accent

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017-18

USER GUIDE

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THE BOARD, EXECUTIVES AND ADVISORS

NON-EXECUTIVE BOARD MEMBERS


Tom Miskell, Chair


Peter Caffrey


Archana Makol


Maggie Punyer


Rob Seldon


Sally Ormiston


Richard Beal
Resigned 21/06/17


Ken Wood
Resigned 22/03/18

CO-OPTED EXECUTIVE DIRECTORS


Paul Dolan
Appointed 01/05/17


Gordon Perry
Resigned 30/04/17

EXECUTIVE DIRECTORS & COMPANY SECRETARY


Claire Stone


Andrew Williams


David Royston
Appointed 01/01/18


Matthew Sugden
Appointed 01/04/18
COMPANY SECRETARY


Gail Teasdale
Resigned 31/12/17

REGISTERED OFFICE

Charlestown House
Acorn Park Industrial Estate
Charlestown, Shipley
West Yorkshire BD17 7SW

REGISTERED NUMBERS

Charitable Registered Society No. 30444R under the Co-operative and Community Benefit Societies Act 2014. Registered by the Regulator of Social Housing (RSH) No. L4511

AUDITOR

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

BANKER

National Westminster Bank plc
3rd Floor
2 Whitehall Quay
Leeds LS1 4HR

WE ARE ACCENT.

WE EXIST TO IMPROVE LIVES. WE DO THIS BY PROVIDING PEOPLE WITH SECURE AND AFFORDABLE HOMES. WE HELP PEOPLE TO FIND QUALITY HOUSING, AND WE AIM TO KEEP THEM THERE, PROVIDING SUPPORT AND CUSTOMER SERVICE FOR THEM ALONG THE WAY. WITH THESE GUIDING PRINCIPLES, WE HELP OUR CUSTOMERS TO REALISE THEIR ASPIRATIONS FOR BETTER LIVING. WE HELP THEM ON THEIR JOURNEY, IN WHATEVER WAY WE CAN.

GROUP CHIEF EXECUTIVE'S STATEMENT

PAUL DOLAN

WITH YOU FOR YOUR JOURNEY

2017/18 has been a significant year for Accent – one in which we have developed our new Vision, Mission and Corporate strategy.

When I joined Accent in the spring, the enthusiasm and commitment staff had to do a great job was immediately evident. The organisation was in great shape, delivering good services, but I could see the potential for us to deliver really great services for our customers.

I saw some great examples of dedication to customers, but I also saw that our staff were capable of much more, and I felt that Accent has the potential to excel in how we operate, and be recognised, for excellence in effective, efficient services. Our new vision and strategic objectives are ambitious – and it's right that we are ambitious - for our customers, staff and partners.

It's been great to see staff excited and energised by our new ambition. Their involvement in developing our new Corporate Strategy has been integral in shaping a clear narrative about Accent's strategic priorities for the next 3 years. Our new Vision – With You for Your Journey, sets out to achieve four key objectives; to deliver more, high quality new homes in response to the UK's housing crisis, to transform how we provide services to our customers offering choice and ease of access, to develop our team to excel, and to continue to operate an efficient, well governed business. The consultation of over 600 staff and residents in defining the new Corporate Strategy also identified an area of the business that creates real added value for our customers, communities and Accent as a business.

Our tenancy sustainability service helps customers who need that extra level of support from time to time. The service enables people to stay in their homes, and helps potential new residents become 'tenancy ready.' With the full roll out of Universal Credit on the horizon, this service will become increasingly important for individuals, their families and Accent.

We are also taking a more pro-active approach to asset management, better profiling our homes and assets to ensure we make the right investment decisions at the right time, and look more strategically at the performance of our assets in the medium to long term. In the places where we find we have homes we are not so proud of, or they no longer meet the needs of individuals or the community, they will be remodelled or redeveloped. One such example is Tollgate Court, a former sheltered housing scheme in Bradford, which was in low demand. It has been replaced with new affordable family homes.

Through our investment in digital services and new ways of working we have also reviewed our office accommodation. This has seen our former offices at Manor House, Peterborough, converted into 31 new, high quality affordable homes in the heart of the city.

Our commitment to providing quality homes begins with our development plans to build over 2,000 new homes by 2023. We will develop these homes where there is housing need and opportunity for growth, ensuring we meet the needs and aspirations of local communities. In 2017/18, we completed 124 new homes for affordable rent and homeownership, 31 of these were in the popular North Yorkshire town of Harrogate, where our successful partnership agreement with Harrogate Borough Council ensures 40% of all new homes in the borough are developed as affordable housing. Our primary targets for development will be in the east and the south, although we will still develop in our other areas of operation where housing need exists.

The sector's plans for delivering new homes received a welcome boost with the Government's decision to reinstate rent increases of CPI +1% from 1 April 2020, creating renewed capacity for growth and funding, and the confidence to deliver. The new emphasis on the housing association role in responding to the housing crisis is galvanised in the new arrangements for Homes England with a clear expectation for both parties to

deliver. Following the approval of our new treasury strategy, we have explored options for additional borrowing, and we expect to raise over £200 million to help us achieve our new homes target. Our funders are impressed by our financial strength, how well we run our business and our ambitious plans for the future.

In June 2017, the sector witnessed unprecedented tragedy in the form of the Grenfell Tower fire. The emerging review criticised building regulations and pushed for zero tolerance on compromising safety. With the country in shock, the sector assessed and tested its properties, regulations and policies to ensure, as far as possible, something like this can never happen again. A core objective of our strategy is to ensure the health and safety of our residents and the homes we provide. Although our properties are largely unaffected, we have implemented a range of structural changes within the business to enhance further our approach to health and safety and business assurance more generally.

In achieving our plan to become a sector leading housing association, we recognise that our customers hold the key to helping us shape more focussed and customer driven services. With that in mind we have reviewed our resident engagement arrangements to link service experience right through to governance arrangements, all with the intention of strengthening service delivery. The new arrangements and decisions we make will be informed by improved scrutiny, data and insight, so we can deliver service excellence and deliver what we say we will to the right standard.

During the year we asked some Accent residents to share their personal housing journeys and the impact Accent has had in improving their lives. Some of these stories are captured in our film 'So Far' (www.so-far.co.uk). The stories are inspirational, moving and uplifting, and our motivation to deliver and improve lives is captured in these film clips. Please share them with your own colleagues.

As we start out on our new journey, we look forward to working with our customers, colleagues and partners, current and future to ensure Accent is 'With You for Your Journey'.

Paul Dolan
Accent Group Chief Executive

GROUP CHAIR'S STATEMENT

TOM MISKELL

EXCITING TIMES AHEAD

Paul has already mentioned what a transitional year this has been for Accent.

A new chief executive brings new ideas to an organisation, and I've been delighted to see how colleagues have embraced Paul's aspirations for Accent and his ambition for the association to become a sector leading housing association.

When Gordon Perry retired in April 2017, he left Accent in great shape. Newly consolidated, with a new, single housing association, Accent Housing Limited, emerging from the group's three merged housing associations, which gave us greater potential to develop new homes, greater investment opportunities for our existing homes and a renewed focus on delivering improved, value for money services for our residents.

Paul is now building on our post-consolidation success to enable us to do even more, even better – taking Accent forward with a clear purpose into the 21st century. We have an exciting new vision – With You for Your Journey – and a new mission to improve people's lives. We have exciting times ahead.

With such significant change, comes the need to look closely at our processes and procedures. We need to ensure they are robust and fit for purpose to meet our aspiration to become the best, at the same time as transforming the services we provide to our customers.

A successful organisation needs strong governance, and we knew it was time for a fresh start. We commissioned consultancy firm Altair to conduct a governance review, to ensure we have the right structure in place to deliver our new vision and corporate strategy. Altair's scope was to review treasury, audit, risk, customer experience and our various committee arrangements. As we implement their recommendations, we will see greater delegation and decision making powers in a new committee framework, minimised decision duplication and the creation of capacity for more strategic debate at board level.

Reviewing the performance and operational service delivery of all housing and customer services will be a new Customer Experience Committee, formed from customers and independent members, with the relevant skills and expertise to deliver. This new committee will have authority from the Accent Group Board and all subsidiary boards to manage all aspects of operational service delivery. A new national scrutiny group, which will replace our existing compliance and scrutiny committees and national residents' panel, will provide a more focused approach to scrutiny, ensuring our customers have a voice through to the Accent Group Board, and that their voice, and their views, are clearly heard.

In reviewing our arrangements for resident engagement, the Accent Group Board, customers and staff worked together to develop new proposals which are right for Accent, not based on simply what works for other housing associations. We want to amplify our customers' voices; aiming for a wider reach for broader views, and we will make the best use of modern technology to achieve this. We will not disengage from local engagement or community views, but we will create a new culture which is not bound by geography.

Our new governance structure and plans for resident engagement will be supported by new executive team arrangements, which include a new Executive Director of Governance and Business Assurance role to further strengthen our governance and critical areas of business assurance and compliance. With a new Executive Director of Customer Experience now managing all aspects of the customer journey, and a new Executive Director of Development and Growth post we are firmly on the road to delivering our new corporate strategy and our vision and mission to further improve people's lives.

With a development strategy that is programme aligned, and a re-profiled financial plan which reflects costs and financial capacity, we will deliver a balanced programme to meet housing need. We are committed to playing our part in the national housing crisis by providing as many good quality homes as possible. Our approach, which is underpinned by a robust financial plan and treasury strategy to secure additional funding of over £200 million, supports our strategy to grow. It will reflect the needs of new customers which are not being met and the aspirations for better living in the mainstream housing market. We will work closely with land suppliers to secure land which can be developed to primarily deliver social housing. Our new homes will be well designed, offering the right tenure for the needs of the communities we develop in, and we will develop in areas that strengthen our core business.

We have ambitious plans which, at the end of the day, are delivered by our people. It is thanks to their commitment to delivering service excellence, which Paul has already mentioned, that we hope to provide the best possible service to our customers. We are investing in our People Strategy through new approaches to organisational development to ensure we invest in our staff, ensure we recruit the right people with the right skills to do a great job, and that we deliver great customer services.

First and foremost, we are here for our customers and the biggest impact we can make is to provide good quality homes and services that improve their lives. I look forward to continuing to work with our colleagues, stakeholders, and partners to deliver those services.

Tom Miskell
Accent Group Chair

To watch Gemma's story in full visit: **SO-FAR.CO.UK**

"I COULDN'T BELIEVE IT AT FIRST, UNTIL I GOT MY KEYS AND THEN I REALISED THIS IS MINE, THIS IS GOING TO BE MY HOME WITH MY BABY." GEMMA

STRATEGIC REPORT

FINANCIAL REVIEW AND RESULTS

	2018 £m	2017 £m	2016 £m	2015[1] £m	2014[2] £m
Consolidated statement of comprehensive income					
Total turnover	96	94	101	108	95
Operating expenditure and cost of sales	(67)	(63)	(68)	(77)	(77)
Operating surplus	29	31	33	31	18
Gain on disposal of property	1	2	3	-	1
Net interest cost	(14)	(16)	(16)	(16)	(18)
Net decrease in valuation of housing properties	-	-	(60)	-	-
Taxation	-	-	-	1	-
Surplus/(deficit) for the year	16	17	(40)	16	1
Group Balance Sheet					
Net book value of intangible and tangible fixed assets	590	588	586	703	705
Net current assets	30	31	13	7	9
Total assets less current liabilities	620	619	599	710	714
Loans and long term creditors due after one year	(327)	(342)	(337)	(353)	(368)
Pension liability	(26)	(26)	(23)	(24)	(13)
Total net assets	267	251	239	333	333
Revaluation reserve	62	63	65	125	278
Revenue reserve	205	188	174	208	55
Total reserves	267	251	239	333	333

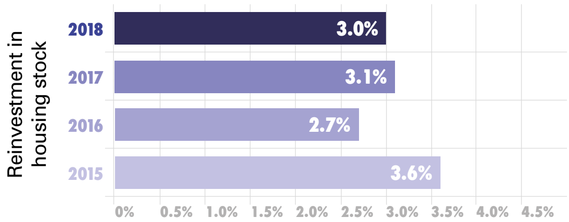
	2018 No.	2017 No.	2016 No.	2015 No.	2014 No.
Accommodation owner or managed					
Social housing	15,492	15,039	14,934	15,117	14,848
Shared ownership and leasehold	1,788	1,817	1,797	1,754	1,645
Supported housing and housing for older people	2,380	2,869	3,198	3,130	3,396
Non-social housing	973	897	846	826	829
	20,633	20,622	20,775	20,827	20,718

[1] Amounts restated to FRS102

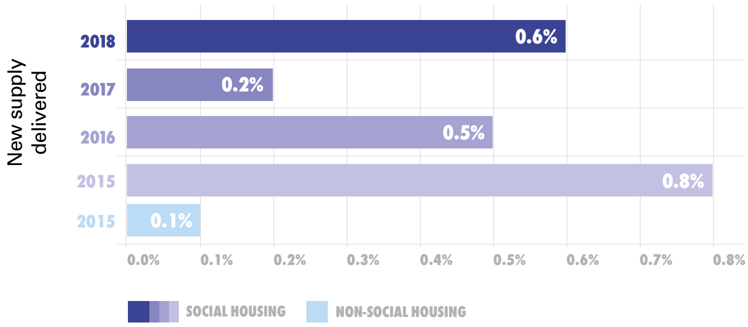
[2] Amounts reported prior to FRS102

FINANCIAL AND OPERATIONAL HIGHLIGHTS

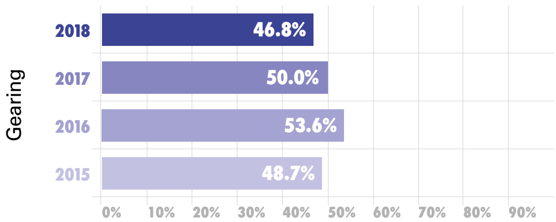
The key performance indicators highlighted below include those developed by the Regulator of Social Housing in their Value for Money Standard published April 2018. Further commentary on Accent Group Limited's ("Accent", "Group") approach to value for money can be found on pages 32 and 33.



Reinvestment in housing stock is measured as the amount spent on developing new units and replacing components of existing units as a percentage of the net book value of all housing properties. The Group continues to invest in maintaining existing stock when lifecycles elapse or condition requires it. A proactive asset management strategy has been developed and is in the process of being implemented in order to raise the average quality of our stock and deal with underperforming properties.

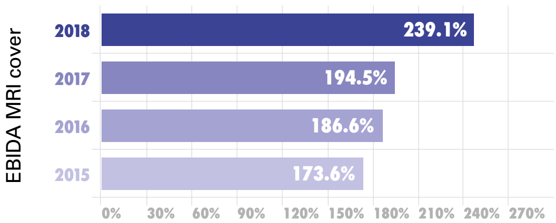


New supply delivered is measured as the number of new units completed as a percentage of the total number of units owned and managed. Under the development programmes agreed with Homes England, Accent has successfully delivered 124 (0.6%) new social housing units during the year. Our new corporate strategy aims to significantly increase our contribution to solving the housing crisis by developing around 2,000 new units by 2023.



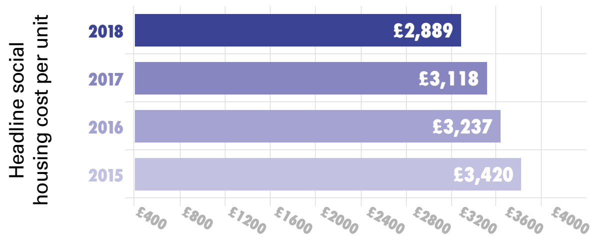
Gearing continues to reduce as the Group makes regular repayments against existing loans. To support our development strategy our treasury strategy aims to raise around £200m in new funds during the next 12 months.

The new funding will raise gearing levels, however this will be sustainable and remain within covenant limits set by our funders.

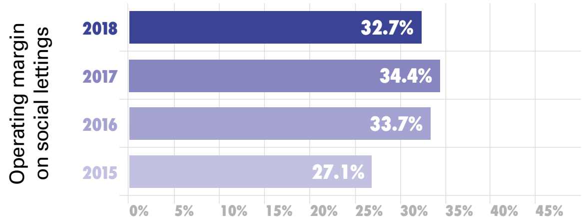


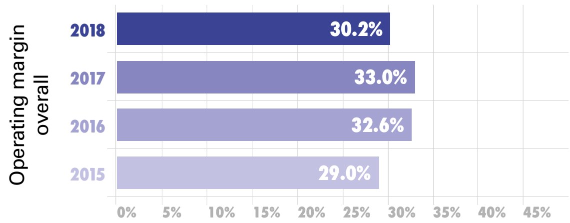
EDITDA - earnings before interest, tax, depreciation and amortisation.

Accent continues to strengthen interest cover ensuring that the Group is well placed to deliver our new development programme and proactive asset management strategy in a sustainable way.

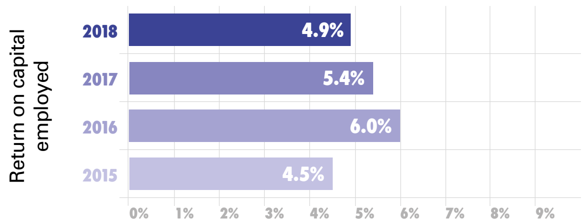


Headline cost per unit has reduced further due to a planned reduction (compared to the prior year) in the number of components replaced during 2017-18. Management costs have also reduced year on year demonstrating our continuing focus on VfM.

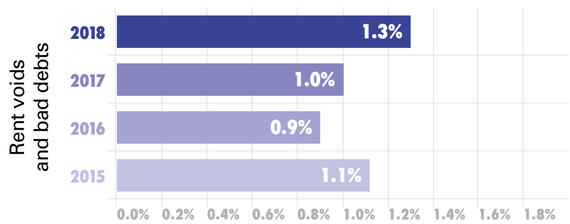




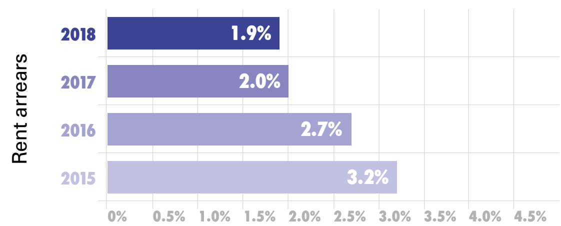
The Group's operating margin in 2018 has reduced since last year reflecting the ongoing impact of the rent cut, continued rise in pensions costs and the decision to impair a leased office property in the South. Without the effect of these three items overall margin would have been a comparable 34.4% (2017: 34.7%).



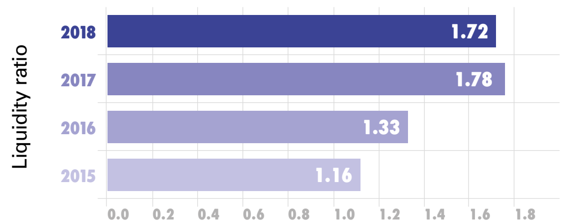
Accent continues to deliver a steady rate of return, however this was impacted by the ongoing rent cut and increased pensions costs. Our strategy of proactive asset management aims to improve the average quality and financial performance of our stock.



Accent is focussed on achieving sustainable lettings which can lead to higher voids in the short term, this coupled with higher turnover in the North and the impact of our new Repairs and Maintenance contracts on the turnaround of voids has also led to a short term increase. The cost of bad debts has increased due to an increase in former tenant arrears written off, whilst the collection rate for current tenant arrears remains strong despite increasing pressure from the roll-out of Universal Credit.



Arrears have reduced steadily over the last four years. Accent works collaboratively with tenants to actively manage their arrears so positioning them and Accent well for the continued roll-out of Universal Credit. The amount recoverable from former tenants was improved to £798k. Cash collected was in excess of rent charged for the year hence realising a further reduction in arrears.



The Group continues to place emphasis on maintaining a strong liquidity position with a slight decline of 0.6 since 2016/17.

To watch Mark's story in full visit:
SO-FAR.CO.UK

"ONE OF THE REASONS I LOVE THE JOB IS THAT EVERY DAY IS DIFFERENT." MARK

OUR VISION:

WITH YOUR FOR YOUR JOURNEY

OUR MISSION:

WE ARE A HOUSING ASSOCIATION WORKING TO IMPROVE PEOPLE'S LIVES

VISION AND GROUP STRATEGIC PLAN

Our mission as a Housing Association is to improve people's lives. Our new Corporate Strategy 2021 sets out our vision, to be **'With You for Your Journey'**. We believe our offer of a diverse range of homes and services enables people to realise their aspirations for better living.

In order to deliver the vision we have set an ambitious agenda to achieve two key objectives. First, to deliver high quality homes in response to the UK's housing crisis. Second, to transform how we provide services to our customers.

Our Board has set a clear statement of intent to use our significant financial capacity to deliver around 2,000 new homes over the next 5 years. We recognise the part we should play in addressing the UK's broken housing market and are committed to working towards improving the situation.

We aim to be at the forefront of how housing is delivered in the 21st century. Our customer service offer will be sector leading, delivering a customer experience which harnesses technology alongside the experience, skills and empathy of our people.

OUR STRATEGY IS BUILT AROUND OUR FOUR PRIMARY THEMES

1 We will provide **Affordable and Secure Homes** which are an asset to our customers and to the wider community. We will continually invest in the homes we provide to ensure they are of high quality. Where we have homes people no longer choose to live in we will match the needs of the local market by remodelling them or selling them to reinvest the proceeds in newer homes.

2 We will offer **Service Choice and Innovation**. Providing choice in service and communications will ensure that our customers remain our biggest advocates. Innovation is crucial to the delivery of true choices and in matching customer expectations for cutting edge service delivery.

3 We will have **Empowered and Talented people** who are motivated to deliver the best experience for customers. This is possible due to our strong leadership and a culture which supports all colleagues to reach their full potential.

4 We will continue to be an **Ambitious and Resilient Business**. We are financially strong, well run and well governed. Our diversity is our strength. Our national presence allows us to get the best value from our resources, with regional delivery teams who understand the communities we work in and what homes and services are needed.

OUR PRIMARY THEMES

AFFORDABLE AND SECURE HOMES

SERVICE CHOICE AND INNOVATION

EMPOWERED AND TALENTED PEOPLE

AMBITIOUS AND RESILIENT BUSINESS

OUR VALUES

WE ARE ENERGETIC
We strive for the **BEST** every time

WE ARE DRIVEN
We do whatever it takes to get it **RIGHT**

WE ARE SMART
We challenge ourselves to **IMPROVE** every day

WE ARE CARING
We are genuine people who **CARE**

PRINCIPAL RISKS AND UNCERTAINTIES

- One of the risks to the delivery of our strategic objective continues to be the impact on the wellbeing of our residents and on our income arising from the current economic environment and reforms to the welfare benefits system, and we are adapting our approach to meet this challenge.

- Given our increased ambition for delivering new homes for both affordable home ownership and affordable rent we also recognise the increased risk to our business posed by our exposure to the housing market and this is a key consideration for our development strategy.

- The UK's exit from the European Union ('Brexit') continues to pose significant risks, and whilst we do not yet have clarity on the extent of those risks (in common with many sectors), we are monitoring this and ensuring it is a key element of our stress testing and business planning, particularly around interest rates, inflation and the potential for skills shortages in construction and social care.

- The economic and policy environment is continually evolving. It is not yet clear how the devastating fire at Grenfell Tower will change housing and building regulation policy, but it is almost certain that housing regulation will sharpen its focus in terms of safety and compliance.

We continue to maintain our G1 and V1 assessments from the Regulator of Social Housing (RSH), formerly the Homes and Communities Agency (HCA), and as members of the Regulator's Provider Panel we are also consulted on changes to the regulatory framework. We have seen additional investment from the government in affordable housing and a shift in narrative which is more flexible in terms of tenures which will be supported. We are closely monitoring the development of the Social Housing Green Paper which has been promised as a top-to-bottom review of social housing.

As risk management and business planning are interdependent, the creation of a new corporate strategy in 2017 led the Board to reflect on Accent's risk management framework starting with a review of the Board's risk appetite. In accordance with increased financial capacity and a desire to respond to the UK's housing crisis, the Board's risk appetite has increased in terms of development ambition. Risk appetite remains minimal in terms of health and safety and regulatory compliance.

Following the risk appetite review, risk identification workshops were held with Accent's leadership team, executive and the Board. Considerations included changes in the external environment, existing and potential risks to both organisational viability and Accent's specific strategic objectives. As a result of these workshops, the Board refreshed the strategic risk register. In common with many registered providers, both Brexit uncertainties and the Grenfell tragedy have influenced thinking as Accent's most significant risks now include 'major external shock (e.g. Brexit) leading to reduction in the availability of finance or material increase in costs' and 'material health and safety incident leading to harm to individuals and / or regulatory downgrade'. Also in common with other providers, Accent identified strategic risks around infrastructure / technology failure, pensions costs, further welfare / rent reforms or austerity measures and the impact on sales should there be a housing market downturn.

The new strategic risk register reflects risks to our specific business objectives. For example, Accent has a strategic objective to become a sector leader in repairs and maintenance by 2020 and is in year one of new contractual relationships with a number of key repairs and maintenance contractors.

continued...

Accordingly, the risk of these contractors underperforming is now included in the strategic risk register. Accent has an increased development ambition and so the risk of a development scheme or consortium arrangement failing features as a strategic risk and we have included a risk of poor decisions around stock rationalisation and / or investment as investing in existing homes is a key strategic objective.

Following the risk identification process, stress testing was reviewed and updated with the Board to ensure that testing has been comprehensive, is aligned to strategic risks and is sufficient to provide the Board with the measures and assurance required for the day to day running of the business. New mitigation and recovery plans were approved following discussions with the Board, again facilitated by an external specialist to ensure independent expertise and best practice.

This work will provide assurance that every element of the risk management framework has been refreshed in light of the new corporate strategy and is fully integrated within the business planning cycle. During the past year we have continued to respond to the changing operating environment, 2018/19 and beyond will certainly bring more challenges for the sector, but also opportunities. Our priority will be the delivery of our new corporate strategy 'With You for Your Journey'. In order to do this successfully we will focus on protecting our income, our financial resilience, providing transformational services and high quality homes, retaining our customers and building more new homes.

"MUM WAS VERY LONELY AND ISOLATED, SHE DIDN'T SEE PEOPLE UNLESS WE WERE GOING TO VISIT, SHE WOULDN'T GO OUT. SO TO MOVE WITH ACCENT AND GET THAT INDEPENDENCE WHERE SHE IS LOVING WHERE SHE IS NOW HAS REALLY TURNED HER LIFE AROUND" AMANDA

FUTURE DEVELOPMENTS

During 2018/19 there are a number of key strategies that will continue to be delivered, with each one being underpinned by a number of initiatives:

ACCENT SERVICE OFFER
Our current service offer is what we call reactive – we respond to performance issues and service requests from our customers. It is also homogenous – with all segments of our customer base offered the same services. Our strategic aim is to move to a predictive service offer, using insight, data and predictive modelling to provide a service which is tailored to individual circumstances and anticipates changing requirements.

ACTIVE ASSET MANAGEMENT
In conjunction with the implementation of a new asset appraisal tool we have also worked with consultants from Savills to review and strengthen our asset management strategy. This strategy sets out a number of specific pro-active asset management objectives which will contribute to the delivery of our vision and overall strategic objectives. The strategy also sets out how we will achieve these asset management objectives, and how we will respond to the risks and opportunities and how our current asset performance will enable our ambition to provide affordable and secure homes.

DIGITAL SERVICES
We are increasingly seeking digital solutions to enhance our customer services and business operations. It is a major driver behind our ambitious corporate strategy and is central to our new service offer to customers. We will be delivering our digital transformation roadmap which aims to draw all this together and give a real focus to our objective to be sector leading in this area.

ORGANISATIONAL DEVELOPMENT
We are developing a new People Strategy which aims to clarify the part our people play in meeting our customers' needs and aspirations, and their role in delivering the corporate strategy. The people strategy will cover our employees, partners and board members. A new Head of People role will lead the implementation of the strategy and a new people – business partnering approach.

SERVICE TO TENANTS AND RESIDENTS

HOW ARE WE PERFORMING?
In spite of the current environment, over the past 12 months we have continued to improve the services we provide to 20,633 households. We have delivered a fourfold increase in development, with 124 new homes completed this year. This has enabled us to assist an additional 108 families into affordable rented housing this year. A cornerstone of our new corporate strategy is the quality of all our homes, and we have continued to improve this with a total investment in repairs and maintenance of £29.3m (capital and revenue expenditure).

In conjunction with our corporate strategy we have agreed a new performance management framework which will ensure that we are tracking the appropriate measures. One of the key areas is our customer experience. Previously we have measured satisfaction with the experience using Survey of Tenants and Residents (STAR) but have agreed that this is too infrequent and static for us to understand and respond flexibly to the customer experience. Hence, we have agreed that our new strategic indicator will be to measure our Net Promoter Score. The Net Promoter Score is an indicator of customer loyalty which will demonstrate the health of our customer experience and support our VfM objective of customer retention.

HEALTH & SAFETY

The profile of accident reporting continues to be a key focus, there have been 69 accidents reported this year, a significant increase on the 21 reported last year. This is driven by an increase in reporting rather than an underlying increase in accidents. We implemented a new Accident and Incident Policy in 2017, along with a new, shorter and more user-friendly accident and incident reporting form. This has raised awareness among employees of the importance of reporting accidents, which we see as positive learning opportunity despite the increase in reported accident numbers.

Three of the reported accidents were RIDDOR reportable, the same number as the previous year.

RESIDENT ENGAGEMENT

In line with our aim to deliver true service choice we have agreed a new approach to resident engagement for implementation in 2018. This will ensure that the customer voice is amplified throughout the organisation and resonates better through to Board than it has done in the past. A more flexible, responsive and accessible suite of engagement opportunities will be available at a 'grass roots' level, with a national approach to scrutiny which builds on existing good practice but enables more focussed and impactful scrutiny exercises to take place. Both of these will be complemented by an improved recruitment process for residents and appropriate support, training and resources to ensure we deliver our ambitions.

REPAIRS AND MAINTENANCE

Compliance with the Decent Homes Standard (DHS) for the Group has decreased by 1.7% to 92.4% meaning 1,363 out of 17,944 properties are not currently meeting DHS. However, in order to deliver value for money we do not replace components (i.e kitchens, bathrooms etc) until their lifecycle is lapsed which means we will never achieve 100% at any given time. This principle has been discussed and agreed with the RSH to deliver greater value for money.

We replaced 1,644 components within our homes this year, 176 more than we had anticipated. This was achieved with greater value for money, at £33k less than budget.

This year we have re-procured our new repairs and maintenance contracts. This has streamlined delivery to 5 contracts with the same requirements rather than over 55 contracts with differing requirements. This will improve consistency, efficiency and value for money in the delivery of repairs and maintenance services, enabling us to focus on the service we deliver to our residents.

As anticipated the mobilisation of the new contracts has meant that there has been a short term negative impact on repairs and maintenance performance. We continue to work alongside our contractors and are confident that we will see significant performance improvements as the contracts are bedding in.

While the quality of service for customers is paramount, and remains our focus for improvement, we have already started to feel the financial benefit of reducing the number of repairs and maintenance contractors. Cost per repair is £11 below target, and £22 lower than this time last year. Similarly, cost per void is £79 below target and £134 lower than this time last year.

Our repairs and maintenance key performance indicators:

	2017/18	2016/17	2015/16	2014/15	2013/14
Decent Homes	92.4%	94.1%	95.8%	96.4%	95.6%
Average time to complete a repair (days)	9.3	7.6	8.6	6.7	7.1
Percentage First-Time Fix	89.1%	93.9%	94.0%	91.4%	88.0%
Percentage Appointments Kept	89.3%	96.7%	94.0%	93.0%	90.0%
Percentage Satisfied with Responsive Repairs	87.0%	92.4%	91.9%	94.3%	92.2%
Percentage Gas Serviced	99.91%	99.97%	99.96%	99.98%	100.00%

HOUSING MANAGEMENT

Pressure on income collection as a result of the financial climate and welfare reform changes remain noticeable but our year on year improvements in performance evidence shows that both Accent and its customers are managing risks associated with Universal Credit. We have achieved a decrease in arrears of £195k. This is in spite of the fact that over 750 customers are now claiming Universal Credit, across 45 of the local authorities in which we operate.

Tenancy turnover continues to be a challenging area, particularly within the northern regions. When turnover is compared year on year as a total it has increased marginally by 0.5%. Our focus on sustainable lettings and support in the early stages of a tenancy has seen a reduction in the amount of tenancies terminated within the first 12 months, which has been a key focus for us. This focus on sustainable lettings also means that re-let times have continued to rise this year, but at 0.8 days increase this is also marginal.

Eviction rates continue to fall year on year, and are 14% lower in 2017/18. This is an area that we continue to monitor closely as the impact of austerity and welfare reforms are felt by our residents. Anti-Social Behaviour (ASB) levels have increased this year by 5 cases per 1,000 properties, and although we have improved the time it takes to resolve ASB by 8 days, satisfaction with case handling has dipped slightly by 3.7%.

	2017/18	2016/17	2015/16	2014/15	2013/14
Current tenant rent arrears	2.2%	2.3%	3.1%	3.9%	5.4%
Average re-let times (days)	29.3	28.5	25.8	28.6	28.2
Empty properties	1.0%	0.7%	1.5%	2.1%	2.3%
ASB cases per 1,000 properties	38.9	33.9	39.0	32.6	56.0

CUSTOMER SERVICE

There were over 623k customer contacts during the year and the percentage of calls answered was 89% with the average time to answer a call being 90 seconds. This is a reduction in performance when compared to last year but is driven by higher volumes of calls in the third quarter resulting from the mobilisation of new repairs contracts and the unusually severe and disruptive weather in March. This led to higher numbers of repairs calls and temporary closures of the Contact Centre due to staff being unable to travel, creating a backlog of non-urgent customer enquiries.

There has been a 24% increase in customer complaints, up from 188 to 234. This is disappointing given the previous years' improvement. In response to this we are looking at how we track customer experience in real time, enabling more meaningful feedback on services and providing opportunities for early intervention to reduce the number of customer complaints and improve service quality. Customer compliments continue to be reported in order to provide a more balanced view of customer service and service delivery. This year we have also recorded 397 compliments, a 3% increase on last year. Three complaints escalated to Housing Ombudsman level, with one being upheld.

DEVELOPMENT

Accent Group Consortium

This year, Accent Group Consortium entered into a grant agreement with Homes England for the Shared Ownership and Affordable Homes Programme 2016-21 (SOAHP). The initial allocation was for 1,607 homes and £41,440k of grant.

Homes England are actively encouraging new bids and as a result the total grant allocation for the Accent Group Consortium was increased to £49,500k to deliver 1,745 new homes. Homes England will continue to seek further funding opportunities with partners over the coming year. As a consortium we have demonstrated to Homes England that we are identifying new schemes to take up grant funding in the SOAHP programme. Homes England are looking for this momentum to continue as we build on achievements in the first year of the SOAHP programme.

Overall the Accent Group Consortium has achieved its targets for the grant funded Homes England programme for completions and grant take-up, the start on sites target was surpassed in the North West and North East and Yorkshire and the Humber but was below target in the South East and South West operating area.

This performance is split between the 2 funding programmes. Under the AHP2 15-18 programme the targets were not achieved, the number of starts achieved at 111 homes was below the target of 258 mainly due to the difficulty in progressing the remaining AHP2 allocations but also because some schemes were transferred to the new programme, SOAHP. As a result of the reduced number of starts the grant take-up was below target at 92%, the total grant take-up at the end of year on AHP2 being £5,900k. The completion target was narrowly missed by 6 units as one scheme did not achieve a start on site earlier during the year due to planning delays.

Under SOAHP all Accent Group Consortium targets were achieved, the 87 completions were achieved against a start of year target of 40; grant take up of £7,077k was 233% above start of year target and we achieved 244 starts, above our target of 187 starts. This is important as it was the key Homes England priority.

Accent Group

Accent's own AHP2 programme remains on course to have increased from the starting position of 118 homes to the current figure of 217 new homes. This has been through the addition of S106 and Recycled Capital Grant Fund (RCGF) funded projects.

The total grant in the Accent programme however has been reduced from the initial allocation of £3,090k to £2,046k. Some of this grant has been transferred to other Consortium Partners in order to deliver their schemes. The Accent SOAHP programme target remains at 617 new homes.

Overall Accent has achieved its target under the AHP2 for completions, with 87 new homes delivered against a target of 76. Grant take-up was above target with receipt of additional grant at start on site stage. The 76 start on sites were below the target of 127 homes as allocated schemes stalled or were unsuccessful at planning.

Like all the other partners in the Accent Group Consortium, Accent were able to commit to schemes in the SOAHP programme in 17-18. Accent matched the completion target of 36 new homes but not the start on sites or grant take-up targets at 38% and 37% of target respectively. The number of starts at 16 was below the start of year target of 92 new homes, or the revised target at the start of Q4 of 32 new homes. Schemes were not secured that would take up this allocation.

The start on sites that have been achieved by Accent in 2017/18 have been based on buildings or land owned by Accent, the completion of 2 of these Accent owned schemes at Silverdale Street and Manor House are included in the 17/18 figures along with the phased completions of nil grant S106 schemes and off the shelf properties acquired in Bradford.

WORK TO CONVERT OUR FORMER OFFICES IN PETERBOROUGH (ABOVE) AND BRADFORD INTO MUCH NEEDED HOUSING IS WELL UNDERWAY…

ASSET MANAGEMENT

This year we have further improved our approach to managing our assets. We have procured and implemented an asset performance evaluation tool which offers detailed insight of each asset's financial performance and how it contributes in terms of social value. The tool enables us to assess net present value (NPV) balanced against social objectives, identifying the assets we need to appraise in more depth to determine options for their long term future.

Overall the tool has identified 3,643 properties which will be subject to more in-depth options appraisals over the next 24 months.

We have also continued to deliver our disposal programme of properties already approved for sale due to their unsustainability. During the year to March 2018, 25 properties in Easington had been sold, generating income of £592k and a surplus of £516k, having being fully impaired in previous years.

Additionally, other miscellaneous properties have been disposed of during the year generating surplus of £202k.

FINANCIAL REVIEW

The year to 31 March 2018 has resulted in a surplus before tax of £16,335k (2017: £17,125k). The core business of providing affordable housing has produced a financial result in line with expectations. The principal reasons for the surplus are as follows:

- The Group's core affordable housing business made an operating surplus of £29,705k (2017: £31,361k). The reduced surplus is a combination of the second year of the 1% rent cut which contributed to reduced income by £795k, mobilisation costs associated with the new repairs and maintenance contracts (RAMP) of £465k and the impairment of office premises occupied by the southern area housing team of £1,053k.

- Other activities made an operating deficit of £728k (2017: £328k) as a result of increased current service cost and expenses of the Accent Group Pension Scheme.

- Property sales generated a surplus of £1,279k (2017: £2,338k), largely due to the on-going stock rationalisation policy in Horden and Blackhall, County Durham. The Group continues to review its portfolio of properties to ensure it has the right sustainable properties to deliver its services in the future.

- The housing assets continue to be valued at Existing Use Valuation – Social Housing use (EUV-SH). The assets were last re-valued at 31 August 2015, the Board and management team consider that this valuation remains appropriate as at 31 March 2018.

- The Group also conducted its annual impairment review of the value at which it is carrying housing property assets in its balance sheet. This review has resulted in a total impairment of £nil (2017: £nil).

- During the year the Group invested £29,327k (2017: £34,818k) in maintenance reflecting the continued focus of the Group on improving our existing homes.

- During the year housing properties amounting to £12,580k (2017: £3,334k) were completed reflecting the Group's continued focus on development.

- Interest payable remained stable at £14,930k (2017: £16,464k) as result of the treasury management strategy.

After the transfer of the total comprehensive surplus for the year of £15,461k (2017: £12,310k), the Group's reserves amounted to £266,894k (2017: £251,433k).

VALUE FOR MONEY

We have continued to strengthen our commitment to value for money in 2017/18 by embedding our approach within our ambitious new corporate strategy. The value for money (VfM) metrics disclosed on pages 13 and 14 report not only the 2017/18 position but also the trend over the last three years to give some context to the current year performance (going any further back would mean comparing amounts pre and post the introduction of FRS102).

Targets and benchmarking against our peer group for all the VfM metrics are not yet fully in place as this is the first year of the revised approach from the Regulator of Social Housing. These measures will be developed and agreed with the Board over the coming 12 months and will be in place to demonstrate our ongoing commitment to VfM in all we do.

We ensure we maximise the value we achieve from the goods and services we buy and the services we deliver. Last year, we set out a number of key strategic targets designed to improve VfM;

Development and Investment
We have increased our development activity during the year and so are beginning to take advantage of the financial capacity we unlocked through the consolidation of our RP subsidiaries into one legal entity. Recognition of Accent as a developing association is growing through our plans to build around 2,000 new homes by 2023. We completed 124 new homes during 2017/18, exceeding our target of 92 by 35%. We received additional grant as a result of our partnership with the Cambridgeshire and Peterborough combined authority, and three new members joined the Accent Group Consortium. With the signing of the SOAHP agreement, we drew down £7m of grant over a six-week period.

Our strategy also focuses on proactively managing and investing in our existing stock to ensure it remains fit for purpose, and that poorly performing stock is either sold or repurposed. We have continued with our programme of disposals, selling a further 95 properties during 2017/18, generating an additional £4,609k in cash for further investment into new homes.

In order to understand our assets to a new level of depth and underpin our value for money decision making we procured a new Asset Performance Evaluation tool (APE) from Savills. This tool has already greatly enhanced our understanding of the financial and social returns our investments give. Through our proactive asset management strategy, we will raise the quality and sustainability of our existing stock, so we can increase our return on capital investment and improve our customer experience.

Digital and Channel Shift
We continue to develop and deliver our digital and channel shift strategies as part of our aim to create a modern, efficient and value for money customer experience. We have now delivered our omni-channel customer contact platform, Accent Connect, with the introduction of contact expert software. The new solution delivers a single 360-degree view of our properties and customer information. We have also appointed Prodo to redevelop our existing website, giving us more insight into our customers and enabling us to deliver our channel shift strategy.

Strategic Projects
We have increased our economy, efficiency and effectiveness through a number of completed and ongoing strategic projects:

- Developing an affordable pensions strategy in respect of both the Accent Group Pension Scheme and the Social Housing Pension Scheme. This holistic approach considers not only past service deficits but also future service costs in order that an attractive, yet sustainable value for money pension is in place for staff.

- A new repairs and maintenance service, designed to drive efficiency and quality with a significantly reduced number of contractors with a set of consistent standards. The new service has experienced some performance issues, particularly in the south, but we have established a number of measures, including a task and finish group, to ensure performance improves and standards are achieved.

- Further group structure rationalisation and cost saving arising from the partial transfer of engagements of Accent Corporate Services Limited to Accent Housing Limited.

- The appointment of new treasury advisors, Centrus, to develop a new treasury strategy, enabling us to utilise the increased financial capacity we have created by identifying and accessing funding sources. Around £200m of new borrowing is being targeted in order to fund our development and proactive asset management strategies.

- We are taking a strategic approach to optimising the Group's available security, using our Intelligent Security Management programme which considers both secured and unencumbered assets. We are working with external solicitors and valuers, utilising AssetCore, a web based security management tool to meet both governance requirements and enable us to efficiently access new funding sources as required.

Good Governance

In July, the Accent Board commissioned Altair to review our governance arrangements to ensure they matched the ambitions and risk appetite of our corporate strategy and reflected current best practice. A series of recommendations, from which new governance arrangements and a new framework for resident engagement have been developed.

Customer Excellence

To ensure a seamless customer experience, the executive director roles for Customer Service and Communities and Assets were merged into a single role. A new supporting structure for the new Customer Experience directorate is currently being recruited to and we are consulting on a new service offer for customers, designed to put them at the heart of the business. Our digital proposition has already significantly developed, enabling our aim to engage with the many, not just the few – with the recording of over 12,000 pieces of customer feedback.

Our success in income collection continues to improve with cash collected during 2017/18 exceeding 100% of the rent charged, despite the risks of Universal Credit which customers are beginning to transition to. Current tenant arrears were slightly above target, but have reduced for the fifth year in a row, as have evictions. Our success is due in part to the work of our tenancy sustainability teams who intervene when tenancies are at risk of failing, engaging with over 1,700 residents.

Rent loss as a result of empty homes remains a concern. A significant proportion is due to lack of demand in the north east, an issue for some time which is being addressed through our proactive asset management strategy.

Our new repairs and maintenance contracts went live this year and have already begun to demonstrate value for money efficiencies. Cost per repair is £22 lower than this time last year. Similarly, cost per void is £134 lower than this time last year. As expected, service performance has dipped during the mobilisation of these contracts but is on track to improve across 2018/19.

The Strategic Report was approved and authorised by the Board on 4 July 2018 and signed on its behalf by:

Matthew Sugden
Secretary
4 July 2018

REPORT OF THE BOARD

THE BOARD PRESENTS ITS REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018.

Definitions

Accent Group Limited is the ultimate holding entity into which the results of all subsidiary companies are consolidated. The terms "Group" or "Accent" in the report and financial statements refers to the consolidation of Accent Group Limited and all its subsidiaries. The term "Society" refers to the statutory entity Accent Group Limited.

Principal activities

The principal activity of the Group is the management and development of affordable housing for those in most need, operating in the east, north east, north west, south east of England and in Yorkshire. The Group also provides housing through low cost home ownership schemes and leasehold schemes for the elderly. It also operates an assisted living scheme, subsidised rented accommodation for students, keyworkers and special needs accommodation.

Transfer of engagements

On 2 February 2018 the Group completed a partial Transfer of Engagements as provided for by the Co-operative and Community Benefit Societies Act 2014. On this date Accent Corporate Services Limited transferred substantially all of its assets, liabilities, employees and activity to Accent Housing Limited. The bank loans from Royal Bank of Scotland and Nationwide Building Society, the on-lending of those loans to Accent Housing Limited and their related security arrangements all remain with Accent Corporate Services Limited unchanged. Accent Corporate Services Limited also retains ownership of a single shared ownership property in order to retain its Registered Provider status. These are the only assets, liabilities and activities Accent Corporate Services Limited retains post transfer, which has further strengthened Accent's governance, financial capacity and value for money position.

The partial transfer of engagements does not represent a group reconstruction under either the Financial Reporting Standard 102 (FRS102) or the Housing SORP2014, hence merger accounting has not been applied and no comparative amounts have been required to be restated. All assets and liabilities transferred by Accent Corporate Services Limited to Accent Housing Limited were transferred at their net book value as at 2 February 2018, however the consolidated amounts disclosed in the Accent Group Financial statements are unaffected.

Management judgements and estimates

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are described in note 1 – Accounting Policies.

Performance for the year and future developments

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 12 to 33.

Board Members and Co-opted Executive Directors

The board members and co-opted executive director (the current Group Chief Executive) are shown on page 3. The principal responsibilities of the Board are to:

- Demonstrate commitment to the values and objectives of the Group;
- Develop the Group's strategy;
- Uphold the National Housing Federation Code of Governance and;
- Represent the Group.

Our new corporate strategy has two key objectives; first, to deliver high quality homes in response to the UK's housing crisis and second, to transform how we provide services to our customers. Our Board has set a clear statement of intent to use our significant financial capacity to deliver around 2,000 new homes over the next 5 years, to play our part in addressing the UK's broken housing market.

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Whilst the Board are from a wide background and bring a depth of professional, commercial and housing management experience the shift in our risk appetite and ambition means that it is appropriate for our governance arrangements to be externally reviewed. The external review by Altair is now complete and we are well underway with implementing the recommendations. These recommendations are comprised of; current best practice, discussions at Board around governance principles, the shaping of a new governance framework and the approval of an implementation plan to deliver.

A full review of our governance documentation has been carried out and one key recommendation is the delegation of greater decision making powers to a new committee framework. The newly approved framework will better enable the delivery of our new corporate strategy, minimise decision duplication and create even greater capacity for strategic debate at Board level. As a result, new Terms of Reference and Delegations Matrices have been developed, and approved by, the Board in respect of the following sub-committee structure:

- Group Audit and Risk Committee – which supports the Board in relation to the broad audit and risk function and to provide reassurance that internal control arrangements across the Group are appropriate and operate to the highest standards.

- Group Remuneration and Nominations Committee – which supports the Board in relation to the governance function and to provide reassurance that governance arrangements across the Group are appropriate and operate to a high standard.

- Group Treasury Committee – which advises the Board on performance and effectiveness of the treasury management function, provide additional scrutiny of treasury proposals and execute any specific delegated decisions.

- Group Capital Investment Committee – which is responsible for ensuring delivery of Accent's development programme and asset management strategy. This includes procuring, developing and disposing of land and property.

- Customer Experience Committee – which reviews the performance and operational service delivery of all housing and customer services and property customer facing functions, including resident feedback. Approves annual operational key performance indicators and set targets for agreed areas of operational service delivery.

The governance review will conclude during the summer with the recruitment of new board and committee members who will complement the existing skills and experience, values and behaviours required to deliver our new corporate strategy.

The current process for reviewing individual Board members' performance will continue and will involve self-assessment prior to a meeting with the Group Chair. This meeting will appraise contribution, attendance, training and development needs. Two Board members and an independent consultant will conduct the appraisal of the Group Chair, taking into account feedback from all Board members. All conclusions from the appraisal process will be collated into an individual action plan for each Board member. All Board and committee members are required to provide an annual governance declaration, including declarations of interest, to ensure on-going independence.

During the past year the Board comprised of the Group Chair, five non-executive directors and the Group Chief Executive, biographies for individual board members are available on the Group's website at www.accentgroup.org. The current Group Chief Executive is employed on the same terms as other staff, other than his notice period being six months. Details of Board members' remuneration are included in note 8 to the audited financial statements. The co-opted executive director is entitled to a vehicle allowance. Group insurance policies indemnify board members and officers against liability when acting in their professional capacity on Group business.

NON-EXECUTIVE BOARD MEMBERS ATTENDANCE AND TOTAL REMUNERATION

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2018 is as follows:

	Board Meetings No.	Board Away Days No.	Audit Committee No.	Asset Management Committee No.	Nominations Committee No.	Remuneration Committee No.	Service Performance Committee No.	Fees £'s	Expenses £'s	Total £'s
Tom Miskell (Chair)	10/11	2/2	n/a	n/a	1/1	3/3	n/a	15,000	-	15,000
Richard Beal	2/2	n/a	1/1	n/a	n/a	n/a	n/a	1,625	-	1,625
Peter Caffrey [1]	10/11	2/2	n/a	n/a	1/1	3/3	3/4	6,500	316	6,816
Archana Makol	11/11	2/2	4/4	n/a	n/a	n/a	n/a	6,500	158	6,658
Sally Ormiston	10/11	0/2	n/a	3/3	n/a	n/a	n/a	6,500	-	6,500
Maggie Punyer [1, 2]	9/11	2/2	n/a	n/a	n/a	n/a	4/4	6,500	3,909	10,409
Rob Seldon	11/11	2/2	4/4	n/a	1/1	3/3	n/a	6,500	-	6,500
Ken Wood	7/11	1/2	n/a	4/4	n/a	n/a	n/a	6,500	-	6,500

Expenses relate to business travel and subsistence, employers National Insurance costs are not included in the table above but are disclosed in aggregate in note 8 to the audited financial statements.

[1] These members are also the Chair of respective CSC's.
[2] Expenses incurred by this member are higher than other members as the member concerned is based in the West Midlands, so incurring higher travel costs.

To watch Pete's story in full visit: **SO-FAR.CO.UK**

"WHEN WE FIRST BECAME HOMELESS MY PARTNER WAS SOFA SURFING. I WAS LIVING OUT OF MY CAR AND MY BOSS WAS LETTING ME STAY IN THE OFFICE AT NIGHT WHEN IT WAS COLD" PETE

Pensions

The Group participates in the following pension scheme arrangements:

- Employees across the Group are eligible to join the Accent Group Pension Scheme (AGPS), a defined benefit pension scheme in which the Group and employees contribute to the scheme.

- The Group also participates in the Social Housing Pension Scheme (SHPS) defined contribution (money purchase) scheme.

Both AGPS and SHPS schemes comply with auto enrolment legislation. The former co-opted executive director (G Perry) was an active member of the Accent Group Pension Scheme until his resignation on 30 April 2017. The new co-opted executive director (P Dolan) is an active member of the Accent Group Pension Scheme commencing on 1 June 2017. Other executive directors are active members of the Accent Group Pension Scheme. They participate in the schemes on the same terms as all other eligible staff.

Employees, diversity and inclusion

The strength of the Group lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of all its employees. The Group continues to provide information on its objectives, progress and activities through regular office and departmental meetings and detailed one to one meetings for staff members with their line managers.

The Group is an equal opportunity employer and complies with all current legislation with regard to equal opportunities. As part of this policy, encouragement is given to the employment of disabled people.

Health and safety

The Board is conscious of its responsibilities on all matters relating to UK health, safety and welfare legislation and has appointed a board member as champion, this board member also chairs the Health and Safety working group. The Group Chief Executive has overall responsibility for ensuring that policy is developed and implemented and that adequate resources are allocated. It is also the responsibility of management and employees alike to implement the policy together through their collective and individual responsibilities. Accent Group is a member of the British Safety Council and aims to operate a 'Best Practice' approach in order to maintain a safe working environment for all staff and Group premises.

REGULATORY COMPLIANCE

Corporate governance

The Board is committed to ensuring that it has robust governance arrangements that deliver its aims and objectives for tenants and potential tenants in an effective, transparent and accountable manner. Accent is rated as V1/G1 by the Regulator of Social Housing.

The National Housing Federation (NHF) 2015 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements. This particular code of governance was selected as it is bespoke to the housing sector and it is a widely recognised example of best practice.

Compliance with this code ensures the Accent Group will:

- Adhere to all relevant laws.

- Ensure that its constitutional documents are, and remain, fit for purpose.

- Be accountable to residents and relevant stakeholders.

- Safeguard taxpayers' interests and the reputation of the housing sector.

- Have an effective risk management and internal controls assurance framework.

continued…

Corporate Governance (continued)

The Board is assured that Accent Group fully meets its legal and regulatory requirements. The Board has assessed compliance through self-assessment processes which have included a detailed examination of the effectiveness of the internal controls framework, a comprehensive review of compliance with the Regulatory Standards (which includes adherence to all relevant laws) and an assessment of compliance with the NHF Code of Governance.

In addition to the self-assessments, assurance has been obtained through appropriate use of third party specialists throughout the year, including an independent and detailed review of governance arrangements following the introduction of the new corporate strategy during 2017/18. The governance review concluded that Accent's governance arrangements were robust but needed to evolve to enhance delivery of the new corporate strategy. As a result, the governance structure is being amended and steps are being taken to ensure an appropriate balance of skills across the organisation's board and committees.

As part of integrated business planning, the Board has reviewed its risk appetite, identified risks to the new corporate strategy, reviewed and influenced stress testing and engaged in and approved mitigation and recovery plans. This work is required by the regulator, but more than that, is fundamental to good business planning and so has been a key focus for the Board over the past 12 months and has been facilitated and challenged by an independent expert for additional assurance.

In April 2018, the Regulator published the updated Value for Money standard. This included a range of new VFM metrics for the sector. The Board has reviewed Accent's performance against the new metrics. Benchmarking information across the sector is not yet available but the Board has discussed organisational trend information for these metrics and has assurance around Accent's performance.

Merger code

The Board has adopted the National Housing Federation's voluntary code; "Mergers, Group Structures and Partnerships". As a result, the Board is informed of merger, group structure or partnership opportunities at the outset. A record is also kept of activity including any proposals reviewed or submitted along with the outcome.

Financial statements and accounting policies

The Group applies the Statement of Recommended Practice (SORP 2014) for Registered Social Housing Providers and is in compliance with the Accounting Direction for Private Registered Providers of Social Housing 2015. A summary of the principal accounting policies is set out in the notes to the financial statements.

Statement of compliance

The Board has taken steps to ensure that Accent Group adheres to the regulator's Governance and Financial Viability standard and its associated code of practice. This includes adhering to all relevant laws.

Political and charitable donations

The Group made grants and awards of £1.8k (2017: £13.5k) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

Environment

The Group is committed to conducting business in a sustainable way. All housing developments are designed and built to meet relevant environmental standards.

Internal controls assurance

This is an abridged version of our 2017/18 internal controls self-assessment. Accent has an ambitious new corporate strategy that responds to the housing crisis, invests in existing homes and invests in our people. We believe that the underlying internal controls framework is robust and that benefits will be realised through improvements that are already underway.

Stronger strategic approach:

- Governance has been strengthened at both operational and strategic levels. An external governance review concluded that the Board is effective but made recommendations to enhance governance arrangements in line with our new strategic objectives. Committee structures and operational management structures have been refreshed to ensure that they are aligned to deliver the new strategy.

- Financial viability continues to be strong. We have comprehensive 30 year plans in place and have increased and refined stress testing.

- Accent has retained its G1/V1 status from the regulator.

Refreshed risk management:

- In the last 12 months, the Board has redefined its risk appetite, developed the new strategic objectives and reviewed the strategic risk register to ensure that it reflects current and relevant risks. Stress testing has been reviewed and enhanced and mitigation and recovery plans are being developed to ensure that Accent has a range of appropriate responses to strategic risks.

- Business continuity arrangements have been strengthened through considerable investment in ICT infrastructure and contracting with an external specialist service to allow operations to be transferred to off-site premises in the event of a business continuity event.

- Our focus on health and safety has continued and the health and safety working group is now chaired by a board member to increase the level of oversight and assurance the Board has around health and safety issues.

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Effective controls:

- Accent's assets and liabilities register is in the process of being enhanced through the installation of specialist software packages to aid recording and analysis of housing assets and contracts data.

- Contractor performance management has been simplified through a major procurement exercise which resulted in a significant reduction in the number of contracts in place to deliver core services such as repairs, maintenance and servicing.

- A role has been created to review organisational development and culture during 2018. Part of the remit of this role is to consider personal development and training needs with a view to enhancing the performance management culture.

- Performance benchmarking across operational areas has increased through Accent's membership of a new sector-wide performance club. This allows members to access best practice and share learning resulting in improvements to controls and activity.

Comprehensive assurance:

- Throughout 2017/18 Accent has engaged independent specialists to provide additional challenge and assurance across a range of business areas. The Board has received assurance directly from external experts through their attendance at board meetings.

- Accent has made changes to ensure that the residents' voice is also heard directly by the Board as this provides vital insight and assurance on customer services.

- Reports and agendas have been improved to ensure that the Board receives consistent, high quality information and allows sufficient time for strategic discussion and decision making.

- There are no overdue recommendations from the 2017/18 internal audit programme.

- The Board has also been able to take assurance from the regulator through their continued assessment of Accent as G1/V1.

Statement of the responsibilities of the board for the report and financial statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society and Group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014, have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (April 2015). It is also responsible for safeguarding the assets of the Society and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

At the date of making this report each of the Society's members, as set out on page 3, confirm the following:

- so far as each member is aware, there is no relevant information needed by the Group's auditors in connection with preparing their report of which the Society's auditors are unaware.
- each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant information needed by the Society's auditors in connection with preparing their report and to establish that the Society's auditors are aware of that information.

Going concern

The Group's business activities and its current financial position are set out in the Strategic Report and the Report of the Board. In preparing the financial statements on the going concern basis the Board considered the following:

- That the current budget, medium and long term financial forecasts demonstrate that the Group has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the twelve months following approval of these accounts.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward. The process of consolidating the three stock holding RP's further enhanced the liquidity, flexibility and funding capacity of the Group.

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

External auditor

A proposal to re-appoint Grant Thornton UK LLP, as auditor of the Society will be proposed at the Board's Accounts Adoption Meeting.

The report of the Board was approved and authorised by the Board on 4 July 2018 and signed on its behalf by:

Matthew Sugden
Secretary
4 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACCENT GROUP LIMITED

Opinion

We have audited the financial statements of Accent Group Limited (the 'Society') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of changes in reserves, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Society statement of comprehensive income, the Society statement of financial position, the Society statement of changes in reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent Society's affairs as at 31 March 2018 and of the group's and parent Society's income and expenditure for the year then ended;

- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board is responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Board, set out on pages 11 to 43 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the parent Society has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board for the financial statements

As explained more fully in the Statement of the responsibilities of the board set out on pages 42 to 43, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the group's and parent Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the group or parent Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds, 4 July 2018

To watch Claire's story in full visit: **SO-FAR.CO.UK**

"I CHOSE TO WORK IN HOUSING BECAUSE I WANTED TO DO SOMETHING THAT I FELT MAKES A DIFFERENCE TO PEOPLE. IT'S SOMETHING THAT IS A HUMAN NEED, EVERYBODY NEEDS A HOME" CLAIRE

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018	Notes	2018 £'000	2017 £'000
Turnover	2	96,058	94,152
Cost of sales	2	(1,430)	-
Operating costs	2	(65,651)	(63,119)
Operating Surplus		28,977	31,033
Gain on disposal of property	2	1,279	2,338
Income from interest in associated undertakings	27	-	127
Interest receivable and other income	5	263	231
Interest payable and financing costs	6	(15,412)	(17,069)
Movement in fair value of financial instruments	29	1,228	465
Surplus for the Year Before Taxation	9	16,335	17,125
Taxation on ordinary activities	10	(237)	362
Surplus for the Year After Taxation		16,098	17,487
Actuarial gain / (loss) in respect of pension scheme	7	1,383	(5,177)
Deferred tax movement in respect of pension scheme	21	(2,020)	-
Total Comprehensive Surplus for the Year		**15,461**	**12,310**

All amounts relate to continuing activities.

The accompanying notes on pages 53 to 88 form part of these financial statements.

The financial statements were approved and authorised by the Board on 4 July 2018 and were signed on its behalf by:

Tom Miskell	Rob Seldon	Matthew Sugden
Chair	Member	Secretary

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2016	174,240	64,883	239,123
Total comprehensive income for the year	12,310	-	12,310
Transfer to / (from) revenue reserve	1,391	(1,391)	-
Balance at 31 March 2017	187,941	63,492	251,433
Total comprehensive income for the year	15,461	-	15,461
Transfer to / (from) revenue reserve	1,270	(1,270)	-
Balance at 31 March 2018	**204,672**	**62,222**	**266,894**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2018	Notes	2018 £'000	2017 £'000
Tangible fixed assets			
Housing properties	11	581,415	576,743
Other tangible fixed assets	12	7,928	10,530
Investment properties	12	1,035	1,035
		590,378	588,308
Interest in associated and joint venture undertakings			
Share of net assets		139	139
		590,517	588,447
Current assets			
Current asset investments	13	46,007	39,739
Properties held for sale	14	1,590	1,313
Debtors: due within one year	15	4,510	3,791
due after one year	15	2,226	5,151
Cash at bank held in constructive trust		3,985	3,279
Cash at bank and in hand		11,697	17,582
		70,015	70,855
Current liabilities			
Creditors: Amounts falling due within one year	16	(40,642)	(39,734)
Net current assets		29,373	31,121
Total assets plus current assets		619,890	619,568
Creditors: Amounts falling due after more than one year	17	(326,620)	(342,428)
Net pensions liability	7	(26,376)	(25,707)
Total net assets		266,894	368,135
Capital and reserves			
Share capital	22	-	-
Revenue reserve		204,672	187,941
Revaluation reserve		62,222	63,492
Total reserves		266,894	251,433

The accompanying notes on pages 53 to 88 form part of these financial statements.

The financial statements were approved and authorised by the Board on 4 July 2018 and were signed on its behalf by:

Tom Miskell	Rob Seldon	Matthew Sugden
Chair	Member	Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Net cash generated from operating activities	23	44,716	43,666
Cash flow from investing activities			
Purchase of tangible fixed assets		(18,364)	(18,317)
Proceeds from sale of tangible fixed assets		4,609	6,536
Grants received		1,503	1,428
Interest received		263	231
		(11,989)	(10,122)
Cash flow from financing activities			
Interest paid		(15,729)	(17,209)
Interest element of finance lease rental payments		(19)	(19)
Repayments of borrowings		(15,865)	(19,900)
New secured loans		-	20,000
Premium received in respect of new secured loans		-	3,288
Capital element of finance lease rental payments		(25)	(26)
		(31,638)	(13,866)
Net change in cash and cash equivalents		1,089	19,678
Cash and cash equivalents at beginning of the year		60,600	40,922
Cash and cash equivalents at end of the year		**61,689**	**60,600**
Cash held on deposit		46,007	39,739
Cash at bank held in constructive trust		3,985	3,279
Cash at bank and in hand		11,697	17,582
Cash and cash equivalents at end of the year		**61,689**	**60,600**

The accompanying notes on pages 53 to 88 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

During the year the Society undertook no transactions. The Society has not traded since its incorporation on 1 April 2008.

Audit fees were borne and Board members were remunerated by Accent Corporate Services Limited until the transfer of engagements on 2 February. These costs are now borne by Accent Housing Limited.

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018

The Society has not traded since incorporation and does not have any accumulated reserves, other than share capital.

STATEMENT OF FINANCIAL POSITION
as 31 March 2018

	Notes	2018	2017
Fixed asset investments		10	8
Current assets			
Debtors		-	4
Creditors		(4)	-
		6	8
Capital and reserves			
Share capital	22	6	8

The accompanying notes on pages 53 to 88 form part of these financial statements.

The financial statements were approved and authorised by the Board on 4 July 2018 and were signed on its behalf by:

Tom Miskell	Rob Seldon	Matthew Sugden
Chair	Member	Secretary

NOTES TO THE FINANCIAL STATEMENTS

Legal status
The Society is a charitable society incorporated under the Co-operative and Community Benefit Societies Act 2014, registered society number 30444R, and registered with the Regulator of Social Housing (RSH) (formerly the Homes and Communities Agency (HCA)), registered number L4511.

1. ACCOUNTING POLICIES

Basis of accounting and comparative amounts

The financial statements of the Group and Society are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP2014; Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

On 2 February 2018 the Group completed a partial Transfer of Engagements as provided for by the Co-operative and Community Benefit Societies Act 2014. On this date Accent Corporate Services Limited transferred substantially all of its assets, liabilities, employees and activity to Accent Housing Limited. The bank loans from Royal Bank of Scotland and Nationwide Building Society, the on-lending of those loans to Accent Housing Limited and their related security arrangements all remain with Accent Corporate Services Limited unchanged. Accent Corporate Services Limited also retains ownership of a single shared ownership property in order to retain its' Registered Provider status. These are the only assets, liabilities and activities Accent Corporate Services Limited retains post transfer, which has further strengthened Accent's governance, financial capacity and value for money position.

The partial transfer of engagements does not represent a group reconstruction under either the Financial Reporting Standard 102 (FRS102) or the Housing SORP2014, hence merger accounting has not been applied and no comparative amounts have been required to be restated. All assets and liabilities transferred by Accent Corporate Services Limited to Accent Housing Limited were transferred at their net book value as at 2 February 2018, however the amounts disclosed in the Accent Group Financial statements are unaffected.

The financial statements are prepared in Sterling (£).

The individual accounts of Accent Group Limited have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures.

Basis of consolidation

Consolidated financial statements have been prepared in accordance with the requirements of FRS102. The Group accounts consolidate the accounts of the Society and all its subsidiaries at 31 March using acquisition accounting. The Group accounts also include its associate and its joint venture at 31 March using the equity method. The subsidiary and associated undertakings and the basis for inclusion within the consolidated financial statements are set out in note 27. Transactions within the Group have been eliminated on consolidation.

Significant judgements and management estimates

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Significant Judgements

- The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Certain loans have two way break clauses which are applicable where the loan is repaid early and could result in a break cost or a break gain. Management have considered the terms of its loan agreements and concluded that they do meet the definition of a basic financial instrument and therefore are held at amortised cost.
- Capitalisation of property development costs and interest requires judgement to ensure amounts are only capitalised when it is more likely than not that a particular scheme is to continue, after this point schemes are monitored to identify if any impairment is required.
- Impairment adjustments. A review is carried out of properties that may be impaired due to physical condition, location or demand. The impairment review is conducted at the scheme level i.e. the cash generating unit (CGU).

Management Estimates

- The valuation of housing properties is considered at each reporting date based on either third party valuation reports or an update to those reports based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. The housing assets continue to be valued at Existing Use Valuation - Social Housing use (EUV-SH). The assets were re-valued at 31 August 2015 and the Board and management team consider that this valuation remains appropriate as at 31 March 2018. See note 11.
- Depreciation estimates. The useful depreciable lives of each component of housing properties are reviewed at each reporting date and compared to actual experience to ensure the assumed lives remain appropriate.
- The measurement of liabilities arising from participating in defined benefit pension schemes uses valuation techniques requiring judgement and estimates, in particular in relation to future salary increases, investment performance, mortality, discount rates and inflation rates. See note 7.
- Measurement of the fair value of non-basic financial instruments involves the use of valuation techniques where active market quotes are not always readily available. The valuation process involves applying assumptions and using observable data on a basis consistent with how market participants would value a similar instrument.

1. ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below:

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. In preparing the financial statements on the going concern basis the Board considered the following:

- That the current budget, medium and long term financial forecasts demonstrate that the Group has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the twelve months following approval of these accounts.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward. The process to consolidate the three stock holding RP's will further enhance the liquidity, flexibility and funding capacity of the Group.

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

Turnover

Turnover represents rental and service charge income receivable, first tranche shared ownership sales, finance lease income receivable, grants, management charges, subscriptions and the value of goods and services supplied within the year. Turnover is recognised in the income and expenditure account on the following bases:

- Rent and service charge income is included in turnover for the period that the residents are in occupation of the property during the accounting period, as opposed to the date on which the rent is charged.
- Capital grants receivable from Homes England when the housing properties concerned reach practical completion.
- Finance lease income is included for the period that the lessor has use of the building during the accounting period.
- Management charges, subscriptions and charges for services are included in income over the period for which the service is provided during the accounting period.
- Income from first tranche shared ownership sales is recognised at the point of legal completion of the sale.

Revenue grants

Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Supported housing projects managed by agencies

Supported housing grants are managed by the relevant Local Authority (LA). As the grants are paid to cover expenditure related to housing support they are only payable to the organisation that provides the support and is therefore contracted by the LA. It is the Agents that provide the support and the Group provides the housing management. The grants are paid direct to the Agents and the Group invoices on a monthly basis for our charges. The treatment of other income and expenditure in respect of projects depends on whether the Group carries the financial risk.

Where the Group carries the majority of the financial risk, for example, for losses from voids and arrears, all the project's income and expenditure is included in the statement of comprehensive income (see note 2). Where the agency carries the majority of the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Society. Other income and expenditure of projects in this category is excluded from statement of comprehensive income.

Where the Group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Group's statements of comprehensive income (see note 2). Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group. Other income and expenditure of projects in this category is excluded from the Society's statement of comprehensive income.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover only part of the VAT it incurs on expenditure. This irrecoverable VAT is a cost to the Group and consequently the financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Taxation

The charge for corporation tax is based on the surplus or deficit arising from non-charitable activities for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the statement of financial position date, unless such provision is not permitted by FRS102. Deferred tax liabilities are not discounted. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

In accordance with FRS102 deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the statement of financial position date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the statement of financial position date.

Tangible fixed assets and depreciation

Housing properties and other properties held for letting
Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

1. ACCOUNTING POLICIES

Housing properties held for letting and shared ownership properties are stated at existing use value for social housing (EUV-SH). Full revaluations of the properties are undertaken on a regular basis with additional valuations carried out where there are indications of a significant change in value.

The difference between existing use value for social housing and depreciated historical cost is attributed to both the land and structure components as suggested by the Statement of Recommended Practice (SORP 2014) for Registered Social Housing Providers. All other components are stated at depreciated historical cost.

All housing properties are assumed to comprise several components which require periodic replacement and have substantially different useful economic lives. The components comprising a housing property are accounted for separately and are defined as follows:

- Roof covering
- Windows, doors and rainwater goods
- Bathroom
- Kitchen
- Heat source (boilers etc)
- Heat system (radiators etc)
- Electrical system
- Structure
- External works
- Land

Housing properties under the course of construction are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Administration costs relating to development are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Costs are transferred into completed housing properties when practical completion is achieved. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Supported Housing properties are stated at cost less grant where applicable.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. At the next subsequent revaluation the remaining element will be carried at valuation - existing use value for social housing (EUV-SH).

All housing properties are assumed to comprise several components which require periodic replacement and have substantially different useful economic lives. These components are accounted for separately and their historical cost is depreciated over their estimated useful economic lives as follows:

- 15 years – Heat source (boilers etc)
- 20 years – Kitchen
- 30 years – Windows, doors and rainwater goods; bathroom; heat system (radiators etc); electrical system; and external works
- 60 years – Roof covering
- 100 years – Structure
- Not depreciated – Land

Where components are replaced before they have been fully depreciated the remaining un-depreciated amount is charged to the statement of comprehensive income and disclosed as part of the deprecation charge for the period. The estimated useful economic lives are based on the Group's current experience of component replacement. The Group will continue to monitor and review the useful economic lives of all components and make revisions where material changes arise.

Where depreciation is charged on property held at valuation, an amount equal to the excess of depreciation on valuation over depreciation on historical cost less grant, is transferred from revaluation reserve to accumulated surplus.

Impairment

Housing properties are subject to an annual impairment review and consideration given to whether an event triggering a potential impairment has occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Group. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be charged to the surplus before tax in the statement of comprehensive income.

Social housing grant

Social housing grant receivable in respect of housing properties under construction is accrued by reference to whether a scheme has reached a trigger point at which a further tranche of social housing grant is payable to the Group. Where social housing grant receivable has not been received at the statement of financial position date, the amount due is included within debtors as social housing grant receivable. Where social housing grant is received relating to housing properties in the course of construction then the amount of grant is included within creditors until the housing properties concerned reach practical completion at which point the grant is released to turnover in the statement of comprehensive income.

Social housing grant received in advance is calculated by reference to the aggregate of all schemes in the social housing grant funded development programme. The amount of social housing grant in advance is the total social housing grant receivable in respect of housing units in development less the total costs capitalised in respect of those units.

Social housing grant can be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. Recycled grant can be used for projects approved by Homes England (formerly the Homes and Communities Agency (HCA)). The recycled grant may have to be repaid if certain conditions are not met or if re-investment is not committed within three years following the year of disposal then the grant becomes due for repayment.

1. ACCOUNTING POLICIES

Until the grant is either re-invested or repaid it is included within current liabilities either within the disposal proceeds fund or the recycled capital grant fund. The amount repaid will be restricted to net proceeds of sale and subordinated behind any deemed private loans on the properties where appropriate. It is not the general intention of the Group to dispose of property except under the following circumstances:

- Where a tenant has exercised a right-to-buy or a right-to-acquire option;
- Where the property was specifically built for sale e.g. shared ownership or;
- Where rationalisation is carried out as part of the ongoing business of the Group.

Other grant
Other grants are also receivable from local authorities and other organisations and are held in creditors until the properties concerned reach practical completion. Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Grants relating to other tangible fixed assets are treated as deferred income and released to the statement of comprehensive income over the expected useful lives of the assets concerned.

Other tangible fixed assets
Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected useful economic lives of the assets on the following bases:

Freehold offices:
2% p.a. on cost
Leasehold offices
over the life of the lease
Services equipment
5% to 20% p.a. on cost
Office equipment,
fixtures and fittings:
20% p.a. on cost
Computer equipment and software:
20% p.a. on cost
Leased equipment
over the life of the lease

Freehold land is not depreciated

Investment properties

Investment properties are included in the statement of financial position at valuation in accordance with FRS102. Depreciation is not provided.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

Capitalisation of interest

Interest on capital specifically borrowed to finance a development is capitalised from the commencement of construction up to the time of practical completion of the scheme, unless there is a prolonged delay. Where schemes are not financed by specific facilities an appropriate proportion of the interest charged on the Group's overall borrowing is allocated to the cost of the scheme up to the date of practical completion. Other interest payable is charged to the statement of comprehensive income account in the year.

Capitalisation of maintenance

Any expenditure on an existing property that meets one of the following circumstances is capitalised into one of the housing property components:

- Replacement or restoration of a component of the property that has been previously treated separately for depreciation purposes and has been depreciated over its individual useful economic life.
- The economic benefits of the property have been enhanced in excess of the previously assessed standard of performance.
- A major overhaul or inspection of a property that restores the economic benefits of the property that have been consumed by the business and have already been reflected in depreciation.

Any expenditure on an existing property that does not replace a component or result in an enhancement to the economic benefits of that property is charged to the statement of comprehensive income.

Pension costs

The Group operates a defined benefit pension scheme, Accent Group Pension Scheme (AGPS) and participated in a funded multi-employer defined benefit scheme, the Social Housing Pension Scheme (SHPS-DB). In addition, the Society contributes to a money purchase scheme (Social Housing Pension Scheme (SHPS-DC), the Auto Enrolment option for staff) for those employees who are not members of the defined benefit scheme and the charge to the financial statements is based on contributions paid.

Pension costs for AGPS are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain at a substantial level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the statement of comprehensive income over the average remaining service lives of current employees.

The assets associated with the AGPS are held separately from the assets of Accent Group Limited and its subsidiaries. The AGPS assets are measured using market values. For both schemes liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The deficit in respect of AGPS is recognised in full and presented on the face of the statement of financial position for each group company participating in the scheme. The movement in the scheme deficit is split and charged or credited to either the operating surplus or the actuarial gain or loss reported on the face of the statement of comprehensive income.

1. ACCOUNTING POLICIES

For SHPS-DB retirement benefits attributable to the Group's employees are funded by contributions from all participating employers and employees in the scheme. Contributions are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable to the various participating societies taken as a whole. The cost of providing retirement pensions and related benefits is charged to operating costs in order to spread the cost of pensions over employees' working lives with the Group.

For SHPS-DB it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Hence the charge to the statement of comprehensive income represents the employer contribution payable to the scheme for the accounting period. Contributions payable by the employer in respect of the recovery plan for past dealing with past deficits are recognised as a liability in the statement of financial position at the net present value of future payments. The unwinding of the net present value in each period is also recognised in the statement of comprehensive income.

Holiday pay accrual

Unused annual leave accrued by employees as a result of services provided in the period, and to which they are entitled to carry forward and use within the next 12 months, is recognised within accruals. The accrual amount is measured at the salary cost for the period of absence.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Finance lease liabilities are stated at the lower of fair value and minimum lease payments, determined at the lease inception. The finance charge in the statement of comprehensive income is derived by applying the effective interest method. Finance lease assets are stated at the gross amount receivable under the lease less related unearned income, and are included in debtors.

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

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in section 11 of FRS102 are accounted for under the amortised cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with movements posted to the statement of comprehensive income.

The Group has not applied hedge accounting for the financial instruments.

Loan finance issue costs

Loan finance issue costs on basic financial instruments are written off evenly 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.

Indexation costs

Where finance agreements include a provision for the outstanding capital balance and the interest payable to be indexed in line with the Retail Prices Index or similar indices, the indexation increase for the year is charged in full to the statement of comprehensive income.

Provisions

A provision is only recognised when; the Society has a present legal or constructive obligation as a result of past events, an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised is the best estimate of the consideration required to settle the liability at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. Where the time value of money is material, the amount expected to be required to settle the obligation is recognised at net present value. The unwinding of the net present value in each period is recognised in the statement of comprehensive income in the period to which it relates.

Revaluation reserve

The difference between the valuation of housing properties and the historical cost carrying value of the land and structure is credited to the revaluation reserve.

Debtors

Short term debtors are measured at the transaction price, less any impairment. Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Current asset investments

Current asset investments are readily disposable liquid resources. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Cash held on constructive trust

Cash held on behalf of development partners, leaseholders or other third parties is ring fenced in separate bank accounts and disclosed as cash held in constructive trust.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS, OPERATING SURPLUS AND DISPOSAL OF PROPERTY

for the year ended 31 March 2018

Group 2018	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	90,711	-	(61,006)	29,705
Other social housing activities				
First tranche low cost home ownership sales	2,000	(1,430)	-	570
Grant received – newly completed properties	934	-	-	934
Charges for support services	127	-	(261)	(134)
Current service cost and expenses – Accent Group Pension Scheme	-	-	(2,260)	(2,260)
Effect of change in discount rate – Social Housing Pension Scheme	-	-	(68)	(68)
Other	327	-	(293)	34
	3,388	(1,430)	(2,882)	(924)
Activities other than social housing activities				
Other	1,959	-	(1,763)	196
Operating surplus	**96,058**	**(1,430)**	**(65,651)**	**28,977**

Disposal of property	Proceeds £'000	Cost of disposal £'000	RCGF/ DPF recycled £'000	Gain on disposal £'000
Sale of housing properties	2,241	(874)	(649)	718
Sale of second and subsequent tranche sales	2,368	(1,277)	(530)	561
Gain on disposal of property	4,609	(2,151)	(1,179)	1,279

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS, OPERATING SURPLUS AND DISPOSAL OF PROPERTY

for the year ended 31 March 2018

Group 2017	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	91,239	-	(59,878)	31,361
Other social housing activities				
Grant received – newly completed properties	720	-	-	720
Charges for support services	227	-	(234)	(7)
Current service cost and expenses – Accent Group Pension Scheme	-	-	(1,761)	(1,761)
Effect of change in discount rate – Social Housing Pension Scheme	-	-	(90)	(90)
Other	376	-	(407)	(31)
	1,323	-	(2,492)	(1,169)
Activities other than social housing activities				
Other	1,590	-	(749)	841
Operating surplus	**94,152**	**-**	**(63,119)**	**31,033**

Disposal of property	Proceeds £'000	Cost of disposal £'000	RCGF/ DPF recycled £'000	Gain / (loss) on disposal £'000
Sale of housing properties	4,446	(1,317)	(657)	2,472
Sale of second and subsequent tranche sales	2,090	(1,648)	(576)	(134)
Gain on disposal of property	6,536	(2,965)	(1,233)	2,338

2. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP

for the year ended 31 March 2018

Income	General housing £'000	Supported housing & housing for older people £'000	Shared ownership £'000	Inter-mediate market rent £'000	2018 Total £'000	2017 Total £'000
Rent receivable	69,352	9,908	2,507	916	82,683	83,478
Service charge income	3,217	3,565	1,246	-	8,028	7,761
Turnover from social housing lettings	72,569	13,473	3,753	916	90,711	91,239
Expenditure						
Management	(11,588)	(2,166)	(602)	(148)	(14,504)	(14,731)
Service charge costs	(4,848)	(2,916)	(531)	(7)	(8,302)	(7,671)
Routine maintenance	(15,340)	(1,962)	(19)	(108)	(17,429)	(16,544)
Planned maintenance	(5,347)	(978)	(299)	(12)	(6,636)	(7,145)
Bad debts	(323)	(17)	(6)	(2)	(348)	(133)
Depreciation and write off of replaced components	(10,520)	(1,003)	(427)	(168)	(12,118)	(11,989)
Other costs	(1,441)	(190)	(28)	(10)	(1,669)	(1,665)
Operating costs on social housing lettings	(49,407)	(9,232)	(1,912)	(455)	(61,006)	(59,878)
Operating surplus on social housing lettings	23,162	4,241	1,841	461	29,705	31,361
Void losses	(569)	(232)	(44)	(8)	(853)	(755)

3. ACCOMMODATION IN MANAGEMENT – GROUP

for the year ended 31 March 2018

Social housing	Owned and directly managed by Accent Group Number	Managed by Accent Group on behalf of others Number	Owned by Accent Group managed by others Number	2018 Total Number	2017 Total Number
General needs housing:					
– Social rent	15,020	-	-	15,020	14,625
– Affordable rent	371	-	-	371	292
Supported housing	350	10	40	400	475
Housing for older people	1,980	-	-	1,980	2,394
Intermediate rent	101	-	-	101	122
Low cost home ownership *	1,044	-	-	1,044	1,080
Social leased homes **	273	471	-	744	737
Non-social housing					
Market rent	28	-	-	28	30
Leased housing	-	129	-	129	101
Managed freeholders	-	816	-	816	766
Total	**19,167**	**1,426**	**40**	**20,633**	**20,622**

Accent Group also owns and manages 990 (2017: 979) garages.
* where the purchaser has not acquired 100% of the equity (shared ownership)
** where the purchaser has acquired 100% of the equity but not the freehold

3. ACCOMMODATION UNDER DEVELOPMENT

for the year ended 31 March 2018

Social housing	2018 Number	2017 Number
General needs housing:		
– Affordable rent	97	186
– Low cost home ownership	24	48
	121	234

4. EMPLOYEE INFORMATION – GROUP

for the year ended 31 March 2018

Average monthly number of employees expressed as full time equivalents (based on contracted hours compared to our standard working week):	2018 Number	2017 Number
Administration	113	110
Development	9	8
Housing Support Care	308	314
	430	432

4. Staff costs	Notes	2018 £'000	2017 £'000
Wages and salaries		12,616	12,591
Social security costs		1,180	1,152
Other pension contributions AGPS regular	7	906	875
Other pension contributions AGPS recovery	7	-	1,234
Other pension contributions SHPS Defined Benefit regular	7	-	42
Other pension contributions SHPS Defined Benefit recovery	7	338	325
Other pension contributions SHPS Defined Contribution	7	111	98
Apprenticeship levy		44	-
Redundancy costs		119	276
		15,314	16,593

A salary sacrifice scheme is operated by the Group in order to mitigate national insurance costs.

The number of full time equivalent staff including executive directors whose remuneration for the period fell into the following bands is as follows:	2018 Number	2017 Number
£60,000 - £69,999	3	3
£70,000 - £79,999	9	9
£80,000 - £89,999	-	2
£90,000 - £99,999	1	-
£100,000 - £109,999	2	2
£120,000 - £129,999	-	1
£150,000 - £159,999	1	-
£160,000 - £169,999	-	1

The highest paid director as disclosed in note 8 is included within the bandings above.

5. INTEREST RECEIVABLE AND OTHER INCOME – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Interest receivable from term deposits and bank deposits	263	231

6. INTEREST PAYABLE AND FINANCING COSTS – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Interest payable on bank loans and overdrafts	14,715	16,223
Amortisation of loan issue costs	123	123
Unwinding of the discounted liability – Social Housing Pension Scheme	73	99
Finance lease interest	19	19
	14,930	16,464
Net interest cost – Accent Group Pension Scheme	698	700
Less: Capitalised interest	(216)	(95)
	15,412	17,069
Interest rate used to determine the finance costs capitalised during the period	4.4%	4.7%

7. PENSION OBLIGATIONS – GROUP

for the year ended 31 March 2018

The net pension liability is comprised as follows:	2018 £'000	2017 £'000
Accent Group Pension Scheme	26,376	25,707

The total amounts recognised in the statement of comprehensive income within operating surplus, financing costs or as an actuarial movement, are comprised as follows:	2018 £'000	2017 £'000
Recognised in the statement of comprehensive income – operating surplus		
(Charge) / credit in respect of Accent Group Pension Scheme	(1,354)	348
Credit in respect of Social Housing Pension Scheme	270	235
	(1,084)	583
Recognised in the statement of comprehensive income – financing costs		
Charge in respect of Accent Group Pension Scheme	(698)	(700)
Charge in respect of Social Housing Pension Scheme	(73)	(99)
	(771)	(799)
Recognised in the statement of comprehensive income – actuarial movement		
Credit / (charge) in respect of Accent Group Pension Scheme	1,383	(5,177)
Total amount recognised in the statement of comprehensive income	(472)	(5,393)

7A. ACCENT GROUP PENSION SCHEME (AGPS)

The Group operates a defined benefit pension scheme, Accent Group Pension Scheme (AGPS) a funded defined benefit scheme which was established on 1 July 1992 to provide death and retirement benefits for employees.

Pension costs for AGPS are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain at a substantial level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the statement of comprehensive income over the average remaining service lives of current employees.

During the year Accent Group paid total contributions of £906k (2017: £2,109k) being 16.1% (2017: 16.1%) of pensionable salaries during the accounting period together with recovery plan and salary sacrifice. Employees' contributions were 10% (2017: 10%) of pensionable salaries. Employers' contributions payable for the year are charged to operating costs.

In advance of the transfer of engagements on 2 February 2018 Accent Housing Limited and Accent Corporate Services Limited executed a Flexible Apportionment Arrangement on 1 February 2018 under the provisions of the Occupational Pensions Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2011. This arrangement transferred the liability for past service costs from Accent Corporate Services Limited to Accent Housing Limited.

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The assets are measured using market values and liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The deficit in respect of AGPS is recognised in full and presented on the face of the statement of financial position. The movement in the scheme deficit is split and charged or credited to either the operating surplus or the actuarial gain or loss reported on the face of the statement of comprehensive income. The assumptions adopted for FRS102 purposes and the results of the calculations are shown below.

The most recent actuarial valuation of the scheme as at 5 April 2017 has been updated by JLT Benefit Solutions Limited to 31 March 2018 to take account of the requirements of FRS102. This indicated that there was a deficit before deferred tax of £26,376k (2017: £25,707k) when comparing the actuarial value of the scheme with the value of its liabilities.

Following the actuarial valuation of the Scheme as at 5 April 2017 Accent group agreed to pay contributions at the rate of 28.4% of pensionable salaries plus additional lump sum amounts of £1,000k rising at 10% per annum each year from 2018 until 2029. The 2017 valuation was conducted using a Projected Unit method. The main actuarial assumptions used in that valuation were:

7a. Key financial assumptions	31 March 2018 % pa	31 March 2017 % pa
Discount rate	2.75	2.65
Rate of increase in pensions in payment (where capped at 5%)	3.20	3.30
Rate of increase in pensions in payment (where capped at 2.5%)	2.20	2.20
Rate of increase in deferred pensions	2.60	2.70
Rate of Inflation (RPI)	3.40	3.50

Pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase at 3.5% pa. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.7% pa. The mortality assumption adopted for the purposes of the calculations as at 31 March 2018 (and at 31 March 2017 where applicable) is as follows:

- Base table: 100% of S2PxA tables (2017: 100% of S2PxA).
- Future mortality improvements: CMI_2016 [1.25%] (2017: CMI_2015 [1.25%]).

7a. Average Life Expectancies	As at 31 March 2018 Years	As at 31 March 2017 Years
Male age 65 at reporting date	22.1	22.2
Male age 65 at reporting date +20 years	23.5	24.0
Female age 65 at reporting date	24.0	24.3
Female age 65 at reporting date +20 years	25.5	26.2

Active members are assumed to retire at age 62 and deferred members at 60, or immediately in the case of such members already older than these ages. 80% (2017: 80%) of members are assumed to commute their benefits at retirement.

7a. Amounts Recognised in the Statement of Comprehensive Income	Notes	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Current service cost		2,009	1,594
Expenses		251	167
Interest cost		2,092	2,266
Interest income on Scheme assets		(1,394)	(1,566)
Total charged to the statement of comprehensive income	2 & 6	2,958	2,461

7a. Reconciliation of Defined Benefit Obligation	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Defined benefit obligation at beginning of year	78,513	64,234
Current service cost	2,009	1,594
Expenses	251	167
Interest cost	2,092	2,266
Contributions by Scheme members	536	403
Actuarial (gain) / loss	(1,913)	10,970
Benefits paid	(1,867)	(1,121)
Defined benefit obligation at end of year	79,621	78,513

7a. Reconciliation of Fair Value of Scheme Assets

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Fair value of Scheme assets at beginning of year	52,806	44,056
Interest income on Scheme assets	1,394	1,566
Actuarial (loss) / gain	(530)	5,793
Contributions by the employer	906	2,109
Contributions by Scheme members	536	403
Benefits paid	(1,867)	(1,121)
Fair value of Scheme assets at end of year	53,245	52,806

7a. Amounts Recognised in the Statement of Financial Position

	As at 31 March 2018 £'000	As at 31 March 2017 £'000
Fair value of Scheme assets	53,245	52,806
Actuarial value of Scheme liabilities	(79,621)	(78,513)
Deficit in the Scheme	(26,376)	(25,707)

7a. Analysis of Assets

	As at 31 March 2018 £'000	As at 31 March 2017 £'000
Equities	21,593	21,399
Diversified Growth Funds	12,348	11,278
Gilts	6,230	6,182
Corporate Bonds	10,414	10,189
Other	2,660	3,758
	53,245	52,806

7a. Assets as a Percentage of Total Plan Assets

	As at 31 March 2018	As at 31 March 2017
Equities	40.5%	40.5%
Diversified Growth Funds	23.2%	21.4%
Gilts	11.7%	11.7%
Corporate Bonds	19.6%	19.3%
Other	5.0%	7.1%

7a. Analysis of Return on Assets

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Interest income on Scheme assets	1,394	1,566
Actuarial (losses) / gains	(5130)	5,793
Actual return on assets	864	7,359

7a. History of Experience Gains and (Losses)

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
(Loss) / gain on Scheme assets	(530)	5,793
Experience (loss) / gain on Scheme liabilities	(1,982)	2,014
Gain / (loss) on change in assumptions (financial and demographic)	3,895	(12,984)
Total actuarial gain / (loss) recognised in the statement of comprehensive income	1,383	(5,177)

7a. Amounts for the Current and Previous Periods are as follows:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Present value of defined benefit obligation	(79,621)	(78,513)	(64,234)	(65,917)
Fair value of Scheme assets	53,245	52,806	44,056	43,737
Deficit on scheme	(26,376)	(25,707)	(20,178)	(22,180)
Experience (losses) / gains on assets	(530)	5,793	(1,928)	3,369
Experience (losses) / gains on liabilities	(1,982)	2,014	-	(832)

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £18,087k (2017: £19,470k)

7b. Social Housing Pension Scheme (SHPS - DB)

The Group participated in the Social Housing Pension Scheme (SHPS) a defined benefit scheme operated by The Pensions Trust for Registered Providers, in which retirement benefits were funded by contributions from all participating employers and employees in the scheme. The SHPS scheme was closed to the Society's staff from 1 August 2016 and was contracted-out of the State Pension scheme until 5 April 2006.

There are no longer any active members employed by the Society (2017: nil) and annual pensionable payroll in respect of those members at 31 March was £nil (2017: £nil). It is not possible for the Society to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 scheme is classified as a 'last-man standing arrangement'. Therefore the Society 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.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Tier 1 From 1 April 2018 to 30 September 2020	£40.6m per annum (payable monthly and increasing by 4.7% p.a. each 1 April)
Tier 2 From 1 October 2018 to 30 September 2023	£28.6m per annum (payable monthly and increasing by 4.7% p.a. each 1 April)
Tier 3 From 1 April 2018 to 30 September 2026	£32.7m per annum (payable monthly and increasing by 3% p.a. each 1 April)
Tier 4 From 1 April 2018 to 30 September 2026	£31.69m per annum (payable monthly and increasing by 3% p.a. each 1 April)

The scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the Group has agreed to a deficit funding arrangement the Group recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost. The present value of £2,563k (2017: £2,760k) is based on the following amounts payable by the Group from 1 April 2018:

- Tier 1 – nil
- Tier 2 – £151,363 p.a. to September 2023, rising at 4.7% p.a.
- Tier 3 – £89,783 p.a. to September 2026, rising at 3% p.a.
- Tier 4 – £84,300 p.a. to September 2026, rising at 3% p.a.

7b. Present Value of Creditor

	Notes	2018 £'000	2017 £'000
Present value of creditor - amount due within one year	16	351	338
Present value of creditor - amount due after more than one year	17	2,212	2,422
		2,563	2,760

7b. Reconciliation of Opening and Closing Creditors

	2018 £'000	2017 £'000
Creditor at start of period	2,760	2,896
Contributions paid	(338)	(325)
Operating charge	68	90
Finance charge	73	99
Creditor at end of period	2,563	2,760

7b. Impact on the Statement of Comprehensive Income

	2018 £'000	2017 £'000
Recognised in the operating surplus:		
Operating cost charge	68	90
Finance charge	73	99
Total charge recognised	141	189

7b. Assumptions	2018 % per annum	2017 % per annum
Discount rate	2.08	2.80

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions. The following schedule details the deficit contributions agreed between the Group and the scheme at each year end:

7b. Deficit Contributions Schedule	31 March 2018 £'000	31 March 2017 £'000
Year 1	351	338
Year 2	364	351
Year 3	378	364
Year 4	392	378
Year 5	407	392
Year 6	318	407
Year 7	221	318
Year 8	227	221
Year 9	117	227
Year 10	-	117

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's recovery plan liability on the statement of financial position.

7c. Social Housing Pension Scheme (SHPS - DC)

The Group also participates in the defined contribution section of the Social Housing Pension Scheme (SHPS) with 239 (2017: 230) active members employed by the Group, this is the Auto Enrolment scheme for staff. The regular pension contributions payable by the Group during the year were £111k (2017: £98k).

8. BOARD MEMBERS, EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

for the year ended 31 March 2018

Aggregate emoluments paid during the year	2018 £'000	2017 £'000
Executive directors		
– basic salary	483	477
– benefits in kind	20	20
– pension contributions	73	75
	576	572
Executive directors and senior management team		
– basic salary	1,403	1,441
– benefits in kind	90	95
– employers NIC	173	178
– pension contributions	207	217
	1,873	1,931
Board members – including employers national insurance contributions	77	81
Emoluments of the highest paid director (co-opted executive director) during the year excluding pension contributions and employers national insurance contributions and including car allowance:		
– to date of resignation 30 April 2017	19	167
– from date of appointment 1 May 2017	153	-

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited, Accent Corporate Services Limited and Accent Housing Limited. All directors were remunerated by Accent Corporate Services Limited up to the point of the partial Transfer of Engagements on 2 February 2018, appropriate re-charges were made to each company within the Group. All of the executive directors that served during the year to 31 March 2018 are members of the Accent Group Pension Scheme. There were no other benefits or special pension arrangements for the co-opted executive director or executive directors or for any board member.

From 2 February 2018 all directors are remunerated by Accent Housing Limited and their emoluments from that date are disclosed in those financial statements. The executive directors continue as members of the Accent Group Pension Scheme.

Both directors who held office during the period as the highest paid co-opted executive director (the Group Chief Executive) are members of Accent Group Pension Scheme, which is a defined benefit scheme. They are ordinary members of the pension scheme and no enhanced or special terms applied. The organisation does not make any further contributions to an individual pension arrangement for the Group Chief Executive.

During the period to 30 April 2017 the former Group Chief Executive received a salary including holiday pay of £18.9k (year to 31 March 2017: £161.9k) and car allowance of £0.4k (2017: £5k). No bonus was paid or accrued to the former Group Chief Executive during the period to 30 April 2017 (year to 31 March 2017: £nil).

During the period from 1 May 2017 to 31 March 2018 the Group Chief Executive received a salary of £148.1k (year to 31 March 2017: £nil) and car allowance of £4.6k (2017: £nil). No bonus was paid or accrued to the Group Chief Executive during the period from 1 May 2017 to 31 March 2018 (year to 31 March 2017: £nil).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION – GROUP

for the year ended 31 March 2018

Surplus on ordinary activities before taxation is stated after charging/(crediting):	2018 £'000	2017 £'000
Depreciation of fixed assets and write off of replaced assets	13,274	13,969
Impairment of leasehold office premises	1,053	-
Auditors' remuneration (excluding VAT):		
– In respect of audit services	60	58
– In respect of tax services	15	6
– In respect of other services	20	22
Pension scheme recovery plan payments AGPS and SHPS	338	1,559
Operating lease rentals:		
– Plant and machinery	83	236
– Land and buildings	172	272
Bad debts:		
– Current residents	14	(61)
– Former residents	337	197
– Other debtors	135	187

10. TAXATION ON ORDINARY ACTIVITIES – GROUP

for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Current tax			
UK corporation ta on surplus for the year		-	1
Total current tax		-	1
Deferred tax			
Origination and reversal of timing differences		240	(135)
Defined benefit pension		(3)	(249)
Adjustments in respect of prior period		-	21
Total deferred tax	21	237	(363)

	2018 £'000	2017 £'000
Tax charge/(credit) on surplus on ordinary activities	237	(362)

Deferred tax is assessed on the following rates of corporation tax at which timing differences are currently expected to reverse 17% (2017: 17%).

10. FACTORS AFFECTING TAX CHARGE FOR PERIOD

The tax assessed is lower than the standard rate of corporation tax in the UK of 17% (2017: 20%). The differences are explained below:	2018 £'000	2017 £'000
Surplus on ordinary activities before tax	16,335	17,125
Adjustment in respect of charitable activities	(13,926)	(17,809)
Surplus / (deficit) on ordinary activities subject to tax	2,409	(684)

	2018 £'000	2017 £'000
Deficit on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	457	(136)
Effects of:		
Expenses not deductible for tax purposes	17	140
Income not chargeable for tax purposes	(466)	-
Group relief not paid for	-	(58)
Adjustment in respect of prior periods	(3)	21
Change in tax rate – deferred tax	(31)	39
Change in tax rate – corporation tax	-	1
Pension scheme actuarial charge	-	(249)
Qualifying charitable donation	(188)	(120)
Transfer out of plant and machinary	285	-
Transfer out of pension scheme	166	-
Current and deferred tax charge / (credit) for period	237	(362)

The aggregate deferred tax charge relating to items that are recognised as items of other comprehensive income is £2,020,000.

11.TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP

for the year ended 31 March 2018

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Supported housing and housing for older people £'000	Inter-mediate market rent £'000	Total housing properties £'000
Cost or valuation						
At 1 April 2017	480,467	5,176	52,761	47,137	7,784	593,325
Schemes completed	10,792	(12,580)	1,788	-	-	-
Additions	-	12,079	-	-	-	12,079
Transfer from other tangible fixed assets	-	2,154	-	-	-	2,154
Work to existing properties	4,581	-	12	669	-	5,262
Write off replaced assets	(228)	-	(2)	(80)	-	(310)
Disposals	(1,433)	-	(1,394)	(249)	-	(3,076)
At 31 March 2018	**494,179**	**6,829**	**53,165**	**47,477**	**7,784**	**609,434**
Depreciation						
At 1 April 2017	(14,156)	-	(946)	(1,269)	(211)	(16,582)
Charge for year	(10,227)	-	(430)	(1,055)	(169)	(11,881)
Write off replaced assets	39	-	-	17	-	56
Disposals	347	-	37	4	-	388
At 31 March 2018	**(23,997)**	**-**	**(1,339)**	**(2,303)**	**(380)**	**(28,019)**
Net book value at 31 March 2018	**470,182**	**6,829**	**51,826**	**45,174**	**7,404**	**581,415**
Net book value at 31 March 2017	466,311	5,176	51,815	45,868	7,573	576,743

Included in the above are finance costs capitalised in the year of £216k (2017: £95k).

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less depreciation is as follows:	**2018 £'000**	**2017 £'000**
Historical cost	904,426	891,027
Depreciation and impairment	(229,741)	(218,435)
	674,685	672,592

11. Housing properties book value net of depreciation

	2018 £'000	2017 £'000
Freehold land and buildings	575,960	571,165
Long leasehold land and buildings	5,455	5,578
	581,415	576,743

11. Social housing grant

	2018 £'000	2017 £'000
Capital grant	408,583	408,898
Revenue grant	1,264	1,264
	409,847	410,162

11. Expenditure on works to existing properties

	2018 £'000	2017 £'000
Amounts capitalised	5,262	11,129
Amounts charged to the statement of comprehensive income	6,636	7,145
	11,898	18,274

Housing properties owned by the Society held for letting and shared ownership were professionally independently valued by Savills (UK) Limited as at 31 August 2015. This was a full valuation and was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book) and in accordance with the current Guidance for Accounts Valuations for Registered Social Housing Providers contained in the SORP. The Board and management team consider that this valuation remains appropriate as at 31 March 2018.

The SORP expects that Housing Societies should value their assets for accounts purposes on the Existing Use Value – Social Housing ("EUV-SH") basis. In determining this valuation, the valuer made use of discounted cash flow methodology and key assumptions were made concerning the levels of future rents, the rate of turnover of existing tenants, the level of right to buy sales and the real discount rate. Key assumptions include:

Discount rate (real) – 5.5% – 6% dependent on age of stock
Level of annual rent changes:
2016/17 to 2019/20 – 1% reduction p.a.
2020/21 onwards – CPI + 1% p.a.

Changes in CPI have been assumed as follows:
2016/17 – 1.75%
2017/18 onwards – 2%

The total stock valuation includes Shared Ownership and Investment Property portfolios; none of the revaluation reserve relates to Investment Properties. The Group would not be able to sell all the properties without repaying SHG from the proceeds of the sale, but SHG would be subordinated in favour of any deemed private loans charged on these properties.

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS102 and SORP2014. A total impairment provision of £nil (2017: £nil) was made during the year to 31 March 2018 to reduce the carrying value of certain fixed asset and investment properties within the Group to their value in use, being the estimated recoverable amount. This valuation is considered to remain appropriate as at 31 March 2018, given the absence of any significant events or triggers for a change in the valuation of housing properties. The valuation will be updated with external advice for the 31 March 2019 year end.

12. OTHER TANGIBLE FIXED ASSETS AND INVESTMENTS – GROUP

for the year ended 31 March 2018

	Leasehold and freehold properties £'000	Plant vehicles and equipment £'000	Total £'000
Cost			
At 1 April 2017	10,906	8,426	19,332
Additions	-	1,744	1,744
Disposals	-	(219)	(219)
Transfer to tangible fixed assets - housing properties	(2,950)	-	(2,950)
At 31 March 2018	**7,956**	**9,951**	**17,907**
Depreciation			
At 1 April 2017	(3,448)	(5,354)	(8,802)
Charge for year	(140)	(999)	(1,139)
Disposals	-	219	219
Impairment	(1,053)	-	(1,053)
Transfer to tangible fixed assets - housing properties	796	-	796
At 31 March 2018	**(3,845)**	**(6,134)**	**(9,979)**
Net book value at 31 March 2018	**4,111**	**3,817**	**7,928**
Net book value at 31 March 2017	7,458	3,072	10,530

12. Investment properties	2018 £'000	2017 £'000
At 1 April and at 31 March	1,035	1,035

Investment properties owned by the Group held for letting were professionally independently valued by Savills (UK) Limited as at 31 August 2015. This was a full valuation and was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book). Key assumptions include:

Discount rate (real) – 5.5% - 6% dependent on age of stock
Level of annual rent changes:
2016/17 to 2019/20 – 1% reduction p.a.
2020/21 onwards – CPI + 1% p.a.

Changes in CPI have been assumed as follows:
2016/17 – 1.75%
2017/18 onwards – 2%

13. CURRENT ASSET INVESTMENTS – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Housing loans security deposit	5	5
Money market deposits	46,002	39,734
	46,007	39,739

14. PROPERTIES FOR SALE – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Shared ownership properties – completed	488	71
Shared ownership properties – under construction	-	866
Properties held for sale	1,102	376
	1,590	1,313

15. DEBTORS – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Rent and service charges receivable	3,661	3,856
Less: Provision for bad and doubtful debts	(1,919)	(1,997)
	1,742	1,859
Net investment in finance leases	878	845
VAT	7	12
Prepayments and accrued income	624	158
Social housing grant receivable	482	-
Other debtors	777	917
	4,510	3,791

Included in arrears are £1,778k (2017: £2,126k) of arrears with payment plans which are outside normal payment terms. No discounting is provided for against this balance as the impact of discounting is not considered to be material.

	Notes	2018 £'000	2017 £'000
15. Amounts falling due after one year:			
Net investment in finance leases		735	1,404
Other long term debtors		1,491	1,490
Deferred tax asset	21	-	2,257
		2,226	5,151

	2018 £'000	2017 £'000
15. Debtor analysis:		
In one year or less	4,510	3,791
Between one and two years	735	848
Between two and five years	-	560
After more than five years	1,491	3,743
	6,736	8,942

The net investment in finance leases represents accommodation for university students that has been constructed on behalf of certain education authorities. The Group acts as lessor, the land and buildings are leased to the appropriate third party on a long leasehold basis, payments for which are to be received evenly over a period of approximately 25 years. On termination of the leases, title to the land and buildings passes to the lessees for nil consideration. These schemes are financed by specific allocated loans. The underlying value of the net investment in finance leases is £1,613k (2017: £2,249k).

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – GROUP

for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Bank loans	28	14,114	15,055
Loans financing finance lease debtors	28	634	838
Finance lease creditor	28	6	6
Trade creditors		1,134	3,045
Grant received in relation to properties under construction		1,768	180
Social Housing Pensions Scheme recovery plan payment	7	351	338
Deferred grant income		22	22
Recycled Capital Grant Fund	19	883	734
Disposal proceeds fund	20	181	68
VAT		-	8
Other taxation and social security payable		296	293
Rent and service charges in advance		2,764	2,510
Accruals		4,057	3,625
Housing properties and major work creditors		3,433	2,303
Loan interest accrual		2,331	2,647
Deferred income		764	1,022
Other creditors		7,904	7,039
Corporation tax		-	1
		40,642	39,734

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR – GROUP

for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Bank loans	28	315,934	330,267
Financial liabilities measured at fair value		2,055	3,283
Loans financing finance lease debtors	28	1,271	1,659
Finance lease creditors	28	98	104
Loan premium		3,164	3,288
Social Housing Pensions Scheme recovery plan payments	7	2,212	2,422
Deferred grant income		855	877
Recycled capital grant fund	19	2,920	2,427
Disposal proceeds fund	20	256	369
		328,765	344,696
Capital instrument issue costs		(2,145)	(2,268)
		326,620	342,428

18. DEFERRED GRANT INCOME – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
At 1 April	899	921
Released to income in the year	(22)	(22)
Balance at 31 March	877	899

19. RECYCLED CAPITAL GRANT FUND – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
At 1 April	3,161	2,448
Grants recycled	1,201	1,083
Purchase / development of properties	(559)	(370)
Balance at 31 March	3,803	3,161
Grant due for repayment	883	734

£883k of RCGF is due for repayment, however at the Homes England review meeting on 25 April 2018 a formal request was made to Homes England to roll this over to support additional schemes. No repayment was requested in the year to March 2018.

20. DISPOSAL PROCEEDS FUND – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
At 1 April	437	252
Net sales proceeds recycled	-	150
Right to acquire discount grant received	-	35
Balance at 31 March	437	437
Grant due for repayment	181	68

£181k of DPF is due for repayment, however at the Homes England review meeting on 25 April 2018 a formal request was made to Homes England to roll this over to support additional schemes. No repayment was requested in the year to March 2018.

21. DEFERRED TAX – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Accelerated capital allowances	-	(249)
Pension scheme deficit – AGPS	-	(2,008)
Deferred tax asset	-	(2,257)

The deferred tax asset was previously included within debtors due after more than one year (note 15). As a result of the partial transfer of engagements from Accent Corporate Services Limited to Accent Housing Limited on 2 February 2018 the deferred tax asset has been de-recognised as there is no longer a pension scheme liability within Accent Corporate Services Limited and so there is no likelihood of the crystallisation of the deferred tax asset.

	2018 £'000	2017 £'000
Asset at 1 April	(2,257)	(1,894)
Charge to tax on ordinary activities	237	(363)
Charge in respect of AGPS	2,020	-
Asset at 31 March	-	(2,257)

22. SHARE CAPITAL – NON EQUITY – SOCIETY

for the year ended 31 March 2018

	2018 £	2017 £
Allotted, issued and fully paid:		
At 1 April	8	8
Issued in the year	-	3
Surrendered during the year	(2)	(3)
At 31 March	6	8

Each member of the Board holds one share of £1 in the Society. Shareholders are entitled to vote at general meetings, but do not have any rights to receive dividends or distributions on a winding up.

23. CASH FLOW FROM OPERATING ACTIVITIES – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Operating surplus for the year	28,977	31,033
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,274	13,969
Impairment of office premises	1,053	-
Pension costs less contributions payable	818	(1,851)
Working capital movements:		
Properties for sale	(277)	(1,085)
Debtors	2,688	503
Creditors	(883)	1,817
Adjustments for investing activities:		
Government grants utilised in the year	(934)	(720)
Net cash generated from operating activities	44,716	43,666

24. CAPITAL COMMITMENTS – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	8,052	7,778
Capital expenditure that has been authorised by the Board but has not yet been contracted for	5,088	17,364
	13,140	25,142

The above commitments are expected to generate Social Housing and other grants totalling:	2018 £'000	2017 £'000
In relation to expenditure contracted for but not provided for	(834)	-
In relation to expenditure authorised by the Board but not yet contracted for	(862)	(2,005)
	(1,696)	(2,005)

The remaining commitments of £11,444k (2017: £23,137k) are capable of being fully financed by the facilities in place. As at 31 March 2018 the Group had £57,699k (2017: £57,316k) on deposit to meet these commitments and had agreed unused facilities of £30,000k (2017: £30,000k).

25. LEASING COMMITMENTS – GROUP

for the year ended 31 March 2018

The future minimum lease payments which the Group is committed to make are set out below. The operating leases relate to office and residential space, caretaker vans and, office equipment. The finance lease relates to the office building at Camberley.

The Group's future minimum operating lease payments are as follows:	2018 £'000	2017 £'000
Within one year	245	195
Between one and five years	642	602
Greater than five years	150	232
	1,037	1,029

The Group's future minimum finance lease payments are as follows:	2018 £'000	2017 £'000
Within one year	25	25
Between one and five years	101	101
Greater than five years	2,016	2,041
	2,142	2,167

26. RELATED PARTIES – GROUP

for the year ended 31 March 2018

There were no resident members on the Board during the year.

Chair (T Miskell) is the Chair of the Northern Housing Consortium Limited, a body that represents the interests of the housing sector. Accent Housing Limited has traded with the Northern Housing Consortium Limited during the year on an arms-length basis. Services bought during the year amounted to £834 (2017: £nil) relating to membership fees and training. There was £nil (2017: £nil) due from Accent Housing Limited to Northern Housing Consortium Limited as at 31 March 2018. Financial Statements for Northern Housing Consortium Limited can be obtained from Loftus House, Colima Avenue, Sunderland Enterprise Park, Sunderland. SR5 3XB.

Transactions with Group companies that are wholly owned have been eliminated on consolidation and have taken advantage of the exemption from disclosure available under FRS102.

27. INTEREST IN ASSOCIATED UNDERTAKINGS

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Deficit arising from interest in Franklands Park Limited	(2)	127
Surplus arising from interest in Procurement For All Limited	2	-
	-	127

At 31 March 2018 the subsidiary, joint venture and associate undertakings were:	Percentage owned or controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Registered Society controlled by Accent Group Limited
Subsidiaries:			
Accent Corporate Services Limited * ^	100		x
Accent Housing Limited * ^	100		x
Domus Services Limited	100	Note A	
PAN English Development Company Limited	100	x	
Accent Group Pension Trustees Limited	100		
Accent Charlestown Limited **			
Joint Ventures:			
Franklands Park Limited ^^ (limited by guarantee)	50		
A management company for the Franklands Drive development.			
Associates:			
Procurement For All Limited ^^ (joint procurement company)	16.67		

27. INTEREST IN ASSOCIATED UNDERTAKINGS

All undertakings are incorporated in Great Britain and registered in England and are included in the consolidated financial statements.

* Directors of these subsidiaries hold shares in the respective entities on a non-beneficial basis. In all cases effective control remains wholly with Accent Group Limited.

^ A registered provider of social housing regulated by the Homes and Communities Agency.

** A dormant non-trading company.

^^ These entities are not material in relation to Accent Group hence, for clarity, certain disclosures have been omitted from this note.

Note A
Accent Group Limited does not hold any shares in Domus Services Limited. However, it has effective control as the managing body is made up of executive directors/employees of Accent Group Limited undertakings.
In addition, the articles of association of Domus Services Limited extend further powers of control to the parent undertaking.

The activities of the principal subsidiaries listed above are as follows:

Accent Corporate Services Limited
The principal activity of the Society up to the partial Transfer of Engagements on 2 February 2018 was the provision of corporate services including finance, human resources, information technology and legal to other entities within the Accent Group (the Group). These activities and staff were transferred to Accent Housing Limited where they continue to provide the required services. The Society also provides a single low cost home ownership property that is managed by locally based teams within the Group and on-lends the amounts borrowed from Royal Bank of Scotland and Nationwide Building Society to Accent Housing Limited.

Accent Housing Limited
The principal activity of the Society is the provision of rented housing accommodation at affordable rents for those in most need. In addition, the Society provides assisted housing through low cost home ownership schemes and leasehold schemes for the elderly. The Society operates an assisted living scheme, subsidised rented accommodation for students and special needs accommodation.

28. DEBT ANALYSIS – GROUP

for the year ended 31 March 2018

	2018 £'000	2017 £'000
Due after more than one year		
Bank loans	315,934	330,267
Loans financing lease debtors	1,271	1,659
Finance lease creditors	98	104
Financial liabilities measured at fair value	2,055	3,283
	319,358	335,313

	2018 £'000	2017 £'000
28. Total loans repayable as follows:		
Within one year	14,754	15,899
Between one and two years	16,402	15,033
Between two and five years	59,593	62,989
After five years	241,308	254,008
Total indebtedness	332,057	347,929
Financial liabilities measured at fair value	2,055	3,283
	334,112	351,212

28. Facilities, terms of repayment and interest rates

At 31 March 2018 the Society had a facility with Nationwide Building Society of £162,000k (2017: £171,600k) of which £30,000k was unutilised (2017: £30,000k). At 31 March 2018 the Society had a facility with Royal Bank of Scotland of £77,775k (2017: £78,625k) which was fully utilised.

Both facilities were initially over a 30 year period with a repayment holiday of 5 years. For Nationwide Building Society repayments commenced during 2014 and for Royal Bank of Scotland repayments commenced during 2015. The borrowings are secured by fixed charges on individual properties and are made to Accent Corporate Services Limited which in turn on-lends to authorised Group subsidiary borrowers. Both loans are a mixture of fixed and variable rates. Fixed rates being plus a margin and variable rates being LIBOR (London Inter Bank Offer Rate) plus a margin ranging from 0.35% to 0.62%.

At 31 March 2018 the Society had a facility with Lloyds Bank of £76,000k (2017: £78,000k) which was fully utilised (2017: fully utilised). The borrowings are secured by fixed charges on individual properties and other assets and are repayable at varying rates of interest between 1.8% and 5.1%.

At 31 March 2018 the Group had a facility with Dexia Credit Local bank of £3,227k (2017: £5,073k) which was fully utilised. The borrowings are secured by fixed charges on individual properties and are repayable at varying rates of interest between 7.34% and 11.5%.

At 31 March 2018 the Group had a facility with The Housing Finance Corporation (THFC) of £35,824k (2017: £17,209k) which was fully utilised. The borrowings are secured by fixed charges on individual properties and are repayable at varying rates of interest between 2.89% and 11.47%.

29. FINANCIAL ASSETS AND LIABILITIES – GROUP

for the year ended 31 March 2018

Financial assets – categories	2018 £'000	2017 £'000
Financial assets measured at amortised cost	67,794	67,115
	67,794	67,115

Financial assets attract interest at a floating rate that varies with bank rates.

29. Financial liabilities - categories	2018 £'000	2017 £'000
Financial liabilities measured at amortised cost	360,506	374,146
Financial liabilities measured at fair value through surplus or deficit	2,055	3,283
	362,561	377,429

29. Financial liabilities - measured at fair value through surplus or deficit	2018 £'000	2017 £'000
As at 1 April	3,283	3,748
Credit in statement of comprehensive income	(1,228)	(465)
As at 31 March	2,055	3,283

Financial liabilities measured at fair value relate to two interest rate fixes with Royal Bank of Scotland. The first instrument is for £10m (2017: £10m) expiring December 2019 and the second instrument is for £3.9m (2017: £4.7m) expiring December 2021. These instruments were entered into between December 1996 and April 1998 in order to fix the interest cost on part of the loan facility with Royal Bank of Scotland and were not entered into for trading or speculative purposes. The Society is not required to place collateral with Royal Bank of Scotland to cover mark-to-market movements in relation to either of these instruments.

29. Financial liabilities – interest rate risk profile

The Group's financial liabilities are sterling denominated.
The interest rate profile of the Society's financial liabilities at 31 March was:

	2018 £'000	2017 £'000
Fixed rate	217,362	281,213
Variable rate	116,750	69,999
	334,112	351,212

The fixed rate financial liabilities have a weighted average interest rate of 4.69% (2017: 5.98%) and the weighted average period for which it is fixed is 6.82 years (2017: 8.42 years).

29. Borrowing facilities

The Society has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2018 £'000	2017 £'000
Expiring in more than two years	30,000	30,000






CROW-POSSE



IN EARLY 2018 WE BROUGHT TOGETHER A SMALL GROUP OF STAFF AND CUSTOMERS FROM ALL OVER THE COUNTRY. TO SHARE THEIR EXPERIENCES OF LIVING WITH AND WORKING FOR ACCENT. THE CONVERSATIONS THAT FOLLOWED WERE BOTH INSPIRING AND MOVING. YOU CAN FIND OUT FOR YOURSELF BY VISITING: SO-FAR.CO.UK