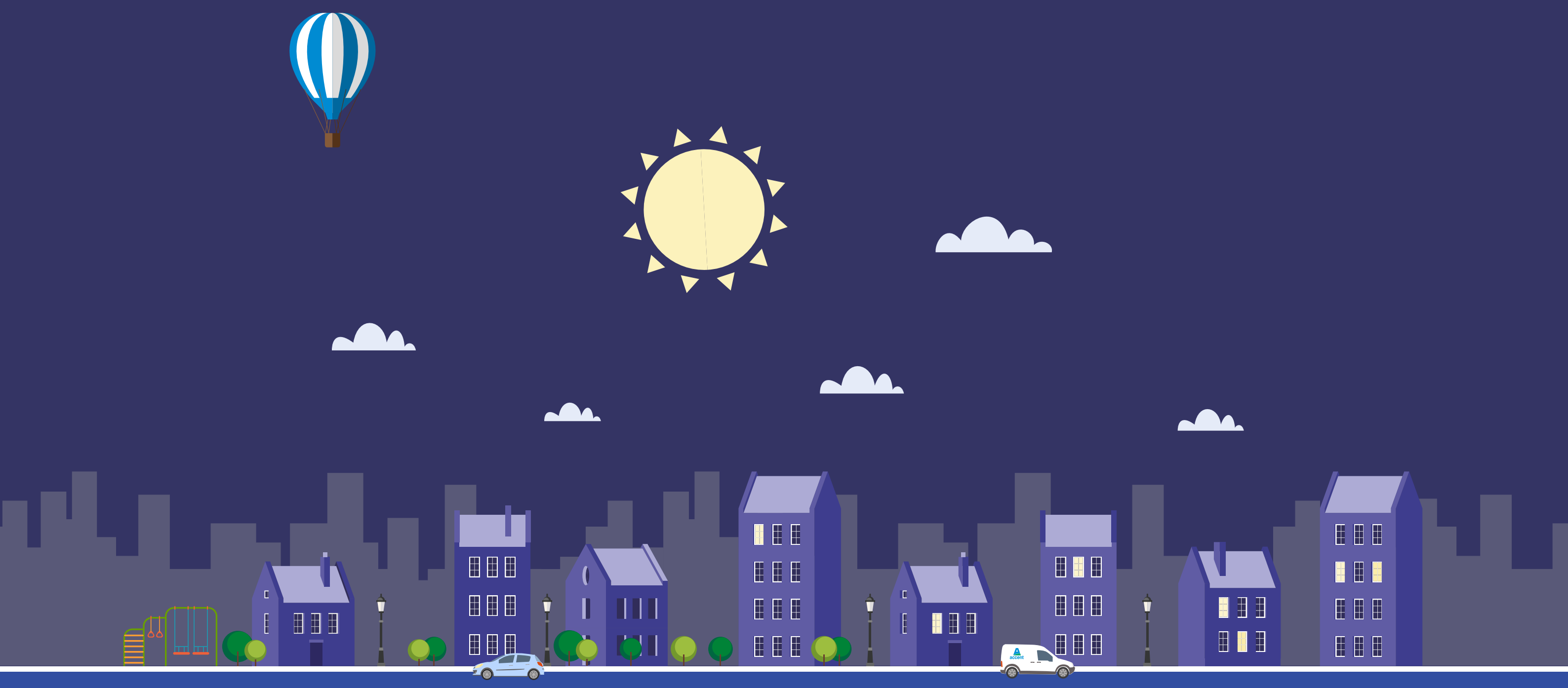
accent



REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2022

ACCENTGROUP.ORG

CONTENTS

THE BOARD, EXECUTIVES AND ADVISORS

NON-EXECUTIVE BOARD MEMBERS

TOM MISKELL
Chair

HELEN JAGGAR

JAMES KELLY

ARCHANA MAKOL

SALLY ORMISTON

STEVE PEARSON

ROB SELDON

RICHARD WILKINSON

CO-OPTED NON-EXECUTIVE BOARD MEMBERS

NICI AUDHLAM-GARDINER
Appointed 1 February 2022

ILONA BLUE
Appointed 1 April 2022

Company Secretary:
Matthew Sugden

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

CO-OPTED EXECUTIVE DIRECTORS

PAUL DOLAN

EXECUTIVE DIRECTORS

SARAH IRELAND

CLAIRE STONE

MATTHEW SUGDEN

KIRSTY SPARK
Appointed 1 January 2022

JULIE WITTICH
Appointed 24 January 2022

DAVID ROYSTON
Resigned 31 December 2021

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
Whitehall Road
Leeds LS1 4BN

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

ONCE AGAIN, THIS YEAR HAS SHOWN HOW IMPORTANT HAVING A SAFE, AFFORDABLE, AND SUSTAINABLE PLACE TO CALL HOME IS.

The cost-of-living crisis continues to dominate the news and political agenda and we are seeing first-hand the draws on our customers, suppliers, and partners finances. With this set to a sector-wide backdrop of increased scrutiny and tighter regulations, we can trust that change itself becomes our only constant.

In order to meet these external challenges, we know we must first be operating at the highest level, driving continuous improvements to services and addressing performance in areas we know are not meeting customers' expectations. We have tackled this head-on. We have redeveloped our senior leadership team and together with our latest board and committee appointments we will further strengthen our governance, performance, and delivery frameworks to ensure the highest standards in customer experience are met and we accelerate the successful execution of our clear and ambitious strategic intent.

As an organisation which exists to 'build better futures', we are also committed to acting on insight and our customers' voice to adapt to meet the demands of a changeable operating environment and improve all areas of our performance. Our unique, far-reaching geography affords organisational diversity, supports agility, and ensures we embrace new and fresh ways of working. We also continue to invest in building the capacity and skills of all colleagues to drive a high performing, inclusive culture which promote diversity of thought and embraces innovation.

Our widely consulted corporate strategy placed prioritisation in year one on 'building the basics'. 2021/22 focussed on strengthening our resilience and capacity so we are positioned to embrace change and drive continuous improvements. To support this, we focussed attention on growing our financial resilience with the sale of our £125m retained bond and have continually invested in our risk management arrangements.

Our strengthened financial position has enabled us to hasten improvements to key areas of operation. We know we need to improve our repairs and maintenance service – our biggest driver of customer experience - and this remains our top priority. A wholesale transformation of our contractor arrangements and our internal and external operating model was delivered by building capacity and expertise with the recruitment of a new Executive Director and senior, specialist and technical roles. As a result, and together with ongoing improvement works, we believe demonstrable change is afoot for 2022/23.

With the restructure of our executive membership, capacity has been built to focus on a new customer experience strategy which ultimately seeks to expand our remit beyond our core delivery to support community cohesiveness and the wellbeing of our customers. To succeed in this, the strategy places emphasis on the digitisation of services and a new self-serve customer contact model to improve efficiencies, so time can be spent working more closely with customers who need greater levels of support.

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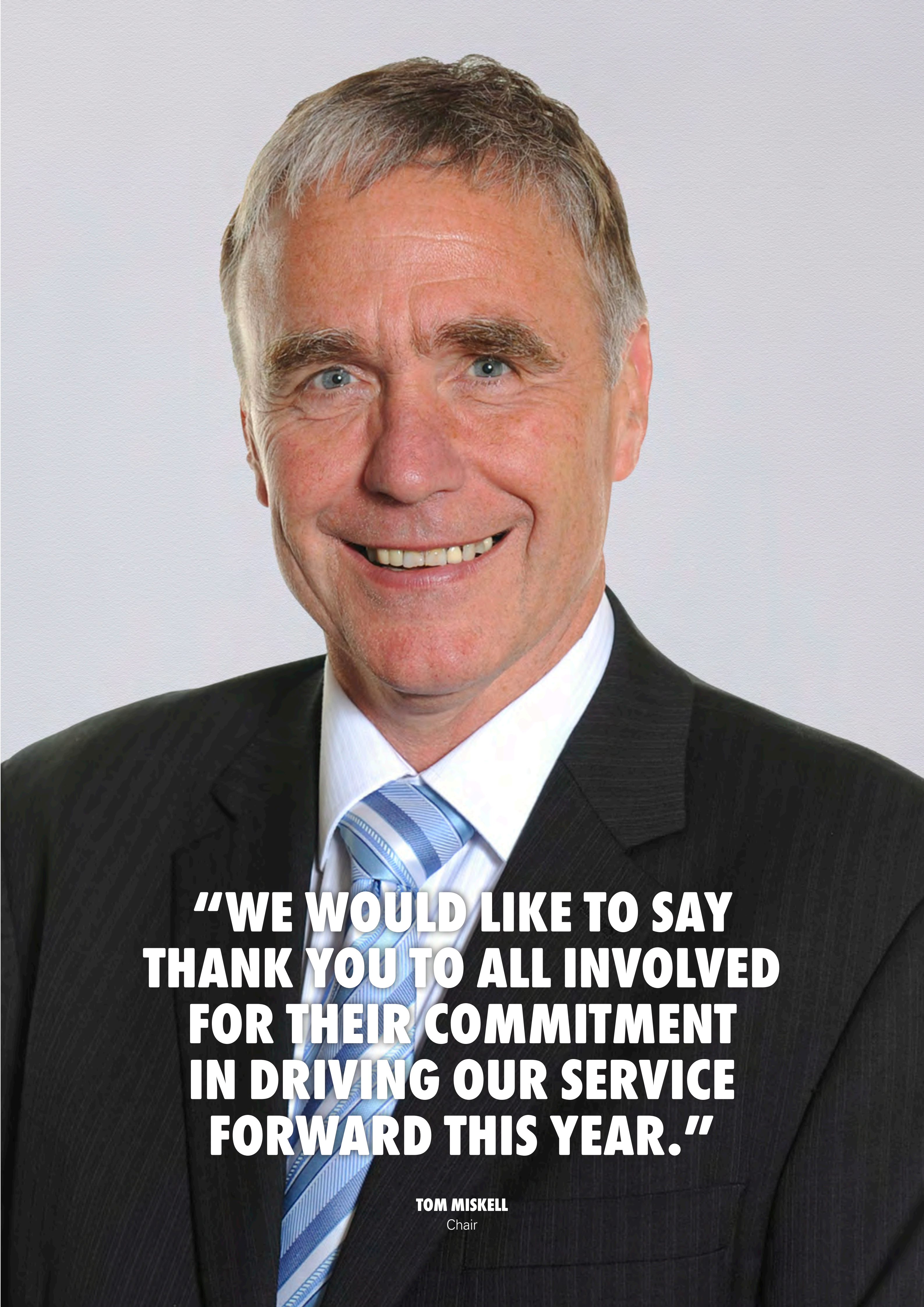


"WE WOULD LIKE TO SAY THANK YOU TO ALL INVOLVED FOR THEIR COMMITMENT IN DRIVING OUR SERVICE FORWARD THIS YEAR."

TOM MISKELL
Chair

Alongside this, we continue to look ahead and meet future housing needs by progressing our development and growth agenda. By building homes in areas of need and retrofitting existing ones we will create sustainable and cost-effective homes for customers to run.

This year, against a target of 220, and in a turbulent market, we completed 248 new homes and started on site to deliver a further 536. We were selected as a Homes England Strategic Partner with contracted delivery of 3,305 new homes with total grant of £210m over the next five years. These achievements pay dividends to the sound growth of a high-achieving development directorate and their reputation in sector as a respected partner.

We have made a commitment to build all our new homes in our land led programme to an EPC 'A' rating. We were awarded £1.25m of funding from the Social Housing Decarbonisation Fund (Wave 1). By securing this funding stream, we can build crucial networks with contractors and suppliers and learn from this pilot project in preparation for rolling out decarbonisation works at scale in 2023. This allows us to be 'fast-followers' not 'trail-blazers' of this significant agenda.

Underpinning this work is our data-driven approach to asset management ensuring we track and respond to poorly performing properties to drive up the quality of all homes. We are currently investing £16.5 million in the regeneration of our Ripleyville estate to bring much needed family housing to the area of Bradford which will be built to an EPC A rating and efficient to run.

As we look towards the future, we know if we stand still, we will not be able to meet the changing needs of our customers or future-proof our services.

If we work alone, we will limit the value we can add to the communities where we work. If we offer nothing more than a bricks-and-mortar landlord service, we will fall short on helping create places where people can thrive or ensure people can sustain their tenancies with us.

But we know our limitations and sometimes delivering the best customer outcomes means creating partnerships to have a greater impact than we can achieve on our own. Leveraging expertise from local communities and organisations will offer additional support to customers where we know it is needed. But one thing is for sure, as we evolve, we will not lose sight of our core reason for being - to deliver top quality homes and services through consistent, reliable service delivery.

We would like to end by saying thank you to all involved for their commitment in driving our service forward this year. We are looking forward to building on this as we begin year two of our 'building better futures' corporate strategy.

Paul Dolan
Chief Executive

Tom Miskell
Chair


KUKRI

STRATEGIC REPORT

STRATEGIC REPORT FINANCIAL REVIEW AND RESULTS

Consolidated statement of comprehensive income	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Total turnover	108	103	100	95	96
Operating expenditure and cost of sales	(81)	(71)	(76)	(74)	(66)
Other income	-	-	-	2	-
Operating surplus	27	32	24	23	30
Net interest cost	(12)	(13)	(26)	(13)	(14)
Net increase / (decrease) in valuation of housing properties	13	(3)	-	43	-
Surplus / (Deficit)for the year	28	16	(2)	53	16

Consolidated statement of financial position					
Net book value of intangible and tangible fixed assets	858	762	716	688	590
Net current assets	121	74	69	9	30
Total assets less current liabilities	979	836	785	697	620
Loans and long term creditors due after one year	(493)	(409)	(396)	(305)	(327)
Pension liability	(14)	(25)	(28)	(34)	(26)
Total net assets	**472**	**402**	**361**	**358**	**267**
Revaluation reserve	154	122	103	104	62
Revenue reserve	318	280	258	254	205
Total reserves	**472**	**402**	**361**	**358**	**267**

Accommodation owned or managed	2022 No.	2021 No.	2020 No.	2019 No.	2018 No.
Social housing	15,928	15,786	15,748	15,588	15,492
Shared ownership and leasehold	2,014	1,969	1,962	1,942	1,788
Supported housing and housing for older people	1,890	1,901	2,191	2,267	2,380
Non-social housing	819	792	820	826	973
	20,651	20,448	20,721	20,623	20,633

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.

WE ARE A NATIONAL PROVIDER OF SOCIAL HOUSING WITH A 50 YEAR HISTORY AND SUCCESSFUL TRACK RECORD OF DELIVERING MUCH NEEDED HOMES AND SERVICES TO OUR COMMUNITIES.

Our group structure is straightforward with one principal operating registered provider, but we provide a diversified regional presence with 20,651 homes across five core regions. With homes in Yorkshire, the South, East, North West and North East of England, our geography promotes organisational diversity, mitigates risk and supports agility.

Building Better Futures, our corporate strategy for 2021 to 2024 seeks to maximise the opportunities this diversity presents. Built from our largest ever consultation exercise, it reflects the voices of over 2,000 people and re-confirms our fundamental belief that there is nothing more important in life than the roof over your head. The strategy will ensure we continue to deliver our mission and improve people's lives, through building exceptional services and responding to the needs of customers.

The strategy centres on three priorities – the quality of our homes, our customers' service experience and developing our organisation to meet new expectations for the world of work.

Within these priorities we will deliver our key aims:

- Providing housing choices for the many not the few.
- Delivering housing and services which enable progression and independence.
- Building stronger customer relationships and community partnerships.
- Strengthening colleague engagement.
- Building a culture which enables and rewards high performance.

CARING

We are customer-centric, authentic and compassionate.

DRIVEN

We take ownership, keep our promises and focus on solutions.

WE WILL ACHIEVE OUR VISION THROUGH LIVING OUR VALUES...

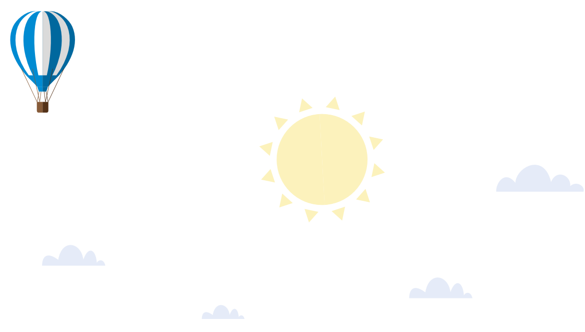
SMART

We are curious, we learn from mistakes and welcome feedback.

INCLUSIVE

We collaborate, we value all perspectives and celebrate difference.

Building Better Futures, our corporate strategy 2021-24, consists of three key priorities (shown over the page) for the future of our homes, our services and our organisation. For more information please visit our website or scan the QR code opposite to download a copy of the strategy.

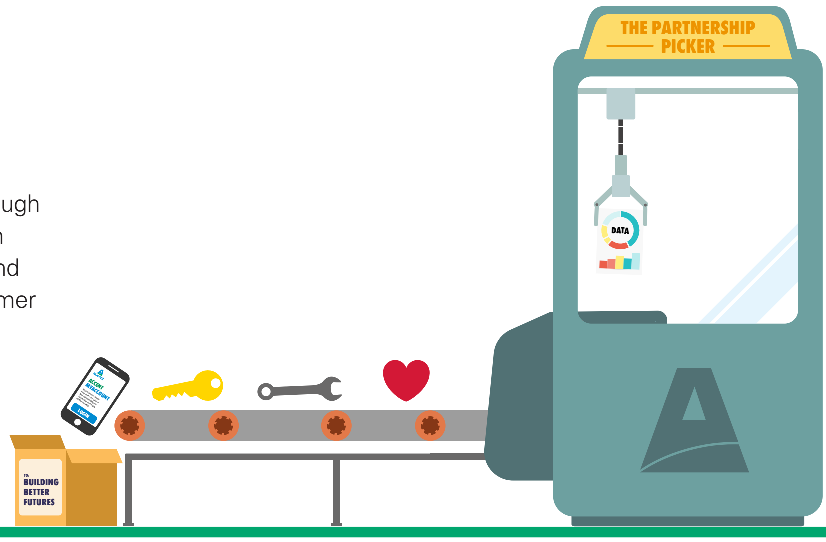


QUALITY HOMES, SUSTAINABLE COMMUNITIES

Retaining and building on our development ambitions for new homes, and our continued focus on the safety and quality of existing homes, whilst ensuring we are strengthening our sustainability both financially and environmentally.

PERSONAL CUSTOMER EXPERIENCE

Driving true customer centricity through our Accent Partnership, engaging on an individual and community level and delivering an incredible digital customer experience.



INSPIRATIONAL WORKPLACE

Creating our inspirational organisational culture, building a new post-pandemic workplace experience and empowering and equipping teams to work with agility and flexibility to deliver great business and customer outcomes.

AT THE END OF FY 2020-21 WE WROTE THAT 2020 HAD BROUGHT UNPRECEDENTED CHALLENGES DUE TO THE PANDEMIC AND THE IMPACT OF BREXIT.

We continued to navigate these challenges and risks throughout 2021/22 with no entirely new risks materialising but several re-assessments of risks already identified and included within our strategic risk register.

The Board reviews the strategic risk register at every other meeting and is supported by Audit & Risk Committee who conduct additional reviews with particular consideration given to emerging risks both within and out-with the sector. (For example, A&RC considered the World Economic Forum's Global Risks Report 2021 and held detailed discussion on how global risks might translate into strategic or operational risks for Accent). Each year the Board reviews a summary of the Regulator's Sector Risk Profile and considers the extent to which the risks highlighted by the Regulator are relevant to Accent and whether relevant risks are recorded and sufficiently analysed within our strategic risk register.

Strategic risks have been mapped against the corporate strategy to ensure that risks relating to each of our three-year objectives have been fully considered. Each Board meeting agenda includes a 'risk check' at the end to ensure due consideration of any risks that may have been identified through discussion of previous agenda items.

At the Board review in November 2021 it was agreed that Accent's risk register contained all relevant risks. Audit & Risk Committee have subsequently reviewed the strategic risk register (April 2022) and agreed that although certain risks are escalating (e.g. cyber threat and rent/service charge arrears – relating to the cost of living crisis), the strategic risk register still holds all appropriate risks.

At 31 March 2022, Accent's top risks were:

- The risk that a key partner contractor incurs financial viability issues and ceases delivery of critical services and,
- the risk that the economic crisis is prolonged or escalates and significantly disrupts the supply of goods/ services/ labour.

We anticipate that the risk that a key partner contractor ceases to deliver services to Accent and our customers is significantly decreasing following a re-shaping of our repairs and maintenance service. The service has been significantly de-risked through the move to a dynamic purchasing system and the use of schedule of rates-based contracts rather than price per property contracts.

This change means that we have more flexibility and can locate additional contract resource if needed. In addition, Accent's current lead repairs and maintenance contractor, Ian Williams Ltd, is not highly geared and is considered to be a significantly lower financial risk than other repairs and maintenance contractors that were previously in place to deliver core services.

We are closely monitoring contractor performance and viability and are engaged in frequent dialogue with partner contractors to understand any economic pressures they may face. We are already seeing improvements in performance levels and will review the assessment of this risk over the coming months.

Experience to date tells us that although supply of materials and labour is still an issue, the risk does not appear to be increasing at the scale first anticipated and markets may now be stabilising; certainly, the risk has not materialised to the extent that significant difficulties have been incurred. As mentioned above, the reshaping of services and contracts is helping to mitigate risks around delivery of the repairs service however we continue to closely monitor the situation with regard to supply of goods and labour.

The risk that current economic downturn intensifies, and residents endure ongoing hardship leading to an increase in arrears is a risk that we referenced in this report last year and one that we have continued to work extremely hard to prevent. We are aware that this risk may increase, in particular, in the autumn of 2022 when fuel prices rise.

Our Income Management team has been expanded and central coordination has been put in place to ensure that expert support to residents is provided before debts accumulate. Our approach has been very successful and although arrears have increased this has been relatively modest in comparison with other organisations in our sector (based on a Housemark benchmarking exercise conducted in 2021). We are aware that unemployment has reduced back to the same pre-pandemic level but although people are back in work, many are struggling with the affordability of running a home. The cost of living crisis has impacted both residents who are on benefits and those in work. This is likely to increase the risk of more customers falling into arrears.

In response to the increased risk we:

- continue to speak to all new Universal Credit (UC) claimants and offer support with budgeting;
- have established a national partnership with StepChange to provide debt adjusting service;
- have mapped partnerships across all regions to identify gaps in local support (in work support, financial exclusion, energy advice);
- have doubled the budget for our successful arrears support fund;
- offer food and energy grants to customers struggling to eat/heat with after care through signposting;
- are reviewing our income strategy to take us to 2025. Priorities are addressing financial exclusion, ICT investment to optimise resources and continuous performance improvement.

Accent's strategic risk register also includes risks regarding:

- **Health and safety:** we regard this risk is unlikely as we have robust controls in place and performance is strong in this area. The Board has no appetite for risk in relation to health and safety and Accent has a specialist health and safety committee in place to oversee and scrutinise health and safety performance information. This committee includes a resident Board member, who is the Board's health and safety champion, and the committee provides updates to each Board meeting. The committee met more frequently during the pandemic to provide oversight and guidance on matters of customer and colleague health, safety and wellbeing. More recently, the health and safety committee has focussed on the proposed Tenant Satisfaction Measures in relation to health and safety and has received assurance that Accent will be able to provide the required performance information.
- **Cyber threat:** technically an operational risk, cyber threat is included within the strategic risk register due to the potential for a serious and sustained attack to cause severe disruption to services. Accent has extremely robust ICT security in place which has been externally assessed and includes cyber essentials plus accreditation. However, the threat of cyber attack is an increasing global concern, not least at the current time due to recent threats from Russia that allies of Ukraine will be targeted. We do not believe we are any more at risk than other organisations and Board has assurance that our ICT security is strong. Nonetheless, the need to remain vigilant is clear and we have recently re-drafted our Business Continuity Plan to reflect the increased dependency on ICT and the move to a post-pandemic, flexible way of working.

Accent's ongoing investment in risk management has extended to the procurement of specialist risk management software which was implemented at the end of 2021/22 and is now bringing real benefits. This includes efficiencies in the production of risk reports to management and Board and enhancement in the clarity of links between risks and strategic objectives.

In January 2022, the Board reviewed and renewed its risk appetite statements. Accent's risk appetite statements align with the specified three year objectives that underpin each of the three corporate strategic objectives. This enables clear and detailed understanding of risk appetite in all key areas and provides guidance and direction in decision making.

ACCENT SUCCESSFULLY ISSUED ITS £125M RETAINED BOND IN EARLY OCTOBER 2021.

On issuance a premium and accrued interest of £6.42m was achieved meaning that Accent received £131.42m in cash. This outcome has enabled us to renegotiate some of our existing variable debt without requiring a substantial modification of the debt instrument whilst making savings on interest payable and maintaining secure lines of liquidity.

Strengthening our financial position has enabled us to drive environmental, social and economic value through our strategic delivery, with a number of significant outcomes this year.

We have further strengthened customer safety, which remains an overarching priority for us, whilst also investing to improve the sustainability of our homes. We have continued to drive up quality across our overall portfolio, tackling poorly performing stock and continuing to meet demand for new homes.

Our priorities for service delivery have been centred around driving up our customer experience through the transformation of our repairs and maintenance service, digitisation of service delivery and ensuring the voice of our customers is impacting on strategic decisions and service delivery.

We have focussed on putting the foundations in place this year to ensure that we can accelerate outcomes for customers in future years.

The Board have agreed that a different approach to driving strategic delivery is required for the future. This is needed to achieve the scale and pace of change we require to achieve our corporate strategy ambitions, and to ensure we remain agile to respond to a rapidly shifting external operating environment.

The transition towards this new approach is underway. We have agreed a structure for a tighter, more focussed, and accountable senior leadership team (SLT). They will operate with a ‘one team’ approach to leadership, focused on strategic planning, performance delivery and continuous organisational improvement.

A key role has been introduced, the Director of Organisational Change, to lead on the future culture change and business transformation agendas, supporting the delivery of our organisational strategy and increasing the rigour of change management.

OUR NEW HOMES AT YARDLEY ROAD, OLNEY

DUE FOR COMPLETION OCTOBER 2023

OUR FIRST PRIVATE SALE SCHEME, DUNHAM GRANGE, WAS COMPLETED THIS YEAR.


25

DURING THIS FINANCIAL YEAR WE HAVE COMPLETED 248 NEW BUILD HOMES AGAINST OUR TARGET OF 220.

The lower target number reflected the more challenging conditions that had been prevalent during and immediately after Brexit and the first COVID lockdown however, we were able to work proactively with our contractor supply chain to overcome the previous disruption caused to the labour market and material supplies.

We have however, experienced delays to the delivery of our programme of new homes caused by the planning process on a number of sites which meant that we were only able to start on site to deliver 536 new homes during the year against a target of 600. In accordance with the Development and Growth Strategy approved by our Board in 2019 we concluded the year with a secure forward pipeline of 949 homes on 21 sites. 70% of these will be delivered on our own 'land led' sites to an EPC standard of 'A' with around three quarters of these being delivered in the Eastern Region between Milton Keynes and Cambridge.

To ensure continued delivery of our growth ambitions we have adopted much closer partnership working with our contractors and have developed an approach to secure the certainty of fixed contract costs as far as possible. As a result, we have been able to capitalise on our investment into enhanced skills and experience, delivering our targets and developing our reputation as a strong partner to do business with.

Our sales brand, Homemade has continued to transform our approach to marketing and selling shared ownership homes. We received 4,250 enquiries this year from potential purchasers and have received sales income of over £6m from the sale of 43 shared ownership and 3 outright sale homes with the buoyant sales market improving our expected sales rate leading us to exceed our target income from sales for the year of £2.5m.

Our first private sale scheme, Dunham Grange, was completed this year near Ely in Cambridgeshire, delivering homes for affordable rent and shared ownership as well as 15 for private sale. At the end of the financial year all of the unsold homes, 33 in total were sold subject to contract.

To enhance our offer to existing shared owners we have launched a new sales service to help them sell their homes when they decide to move on and have generated fee income of £33k for this service.

Accent successfully applied to become a Homes England 'Strategic Partner' in 2021, and we have recently entered into contract to deliver 3,305 new build homes with grant investment of £210m from Homes England over the next five years. Accent will deliver around half of these homes with around half of the grant and the remainder will be built by our delivery partners at Habinteg, Leeds Federated and PA Housing.

Accent's allocation as part of the WAVE programme as a Delivery Partner in the Together Housing Group's Strategic Partnership is £13.708m to deliver 260 units where we are on track to complete ahead of schedule.

Our current Development and Growth Strategy will take us to 2024, and from the outset of the current strategy in 2019 we have continually strengthened our position. We have secured long-term funding certainty through our £350m bond placement and established a commercial Development and Sales team, maintained delivery despite an increasingly challenging market, and built a good reputation as an association to work in partnership with. Subject to the determination of our future capacity we aim to build on the success of our current strategy by securing more longer term, larger opportunities on more strategic sites, focussing delivery on customer, quality, and partnership.

WE HAVE RECENTLY CONCLUDED DELIVERING OUR YEAR ONE ASSET MANAGEMENT STRATEGY PRIORITIES. THE STRATEGY SPANS 2021-2024.

The strategy is focussed on three themes:

- Driving up the quality of all our homes;
- Working towards providing carbon neutral, energy efficient homes; and
- Diversifying our offer and delivering a range of new homes, which meet the needs of customers across different markets, throughout their housing journey.

We are two years into a three-year programme of conducting stock condition surveys that will see 100% of our homes surveyed and data that we hold validated. Over the course of the last two years, we have surveyed approximately 60% of our properties. This data has been used to inform our repairs and maintenance investment profile and thus transposed to our 30-year financial plan to reflect the needs of our housing stock.

Our planned investment programmes are designed to ensure we continue to meet the Government's Decent Homes Standard and EPC Band C as a minimum by 2030. In addition, we have implemented changes to our building safety regimes in line with the latest legislation.

We have a programme of scheme options appraisals underway, across six schemes, where we aim to identify what interventions are required to improve the customer experience, asset performance and financial contribution of the schemes. We expect some of the outcomes to lead to additional investment in the stock, inclusive of open space / green areas.

During 2021-22, we have disposed of 23 homes as one-off disposals. The disposals have generated a total capital receipt of c.£730k for investment in existing homes, where needed.

We have progressed our work at our Ripleyville scheme in the West Bowling area of Bradford, which provided 164 homes for social rent. Following a formal consultation and ongoing engagement with customers the scheme has now been emptied with customers moving into alternative accommodation. We are now preparing the site for demolition and thereafter we will be developing 73 high quality family homes on the original site for affordable rent.

Work on the re-development of Lawrence Lodge, one of our temporary accommodation schemes in Surrey Heath, has begun – there are 32 homes on the existing scheme. Our Development team have submitted a pre-application (planning application) to the Local Authority for 20 new homes (for affordable rent), ahead of a full planning application being submitted in the summer.

ENVIRONMENTAL

As a key part of our Corporate Strategy (2021 to 2024), we are developing our approach towards providing carbon neutral, energy efficient homes. Our strategy will be fabric first as we aim to combat the increasing levels of fuel poverty that prevent our customers from living comfortably and affordably in their homes.

During 2022/23, we will be finalising our Sustainability Strategy and developing our plans to ensure that energy efficiency improvement works become part of our normal maintenance activities.

85% of our homes are already EPC Band C or above and in 2021/22 all our homes were built to either EPC Band A or B standards. All land-led new developments will be built to EPC Band A hereon in. The strategy will focus on both existing and new homes and will set out our roadmap to achieving net carbon zero by 2050.

IN 2021/22 ALL OUR HOMES WERE BUILT TO EITHER EPC BAND A OR B STANDARDS

AT ACCENT WE WANT EVERY DECISION MADE TO BEGIN AND END WITH OUR CUSTOMERS.

Our core purpose is to ensure that living in an Accent home means safety, security, high standards and reliable services. However, our newly approved Customer Experience Strategy sets out our ambition to go beyond core services and deliver added value to our customers lives. Our strategy will achieve this through the networks of support we can connect our customers to and the positive contribution we make to the places where we provide homes.

One of our most valued services is the repairs and maintenance we deliver to our homes. This year we have brought in additional skills and expertise at a senior level and work is underway to review our internal and external operating model to ensure that we are delivering a reliable and effective repairs service for our customers.

For 2022/23 our focus internally is about consistency of standards and delivery and enhancing the skills of our technical teams. The focus externally is about simplifying our contract arrangements to reduce our risk financially, and to give us the flexibility to enhance our delivery options, potentially by engaging with local SMEs. In parallel we will continue to closely monitor the situation with regard to the supply of goods and labour.

We are committed to improving our communication with customers to rebuild trust and confidence as the new contractor arrangements deliver improved services. This is a key aim for the coming year as the improvements we are making start to deliver improved outcomes for customers. To ensure that we can track the impact of these changes we are introducing a new quarterly perception survey which will track satisfaction across several key areas and enable us to benchmark externally on a more frequent basis.

We are also improving the frequency and access to performance information for customers, with a new performance area on the website which will ensure that customers are able to meaningfully assess our performance. This will align with the new annual Tenant Satisfaction Measures introduced by the Regulator of Social Housing.

The ambition within our customer experience strategy is to support every Accent customer to be included economically, socially and digitally wherever they live.

Intrinsic to delivering this is a deeper understanding of our customers needs and aspirations. This year we have reviewed two of our most important mechanisms for delivering this - our strategy for engaging with residents and the impact of our Accent Partnership service offer, first introduced pre-pandemic.

As a result of this insight we will deliver several improvements in 2022/23. We will maximise the use of our new platform for online engagement 'Your Voice', enabling customers to take part in surveys and consultations online, and to subscribe to an online community of engaged residents. This will further strengthen the customer voice in strategic decision making and service improvements. We will also refresh our Accent Partnership, ensuring there are no barriers to the team delivering incredible customer care and engagement on key issues and services. Our strategic ambition is to improve customer satisfaction with how we listen and respond to customer views. We measure this on a quarterly basis and our average score across 2021 was 55.15%, which is significantly lower than our aspiration. From the qualitative feedback which accompanies this data we know that repairs service delivery has impacted on these results. We are therefore confident that the actions we are taking to improve the service will drive up satisfaction.

A new Income Strategy is being framed, which also responds to insight into financial exclusion from within our communities. Our analysis tells us that 6,100 residents are self-payers (not claiming housing related benefits). They are impacted by both the rise in National Insurance contributions and inflation. Whilst some may have had a pay increase to help with rising costs we know that many are or will struggle with the increasing costs of living. 6,400 customers claim Universal Credit and these residents will also be impacted by most rises except National Insurance contributions, and unlike self-payers their income will remain static.

Over the coming year, we are prioritising the development of an Accent offer centred on three key areas:

- Consumer debt
- Access to financial services and products
- Financial awareness and education

This ambition will be supported by the effective allocation of the increased Support Fund (from £100k to £450k) to help mitigate the financial pressure some customers may experience. Our offer will be delivered through new partnerships with third parties who are established experts. We will use our customer insight to target this support to the c.20% of customers who are least financially resilient to cope with the increasing cost of living. Our aim is to help customers to build their financial health long term, which will in turn lead to lower levels of arrears.

We also aim to deliver a compelling digital, self-serve offer to enable customers to self-serve at their convenience. This will also increase organisational capacity to target support and attention where it is needed most.

In 2022 we will focus on our customer contact arrangements, with the aim to evolve our current omni channel approach to one that is digital first. This will reduce customer effort and increase digital choice for our customers. Enabling customers to engage with us digitally on low value, high transactional service areas will ensure that personal customer contact is targeted at more complex queries. This will also allow us to re-think our delivery model and maximise efficiency savings brought about by increasing self-service.

ACHIEVING A 2 STAR BEST COMPANIES RESULT ONCE AGAIN EXCEEDED OUR EXPECTATIONS IN 2021.

However, we know that we need to continue to align our colleague engagement with our customer ethos. One of our strategic aims for 2022/23 is to engage the whole organisation in the ambitions of our refreshed customer experience strategy to drive customer centricity and strengthen our focus on performance excellence.

Additionally, we will continue activity to ensure we remain an inclusive and diverse organisation. Our publicly visible commitments were agreed in September 2021, and 2022/23 will see us implement these via a mix of continuous improvement and specific change activity. This year we undertook our initial TIDEmark assessment with the Employers Network for Equality and Inclusion (ENEI) to get our baseline performance report. Our target is to win a silver award in 2023 and this year we will be implementing the actions from our initial assessment.

We have launched several Employee Groups based around differing diversity characteristics (such as LGBTQ, Multi-Faith, and Social Mobility), focussed on creating a safe space for discussion and on celebrating awareness days.

We have also recognised the need to establish more focussed resources for change implementation to accelerate and co-ordinate change programmes which will deliver our corporate strategy objectives. As a result we will be bringing in fresh skills at a leadership level in 2022/23.

HOW ARE WE PERFORMING?

As we enter the second year of Building Better Futures we are confident that our strategy is delivering great outcomes for the resilience and long term sustainability of our business. We have also established the foundations which will enable great outcomes for our customers and communities, however we know that these are not yet being consistently delivered.

Internal challenges in delivering the repairs and maintenance services were compounded by the pandemic, wider economic and contracting environment, prolonging performance issues, and eroding the confidence of customers in that service. However we have maintained our focus on delivering operational strategies which offer additional support to our customers as we emerge from the pandemic into a cost of living crisis of a scale unseen in most modern memories. We know that many of our customers will be disproportionally and punitively impacted by the increases to food, fuel, and utilities costs. In response to this our corporate strategy places importance on building partnerships to meet the wider support needs of our customers. Our creation and leadership of the sector-wide 'More than Homes' campaign raised £400,000 for the Trussell Trust and demonstrated how more can be achieved by working together. We are resolute that our services and partnerships will support every Accent customer in terms of social, economic, and digital inclusion.

OUR PRINCIPAL BENCHMARK FOR OVERALL PERCEPTION BASED CUSTOMER SATISFACTION (CSAT) IS VIA UKCSI, WHICH IS MEASURED ONCE EACH YEAR.

CUSTOMER SATISFACTION

Our latest score of 62.5 is from May 2021. This compares to an average score of 69 for satisfaction with 'Your Housing Association', a benchmark provided by UKCSI. Our most recent position dipped slightly which correlates to overall UKCSI scores for participating organisations. The pandemic has clearly had an impact on satisfaction levels of many service providers.

Unfortunately as a result of the poor performance of our repairs and maintenance service we have also seen a drop in transactional satisfaction for this, and related services. Satisfaction with repairs once they are delivered has only dipped marginally, however wider repairs issues such as poor communication and missed or delayed appointments have placed additional pressure on the contact centre, the delivery of planned works, and increased the volume of complaints. This in turn has led to further reductions in satisfaction in these areas. We are confident that our investment and focus on transforming our repairs service will address these issues in the coming months.

We have seen a significant increase in satisfaction with new build homes, and we will be implementing a new satisfaction survey in 2022/23 which will give an even richer level of insight and greater engagement through questions directly related to the quality of the homes provided.

The current methodology also does not work for assessing customer satisfaction with estate services. This is not a personal transaction, and therefore many customers have told us that they do not know why they are being contacted, or what services the survey relates to. In 2022/23 we will undertake a quarterly perception-based satisfaction survey to supplement our transactional ones. This will include estate services and introduce an overall satisfaction question so that we can track satisfaction more regularly from a representative sample of residents. We will improve the availability of performance information for customers in 2022/23, moving away from an annual report to quarterly online reporting. We have consistently consulted with residents each year to agree the performance measures that they would find useful, and in 2021 we also consulted with residents on the proposed Tenant Satisfaction Measures from the Regulator of Social Housing. As a result we have agreed a comprehensive list of performance measures to report on our website each quarter. The 'How are we performing?' web page aims to put performance information into context, highlight areas of underperformance and explain how Accent is responding to this. It can readily be adapted to enable Accent to report on the Tenant Satisfaction Measures when they are introduced in 2024.

OUR LATEST CSAT SCORE OF 62.5 IS FROM MAY 2021

	Average Score	Volume of feedback	% Satisfied (= scores of 4 and 5) 2021/22	% Satisfied (= scores of 4 and 5) 2020/21
CONTACT CENTRE SATISFACTION	4.49	7,634	87.35%	90.30%
REPAIRS SATISFACTION	4.13	9,083	77.29%	78.70%
PLANNED WORKS AND SERVICING SATISFACTION	4.38	3,358	83.11%	86.10%
ESTATE SERVICES SATISFACTION	3.24	4,652	49.83%	48.10%
NEW TENANT SATISFACTION	4.52	498	88.15%	88.40%
NEW BUILD HOMES SATISFACTION	4.30	46	84.78%	57.10%
COMPLAINTS	3.95	648	72.84%	75.30%
EXIT SURVEY	3.91	128	71.09%	66.70%

CUSTOMER SERVICE

CONTACT CENTRE

The Contact Centre continues to work remotely and while customer satisfaction remains stable, we have felt the effects of the pandemic impact on other areas of performance. There has been a significant increase in sickness and loss of resource to external attrition has been higher than ever as the workforce reacts to increased opportunities in an increasingly competitive market.

Despite these challenges the team have:

- Achieved a 80% service level
- Supported c.345k customer contacts across varying channels
- Collected £2.9m in cash
- Achieved 4.49 out of 5 CSAT score, equating to over 87% satisfaction.

Our focus for the future is stronger than ever on supporting our customers, and a key element of our customer experience strategy is to help customers build a better future for themselves. One aspect of achieving this ambition is by providing a platform to encourage digital inclusivity and an ability to self-serve 24/7. This will also increase capacity in the contact centre to deal with more complex queries and enable specialist skills to be developed for services such as repairs and maintenance as well as maximising the time customer facing staff can spend with our customers increasing their visibility and building trust.

COMPLAINTS

We completed a six month impact review on our complaints service this year following a significant overhaul in 2020. This found that whilst our new process and system for managing complaints was working well, we still have pockets of poor performance and lack of accountability for complaints resolution. We have invested resources in refresher training and recruited to a new role which will take the lead on performance monitoring, challenge, insight and coaching.

Accent received 4,454 informal complaints last year, of which 257 were escalated to formal status. The high volume of total complaints are linked to dissatisfaction with the repairs and maintenance service. 70% of all complaints related to our repairs service.

Our focus is to deal with the majority of complaints via early resolution, and this year we dealt with 94.1% at this stage. 90% of those were resolved within our service standards on timescale.

We benchmark formal complaints via Housemark. Of those we resolved 64.6% are within our target timescale. When benchmarked via Housemark this is a bottom quartile performance. Supporting colleagues to understand and improve this performance will be a priority.

Whilst we always try to resolve complaints within our own process, on occasion this is not achieved and a referral is made to the Housing Ombudsman Service. In 2021 seven complaints were investigated and one determination of maladministration was made with regard to our handling of decorative works following a repair.

HOME OWNERSHIP

Our review of services to homeowners is underway. We have recruited new colleagues to our Home Ownership Team along with an experienced manager. The wider business has also implemented changes that will contribute to the improved services to our homeowner customers including a new service charge team.

We continue to work towards further improvement, a lot of which will not only improve services to customers but also colleagues. The implementation of Microsoft Dynamics has allowed us to improve the customer journey not only for those purchasing from Accent but also existing tenants and homeowners.

INCOME MANAGEMENT

We have seen a slight increase in our rent arrears this year, following two years of strong performance despite the economic impact of the pandemic. Despite this, overall arrears, for rental and leasehold homes, were within target by the end of the year. This is good performance against the backdrop of the financial challenges faced by many of our customers this year.

Arrears relating to homeowners has continued to reduce month on month seeing a reduction of £106k since October.

It is critical that performance is sustained and where possible improved during 2022/23, and the reframing of our income strategy will support this.

	2021/22	2020/21	2019/20	2018/19	2017/18
CURRENT TENANT RENT ARREARS*	3.26%	3.21%	3.18%	2.50%	2.20%
AVERAGE RE-LET TIMES (GROSS DAYS)	46.9	68.7	29.8	31.5	29.3
EMPTY PROPERTIES	1.4%	1.5%	1.4%	0.9%	1.0%
ASB CASES PER 1,000 PROPERTIES	30.9	29.4	21.9	27.6	38.9

*includes residential properties that are either general needs or housing for older people. Main and sub accounts (Rechargeable Repairs, Legal Costs, Ground Rent, Major Works and Deferred Service Charge) are included.

Our performance was not where we wanted it to be when we were hit by the pandemic, and in early 2020 we brought in external expertise to support our review of the service.

Unfortunately the situation worsened during the national lockdowns and the continuing disruption to contractor resources, and access to residents' homes as a result of COVID-19 in 2021.

This led us to establish a dedicated team to engage with colleagues, customers, and contractors to identify our priorities for service transformation. Several immediate improvements have already been implemented, including the mobilisation of new contractors in three regions, a robust contract management framework and clarification of our service standards with customers. The review also led to the creation of a new senior team, including executive representation, to lead the improvements needed to ensure that our future repairs service is both reliable and high quality.

	2021/22	2020/21	2019/20	2018/19	2017/18
DECENT HOMES	99.53%	99.28%	98.73%	98.97%	98.20%
AVERAGE TIME TO COMPLETE A REPAIR (DAYS)	16.2	14.5	12.7	11.6	9.3
PERCENTAGE FIRST TIME FIX	79.80%	80.60%	81.60%	80.60%	89.10%
PERCENTAGE SATISFIED WITH RESPONSIVE REPAIRS	77.29%	78.70%	75.10%	88.10%	87.00%
PERCENTAGE GAS SERVICED	99.84%	99.90%	99.95%	99.98%	99.91%

OUR AIM IS TO DELIVER WARMER, MORE COMFORTABLE HOMES WHICH ARE MORE...

...ENERGY EFFICIENT AND THEREFORE CHEAPER FOR OUR CUSTOMERS TO HEAT.

DURING 2021-22, WE HAVE ESTABLISHED A SUSTAINABILITY HUB TO FACILITATE THE CREATION OF ACCENT'S ENVIRONMENTAL SUSTAINABILITY STRATEGY.

We have produced our Carbon Literacy Programme, where we aim to train all colleagues across the business by 2024 and we are developing detailed plans to ensure we involve customers in setting the direction for our zero-carbon journey.

We have strengthened our energy data to inform the work on our Decarbonisation Plan. We were successful with our application for Social Housing Decarbonisation Fund (Wave 1) grant from the government to retrofit a number of homes in two of our key communities – Surrey Heath and Bradford.

This funding is worth £1.25m and our objective is to improve the thermal efficiency of the homes with works including windows and internal and external insulation. Our aim is to deliver warmer, more comfortable homes which are more energy efficient and therefore cheaper for our customers to heat.

We will use this pilot project as a learning opportunity and to help develop our thinking and inform future programmes.

We want to tackle fuel poverty for our customers and are aware that due to the energy crisis and cost of living crisis the number of fuel poor households within our customer base was likely to rise. To monitor this and to help us to determine where support was most needed, we created a fuel poverty matrix which establishes a fuel poverty score for each of our households based on a number of proxies. These proxies include social and financial factors such as the number of dependent children living in the household and length of time in arrears. The proxies are then weighted based on perceived impact on fuel poverty. The model is updated weekly and is used by Customer Partners to determine where additional support is required. It is also used within the Sustainability Team when considering which homes should be prioritised for decarbonisation works.

ACCENT WERE ONE OF THE FIRST PROVIDERS TO APPOINT A BUILDING SAFETY MANAGER.

Who along with the Fire Safety Manager and Team continually monitor emerging building safety and fire safety legislation and guidance. We have four blocks which will be regulated under the Building Safety Act, two of which are currently being remediated to meet the new government standard and two new builds.

We have a well-established programme of risk-based Fire Risk Assessment and will use the fire risk prioritisation tool to both assure the existing programme and to identify premises over 11 metres in height and others coming into scope from January 2023. Many of the Regulations outlined in the Fire Safety (England) Regulations are already in place and regularly audited by our regional Fire and Safety Assessors. Additional workloads are currently being assessed and will be incorporated into strategic plans.

Being proactive is key to delivering our Building Safety Plan. Our commitment to ensuring customers feel and are safe in their homes has been strengthened by the following achievements to date:

- Appointment of a competent Building Safety Manager to provide expertise and assistance to the Accountable Person, to meet the duties for occupied higher-risk buildings set out by the Building Safety Bill
- Our commitment and signing to The Building Safety Charter
- Creation and publication of an overarching Customer & Building Safety Policy
- Dedicated Fire & Safety Team with regional Fire & Safety Assessors
- Building Safety Risk Bandings Icon on ActiveH – Categorising buildings to aid decision making on planning of fire safety and building safety activities to be prioritised against the building risk

HEALTH AND SAFETY IS ALWAYS A TOP PRIORITY AND HAS CONTINUED TO BE AN AREA OF KEEN FOCUS OVER THE LAST YEAR.

We have ensured that our customers receive essential safety services and that we have provided a safe working environment for our colleagues.

We have aimed to strengthen colleague wellbeing and resilience through development of a wellbeing strategy. Action taken to implement this strategy has included, reiterating the message that colleague wellbeing is important, raising awareness of free support resources available to colleagues, a programme of welfare calls with colleagues, adapting personal risk assessments to ensure safety while working at home is considered and specific training to support colleagues, for example, in how to manage confrontational situations. Through this activity, we will ensure that our colleagues are able to deliver the services that customers need whether working from offices, homes or from within our communities.

As the country moved out of the pandemic, Accent followed Government guidance and re-opened offices but also consulted with colleagues to develop working practices that embraced the 'best of both worlds' in terms of hybrid working. We have supported colleagues to deliver services face to face to residents where this benefits our customers and to transition to home working where services can be delivered virtually without disruption.

At Accent we ensure robust governance over health and safety issues through the inclusion of a health and safety champion on the Group Board and through a dedicated Health and Safety Committee who provide additional scrutiny and direction both in terms of customer health and safety and colleague health and safety. Customer safety performance and colleague sickness absence, particularly in relation to stress, anxiety, and depression, continue to be closely monitored at Board, Committee and Executive level through routine monthly scorecards and summary reports.

Scrutiny of health and safety performance takes place at multiple levels throughout the organisation. In line with the Board's minimal appetite for health and safety risks, we include a wide range of health and safety audits within the internal audit schedule and the resultant reports are reviewed by both the Audit and Risk Committee and the Health and Safety Committee. We monitor performance in terms of legal compliance but we also monitor and scrutinise completion of remedial works related to servicing and maintenance, as we believe this gives a deeper understanding of customer safety.

Despite a slight increase in contractor absence following the government's decision to remove all COVID-19 restrictions, services to customers, including all safety maintenance and servicing, has been maintained throughout the pandemic. This is due to collaboration with, and support from, our partner contractors and careful communication with residents to help them to understand the COVID-19 safe working practices that our contractors implemented. We respected customers' concerns when shielding or anxious about COVID-19 risks and scheduled appointments around periods of self-isolation. This personalised approach to planning has meant that essential compliance services have always been completed.

We recorded 194 accidents (2020-21: 161) involving customers or members of the public across all our residential areas during 2021/22. This is a continued increase on previous years due to the introduction of our online accident reporting tool and better reporting and recording of a wider range of accidents, incidents and near misses. As in previous years, the vast majority were minor slips, trips and falls and the figures include all accidents, both preventable and non-preventable. 15 accidents involving employees (including contractors' operatives) were recorded. The number recorded is still relatively low, which is unsurprising given reduced travel and on-site activity during the pandemic. There have been no colleague accidents reported to HSE under RIDDOR. One contractor near miss was reported by the contractor to the HSE under RIDDOR. To date the HSE has not made further enquiries on the case.

FINANCIAL REVIEW

THE YEAR TO 31 MARCH 2022 HAS RESULTED IN A SURPLUS BEFORE TAX OF £28.13M, COMPARED TO £15.97M IN 2021.

The headline increase is due to a net movement on revaluation of housing property attributed to the reversal of a previous decrease in valuation of housing property of £13.38m. The Group continues to operate in a challenging environment as it starts to deliver maintenance works deferred due to the COVID-19 pandemic. Furthermore Accent is adapting to manage the impact of the emerging cost of living crisis as we support our customers through one of the most prolonged and challenging times in recent history.

The core business of providing affordable housing remains strong and has produced a financial result in line with expectations. The principal highlights are as follows:

- The Group's core affordable housing business made an operating surplus of £19.3m (2021: £24.93m), the decreased surplus arising from a combination of:
  - increased rental income of £1.03m reflecting the current rent policy of increasing rents by CPI plus 1%.
  - increased repairs and maintenance costs of £4.46m a result of catching up on previously deferred maintenance during the coronavirus pandemic.
  - Increased depreciation of £1.32m, a result of completing 79% more component replacements during the year following deferral of works caused by the COVID-19 pandemic coupled with an increase in the underlying value of Housing Property which was recognised in the prior year accounts.
- Other activities made an operating surplus of £8.03m (2021: £6.70m) arising from grant received of £4.18m, first tranche low cost home ownership sales of £1.25m and gain on disposal of housing properties £1.44m.
- During the year housing properties amounting to £37.4m (2021: £3.07m) were completed, in line with the Group's strategic plan and continued focus on development of new homes. For more details of this three year strategy please see the Building Better Futures Strategic Plan available on **www.accentgroup.org**. 2021/22 represented the first full year of the development program delivery and as referred to on page 23 Development and Growth in this Strategic report.
- The housing assets continue to be valued at Existing Use Value – Social Housing (EUV-SH). The assets were re-valued by Savills as at 31 March 2022 providing an uplift on the 2021 review to a net carrying value of £847.78m an increase of £46.20m (2021: £20.16m). For properties that have incurred movements in value below their original historical cost an increase in value of £13.38m has been recognised in surplus for the year. An unrealised gain of £32.82m has been reported below the surplus for the year within comprehensive income.
- During the year to 31 March 2022 the Group saw an actuarial gain of £8.08m within the Accent Group Pension Scheme (AGPS) and an actuarial gain of £0.90m in respect of the Social Housing Pension Scheme (DB). These movements are reported below the surplus for the year but within comprehensive income and resulted in a net decrease in the pension deficit of £10.11m. The gain on the AGPS was primarily driven by an increase in the equity assets of the scheme of £3.22m coupled with a decrease in the schemes' overall defined benefit obligation of £5.25m due to actuarial gains. The actuarial gain revealed in these accounts (see Note 7) is driven by an increase in discount rate from 2.15% to 2.75% reflecting movements in the market's long term view on interest rates.
- During the year the Group invested £41.37m (2021: £30.85m) in repairs and maintenance, both capital and revenue, reflecting the continued focus of the Group on improving the quality of our existing homes. The Group started to recover from the impact and limitations caused by the coronavirus pandemic with previously deferred planned programme works being completed during the year.

After the transfer of the total comprehensive surplus for the year of £69.93m (2021: £41.79m), the Group's reserves amounted to £472.12m (2021: £402.2m).

ACCENT GROUP LTD

FOLLOWING THE ISSUE OF THE BOND IN JULY 2019 TOGETHER WITH THE SALE OF THE RETAINED BOND IN OCTOBER 2021 THE GROUP HOLDS A SIGNIFICANT AMOUNT OF LIQUID FUNDS AT THE YEAR-END AMOUNTING TO £159.1M EXCLUDING RING-FENCED FUNDS (2021: £98.5M).

This positions the Group well to deliver its' corporate strategic aims, which include; improving the quality of existing homes and services, delivering on our decarbonisation commitments and delivering sustainable and quality new homes via our development strategy.

The strong liquidity position also gives the Group flexibility to deal with the current challenges and those of a post COVID-19 world. These liquid resources are managed in line with the Group's, Board approved, Treasury Management Policy and Investment Policy. Both policies are regularly reviewed and updated and are subject to detailed scrutiny from the Treasury Committee with guidance from external expert advisors.

The Group operates a centralised treasury function, with responsibility for the management of liquidity, interest rate and counterparty risk. The strategy has an overriding objective of the avoidance of unacceptable risk, with surplus cash being invested with approved counterparties (banks and money market funds) in line with the Treasury Management Policy that defines credit quality criteria and maximum exposure limits.

"WE ARE MOVING TOWARDS A REALITY THAT EVERY YEAR IS AN ATYPICAL YEAR AND 2021/2022 FINANCIAL YEAR HAS INEVITABLY BEEN CHALLENGING FOR EVERYONE BUT AS WE RECORD LATER IN THIS SECTION OUR PERFORMANCE HAS REMAINED ROBUST."

PAUL DOLAN
Chief Executive

AS A RESPONSIBLE REGISTERED PROVIDER ACCENT HAS CONTINUED TO PUT THE HEALTH AND WELLBEING OF OUR CUSTOMERS AND STAFF AT THE HEART OF EVERYTHING WE DO AND THIS IS EXEMPLIFIED BY SOME OF THE EXAMPLES CITED BELOW.

In 2021/2022 we saw the real increase from the pressures on costs through higher inflation working its way through and impacting our customers with the rise in food prices and incidence of fuel poverty. For Accent it was manifested through increases in utilities and building materials. As a business we are ever mindful of our role and impact on our customers lives with a constant need for us to focus on efficient services and delivery in a digital world whilst recognising that one solution will not fit all.

We also recognise the need and demand for our housing which is set to increase and therefore providing more homes and more efficient homes has remained a focus. Our new development team worked closely with local and national developers and in the year completed 240 social housing homes which means that nearly 500 people are now benefitting from the safety and quality of a new home. This growth is set to increase with over 1,000 social housing homes in the pipeline on secured sites across the country, the challenge is ensuring we continue to deliver these at costs which reflect the focus on VfM in a market of rapidly rising prices. For each of the new schemes approved the preference of Accent is to secure fixed priced development contracts with credit approved contractors thus removing the risk of increased costs and failure to deliver.

VfM has and will remain at the heart of what Accent does and our approach remains embedded and holistic. Every procurement and proposal for changes in systems, processes and procedures is always considered in the context of VfM but the Board recognises it can be demonstrated in a variety of ways and that ‘cheapest is not always best’ in a business that manages for the long term and with a determination to deliver what is best for the customer.

"NOT ALL VFM EXAMPLES ARE GLAMOROUS, HIGH PROFILE OR COMMERCIALLY OF HIGH COSTS BUT ALL ARE SIGNIFICANT CONTRIBUTORS TO OUR VALUES AND DELIVERY."

CLAIRE STONE
Executive Director of Customer Experience

In 2021/22 just some of the examples of VfM at Accent include:

1 OTHER WAYS OF HELPING OUR CUSTOMERS

We understand some customers want to tackle their money issues themselves and do not want to speak to us about them. We have invested in other routes to helping our residents through our partnerships with 'Money Helper' and 'Entitled to'. We have increased the number of self-help tools available on our website. These tools are free for customers to use but also benefit us by preventing unnecessary in-bound contact driving greater use of our digital self-service offering whilst helping maintain and reduce our tenants arrears. Again throughout 2022/23 we will be increasing our efforts in this respect and working with partner agencies to signpost customers to ensure the right support is accessible.

2 INSURANCE PROCUREMENT

Against the backdrop of a tightening market Accent went out to procure insurance services for all aspects of the business. Despite the challenging environment management were able to secure pricing that was improved on previous years generating financial efficiencies. This was in part through undertaking a full market test but complemented by the provision of significant data evidencing an improvement in claims prevention and a robust understanding of our risk management processes. The financial saving year on year was in excess of £100k however when the potential increases that are being seen elsewhere in insurances are factored in it is far greater.

3 VOIDS

GAS CERTIFICATES MANAGEMENT

A new facility has been developed to allow key gas and electrical certification for void properties to be held in a centralised document repository. Appropriate colleagues are able to access these documents themselves efficiently freeing up our voids team to focus on other priorities within the vacant homes.

4 CONSOLIDATION OF INVOICES

We have worked with key contractors across our regions to agree invoice consolidation. With just one supplier Accent received between 8-10 invoices for each of our five regions each month. Management requested that the supplier consolidate all of the invoices which they were happy to comply with. This has significantly reduced the number of invoices and the time taken for processing invoices.

5 RAISING OF AIDS & ADAPTATIONS MINOR WORKS ORDERS

Previously all aids & adaptations works orders raised to our contractors for minor works were done by the Aids & Adaptations coordinator. In the last year 252 works orders have been raised by mobile workers and our contact centre staff, we estimate this has saved our coordinator 21 hours over the year and meant that the post holder can focus on progressing major adaptations.

6 ARREARS SUPPORT FUND
(A FINANCIAL HARDSHIP FUND)

Over the last 12 months we have continued to promote and implement our Arrears Support Fund. In 2021/22, 261 customers in financial hardship benefited from this. These households received an offer of an arrears reduction if they prioritised their rent payments. These customers committed to paying their rent and an agreed amount towards their arrears for a set period. Once they had made the agreed payments, their account was credited by up to one months rent charge.

This proactive approach builds trust and benefits customers as their arrears reduce at a quicker rate and they are rewarded for their payment behaviour at a time when they may have multiple creditors. The fund cost Accent £58,000 and brought in £170,000 of income from customers who may have otherwise stopped paying or terminated their tenancies. It also prevented £936,000 in possible void costs and prevented increased bad debt provision. Moving into 2022/23 we understand that working with customers to generate good payment behaviour and support those in need will intensify. As such for the forthcoming year we have increased our intervention funding and will be actively monitoring its impact throughout the financial year.

7 AUTOMATED IT SOLUTION
REPAIRS AND MAINTENANCE

In conjunction with the IT team, and as part of our digital strategy we have introduced new technology to help us keep our customers fully informed. The first stage implemented has been the automated solution which was established to send customers important asbestos information pertaining to their home. This solution has been used to send 2,000 emails to customers, rather than printing and posting hard copy letters, leading to a monetary saving of up to £6k. We are now looking to deploy the automated solution for other areas of customer information in order to generate further efficiencies.

8 REPAIRS PORTAL IMPROVEMENT

Following a review of processes Contact Centre agents were given the facility to add cancellation queries and general note diary entries via our repairs portal on our Housing Management System. Previously this facility was not available to them resulting in a greater time taken to log entries. The time saved through this process re-engineering can now be spent on other aspects of customer contact.

9 BIN CHUTE REPLACEMENT PROJECT

We have 49 bin chutes across a number of schemes, all in Surrey Heath. The latest round of servicing highlighted £85,000 worth of essential remedial works alongside customer dissatisfaction with the existing outdated arrangements.

Management worked with regional representatives, contract management and Health and Safety teams to identify the most appropriate way forward. The agreed solution was to install bin stores and decommission the aged chute system.

Our project goals were driven by putting our customer first and are summarised as:

1. Improve the lived environment for customers in the 49 blocks of flats – by decommissioning the chutes thus reducing issues with waste control.
2. Reduce the risk of fire in the 49 blocks – the bin chutes pose a potential fire hazard.
3. Support the environmental sustainability by introducing recycling bins on the schemes.
4. Provide value for money services to customers – robust bin stores do not need servicing and are less likely to need repair in the same manner as waste chutes.

These examples are amongst many activities which illustrate a holistic attitude and consideration across the business. Continuous improvement in all aspects helping to underpin the strategic aim of being a resilient and ambitious business.


Cookies Settings
Money Helper
Money Navigator Tool
Know what to do next
The coronavirus restrictions have affected millions of people and things are taking a while to recover. What this means for your finances will be very personal to you.
So if you're looking for money guidance but don't know where to start, you're not alone.
Who we can help
Your income is down and you're worried about your future finances
You've been furloughed and need help to get back on track, including after a payment holiday
You're facing redundancy or have lost your job
You're self-employed and work has dried up
You want to make the most of money you've saved during lockdown
TOOLS
HOMES
LOGIN

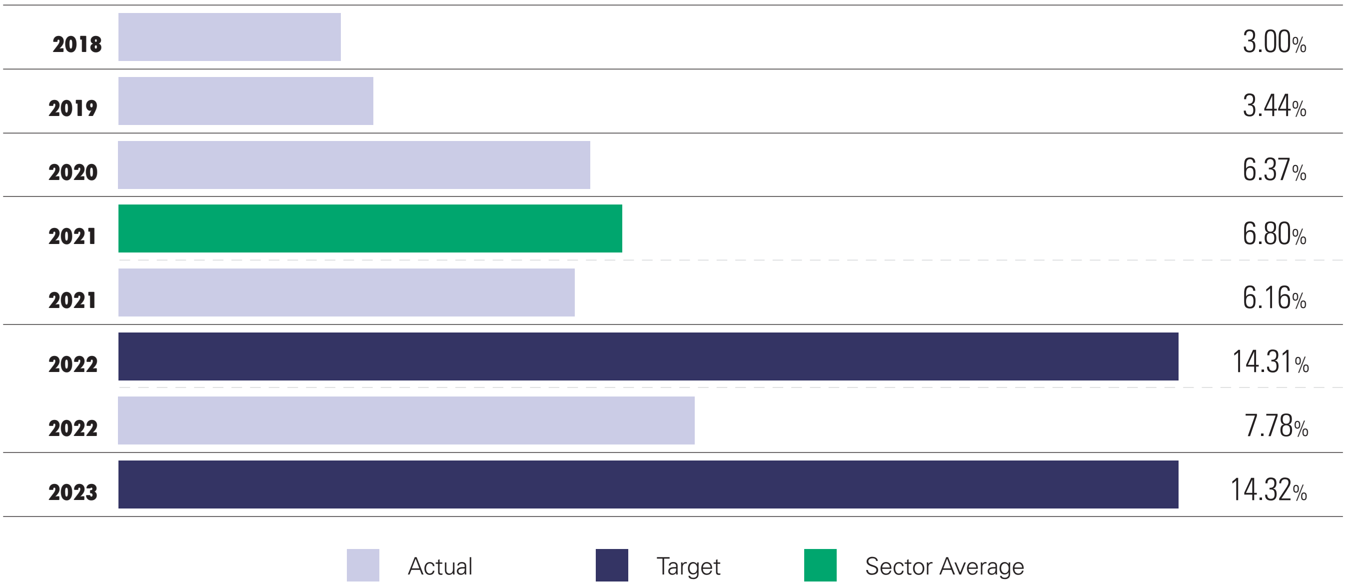
HOW DO WE MEASURE OUR SUCCESS?

At Accent we benchmark ourselves against the rest of the social housing sector.

In a time of real pressures brought on by the pandemic and more recently the impact on utility and food prices brought on in part by the war in Ukraine it is more difficult to directly compare performance not least because the statistics available from the Regulator through the published Global Accounts will inevitably reflect performance in the previous 12 months (2020/2021) and not those reported below and therefore the movement in Accent's performance year on year is perhaps of greater importance.

The measures we chose are those of the seven core areas identified by the Regulator of Social Housing but in addition we also chose to monitor and record a number of KPI's that help us assess progress in key areas. These are ones which are considered strategically important in measuring our effectiveness and success.

REINVESTMENT IN HOUSING STOCK



It is now four years since Accent launched its corporate strategy with the commitment to be a more significant player in the UK's response to the housing crisis.

Our ambition remains at making a significant contribution to help relieve the lack of affordable homes in the UK, we balance this with a commitment to continue investing in our existing asset base to position ourselves as landlord of first choice providing good quality, safe and secure homes.

Four years in we are making strong progress despite the impact of the pandemic and in particular the ability to undertake all the planned works on our existing properties. We have however continued to secure new sites and have a strong pipeline for the future. For 2021/22 we set ourselves an ambitious target of 14.31% for total reinvestment, a substantial amount of which related to capital works to existing properties. This compares to a sector wide reduction in 2021 of 22% whilst Accent's delivery was only down by 0.21%. In 2021/22 the capital spend on all maintenance related spend was £4m lower than budget due in part to a slower than expected recovery of the start of works post COVID and the challenges of buying suitable components resulted in Accent installing 1,726 fewer building components (2,822 new components compared to forecast 4,548).

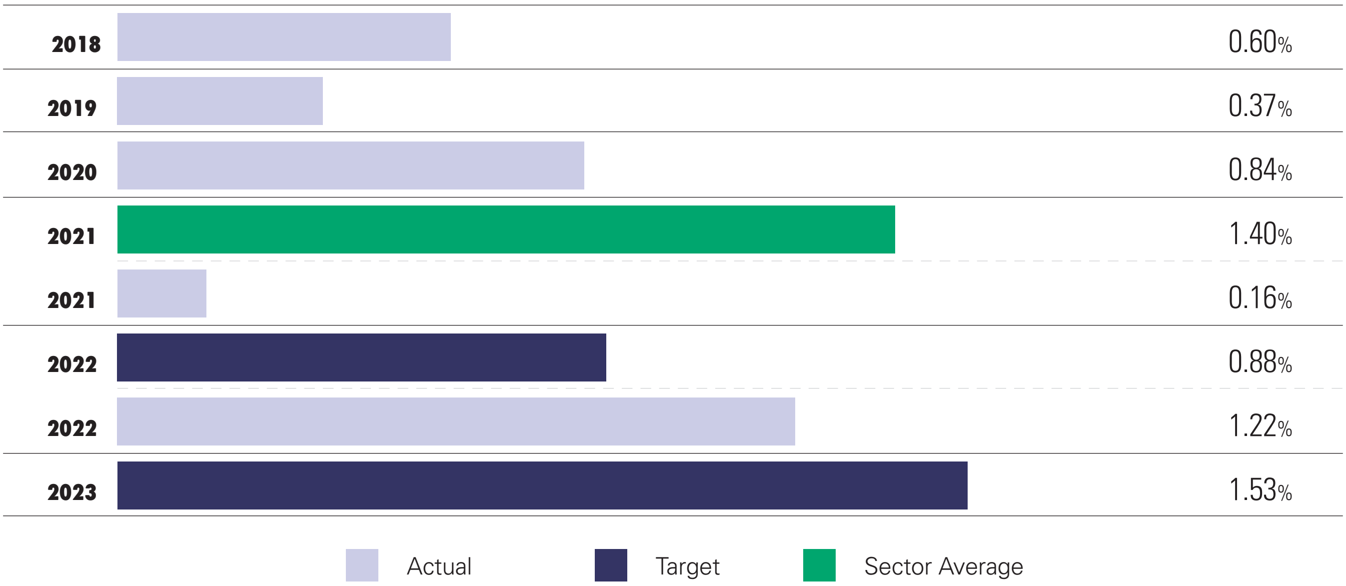
The 2021/22 global results will not be available for several months however an improvement to an 7.78% delivery represents a creditable performance and we have strong plans for recovering the reinvestment programme and many new development sites secured to run alongside our plans to improve our existing homes for the future.

The target for 2022/23 continues to be stretching for Accent at 14.32% and reflects the fact that a significant number of our pipeline sites will break ground during the year resulting in significant expenditure thereon.

Looking further forward Accent continues to have ambitious plans for investing in both existing and new properties with pipeline schemes now identified for the next 4-5 years and overall plans to deliver circa 3,000 new homes before 2030. In addition decarbonisation is a key area of focus for the business and will lead to additional investment in existing homes in the coming years as we look to meet the government's targets and support the carbon reduction agenda.

NEW SUPPLY DELIVERED

SOCIAL HOUSING

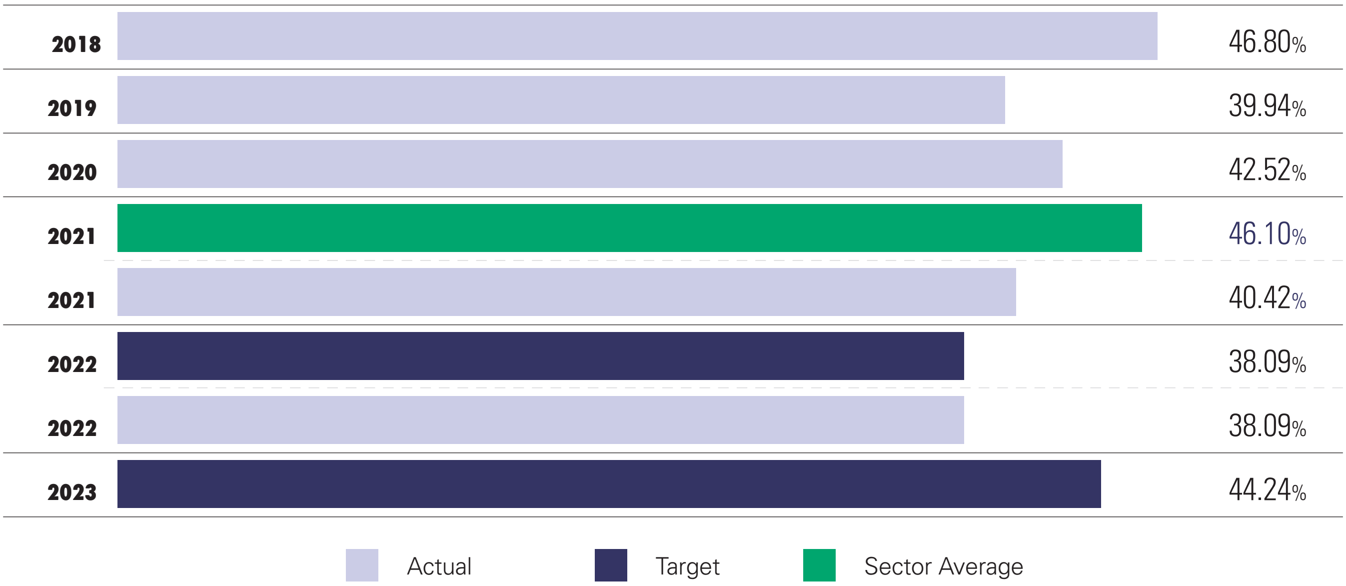


The development strategy and ambition has continued to grow at Accent. Since the strategy was initially set in 2017/18 we have established a dedicated development team with years of combined experience in delivering quality affordable homes.

Time has been taken to carefully identify development sites that best meet the needs of our future customers as well as the overarching strategy for Accent. A target of 0.88% was set for 2021/2022 as we planned implementation of the strategy. In fact we managed a 1.22% growth rate. In 2022/2023 we plan to increase this to 1.53% of our existing stock. The sector average in was 1.40% and with our identified and working sites we expect to exceed that performance. This reflects the strategic changes made at Accent and the build up of the new development team with a start to enabling many more customers to live in a decent, energy efficient modern home.

During last year we delivered just eight Market based (non-social) homes and the plans going forward do not include any great exposure to the market excepting a programme of shared ownership new units where we continue to see strong demand despite current uncertainties in the economy.

GEARING

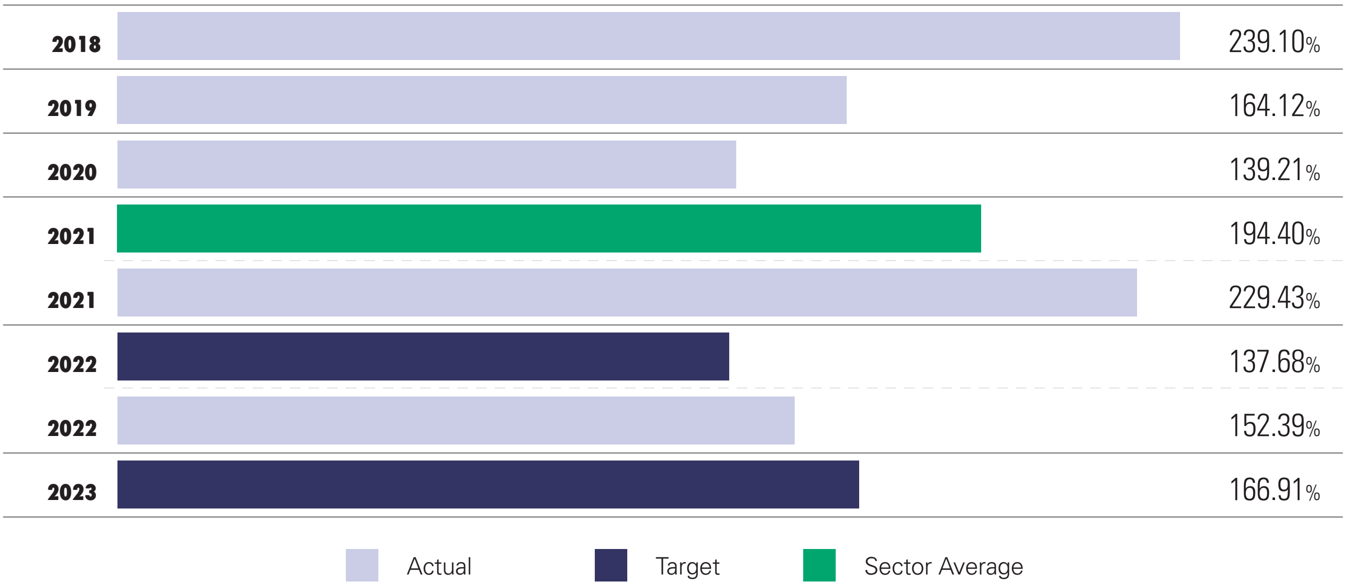


Accent has consistently enjoyed relatively low levels of gearing for a number of years, 2021/2022 continues to be no exception to this with a year-end position of 38.09% being on target with the use of surplus funds to pay down existing variable rate facilities on the back of a drawdown under the long term Bond arrangements.

The 2021 sector average was recorded at 46.10% but this is of course a blend of developing businesses and those less determined to grow. It is also the case that Accent Group bases its Accounts on the revaluation model which is unusual amongst Registered Providers and therefore direct comparisons are not possible.

The slow down caused by the pandemic in existing property spend has also had a depressing effect on debt but not valuation. We expect an increase in spending, and therefore debt, as we recover our original plans. All these implications are factored in to our medium and long term plans which have been considered and approved by the Board. This is referenced again in our consideration of 'Going Concern' accounting statement where we reaffirm the future strength and viability of the business.

EBITDA MRI COVERING

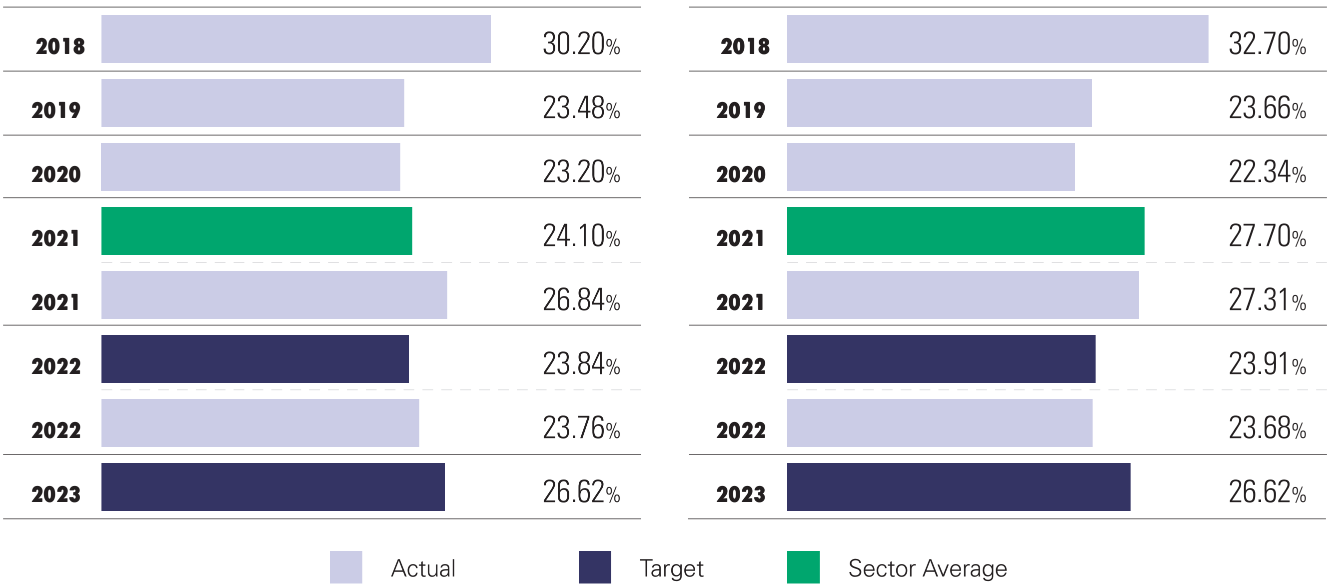


The target for 2021/22 was 137.68% however we recorded an improved position of 152.39%. This is below the 2021 industry average of 194.40% but nonetheless a healthy performance and a creditable performance recognising the initial financial costs of the significant growth in delivering new homes.

The improvement in performance compared to budget again reflects the tail of the impact of the pandemic on improvement works where we have been constrained in our ability to deliver the whole of the planned works. The benefits of the structural changes in debt funding made in 2019 also continue to make their contribution to overall performance.

OPERATING MARGIN

OVERALL SOCIAL LETTINGS

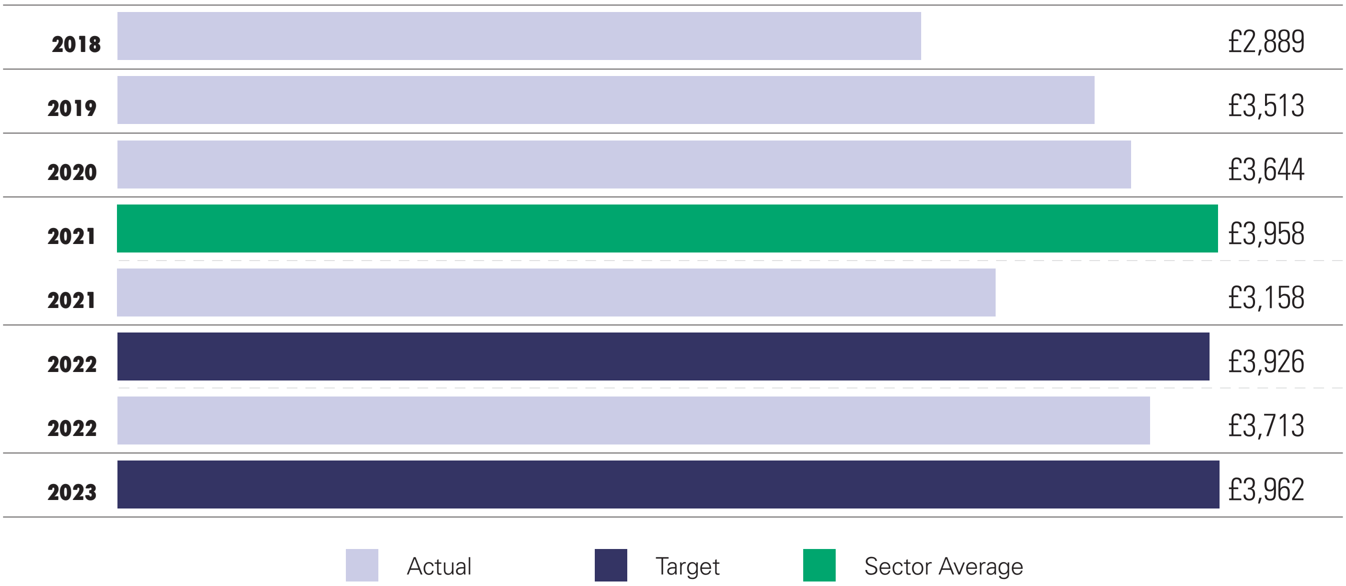


Accent's performance both at the overall but also just looking at the Social Lettings has maintained its pre-pandemic results and is consistently within close sight of the national average of 24.10%. The reported Group and pure Social Lettings performance demonstrates the very significant commitment within the business to focus on the social purpose of the business.

Further improvements in the performance are incorporated in the 2022/2023 budget forecast reflecting continued focus on Value for Money and combining the benefits of growing the business with the benefits of adding more new homes without proportionally increasing management costs (marginal costing).

As predicted 12 months ago some of the 'benefits' of lower spend on maintenance unwound during the year and this is reflected in the reported performance almost exactly mirroring the predicted performance at just below 24%, down from the 27.31% recorded for the previous year.

HEADLINE SOCIAL HOUSING COST PER UNIT

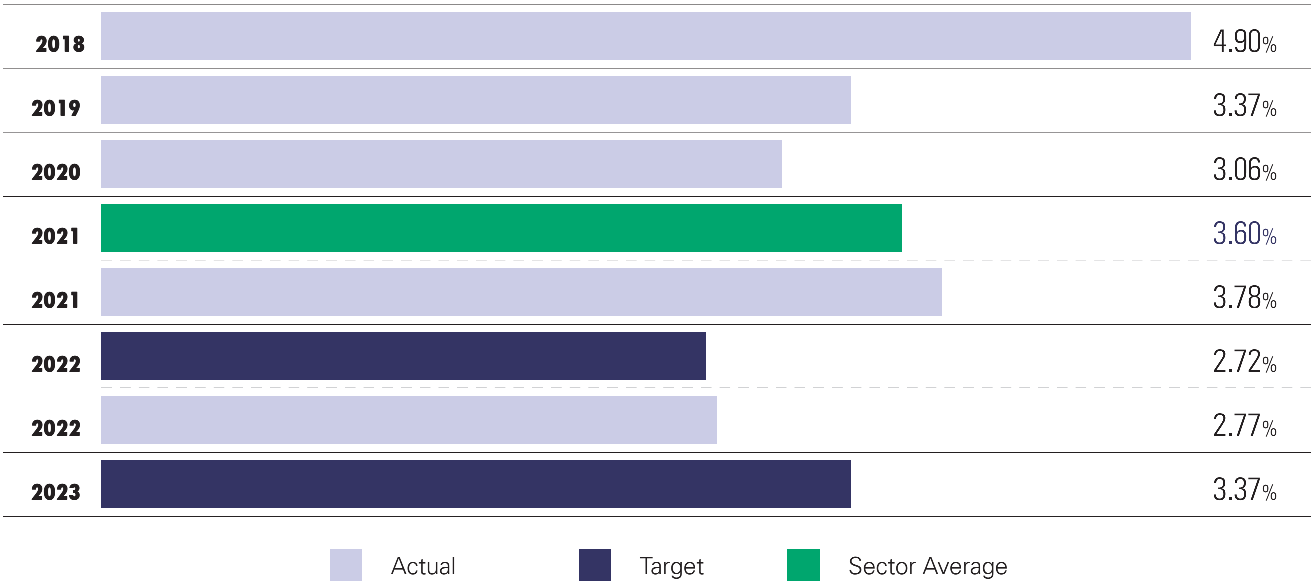


As we have previously reported Headline Social Housing cost per unit is very sensitive to fluctuations in delivery of repairs activity and to a lesser degree from decisions that impact our asset base, disposals etc.

The forecast was that costs per unit would virtually mirror actual sector wide performance of £3,958 however we did achieve a better performance at over £200 per unit less whilst still reflecting an increase in the Accent performance as more money has been spent as we returned to a service closer to 'normal' for parts of the past year. The expectation is that the forecast costs next year will be in line with those predicted in 2021/2022.

Accent continues to manage the cost base carefully looking to achieve best value wherever possible without compromising customer safety and satisfaction. The 2022/2023 target of £3,962 reflects this conscious approach to budgeting alongside the commitment to invest in our services and existing units to improve customers' homes and lives.

RETURN ON CAPITAL EMPLOYED



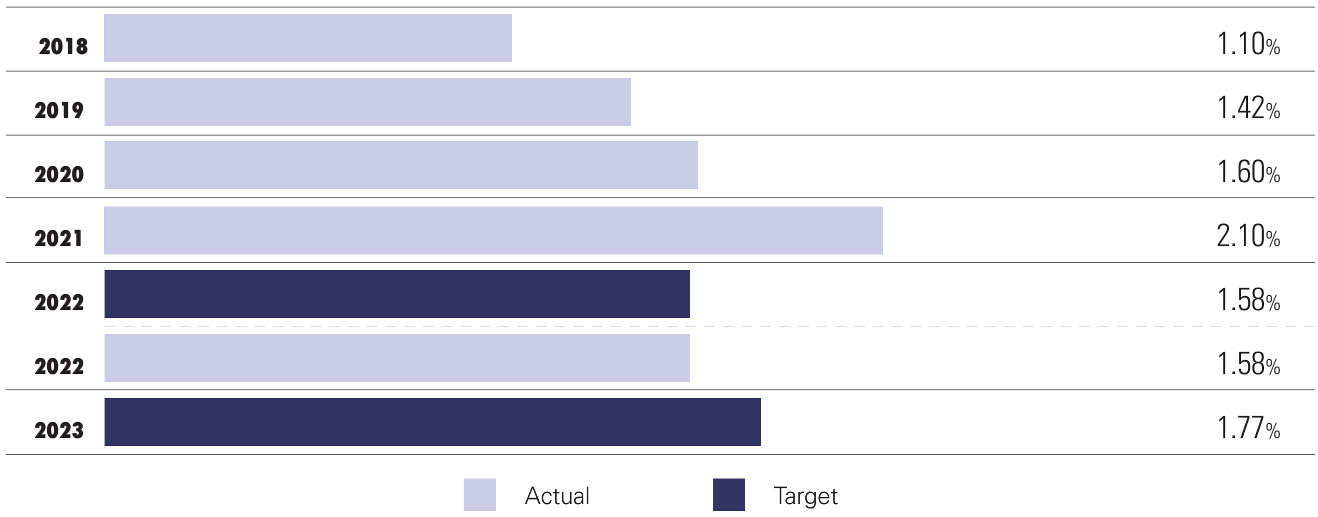
The 2021/2022 return on capital employed (ROCE) was marginally higher than expected at 2.77% but lower than the industry average at 3.60% and the 2021 performance recorded by Accent of 3.78%.

Accent continues to seek opportunities to improve operating margin and by association ROCE however this will not come at the cost of quality and reinvestment in sustaining our existing stock. In the coming years Accent intends to invest more in existing homes, customer service and digital innovation alongside the planned associated need to raise further debt to support the programmes.

In addition business plan, and current budget, for repairs and maintenance expenditure required to recover the deferred works position resulting from the impact of COVID-19 and the start of improvements in energy efficiency measures. This will have the inevitable impact of driving down ROCE in the short to medium term for all in the Sector. All Housing Associations will feel the pressure as they make difficult choices regarding their cost base and investment.

OTHER KPI'S MONITORED BY THE BOARD INCLUDE:

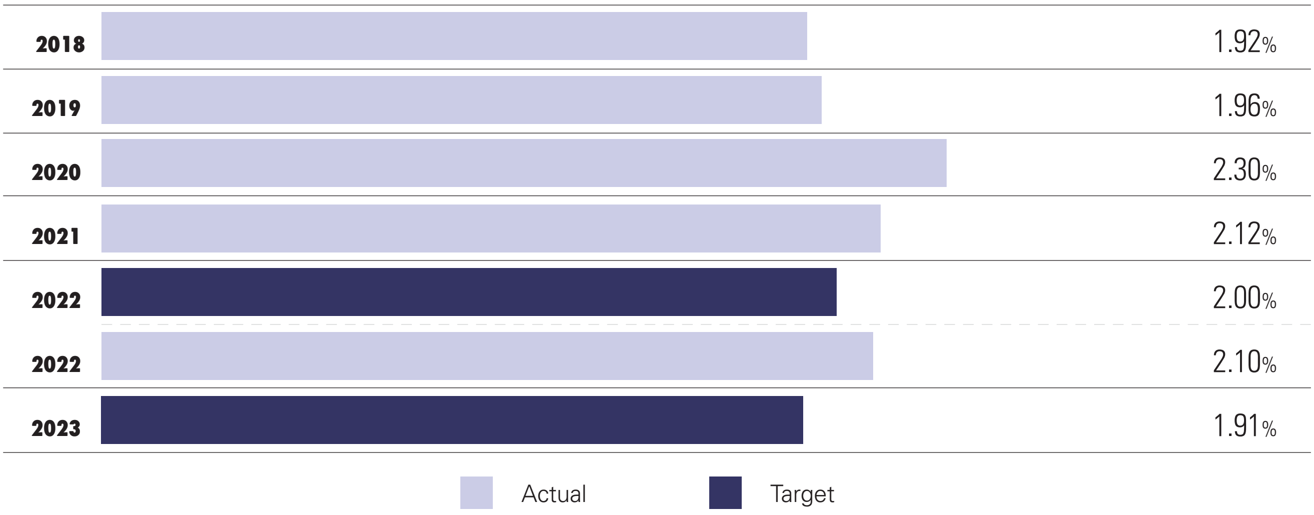
RENT VOIDS AND BAD DEBTS



Accent has historically enjoyed relatively low levels of voids and bad debts, consistently running below 2% but during the pandemic (2020/2021) a small increase to 2.10% was experienced.

Performance during part two of the pandemic stabilised and performance was restored to 1.58%. The reletting of homes due to inability to complete void property repairs recovered from the previous year.

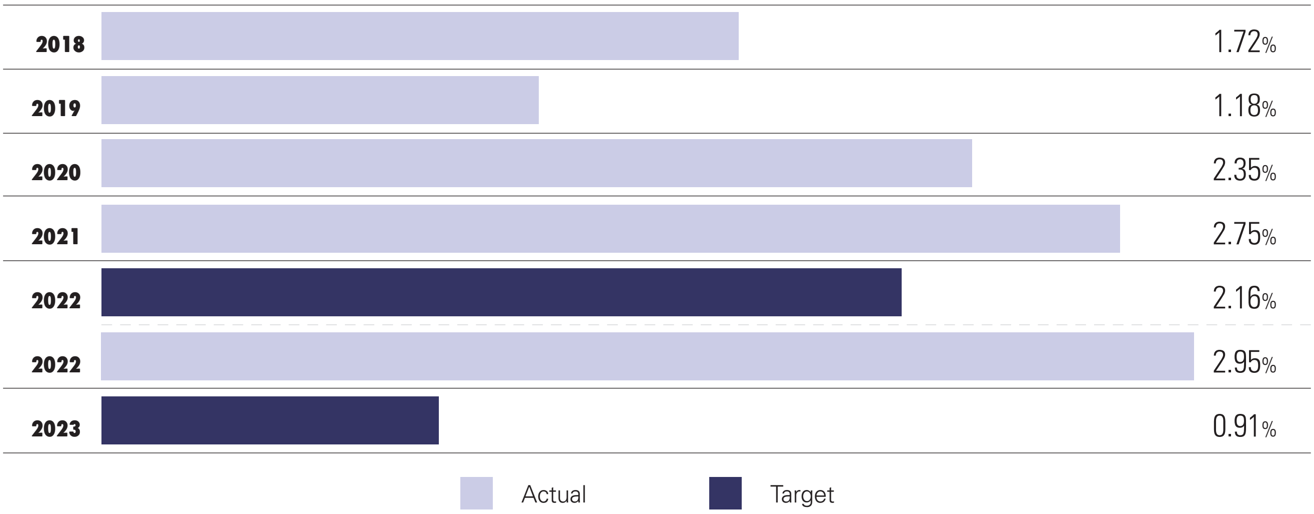
RENT ARREARS



The rent arrears target was increased to 2% to reflect the increasingly challenging operating environment and the acute financial pressures felt by many of our customers.

Actual performance fell just short of target at 2.1%, although we deem this as strong performance under the circumstances. We have shifted our income collection strategy to ensure we take much more supportive approach to handling arrears with customers and using behavioural analytics to target activity towards preventing those most at risk of falling into rent debt and this is having a positive impact on minimising increases in overall arrears.

LIQUIDITY RATIO



Accent continues to enjoy strong liquidity with cash reserves being managed carefully. The inability to deliver the full planned maintenance and development programmes during the pandemic resulted in planned expenditure being lower than expected which in turn meant we were more liquid (i.e. we were holding higher than expected cash reserves and lower debt as we did not need to use the credit – short term loan facilities).

It remains critical for Accent that we understand and manage our cash reserves effectively to allow us to deliver on our promises and our revised corporate strategy – Building Better Futures which puts our customers, both existing and new, at the centre of everything we do. As we move through 2022/2023 and deliver against this strategy the need for ensuring we have the funds to support our initiatives is critical with the need for new financing envisaged within the approved Budget and Business Plan.

In addition to the metrics shown on pages 52-61, Accent Group actively monitors a raft of measures including customer satisfaction, property voids and re-letting and repairs and maintenance performance as part of its key performance indicators. Consideration of these metrics is disclosed on pages 29–35 of the strategic report.

VALUE FOR MONEY (VFM)

Summary of the results produced by Accent Group and comparing the key criteria set by the Regulator of Social Housing:

	Sector Average 2020	Accent 2020	Sector Average 2021	Accent 2021	Accent 2022
REINVESTMENT %	8.30%	6.37%	6.80%	6.16%	7.78%
NEW SUPPLY DELIVERED/SOCIAL HOUSING	1.70%	0.84%	1.40%	0.16%	1.22%
NEW SUPPLY DELIVERED/NON-SOCIAL HOUSING	0.24%	0.00%	0.17%	0.00%	0.50%
GEARING	46.70%	42.52%	46.10%	40.42%	38.09%
EBITDA MRI	170.30%	139.21%	194.40%	229.43%	152.39%
OPERATING MARGIN OVERALL	23.80%	23.20%	24.10%	26.84%	23.76%
OPERATING MARGIN SOCIAL HOUSING	27.60%	22.34%	27.70%	27.31%	23.68%
HEADLINE SOCIAL HSG COST PER UNIT	£3,987	£3,644	£3,958	£3,158	£3,713
ROCE	3.80%	3.06%	3.60%	3.78%	2.77%

LOOKING FORWARD

Accent sets clear and well thought through targets for all aspects of Value for Money on an annual basis, all of which underpin our corporate strategy and its delivery. Setting forward looking targets for the organisation remains an important aspect of the strategic planning cycle and budgets are set with this in mind. Moving into the 2022/2023 financial year Accent has again set a stretching budget but one which meets the needs of our customers and seeks to address some of the existing customer expectations on works and improvements to their homes whilst also ensuring there remains capacity to deliver more new homes to new customers that need them.

Accent is now working to deliver its new strategy which builds on the foundations of the 2021 strategy. Building Better Futures is an evolution of Accents existing commitments, ensuring exceptional services and responding to the needs of customers is at the centre of everything.

It acknowledges that we are in a world which has changed significantly over the last two years with greater than ever pressures on households. The needs of our existing customers demanding caring and compassionate quality of life whilst recognising the need of new customers is ever growing, meaning we are ever mindful of the need to be as efficient as possible, delivering great Value for Money without compromising the standards we deliver and our customers expect. The role of Housing Associations as providers will be questioned like never before, not only politically but also through the eyes of customers. Having a clear understanding of the financial resources and constraints that underpin our business and driving value through everything we do with the customer at the heart is key to our future success and something every member of the team is committed to.

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

Matthew Sugden
Secretary
9 August 2022

REPORT OF THE BOARD

The Board presents its report and the financial statements for the year ended 31 March 2022.

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, keyworkers and special needs accommodation.

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 AND FUTURE DEVELOPMENTS

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 10 to 63.

BOARD MEMBERS AND CO-OPTED EXECUTIVE DIRECTOR

The Board members and co-opted executive director (the current Group Chief Executive) are shown on pages 4 to 5.

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 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 five years, to play our part in addressing the UK's broken housing market.

To monitor the implementation of our corporate strategy and ensure that our business delivers operationally the Board has put in place a committee structure. This committee structure, and is effectiveness, is regularly reviewed by external consultants as part of a triennial governance review.

THE CURRENT COMMITTEE STRUCTURE COMPRISES:

GROUP AUDIT AND RISK COMMITTEE

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 PEOPLE COMMITTEE

Supports the Board through its oversight of the People Strategy to enable us to embed and sustain a values-based culture that delivers the vision and corporate strategy; and ensure that appropriate governance arrangements are in place in respect of Executive and Non-Executive appointments, succession plans, performance assessments, development plans, and Executive reward and remuneration.

GROUP TREASURY COMMITTEE

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

Is responsible for ensuring delivery of Accent's development programme and asset management strategy. This includes procuring, developing and disposing of land and property.

GROUP CUSTOMER EXPERIENCE COMMITTEE

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.

GROUP HEALTH AND SAFETY COMMITTEE

Ensures that our policies, procedures and working practices regarding health and safety meet or exceed any legal obligations, with the object of promoting the well-being and safety of our customers, colleagues and communities. The committee has agreed key performance indicators for both colleague and customer safety and has oversight of a dedicated health and safety risk register.

The current process for reviewing individual Board and committee members' performance has been further improved with external challenge provided by consultants David Tolson Partnership. The appraisal meetings will continue to appraise contribution, attendance and training and development needs. 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, nine 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 terms that are consistent with market practice including a six month notice period. Details of Board members' remuneration are included in note 8 to the audited financial statements. Board members' remuneration is benchmarked on a triennial basis by external consultants, the last benchmarking took place in 2021. 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.

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2022 is as follows:

	Board/Committee	Meetings Attended	Total Renumeration
 **TOM MISKELL** (Chair)	Group Board: People Committee:	6/6 4/4	£21,539^
 **NICI AUDHLAM-GARDNER**	Group Board:	1/1	£1,504^
 **HELEN JAGGER**	Group Board: Customer Experience:	6/6 4/4	£9,021^
 **JAMES KELLY**	Group Board: Audit and Risk:	5/6 7/8	£9,021^
 **ARCHANA MAKOL**	Group Board: Audit and Risk:	5/6 8/8	£9,021^
 **SALLY ORMISTON**	Group Board: Customer Experience:	5/6 3/4	£9,021^
 **STEVE PEARSON**	Group Board: Capital Investment:	6/6 6/6	£9,021^
 **ROB SELDON**	Group Board: Audit and Risk: Treasury: People Committee:	5/6 7/8 5/5 4/4	£9,021^
 **RICHARD WILKINSON**	Group Board: Customer Experience: Health and Safety:	6/6 4/4 6/6	£9,062^

^Inclusive of expenses and employers national insurance contributions

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 co-opted executive director and executive directors are all active members of the Accent Group Pension Scheme. They participate in the scheme on the same terms as all other eligible staff.

The Group previously participated in the Social Housing Pension Scheme (SHPS) defined benefit scheme. This scheme was closed to Accent employees from 1 August 2016.

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.

POLITICAL AND CHARITABLE DONATIONS

The Group made grants and awards of £2.9k (2021: £52k) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

REGULATORY COMPLIANCE

Corporate Governance
The Board understands that robust governance arrangements are essential to ensure delivery of our corporate strategy and to meet the needs of our stakeholders.

All registered providers are required by the Regulator of Social Housing Governance and Financial Viability Standard to adopt a code of governance. A code of governance sets out the standards that organisations can reasonably be expected to achieve if they are to be well governed.

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 was rated as V1 G1 on 26 June 2019 by the Regulator of Social Housing following its In-depth Assessment in March 2019 and this was re-affirmed by the Regulator of Social Housing on 8 December 2021.

The National Housing Federation (NHF) 2020 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 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.

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 2020 Code of Governance. The Board has assessed that it fully complies with its chosen code of governance.

As part of the annual accounts process the Audit and Risk Committee undertakes a detailed review of regulatory compliance in accordance with standards set by the Regulator of Social Housing. A regulatory review was undertaken and presented to the committee in July 2022. The Audit and Risk Committee have received suitable assurance that Accent complies with the Governance and Financial Viability Standard.

Accent utilises a range of additional assessment methods to monitor performance and maintain standards. This includes, for example, the annual self-assessment of internal controls and assurance and a number of external independent reviews of key business areas. The insight and opinion of third party specialists provides the Board with robust assurance and enables Accent to benefit from knowledge of best practice across the sector.

The Board has routinely reviewed Accent's performance against a clear set of agreed measures including the metrics outlined in the Regulator's Value for Money Standard. The pandemic has had a significant impact on the UK economy and our operating environment and so the financial plan has been revised and remodelled accordingly. Board has reviewed, and received assurance from, the increasingly stringent stress tests that have been incorporated into business planning.

The following section outlines the results of our self-assessment of internal controls in more detail.

INTERNAL CONTROLS ASSURANCE

Introduction

On a global level, risk has magnified due to the continuation of the coronavirus pandemic, climate change acceleration, increased cyber threat and war in Europe. Over the past year, this has combined with the impact of Brexit in the UK to create an increasingly risk-laden and unpredictable operating environment and significant hardship for the communities we serve.

The Social Housing White Paper (SHWP) published in November 2020, signalled a new era of transparency and accountability to residents where social landlords will be expected to 'listen not tell', to design services around diverse customer needs and to deliver on promises.

Accent's corporate strategy aligns well with the expectations of the SHWP, although there is undoubtedly significant challenge ahead in improving core services, investing to meet building safety and sustainability ambitions and developing new homes to contribute to reducing the UK's housing crisis. As reflected by the Regulator in the 2021 Sector Risk Profile, Boards will need to navigate these competing demands and satisfy themselves that they have the assurance required to steer their organisations through the challenges ahead.

At Accent, we conduct a thorough internal controls self-assessment annually, starting with a survey of members of the Executive, Audit and Risk Committee (ARC) and the Board. The survey results are then discussed and combined with a deep understanding of issues raised through the year's internal audit reports, other assurance reports and any known issues that have arisen over the year. The outcome of this year's self-assessment process is that directors are very satisfied with our overall strategic approach, risk management, the effectiveness of controls and levels of assurance provided to the Board. The following sections discuss each area in more detail.

STRATEGIC APPROACH

Through the survey results and through subsequent discussions, it is clear that Accent's Board, ARC and the Executive team are confident that Accent's strategic approach is clear and effective, and that governance is robust.

Following the termination of plans to complete a merger in 2021, Board has reflected on its approach to mergers and acquisitions and approved a new M&A strategy. Members have expressed assurance and satisfaction with strategic direction and this has been reinforced through regular updates to Board on delivery of the corporate strategy. Board has visibility and clarity of progress through updates based on a series of 'success maps' which start at Executive team level and run through each leadership team area culminating in personal objectives for each Accent colleague. This has ensured that all colleagues have absolute clarity on their role and remit and the part they play in helping Accent to deliver its strategic objectives.

The Executive team have launched a programme of changes designed to ensure that Accent is delivering consistent high performance across all areas of the business. This includes cultural and structural changes that will support delivery of the corporate strategy. A leadership development programme, launched in 2021, has ensured that the corporate strategy is fully understood and that all teams are motivated to ensure it is delivered. Further changes include the introduction of a Director of Cultural Transformation. This role will drive more subtle changes to ensure that high performance is ingrained at a cultural level, and therefore sustained, throughout Accent.

RISK MANAGEMENT

There is recognition that the risks inherent in our operating environment have increased in type and severity, however this year's self-assessment and subsequent discussions have confirmed that Board and ARC feel assured over the way that risk is managed at Accent.

The Board has reviewed its risk appetite against each of the strategic objectives and committees have engaged in meaningful discussion about risk appetite in relation to the specific objectives within their remit. Both Board and ARC have reviewed the strategic risk register and updated it to reflect changes throughout the year.

We have recently implemented specific software to increase visibility and ownership of risks at an operational level, to improve efficiency and to more visibly link all risks and actions to the strategic objectives. Within 2022/23, the new risk management software will be introduced to all risk owners across all areas of the business. ARC will be kept appraised of progress throughout the year.

The risk section of this report includes our assessment of key risks and so it is not repeated here.

CONTROLS

Core services have been maintained throughout the pandemic and performance information has been regularly and frequently reviewed by the Board, its committees and the executive team.

The internal audit programme has been delivered, with the co-sourcing arrangement delivering the benefits of the detailed organisational knowledge of the in-house team alongside the sector insight and access to benchmarking information available through our co-sourcing partner (Mazars).

The Audit and Risk Committee (ARC) has received additional assurance on controls related to identified risks such as cyber threat and fraud and the Health and Safety Committee (as well as ARC) have taken time to review in-depth reports on both customer and colleague safety.

ASSURANCE

This year's self-assessment survey has shown an increase in assurance that we are successfully engaging with our residents and taking their views into account as we plan and deliver services.

Residents have been involved in several significant projects over the past year including developing safety information in schemes, creating guidance for colleagues around customer communication, influencing performance measures and in consultation on specific development and maintenance plans. Accent's engaged residents' forum has grown to almost one thousand residents and we are looking forward to a series of further resident engagement events in 2022/23 with feedback being used to directly influence customer services.

Our self-assessment has confirmed that Directors are satisfied with the quality and comprehensiveness of information provided, and the committee structure has functioned extremely well in enabling Board to focus on strategic issues yet still retain oversight of more detailed areas of scrutiny where required.

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 2018, 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 2022. Accent has early adopted Accounting Direction for Private Registered Providers of Social Housing 2022 which has had no impact on disclosures required. It is also responsible for safeguarding the assets of the Group and Society 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 Group and Society's members, as set out on pages 4-5, confirm the following:

- so far as each member is aware, there is no relevant information needed by the Group and Society's auditors in connection with preparing their report of which the Group and 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 Group and Society's auditors in connection with preparing their report and to establish that the Group and Society's auditors are aware of that information.

GOING CONCERN

The Group's business activities and its current financial position are set out above in the Strategic Report and the Report of the Board. In preparing the financial statements on the going concern basis the Board considered the current economic situation with immediate potential for increased costs resulting from higher wage costs, higher interest costs, higher material costs and factored in the following possibilities and outcomes:

- That the current budget, medium and long term financial forecasts, including pension obligations, 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.
- Flexing and stress testing of long term financial forecasts have been prepared to demonstrate that appropriate and practical mitigations are available to the Group should there be wider economic uncertainty. Stress tests included (but were not limited to) the consideration and impact of an increased tenant arrears, increased void properties, exceptional expenditure, development delays and sales price fluctuation.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward.
- The impact of the war in Ukraine, Brexit and the potential for rising inflation with its impact especially on utility costs as well as supply issues have all been considered within the forecasts and stress tests applied to assess the potential impact of varying scenarios. The Group continues to maintain sufficient liquid resources and committed funding to mitigate any immediate and foreseeable impact in the short, medium and long term to ensure it can manage the potential impact of increase of the risks identified including inflation, increased interest rates and a significant decline in the housing market.

Cashflow projections do not rely on Government support schemes. The primary reliance the Group has in respect of Government funding is attributable to rents and service charges settled through Universal Credit and other customer focussed support. Appropriate stress testing has been undertaken to ensure that a variation in Government policy on such payments can be accommodated within cash flow forecasts.

The Board has reviewed and considered the expected performance and commitments of the Accent Group over the short (12 months) medium (24-60 months) and long term up to 30 years and believes there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 18 months from the end of the financial year (i.e. September 2023) thus ensuring a period of at least 12 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 decision regarding the appointment of the external auditors for the next financial year will be proposed at the Board meeting at which the accounts are approved and signed.

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

Matthew Sugden, Secretary
9 August 2022

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the financial statements of Accent Group Limited (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, Association Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position 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 2022 and of the group's and the parent society's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the board's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of the board for the financial statements' section of this report.

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS

As explained more fully in the statement of board's responsibilities set out on page 71, 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 intends to liquidate the group or parent society or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent society, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2022), the Co-Operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, Social Housing Regulatory Standards, and the NHF Code of Governance 2020. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;

- We understood how the group and parent society is complying with those legal and regulatory frameworks by, making inquiries of management and those responsible for legal and compliance procedures. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of Board minutes and papers provided to the Audit and Risk Committee, and through our legal and professional expenses review;

- To assess the potential risks of material misstatement, we obtained an understanding of:

  - The group and parent society's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and
  - The group and parent society's control environment including the adequacy of procedures for authorisation of transactions.

- We assessed the susceptibility of the group and parent society's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates, revenue and journals entries deemed to relate to unusual transactions;
  - Challenging assumptions and judgement made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner has assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the group and parent society operates in, and its practical experience through training and participation with audit engagements of a similar nature. All team members are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team; and

- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

USE OF OUR REPORT

This report is made solely to the society, as a body, in accordance with sections 87(2) 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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

9 August 2022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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	108,108	103,271
Cost of sales	2	(6,239)	(6,179)
Operating costs	2	(74,748)	(65,463)
OPERATING SURPLUS		**27,121**	**31,629**
Deficit from interest in associated undertakings	25	(102)	(13)
Interest receivable and other income	5	324	257
Interest payable and financing costs	6	(13,078)	(13,383)
Movement in fair value of financial instruments	27	62	136
Movement in fair value of investment properties	12	220	305
Decrease in valuation of housing properties	11	(13,809)	(20,850)
Reversal of previous decrease in valuation of housing properties	11	27,191	17,887
SURPLUS FOR THE YEAR BEFORE TAXATION	9	**27,929**	**15,968**
Taxation on ordinary activities	10	203	(1)
SURPLUS FOR THE YEAR AFTER TAXATION		**28,132**	**15,967**
Re-measurements - unrealised gain on revaluation of housing properties	11	32,815	23,122
Actuarial gain in respect of Accent Group Pension Scheme	7	8,077	4,906
Actuarial gain / (loss) in respect of Social Housing Pension Scheme	7	901	(2,207)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**69,925**	**41,788**

All amounts relate to continuing activities.

The accompanying notes on pages 85 to 134 form part of these financial statements.

The financial statements were approved and authorised by the Board on 9th August 2022 and were signed on its behalf by:

Tom Miskell
Chair

Rob Seldon
Member

Matthew Sugden
Secretary

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2022

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 April 2020	257,619	102,792	360,411
Surplus for the year	15,967	-	15,967
Other comprehensive income for the year:			
Re-measurements - unrealised gain on revaluation of housing properties	-	23,122	23,122
Actuarial gain in respect of Accent Group Pension Scheme	4,906	-	4,906
Actuarial loss in respect of Social Housing Pension Scheme	(2,207)	-	(2,207)
Transfer to revenue reserve - excess depreciation	3,614	(3,614)	-
Balance at 31 March 2021	**279,899**	**122,300**	**402,199**
Surplus for the year	28,132	-	28,132
Other comprehensive income for the year:			
Re-measurements - unrealised gain on revaluation of housing properties	-	32,815	32,815
Actuarial gain in respect of Accent Group Pension Scheme	8,077	-	8,077
Actuarial gain in respect of Social Housing Pension Scheme	901	-	901
Transfer to revenue reserve - excess depreciation	1,365	(1,365)	-
Balance at 31 March 2022	**318,374**	**153,750**	**472,124**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

Tangible fixed assets	**Notes**	**2022 £'000**	**2021 £'000**
Housing properties	11	847,783	750,016
Other tangible fixed assets	12	6,819	6,917
Investment properties	12	3,701	5,360
		858,303	762,293
Interest in associated and joint venture undertakings			
Share of net assets		16	118
		858,319	762,411
Current assets			
Current asset investments	13	130,218	68,274
Properties held for sale	14	14,483	7,030
Debtors: due within one year	15	3,123	4,526
due after one year	15	1,691	1,486
Cash at bank held in constructive trust		5,308	5,110
Cash at bank and in hand		28,905	30,197
		183,728	116,623
Current liabilities			
Creditors: Amounts falling due within one year	16	(62,340)	(42,428)
Net current assets		121,388	74,195
Total assets less current liabilities		979,707	836,606
Creditors: Amounts falling due after more than one year	17	(492,808)	(409,526)
Net pensions liability	7	(14,775)	(24,881)
Total net assets		**472,124**	**402,199**
Capital and reserves			
Share capital		-	-
Revenue reserve	21	318,374	279,899
Revaluation reserve		153,750	122,300
Total reserves		**472,124**	**402,199**

The accompanying notes on pages 85 to 134 form part of these financial statements.

The financial statements were approved and authorised by the Board on 9th August 2022 and were signed on its behalf by:

Tom Miskell
Chair

Rob Seldon
Member

Matthew Sugden
Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	22	27,057	38,206
Cash flow from investing activities			
Purchase of tangible fixed assets		(56,124)	(44,359)
Proceeds from sale of tangible fixed assets		4,822	12,797
Grants received		16,515	4,634
Interest received		123	133
		(34,664)	(26,795)
Cash flow from financing activities			
Interest paid		(13,554)	(13,819)
Interest element of finance lease rental payments		(20)	(20)
Repayments of borrowings		(47,860)	(20,798)
New secured loan		130,649	18,000
New loan issue costs		(753)	-
Capital element of finance lease rental payments		(5)	(5)
		68,457	(16,642)
Net change in cash and cash equivalents		60,850	(5,231)
Cash and cash equivalents at beginning of the year		103,581	108,812
Cash and cash equivalents at end of the year		**164,431**	**103,581**
Cash held on deposit		130,218	68,274
Cash at bank held in constructive trust		5,308	5,110
Cash at bank and in hand		28,905	30,197
Cash and cash equivalents at end of the year		**164,431**	**103,581**

The accompanying notes on pages 85 to 134 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

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 Housing Limited.

STATEMENT OF CHANGES IN RESERVES

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Fixed asset investments		9	9
Current liabilities			
Creditors		(1)	(1)
		8	8
Capital and reserves			
Share capital	21	8	8

The accompanying notes on pages 85 to 134 form part of these financial statements.

The financial statements were approved and authorised by the Board on 9th August 2022 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), registered number L4511.

Accent Housing Limited is a charitable society incorporated in England under the Co-operative and Community Benefit Societies Act 2014, registered society number 19229R, and registered with the Regulator of Social Housing (RSH), registered number LH1722.

Accent Homemade Limited is a limited company incorporated and registered under the Companies Act 2006 in England and Wales, registered number 05591747.

Domus Services Limited is a company limited by guarantee incorporated and registered under the Companies Act 2006 in England and Wales, registered number 01841639.

Accent Capital Plc is a public limited company, incorporated on 20 May 2019 and registered in England and Wales, registered number 12007129. The Company is registered under the Companies Act 2006 and has listed debt on the London Stock Exchange. The registered office is Charlestown House, Acorn Park Industrial Estate, Charlestown, Shipley, West Yorkshire, BD17 7SW.

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 SORP 2018; Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. Accent has early adopted Accounting Direction for Private Registered Providers of Social Housing 2022 which has had no impact on disclosures required.

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.

Segmental reporting
For the purpose of segmental reporting, the chief operating decision maker (CODM) is considered to be the Group Executive. In line with the segments reported to the CODM, the presentation of these financial statements and accompanying notes are in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2022 and is considered appropriate. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group. This is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The CODM do not review disaggregated financial information of assets and liabilities at this level of operating segment. Segmental information is disclosed in note 2.

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 25. Transactions within the Group have been eliminated on consolidation.

Significant judgements and estimates
The preparation of the financial statements requires management to make significant judgements and estimates concerning the future. The items in the financial statements where these judgements and estimates have a significant risk of causing a material adjustment to the carrying values of the assets and liabilities include:

Significant management judgements
- The Housing SORP 2018 and FRS102 section 5.9B determine that a business should include items within operating surplus where they are clearly related to the operations of the business such as the profits or losses on the sale of property, plant and equipment, investment property and intangible assets. FRS102 requires fair value movements to be shown within the statement of comprehensive income but does not specify if this is within operating surplus or not.

Management have considered the disclosure of the movements in fair value on housing properties and investment properties arising as a result of revaluation and have determined that they should not be included within operating surplus for the following reasons;

- Meaningfulness and comparability of the accounts – The Group has consistently disclosed revaluation movements below the operating surplus since transition to FRS102 in 2015/16, as it was prescribed at the time by SORP2014 and, as we consider such movements not to be operational but accounting in nature. The accounting policy choice (Existing Use Valuation – Social Housing (EUV-SH) or Historical Cost (HC)) should not determine the operating surplus position. By including the valuation movement within operating surplus the comparability of the Groups accounts to other RP's who prepare their accounts on either the EUV-SH or HC would be significantly diminished.
- The objective of financial statements – the objective of the financial statements is to provide information about the financial position, performance and cash flows that is useful for economic decision making by a broad range of users. It is considered that key stakeholders would not expect the inclusion of fair value movements within operating margin and would need to remove them to allow comparison with other providers when making judgements about the Groups performance.
- Normal operating activities - Management do not consider the revaluation movement to be representative of normal operating activities. Valuation movements are an accounting movement which cannot be influenced by management activity or decision making. Housing properties are not held for capital gains and the movement in their value is directly influenced by wider macro-economic factors such as government rent and welfare policy which are beyond managements control.
- Key Performance Indicators – The movement in the fair value of housing properties is not a key performance indicator for the Group nor stakeholders due to managements inability to influence it on an annual basis. Management do not consider that presenting the movement within operating surplus would aid the users understanding of the financial statements or the business.

• The Group has a number of bank loans, all of which have been classified as basic financial instruments under the definition given in section 11 of FRS 102. The assessment of certain loans and interest rate fixes as basic financial instruments requires management to consider the terms of the loans against the classification criteria. Key terms considered include funders inability to suffer a loss on breakage and a lack of tradability on instruments. 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.

• The Group issued a £350m bond in July 2019 of which £225m is traded on the London Stock Exchange with the retained portion of £125m being sold in October 2021 raising a further £130.6m including the premium. The bond has been assessed against the criteria of section 11 of FRS102. The bond pays a fixed coupon rate of 2.625% with a fixed maturity date of July 2049, has no provision which could result in the holder losing the principal sum or any interest thereon, prepayment is only permitted for appropriate contractual purposes. Based on the consideration of these provisions Management have concluded that the bond meets the definition of a basic financial instrument. As such the debt is held at amortised cost.

• Capitalisation of interest requires judgement to ensure amounts are only capitalised where the costs are directly attributable to the asset under construction. Management have considered the approach adopted and are satisfied that only schemes and properties under construction have interest applied to them. Interest is 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. Once a scheme reaches practical completion capitalisation thereon ceases. Interest capitalised in the year to 31 March 2022 amounted to £2.43m (2021: £1.2m).

• Accent holds some properties as investments (housing properties which are rented out at market rent) and carries these at fair value. In accordance with FRS102 the fair value of these properties must be reviewed for reasonableness annually. These properties were revalued at MVSTT by externally qualified RICS surveyors, Savills as at 31 March 2022. Management have considered the assumptions and discount rate applied to the properties in arriving at their fair value valuation and are comfortable that they are reasonable. The movement in value thereon is reported within these financial statements. Carrying value at 31 March 2022 £3.7m (2021 £5.36m) after transferring 13 properties to social housing units for lettings on social terms. See note 12.

• Section 28 of FRS102 sets out the rules for accounting for defined benefit pension schemes. Accent operates two defined benefit schemes:

  - Accent Group Pension Scheme (AGPS) (open to new members) and
  - Social Housing Pension Scheme DB (SHPS) (closed to both new members and future accrual of benefits for existing members).

1. ACCOUNTING POLICIES (CONTINUED)

- For AGPS the scheme deficit has decreased by £8.84m to £12.57m, this is primarily as a result of market conditions in respect of discount rates and investment performance during the year. Independent actuaries are employed by the Group to prepare the actuarial valuations and disclosures for the AGPS on an annual basis. Key financial assumptions used in calculating the pension liability are the discount rate, rate of increase of pensions in payment, rate of revaluation of deferred pensions, CPI and expected mortality of scheme members. Management review the assumptions applied to the actuarial valuation on an annual basis and consider the sensitivity of the valuation to the variables thereon. The independent actuary appointed to value the schemes assets and liabilities estimates that a 0.25% shift in the discount rate could result in a 4.92% increase in liabilities, amounting to c.£4.05m, similarly a one year increase in life expectancy could result in a 2.67% increase in liabilities c.£2.20m. These movements are not considered material and having considered the variables applied management are comfortable that the assumptions are appropriate for use in calculating the schemes liabilities.

- For SHPS, from the year ended 31 March 2019, the Group has been able to identify its share of the scheme assets and scheme liabilities and therefore has applied defined benefit accounting from this date onwards. The scheme deficit included within the accounts as at 31 March 2022 is £2.21m (2021: £3.48m) reflecting an actuarial gain in the year of £1.27m (2021: loss of £2.21m). Management ran two scenarios within the online valuation tool (as provided by The Pensions Trust (TPT), actuaries to SHPS), one with the standing macro-economic assumptions provided by TPT and one with the equivalent AGPS assumptions. The resultant net pension liability varied by £955k. This variance is not considered material and when considering the different scheme dynamics (e.g. scheme maturity, liability profile etc) management are satisfied that the assumptions applied to the SHPS valuation are appropriate and the analysis undertaken provides sufficient comfort over the figures included within the accounts.

- As part of the Group's continuous review of the performance of their assets, management consider any apparent triggers of impairment which may affect any properties, or schemes. In making this assessment management have made a judgement regarding the indicators that they feel are reflective of an impairment. Triggers considered include but are not limited to increasing void losses suggesting longer term letting issues, government policy changes (such as rent cuts or housing benefit changes) and significant damage or significant repair needs of a property. In the current year consideration has also been given to the impact of the state of the economy, Brexit and COVID-19 on the future income streams of properties, considerations have included the potential increase in rent arrears, voids and cost base implications. Management have also considered any exposure to any unsold new schemes on site where there is or could be exposure to reductions in market values. Having considered the indicators and the potential impact on Accent Group management have concluded that in their judgement there were no indicators of impairment present at the reporting date. As a result, no full impairment review was carried out for the current year however the Board have considered a detailed report and affirmed management conclusion that no impairment provision is appropriate on any of its assets.

The Group commissioned valuations for Charlestown House office building following a RICS Redbook valuation. This confirmed the previous year's value and so no impairment of the property was considered necessary.

The review of properties and impairment is undertaken every six months by management and reported to the Audit and Risk Committee and reflected in the monthly management accounts reported to the Board. This review also considers additions to housing properties both in respect of Shared Ownership and Rented units. Properties held for sale are also considered in this review. Post year-end no diminution in value has been seen in respect of properties held for sale with completions progressing at expected values.

Management estimates

Housing properties continue to be carried at Existing Use Value - Social Housing (EUV-SH) and were last re-valued as at 31 March 2022 providing an uplift on the 2021 review to a net carrying value of £847.78m (2021: £750.02m) inclusive of additions in the year. The resultant increase in value from this valuation is reported within these financial statements (see note 11). The valuation was carried out by external RICS qualified valuers Savills for accounts purposes.

248 properties were completed in 2022 and therefore received their first valuation which resulted in a downward movement of £13,809k shown in the SOCI. Properties that were previously revalued downwards received an uplift to the valuation in 2022 of £27,191k shown in the SOCI. The remaining valuation movement of £32,815k shown in OCI reflects all properties where there is no downwards revaluation to set off against.

As part of their valuation Savills provided management with an estimate of the impact on the valuation of Housing properties should the discount rate move by +/-0.5% or CPI move by +/-0.5% or increase by 1% (over the long term). The results are summarised in the table below.

	Change made	Resultant EUV-SH £'000
Base case		**772,481**
Discount Rate	Increase 0.5%	741,972
	Decrease 0.5%	820,917
CPI Rate	Increase 0.5%	633,860
	Increase 1.0%	511,342
	Decrease 0.5%	846,730

1. ACCOUNTING POLICIES (CONTINUED)

The results indicate that in the current year the valuation is more sensitive to fluctuations in CPI than movements in Discount Rate. The forecast long term rate of inflation chosen by the professional valuers as presented at the financial year end appeared reasonable in the circumstance. The discount rate is representative of both the long-term cost of borrowing for an acquiring organisation and the risks implicit in the property portfolio Valuers exercise their professional judgement when selecting the appropriate inflation and discount rates.

Accent has considered the differential resulting from the indicative movements in both discount rate and CPI and are comfortable that the meaningfulness of the accounts is not compromised and the EUV-SH as reflected within these financial statements is reasonable.

Valuations are commissioned for accounts purposes by management on an annual basis in accordance with FRS102 and the Housing SORP 2018. These valuations are performed on an asset class basis. Management then attributes a value to each property by apportioning the overall valuation with reference to individual rental streams. This approach is considered the most appropriate by management and allows the business to account for the additions and disposal of properties and component accounting appropriately in accordance with the Housing SORP 2018.

When deriving the valuation at a class level the valuers apply extensive experience and market knowledge to derive an appropriate, risk adjusted discount rate which is then applied to property's net revenue streams, which in turn determines a discounted future cashflow and NPV valuation of the asset base on an "EUV-SH for accounts" basis.

Key assumptions and value drivers utilised in this approach include:

- Rent levels – current, formula and affordable
- Rental growth in future
- Voids, bad debts and potential welfare reform impacts
- Rate of re-letting
- Repairs, maintenance and improvement costs
- Management costs
- Future inflation
- Discount rate

Management believe that when the above are considered individually rent levels are the only clear distinguishing driver that allow differentiation between individual properties. Asset classes capture properties with similar characteristics which in turn supports rental income as a differentiating factor within the class. Other variants are influenced by the tenant, national policy or macro-economic drivers. Rental income reflects the size and location of the property which in turn form the basis of the valuation calculation to derive the EUV-SH for accounts purposes. As such management consider this approach to valuation disaggregation reasonable.

The key variables featuring in the EUV-SH calculation which were considered and reviewed were as follows:

- Rental levels and increases
- Property lettings turnover
- Void and bad debt levels
- Management costs
- Repair, maintenance and improvement costs
- Cost growth
- Discount rate

Following an assessment of the potential impact on each key variables and after discussion with Savills it was concluded that as at the valuation date of 31 March 2022 none had produced a material significant effect on the valuation.

Post year end it is recognised that the Official view as expressed by the Treasury, the Bank of England and skilled advisers on the economy has suggested that the potential impact on underlying costs and on customer's ability to pay may not be as robust as first thought. It is also possible that interest rates may temporarily increase at least in the short term however Accent Group is well funded with the majority of debt fixed through the Bond issuance and significant availability of cash and secured facilities as revealed in the Going Concern statements. All of these factors may have a negative impact on values however demand is likely to increase in a poor economic climate and the HM Government has announced a raft of measures to help support customers. The Rent Settlement currently in force by the Regulator of Social Housing is unchanged in 2022/2023 providing a 1% uplift on CPI annually. The Directors consider it would be premature to revisit the professional advice from Savills at this time.

- 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. At 31 March 2022 the Accent Group pension Scheme deficit was calculated to be £12.57m (2021: £21.40m) and the Social Housing Pension Scheme deficit was calculated to £2.21m (2021: £3.48m). See note 7 for further details.

- Management uses valuation techniques to determine the fair value of non-financial assets including investment properties (see note 12). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

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

Going concern

The Group's business activities and its current financial position are set out above in the Strategic Report and the Report of the Board. In preparing the financial statements on the going concern basis the Board considered the current economic situation with immediate potential for increased costs resulting from higher wage costs, higher interest costs, higher material costs and factored in the following possibilities and outcomes:

- That the current budget, medium and long term financial forecasts, including pension obligations, 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.

- Flexing and stress testing of long term financial forecasts have been prepared to demonstrate that appropriate and practical mitigations are available to the Group should there be wider economic uncertainty. Stress tests included (but were not limited to) the consideration and impact of an increased tenant arrears, increased void properties, exceptional expenditure, development delays and sales price fluctuation.

- That banking covenants and funders' requirements have been met and are forecast to be met going forward.

- The impact of the war in Ukraine, Brexit and the potential for rising inflation with its impact especially on utility costs as well as supply issues have all been considered within the forecasts and stress tests applied to assess the potential impact of varying scenarios. The Group continues to maintain sufficient liquid resources and committed funding to mitigate any immediate and foreseeable impact in the short, medium and long term to ensure it can manage the potential impact of increase of the risks identified including inflation, increased interest rates and a significant decline in the housing market.

Cashflow projections do not rely on Government support schemes. The primary reliance the Group has in respect of Government funding is attributable to rents and service charges settled through Universal Credit and other customer focussed support. Appropriate stress testing has been undertaken to ensure that a variation in Government policy on such payments can be accommodated within cash flow forecasts.

The Board has reviewed and considered the expected performance and commitments of the Accent Group over the short (12 months) medium (24-60 months) and long term up to 30 years and believes there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 18 months from the end of the financial year (i.e. September 2023) thus ensuring a period of at least 12 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, and the value of goods and services supplied within the year. Turnover is recognised in the statement of comprehensive income on the following bases:

- Rent 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.
- Service charge income is recognised when service charge expenditure is incurred as this is the point at which the service has been performed.
- Income from first tranche shared ownership sales is recognised at the point of legal completion of the sale.
- Capital grants receivable from Homes England when the housing properties concerned reach practical completion.
- Non-social housing letting income is included in turnover for the period that the tenants are in occupation of the property during the accounting period, as opposed to the date on which the rent is charged.
- Other non-social activities income is included for the period that the lessor has use of the building during the accounting period.
- Management charges and charges for services are included in income over the period for which the service is provided during the accounting period.

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 onlypayable 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 its charges. The treatment of other income and expenditure in respect of projects depends on whether the Group carries the financial risk.

cont...

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 Group. Other income and expenditure of projects in this category is excluded from the 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 statement 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 Group'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 relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

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.

Housing properties held for letting; supported housing and housing for older people; and shared ownership properties are stated at existing use value for social housing (EUV-SH) less subsequent accumulated depreciation and accumulated impairment losses. Full revaluations of the properties are undertaken on an annual basis. This is in accordance with the requirements of the Statement of Recommended Practice for registered Social Housing Providers, which requires providers to undertake valuations 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 2018) 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.

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 depreciation charge for the period. In doing this the component is derecognised from the financial statements upon replacement. Replacement components are added to Housing Properties, stated at cost and depreciated over their useful economic life. 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, is transferred from revaluation reserve to accumulated surplus.

Impairment – housing properties

Housing properties are subject to an annual review to ensure whether an event triggering a potential impairment has occurred. Indicators of impairment considered include, but are not limited to, increasing void losses, asset management decisions which may impact the long term use of the property, government policy decisions (such as changes to the rent settlement) and significant repairs or maintenance requirements. Within the current year the impact of Brexit and COVID-19 and their impact on property values has also been considered as potential indicators of impairment.

Where indicators are identified an assessment for impairment is undertaken comparing the property's carrying amount to its estimated recoverable amount. The estimated recoverable amount is calculated with reference to future income streams generated less costs to maintain the properties under review. Where the carrying amount of a property is deemed to exceed its recoverable amount, the property is written down to its recoverable amount which is fair value less associated costs to sell. The resulting impairment is recognised as operating expenditure and is charged to the surplus before tax in the statement of comprehensive income. The reversal of an impairment loss is included in the statement of comprehensive income as a separate line within operating expenditure.

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, the performance model of accounting is applied with the grant 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

1. ACCOUNTING POLICIES (CONTINUED)

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. 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. 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

Impairment – freehold offices
Freehold offices are subject to an annual review to consider whether an event triggering a potential impairment has occurred. Where indicators are identified an assessment for impairment is undertaken comparing the freehold offices carrying amount to their recoverable amount. Where the carrying amount of an office is deemed to exceed its recoverable amount, the office is written down to its recoverable amount which is fair value less associated costs to sell. The resulting impairment is recognised as operating expenditure and is charged to the surplus before tax in the statement of comprehensive income. The reversal of an impairment loss is included in the statement of comprehensive income as a separate line within operating expenditure.

Investment properties
Investment properties consist of properties let at market rent, are measured at cost on initial recognition and subsequently at fair value at the year end. Fair value is determined through annual formal external valuation or where triggers indicate a valuation may be appropriate. Changes in fair value are recognised in operating activities within the statement of comprehensive income below the surplus for the year. Depreciation is not provided.

Donated land
Land donated by local authorities and other government sources is added to cost at the fair 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 difference between fair value and consideration paid is treated as a non-monetary government grant and recognised in the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

On disposal of an asset for which non-monetary government grant was received by the Group any unamortised grant remaining within liabilities in the statement of financial position is derecognised and recognised as income in the statement of comprehensive income.

Capitalisation of interest and interest payable
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 Group contributes to a money purchase scheme (Social Housing Pension Scheme (SHPS-DC), the Auto Enrolment option for staff) for those employees who are not members of the defined benefit scheme and the charge to the financial statements is based on contributions paid.

Accent Group Pension Scheme (AGPS)
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 fair values. The Scheme 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 charged or credited to either the operating surplus or the actuarial gain or loss reported on the face of the statement of comprehensive income. Past service costs are recognised in the current reporting period within the statement of comprehensive income. Interest is calculated on the net defined liability. Any re-measurements are reported in other comprehensive income. See note 7 for further details.

Social Housing Pension Scheme (SHPS-DB)
For the SHPS, the Group is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. FRS 102 Section 28 requires the difference on transition from defined contribution to defined benefit accounting to be presented separately in other comprehensive income. The Group early adopted the amendment made to Section 28 of FRS 102, as issued in May 2019 by the Financial Reporting Council, and therefore recognised the difference on transition to defined benefit accounting in the year ended 31 March 2019.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account.

Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income. Refer to note 7 for more details.

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.

Sinking funds
Unutilised contributions to service charge sinking funds which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the statement of financial position. Sinking funds are split between current and non-current based on budget expectations to realise expenditure.

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,

1. ACCOUNTING POLICIES (CONTINUED)

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 leases are subject to a periodic impairment review and consideration given to whether an event triggering a potential impairment has occurred. Where indicators are identified an assessment for impairment is undertaken comparing the lease carrying amount to the recoverable amount. Where the carrying amount of a lease is deemed to exceed its recoverable amount, the lease is written down to its recoverable amount. The resulting impairment is recognised as operating expenditure unless it is 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. Operational leases are assessed to determine whether they have onerous conditions.

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 and Bond finance issue costs
Loan and bond finance issue costs on basic capital financial instruments are written off evenly over the life of the related funding. Loans are stated in the statement of financial position at the amount of the net proceeds after issue.

Bond financial instruments are held in the statement of financial position at gross proceeds less the cost of raising the funds. The discount or premium on issue is unwound over the life of the instrument utilising the effective interest rate.

Provisions
A provision is only recognised when; the Group 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
Where the fair value of a property is in excess of its historical cost, the unrealised gain thereon is recognised within other comprehensive income in the year and transferred to the revaluation reserve. Subsequent transfers are made from the revaluation reserve to income and expenditure reserve to represent excess depreciation over and above the charge for the property at historical cost.

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.

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

Group 2022	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus / (deficit) £'000
Social housing lettings	94,085	-	(74,998)	19,087
Other social housing activities				
First tranche low cost home ownership sales	6,240	(4,990)	-	1,250
Grant received – newly completed properties	4,180	-	-	4,180
Gain on disposal of housing properties	-	-	1,437	1,437
Charges for support services	40	-	(151)	(111)
Expenses – SHPS	-	-	(12)	(12)
Other	587	-	(36)	551
	11,047	(4,990)	1,238	7,295
Activities other than social housing activities				
Non-social letting activities	1,358	-	(988)	370
Property sales	1,618	(1,249)	-	369
	2,976	(1,249)	(988)	739
Operating surplus	**108,108**	**(6,239)**	**(74,748)**	**27,121**

Disposal of property	Proceeds £'000	Cost of disposal £'000	Grant recycled £'000	Gain on disposal £'000
Sale of housing properties	2,189	(1,347)	(620)	222
Sale of subsequent tranche low cost home ownership	2,633	(1,047)	(371)	1,215
Gain on disposal of housing properties	4,822	(2,394)	(991)	1,437

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

Group 2021	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus / (deficit) £'000
Social housing lettings	92,962	-	(68,030)	24,932
Other social housing activities				
First tranche low cost home ownership sales	7,654	(6,179)	-	1,475
Grant received – newly completed properties	624	-	-	624
Gain on disposal of housing properties	-	-	3,916	3,916
Charges for support services	37	-	(148)	(111)
Expenses – SHPS	-	-	(12)	(12)
Other	293	-	(116)	177
	8,608	(6,179)	3,640	6,069
Activities other than social housing activities				
Non-social letting activities	1,275	-	(1,073)	202
Other	426	-	-	426
	1,701	-	(1,073)	628
Operating surplus	**103,271**	**(6,179)**	**(65,463)**	**31,629**

Disposal of property	Proceeds £'000	Cost of disposal £'000	Grant recycled £'000	Gain on disposal £'000
Sale of housing properties	10,944	(6,689)	(876)	3,379
Sale of subsequent tranche low cost home ownership	1,853	(980)	(336)	537
Gain on disposal of housing properties	12,797	(7,669)	(1,212)	3,916

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

Income	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Intermediate market rent £'000	2022 Total £'000	2021 Total £'000
Rent receivable	72,818	7,923	3,267	1,091	85,099	84,070
Service charge income	3,160	4,273	1,553	-	8,986	8,892
Turnover from social housing lettings	**75,978**	**12,196**	**4,820**	**1,091**	**94,085**	**92,962**
Expenditure						
Management	(15,961)	(2,562)	(1,012)	(230)	(19,765)	(18,854)
Service charge costs	(5,464)	(3,217)	(476)	(9)	(9,166)	(8,807)
Routine maintenance	(16,656)	(1,670)	(185)	(116)	(18,627)	(16,234)
Planned maintenance	(8,166)	(865)	(202)	(55)	(9,288)	(7,221)
Bad debts	17	(81)	(386)	(37)	(487)	(646)
Depreciation and write off of replaced components	(13,378)	(465)	(594)	(230)	(14,667)	(13,143)
Other costs	(2,587)	(206)	(161)	(44)	(2,998)	(3,125)
Operating costs on social housing lettings	**(62,195)**	**(9,066)**	**(3,016)**	**(721)**	**(74,998)**	**(68,030)**
Operating surplus on social housing lettings	**13,783**	**3,130**	**1,804**	**370**	**19,087**	**24,932**
Void losses	(749)	(167)	(49)	(30)	(995)	(1,309)

3. ACCOMMODATION IN MANAGEMENT - GROUP

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	2022 Total Number	2021 Total Number
General needs housing:					
- Social rent	15,064	12	-	15,076	15,100
- Affordable rent	682	-	-	682	517
Supported housing	30	-	-	30	39
Housing for older people	1,860	-	-	1,860	1,862
Intermediate rent	170	-	-	170	169
Low cost home ownership *	1,200	-	-	1,200	1,160
Social leased homes **	814	-	-	814	809
Non-social housing					
Market rent	-	-	17	17	17
Leased housing	95	-	-	95	106
Managed freeholders	-	707	-	707	669
Total	**19,915**	**719**	**17**	**20,651**	**20,448**

Accent Group also owns and manages 868 (2021: 874) garages.

* where the purchaser has not acquired 100% of the equity (shared ownership). As a result of a change in definition by the Regulator of Social Housing, this now includes 233 homes previously classified as social leased homes. The 2021 number has been updated to reflect this change.

** where the purchaser has acquired 100% of the equity but not the freehold

3. ACCOMMODATION UNDER DEVELOPMENT

Social housing	2022 Number	2021 Number
General needs housing:		
- Affordable rent	471	406
- Social rent	103	40
Low cost home ownership	223	127
Total	**797**	**573**

4. EMPLOYEE INFORMATION - GROUP

Average monthly number of employees expressed as full time equivalents (based on contracted hours compared to our standard working week):	2022 Number	2021 Number
Housing, support and care	304	298
Administration	114	108
Development	17	15
Total	**435**	**421**

Staff costs:	2022 £'000	2021 £'000
Wages and salaries	15,612	14,616
Social security costs	1,555	1,452
Pension costs in respect of AGPS (note 7a)	1,993	1,736
Other pension contributions - SHPS Defined Contribution (note 7c)	227	222
Redundancy costs	49	47
Apprenticeship levy	63	58
Total	**19,499**	**18,131**

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:	2022 Number	2021 Number
£60,000 - £69,999	8	4
£70,000 - £79,999	8	6
£80,000 - £89,999	7	6
£90,000 - £99,999	1	1
£100,000 - £109,999	-	2
£110,000 - £119,999	1	-
£130,000 - £139,999	1	1
£140,000 - £149,999	2	2
£180,000 - £189,999	-	1
£190,000 - £199,999	1	-

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

5. INTEREST RECEIVABLE AND OTHER INCOME - GROUP

	2022 £'000	2021 £'000
Interest receivable from term deposits and bank deposits	247	257
Unwinding of the bond premium and accrued interest	77	-
Total	**324**	**257**

6. INTEREST PAYABLE AND FINANCING COSTS - GROUP

	2022 £'000	2021 £'000
Interest payable on bank loans and overdrafts	14,765	13,672
Amortisation of loan issue costs	123	114
Unwinding of the bond discount	105	101
Finance lease interest	20	20
	15,013	13,907
Net interest cost – Accent Group Pension Scheme (note 7a)	424	638
Net interest cost – Social Housing Pension Scheme (note 7b)	71	34
Less: Capitalised interest (note 11)	(2,430)	(1,196)
Total	**13,078**	**13,383**

Interest rate used to determine the finance costs capitalised during the period	3.62%	4.10%

7. PENSION OBLIGATIONS - GROUP

The net pension liability is comprised as follows:	2022 £'000	2021 £'000
Accent Group Pension Scheme - AGPS	12,566	21,402
Social Housing Pension Scheme - SHPS	2,209	3,479
Total	**14,775**	**24,881**

The total amounts recognised in the statement of comprehensive income within financing costs or as an actuarial movement, are comprised as follows:

Recognised in the statement of comprehensive income – financing costs	**2022 £'000**	**2022 £'000**
Charge in respect of Accent Group Pension Scheme	(424)	(638)
Charge in respect of Social Housing Pension Scheme	(71)	(34)
	(495)	(672)
Recognised in the statement of comprehensive income – actuarial movement		
Credit in respect of Accent Group Pension Scheme	8,077	4,906
Credit / (charge) in respect of Social Housing Pension Scheme	901	(2,207)
	8,978	2,699
Total credit recognised in the statement of comprehensive income	**8,483**	**2,027**

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 retirement and death 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 2019/20 financial year and following a period of negotiation (based on appropriate actuarial and legal advice being received), agreement was reached with the Trustee Directors of AGPS to amend certain scheme benefits. The changes that were implemented were designed to ensure the scheme remained fair, valuable to employees yet sustainable for the Group.

cont...

7A. ACCENT GROUP PENSION SCHEME (AGPS) (CONTINUED)

Once the required consultation process with scheme members was concluded the following changes were implemented, by way of amendment to the scheme deed, with effect from 2 April 2019:

- A reduction in the accrual rate from 60ths to 80ths for future benefits built up on and from 6 April 2019 to 5 April 2023;
- A further reduction in the accrual rate to 90ths for future benefits built up on and from 6 April 2023;
- A reduction in member contributions from 10% of salary to 7.5% of salary on and from 6 April 2019;
- A change to spouse's pensions so that they are calculated as 50% of the member's pension for service on and from 6 April 2019 onwards before 6 April ; and
- A change to use the Consumer Prices Index (CPI), instead of the Retail Prices Index (RPI) as the only measure of the inflation used to increase pensions before and after retirement on and from 6 April 2019.

During the year Accent Housing Limited paid regular contributions of £1,446k (2021: £1,337k) being 18.9% (2021: 18.9%) of pensionable salaries during the accounting period together with recovery plan payments of £1,700k (2021: £1,210k) and salary sacrifice of £20k (2021: £18k). Employees' contributions were 7.5% (2021: 7.5%) of pensionable salaries.

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 fair 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 2020 has been updated by Mercer Limited to 31 March 2022 to take account of the requirements of FRS102. This indicated that there was a deficit of £12,566k (2021: £21,402k) 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 2020 the Group agreed with the AGPS pension trustee to pay contributions at the rate of 18.9% of pensionable salaries plus additional lump sum amounts of £1,700k flat rate payable annually for a period of 8 years and 1 month from 5 April 2021 to 5 May 2029. This replaced the previous obligation to pay £1,000k annually rising by 10% per annum from 2018 through to 2029 which arose from the 2017 valuation. Contribution rates of pensionable salaries were unchanged as a result of the revaluation. The 2020 valuation was conducted using a Projected Unit method.

The main actuarial assumptions used in the valuation are: **Key financial assumptions**	**31 March 2022 % pa**	**31 March 2021 % pa**
Discount rate	2.75	2.15
Rate of increase in pensions in payment (where capped at 5%)	3.20	2.90
Rate of increase in pensions in payment (where capped at 2.5%)	2.15	2.00
Rate of revaluation of deferred pensions	3.35	3.00
Rate of Inflation (RPI)	3.70	3.40
Rate of Inflation (CPI)	3.35	3.00

7A. ACCENT GROUP PENSION SCHEME (AGPS) (CONTINUED)

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 between 3.2% and 3.75% p.a. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.15% p.a. The mortality assumption adopted for the purposes of the calculations as at 31 March 2022 (and at 31 March 2021 where applicable) is as follows:

- **Base table:** 104% of S3PMA / S3PFA_M tables (2021: 104% of S3PMA / S3PFA_M tables).
- **Future mortality improvements:** CMI_2020 [1.25%; Sk=7.5] (2021: CMI_2019 [1.25%; Sk=7.5]).

Average life expectancies	**As at 31 March 2022 Years**	**As at 31 March 2021 Years**
Male age 65 at reporting date	21.9	21.8
Male age 65 at reporting date +20 years	23.2	23.6
Female age 65 at reporting date	23.6	23.2
Female age 65 at reporting date +20 years	25.1	25.1

Active members are assumed to retire at age 63 and deferred members at 61, or immediately in the case of such members already older than these ages. 80% (2021: 80%) of members are assumed to commute their benefits at retirement.

Amounts recognised in the statement of comprehensive income	**Year ended 31 March 2022 £'000**	**Year ended 31 March 2021 £'000**
Current service cost	1,605	1,400
Expenses	388	336
Interest cost	1,868	2,016
Interest income on Scheme assets	(1,444)	(1,378)
Total charged to the statement of comprehensive income	**2,417**	**2,374**

7A. ACCENT GROUP PENSION SCHEME (AGPS) (CONTINUED)

Reconciliation of defined benefit obligation	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Defined benefit obligation at beginning of year	87,701	82,179
Current service cost	1,605	1,400
Expenses	388	336
Interest cost	1,868	2,016
Contributions by Scheme members	578	531
Actuarial (gain) / loss	(7,902)	3,226
Benefits paid	(2,006)	(1,987)
Defined benefit obligation at end of year	**82,232**	**87,701**

Reconciliation of fair value of Scheme assets	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value of Scheme assets at beginning of year	66,299	55,664
Interest income on Scheme assets	1,444	1,378
Actuarial gain	175	8,132
Contributions by the employer	3,176	2,581
Contributions by Scheme members	578	531
Benefits paid	(2,006)	(1,987)
Fair value of Scheme assets at end of year	**69,666**	**66,299**

Amounts recognised in the statement of financial position	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Fair value of Scheme assets	69,666	66,299
Actuarial value of Scheme liabilities	(82,232)	(87,701)
Deficit in the Scheme	**(12,566)**	**(21,402)**

7A. ACCENT GROUP PENSION SCHEME (AGPS) (CONTINUED)

Analysis of assets	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Equities	4,175	28,711
Diversified Growth Funds	36,662	17,198
Liability Driven Investment	20,874	8,687
Cash	618	4,882
Property Funds	6,229	5,555
Insurance Policies	1,108	1,266
Total	**69,666**	**66,299**

Assets as a percentage of total plan assets	As at 31 March 2022 %	As at 31 March 2021 %
Equities	6.0%	43.3%
Diversified Growth Funds	52.6%	25.9%
Liability Driven Investment	30.0%	13.1%
Cash	0.9%	7.4%
Property Funds	8.9%	8.4%
Insurance Policies	1.6%	1.9%

Analysis of return on assets	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest income on Scheme assets	1,444	1,378
Actuarial gains	175	8,132
Actual return on assets	**1,619**	**9,510**

7A. ACCENT GROUP PENSION SCHEME (AGPS) (CONTINUED)

History of experience gains and (losses)	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Gain on Scheme assets	175	8,132
Experience (loss) / gain on Scheme liabilities	(77)	4,996
Gain / (loss) on change in assumptions (financial and demographic)	7,979	(8,222)
Total actuarial gain recognised in the statement of comprehensive income	**8,077**	**4,906**

Amounts for the current and previous periods are as follows	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Present value of defined benefit obligation	(82,232)	(87,701)	(82,179)	(86,990)
Fair value of Scheme assets	69,666	66,299	55,664	57,681
Deficit on scheme	(12,566)	(21,402)	(26,515)	(29,309)
Experience gains / (losses) on assets	175	8,132	(3,292)	1,705
Experience (losses) / gains on liabilities	(77)	4,996	1,189	81

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £28,902k (2021: £20,825k).

Sensitivity
The following table provides an indication of the sensitivity of the value of liabilities to changes in assumptions. The impact on the Statement of Comprehensive Income tends to be hard to predict.

Change	**Impact on liabilities***
Decrease discount rate by 0.1% per annum	2% increase
Increase inflation linked assumptions by 0.1% per annum	2% increase (of inflation-linked liabilities)
Increase life expectancy by 1 year	4% increase

* Approximate, not scheme specific.
AGPS is not impacted by GMP equalisation or the McCloud pension ruling.

7B. SOCIAL HOUSING PENSION SCHEME (SHPS - DB)

Accent Group Limited participated in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The SHPS scheme was closed to the Group'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.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore the 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.

For financial years ending on or before 28 February 2019, it was not possible for the Society to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Society accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Society to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year ends from the following 31 March 2022 to 28 February 2023 inclusive.

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

The net defined benefit liability as at 31 March 2022 is £2,209k (2021: £3,479k).

Key financial assumptions	31 March 2022 % pa	31 March 2021 % pa
Discount rate	2.79	2.18
Rate of Inflation (RPI)	3.57	3.27
Rate of Inflation (CPI)	3.19	2.87
Salary Growth	4.19	3.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

7B. SOCIAL HOUSING PENSION SCHEME (SHPS - DB) (CONTINUED)

Average life expectancies	31 March 2022 Years	31 March 2022 Years
The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:		
Male retiring in 2022	21.1	21.6
Female retiring in 2022	23.7	23.5
Male retiring in 2042	22.4	22.9
Female retiring in 2042	25.2	25.1

Amounts recognised in the statement of comprehensive income	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Expenses	12	12
Interest cost	71	34
Total charged to the statement of comprehensive income (note 2 and note 6)	**83**	**46**

Reconciliation of defined benefit obligation	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Defined benefit obligation at beginning of year	18,156	14,911
Expenses	12	12
Interest cost	390	347
Actuarial loss due to scheme experience	1,156	50
Actuarial (gain) / loss due to change in demographic assumptions	(287)	68
Actuarial (gain) / loss due to changes in financial assumptions	(1,302)	3,410
Benefits paid	(488)	(642)
Defined benefit obligation at end of year	**17,637**	**18,156**

7B. SOCIAL HOUSING PENSION SCHEME (SHPS - DB) (CONTINUED)

Reconciliation of fair value of Scheme assets	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Fair value of Scheme assets at beginning of year	14,677	13,242
Interest income on Scheme assets	319	313
Experience loss on plan assets (excluding amounts included in interest income)	468	1,321
Contributions by the employer	452	443
Benefits paid	(488)	(642)
Fair value of Scheme assets at end of year	**15,428**	**14,677**

Amounts recognised in the statement of financial position	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Fair value of Scheme assets	15,428	14,677
Actuarial value of Scheme liabilities	(17,637)	(18,156)
Deficit in the Scheme	**(2,209)**	**(3,479)**

The impact of GMP equalisation for Accent Group Limited at 31 March 2022 was calculated to be £1k (2021: £1k). This is reflected in the liability disclosed above.

7B. SOCIAL HOUSING PENSION SCHEME (SHPS - DB) (CONTINUED)

Analysis of assets	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Absolute Return	619	810
Alternative Risk Premia	509	553
Corporate Bonds	1,029	867
Credit Relative Value	513	462
Distressed Opportunities	552	424
Emerging Markets Debt	449	592
Fund of Hedge Funds	-	2
Global Equity	2,960	2,339
Infrastructure	1,099	979
Insurance-Linked Securities	360	353
Liability Driven Instrument	4,305	3,730
Liquid Credit	-	175
Long Lease Property	397	288
Net Current Assets	43	89
Opportunistic Illiquid Credit	518	373
Private Debt	395	350
Property	417	305
Risk Sharing	508	534
Secured Income	575	610
Opportunistic Credit	55	402
High Yield	133	440
Currency Hedging	(60)	-
Cash	52	-
Total	**15,428**	**14,677**

7B. SOCIAL HOUSING PENSION SCHEME (SHPS - DB) (CONTINUED)

Analysis of return on assets	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest income on Scheme assets	319	313
Actuarial gains	468	1,321
Actual return on assets	**787**	**1,634**

History of experience gains and (losses)	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000
Gains on Scheme assets	468	1,321
Experience loss on Scheme liabilities	(1,156)	(50)
Gain / (loss) on change in assumptions (financial and demographic)	1,589	(3,478)
Total actuarial gain / (loss) recognised in the statement of comprehensive income	**901**	**(2,207)**

Amounts for the current and previous periods are as follows	2022 £'000	2021 £'000	2020 £'000
Present value of defined benefit obligation	(17,637)	(18,156)	(14,911)
Fair value of Scheme assets	15,428	14,677	13,242
Deficit on scheme	(2,209)	(3,479)	(1,669)
Experience gains on assets	468	1,321	236
Experience gains / (losses) on liabilities	433	(3,528)	2,349

7C. SOCIAL HOUSING PENSION SCHEME (SHPS - DC)

The Group also participates in the defined contribution section of the Social Housing Pension Scheme (SHPS) with 208 (2021: 195) active members employed by the Group at 31 March, this is the default Auto Enrolment scheme for staff. The regular pension contributions payable by the Group during the year were £227k (2021: £220k).

8. BOARD MEMBERS, EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

Aggregate emoluments paid during the year	**2022 £'000**	**2021 £'000**
Executive directors		
- remuneration	718	676
- benefits in kind	31	28
- pension contributions	184	127
Total	**933**	**831**

Executive directors and senior management team	**2022 £'000**	**2021 £'000**
- remuneration	1,973	1,811
- benefits in kind	113	106
- employers NIC	252	234
- pension contributions	493	338
- redundancy	27	-
Total	**2,858**	**2,489**

	2022 £'000	**2021 £'000**
Board members – including employers national insurance contributions	**178**	**184**

	2022 £'000	**2021 £'000**
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	**194**	**184**

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited and Accent Housing Limited. All directors are remunerated by Accent Housing Limited and their emoluments are disclosed in these financial statements. All of the executive directors that served during the year to 31 March 2022 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.

The highest paid co-opted executive director (the Group Chief Executive) is a member of Accent Group Pension Scheme, which is a defined benefit scheme. He is an ordinary member 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 year to 31 March 2022 the Group Chief Executive received a salary of £184k (2021: £176k) and car allowance of £10k (2021: £7.5k). No bonus was paid or accrued to the Group Chief Executive

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION - GROUP

Surplus on ordinary activities before taxation is stated after charging:	**2022** **£'000**	**2021** **£'000**
Depreciation of fixed assets and write off of replaced assets	15,333	13,500
Impairment of office premises	-	79
Auditors' remuneration (excluding VAT):		
- In respect of audit services (Group)	53	40
- In respect of audit services (Subsidiary companies)	157	120
Operating lease rentals:		
- Plant and machinery*	282	224
- Land and buildings	99	99
Bad debts:		
- Current residents	171	388
- Former residents	371	301
- Other debtors	(13)	41

* The 2021 figure has been restated following the identification of additional operating leases which were not identified separately but were included within the operating costs.

10. TAXATION ON ORDINARY ACTIVITIES - GROUP

Current tax	2022 £'000	2021 £'000
UK corporation tax on surplus for the year	-	1
Adjustments in respect of prior periods	-	-
Total current tax	**-**	**1**

Deferred tax		
Origination and reversal of timing differences	(203)	-
Total deferred tax	**(203)**	**-**

Tax (credit) / charge on surplus on ordinary activities	**(203)**	**1**

Factors affecting tax (credit) / charge for period	2022 £'000	2021 £'000
The tax assessed is at the standard rate of corporation tax in the UK at 19% (2021: 19%). The differences are explained below:-		
Surplus on ordinary activities before tax	27,929	22,892
Adjustment in respect of charitable activities	(27,874)	(22,946)
Surplus / (deficit) on ordinary activities subject to tax	**55**	**(54)**

	2022 £'000	2021 £'000
Surplus / (deficit) on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	10	(11)
Effects of:		
Recognition of movement in deferred tax	(184)	-
Amounts relating to changes in tax rate	(49)	-
Adjustment in respect of prior periods	20	7
Deferred tax not recognised	-	5
Current and deferred tax (credit) / charge for period	**(203)**	**1**

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES - GROUP

Cost or valuation	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Supported housing and housing for older people £'000	Intermediate market rent £'000	Total housing properties £'000
At 1 April 2021	583,684	51,127	52,702	53,741	12,298	753,552
Schemes completed	30,983	(37,385)	6,402	-	-	-
Transfer from investment properties	-	-	49	-	1,830	1,879
Additions	-	52,539	-	-	-	52,539
Work to existing properties	12,240	-	12	1,174	25	13,451
Write off replaced assets	(883)	-	(7)	(115)	(7)	(1,012)
Disposals	(646)	-	(1,214)	(59)	-	(1,919)
Revaluation movement	25,801	-	3,331	1,502	922	31,556
At 31 March 2022	**651,179**	**66,281**	**61,275**	**56,243**	**15,068**	**850,046**

Depreciation						
At 1 April 2021	(2,432)	-	(626)	(356)	(122)	(3,536)
Charge for year	(11,926)	-	(428)	(1,105)	(225)	(13,684)
Write off replaced assets	91	-	1	11	1	104
Disposals	169	-	42	1	-	212
Revaluation movement	12,797	-	442	1,160	242	14,641
At 31 March 2022	**(1,301)**	**-**	**(569)**	**(289)**	**(104)**	**(2,263)**

Net book value at 31 March 2022	**649,878**	**66,281**	**60,706**	**55,954**	**14,964**	**847,783**

Net book value at 31 March 2021	**581,252**	**51,127**	**52,076**	**53,385**	**12,176**	**750,016**

Included in the above are finance costs capitalised in the year of £2,430 (2021: £1,196k) which equates to a capitalisation rate of 3.62% (2021: 4.10%).

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES - GROUP (CONTINUED)

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:	2022 £'000	2021 £'000
Historical cost	1,057,430	988,671
Depreciation and impairment	(264,941)	(256,454)
Total	**792,489**	**732,217**

Housing properties book value net of depreciation	2022 £'000	2021 £'000
Freehold land and buildings	840,225	743,502
Long leasehold land and buildings	6,737	6,514
Total	**846,962**	**750,016**

Social housing grant	2022 £'000	2021 £'000
Capital grant	406,173	402,958
Revenue grant	1,264	1,264
Total	**407,437**	**404,222**

Expenditure on works to existing properties	2022 £'000	2021 £'000
Amounts capitalised	13,451	7,397
Amounts charged to the statement of comprehensive income	9,288	7,221
Total	**22,739**	**14,618**

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES - GROUP (CONTINUED)

Housing properties owned by the Society held for letting and shared ownership were professionally independently valued by Savills (UK) Limited (the valuer) as at 31 March 2022. This 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 appropriate as at 31 March 2022.

248 properties were completed in 2022 and therefore received their first valuation which resulted in a downward movement of £13,809k shown in the SOCI. Properties that were previously revalued downwards received an uplift to the valuation in 2022 of £27,191k shown in the SOCI. The remaining valuation movement of £32,815k shown in OCI reflects all properties where there is no downwards revaluation to set off against.

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.

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions:

- Discount rate (real) – 4.0% - 6.0% dependent on nature and age of stock
- Level of annual rent changes: CPI + 1% p.a.
- Annual inflation rate, after first two years - 2% (cost growth assumptions)

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 SORP2018. A total impairment provision of £nil (2021: £nil) was made during the year to 31 March 2022 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.

12. OTHER TANGIBLE FIXED ASSETS AND INVESTMENTS - GROUP

Cost	Leasehold and freehold properties £'000	Plant vehicles and equipment £'000	Total £'000
At 1 April 2021	7,956	11,653	19,609
Additions	-	643	643
At 31 March 2022	**7,956**	**12,296**	**20,252**
Depreciation			
At 1 April 2021	(4,887)	(7,805)	(12,692)
Charge for year	(92)	(649)	(741)
At 31 March 2022	**(4,979)**	**(8,454)**	**(13,433)**
Net book value at 31 March 2022	**2,977**	**3,842**	**6,819**
Net book value at 31 March 2021	**3,069**	**3,848**	**6,917**

The net book value of other fixed assets includes £nil (2021: £nil) in respect of one asset held under finance lease arrangements.

During the year to 31 March 2022 a review of the carrying value of freehold office premises was undertaken. An independent valuation in accordance with the RICS Appraisal and Valuation Standard (The Red Book) was conducted by Bruton Knowles and confirmed that the carrying value of the office premises was appropriate.

Investment properties	2022 £'000	2021 £'000
At 1 April	5,360	5,055
Transferred to housing properties	(1,879)	-
Revaluation movement	220	305
Total	**3,701**	**5,360**

At 31 March 2022 the Group held 28 (2021:41) properties which were let on a market rent basis and as such are considered investment properties.

Investment properties owned by the Society held for letting were professionally independently valued by Savills (UK) Limited as at 31 March 2022. 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) – 4.0% - 6.0% dependent on nature and age of stock
- Annual inflation rate, after first two years - 2%

13. CURRENT ASSET INVESTMENTS - GROUP

	2022 £'000	2021 £'000
Money market deposits	**130,218**	**68,274**

14. PROPERTIES FOR SALE - GROUP

	2022 £'000	2021 £'000
Shared ownership properties – completed	1,145	145
Shared ownership properties – under construction	11,390	6,301
Properties held for sale	1,948	584
Total	**14,483**	**7,030**

15. DEBTORS - GROUP

Amounts falling due within one year:	2022 £'000	2021 £'000
Rent and service charges receivable	5,200	4,819
Less: Provision for bad and doubtful debts	(3,224)	(2,848)
	1,976	1,971
VAT	55	1,176
Prepayments and accrued income	435	595
Other debtors	657	784
Total	**3,123**	**4,526**

Included in debtors are £742k (2021: £1,171k) 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.

15. DEBTORS - GROUP (CONTINUED)

Amounts falling due after one year:	2022 £'000	2021 £'000
Liquidity and interest service reserve fund	1,171	1,168
Other long term debtors	317	318
Deferred tax asset	203	-
Total	**1,691**	**1,486**

Debtor analysis:	2022 £'000	2021 £'000
In one year or less	3,123	4,526
Between one and two years	-	1
Between two and five years	-	-
After more than five years	1,691	1,485
Total	**4,814**	**6,012**

The liquidity and interest service reserve fund relates to a requirement within one loan agreement held with The Housing Finance Corporation for Accent to reserve the cash equivalent of not less than one years interest cost in their favour.

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

	2022 £'000	2021 £'000
Loans (note 26)	5,730	4,860
Financial liabilities measured at fair value (note 26)	-	62
Finance lease creditor (note 26)	5	5
Trade creditors	2,464	4,735
Grant received in relation to properties under construction	20,554	7,805
Deferred grant income (note 18)	22	22
Recycled capital grant fund (note 19)	325	739
VAT	-	22
Other taxation and social security payable	451	393
Rent and service charges in advance	2,678	2,544
General accruals	5,498	4,662
Routine maintenance accruals	3,025	2,151
Home loss and decanting accruals	162	1,093
Housing properties and major work creditors	16,522	8,466
Loan interest accrual	2,599	2,151
Deferred income	667	874
Sinking funds	512	906
Other creditors	1,155	1,104
	62,369	**42,594**
Unamortised premium and accrued interest on issue	167	-
Unamortised discount on issue	(108)	(105)
Capital instrument issue costs	(88)	(61)
Total	**62,340**	**42,428**

Held within Housing properties and major work creditors is an accrual of £3.23m (2021: £2.62m) in respect of fire remediation works at Alexander House and Stafford House in Aldershot, Surrey. Management have undertaken to bear all costs in respect of these works with this intention being communicated to customers when the accrual was created in 2020. During 2021/22 £381k was expensed in respect of works completed. The main contract of remedial work commenced in April 2022 and is now progressing at both sites with spend in the first four months of 2022/23 of £1,154k. The 2022 year end accrual reflects the agreed contract value. All work is anticipated to be concluded by the spring of 2023 subject to contractor progress on site.

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

	2022 £'000	2021 £'000
Bond (note 26)	350,000	225,000
Unamortised premium and accrued interest on issue	6,172	-
Unamortised discount on issue	(4,205)	(4,313)
	351,967	**220,687**
Bank loans (note 26)	129,530	178,260
Finance lease creditors (note 26)	78	83
Loan premiums	2,668	2,792
Deferred grant income (note 18)	767	789
Recycled capital grant fund (note 19)	5,710	4,719
Sinking funds	4,980	4,484
	495,700	**411,814**
Capital instrument issue costs	(2,892)	(2,288)
Total	**492,808**	**409,526**

	2022 £'000	2021 £'000
Unamortised premium and accrued interest on issue (see note below)	6,416	-
Amortised to date	(77)	-
Total	**6,339**	**-**

Discount on bond:	2022 £'000	2021 £'000
Unamortised discount on issue	4,590	4,590
Amortised to date	(277)	(172)
Total	**4,313**	**4,418**

18. DEFERRED GRANT INCOME - GROUP

	2022 £'000	2021 £'000
At 1 April	811	833
Released to income in the year	(22)	(22)
Balance at 31 March	**789**	**811**

19. RECYCLED CAPITAL GRANT FUND - GROUP

	2022 £'000	2021 £'000
At 1 April	5,458	4,894
Grants recycled	991	1,212
Purchase or development of properties	(414)	(648)
Balance at 31 March	**6,035**	**5,458**

Grant due for repayment	**325**	**739**

£325k (2021: £739k) of Recycled capital grant fund (RCGF) is due for repayment. Discussions with Homes England are ongoing to agree the rollover of these funds. No repayment was requested in the year to March 2022.

Withdrawals from the recycled capital grant fund have been used for the purchase and development of new housing schemes for letting and shared ownership sale.

20. DISPOSAL PROCEEDS FUND - GROUP

	2022 £'000	2021 £'000
At 1 April	-	346
Utilisation of grant	-	(346)
Balance at 31 March	**-**	**-**

Grant due for repayment	**-**	**-**

Following the deregulation of the DPF regime, all balances have now been allocated in accordance with the Homes England requirements. As such there is a nil balance carried forward.

Withdrawals from the disposal proceeds fund were used for the purchase and development of new housing schemes for letting and shared ownership sale.

21. SHARE CAPITAL - NON EQUITY - SOCIETY

Allotted, issued and fully paid:	2022 £	2021 £
At 1 April	8	6
Issued during the year	-	2
Surrendered during the year	-	-
At 31 March	**8**	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.

22. CASH FLOW FROM OPERATING ACTIVITIES - GROUP

	2022 £'000	2021 £'000
Surplus for the year after taxation	28,132	15,967
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	15,333	13,500
Impairment of office premises	-	79
(Gain) / loss arising on revaluation of housing property	(13,382)	2,963
Pension costs less contributions payable	(1,623)	(1,276)
Gain on disposal of housing properties	(1,437)	(3,916)
Gain on revaluation of investment properties	(220)	(305)
Share of operating deficit in joint venture and associate	102	13
Working capital movements:		
Properties for sale	(7,687)	(1,746)
Debtors	1,198	(809)
Creditors	(1,668)	1,369
Adjustments for investing activities:		
Government grants utilised in the year	(4,180)	(624)
Interest payable	13,078	13,383
Interest received	(324)	(257)
Fair value movements	(62)	(136)
Taxation	(203)	1
Net cash generated from operating activities	**27,057**	**38,206**

22. CASH FLOW FROM OPERATING ACTIVITIES - GROUP (CONTINUED)

Analysis of changes in net debt	At 1 April 2021 £'000	Cash flows £'000	Fair value movements £'000	Other non cash movements £'000	At 31 March 2022 £'000
Cash	30,197	(1,292)	-	-	28,905
Cash on constructive trust	5,110	198	-	-	5,308
Money market deposits at call	68,274	61,944	-	-	130,218
Bank loans due within one year	(4,860)	4,860	-	(5,730)	(5,730)
Bank loans due greater than one year	(178,260)	43,000	-	5,730	(129,530)
Bond due greater than one year	(225,000)	(125,000)	-	-	(350,000)
Premium/discount on bond issue*	4,418	6,416	-	(182)	10,652
Financial liabilities at fair value due within one year	(62)	-	62	-	
Finance lease obligations	(88)	5	-	-	(83)
Total	**(300,271)**	**(9,869)**	**62**	**(182)**	**(310,260)**

* for transparency these unamortised costs / premium figures are now identified separately.

23. CAPITAL COMMITMENTS - GROUP

	2022 £'000	2021 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	149,555	99,717
Capital expenditure that has been authorised by the Board but has not yet been contracted for	61,672	61,742
Total	**211,227**	**161,459**

The above commitments are expected to generate Social Housing and other grants totalling:	2022 £'000	2021 £'000
In relation to expenditure contracted for but not provided for	(7,824)	(8,935)
In relation to expenditure authorised by the Board but not yet contracted for	(11,100)	(5,390)
Total	**(18,924)**	**(14,325)**

The remaining commitments (net of committed grants) of £192,303k (2021: £147,134k) can be fully funded by the facilities already in place. As at 31 March 2022 the Group had £159,123k (2021: £98,471k) on deposit to meet these commitments and had agreed unused facilities of £93,000k (2021: £50,000k).

24. LEASING COMMITMENTS - GROUP

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, commercial equipment, and office equipment. The finance lease relates to the office building at Camberley.

The Group's future minimum operating lease payments are as follows:	2022 £'000	2021* £'000
Within one year	251	295
One to five years	739	757
Beyond five years	222	35
Total	**1,212**	**1,087**

* The 2021 figure has been restated following the identification of additional operating leases which were not identified separately but were included within the operating costs.

The Group's future minimum finance lease payments are as follows:	2022 £'000	2021 £'000
Within one year	25	25
Between one and five years	101	101
Greater than five years	1,915	1,940
Total	**2,041**	**2,066**

25. RELATED PARTIES AND INTEREST IN ASSOCIATED UNDERTAKINGS

The Chair (T Miskell) resigned as the Chair of the Northern Housing Consortium Limited (NHC), a body that represents the interests of the housing sector, on 19 November 2020. Accent Housing Limited has traded with NHC during the year. Services bought during the year amounted to £12,234 (2021: £10,979) relating to membership fees. There was a credit of £408 (2021: credit of £408) due from Accent Housing Limited to NHC as at 31 March 2022. Financial Statements for Northern Housing Consortium Limited can be obtained from Loftus House, Colima Avenue, Sunderland Enterprise Park, Sunderland. SR5 3XB.

T Miskell resigned as Vice Chair of Johnnie Johnson Housing Trust Limited (JJHT), a not for profit housing association offering homes and independent living, on 29 July 2021. R Seldon, a Board member, was appointed as Board member of Johnnie Johnson Housing Trust Limited on 29 July 2020. Accent Housing Limited and Domus Services Limited (Accent Group Limited) traded with JJHT during the year.

Services bought during the year amounted to £133,386 (2021: £105,657) relating to alarm monitoring services. There was £3,707 (2021: £4,407) due from Accent Group Limited to JJHT as at 31 March 2022. Services sold to JJHT during the year amounted to £4,500 (2021: £nil) relating to programme management services. There was £nil (2021: £nil) due to Accent Housing Limited from JJHT as at 31 March 2022. Financial Statements for Johnnie Johnson Housing Trust Limited can be obtained from Astra House, Spinners Lane, Poynton, Cheshire. SK12 1GA.

R Wilkinson a Board member is also a resident. His leasehold agreement is on normal commercial terms and he is not able to use his position to his advantage. During the year Accent Housing Limited has received service charges of £1,101 (2021: £1,093). At the 31 March 2022 there was a credit of £10 (2021: £nil) due to R Wilkinson.

25. RELATED PARTIES AND INTEREST IN ASSOCIATED UNDERTAKINGS (CONTINUED)

At 31 March 2022 the subsidiary, joint venture and associate undertakings were: **Subsidiaries:**	**Percentage owned or controlled %**	**Accent Group Limited and Subsidiaries hold 100% of the share capital**	**Registered Society controlled by Accent Group Limited and regulated by the RSH**
Accent Housing Limited * ^	100		x
Accent Capital PLC	100		
Domus Services Limited	100	Note A	
Accent Homemade Limited	100	x	
Accent Group Pension Trustees Limited	100		
Joint Ventures:			
Franklands Park Limited ^^ (limited by guarantee) A management company for the Franklands Drive development.	50		
Associates:			
Procurement For All Limited ^^ (joint procurement company)	16.67		

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 Regulator of Social Housing.

^^ These entities are not significant 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 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.

25. RELATED PARTIES AND INTEREST IN ASSOCIATED UNDERTAKINGS (CONTINUED)

Accent Housing Limited had the following transactions with related parties during the year:

ACCENT HOMEMADE LIMITED	2022 £'000	2021 £'000
Received from related group entities:		
Management fee and supply of staff	**348**	**383**

Paid to related group entities:	2022 £'000	2021 £'000
Development costs	10,009	4,297
Management fees	183	327
Interest	873	882
Total	**11,065**	**5,506**

Loan due to group entities:	2022 £'000	2021 £'000
Accent Housing Limited	**15,900**	**18,266**

Deposits received from group entities:	2022 £'000	2021 £'000
Accent Housing Limited	**28,835**	**10,251**

Accent Homemade Limited provides development services associated with the design and construction of new homes for Accent Group Limited and its subsidiaries. Development costs are charged in totality and management fees cover the provision of development services.

DOMUS SERVICES LIMITED	2022 £'000	2021 £'000
Received from related group entities:		
Management fee	**78**	**92**

Domus Services Limited provides services for the collection of service charge income and management of related expenditure on behalf of leaseholders. The management fee is in respect of services rendered for the provision of service charge collection and management.

25. RELATED PARTIES AND INTEREST IN ASSOCIATED UNDERTAKINGS (CONTINUED)

ACCENT CAPITAL PLC	2022 £'000	2021 £'000
Paid to related group entities:		
Interest	**8,317**	**6,085**

On 18 July 2019 Accent Capital PLC issued a bond on the debt capital markets which then on-lent the funds to Accent Housing Limited.

FRANKLANDS PARK LIMITED	2022 £'000	2021 £'000
Paid to related group entities:		
Service charge	**120**	**56**

Franklands Park Limited manages a single housing scheme Franklands Drive on behalf of joint owners Accent Housing Limited and Paragon Asra Housing Limited.

PROCUREMENT FOR ALL LIMITED	2022 £'000	2021 £'000
Received to related group entities:		
Membership fee	**36**	**-**

The Group has a 16.67% share in Procurement For All Limited, registered company 05472353, which provided services to its members securing value for money through joint procurement of capital and maintenance works. The trading activities of Procurement For All Limited are being wound down in an orderly manner and the business is in the process of being solvently liquidated. At the point in time of trading activity being wound down the business was solvent and an amount was returned to each shareholder.

Interest in associated undertakings	2022 £'000	2021 £'000
Deficit arising from interest in Franklands Park Limited	(88)	(29)
(Deficit) / surplus arising from interest in Procurement For All Limited	(14)	16
Total	**(102)**	**(13)**

26. DEBT ANALYSIS - GROUP

	2022 £'000	2021 £'000
Due within one year		
Bank loans	5,730	4,860
Finance lease creditors	5	5
Financial liabilities measured at fair value	-	62
Unamortised premium and accrued interest on issue	167	-
Unamortised discount on issue	(108)	(105)
Total	**5,794**	**4,822**

Due after more than one year	2022 £'000	2021 £'000
Bank loans	129,530	178,260
Bond	350,000	225,000
Finance lease creditors	78	83
Unamortised premium and accrued interest on issue	6,172	-
Unamortised discount on issue	(4,205)	(4,313)
Total	**481,575**	**399,030**

Total loans repayable as follows:	2022 £'000	2021 £'000
Within one year	5,794	4,760
Between one and two years	5,817	5,627
Between two and five years	52,545	36,937
After five years	423,213	356,466
Total indebtedness	487,369	403,790
Financial liabilities measured at fair value	-	62
Total	**487,369**	**403,852**

Facilities, terms of repayment and interest rates

At 31 March 2022 the Group had a facility with Royal Bank of Scotland of £92,675k (2021: £74,375k) of which £25,000k was unutilised (2021: £nil) plus an unused Revolving Credit Facility of £20,000k. The borrowings are secured by fixed charges on individual properties. The loan is a mixture of fixed and variable rates. Fixed rates being plus a margin and variable rates being SONIA (Sterling Overnight Index Average) plus a margin, the

cont...

26. DEBT ANALYSIS - GROUP (CONTINUED)

margins ranging from 0.50% for the term loan to 1.40% for the Revolving Credit Facility. Previously recorded as based on LIBOR (London Inter-bank Offered Rate) but following withdrawal of LIBOR during the year the basis was changed under agreement with the lender to being based on the new SONIA and there has been no change to the reported position as a result of the practical expedient permitted under FRS 102 as:

- the change is necessary as a direct consequence of interestrate benchmark reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change.

At 31 March 2022 the Group had a facility with Lloyds Bank of £99,000k (2021: £102,000k) of which £48,000k was an unused revolving credit facility (2021: £30,000k). Within the year £18,000k of term loan was converted to a Revolving Credit Facility and simultaneously repaid and this remained undrawn at the year end. The borrowings are secured by fixed charges on individual properties. The loans are a mixture of fixed and variable rates. Fixed rates being plus a margin and variable rates being SONIA (Sterling Overnight Index Average) plus a margin, the margins ranging from 0.28% to 0.90%. Previously recorded as based on LIBOR (London Inter-bank Offered Rate) but following withdrawal of LIBOR during the year the basis was changed under agreement with the lender to being based on the new SONIA and is reported with no impact on reporting arrangements as a practical expedient approach.

At 31 March 2022 the Group had a facility with The Housing Finance Corporation of £30,000k (2021: £30,000k) 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 5.20%.

At 31 March 2022 the Group had a facility of £6,585k (2021: £6,745k) with Orchardbrook Limited. This loan is repayable on a fixed rate basis at 12.345% amortising until expiry in 2031.

At 31 March 2022 the Group held a thirty year bond, with a bullet repayment due in July 2049. The bond was raised on the debt capital markets through wholly owned subsidiary, Accent Capital PLC, with the entire funds on-lent to Accent Housing Limited. The bond was issued on 18 July 2019 at a coupon rate of 2.625% for £350m, of which £225m was sold and £125m retained for future sale. The retained bond was sold on 5 October 2021. The bond is fully secured on housing assets owned by Accent Housing Limited.

27. FINANCIAL ASSETS AND LIABILITIES - GROUP

	2022 £'000	2021 £'000
Financial assets - categories		
Financial assets measured at amortised cost	**168,755**	**107,822**

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

	2022 £'000	2021 £'000
Financial liabilities - categories		
Financial liabilities measured at amortised cost	550,563	447,248
Financial liabilities measured at fair value through surplus or deficit	-	62
Total	**550,563**	**447,310**

	2022 £'000	2021 £'000
Financial liabilities - measured at fair value		
As at 1 April	62	198
Credit in statement of comprehensive income	(62)	(136)
As at 31 March	**-**	**62**

27. FINANCIAL ASSETS AND LIABILITIES - GROUP (CONTINUED)

Financial liabilities measured at fair value relate to an interest rate fix with Royal Bank of Scotland of £3.1m which expired in December 2021. This instrument was entered into December 1996 in order to fix the interest cost risk on part of the loan facility with Royal Bank of Scotland and was not entered into for trading or speculative purposes. The Society was not required to place collateral with Royal Bank of Scotland to cover mark-to-market movements in relation to this instrument, which mitigates counterparty credit risk.

Financial liabilities – interest rate risk profile

The Group's financial liabilities are sterling denominated. The interest rate profile of the Group's financial liabilities as at 31 March 2022 was 91.7% fixed (2021: 84.2%) and 8.3% variable (2021: 15.8%) which is in line with the Group's Treasury Management Policy	**2022 £'000**	**2021 £'000**
Fixed rate	445,280	343,907
Variable rate	40,063	64,363
Total	**485,343**	**408,270**

The variable rate financial liabilities comprise bank loans that bear interest rates based on three month SONIA. The fixed rate financial liabilities have a weighted average interest rate of 3.20% (2021: 2.07%) and the weighted average period for which it is fixed is 23.6 years (2021: 21.0 years).

Risks arising on financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and market risk.

Credit risk

Credit risk is managed in accordance with the Board approved Treasury Management Policy, with security of amounts invested being more important than seeking the highest return. Surplus liquid funds are invested only with approved counterparties that meet minimum credit rating thresholds detailed in the Treasury Management Policy, with maximum exposure levels set for each counterparty.

Liquidity risk

Liquidity risk is managed in accordance with the Board approved Treasury Management Policy. The policy is to maintain sufficient cash to cover the next six months cash requirement and sufficient liquidity to cover the next 18 months liquidity requirement. Detailed cash flow forecasts are prepared to ensure compliance with its liquidity policy goals as well as the longer-term growth aspirations of the business.

Apart from its working capital and capital expenditure requirements, the nature of the Group's debt portfolio requires regular repayments of term loan principal and interest to certain lenders. The maturity profile of debt has been structured to reflect the long term nature of the assets and to achieve a balanced profile of scheduled repayments of loan principal. As at the 31 March 2022 86.8% (2021: 88.2%) of borrowings were due to mature in more than five years.

It is considered that the Group has sufficient financial resources to make these repayments, and therefore the risk of being unable to meet its financial obligations to these lenders is considered to be low.

Interest rate risk

Operations are financed through a mixture of generated cash flows, government grant for development activities and loan borrowings. The interest rate strategy is regularly reviewed and aims to achieve a conservative balance between fixed and variable debt at an acceptable level of risk and cost. Covenant compliance and sensitivity analysis of interest rates are monitored on a regular basis.

Market risk

The treasury management function is responsible for developing and implementing an appropriate financial strategy to ensure the business holds the required level of liquidity to fund its capital investment programme and day to day operating activities. Close monitoring of financial covenants against the business plan to assess risk scenarios is completed on a regular basis.

27. FINANCIAL ASSETS AND LIABILITIES - GROUP (CONTINUED)

Borrowing facilities The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:	**2022** **£'000**	**2021** **£'000**
Expiring within one year	15,000	-
Expiring in more than one year but not more than two years	40,000	-
Expiring in more than two years	38,000	50,000
Total	**93,000**	**50,000**

28. CONTINGENT LIABILITY

Local Improvement Finance Trust Schemes
There is the potential for Accent Group Limited to be liable for claims in respect of historical contracts relating to local improvement finance trust schemes (LIFT). Future claims in this regard cannot be discounted however the liability cannot be determined and all such claims will be examined on a case by case basis to establish if liability exists and to limit financial exposure with expert third party advice where appropriate. Due to the sensitive nature of this matter Accent Group Limited is unable to disclose any further details regarding the timing or quantum of potential claims as this could be seriously prejudicial.

Social Housing Pension Scheme (SHPS DB)
We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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