into a gift aid deed of covenant with Acis Management Limited and Acis Development Services Limited. During the year to 31 March 2021 Acis Group Limited entered into a gift aid deed of covenant with Riverside Access and Training Centre Gainsborough Community Interest Company. See note 31 for a breakdown of the receipts.

12. Tax on Surplus on Ordinary Activities

The corporation tax charge for the year is a charge of £23,518 (2020: Charge of £27,808).

The tax assessed is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	4,396	5,972	4,427	6,046
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	835	1,132	841	1,147
Difference in accounts and tax partnership profit share				
Effects of:				
- Expenses not deductible for tax	-	-	-	-
- Tax exempt charitable income	(811)	(1,104)	(818)	(1,119)
- Minority interests	-	-	-	-
- Gift aid (utilised) / not utilised	-	-	-	-
	24	28	24	28

Notes to the Financial Statements

For the year ended 31 March 2021

13. Tangible Fixed Assets – Properties

GROUP	Social Housing properties held for letting	Non-Social Housing properties held for letting	Total Housing properties held for letting	Social Housing properties under construction	Non-Social Housing properties under construction	Total Housing properties under construction	Completed Shared Ownership housing properties	Shared Ownership properties under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets - Properties									
COST									
At 31st March 2020	222,385	47,405	269,790	8,344	-	8,344	28,644	3,664	310,442
Additions to properties acquired	329	-	329	9,163	-	9,163	-	3,911	13,403
Works to existing properties	1,582	152	1,734	-	-	-	-	-	1,734
Transfers to / (from) stock	-	-	-	-	-	-	-	-	-
Transfer of existing housing stock	-	-	-	-	-	-	-	-	-
Interest capitalised	-	-	-	239	-	239	-	310	549
Schemes completed in year	9,391	-	9,391	(9,391)	-	(9,391)	4,629	(4,629)	-
Disposals	(1,278)	(62)	(1,340)	-	-	-	(428)	-	(1,768)
At 31st March 2021	232,409	47,495	279,904	8,355	-	8,355	32,845	3,256	324,360
DEPRECIATION AND IMPAIRMENT									
At 31st March 2020	48,850	4,504	53,354	309	-	309	1,366	-	55,029
Depreciation Charged in year	5,431	638	6,069	-	-	-	208	-	6,277
Impairment Charged in year	(243)	-	(243)	(24)	-	(24)	-	-	(267)
Eliminated on disposals	(533)	(20)	(553)	-	-	-	(22)	-	(575)
At 31st March 2021	53,505	5,122	58,627	285	-	285	1,552	-	60,464
NET BOOK VALUE									
At 31st March 2021	178,904	42,373	221,277	8,070	-	8,070	31,293	3,256	263,896
At 31st March 2020	173,535	42,901	216,436	8,035	-	8,035	27,278	3,664	255,413

Notes to the Financial Statements

For the year ended 31 March 2021

13. Tangible Fixed Assets – Properties

ASSOCIATION	Social Housing properties held for letting	Non-Social Housing properties held for letting	Total Housing properties held for letting	Social Housing properties under construction	Non-Social Housing properties under construction	Total Housing properties under construction	Completed Shared Ownership housing properties	Shared Ownership properties under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets - Properties									
COST									
At 31st March 2020	224,055	47,402	271,457	8,734	-	8,734	28,673	3,689	312,553
Additions to properties acquired	329	-	329	9,259	-	9,259	-	3,911	13,499
Works to existing properties	1,582	152	1,734	-	-	-	-	-	1,734
Transfers to / (from) stock	-	-	-	-	-	-	-	-	-
Transfer of existing housing stock	-	-	-	-	-	-	-	-	-
Interest capitalised	-	-	-	239	-	239	-	310	549
Schemes completed in year	9,391	-	9,391	(9,391)	-	(9,391)	4,629	(4,629)	-
Disposals	(1,278)	(63)	(1,341)	-	-	-	(428)	-	(1,769)
At 31st March 2021	234,079	47,491	281,570	8,841	-	8,841	32,874	3,281	326,566
DEPRECIATION AND IMPAIRMENT									
At 31st March 2020	49,228	4,558	53,786	309	-	309	1,366	-	55,461
Depreciation Charged in year	5,489	645	6,134	-	-	-	208	-	6,342
Impairment Charged in year	(243)	-	(243)	(24)	-	(24)	-	-	(267)
Eliminated on disposals	(533)	(20)	(553)	-	-	-	(22)	-	(575)
At 31st March 2021	53,941	5,183	59,124	285	-	285	1,552	-	60,961
NET BOOK VALUE									
At 31st March 2021	180,138	42,308	222,446	8,556	-	8,556	31,322	3,281	265,605
At 31st March 2020	174,827	42,844	217,671	8,425	-	8,425	27,307	3,689	257,092

Notes to the Financial Statements

For the year ended 31 March 2021

13. Tangible Fixed Assets – Properties (continued)

Expenditure to works on existing properties:

	2021	Group 2020	2021	Association 2020
Improvement works capitalised	1,734	5,580	1,734	5,619
Major Repairs charged to income and expenditure account	2,911	1,958	3,004	2,082
	4,645	7,538	4,739	7,701

The aggregate amount of interest and finance costs included in the property additions (the capitalisation rate used was £549k at 4.0% (2020: £365k at 4.1%).

Property additions and works to existing properties include £426k (2020: £495k) for direct administrative costs capitalised during the year.

Housing property fixed assets are secured against loans by specific charges on 6,215 (2020: 6,007) of the Group's housing units.

Properties book value, net of depreciation, and offices net book value (Note 14) comprises:

	2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Freehold land and buildings	264,699	256,234	266,449	257,955

Impairment

An impairment review carried out for the year concluded that following a management review there was no impairment provision required in the 2020/21 financial statements. In arriving at this conclusion, the Group used numerous indicators including external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The impact of Coronavirus on the value of assets was also considered in detail within the impairment review.

Notes to the Financial Statements

For the year ended 31 March 2021

14. Tangible Fixed Assets – Other

Group	Freehold Offices £'000	Office Furniture, Fixtures and Fittings £'000	Computers and Office Equipment £'000	Motor Vehicles £'000	Depot Tools & Equipment £'000	Total £'000
COST						
At 31 March 2020	1,712	601	1,730	407	108	4,558
Additions	-	55	50	1	0	106
Disposals	-	(93)	(132)	(1)	-	(226)
At 31 March 2021	1,712	563	1,648	407	108	4,438
DEPRECIATION						
At 31 March 2020	890	434	1,194	121	92	2,731
Charged in year	19	49	231	76	13	388
Eliminated on disposals	-	(93)	(129)	-	-	(222)
At 31 March 2021	909	390	1,296	197	105	2,897
NET BOOK VALUE						
At 31 March 2021	803	173	352	210	3	1,541
At 31 March 2020	822	167	536	286	16	1,827

Association	Freehold Offices £'000	Office Furniture, Fixtures and Fittings £'000	Computers and Office Equipment £'000	Motor Vehicles £'000	Depot Tools & Equipment £'000	Total £'000
COST						
At 31 March 2020	958	600	1,713	63	102	3,436
Additions	-	13	37	-	-	50
Disposals	-	(83)	(132)	-	-	(215)
At 31 March 2021	958	530	1,618	63	102	3,271
DEPRECIATION						
At 31 March 2020	95	430	1,182	59	89	1,855
Charged in year	19	30	225	4	11	290
Eliminated on disposals	-	(82)	(129)	-	-	(211)
At 31 March 2021	114	378	1,278	63	100	1,934
NET BOOK VALUE						
At 31 March 2021	844	152	340	(0)	2	1,337
At 31 March 2020	863	170	531	4	13	1,581

Notes to the Financial Statements

For the year ended 31 March 2020

15. Investment in Subsidiaries

The Group comprises the following entities all registered in England:

Name	Incorporation and Ownership	Regulated / Non-Regulated	Nature of Business
Acis Group Limited	Company – 100%	Regulated	RHP
Acis Management Limited	Company – 100%	Non-Regulated	Management services
Acis Development Services Limited	Company – 100%	Non-Regulated	Developer of Social and Non-social Housing
Prime Repairs and Maintenance Limited	Company – 100%	Non-Regulated	Housing Repairs and Maintenance
Acis HomePlus Limited	Company – 100%	Non-Regulated	Disabled Adaptations
Riverside Access and Training Centre Gainsborough Community Interest Company	Company – 100%	Non-Regulated	Training services
Acis Properties Limited	Company – 100%	Non-Regulated	Dormant
Eione LLP	LLP – 60%	Non-Regulated	Management of student properties

Acis Group Limited has the right to appoint members to the boards of the six subsidiaries and thereby exercises control over them. Acis Management Limited, Acis Development Services Limited, Prime Repairs and Maintenance Limited, Acis Properties Limited and Acis HomePlus Limited (Formerly Acis Housing Limited) all hold £1 ordinary share capital and are wholly owned by Acis Group Limited and Riverside Access and Training Centre Gainsborough Community Interest Company which is a private company limited by guarantee without share capital. Acis Management Limited is the 60% majority partner in Eione LLP.

Acis Group Limited is the ultimate parent undertaking and is regulated by the Regulator of Social Housing (RoSH). All these subsidiary companies are registered in England and Wales.

Notes to the Financial Statements

For the year ended 31 March 2021

16. Stock

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Stock of maintenance supplies	19	-	-	-
Stock of vouchers	0	1	0	1
Properties held for sale				
Shared Ownership properties:				
Completed	1,765	2,371	1,765	2,371
Work in progress	2,460	2,365	2,460	2,365
Outright Sale Properties:				
Completed	1,505	2,575	-	-
Work in progress	1,277	2,065	-	-
	<u>7,026</u>	<u>9,377</u>	<u>4,225</u>	<u>4,737</u>

None of the above stock is pledged as security for liabilities.

Notes to the Financial Statements

For the year ended 31 March 2021

17. Trade and Other Debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due Within One Year				
Social: Rent and Service Charges Receivable	895	955	895	955
Less: Social Provision for Bad and Doubtful Debts	(785)	(814)	(785)	(814)
Student: Rent and Service Charges Receivable	103	81	103	81
Less: Student Provision for Bad and Doubtful Debts	(50)	(78)	(50)	(78)
	<u>163</u>	<u>144</u>	<u>163</u>	<u>144</u>
Amounts due from Group Undertakings	-	-	2,476	3,646
Other Debtors	592	1,374	388	666
Prepayments and Accrued Income	326	439	326	373
	<u>918</u>	<u>1,813</u>	<u>3,190</u>	<u>4,685</u>
Due After More Than One Year				
Amounts due from Group Undertakings	-	-	1,792	2,000
	<u>1,081</u>	<u>1,957</u>	<u>5,145</u>	<u>6,829</u>

18. Cash and Cash Equivalents

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Short Term Investments	1,625	3,647	1,625	3,647
Cash at bank	1,643	929	304	284
Cash in hand	2	2	2	2
	<u>3,270</u>	<u>4,578</u>	<u>1,931</u>	<u>3,933</u>

In the above are balances totaling £105,887 (2020: £98,987) which are held in trust for leaseholders

Notes to the Financial Statements

For the year ended 31 March 2021

19. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans (Note 21)	5,129	5,129	5,129	5,129
Trade Creditors	4,066	3,909	2,190	1,978
Other grants received in advance	128	69	128	69
Amounts owed to group undertakings	-	-	1,849	1,843
Rent and service charges paid in advance	811	727	811	727
Corporation tax	24	26	24	26
Other taxation and social security payable	26	56	26	44
Accruals and deferred income	3,056	3,173	3,056	3,164
Deferred capital grant (Note 22)	720	666	720	666
Recycled capital grant fund (Note 23)	60	-	60	-
Disposal proceeds fund (Note 24)	-	-	-	-
Unpaid contributions for retirement benefits	2	2	2	2
Other Creditors	1,169	1,082	850	677
	15,191	14,839	14,845	14,325

Housing loans are all secured by specific charges on 6,215 (2020: 6,007) of the Group's housing units and are repayable in instalments as detailed in note 21 below.

20. Creditors: Amounts Falling Due After More Than One Year

		Group		Association	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
	Note				
Debt	21	171,645	174,375	171,645	174,375
Deferred Capital Grant	22	38,033	35,546	38,033	35,546
Recycled Capital Grant Fund	23	505	542	505	542
Disposal Proceeds Fund	24	-	-	-	-
Other		379	730	379	730
		210,562	211,193	210,562	211,193

Housing loans are all secured by specific charges on 6,215 (2020: 6,007) of the Group's housing units and are repayable in instalments as detailed in note 21 below.

Notes to the Financial Statements

For the year ended 31 March 2021

21. Debt Analysis

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans repayable by instalments				
Within one year	5,167	5,167	5,167	5,167
In one year or more but less than two years	6,317	5,167	6,317	5,167
In two years or more and less than five years	37,800	32,983	37,800	32,983
In five years or more	48,216	59,350	48,216	59,350
Loans not repayable by instalments				
In two years or more and less than five years	6,900	4,500	6,900	4,500
In five years or more	72,500	72,500	72,500	72,500
	176,900	179,667	176,900	179,667
Less: Loan arrangement fees	(125)	(163)	(125)	(163)
	176,775	179,504	176,775	179,504

Financial Instruments

Loans are measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Housing loans bear fixed rates of interest ranging from 2.25% to 7.48% or variable rates based on a margin above the London Inter Bank Offer Rate (LIBOR). The final instalments fall to be repaid in the period 2025 to 2045. No standalone derivative transactions have been entered into by the Group.

Bullet Loans

The Group's financing facility includes two bullet loans with M&G Investment Management Limited totaling £30,000,000. The bullet loans accrue interest six monthly at a rate of 4.19% and 4.22%. The bullet loans are due for repayment in 2045. These loans are all secured by a charge over the Group's housing properties. In 2017-18 the repayment profile of the £42,500,000 RBS facility was amended to a bullet loan due for repayment in 2027.

Revolver Loan

The Group has a £29,500,000 Revolver Loan Facility with RBS / Natwest which is drawn to a value of £6,900,000 and forms part of the £72,000,000 Secured Facility Agreement. Non utilisation interest payable is charged at 0.40%.

Other Loans

The Group's financing facility includes 13 (2020: 13) other loans totaling £97,500,000 (2020: £102,666,666) from three lenders, Dexia Bank, Danske Bank and M&G. This portfolio includes both fixed and variable rate loans which accrue interest on a quarterly basis. The variable rate loans bear interest of LIBOR + 1.155% to LIBOR+ 1.70%. The fixed rate loans bear interest ranging from 2.25% to 6.43% (2020: 2.25% to 6.43%).

All loans are secured by a charge over the Group's housing properties.

Notes to the Financial Statements

For the year ended 31 March 2021

The interest rate profile of the Group at 31st March 2021 was:

	Total	Variable	Fixed	Weighted	Weighted
	£'000	Rate	Rate	Average	Average
		£'000	£'000	Rate	Term
				%	Years
Instalment loans	97,500	18,043	79,457	3.49%	9
Non- instalment loans	79,400	6,900	72,500	4.67%	12
	176,900	24,943	151,957	4.02%	21

The interest rate profile of the Group at 31st March 2020 was:

	Total	Variable	Fixed	Weighted	Weighted
	£'000	Rate	Rate	Average	Average
		£'000	£'000	Rate	Term
				%	Years
Instalment loans	102,667	21,917	80,750	3.45%	6
Non- instalment loans	77,000	4,500	72,500	4.58%	15
	179,667	26,417	153,250	4.03%	21

At 31st March 2021 the Group has the following borrowing facilities:

2021

	£'000
Undrawn committed facilities	-
Undrawn facilities	22,600
Total	22,600

At 31st March 2020 the Group has the following borrowing facilities:

2020

	£'000
Undrawn committed facilities	-
Undrawn facilities	25,000
Total	25,000

Housing loans are all secured by specific charges on 6,215 (2020: 6,007) of the Group's housing units

Notes to the Financial Statements

For the year ended 31 March 2021

22. Deferred Capital Grant

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At start of year	36,212	35,117	36,212	35,117
Grant received in the year	3,294	1,334	3,294	1,334
Utilisation of Recycled Capital Grants (note 23)	-	141	-	141
Utilisation of Disposal Proceeds Funds (note 24)	-	395	-	395
Released to income in the year	(730)	(744)	(730)	(744)
Recycled in the year (note 23)	(23)	(31)	(23)	(31)
At the end of the year	38,753	36,212	38,753	36,212
Analysis				
Amounts to be released within one year	720	666	720	666
Amounts to be released in more than one year	38,033	35,546	38,033	35,546
	38,753	36,212	38,753	36,212

23. Recycled Capital Grant Fund

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At the start of the year	542	201	542	201
Inputs to Fund:				
Grants recycled from deferred capital grants fund	23	31	23	31
Grants generated through voluntary right to buy	-	451	-	451
Use of Fund:	-	(141)	-	(141)
	565	542	565	542
Repayment of grant to Homes England	-	-	-	-
At the end of the year	565	542	565	542
Amount three years or older where repayment may be required	-	-	-	-
Due within one year	60	-	60	-
Due in more than one year	505	542	505	542

Acis Group currently holds RCGF grant that it wishes to utilise on an identified development scheme. Discussions are currently being progressed with Homes England to agree proposals.

£23k relates to amounts arisen in the year and are due in more than one year.

Acis Group Limited acquired properties with associated government grant during 2019. In the event of these properties being disposed, Acis Group Limited is liable for the recycling of the associated government grant. At 31 March 2021 the value of this liability is £8,637k (2020 £8,663k)

Notes to the Financial Statements

For the year ended 31 March 2021

24. Disposal Proceeds Fund

	Group		Association	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
At the start of the year	-	395	-	395
Net sales proceeds recycled	-	-	-	-
Interest Accrued	-	-	-	-
Withdrawals	-	(395)	-	(395)
At the end of the year	-	-	-	-
Repayable within one year	-	-	-	-
Due within one year	-	-	-	-
Due within more than one year	-	-	-	-

This fund has now been abolished and all grant has been recycled in the 2019/20 financial year.

25. Share Capital

The Company is limited by Guarantee and does not issue shares.

26. Minority Interests

	Eione LLP	Total
	£'000	£'000
At the start of the year	101	101
Proportion of profit after taxation for the year	149	149
Distributions in year	(210)	(210)
At the end of the year	40	40

Notes to the Financial Statements

For the year ended 31 March 2021

27. Accommodation in Management and Ownership

	Group		Association	
	2021	2020	2021	2020
	No of	No of	No of	No of
	Properties	Properties	Properties	Properties
Social housing				
Social rent	5,059	5,153	5,059	5,153
Affordable rent	644	496	644	496
Supported housing and housing for older people	258	267	258	267
Low cost home ownership	495	454	495	454
Total owned and managed	6,456	6,370	6,456	6,370
Total managed	6,452	6,352	6,452	6,352
Non-social housing				
Student accommodation	1,131	1,131	1,131	1,131
Market rent	19	19	19	19
Total owned and managed	7,606	7,520	7,606	7,520
Total managed	7,591	7,491	6,460	6,360
Accommodation in development at the year end				
Rented units	89	166	89	166
Low cost home ownership	78	107	78	107
Outright sale	30	79	-	-
Total	197	352	167	273

Residential accommodation owned

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

GROUP	2020 No of Properties	Additions No of Properties	Disposals No of Properties	Movements No of Properties	2021 No of Properties
Social housing					
Social rent	5,153	10	(44)	(60)	5,059
Affordable rent	496	79	0	69	644
Supported housing and housing for older people	267	0	0	(9)	258
Low cost home ownership	454	51	(10)	0	495
Total owned	6,370	140	(54)	0	6,456
Non-social housing					
Student accommodation	1,131	0	0	0	1,131
Market rent	19	0	0	0	19
Total owned	1,150	0	0	0	1,150

Notes to the Financial Statements

For the year ended 31 March 2021

ASSOCIATION	2020 No of Properties	Additions No of Properties	Disposals No of Properties	Movements No of Properties	2021 No of Properties
Social housing					
Social rent	5,153	10	(44)	(60)	5,059
Affordable rent	496	79	0	69	644
Supported housing and housing for older people	267	0	0	(9)	258
Low cost home ownership	454	51	(10)	0	495
Total owned	6,370	140	(54)	0	6,456
Non-social housing					
Student accommodation	1,131	0	0	0	1,131
Market rent	19	0	0	0	19
Total owned	1,150	0	0	0	1,150

Accommodation managed by others

The Group owns property managed by other bodies:

GROUP	2021 No of Properties	2020 No of Properties
Supported housing and housing for older people	4	4
Market rent	11	11
Total managed	15	15

ASSOCIATION	2021 No of Properties	2020 No of Properties
Supported housing and housing for older people	4	4
Student accommodation	1,131	1,131
Market rent	11	11
Total managed	1,146	1,146

Notes to the Financial Statements

For the year ended 31 March 2021

28. Capital Commitments

Tangible Fixed Asset Expenditure Commitments were as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	13,353	32,638	12,265	27,906
Capital expenditure that has been authorised by the Board but has not yet been contracted for	16,398	20,905	13,240	16,566
	29,751	53,543	25,505	44,472
The Group expects these commitments to be contracted within the next year and financed with:				
Social Housing Grant	11,011	11,238	11,011	11,238
Cash Reserves	3,270	4,578	1,931	3,933
Proceeds from the sales of properties	13,880	26,818	6,969	11,832
Revolving Credit Facility	1,590	10,909	5,594	17,469

The above commitments will be financed primarily through cash balances held by the business, with the balance funded through social housing grant, property sales and the revolving facility.

There are no performance conditions attached to the above commitments

Operating leases

At the reporting date the Group and Association have financial commitments for the lease of a new fleet of vehicles, which have an annual lease cost of £311,371 over a 60-month term (2020: £311,371).

At the reporting date the Group and Association have financial commitments for the lease of office premises in Sheffield and Gainsborough, which have an annual rental cost of £42,399 (2020: £22,664) both with a lease length of five years.

The following shows details of the expense profile:

Operating Leases	Group		Association	
	Vehicles £'000	Offices £'000	Vehicles £'000	Offices £'000
Not later than one year	311	42	-	42
Later than one year and not later than five years	623	126	-	126
Later than five years	-	-	-	-
	934	168	-	168

Notes to the Financial Statements

For the year ended 31 March 2021

29. Other Commitments

The Group and Association had no other commitments at 31 March 2021 (2020: £Nil).

30. Contingent Liabilities

The Group and Association had no contingent liabilities at 31 March 2021 (2020: £Nil).

31. Related Parties

The following are related parties:

- The Board has one tenant member who holds a shared ownership tenancy agreement on normal terms and cannot use her position to her advantage. Rent charged to the Tenant Board member was £3,125 (2020: £1,833), there are no arrears on her tenancy at the reporting period end.
- Transactions with key management personnel and their close family, (including compensation paid).

Related party balances are not secured.

Transactions with Non-Registered Elements of the Business

The Association provides management services, other services and loans to subsidiaries and Joint Venture partners. The Association also receives charges from its subsidiaries. The quantum and basis of those charges is set out in Note 15.

Intra Group Management Fees

Intra Group Management Fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of managing its subsidiaries and providing services. The Management Fee is calculated on a service by service basis using varying methods of allocation. The costs are allocated as follows:-

Service Provided

Human resources, payroll and training
Information and communication technology
Management accounting
Treasury services
Purchase ledger, procurement
Communications and marketing
Executive

Basis of allocation

Staff numbers
ICT users
Weighted average units and staff numbers
Net debt
Operating costs
Weighted average units and staff numbers
Weighted average units and staff numbers

During the year the company had the following intra-group transactions with subsidiary companies:

Notes to the Financial Statements

For the year ended 31 March 2021

	2021 £'000	2020 £'000
<u>Income</u>		
<u>Provision of Management Services</u>		
Acis Development Services Limited	87	36
Acis Management Limited	82	78
Acis HomePlus Limited	29	10
Prime Repairs and Maintenance Limited	461	423
Riverside Access and Training Gainsborough Community Interest Company	13	-
<u>Recharge of salaries and overheads</u>		
Prime Repairs and Maintenance Limited	3,664	4,883
Acis HomePlus Limited	125	-
Riverside Access and Training Gainsborough Community Interest Company	77	-
	<u>4,538</u>	<u>5,430</u>
<u>Expenditure</u>	2021 £'000	2020 £'000
<u>Property Development (Capital)</u>		
Acis Development Services Limited	4,915	3,031
<u>Property Improvements & Maintenance</u>		
Eione LLP	377	649
Prime Repairs and Maintenance Limited	8,458	10,007
<u>Management and Support Services</u>		
Eione LLP	1,840	1,854
Riverside Access and Training Gainsborough Community Interest Company	65	-
	<u>15,655</u>	<u>15,541</u>

Notes to the Financial Statements

For the year ended 31 March 2021

At the year end the company had the following intra-group balances with subsidiary companies

<u>Amounts Owed from Group Companies</u>	£'000	£'000
Acis Development Services Limited	2,630	4,442
Acis Management Limited	384	227
Eione LLP	15	11
Acis HomePlus Limited	253	118
Prime Repairs and Maintenance Limited	875	849
Riverside Access and Training Gainsborough Community Interest Company	111	-
	4,268	5,647
	2021	2020
	£'000	£'000
<u>Amounts Owed to Group Companies</u>		
Acis Development Services Limited	525	574
Eione LLP	177	412
Acis HomePlus Limited	10	-
Prime Repairs and Maintenance Limited	1,123	857
Riverside Access and Training Gainsborough Community Interest Company	13	-
	1,848	1,843

Other Intra Group Charges

Other intra group charges are payable to the Association from subsidiaries and relate to staff recharges

Intra Group Interest Charges

Intra group interest is charged by the Association to its subsidiaries at an agreed commercial rate

Gift Aid

During the year to 31 March 2019 Acis Group Limited entered into a gift aid deed with Acis Management Limited and Acis Development Services Limited.

In March 2021 Acis Management Limited declared a gift aid payment to the Association of £389,100 (2020: £231,171).

During the year to 31 March 2021 Acis Group Limited entered into a gift aid deed of covenant with Riverside Access and Training Centre Gainsborough Community Interest Company. Riverside Access and Training Centre Gainsborough Community Interest Company declared a gift aid payment to the Association of £20,921 (2020: £Nil).

Also, in March 2021 Acis Development Services Limited declared a gift aid payment to the Association of £879,808 (2020: £613,955).

Notes to the Financial Statements

For the year ended 31 March 2021

32. Analysis of Changes in Net Debt

The Group (and Association) had the following net debt movements:

	Group			
	At Beginning of the year £'000	Cash Flows £'000	Non-cash Movements £'000	At End of Year £'000
Cash and cash equivalents	4,578	(1,308)	-	3,270
Loans Due in One Year	(5,129)	(0)	-	(5,129)
Loans Due After One Year	(174,375)	2,767	(37)	(171,645)
	(174,926)	1,459	(37)	(173,504)

	Association			
	At Beginning of the year £'000	Cash Flows £'000	Non-cash Movements £'000	At End of Year £'000
Cash and cash equivalents	3,933	(2,002)	-	1,931
Loans Due in One Year	(5,129)	(0)	-	(5,129)
Loans Due After One Year	(174,375)	2,767	(37)	(171,645)
	(175,571)	765	(37)	(174,843)

Notes to the Financial Statements

For the year ended 31 March 2021

33. Grant and financial assistance

	Social Housing Grant £'000	GAP Funding £'000	2021 £'000	2020 £'000
The total accumulated government grant and financial assistance received or receivable at 31 March 2021:				
Held as deferred capital grant	31,877	6,876	38,753	36,212
Recognised as income in statement of Comprehensive Income in the current period	<u>289</u>	<u>441</u>	<u>730</u>	<u>744</u>