



better homes and better  
services for better lives

**Acis Group Limited**

# **Annual Report and Financial Statements**

**Year ended 31 March 2022**

**Company No: 03593345**

## Acis Group in numbers



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# Board Members, Executive Officers, Advisors and Bankers

## Board:

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

Please see pages 41-43 for board appointment and resignations

## Executive officers:

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

## Registered numbers:

Registered as a private company limited by guarantee 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](http://www.acisgroup.co.uk)

**Auditor:** Beevers and Struthers  
External 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

Each year, I look back at what we have done in the last 12 months and reflect on what we have achieved. The last year has been challenging like no other year so as I recap, I am amazed and delighted by how far we have come. Our story is the same - we deliver, we grow, we never stand still and that is a good thing.

So yes, we have grown again: we have expanded our reach, developed more homes, delivered more services and helped more people again and in a time when people have needed us.

The coronavirus pandemic has continued to cast an uncertainty over normal operations, but we have coped well and embraced the lingering situation as we transition towards a new way of working.

Despite covid and despite enforced changes to our normal routines we have responded to the challenge, which has allowed us to complete one of our largest transformation projects – the renovation of Acis House in Gainsborough, which catapults the organisation into modern workspace and we have embraced agile working practices which has enabled us to foster a positive and collaborative culture across our workstreams.

As we transition back to office life, our people are now in a better place – alongside our new Sheffield facilities – to better serve our customers.

The office refurbishment was the culminating project of our Way of Working transformation programme, which has resulted in a huge uplift in our effectiveness. Customer satisfaction now stands at an impressive 81% and a new permanent business improvement team has now been embedded in the organisation to ensure we continue this good work.

We are now there for our customers more than ever, in part thanks to changes made in our Customer Service Centre. We have extended our opening hours and implemented new communication platforms, including the launch of our MyAcis portal, allowing customers more control over when and how they contact us and get things resolved.

Throughout the year, we have sought to ensure our Board has greater exposure to the work we do around hearing our customers' voice. Regular reports, often direct from our customers show the excellent work our teams do around "Your Voice" activities, which have been designed to ensure that we respond effectively to customer's needs.

We have also adopted the new National Housing Federation Code of Governance which places enhanced responsibilities on the Board to monitor progress on diversity and inclusion issues, demonstrating the need to listen and respond to minority interest groups.

We have begun our preparations ahead of the official outcomes of the Social Housing White Paper, which place greater emphasis on customer standards. While these outcomes are delayed nationally, we are ready to act swiftly and positively to meet our enhanced obligations and introduce a series of customer-focused performance indicators.

Our growth ambitions continue at pace, with both Riverside Training and Acis HomePlus improving their performance and widening their reach. Riverside Training was successful in obtaining funding to deliver the Department for Work and Pensions Kickstart and Restart employability schemes as well as a similar project as part of the South Yorkshire Mayoral Combined Authority's Adult Education Budget.

The pandemic made the work of Acis HomePlus harder, but the organisation has made good progress to connect with people, gain more traction and positively impact on people's lives through its adaptations work.

Financially, we have continued to perform very strongly having made prudent budget forecasts for the year.

Our development and sales team have performed extremely well throughout the year in a buoyant property market, while student accommodation rates exceeded our expectations.

The 2021-2026 Affordable Housing programme started last year, demonstrates a clear desire to focus on creating new and innovative ways to encourage people to get on, and stay on the housing ladder. Through our new Homes England Investment Partner status, we are well positioned to deliver on the government's agenda in our communities. This work has started with our ambitious four-year plan to regenerate the disused Bowling Green site in Gainsborough.

# Chairman's Statement Continued

Our strong commercial focus allows us to reinvest income to support our ever-expanding customer base with services that make a real difference to their lives. We will also reinvest in our homes, with a new Asset Management Strategy as we make strides towards net zero carbon by 2050.

Structurally, we have remained stable throughout the year, with no changes at Board level and only small changes internally to reflect the changing landscape. However, our succession planning has identified a need to recruit for the future and have taken positive steps through taking part in a Board Development Programme initiative with the Housing Diversity Network.

Our focus on our workforce and making Acis an attractive place to be has been rewarded with our Investors In People Silver Award, a true demonstration of our commitment to our people.

As we face the new financial year, we clearly recognise the turbulent political and social landscape we will be facing. The war in Ukraine, the coronavirus pandemic and Brexit will all have implications on how we deliver our services. While for our customers, the rising cost of living will inevitably have a real impact in the year ahead.

So, as I reflect and look back to my last full year as Chairman, it has been eventful to say the least. I, along with my fellow Board members, are proud of what Acis has achieved and am confident in the direction we're going and the positive impact we are having on so many people's lives.



**Michael Kay, Chairman**  
July 2022

# 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 26 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
- Acis HomePlus 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 were delivered via Prime Repairs and Maintenance Limited, a wholly owned subsidiary until 1 April 2022, when we transferred this activity back into Acis Group Limited. Other subsidiary entities provide services for specific activities carried out within the Group, primarily development services and commercial investments. Acis HomePlus Limited provides home independence services on behalf of local authorities under Disabled Facilities Grant arrangements and to private customers. Whilst 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:

<b>Priority 1: Customers</b>	Provide the best possible service to the people in our communities.
<b>Priority 2: Partnerships</b>	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.
<b>Priority 3: Growth</b>	Grow our organisation, creating financial efficiency and strength to support more customers.
<b>Priority 4: Efficiency</b>	Ensuring we deliver a customer focused and efficient service that drives value for money through the way we work.

# Operating and Financial Review and Strategic Report (continued)

Our strategy sets out our ambitious plans. 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 our growing portfolio of homes that are right for them, support thousands more in the surrounding communities, and work across an ever-growing geographical area. 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.

## Corporate priorities

Our corporate strategy sets out the strands of activity that we will undertake in support of our four corporate priority areas, these are:

### 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 meet 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 which help us to understand what behaviors and attitudes will need to be exhibited as we move us forward to achieve the set strategy:

<b>Honest</b>	We work on a basis of trust. We are honest and behave responsibly with a shared purpose
<b>Positive</b>	We are positive in our thinking and the choices we make
<b>Ambitious</b>	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 2021/22 represent another good outturn position. The Covid pandemic has continued to cast a shadow over normal business operations as we have faced a second year of disruption and uncertainty. We made some prudent budget forecasts and have outperformed them with our student occupancy exceeding 80% compared to a budget forecast of 65%. The general housing market remained buoyant throughout the year allowing us to perform well with our property sales activities.

Our Group net surplus before taxation increased to £6.4m (2021: £4.4m). This meant that we were able to spend almost £6m on capital Improvements in our existing stock, allowing us to provide better homes for our customers.

We have continued to consider the changing landscape throughout the year and responded swiftly to changes in lockdown rules ensuring that we kept our people safe at all times. Despite the uncertainty and impacts of covid, we have thrived throughout the year and continued to deliver improved services to our customers and continued to grow and develop as an organisation.

Group turnover increased by £2.5m (6 per cent) year on year. Social housing turnover increased by £1.4m due to an increased stock holding and the return of social housing rent increases in 2020/21. Non-social housing turnover increased by £1.5m primarily driven by increased student income due to the lower occupancy, discounts and releases in the prior year.

Operating surplus from social housing lettings, excluding depreciation and impairment increased by 14.9% to £14.1m (2021: £12.3m) primarily as a result of a reduction in major repairs spend as we diverted resources to routine and cyclical works whilst we were experiencing operative resource shortages.

Net debt (drawn loans less cash and cash equivalents held by the Group) decreased to £169.7m (2021: £173.5m) through the year. During the year we restructured small elements of our loan portfolio making them more efficient. The organisation remained healthily cash-generative throughout 2021/22, on the back of very successful property sales transactions.

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 usual May strategy session was replaced by a number of shorter sessions spread out throughout the year where the board met remotely to explore a number of individual key topics. We were able to hold the November 2021 strategy event face to face which was very welcomed after a long period of virtual Interactions. The session included a detailed review of our pension offer and a cyclical review of student housing, both sessions were attended by external consultants. The board also spent some time reviewing and considering corporate governance matters.

Our growth ambition to deliver on our charitable aims and to provide more social investment in the communities in which we operate has continued at a pace throughout the year. Our Riverside Training business has gone from strength to strength and has been successful in obtaining funding for DWP's Kickstart and Restart initiatives in Lincolnshire as well as further funding in South Yorkshire to extend similar employment services out to communities in that area.

# 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.

Our business continuity team has continued to function throughout the year ensuring that we were able to promptly consider the changing landscape which enabled us to respond swiftly to changes in lockdown rules and ensured that we kept our people safe.

A key reflection on the year has been the increased staff turnover, which has a huge impact in terms of managing resources to provide our services, loss of experience, increased recruitment and induction demands and the obvious learning curve as our new people develop to deliver under our key principles and corporate values. Of course, we are not alone, and this is a phenomenon that has impacted, not just Acis and the social housing sector, but the whole of British society.

We have sought to respond through looking closely at our reward and recognition arrangements and reviewing our recruitment processes to ensure we promote all the benefits of working for the organisation and can respond swiftly to potential candidates.

In terms of our Board, we have a stable Board with no changes in the year. Although our succession planning identifies a need to recruit for the future. We recognise that both our chair and vice chair are approaching the end of their respective tenures with the organisation and have taken positive action to identify their successors.

Our Executive and Senior Management Teams are similarly stable with only Lois Gorry, our Head of People Services, leaving within the year. We were fortunate enough to recruit Liz Hoyland who has stepped into the role extremely well and is driving our people strategy and action plan forward.

At our Investors in People re-accreditation, we successfully demonstrated our improvements in all aspects of the assessment and were awarded the Silver Award in 2021.

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

## Business infrastructure

Our Way of Working "WOW" project formally ended in the year with the delivery of the refurbished Acis House which now provides space for collaboration, team meetings, hot-desking, and more static desking for our One-Team approach. The working environment provides a modern, inviting and enjoyable workspace from which to operate when needed but also enables our people to work more directly with our customers or choose to work from home where it is appropriate. This more autonomous approach to managing our people has helped to develop more mutual trust and empowers cross-team working through modern methods of communication.

Project scoping for Open Accounts, the new organisation wide finance system, continued throughout the year with a detailed project delivery phase occurring over the last quarter. The new system went live on 1 April 2022 and will deliver greater efficiency through the use of more integrated purchase ordering, invoice processing, component accounting and group-wide financial reporting.

The open accounts system will also integrate with AccuServ, the new end-to-end repairs system which has come through a similar timeframe in terms of planning and delivery and went live in May 2022. AccuServ will help to ensure that end to end repairs are captured in a common system. Improving efficiency and supporting a more responsive operative base.

# Operating and Financial Review and Strategic Report (continued)

Another part of our service review included the operation of our customer service centre and our ability to offer extended hours coverage and digital interactions through our humanised Live Chat facilities. This facility, alongside our “MyAcis” Portal, has enabled our customers to engage with us in different ways and has been hugely successful as we have transited through a second year of change and partial lockdowns.

On the back of the success of the Way of Working “WOW” project and with it formally coming to an end in the year. We formalised our business development structure with a new Business Improvement Team to lead on post “WOW” project activities, ensuring that we continue to improve and innovate.

## Our services

Throughout the year we have sought to ensure our Board has greater exposure to the work we do around hearing our customers’ voice. Regular reports show our excellent work around the “Our Voice” initiative which has been designed to ensure that we respond to customer demands.

We have also sought to prepare the organisation for the outcomes of the Social Housing White Paper and the greater emphasis on customer standards. Whilst these outcomes are delayed pending formal regulatory adoption the regulator has been expressly clear that housing associations should not await the legal framework but should act ahead of this to ensure that they are able to comply with the expected future standards. Key amongst these are expected changes to decent homes standard, tightening of obligations around electrical inspections and the introduction of a suite of published, customer key performance metrics.

Our Board has agreed to adopt the new National Housing Federation Code of Governance 2020 which places enhanced responsibilities on board to monitor the organisations objectives and progress on the issues of diversity and inclusion. We will also be sponsoring a Board Member Development Programme through the Housing Diversity Network and, internally, our Equality, Diversity and Inclusion Working Group continued to meet regularly to set and review its action plan.

A new Asset Management Strategy was approved within the year that sets the foundations to prepare the organisation for future investment into the net zero carbon by 2050. Works undertaken in conjunction with our consultants has identified significant investment challenges which are further exacerbated by skills shortages and supply chain issues which are driving retrofit prices even higher.

With currently unknown replacement technologies for 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 and so helping to combat fuel poverty issues that so many of our customer continue to face.

We have continued to improve the efficiency of our Repairs Service following Board’s decision to collapse the Prime Repairs and Maintenance structure back into Acis Group and to focus on improving customer service as well as improving financial efficiency. This will sit alongside a new repairs policy that focusses on delivering repairs on demand through a more responsive operative base.

We continue to work in partnership with key stakeholders and build on our work to deliver new, innovative partnerships that can provide even more services to our customers. There is wide scale recognition of the need for Acis to look at its future service delivery model under the “more than bricks” focus agreed within the Corporate Strategy and more recently within the Growth Strategy. The launch of Acis Homeplus in 2019-20 and the acquisition of Riverside Training in 2020-21 have increased our service offer and we have continued to grow and develop these in the year.

## Building new homes

We have continued to respond to the national shortage of affordable housing in the year with 139 new homes handed over and many more on site being developed for handover in the coming years.

The 2021-26 Affordable Housing programme commenced on 1 April 2021. Our first scheme under that programme comes from Bowling Green, Gainsborough; our 138 new homes development alongside the River Trent. Supported by over £5m of social housing grant funding committed by Homes England.

# Operating and Financial Review and Strategic Report (continued)

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

We recognise that we are in very challenging times with high levels of economic uncertainty as a result of Brexit, Coronavirus, the war in Ukraine and the associated cost of living crisis. 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.

More broadly, we recognise that some of our customers require help to improve their employability, skills and financial independence. We have done some valuable work in this area in the past and have continued to grow our offer through the services provided by Riverside Training meaning we are now able to support even more 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:

- The Board were forced to re-consider our position with the SHPS CARE 80th Defined Benefit pension scheme following the triennial valuation which meant that future service contribution rates would increase to unsustainable levels. Following a full review of options, our Board concluded that it would close the 80th scheme but offer those affected the opportunity to join a new 120th scheme with employer capped contributions at 10%.
- After careful consideration and with heavy hearts the Board approved the proposal to increase rents on our affordable homes by 4.1% with effect from April 2022. With the withdrawal of the £20 per week universal credit top up, escalating energy costs and a cost-of-living crisis, the Board had to balance the impact on its customers with that of the impact on the business which faces the same inflationary pressures.
- Following a detailed review, the board decided to collapse the current subsidiary structure for delivering its repairs and maintenance activities through Prime. Transferring all operations back into Acis Group to focus on improving services for customers and improving efficiency.

# 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:

- We undertook our Investors in People re-accreditation which included an employee survey and employee Interviews. We were extremely pleased to find that our hard work over recent years had paid off with us being awarded the Investors In People silver award.
- Following the easing of lockdown restrictions and the completion of the Acis House refurbishment, we reintroduced all our people to familiarise them with their new surroundings and to set the standards for our future way of working.
- Due to recruitment and retention challenges experienced in the year we reviewed our reward and recognition arrangements and improved our recruitment processes so that we could respond more swiftly to potential candidates.

## 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:

- Our existing materials supply contract came to a planned end in the year, after a competitive procurement exercise, we awarded to two new suppliers. We continue to build these relationships to ensure our operatives have the right tools to complete their work efficiently and effectively.
- We introduced a new planned works contractor who is undertaking our external capital works and providing back-up support for our internal teams in managing larger planned works.
- During the year we strengthened our commercial team which now includes a quantity surveyor to help drive more value engineering from our contracts and to strengthen our supply chain.

## 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 home 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 was overall customer satisfaction of 81%.
- Our customer voice panel undertook a piece of work this year on out of time responsive repairs, their findings were presented at the March Operations Committee meeting and responses were provided to their findings and recommendations. The panel were supported by TPAS throughout the process.
- In March, we held a Your Voice month to increase exposure of how our customers can get involved in engagement activities.

# 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

- During the year we have secured further funding to increase our training offer through Riverside Training, Increasing the number of people we can help in our communities.
- Our Board approved our new asset management strategy in the year that sets the foundations to prepare the organisation for future investment into the net zero carbon by 2050. After its introduction last year, we have again undertaken analysis of our greenhouse gas emissions, when compared with the previous year these show an overall reduction, further details can be found on page 36.
- We continued our work to regenerate parts of our hometown, Gainsborough. We have almost completed the work to re-develop our properties In North Parade, Gainsborough which has transformed the local area. We also started work at Bowling Green, Gainsborough which will provide a mix of 138 much needed affordable homes, including 60 accessible apartments offering sheltered scheme accommodation to older persons and helping to shape our new older persons services for the future.

## 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.

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.

The board revisited its assessment of risk appetite again at its May 2022 strategy session and considered what key strategic risks the organisation faces.

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 are significant.	Factor low carbon into new development design; collect EPC data for all existing stock; New asset management strategy sets path for no regret's thermal measures.	Collection of all necessary base data to make an informed decision; consultants engaged to model financial impact. Stress testing scenario to demonstrate the impact.
Failure to deliver the development programme	Lack of skills and rising costs affect scheme viability resulting in failure to deliver new home programme, resulting in failure to deliver the strategic objectives.	In house development team in place and strengthened in recent years 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.
Cost of living impact on Acis and its customers	Increased pressure on rent arrears and bad debts due to reduced benefit income, unemployment, energy cost rises and the wider cost of living crisis.	Prudent business plan assumptions; proactive but empathetic arrears management; increased signposting to additional support where necessary.	Performance management; scenario testing models the impact which is monitored through early warning triggers.
Cost and income inflation divergence	Costs are expected to continue to rise over the next few years with uncertainty over prospects for inflation; changes to rent settlement could be possible if CPI is high in September.	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 major disruptive event (Brexit, Covid or War)	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.	Committee/Board scrutiny of monthly accounts and Cashflows. Strong financial planning Strong governance and Board reporting
Access to labour and skills	Ongoing skills shortages threaten our ability to deliver key services	Large internal operative workforce which allows some flexibility to redirect resources; strengthen supply chain to support if necessary.	Close monitoring by operations committee; regular reporting to committees and board.
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 perception	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
Reduction or loss of supply from key suppliers	Failure to meet our service standard; increased costs; Loss of reputation.	Strengthening of supply chain; contract monitoring; financial assessments of key suppliers	Performance management; repairs satisfaction and efficiency monitoring.

# Operating and Financial Review and Strategic Report (continued)

## Financial Performance

The reported results for 2021/22 evidence continued strong financial performance.

## Income

Group turnover increased to £44.6m in 2021/22 up 5.9% from last year. Around 20% of the Group's turnover (£9.0m) was generated by property sales activities comprising both shared ownership first tranche sales as well as properties developed for outright sale. This was similar to the levels recorded in the 2020/21 year.

Rent and service charge losses due to empty general needs, sheltered and shared ownership properties reduced significantly in the year, returning to more normal levels of £0.3m (2021: £0.6m). The previous year being impacted by Coronavirus.

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.

## 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 increased to £6.4m in 2021/22 up from £4.4m last year. This is primarily due to the increased social housing turnover and improved student occupancy.

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 £10.6m (2021: £8.5m) tangible fixed assets through the year. This is after taking account of new housing additions of £11.6m (2021: £13.4m) and works to existing stock of £6.0m (2020: £1.7m).

The Group has a fully secured revolving credit facility in place with an undrawn balance of £16.1m (2021: £22.6m). At the end of the year the Group also secured a new £35m loan facility, the security for which was still being finalised at the year-end and completed early in the new financial year.

## 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 2022/23 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.

# Operating and Financial Review and Strategic Report (continued)

## Environmental, Social and Governance

Acis has a strong track record of delivering social value for our customers and the wider communities in which we operate. Whilst others have cut back, we have continued to grow our offer so that we can provide more services and help more people in our communities.

We are conscious of our environmental impact and the need to get the foundations in place to achieve net zero carbon, we are equally aware of the challenges that the social housing sector and

wider society will face in achieving this. We are working hard to get our base data right so that we can charter a course for a no regrets strategy to improving the thermal efficiency of our existing social housing stock.

The Group has strong governance arrangement in place and an embedded internal controls framework. We hold the top governance grade (G1) as assessed by the Regulator of Social Housing.

Below is some of the work that we are doing across these areas, the table also includes signposting to more information where it is included in these financial statements.

Environmental	
Measuring our emissions and energy consumption and the work we are doing to reduce it.	Pages 35-37
Our newly approved asset management strategy which prepares the organisation for net zero carbon by 2050	Page 12
Our sustainability modelling on our assets which allows us to understand both the financial and none financial impact of our stock - Including energy performance	Page 30
The work we completed in the year on our head office to reduce its carbon footprint, including the installation of LED lighting and motion sensors	
Our current and previous work to install solar PV and air source heat pumps to 607 of our properties.	
Social	
The work that we do through Riverside Training has gone from strength to strength, successfully obtaining more funding which allows us to extend our employment services to more people in our communities.	Page 25
Acis Homeplus continues to deliver adaptation services for disabled and elderly customers to enable them to remain in their homes rather than seek residential care.	Page 25
In the year we have continued to regenerate areas of our home town, Gainsborough with two new development schemes which will transform the local area.	Page 28
Our antisocial behaviour teams continue to work hard with our customers across all our areas of operation to make the environment in which we live better for everyone.	
We continue to increase our network of partnership organisation so that where additional support is required we have relevant agencies available to offer that support.	Page 24
Governance	
Our committee and Board structure which provides scrutiny and challenge and includes representation from our customers.	Pages 39-40
Our robust business planning, stress testing and early warning triggers which ensure we are able to react early to adverse movements.	
Our risk management framework which has processes for identifying, evaluating and managing risks. It also included the Board's assessment of risk appetite which was again reviewed in the year.	Pages 15-16
Our Investor in People Silver accreditation	Page 15
Our "Your Voice" customer enjoyment framework and the work of the Customer Voice Panel to scrutinise our services.	
Our annual assessment against both the National Housing Federations code of governance and Regulators of Social Housing regulatory standard.	Pages 38-39

# Operating and Financial Review and Strategic Report (continued)

## Treasury and Liquidity

### 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 2022 the Group had committed facilities of £224.7 million (2021: £199.5 million). Drawn loans as at 31 March 2022 totalled £173.6 million (2021: £176.9 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. Acis Group Ltd has various on-lending arrangements in place with subsidiary companies, as at 31 March 2022 the drawn balance was £350,000.

### 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 2022, 85 per cent of drawn monies were held on this basis (2021: 86

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 £6.9m across the Group during the year (2021: £7.1m). The weighted average cost of funds as at 31 March 2022 was 4.02 per cent (2021: 4.02 per cent)

### 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, new undrawn facilities and a revolving credit facility are sufficient to fund the Group's anticipated development programme for at least the next two years.

### Governing Document

Acis Group Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 7 December 2021. 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 2022

#### Introduction

Value for Money (VFM) isn't just about saving money. It's about ensuring whatever is spent, is spent wisely – and to the maximum benefit for our customers.

We continually reinvest our income to improve the homes and services we provide for people across our communities.

VFM is embedded in everything we do. It's at the heart of our customer-first culture. Every day, our people strive to deliver better outcomes for our customers.

When we talk about VFM, we focus 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.

These factors play a huge role in our decision-making, ensuring we think about the impact on customers every step of the way.

And we regularly report on VFM matters to show people – especially our customers – how we're performing. We know we can always rely on their honest feedback to help us strive to constantly improve.

#### Our objectives

We are now two years 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

This report shines a light on our progress in all four of these areas.

# 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.



As usual, we never stand still. Despite the uncertainty around the coronavirus pandemic continuing, we believe we have thrived over the last year. We have continued to grow and develop as an organisation.

While our Way of Working (WOW) transformation project formally ended, it saw some of the biggest changes during its last year with the delivery of our newly refurbished office at Acis House.

On the back of its success, we have embedded a permanent business improvement team to ensure our ways of working are always up to date, effective and provide VFM.

Things we've introduced this year mean we're more accessible for our customers and given them the power to manage and maintain their tenancies more efficiently.

Take a look in more detail at some of our projects over the next few pages.

Our board approves 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 are performing against others in our sector through Housemark benchmarking.

Our Board and committees scrutinise our performance at each of their meetings to ensure that we remain on track. If there are any areas of underperformance detailed actions are also agreed.

Some of the key metrics and our performance against them are also set out over the next few pages.

# Operating and Financial Review and Strategic Report (continued)

## Better homes, better services, better lives

### Our customers

<b>Overall customer satisfaction</b>		<b>81%</b>	<b>87%</b> Benchmark
Target 21/22 <b>85%</b>	Target 22/23 <b>88%</b>	Target 23/24 <b>90%</b>	Target 24/25 <b>90%</b>

<b>Tenancies sustained for more than 12 months</b>		<b>95.7%</b>	<b>N/A</b> Benchmark
Target 21/22 <b>95%</b>	Target 22/23 <b>95%</b>	Target 23/24 <b>95%</b>	Target 24/25 <b>95%</b>

<b>Gas safety compliance</b>		<b>100%</b>	<b>100%</b> Benchmark
Target 21/22 <b>100%</b>	Target 22/23 <b>100%</b>	Target 23/24 <b>100%</b>	Target 24/25 <b>100%</b>

<b>Satisfaction with repairs service</b>		<b>71%</b>	<b>78%</b> Benchmark
Target 21/22 <b>75%</b>	Target 22/23 <b>80%</b>	Target 23/24 <b>83%</b>	Target 24/25 <b>83%</b>

Customer Service Centre opening hours extended and embedded - **8am-9pm**



MyAcis portal **2,586** people managing tenancies online



Growing support services

**2,172** customers involved in YourVoice initiatives



All arrows indicate direction of performance from previous year

# Operating and Financial Review and Strategic Report (continued)

## Our Customers

### Overall performance

After the very strong performance in 2020/21, where we achieved our highest level of customer satisfaction for many years along with a large increase in repairs satisfaction. We have seen a slight reduction in satisfaction this year, mainly driven by a reduction in the satisfaction scores from our Housing for Older People. We are working hard to understand the reasons for this. We are pleased to report 100% gas safety compliance again and outperformance of our target for tenancies sustained for more than 12 months which is a testament to the amount of support that we are now able to offer our customers.

### Customer Service Centre

Recognising the change in how people live their lives as a result of the pandemic, we have embedded previously piloted changes in our Customer Service Centre so that we are there for our customers when they need us. We've extended our working hours, widened the scope of the team to support more people than ever before and have embedded a new Live Chat function on our website.

### MyAcis

Building on the work of previous years, we formally launched our tenancy management portal MyAcis. Customers who rent with us are now able to manage their tenancies with us easily and effectively in their own time. They can change their details, update their payment details, report repairs and message us securely through this new 24/7 platform.

### Support Services

On the back of our successful EP19 programme to ensure our customers felt supported during the pandemic, we have embedded the welfare service into our ongoing Supporting Foundations delivery to enhance the support on offer for our customers. We also gained funding to deliver mental health and wellbeing support through our MEN United and Acistance programmes.

### Your Voice

Throughout the year, we have run activities to ensure we hear our customers' voice. Our newly refocused Scrutiny Group has, among many things, reviewed our repairs work and has made recommendations to our Board for improvements which are now being piloted. In March, we also held a Your Voice month to increase exposure of how our customers can get involved in engagement activities.

### Acis House

We completed the renovation of our head office in Gainsborough, which now provides space for collaboration, team meetings, hot-desking and more static desking for our One-Team approach. This space along with other tools delivered over recent years now allows our people to be more agile and work in ways which deliver the best results. Our agility and One-Team approach are designed to give the quickest and most efficient response to our customers.

# Operating and Financial Review and Strategic Report (continued)

## Better homes, better services, better lives

### Our partnerships

<b>% stakeholders engaged</b>	<b>243%</b>	<b>N/A</b>
		Benchmark
Target 21/22	Target 22/23	Target 23/24
N/A	50%	60%
Target 24/25	70%	

<b>Total annual contract value on non social housing grant funding bids secured</b>	<b>£1.506m</b>	<b>N/A</b>
		Benchmark
Target 21/22	Target 22/23	Target 23/24
N/A	£800,000	£932,487
Target 25/26	£1,009,259	

<b>New stakeholders engaged with</b>	<b>136</b>	<b>N/A</b>
		Benchmark
Target 21/22	Target 22/23	Target 23/24
400	480	575
Target 24/25	600	

<b>Social value contribution</b>	<b>£4.56m</b>	<b>N/A</b>
		Benchmark
Target 21/22	Target 22/23	Target 23/24
N/A	N/A	N/A
Target 24/25	N/A	



**2,072**  
engagements with

**854**  
stakeholders including

**136**  
new stakeholders

**2**  
partnership events held with Acis HomePlus



**Matrix accreditation**  
gained through Riverside Training

All arrows indicate direction of performance from previous year

# Operating and Financial Review and Strategic Report (continued)

## Our Partnerships

### Overall performance

Building on the foundations that have been put in place over recent years we have continued to grow out network organisations meaning we are able to refer customers where specialist support is required. Following the creation of Acis HomePlus and acquisition of Riverside Training, we have successfully bid for, and secured, large amounts of external funding which has allowed us to increase our service offer and help more people in our homes and the wider communities in which we operate.

### Stakeholder engagement

We know we can't work alone to achieve the impact we do. We worked with 2,072 different stakeholders during the financial year and increased our network of organisations we work with to 854 – an 18% increase. This means that we are better placed to deliver better services for our customers and signpost to others when specialist services are required.

### Acis HomePlus

We held two partnership events in the year focused on home adaptations – our premiere of our Homes for the Ages documentary, and a breakfast event at the newly refurbished Acis House. Both were successful in giving us leads and generating commercial opportunities which can be reinvested into our core activities. Working with one of our partners led to a new contract in Nottinghamshire.

### Riverside Training

Riverside Training successfully achieved its full Matrix reaccreditation and is compliant with the international standard for ensuring the quality of its delivery of information and guidance. The standard is a pre-requisite for the Department of Education funding through the Education and Skills Funding Agency.

### New Funding

In order to continue our ambitious growth and as a result of embedded repayments in our existing loan agreements, it was necessary for us to approach the market for further loan funding in the year.

Following a competitive tender exercise, the most competitive terms were received from RBS/Natwest who have been a long-standing funder of the Group since Incorporation. The Board were therefore delighted to mandate RBS/Natwest to provide the additional funding and to continue building this relationship.

# Operating and Financial Review and Strategic Report (continued)

## Better homes, better services, better lives

### Our efficiency

<b>Rent arrears</b> Current and former		<b>3.4%</b> ↓	<b>3.6%</b> Benchmark
Target 21/22 4.25%	Target 22/23 <del>4.25%</del> 4.5%	Target 22/23 <del>4.12%</del> 4.4%	Target 24/25 4.00%
<b>Void loss %</b>		<b>0.66%</b> ↑	<b>1.08%</b> Benchmark
Target 21/22 0.90%	Target 22/23 0.80%	Target 23/24 0.80%	Target 24/25 0.80%
<b>Staff sickness</b>		<b>4.27%</b> ↑	<b>6.7%</b> Benchmark
Target 21/22 N/A	Target 22/23 N/A	Target 23/24 N/A	Target 24/25 N/A
<b>Voluntary staff turnover</b>		<b>31%</b> ↓	<b>13.2%</b> Benchmark
Target 21/22 N/A	Target 22/23 N/A	Target 23/24 N/A	Target 24/25 N/A



Launched pilot of 'repairs on demand'

### New material suppliers



### Quicker sales process embedded



### New finance system implemented

All arrows indicate direction of performance from previous year

# Operating and Financial Review and Strategic Report (continued)

## Our efficiency

### Overall performance

Another strong year in relation to rent arrears and empty properties with both significantly outperforming our target and the wider benchmarks. Staff sickness was also reduced from the prior year and under the benchmark. However, like many organisations, we did experience much higher voluntary staff turnover in the year, which has a huge impact in terms of managing resources to provide our services, loss of experience and the obvious learning curve as our new people develop to deliver under our key principles and corporate values.

A significant part of the turnover was within our operatives which meant we needed to flex our delivery and bolster this through our supply chain to ensure we continued to deliver critical services for our customers.

### Repairs and Maintenance

We made some low-key structural changes to enhance our repairs and maintenance delivery model last year. We also launched a successful pilot 'repairs on demand' project which saw our engineers given more responsibility to triage and fix issues more quickly. Preparation work was also completed on our new end-to-end repairs module, AccuServ, which is designed to modernise our management of repairs and went live in May 2022.

### Supplier Contracts

Materials contracts were awarded to Jewson and LEW Electrical to ensure our people have access to the right tools to do the jobs, at the right times and as efficiently as possible. We also contracted Equans to lead on a five-year project, which will include a focus on making our homes warmer and more energy efficient.

### Commercial activity

The housing market remained buoyant throughout the year, meaning there was a huge demand for our sale and shared ownership properties. Our outright sale portfolio sold quicker than forecast with no properties left at the end of the year. The changes we made in prior year to insource parts of our sales activities also paid dividends, allowing us to complete sales much quicker with only a couple of shared ownership properties remaining available at the end of the year.

We set extremely prudent budgets for our student occupancy in light of the uncertainties caused by the Covid pandemic, however, we were

pleased to significantly outperform these within excess of 80% occupancy.

Acis Development Services, Riverside Training and Acis Management were all able to make gift aid payments to Acis Group Limited in the year enabling reinvestment into our core activities.

### Finance System

Much of the work to plan for and implement our new Open Accounts software was completed in the year. The system is designed to deliver greater efficiencies through integrated purchase ordering, invoicing, accounting and reporting processes.

# Operating and Financial Review and Strategic Report (continued)

## Better homes, better services, better lives

### Our growth

<b>New homes developed (handed over)</b>	<b>139</b>	<b>N/A</b>
		Benchmark
Target 21/22	Target 22/23	Target 23/24
274	200	200

<b>Student occupancy</b>	<b>81.0%</b>	<b>N/A</b>
		Benchmark
Target 21/22	Target 22/23	Target 23/24
65.0%	80.0%	88.0%
		Target 24/25
		94.0%

<b>Loan covenant compliance</b>	<b>Yes</b>	<b>N/A</b>
	<b>=</b>	Benchmark
Target 21/22	Target 22/23	Target 23/24
Yes	Yes	Yes
		Target 24/25
		Yes

Affordable Homes programme launched



**138** new homes at Bowling Green started



Investors in People Silver award gained



Head office renovation



All arrows indicate direction of performance from previous year

# Operating and Financial Review and Strategic Report (continued)

## Our growth

### Overall performance

Good growth performance in the year with many much-needed new homes added to our portfolio, whilst we fell short of our target for completions, we started a number of key sites which will see delivery over the coming years. We also continue to have a strong pipeline of schemes for future delivery.

We performed well against our loan covenants and outperformed our budget, partly due to higher student occupancy.

### Affordable Homes

#### Programme

The 2021-2026 Affordable Homes programme started this year, which includes new ways for people to get on the property ladder. We have started work on developments under this scheme, allowing customers to buy lower shares of shared ownership properties, take advantage of a new repairs obligation and giving them the right to shared ownership.

### Regeneration

We have made huge strides in our regeneration of Gainsborough, with our 138-home site at Bowling Green starting to take shape – in part thanks to a £5m social housing grant committed by Homes England. And our work to transform the dilapidated North Parade area is almost finished, with our work contributing to house prices increasing in the area.

### Developing new homes

We have continued to develop much-needed new homes in our communities. In the year we took handover of 139 new properties with 64 being for rent, 45 for shared ownership and a further 30 for outright sale.

### Our people

The remarkable renovation of our head office in Gainsborough has resulted in a modern and inviting space perfect for our needs as we create a vibrant and inclusive can-do culture across our workstreams. This comes on the back of successfully demonstrating our improvements as an organisation to achieve the prestigious Investors In People Silver Award.

### Extending our reach

Our Riverside Training team has expanded its reach even further. Building on its national work with leading employability charity Shaw Trust, it has now been awarded a contract to deliver similar work as part of the South Yorkshire Mayoral Combined Authority's Adult Education Budget.

# Operating and Financial Review and Strategic Report (continued)

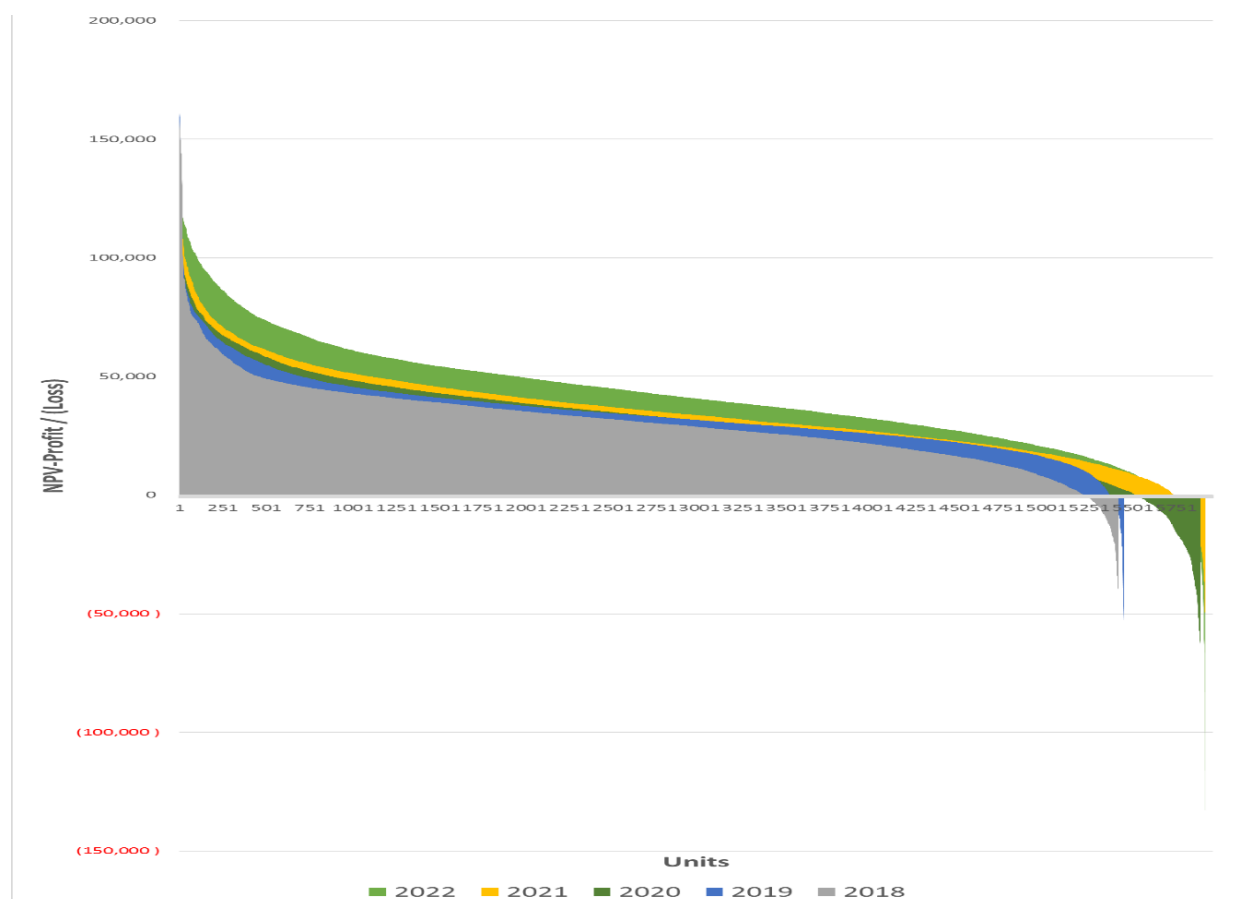
## Sustainability modelling of our assets

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.

Description	2017	2018	2019	2020	2021	2022
No. of Properties	5414	5421	5454	5892	5922	5973
Loss-making properties	210	196	84	83	182	210
% Loss-making Properties	4%	4%	2%	1%	3%	4%
Average loss per property	£10,230	£10,036	£13,012	£11,475	£11,934	£14,517

Our return on asset analysis shows that we currently have 210 loss making properties across our rental portfolio this is an increase on the previous year due to increases in the base inflation assumptions. We allocate our management costs based on the number of customer contacts and the geographical location of the property. The majority of the loss-making properties have a high management cost allocation due to the number of contacts, this has resulted in an overall loss. These allocations reflect tenancy related matters rather than the performance of the asset itself.

This graph below ranks all of the rental properties in order of return for the last five 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 2020/21 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 one other indicator. Our major repairs spend has always been an outlier, but this is 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. It should also be noted that the benchmark for major repairs cost per unit is from 2020/21 (which is the latest data available), due to the pandemic most organisations struggled to complete the normal programme of work in that year and therefore the benchmark is much lower than normal.

	Headline Social Housing CPU	Management CPU	Service Charge CPU	Maintenance CPU	Major Repairs CPU	Other Social Housing CPU
Acis Group Result 2021/22	<b>£3,143</b>	£647	£148	£931	<b>£1,215</b>	£202
Acis Group Result 2020/21	<b>£2,557</b>	£584	£148	£937	£720	£168
Acis Group Result 2019/20	<b>£2,935</b>	£593	£135	£907	<b>£1,183</b>	£117
Acis Group Result 2018/19	<b>£2,841</b>	£538	£137	£921	<b>£1,097</b>	£148
Acis Group Result 2017/18	<b>£2,657</b>	£538	£128	£907	<b>£964</b>	£120
Acis Group Result 2016/17	<b>£2,436</b>	£422	£123	£850	<b>£929</b>	£112
Sector - Top 25%	<b>£4,491</b>	£1,342	£801	£1,318	£928	£397
Sector - Median	<b>£3,707</b>	£1,062	£440	£1,110	£718	£182
Sector - Bottom 25%	<b>£3,199</b>	£847	£254	£925	£517	£83

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 increase transparency and help to compare performance with other housing associations through a suite of metrics. Our relative performance against these metrics can be seen on the following page.

# Operating and Financial Review and Strategic Report (continued)

Metric	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Forecast	2023/24 Forecast	2024/24 Forecast	Top 25%	Median	Bottom 25%
1) Reinvestment % - Efficiency	7.8%	5.9%	6.6%	10.2%	15.4%	8.4%	8.2%	5.8%	4.0%
2a) New supply delivered (social) % - Effectiveness	2.3%	2.2%	1.7%	2.9%	2.2%	2.2%	2.0%	1.3%	0.5%
2b) New supply delivered (non-social) % - Effectiveness	0.42%	0.55%	0.39%	0.19%	0.60%	0.59%	0.09%	0.00%	0.00%
3) Gearing % - Efficiency	68.6%	65.8%	62.0%	62.8%	63.5%	60.85%	32.9%	43.9%	53.3%
4) EBITDA MRI interest cover % - Efficiency	174.4%	214.1%	180.9%	129.5%	145.2%	155.9%	248%	183%	134%
5) Headline social housing cost per unit – Economy	£2,935	£2,557	£3,143	£3,731	£3,934	£4,005	£3,210	£3,730	£4,760
6a) Operating margin % - Efficiency	30.5%	24.4%	26.9%	25.6%	27.1%	27.5%	28.2%	23.9%	18.1%
6b) Operating margin (social housing lettings) % - Efficiency	27.7%	25.4%	27.4%	24.6%	27.7%	28.0%	32.6%	26.3%	22.2%
6c) Operating margin (other social housing activity) %- Efficiency	17.5%	25.4%	19.4%	20.5%	26.9%	17.8%	21.4%	6.9%	-12.5%
6d) Operating margin (non-social housing activities) % - Efficiency	41.8%	24.7%	28.4%	30.3%	25.9%	28.0%	44.0%	18.3%	2.4%
7) ROCE % - Efficiency	4.9%	4.1%	4.9%	3.9%	4.7%	4.6%	4.2%	3.3%	2.7%

= 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. For 2021/22 in nine out 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 slightly above 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 around the sector average as we continue to invest to improve our homes and our service offering.

## Looking ahead

Value for money will continue to play a vital part of our delivery in the coming years, particularly when we consider the uncertain political and social landscape. Our focus over the coming years will include:

## Way of working

We have improved our ways of working over recent years through the IT systems and hardware, the redevelopment of our office spaces and through streamlining our group structures. We will ensure that we continue to work efficiently and in ways that deliver the best possible results for our customers.

## Continued regeneration

Our regeneration of our communities will continue in the years ahead. The North Parade development will complete in 2022, while the first tranche of properties at Bowling Green are expected to be handed over in the same year and a further development in Sturton by Stow will follow soon after. We are also progressing other newbuild opportunities across the region.

## Customer standards

We have already sought to prepare for the outcomes of the Social Housing White Paper, the greater emphasis on customer standards and the introduction of customer-focused performance indicators. While these outcomes have been delayed, we are ready to respond and have already started to put measures in place to ensure that we can comply with the new standards.

## Expanding our support

We are exploring exciting opportunities within our existing communities to undertake transformation projects and expand the types of services we are able to offer people in need.

## Wider landscape

As we face the new financial year, we recognise the turbulent political and social landscape. The war in Ukraine, coronavirus and Brexit will all have implications on our ability to deliver services. And for our customers, the rising cost of living will have a significant impact. So, it's important we remain flexible to serve our customers as best we can.

To find out more about how we deliver our services,  
visit [www.acisgroup.co.uk](http://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 group 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 association 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 rate 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, the resulting changes to the benefits system and the current cost of living crisis have been identified as a key risks to the Group. The challenges faced by these 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 2021 to 31 March 2022.

# Report of the Directors (continued)

Acis Group Ltd Energy Use and Associated Greenhouse Gas Emissions		
	April 2021-March 2022	April 2020-March 2021
<b>Total Energy consumption (kWh)</b>	<b>3,134,644 kWh</b>	<b>3,412,527 kWh</b>
Emissions from combustion of gas (Scope 1) (tCO <sub>2</sub> e)	82 tCO <sub>2</sub> e	147 tCO <sub>2</sub> e
Emissions from transport (Scope 1) (tCO <sub>2</sub> e)	404 tCO <sub>2</sub> e	417 tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2) (tCO <sub>2</sub> e)	180 tCO <sub>2</sub> e	191 tCO <sub>2</sub> e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel or electricity (Scope 3) (tCO <sub>2</sub> e)	55 tCO <sub>2</sub> e	38 tCO <sub>2</sub> e
<b>Total gross emissions (tCO<sub>2</sub>e)</b>	<b>721 tCO<sub>2</sub>e</b>	<b>793 tCO<sub>2</sub>e</b>
<b>tCO<sub>2</sub>e per staff member</b>	<b>2.7 tCO<sub>2</sub>e per staff member</b>	<b>3.3 tCO<sub>2</sub>e per staff member</b>
Energy generated and then exported (kWh) [optional]	15,550 kWh	18,902 kWh
<b>Total Net Emissions (accounting for renewable energy purchase and export) (tCO<sub>2</sub>e)</b>	<b>538 tCO<sub>2</sub>e</b>	<b>598 tCO<sub>2</sub>e</b>

## Acis Group Ltd Energy Use and Associated Greenhouse Gas Emissions: Company Breakdown

	Electricity		Gas		Company cars		Grey Fleet		Total kWh	Total tco2e	tCO <sub>2</sub> e/staff member
	kWh	tco2e	kWh	tco2e	kWh	tco2e	kWh	tco2e			
<b>Acis Group</b>	846,636	180	446,012	82			157,198	38	1,449,846	299	2
<b>Prime</b>					1,587,021	396	55,395	13	1,642,417	410	4
<b>Acis HomePlus</b>					30,025	8	6,259	2	36,285	9	1
<b>Riverside Training</b>							6,096	1	6,096	1	0

### Quantification and Reporting Methodology

The boundaries of this report are based on operational control. We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. The 2021 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 CO<sub>2</sub>e. 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.

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.

### Intensity Ratio

We have chosen to report our gross emissions against staff number. The value for the intensity ratio was 2.7 tCO<sub>2</sub>e per staff member.

# Report of the Directors (continued)

## Energy Efficiency Action:

In the period covered by the report we have refurbished Acis House with LED lighting on motion sensors. We have issued a workstream to have all Solar PV EICR checked where defects have been found in order to have them rectified. We began the process of fitting smart meters in communal areas. We have also replaced kettles with more efficient on demand hot water supplies.

## 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, a 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.

Reserves are retained at levels that allow the group to continue to provide the services that the reserves are intended to support while managing the risks associated with long term expenditure plans. The budget and business plans are approved each year and are set to achieve this.

The Group held £55,855k (2021: £47,736k) in the Income and Expenditure reserve as at 31 March 2022. Free reserves, i.e. unrestricted funds excluding tangible fixed assets net of grant, were -£177,855k (2021: -£178,948k) at 31 March 2022, as -£276,844k (2021: -£265,437k) is represented by fixed assets and can only be realised by their disposal. The funding facility is secured against the housing property fixed assets.

## Post balance sheet events

After the balance sheet date the activities of Prime Repairs and Maintenance (1 April 2022) and Eione LLP (1 September 2022) were transferred back into the association.

## Other Group companies

### Acis Development Services Limited

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

### Acis Management Limited

Acis Management Limited is the majority partner in Eione LLP and provides management services.

### 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 Association. Turnover during the course of the year related to services provided to both partners (the Association 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 association. From 31st March 2022 all activities undertaken by Prime will be transferred back into Acis Group Limited with Prime being wound-up.

### Acis HomePlus Limited

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

### Riverside Access and Training Centre 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.

# Report of the Directors (continued)

## Internal controls assurance

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

This responsibility applies to 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-fraud and bribery policy; and
- Detailed policies and procedures in each area of the Group's work.

A fraud register is maintained and available for review at every meeting of the Audit and Risk Committee.

No fraud has been reported in the year.

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 Association 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.

# Report of the Directors (continued)

## Code of Governance

Acis Group Limited, as a registered provider of affordable housing, is governed in accordance with the NHF Code of Governance 2020. 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 former tenant. The Board structure includes the following committees and groups:

Committee / Group	Membership	Meeting frequency 2021/22	Role
<b>Audit and Risk Committee</b>	Kathryn Smart (Chair April - Dec) Bruce Kerr (Chair from Jan) Paul Satchwell Russell Stone (Independent member)	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.
<b>Remuneration and Review Committee</b>	Kathryn Smart (Chair) Mike Kay Graham Ward	3	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.

## Report of the Directors (continued)

Committee / Group	Membership	Meeting frequency 2021/22	Role
<b>Finance and Development Committee</b>	Graham Ward (Chair Apr-Dec) Paul Satchwell (Chair from Jan) Ronan O'Hara Nigel Whitaker	4	<p>Maintain an overview of the Group's financial performance including reviewing and commenting upon the Group's management accounts and financial forecasts.</p> <p>Consider financial implications of proposals for areas of major new strategic business development on behalf of AGL and make recommendations to the board.</p> <p>Assist in the development of the Group's Treasury Management Strategy and consider the impact of changes in interest rates on the same.</p> <p>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.</p> <p>Consider and approve within delegated authorities new development proposals or recommend to Board.</p> <p>Ensure compliance with the Group's Financial regulations in relation to procurement.</p> <p>Review the Group's Business Plan and act as an early warning system to the Board in cases of concern.</p>
<b>Operations Committee</b>	Bruce Kerr (Chair Apr-Dec) Nigel Whitaker (Chair from Jan) Ronan O'Hara Carole Hodson	5	<p>Ensure the maintenance of adequate and effective arrangements for internal monitoring of operational action plans and performance management processes.</p> <p>Receive reports and other performance information in relation to the Group's performance on all operational services.</p> <p>Receive reports in relation to the Group's customer communications and feedback.</p> <p>Report any serious delivery or compliance failures or concerns to the Group Board.</p>

# 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 all other Board members had an appraisal in the year. 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:

### Acis Group Board

Member	Maximum Possible	Actual Attendance	Comment
Mike Kay	10	10	
Graham Ward	10	10	
Nigel Whitaker	10	8	
Paul Satchwell	10	9	
Ronan O'Hara	10	10	
Kathryn Smart	10	7	
Bruce Kerr	10	8	
Carole Hodson	10	8	
Suzanne Bolton	10	10	

# Report of the Directors (continued)

## Audit and Risk Committee

Member	Maximum Possible	Actual Attendance	Comment
Kathryn Smart	4	3	
Bruce Kerr	4	4	
Paul Satchwell	4	3	
Russell Stone	4	3	

## Remuneration and Review Committee

Member	Maximum Possible	Actual Attendance	Comment
Michael Kay	3	3	
Graham Ward	3	3	
Kathryn Smart	3	3	

## Operations Committee

Member	Maximum Possible	Actual Attendance	Comment
Bruce Kerr	5	5	
Ronan O'Hara	5	4	
Nigel Whitaker	5	5	
Carole Hodson	5	5	

## 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	5	5	
Greg Bacon	5	5	
Adrian Chamberlain	5	5	
Janice Boucher	5	5	
David Swift	3	3	Appointed 24 January 2022
David Wooffindin	2	1	Resigned 30 November 2021

# Report of the Directors (continued)

## 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	1	

## 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	1	

## Acis Management Limited

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	1	

## Acis HomePlus Limited

Member	Maximum Possible	Actual Attendance	Comment
Greg Bacon	2	2	
Paul Woollam	2	2	
Adrian Chamberlain	2	2	
Mark Jones	2	1	

## 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	1	

# 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 Association 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) for Registered Social Housing Providers update 2018 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 Association and Group and enable them to ensure that the financial statements comply with the Companies Act 2006 (Part 10, chapter 2, paragraphs 170-180), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

They are also responsible for safeguarding the assets of the Association 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 audit information (as defined by section 418 of the Companies Act 2006) 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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 Associations 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 Association 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 Association 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;
- Over 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 Association 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 34 per cent of our tenants are aged 60 or over and nearly 34 per cent of our tenants are on full or partial Housing Benefit and over 36 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

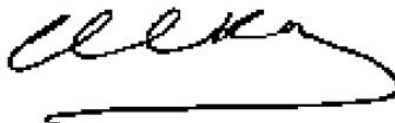
The Annual General Meeting will be held on 26 September 2022 at Acis House, Bridge Street, Gainsborough.

## External auditors

Beevers and Struthers LLP were appointed to audit the Group and Association financial statements for the year ended 31 March 2022

## Approval

The Report of the Board was approved by the Board on 25 July 2022 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

## Opinion

We have audited the financial statements of Acis Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated and Association Statements of Financial Position, the Consolidated Statement of Changes in Equity (Reserves), the Association Statement of Changes in Equity (Reserves), the Consolidated Statement of Cash Flow 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 Company's affairs as at 31 March 2022 and of the Group's income and expenditure and the parent Company'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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 operating and financial review and 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 operating and financial review and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 the responsibilities of the Board for the financial statements set out on page 44, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the parent Company 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](http://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 Company, 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sue Hutchinson FCCA (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: 26/08/2022

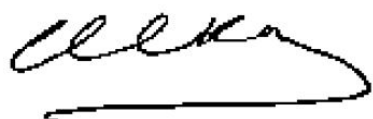
# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover: continuing activities	3	44,626	42,133
Operating expenditure	3	(32,610)	(31,720)
Gain on disposal property, plant, equipment	5	560	260
<b>Operating surplus</b>		<b>12,576</b>	10,673
Interest receivable	6	0	1
Interest payable and financing costs	7	(6,169)	(6,278)
<b>Surplus before taxation</b>		<b>6,407</b>	4,396
Taxation	12	(47)	(24)
<b>Surplus for the year after taxation</b>		<b>6,360</b>	4,372
<b>Other comprehensive income</b>			
Actuarial gain/ (loss) in the year	9	1,856	(2,091)
<b>Total comprehensive income for the year</b>		<b>8,216</b>	2,281
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interests		112	149
Owners of the parent company		8,104	2,132

The consolidated results relate wholly to continuing activities and the notes on pages 57 to 101 form an integral part of these financial statements.

The financial statements on pages 50 to 101 were approved and authorised for issue by the Board on 25 July 2022.



Mr Michael Kay  
Chair / Trustee



Mr Graham Ward  
Vice Chair / Trustee



Mrs Catherine Kelly  
Secretary

Acis Group Limited, Company Number 03593345

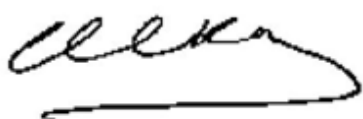
# Association Statement of Comprehensive Income

## For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Turnover: continuing activities	3	39,355	37,425
Operating expenditure	3	(28,355)	(28,477)
Gain on disposal property, plant, equipment	5	560	260
<b>Operating surplus</b>		<b>11,560</b>	<b>9,208</b>
Interest receivable	6	60	207
Interest payable and financing costs	7	(6,169)	(6,278)
Gift aid	11	1,093	1,290
<b>Surplus before taxation</b>		<b>6,544</b>	<b>4,427</b>
Taxation	12	(40)	(24)
<b>Surplus for the year after taxation</b>		<b>6,504</b>	<b>4,403</b>
<b>Other comprehensive income</b>			
Actuarial gain/ (loss) in the year	9	1,856	(2,091)
<b>Total comprehensive income for the year</b>		<b>8,360</b>	<b>2,312</b>

The results of the association relate wholly to continuing activities and the notes on pages 57 to 101 form an integral part of these financial statements.

The financial statements on pages 50 to 101 were approved and authorised for issue by the Board on 25 July 2022 and were signed on its behalf by:



Mr Michael Kay  
Chair / Trustee



Mr Graham Ward  
Vice Chair / Trustee



Mrs Catherine Kelly  
Secretary

Acis Group Limited, Company Number 03593345

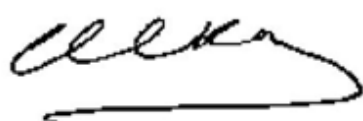
# Consolidated and Association Statement of Financial Position

As at 31 March 2022

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Fixed Assets</b>					
Housing	13	274,479	263,896	276,311	265,605
Non-housing	14	2,365	1,541	2,242	1,337
Tangible Fixed Assets		<u>276,844</u>	<u>265,437</u>	<u>278,553</u>	<u>266,942</u>
<b>Current Assets</b>					
Stock	16	2,345	7,026	2,345	4,225
Trade and Other Debtors	17	1,652	1,081	3,601	5,145
Cash and Cash Equivalents	18	3,401	3,270	1,507	1,931
		<u>7,398</u>	<u>11,377</u>	<u>7,453</u>	<u>11,301</u>
<b>Less: Creditors: amounts falling due within one year</b>	19	<b>(27,502)</b>	<b>(15,191)</b>	<b>(27,250)</b>	<b>(14,845)</b>
Net Current Liabilities		<u>(20,104)</u>	<u>(3,814)</u>	<u>(19,797)</u>	<u>(3,544)</u>
<b>Total Assets Less Current Liabilities</b>		<b><u>256,740</u></b>	<b><u>261,623</u></b>	<b><u>258,756</u></b>	<b><u>263,398</u></b>
Creditors: amounts falling due after more than one year	20	<b>(199,560)</b>	<b>(210,562)</b>	<b>(199,560)</b>	<b>(210,562)</b>
Provisions for liabilities					
Pension - defined benefit liability	9	<b>(1,325)</b>	<b>(3,325)</b>	<b>(1,325)</b>	<b>(3,325)</b>
<b>Total Net Assets</b>		<b><u>55,855</u></b>	<b><u>47,736</u></b>	<b><u>57,871</u></b>	<b><u>49,511</u></b>
<b>Reserves</b>					
Income and Expenditure Reserve		<u>55,855</u>	<u>47,736</u>	<u>57,871</u>	<u>49,511</u>

The notes on pages 57 to 101 form an integral part of these financial statements.

The financial statements on pages 50 to 101 were approved and authorised for issue by the Board on 25 July 2022 and were signed on its behalf by:



Mr 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 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
Surplus for the year after tax	6,248	6,248	112	6,360
Other comprehensive income for the year after tax	1,856	1,856	-	1,856
Total Comprehensive income for the year	8,104	8,104	112	8,216
Distribution in year	-	-	(97)	(97)
<b>Balance as at 31 March 2022</b>	<b>55,800</b>	<b>55,800</b>	<b>55</b>	<b>55,855</b>

The notes on pages 57 to 101 form an integral part of these financial statements.

# Association Statement of Changes in Equity (reserves)

	Income and Expenditure Reserve £'000	Total £'000
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
Surplus for the year after tax	6,504	6,504
Other comprehensive income for the year after tax	1,856	1,856
Total Comprehensive income for the year	8,360	8,360
<b>Balance as at 31 March 2022</b>	<b>57,871</b>	<b>57,871</b>

The notes on pages 57 to 101 form an integral part of these financial statements.

# Consolidated Statement of Cash Flow

	2022	2021
	£'000	£'000
<b>Net cash generated from operating activities</b>	<b>23,024</b>	19,623
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(18,667)	(15,243)
Proceeds from sale of tangible fixed assets	1,422	961
Grants received	5,207	3,294
Interest received	0	1
	<u>(12,038)</u>	<u>(10,987)</u>
<b>Cash flow from financing activities</b>		
Interest paid	(7,105)	(7,177)
New secured loans (revolver utilisation)	6,500	2,400
Repayments of borrowings	(9,817)	(5,167)
Loan arrangement fee	(433)	-
	<u>(10,855)</u>	<u>(9,944)</u>
<b>Net change in cash and cash equivalents</b>	<b>131</b>	(1,308)
<b>Cash and cash equivalents at beginning of year</b>	<b>3,270</b>	4,578
<b>Cash and cash equivalents at end of the year</b>	<b>3,401</b>	3,270

The notes on pages 57 to 101 form an integral part of these financial statements.

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

	2022 £'000	2021 £'000
<b>Cash generated from operating activities</b>		
Surplus for the year	<b>8,104</b>	2,132
<b><u>Adjustment for non-cash items</u></b>		
Depreciation of tangible fixed assets	<b>7,249</b>	6,665
(Increase) / decrease in stock	<b>4,681</b>	2,351
(Increase) / decrease in trade and other debtors	<b>(571)</b>	875
Increase / (decrease) in trade and other creditors	<b>(447)</b>	2,722
Pension costs less contributions payable	<b>(262)</b>	(257)
Carrying amount of tangible fixed asset disposals	<b>(264)</b>	229
Share of operating surplus in Eione LLP	<b>(249)</b>	(381)
Deferred Government grants utilised in the year	<b>(826)</b>	(730)
<b><u>Adjustments for investing or financing activities</u></b>		
(Gain)/loss on disposal of tangible fixed assets	<b>(560)</b>	(260)
Interest and financing costs	<b>6,169</b>	6,278
Interest received	<b>(0)</b>	(1)
<b>Net cash generated from operating activities</b>	<b><u>23,024</u></b>	<b><u>19,623</u></b>

The notes on pages 57 to 101 form an integral part of these financial statements.

# Notes to the Financial Statements

## For the year ended 31 March 2022

### 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	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 Social 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 2022.

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 2022 Principle accounting policies (continued)

### Basis of consolidation

The consolidated Financial Statements incorporate the results of all of its subsidiary undertakings as at 31 March 2022 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 shows 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.

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 62. Initial capitalisation of costs is based on management's judgement that a 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 2021/22 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.

# Notes to the Financial Statements

## For the year ended 31 March 2022 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.

An impairment review carried out for the year concluded that no assets were to be impaired resulting in no charge in 2021/22 financial statements.

# Notes to the Financial Statements

## For the year ended 31 March 2022 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 Training 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.

### 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 is 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 2022 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 2022 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 properties 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 2022 Principle accounting policies (continued)

### Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 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 Statement of Comprehensive Income 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 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.

### 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.

# Notes to the Financial Statements

## For the year ended 31 March 2022 Principle accounting policies (continued)

### 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.

### Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement 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 2022 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 2022 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 multi-employer pension scheme administered by TPT Retirement Solutions ('TPT').



# Notes to the Financial Statements

## For the year ended 31 March 2022

### Association - Continuing activities

	2022			
	Turnover £'000	Cost of Sales £'000	Operating expenditure £'000	Operating Surplus £'000
<b>Social Housing Lettings</b>	28,770	-	(21,413)	<b>7,357</b>
<b>Other social housing activities</b>				
First tranche low cost home ownership sales	3,957	(3,191)	-	766
	<b>3,957</b>	<b>(3,191)</b>	<b>-</b>	<b>766</b>
<b>Non-social housing activities</b>				
Other lettings	313	-	(111)	202
Student accommodation lettings	4,521	-	(2,992)	1,529
Intra-group service level agreements	702	-	-	702
Externally funded support initiatives	493	-	(493)	-
Other	599	-	(155)	444
	<b>6,628</b>	<b>-</b>	<b>(3,751)</b>	<b>2,877</b>
	<b>39,355</b>	<b>(3,191)</b>	<b>(25,164)</b>	<b>11,000</b>

### Association - Continuing activities

	2021			
	Turnover £'000	Cost of Sales £'000	Operating expenditure £'000	Operating Surplus £'000
<b>Social Housing Lettings</b>	27,345	-	(21,339)	<b>6,005</b>
<b>Other social housing activities</b>				
First tranche low cost home ownership sales	4,432	(3,307)	-	1,125
	<b>4,432</b>	<b>(3,307)</b>	<b>-</b>	<b>1,125</b>
<b>Non-social housing activities</b>				
Other lettings	321	-	(71)	250
Student accommodation lettings	3,541	-	(2,869)	672
Intra-group service level agreements	672	-	-	672
Externally funded support initiatives	222	-	(222)	-
Other	892	-	(669)	224
	<b>5,648</b>	<b>-</b>	<b>(3,831)</b>	<b>1,818</b>
	<b>37,425</b>	<b>(3,307)</b>	<b>(25,170)</b>	<b>8,948</b>

# Notes to the Financial Statements

## For the year ended 31 March 2022

### Particulars of Income and Expenditure from Social Housing Lettings

<b>Group</b>	<b>General Housing £'000</b>	<b>Supported Housing and housing for older people £'000</b>	<b>Shared Ownership £'000</b>	<b>2022 Total £'000</b>	<b>2021 £'000</b>
<b>Turnover from social housing lettings</b>					
Rent receivable net of service charges and voids	25,002	1,082	1,317	<b>27,401</b>	25,987
Service charges receivable	289	279	85	<b>653</b>	634
Amortised Government Grants	676	-	40	<b>716</b>	724
Turnover from Social Housing lettings	<u>25,967</u>	<u>1,361</u>	<u>1,442</u>	<b><u>28,770</u></b>	<u>27,345</u>
<b>Expenditure on social housing lettings</b>					
Management	(3,721)	(167)	(347)	<b>(4,235)</b>	(3,772)
Service charge costs	(428)	(413)	(125)	<b>(966)</b>	(955)
Routine maintenance	(4,814)	(229)	-	<b>(5,043)</b>	(4,725)
Planned maintenance	(1,015)	(33)	-	<b>(1,048)</b>	(1,323)
Major Repairs	(1,934)	(56)	-	<b>(1,990)</b>	(2,911)
Bad Debts	(32)	-	-	<b>(32)</b>	(146)
Depreciation of housing properties	(5,761)	(272)	(231)	<b>(6,264)</b>	(5,768)
Other Costs	(1,265)	(57)	-	<b>(1,322)</b>	(1,217)
Operating costs on social housing lettings	<u>(18,970)</u>	<u>(1,227)</u>	<u>(703)</u>	<b><u>(20,900)</u></b>	<u>(20,816)</u>
Operating surplus on social housing	<u>6,997</u>	<u>134</u>	<u>739</u>	<b><u>7,870</u></b>	<u>6,528</u>
Void losses (being rental income lost as a result of property not being let, although it is available for lettings)	<u>(233)</u>	<u>(10)</u>	<u>(101)</u>	<u>(344)</u>	<u>(626)</u>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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	2022 Total £'000	2021 £'000
<b>Turnover from social housing lettings</b>					
Rent receivable net of service charges and voids	25,002	1,082	1,317	<b>27,401</b>	25,987
Service charges receivable	289	279	85	<b>653</b>	634
Amortised Government Grants	676	-	40	<b>716</b>	724
Turnover from Social Housing lettings	<u>25,967</u>	<u>1,361</u>	<u>1,442</u>	<b><u>28,770</u></b>	<u>27,345</u>
<b>Expenditure on social housing lettings</b>					
Management	(3,721)	(167)	(347)	<b>(4,235)</b>	(3,772)
Service charge costs	(428)	(413)	(125)	<b>(966)</b>	(955)
Routine maintenance	(5,094)	(229)	-	<b>(5,323)</b>	(5,028)
Planned maintenance	(1,073)	(33)	-	<b>(1,106)</b>	(1,388)
Major Repairs	(2,044)	(56)	-	<b>(2,100)</b>	(3,004)
Bad Debts	(32)	-	-	<b>(32)</b>	(146)
Depreciation of housing properties	(5,826)	(272)	(231)	<b>(6,329)</b>	(5,831)
Other Costs	(1,265)	(57)	-	<b>(1,322)</b>	(1,216)
Operating costs on social housing lettings	<u>(19,483)</u>	<u>(1,227)</u>	<u>(703)</u>	<b><u>(21,413)</u></b>	<u>(21,339)</u>
Operating surplus on social housing	<u>6,484</u>	<u>134</u>	<u>739</u>	<b><u>7,357</u></b>	<u>6,005</u>
Void losses (being rental income lost as a result of property not being let, although it is available for lettings)	<u>(233)</u>	<u>(10)</u>	<u>(101)</u>	<u>(344)</u>	<u>(626)</u>

# Notes to the Financial Statements

## For the year ended 31 March 2022

### Particulars of Turnover from Non-Social Housing Activities

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Market rented properties	236	243	236	243
Commercial properties	16	18	16	18
Private garages	55	54	55	54
Release of Capital Grants	6	6	6	6
Student accommodation lettings	4,521	3,541	4,521	3,541
Properties for outright sale	5,083	4,830	-	-
Intra-group service level agreements	-	-	702	672
Eione - non group sourced turnover	340	298	-	-
Externally funded support initiatives	493	222	493	222
Other	1,149	1,144	599	892
	<b>11,899</b>	<b>10,356</b>	<b>6,628</b>	<b>5,648</b>

### 4. Operating Surplus

#### This is arrived at after charging / (crediting) :

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Depreciation of housing properties	6,271	5,570	6,329	5,700
Impairment losses of housing properties	-	(267)	-	(267)
Depreciation on other owned fixed assets	655	707	661	642
Depreciation of other tangible fixed assets	323	388	228	290
Amortised government grants	(716)	(724)	(716)	(724)
<b>Auditors remuneration (Excluding VAT)</b>				
-Fees payable for the audit of the financial statements	18	17	18	17
-Audit of the Financial Statements of the company's subsidiaries pursuant to legislations	20	19	20	19
Total audit services	<b>38</b>	<b>36</b>	<b>38</b>	<b>36</b>
-Tax compliance services	7	7	7	7
-All other services	3	2	3	2
Total non-audit services	<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 5. Surplus on Sale of Fixed Assets – Housing Properties

Group	2022			
	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	499	910	13	1,422
Less: Costs of sales	(312)	(550)	(0)	(862)
Surplus	<u>187</u>	<u>360</u>	<u>13</u>	<u>560</u>

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>

Association	2022			
	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	499	910	13	1,422
Less: Costs of sales	(312)	(550)	(0)	(862)
Surplus	<u>187</u>	<u>360</u>	<u>13</u>	<u>560</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>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 6. Interest Receivable and Other Income

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>On financial assets measured at amortised cost:</b>				
Interest Receivable:				
Interest receivable on bank deposits	0	1	0	1
Loan interest from subsidiary company	-	-	60	206
	<u>0</u>	<u>1</u>	<u>60</u>	<u>207</u>

## 7. Interest Payable and Financing Costs

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>On financial liabilities measured at amortised cost:</b>					
On loans repayable		6,909	7,085	6,909	7,085
Amortised breakage costs release	10	(350)	(350)	(350)	(350)
Other Interest		0	23	0	23
Loan Amortisation Fee		125	38	125	38
<b>On defined benefit pension schemes</b>					
Expected return on plan assets		(224)	(204)	(224)	(204)
Interest on scheme liabilities		295	235	295	235
		<u>6,755</u>	<u>6,827</u>	<u>6,755</u>	<u>6,827</u>
Less: Interest capitalised		(586)	(549)	(586)	(549)
		<u>6,169</u>	<u>6,278</u>	<u>6,169</u>	<u>6,278</u>
Capitalisation rate used to determine finance costs capitalised during the period		<u>4.0%</u>	<u>4.0%</u>	<u>4.0%</u>	<u>4.0%</u>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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	Social Security Costs	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Executive Directors</b>	404	43	50	57	554	469
<b>Board Members</b>						
Michael Kay	11	-	-	0	11	11
Graham Ward	8	-	-	-	8	6
Bruce Kerr	7	-	-	-	7	5
Carole Hodson	5	-	-	-	5	4
Nigel Whitaker	5	-	-	-	5	4
Kathryn Smart	7	-	-	-	7	5
Suzanne Bolton	5	-	-	-	5	5
Ronan O'Hara	5	-	-	-	5	4
Paul Satchwell	5	-	-	-	5	4
	<b>462</b>	<b>43</b>	<b>50</b>	<b>57</b>	<b>612</b>	<b>517</b>

Expenses paid during the year to Board members amounted to £395 (2021: £Nil). The emoluments of the highest paid director, the Chief Executive, excluding pension contributions and social security costs, were £138,685 (2021: £131,107).

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 £10,074 (2021: £9,485). 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 2022

### 9. Employee Information

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2022	2021	2022	2021
Administration	63	61	55	53
Development	9	8	9	8
Operational	215	205	196	186
	<b>287</b>	<b>274</b>	<b>260</b>	<b>247</b>

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	8,576	8,078	7,944	7,444
Social security costs	802	751	753	707
Other pension costs	418	408	408	396
	<b>9,796</b>	<b>9,237</b>	<b>9,105</b>	<b>8,547</b>

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

	2022 Number	2021 Number
£60,001 - £70,000	8.58	6.67
£70,001 - £80,000	1.00	3.00
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1.00	1.00
£110,001 - £120,000	1.00	2.00
£120,001 - £130,000	1.00	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1.00	1.00
£150,001 - £160,000	-	-

# Notes to the Financial Statements

For the year ended 31 March 2022

## Pension Obligations

During the year ended 31 March 2022 the employees of the Group participated in one of two pension schemes. These were the Social Housing Pension Scheme (SHPS) for employees of the Association, and a separate stakeholder scheme for Eione LLP employees.

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 association 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 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the association 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 association's fair share of the Scheme's total assets to calculate the association's net deficit or surplus.

# Notes to the Financial Statements

For the year ended 31 March 2022

## Principal Actuarial Assumptions

	At 31 March 2022	At 31 March 2021
Inflation assumption (RPI)	3.44%	3.21%
Discount rate for scheme liabilities	2.78%	2.22%
Inflation assumption (CPI)	3.13%	2.87%
Salary growth	4.13%	3.87%
Commutation of pensions to lump sums	75% of maximum allowance	75% of maximum allowance

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

Life expectancy at age 65	At 31 March 2022 Years	At 31 March 2021 Years
<b>Retiring today</b>		
Males	21.1	21.6
Females	23.7	23.5
<b>Retiring in 20 years</b>		
Males	22.4	22.9
Females	25.2	25.1

## Analysis of the amount recognised in the statement of comprehensive Income

	At 31 March 2022 £'000	At 31 March 2021 £'000
Employer service cost (current)	157	117
Expenses	11	11
Interest on pension Liabilities	71	31
<b>Amount recognised in the statement of comprehensive income</b>	<b>239</b>	<b>159</b>

# Notes to the Financial Statements

## For the year ended 31 March 2022

### Analysis of the amount recognised in Other Comprehensive Income

	At 31 March 2022 £'000	At 31 March 2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain	1,218	831
Experience gains and losses arising on the plan liabilities - (loss) gain	(793)	296
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	189	(44)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)	1,242	(3,174)
<b>Total amount recognised in other comprehensive income - gain (loss)</b>	<b>1,856</b>	<b>(2,091)</b>

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

	At 31 March 2022 £'000	At 31 March 2021 £'000
<b>Fair value of plan assets at start of period</b>	<b>9,939</b>	<b>8,656</b>
Interest income	224	204
Experience on plan assets (excluding amounts included in interest income) - gain	1,218	831
Contributions by the employer	383	380
Contributions by plan participants	27	30
Benefits paid and expenses	(119)	(162)
<b>Fair value of plan assets at end of period</b>	<b>11,672</b>	<b>9,939</b>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £1,442k (2021: £1,035k).

# Notes to the Financial Statements

## For the year ended 31 March 2022

### Reconciliation of opening and closing balances of the defined benefit obligation

	At 31 March 2022	At 31 March 2021
	£'000	£'000
<b>Defined benefit obligation at start of period</b>	<b>13,264</b>	<b>10,111</b>
Current service cost	157	117
Expenses	11	11
Interest expense	295	235
Contributions by plan participants	27	30
Actuarial losses (gains) due to scheme experience	793	(296)
Actuarial (gains) losses due to changes in demographic assumptions	(189)	44
Actuarial (gains) losses due to changes in financial assumptions	(1,242)	3,174
Benefits paid and expenses	(119)	(162)
<b>Defined benefit obligation at end of period</b>	<b><u>12,997</u></b>	<b><u>13,264</u></b>

# Notes to the Financial Statements

For the year ended 31 March 2022

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset (liability)	At 31	At 31
	March 2022	March 2021
	£'000	£'000
Fair value of plan assets	11,672	9,939
Present value of defined benefit obligation	(12,997)	(13,264)
<b>(Deficit) in plan</b>	<b>(1,325)</b>	<b>(3,325)</b>
Unrecognised surplus	-	-
<b>Defined benefit (liability) to be recognised</b>	<b>(1,325)</b>	<b>(3,325)</b>

Assets	At 31	At 31
	March 2022	March 2021
	£'000	£'000
Global Equity	2,240	1,584
Absolute Return	468	549
Distressed Opportunities	418	287
Credit Relative Value	388	313
Alternative Risk Premia	385	374
Fund of Hedge Funds	-	1
Emerging Markets Debt	340	401
Risk Sharing	384	362
Insurance-Linked Securities	272	239
Property	315	206
Infrastructure	831	663
Private Debt	299	237
Opportunistic Illiquid Credit	392	253
High Yield	101	298
Opportunistic Credit	42	272
Cash	40	-
Corporate Bond Fund	779	587
Liquid Credit	-	119
Long Lease Property	300	195
Secured Income	435	413
Liability Driven Investment	3,257	2,526
Currency Hedging	(46)	-
Net Current Assets	32	60
Total assets	11,672	9,939

# Notes to the Financial Statements

## For the year ended 31 March 2022

### 10. Exceptional Item, Amortised Breakage costs

The Association incurred an Exceptional Item charge of £3.5 million relating to the refinancing of the Associations 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 (2021: £350,000).

### 11. Gift Aid

During the year, the Association was gifted £1,093,367 (2021: £1,289,829) from group companies. The receipt of gift aid by the Association 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 30 for a breakdown of the receipts.

### 12. Tax on Surplus on Ordinary Activities

The group corporation tax charge for the year is a charge of £46,686 (2021: Charge of £23,518).

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

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Surplus on ordinary activities before tax	<u>6,407</u>	<u>4,396</u>	<u>6,544</u>	<u>4,427</u>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the uk of 19%	1,217	835	1,243	841
Difference in accounts and tax partnership profit share Effects of:				
- Expenses not deductible for tax	7	-	-	-
- Tax exempt charitable income	(1,177)	(811)	(1,203)	(817)
- Minority interests	-	-	-	-
- Gift aid (utilised) / not utilised	-	-	-	-
- Taxation on group activities	-	-	-	-
	<u>47</u>	<u>24</u>	<u>40</u>	<u>24</u>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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
<b>Fixed Assets - Properties</b>									
<b>COST</b>									
<b>At 31st March 2021</b>	232,409	47,495	279,904	8,355	-	8,355	32,845	3,256	<b>324,360</b>
Additions to properties acquired	(13)	-	(13)	6,967	-	6,967	-	4,602	<b>11,556</b>
Works to existing properties	5,733	231	5,964	-	-	-	-	-	<b>5,964</b>
Interest capitalised	-	-	-	260	-	260	-	326	<b>586</b>
Schemes completed in year	5,950	-	5,950	(5,950)	-	(5,950)	3,837	(3,837)	<b>-</b>
Disposals	(1,462)	(81)	(1,543)	-	-	-	(229)	-	<b>(1,772)</b>
<b>At 31st March 2022</b>	<b>242,617</b>	<b>47,645</b>	<b>290,262</b>	<b>9,632</b>	<b>-</b>	<b>9,632</b>	<b>36,453</b>	<b>4,347</b>	<b>340,694</b>
<b>DEPRECIATION AND IMPAIRMENT</b>									
<b>At 31st March 2021</b>	53,505	5,122	58,627	285	-	285	1,552	-	<b>60,464</b>
Depreciation Charged in year	6,040	655	6,695	-	-	-	231	-	<b>6,926</b>
Eliminated on disposals	(1,118)	(42)	(1,160)	-	-	-	(15)	-	<b>(1,175)</b>
<b>At 31st March 2022</b>	<b>58,427</b>	<b>5,735</b>	<b>64,162</b>	<b>285</b>	<b>-</b>	<b>285</b>	<b>1,768</b>	<b>-</b>	<b>66,215</b>
<b>NET BOOK VALUE</b>									
<b>At 31st March 2022</b>	<b>184,190</b>	<b>41,910</b>	<b>226,100</b>	<b>9,347</b>	<b>-</b>	<b>9,347</b>	<b>34,685</b>	<b>4,347</b>	<b>274,479</b>
At 31st March 2021	178,904	42,373	221,277	8,070	-	8,070	31,293	3,256	263,896

# Notes to the Financial Statements

For the year ended 31 March 2022

## 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
<b>Fixed Assets - Properties</b>									
<b>COST</b>									
<b>At 31st March 2021</b>	234,079	47,491	281,570	8,841	-	8,841	32,874	3,281	<b>326,566</b>
Additions to properties acquired	(13)	-	(13)	7,136	-	7,136	-	4,601	<b>11,724</b>
Works to existing properties	5,733	250	5,983	-	-	-	-	-	<b>5,983</b>
Interest capitalised	-	-	-	260	-	260	-	326	<b>586</b>
Schemes completed in year	5,950	-	5,950	(5,950)	-	(5,950)	3,837	(3,837)	<b>-</b>
Disposals	(1,462)	(81)	(1,543)	-	-	-	(229)	-	<b>(1,772)</b>
<b>At 31st March 2022</b>	<b>244,287</b>	<b>47,660</b>	<b>291,947</b>	<b>10,287</b>	<b>-</b>	<b>10,287</b>	<b>36,482</b>	<b>4,371</b>	<b>343,087</b>
<b>DEPRECIATION AND IMPAIRMENT</b>									
<b>At 31st March 2021</b>	53,941	5,183	59,124	285	-	285	1,552	-	<b>60,961</b>
Depreciation Charged in year	6,098	661	6,759	-	-	-	231	-	<b>6,990</b>
Eliminated on disposals	(1,118)	(42)	(1,160)	-	-	-	(15)	-	<b>(1,175)</b>
<b>At 31st March 2022</b>	<b>58,921</b>	<b>5,802</b>	<b>64,723</b>	<b>285</b>	<b>-</b>	<b>285</b>	<b>1,768</b>	<b>-</b>	<b>66,776</b>
<b>NET BOOK VALUE</b>									
<b>At 31st March 2022</b>	<b>185,366</b>	<b>41,858</b>	<b>227,224</b>	<b>10,002</b>	<b>-</b>	<b>10,002</b>	<b>34,714</b>	<b>4,371</b>	<b>276,311</b>
At 31st March 2021	180,138	42,308	222,446	8,556	-	8,556	31,322	3,281	265,605

# Notes to the Financial Statements

For the year ended 31 March 2022

## 13. Tangible Fixed Assets – Properties (continued)

### Expenditure to works on existing properties:

	2022	Group 2021	2022	Association 2021
Improvement works capitalised	5,964	1,734	5,983	1,734
Major Repairs charged to income and expenditure account	1,990	2,911	2,100	3,004
	<u>7,954</u>	<u>4,645</u>	<u>8,083</u>	<u>4,738</u>

The aggregate amount of interest and finance costs included in the property additions, the capitalisation rate used was £586k at 4.0% (2021: £549k at 4.0%).

Property additions and works to existing properties include £328k (2021: £426k) for direct administrative costs capitalised during the year.

Housing property fixed assets are secured against loans by specific charges on 5,300 (2021: 6,215) of the Group's housing units. At the year end 897 housing units had been removed from charge and were in the process of being re-allocated against the newly arranged facility, once complete this would increase the charged units back up to 6,197.

The net book value of assets pledged as security is £150,814k.

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

	2022 £'000	Group 2021 £'000	Association 2022 £'000	2021 £'000
<b>Freehold land and buildings</b>	<b>276,014</b>	264,700	<b>277,887</b>	266,449

## Impairment

An impairment review carried out for the year concluded that following a management review there was no impairment provision required in the 2021/22 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 2022

### 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
<b>COST</b>						
At 31 March 2021	1,712	563	1,648	407	108	4,438
Additions	756	91	295	-	5	1,147
Disposals	-	(167)	-	-	-	(167)
At 31 March 2022	2,468	487	1,943	407	113	5,418
<b>DEPRECIATION</b>						
At 31 March 2021	909	390	1,296	197	105	2,897
Charged in year	24	49	176	71	3	323
Eliminated on disposals	-	(167)	-	-	-	(167)
At 31 March 2022	933	272	1,472	268	108	3,053
<b>NET BOOK VALUE</b>						
At 31 March 2022	1,535	215	471	139	5	2,365
At 31 March 2021	803	173	352	210	3	1,541
Association	Freehold Offices £'000	Office Furniture, Fixtures and Fittings £'000	Computers and Office Equipment £'000	Motor Vehicles £'000	Depot Tools & Equipment £'000	Total £'000
<b>COST</b>						
At 31 March 2021	958	530	1,618	63	102	3,271
Additions	756	86	292	-	-	1,134
Disposals	-	(167)	-	-	-	(167)
At 31 March 2022	1,714	449	1,910	63	102	4,238
<b>DEPRECIATION</b>						
At 31 March 2021	114	378	1,279	63	100	1,934
Charged in year	24	34	170	-	-	228
Eliminated on disposals	-	(167)	-	-	-	(167)
At 31 March 2022	138	246	1,449	63	100	1,996
<b>NET BOOK VALUE</b>						
At 31 March 2022	1,576	203	461	-	2	2,242
At 31 March 2021	844	152	340	-	2	1,337

# Notes to the Financial Statements

For the year ended 31 March 2022

## 15. Investment in Subsidiaries

The Group comprises the following entities all registered in England:

<b>Name</b>	<b>Incorporation and Ownership</b>	<b>Regulated / Non-Regulated</b>	<b>Nature of Business</b>
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 all hold £1 ordinary share capital and are wholly owned by Acis Group Limited and Riverside Access and Training Centre Gainsborough Community Interest Company is a private company limited by guarantee without share capital. Acis Management Limited is the 60% majority partner in Eione LLP.

From the 1 April 2022 the activities of Prime Repairs and Maintenance and from 1 September 2022 the activities of Eione LLP will both transfer back into Acis Group Limited these entities will therefore subsequently be wound up.

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 2022

### 16. Stock

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Stock of maintenance supplies	-	19	-	-
Stock of vouchers	4	0	4	0
<b>Properties held for sale</b>				
<b>Shared Ownership properties:</b>				
Completed	641	1,765	641	1,765
Work in progress	1,700	2,460	1,700	2,460
<b>Outright Sale Properties:</b>				
Completed	-	1,505	-	-
Work in progress	-	1,277	-	-
	<u>2,345</u>	<u>7,026</u>	<u>2,345</u>	<u>4,225</u>

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

# Notes to the Financial Statements

For the year ended 31 March 2022

## 17. Trade and Other Debtors

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Due Within One Year</b>				
Social: Rent and Service Charges Receivable	944	895	944	895
Less: Social Provision for Bad and Doubtful Debts	(654)	(785)	(654)	(785)
Student: Rent and Service Charges Receivable	102	103	102	103
Less: Student Provision for Bad and Doubtful Debts	(57)	(50)	(57)	(50)
	<u>335</u>	<u>163</u>	<u>335</u>	<u>163</u>
Amounts due from Group Undertakings	-	-	1,959	2,476
Other Debtors	767	592	407	388
Prepayments and Accrued Income	550	326	550	326
	<u>1,317</u>	<u>918</u>	<u>2,916</u>	<u>3,190</u>
<b>Due After More Than One Year</b>				
Amounts due from Group Undertakings	-	-	350	1,792
	<u>1,652</u>	<u>1,081</u>	<u>3,601</u>	<u>5,145</u>

## 18. Cash and Cash Equivalents

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Short Term Investments</b>	1,189	1,625	1,189	1,625
<b>Cash at bank</b>	2,212	1,643	318	304
<b>Cash in hand</b>	-	2	-	2
	<u>3,401</u>	<u>3,270</u>	<u>1,507</u>	<u>1,931</u>

In the above are balances totaling £113,557 (2021: £105,887) which are held in trust for leaseholders

# Notes to the Financial Statements

For the year ended 31 March 2022

## 19. Creditors: Amounts Falling Due Within One Year

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans (Note 21)	16,633	5,129	16,633	5,129
Trade Creditors	4,514	3,885	2,334	2,009
Other grants received in advance	85	128	85	128
Amounts owed to group undertakings	-	-	2,329	1,849
Rent and service charges paid in advance	843	811	843	811
Corporation tax	47	24	40	24
Other taxation and social security payable	229	207	229	207
Accruals and deferred income	2,990	3,056	2,990	3,056
Deferred capital grant (Note 22)	720	720	720	720
Recycled capital grant fund (Note 23)	114	60	114	60
Unpaid contributions for retirement benefits	-	2	-	2
Other Creditors	1,327	1,169	933	850
	<b>27,502</b>	<b>15,191</b>	<b>27,250</b>	<b>14,845</b>

Housing property fixed assets are secured against loans by specific charges on 5,300 (2021: 6,215) of the Group's housing units. At the year end 897 housing units had been removed from charge and were in the process of being re-allocated against the newly arranged facility, once complete this would increase the charged units back up to 6,197.

The net book value of assets pledged as security is £150,814k.

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

	Note	Group		Association	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debt	21	156,517	171,645	156,517	171,645
Deferred Capital Grant	22	42,414	38,033	42,414	38,033
Recycled Capital Grant Fund	23	555	505	555	505
Other		74	379	74	379
		<b>199,560</b>	<b>210,562</b>	<b>199,560</b>	<b>210,562</b>

Housing property fixed assets are secured against loans by specific charges on 5,300 (2021: 6,215) of the Group's housing units. At the year end 897 housing units had been removed from charge and were in the process of being re-allocated against the newly arranged facility, once complete this would increase the charged units back up to 6,197.

# Notes to the Financial Statements

For the year ended 31 March 2022

## 21. Debt Analysis

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Loans repayable by instalments</b>				
Within one year	16,667	5,167	16,667	5,167
In one year or more but less than two years	1,667	6,317	1,667	6,317
In two years or more and less than five years	21,133	37,800	21,133	37,800
In five years or more	48,216	48,216	48,216	48,216
<b>Loans not repayable by instalments</b>				
In two years or more and less than five years	-	6,900	-	6,900
In five years or more	85,900	72,500	85,900	72,500
	<b>173,583</b>	<b>176,900</b>	<b>173,583</b>	<b>176,900</b>
Less: Loan arrangement fees	(433)	(125)	(433)	(125)
	<b>173,150</b>	<b>176,775</b>	<b>173,150</b>	<b>176,775</b>

## 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 Sterling Overnight Index Average (SONIA). The final instalments fall to be repaid in the period 2028 to 2044. No standalone derivative transactions have been entered into by the Group.

## Bullet Loans

The Group's financing facility includes four bullet loans, two of which are with M&G Investment Management Limited totalling £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. The remaining two are with RBS / Natwest totalling £77,500,000. The bullet loans accrue interest quarterly at a rate of 2.65% and 7.48%. The bullet loans are due for repayment in 2027 and 2047 respectively. These loans are all secured by a charge over the Group's housing properties.

## Revolver Loan

The Group has a £29,500,000 Revolver Loan Facility with RBS / Natwest which is drawn to a value of £13,400,000 and forms part of the £107,000,000 Secured Facility Agreement. Non utilisation interest payable is charged at 0.40%.

## Other Loans

The Group's financing facility includes 12 (2021: 13) other loans totalling £87,683,334 (2021: £97,500,000) 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 SONIA + 1.00% to SONIA + 1.85%. The fixed rate loans bear interest ranging from 2.25% to 6.43% (2021: 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 2022

The interest rate profile of the Group at 31st March 2022 was:

	<b>Total £'000</b>	<b>Variable Rate £'000</b>	<b>Fixed Rate £'000</b>	<b>Weighted Average Rate %</b>	<b>Weighted Average Term Years</b>
Instalment loans	87,683	9,519	78,164	3.70%	8
Non-instalment loans	85,900	15,900	70,000	4.34%	11
	<b>173,583</b>	<b>25,419</b>	<b>148,164</b>	<b>4.02%</b>	<b>19</b>

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

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

At 31st March 2022 the Group has the following borrowing facilities:

### 2022

	<b>£'000</b>
Undrawn / unsecured committed facilities	35,000
Undrawn facilities	16,100
<b>Total</b>	<b>51,100</b>

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

### 2021

	<b>£'000</b>
Undrawn / unsecured committed facilities	-
Undrawn facilities	22,600
<b>Total</b>	<b>22,600</b>

Housing property fixed assets are secured against loans by specific charges on 5,300 (2021: 6,215) of the Group's housing units. At the year end 897 housing units had been removed from charge and were in the process of being re-allocated against the newly arranged facility, once complete this would increase the charged units back up to 6,197.

# Notes to the Financial Statements

For the year ended 31 March 2022

## 22. Deferred Capital Grant

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>At start of year</b>	<b>38,753</b>	36,212	<b>38,753</b>	36,212
Grant received in the year	5,207	3,294	5,207	3,294
Released to income in the year	(722)	(730)	(722)	(730)
Recycled in the year (note 23)	(104)	(23)	(104)	(23)
<b>At the end of the year</b>	<b>43,134</b>	38,753	<b>43,134</b>	38,753
<b>Analysis</b>				
Amounts to be released within one year	720	720	720	720
Amounts to be released in more than one year	42,414	38,033	42,414	38,033
	<b>43,134</b>	38,753	<b>43,134</b>	38,753

## 23. Recycled Capital Grant Fund

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At the start of the year	565	542	565	542
<b>Inputs to Fund:</b>				
Grants recycled from deferred capital grants fund	104	23	104	23
Grants generated through voluntary right to buy	-	-	-	-
<b>Use of Fund:</b>				
	-	-	-	-
	<b>669</b>	565	<b>669</b>	565
Repayment of grant to Homes England	-	-	-	-
At the end of the year	<b>669</b>	565	<b>669</b>	565
Amount three years or older where repayment may be required	60	-	60	-
Due within one year	54	60	54	60
Due in more than one year	555	505	555	505

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.

£104k 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 2022 the value of this liability is £8,637k (2021 £8,637k).

# Notes to the Financial Statements

For the year ended 31 March 2022

## 24. Share Capital

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

## 25. Minority Interests

	<b>Eione LLP</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
At the start of the year	40	40
Proportion of profit after taxation for the year	112	112
Distributions in year	<u>(97)</u>	<u>(97)</u>
At the end of the year	<u><b>55</b></u>	<u><b>55</b></u>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 26. Accommodation in Management and Ownership

	Group		Association	
	2022	2021	2022	2021
	No of Properties	No of Properties	No of Properties	No of Properties
<b>Social housing</b>				
Social rent	5,059	5,059	5,059	5,059
Affordable rent	691	644	691	644
Supported housing and housing for older people	258	258	258	258
Low cost home ownership	536	495	536	495
<b>Total owned and managed</b>	<b>6,544</b>	<b>6,456</b>	<b>6,544</b>	<b>6,456</b>
Total managed	6,540	6,452	6,540	6,452
<b>Non-social housing</b>				
Student accommodation	1,131	1,131	1,131	1,131
Market rent	19	19	19	19
<b>Total owned and managed</b>	<b>7,694</b>	<b>7,606</b>	<b>7,694</b>	<b>7,606</b>
Total managed	7,684	7,591	6,553	6,460
<b>Accommodation in development at the year end</b>				
Rented units	136	89	136	89
Low cost home ownership	49	78	49	78
Outright sale	26	30	-	-
Total	211	197	185	167

### Residential accommodation owned

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

GROUP	2021 No of Properties	Additions No of Properties	Disposals No of Properties	Movements No of Properties	2022 No of Properties
<b>Social housing</b>					
Social rent	5,059	16	(14)	(2)	5,059
Affordable rent	644	48	(1)	0	691
Supported housing and housing for older people	258	0	0	0	258
Low cost home ownership	495	45	(4)	0	536
<b>Total owned</b>	<b>6,456</b>	<b>109</b>	<b>(19)</b>	<b>(2)</b>	<b>6,544</b>
<b>Non-social housing</b>					
Student accommodation	1,131	0	0	0	1,131
Market rent	19	0	0	0	19
<b>Total owned</b>	<b>1,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,150</b>

# Notes to the Financial Statements

## For the year ended 31 March 2022

ASSOCIATION	2021 No of Properties	Additions No of Properties	Disposals No of Properties	Movements No of Properties	2022 No of Properties
<b>Social housing</b>					
Social rent	5,059	16	(14)	(2)	<b>5,059</b>
Affordable rent	644	48	(1)	0	<b>691</b>
Supported housing and housing for older people	258	0	0	0	<b>258</b>
Low cost home ownership	495	45	(4)	0	<b>536</b>
<b>Total owned</b>	<b>6,456</b>	<b>109</b>	<b>(19)</b>	<b>(2)</b>	<b>6,544</b>
<b>Non-social housing</b>					
Student accommodation	1,131	0	0	0	<b>1,131</b>
Market rent	19	0	0	0	<b>19</b>
<b>Total owned</b>	<b>1,150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,150</b>

### Accommodation managed by others

The Group owns property managed by other bodies:

GROUP	2022 No of Properties	2021 No of Properties
Supported housing and housing for older people	4	4
Market rent	6	11
<b>Total managed</b>	<b>10</b>	<b>15</b>

ASSOCIATION	2022 No of Properties	2021 No of Properties
Supported housing and housing for older people	4	4
Student accommodation	1,131	1,131
Market rent	6	11
<b>Total managed</b>	<b>1,141</b>	<b>1,146</b>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 27. Capital Commitments

Tangible Fixed Asset Expenditure Commitments were as follows:

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b>17,152</b>	13,353	<b>14,769</b>	12,265
Capital expenditure that has been authorised by the Board but has not yet been contracted for	<b>2,717</b>	16,398	<b>2,717</b>	13,240
	<b>19,869</b>	29,751	<b>17,486</b>	25,505
The Group expects these commitments to be contracted within the next year and financed with:				
Social Housing Grant	<b>3,822</b>	11,011	<b>3,822</b>	11,011
Cash Reserves	<b>3,401</b>	3,270	<b>1,507</b>	1,931
Proceeds from the sales of properties	<b>6,709</b>	13,880	<b>2,754</b>	6,969
Revolving Credit Facility	<b>5,937</b>	1,590	<b>9,403</b>	5,594

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 fleet of vehicles, which have an annual lease cost of £303,384 over a 60-month term (2021: £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 (2021: £42,399) both with a lease length of five years.

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

Operating Leases 2022	Group		Association	
	Vehicles £'000	Offices £'000	Vehicles £'000	Offices £'000
Not later than one year	303	42	-	42
Later than one year and not later than five years	303	84	-	84
Later than five years	-	-	-	-
	<b>606</b>	<b>126</b>	<b>-</b>	<b>126</b>

Operating Leases 2021	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	-	-	-	-
	<b>934</b>	<b>168</b>	<b>-</b>	<b>168</b>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 28. Other Commitments

The Group and Association had no other commitments at 31 March 2022 (2021: £Nil).

## 29. Contingent Liabilities

The Group and Association had no contingent liabilities at 31 March 2022 (2021: £Nil).

## 30. Related Parties

The following are related parties:

- The Board had one tenant member who held a shared ownership tenancy agreement on normal terms and could not use her position to her advantage. Rent charged to the Tenant Board member was £1,506 (2021: £3,125), 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 basis of those charges is set out below.

### 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:-

<b>Service Provided</b>	<b>Basis of allocation</b>
Human resources, payroll and training	Staff numbers
Information and communication technology	ICT users
Management accounting	Weighted average units and staff numbers
Treasury services	Net debt
Purchase ledger, procurement	Operating costs
Communications and marketing	Weighted average units and staff numbers
Executive	Weighted average units and staff numbers

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

# Notes to the Financial Statements

For the year ended 31 March 2022

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b><u>Income</u></b>		
<u>Provision of Management Services</u>		
Acis Development Services Limited	<b>67</b>	87
Acis Management Limited	<b>84</b>	82
Acis HomePlus Limited	<b>47</b>	29
Prime Repairs and Maintenance Limited	<b>447</b>	461
Riverside Access and Training Centre Gainsborough Community Interest Company	<b>57</b>	13
<u>Recharge of salaries and overheads</u>		
Prime Repairs and Maintenance Limited	<b>3,801</b>	3,664
Acis HomePlus Limited	<b>249</b>	125
Riverside Access and Training Centre Gainsborough Community Interest Company	<b>336</b>	77
	<b>5,088</b>	4,538
<b><u>Expenditure</u></b>		
	<b>2022</b>	2021
	<b>£'000</b>	£'000
<u>Property Development (Capital)</u>		
Acis Development Services Limited	<b>8,406</b>	4,915
<u>Property Improvements &amp; Maintenance</u>		
Eione LLP	<b>476</b>	377
Prime Repairs and Maintenance Limited	<b>9,893</b>	8,458
<u>Management and Support Services</u>		
Eione LLP	<b>1,860</b>	1,840
Riverside Access and Training Centre Gainsborough Community Interest Company	<b>322</b>	65
	<b>20,957</b>	15,655

# Notes to the Financial Statements

## For the year ended 31 March 2022

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

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b><u>Amounts Owed from Group Companies</u></b>		
Acis Development Services Limited	<b>823</b>	2,630
Acis Management Limited	<b>291</b>	384
Eione LLP	<b>15</b>	15
Acis HomePlus Limited	<b>406</b>	253
Prime Repairs and Maintenance Limited	<b>678</b>	875
Riverside Access and Training Centre Gainsborough Community Interest Company	<b>96</b>	111
	<b><u>2,309</u></b>	<u>4,268</u>
	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b><u>Amounts Owed to Group Companies</u></b>		
Acis Development Services Limited	<b>1,292</b>	525
Eione LLP	<b>179</b>	177
Acis HomePlus Limited	<b>5</b>	10
Prime Repairs and Maintenance Limited	<b>820</b>	1,123
Riverside Access and Training Centre Gainsborough Community Interest Company	<b>33</b>	13
	<b><u>2,329</u></b>	<u>1,848</u>

### 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 2022 Acis Development Services Limited declared a gift aid payment to the Association of £823,383 (2021: £879,808).

In March 2022 Acis Management Limited declared a gift aid payment to the Association of £254,960 (2021: £389,100).

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. In March 2022 Riverside Access and Training Centre Gainsborough Community Interest Company declared a gift aid payment to the Association of £15,024 (2021: £20,921).

# Notes to the Financial Statements

For the year ended 31 March 2022

## 31. Analysis of Changes in Net Debt

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

	At Beginning of the year £'000	Group		At End of Year £'000
		Cash Flows £'000	Non-cash Movements £'000	
Cash and cash equivalents	3,270	131	-	3,401
Loans Due in One Year	(5,129)	(11,504)	-	(16,633)
Loans Due After One Year	(171,645)	15,162	(34)	(156,517)
	<b>(173,504)</b>	<b>3,789</b>	<b>(34)</b>	<b>(169,749)</b>

	At Beginning of the year £'000	Association		At End of Year £'000
		Cash Flows £'000	Non-cash Movements £'000	
Cash and cash equivalents	1,931	(424)	-	1,507
Loans Due in One Year	(5,129)	(11,504)	-	(16,633)
Loans Due After One Year	(171,645)	15,162	(34)	(156,517)
	<b>(174,843)</b>	<b>3,234</b>	<b>(34)</b>	<b>(171,643)</b>

# Notes to the Financial Statements

For the year ended 31 March 2022

## 32. Grant and financial assistance

	<b>Social Housing Grant £'000</b>	<b>GAP Funding £'000</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
The total accumulated government grant and financial assistance received or receivable at 31 March 2022:				
Total gross grant at end of period	40,052	12,252	52,304	47,097
Total cumulative amortisation at start of period	2,917	5,427	8,344	7,591
Recognised as income in statement of Comprehensive Income in the period	294	428	722	730
Recycled in the year	104	-	104	23
Held as deferred capital grant	<u>36,737</u>	<u>6,397</u>	<u>43,134</u>	<u>38,753</u>