Accent Group Limited
Report and Financial Statements

for the year ended 31 March 2017

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Non-Executive Board Members


Tom Miskell - Chair


Gwyneth Sarkar
Resigned 22 June 2016


Richard Beal


Jo Boaden
Resigned 22 June 2016


Peter Caffrey


Paul Grant
Resigned 6 Dec 2016


Archana Makol
Appointed 2 Jan 2017


Sally Ormiston
Appointed 2 Jan 2017


Maggie Punyer


Rob Seldon


Ken Wood

Co-opted Executive Director


Paul Dolan
Appointed 1 May 2017


Gordon Perry
Resigned 28 April 2017

Executive Directors


Claire Stone


Gail Teasdale


Andrew Williams

Company Secretary


Matthew Sugden

Advisors & Bankers

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

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

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Registered Numbers
Charitable Registered Society No. 30444R under the Co-operative and Community Benefit Societies Act 2014

Registered by the HCA No. L4511

Contents

Looking Back

TOM MISKELL, CHAIR

In my first year as Accent Group Chair, I'm delighted to look back over what has been a great year for our organisation.

Our main focus for 2016 was the legal consolidation of our three registered providers and becoming one Accent, an objective we set in motion three years earlier. In August, we achieved our goal and launched Accent Housing Limited, our new, single registered provider.

Although separate entities, our registered providers had been working together for the past three years, but legal consolidation has placed us in an even stronger position. We have improved strength and viability, (retaining our V1 G1 rating from the HCA). We can provide even better value for money, we can build even more new homes, we can invest even more in our existing homes and we can deliver even better services to our customers. We are ready to deliver our ambitious agenda.

Following the 2015 election and the government's plans to extend the right to buy to 1.3m housing association tenants, we signed up to the National Housing Federation's voluntary scheme. The scheme has been put back to 2018, but we remain keen to work with the Government, and meet our residents' aspirations for home ownership. The present Government plans to build one million homes by 2020, and we will play our part in helping to achieve that target. Our aim is to grow our property portfolio, and we have ambitious plans to deliver new homes in the priority areas we have identified. In addition to developing, we will actively look for merger and acquisition opportunities, partnerships and the sharing of services to help us grow our business.

This year's SOAHP (Shared Ownership and Affordable Homes) bid awarded us our full allocation, £41.4m funding for the Accent Group Consortium. 1,406 new homes (215 without grant) will be delivered. The allocation means we will deliver 600 new homes for Accent Housing in sustainable locations. The allocation will contribute to meeting our increased development aspirations, and provide more mixed tenure homes which respond to local needs and demands.

It is essential the sector can demonstrate its development capability. We need to deliver more with less, own the space of innovation and efficiency, and show how we provide value for money. The Government perceives the sector as inefficient, complacent and not building enough. We need to challenge this perception and show we are a solution to the housing crisis, not one of the problems.

Our plans for a digital customer service received a huge boost over the last year. We have improved customer contact, our performance and customer satisfaction with our new national contact centre, whilst delivering significant savings and driving value for money. Our aim is now to extend the range of services delivered, the connectivity between teams and to establish integrated communications through 'Accent Connect'. We also plan to upgrade our website and customer portal to offer our customers more choice and accessibility, enabling them to interact with us in the way they want to.

Our performance in key service areas continues to improve. We have tackled rent arrears and turnover, recording our lowest ever arrears level of £1.8m. Although performance in all key service areas has improved, performing well on turnover and voids is becoming increasingly critical to providing value for money. Our tenancy sustainability service is proving to be invaluable in helping our residents manage their tenancy and overcome financial difficulty.

In a year that has seen Accent go from strength to strength, I'd like to take this last opportunity to thank Gordon Perry as he retires as chief executive in April 2017. In his nine years, Gordon has transformed Accent into the strong and well governed organisation it is today. We have an ambitious and energetic board who are passionate about delivering great services and providing new homes and, in Paul Dolan, we have a new chief executive with just as much passion about the work Accent does and the difference it makes to people's lives. I'd like to wish Gordon all the best and welcome Paul to Accent.

Finally, on behalf of the Accent Board, I'd like to thank our people - Team Accent – for their commitment and support in 2016/17. I look forward to continuing to work with them in the future.

Tom Miskell
Accent Group Chair

Looking Forward

PAUL DOLAN, CHIEF EXECUTIVE

I'm delighted to be joining Accent at a time when the organisation is in such a strong position, both financially and operationally. My objective is now to build on that solid and stable position to enable Accent to do more and deliver even better services to our customers.

Operating as one Accent through consolidation means we are well placed to deliver an ambitious agenda for new homes and service excellence. We are well run with a single operational management structure across our five regions. We are well governed with clearly defined responsibilities between the Accent Board and our regional compliance and scrutiny committees, and we are well managed with key strategies and policies to ensure we stay financially strong, commercially astute and customer focussed.

Combined with our financial strength, consolidation has given us the drive, ambition and capacity to do more. We have a positive operating cash flow, (£43.7m), a positive net surplus before tax (£17.1m) and a committed development programme for 2017/18 of almost £17m to provide 99 homes. We have never been in a better position to deliver more new homes and more improved services to our customers.

Above our development ambitions for 2017/18, we will focus on our existing homes and communities. We currently provide homes and services to almost 22,000 households and we will continue to invest in them to ensure our residents are happy and proud to live in an Accent home.

We want to meet and enhance aspirations for homeownership, so we will focus on improving the services, range of products and options for our homeowners.

We will further develop our independent living service to ensure we provide both the homes, and the services our residents need to help them live well, whether independently in their own homes, or as a resident of one of our independent living schemes.

We will continue to develop our successful tenancy sustainability service for residents who find themselves unable to manage their homes or their finances.

Using new technology, we will simplify our current lettings and allocations process, ensuring a balance between improving customer service, affordability, sustainability and meeting housing needs. We will also improve the range of services available through our online channels by updating our website and customer portal and using Accent Connect, our plan for integrated communications, to manage customer contact in a more efficient and cost effective way. We will also take advantage of new technologies such as virtualisation to provide an ever wider range of facilities and services to further improve customer service.

We will use our customer profile information to target, tailor and further improve our performance, services and communications, and more effectively market and manage our homes.

As demonstrating efficiency becomes increasingly important, we will invest our resources where they can have the biggest impact. We will place greater emphasis on the responsibilities of our residents, and we will review our service standards and housing management policies to ensure they are effective, deliver quality services and provide value for money.

We will launch our new repairs and maintenance procurement (RAMP) later in 2017. This will provide an improved reactive repairs and planned programme service which increases efficiency, productivity and consistency, and delivers value for money.

In support of our ambition to grow, we will develop a strategy for increased partnership working. We will look at opportunities for mergers and acquisitions and also for sharing services and consortia working. We have an opportunity to promote our own low cost back office services to other associations as a value for money alternative.

We have busy and exciting times ahead.

I look forward to continuing the journey Gordon Perry began. Accent is in a strong place, able to continue and step up our response to delivering our core mission of improving lives through our homes and services. Through the talent and commitment throughout the Accent business, I am sure we will accomplish our shared ambition to respond to our challenges, make the most of our opportunities, work smarter and more efficiently and, above all, continue to deliver high quality services to our customers.

Paul Dolan
Accent Group Chief Executive

	2017 £m	2016 £m	2015[1] £m	2014[2] £m	2013[2] £m
Statement of Comprehensive Income					
Total turnover	94	101	108	95	96
Income from lettings	91	91	89	85	82
Operating surplus for the year before taxation	**31**	**33**	**31**	**18**	**20**
Statement of Financial Position					
Intangible and tangible fixed assets at valuation or cost net of depreciation	588	586	703	706	656
Net current assets	31	13	7	9	34
	619	**599**	**710**	**715**	**690**
Loans and long term creditors (due over one year)	342	339	353	364	383
Pension liability	26	21	24	13	10
Provision for liabilities	-	-	-	4	5
	368	**360**	**377**	**381**	**398**
Reserves:					
revaluation	63	65	125	278	243
accumulated surplus	188	174	208	56	49
Total reserves	251	239	333	334	292
	619	**599**	**710**	**715**	**690**

	2017	2016	2015	2014	2013
Accommodation (dwellings at 31st March):	No.	No.	No.	No.	No.
Social housing	15,039	14,934	15,117	14,848	14,681
Shared ownerships and leasehold	1,817	1,797	1,754	1,645	2,252
Supported housing and housing for older people	2,869	3,198	3,130	3,396	3,398
Non-social housing	897	846	826	829	607
	20,622	**20,775**	**20,827**	**20,718**	**20,938**

Statistics	2017	2016	2015	2014	2013
Operating surplus for the year as a % of turnover	33%	32.7%	28.7%	18.9%	20.8%
Social Housing operating surplus as a % of turnover before grant relating to social housing lettings	34.5%	33.8%	25.3%	19.8%	22.5%
Rent losses (voids and bad debts as % of rent and service charges receivable)	1.0%	0.9%	1.1%	2.1%	1.7%
Rent arrears (net arrears as % of rent and service charges receivable)	2.0%	2.7%	3.2%	4.6%	3.7%
Liquidity (current assets divided by current liabilities)	1.8	1.3	1.2	1.2	1.9
Gearing (total loans as % of capital grants loans and reserves)	34.5%	34.9%	32.5%	33.4%	35.7%

1 Results restated under FRS102
2 Results reported prior to FRS102

Turnover from social lettings £m's

2017	**£91**
2016	£91
2015	£89
2014	£85
2013	£82

Rental income has remained flat due to the 1% rent cut

Operating surplus £m's

2017	**£31**
2016	£33
2015	£31
2014	£18
2013	£20

Operating surplus slightly down to just over £31m

Number of properties

2017	**20,622**
2016	20,775
2015	20,827
2014	20,718
2013	20,938

Pro-active asset management (ie disposal of underperforming stock) has seen the total number of units reduced to just over 20,600

Operating margin on social lettings %

2017	**34%**
2016	34%
2015	27%
2014	20%
2013	23%

Our operating margin remains healthy at 34%

Rent voids and bad debts %

2017	**1.0%**
2016	0.9%
2015	1.1%
2014	2.1%
2013	1.7%

Void management and active income collection has resulted in a very low percentage of turnover of 1.0%

Rent arrears %

2017	**2.0%**
2016	2.7%
2015	3.2%
2014	4.6%
2013	3.7%

Rent arreras continue to improve year on year

Gearing %

2017	**35%**
2016	35%
2015	33%
2014	33%
2013	36%

Gearing has decreased after taking into account the successful raising of £20m via THFC to fund new development

Cost per unit £'s

2017	**£3,098**
2016	£3,196
2015	£3,375
2014	£3,820
2013	£3,613

The key measure of cost per unit continues to improve and is calculated to be £3,098 for the year to 31 March 2017

Vision and group strategic plan
The vision which has been at the centre of Accent's strategy for the past four years is **'Making a difference'**, and our mission is **'improving homes, communities and lives'** by delivering a personal, modern and better service.

One of the key achievements to support the delivery of the vision has been to consolidate our three separate landlords. The creation of Accent Housing Limited has increased our financial and organisational capacity, strengthening our ability to support and sustain communities through the provision of high quality homes and services. It also means that Accent is now at a pivotal moment, with the ability to capitalise on the achievements of the past four years. Our governance is stronger with clear responsibilities for the Accent Board; which develops our key strategies and policies and ensures we are well run and financially strong. Our five regional compliance and scrutiny committees provide assurance of compliance with the consumer standards and drive performance improvement at a local level. Our G1 and V1 assessments from the HCA are maintained and we have risen to the challenges of the new regulatory code. As members of the HCA Regulatory Advisory Board we are also consulted on changes to the regulatory framework.

We have strong values which underpin everything that we do. These are to be:

1. Respectful,
2. Creative,
3. Dependable and
4. Open and Honest

We now want to build on this position of strength in order to deliver even more. Over the coming months we will be developing our new 5 year Corporate Strategy which will ensure that we are maximising our potential to deliver against our three key premises:

- Supporting aspirations;
- Building new homes and improving our existing homes; and
- New opportunities and growth.

The biggest challenges facing our business continue to be the impacts on the wellbeing of our residents and our income of the current economic environment and reforms to the welfare benefits system. Business risks and uncertainties are described further in the Report of the Board on page 17.

Our external operating environment has changed significantly and at a macro-economic level the housing market landscape has changed remarkably. In the past two decades the number of privately rented homes has doubled. Home ownership is becoming out of reach for a whole generation and there is a shortage of social housing, which is particularly acute in London and the South East. The political landscape has fundamentally shifted, with a perception of housing associations being inefficient. The political drive has been for the sector to move away from meeting housing need and the culture of welfare dependency, and to move towards meeting aspirations for home ownership. This is being facilitated through both the funding regime, with the Shared Ownership and Affordable Housing Programme (SOAHP); and also through legislation including welfare reforms, the 1% rent cut and the voluntary right to buy for housing association tenants.

During this financial year we have continued to respond to these transformational changes. We have seen performance in some service areas exceed targets and historic performance levels.

We have shown we are an agile organisation that can respond quickly to change and challenges. Delivering our new personal, modern and better service continues to be a priority for 2017/18. Our new centralised national contact centre in Shipley, offers residents new and improved methods of contact, whilst delivering improved consistency and quality of service. In addition, the single contact centre has delivered £80k savings this year and next year a further £130k will be realised.

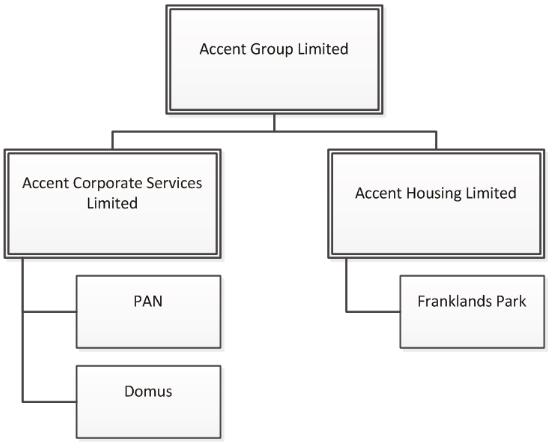
We have 111 mobile staff working in our contract management and customer service teams. Our Customer Portal, an interactive online web portal, is attracting more customers and this year we launched an on-line resident engagement portal called 'The Hub' to enable our customers to engage with us online. It also empowers customers to feedback on our services and provide us with insight to shape new services whilst reducing operating costs by £122k per annum. On the front line, our housing officers and tenancy support team continue to help our more vulnerable residents, reaching 1,654 residents last year and bringing in more than £425k in extra income.

2017 and beyond will bring more challenges for the sector, but also opportunities. Our priorities will remain firmly fixed on delivering our vision 'Making a Difference...Improving Homes, Communities and Lives'. We will focus on protecting our income, our viability, providing quality and value for money, managing our voids, reducing our turnover and building more new homes.

Vision and group strategic plan (cont…)

We achieved our highest ever staff satisfaction level of 82% - just a percentage ahead of our overall resident satisfaction at 81%.

Our new group structure is:



This has further strengthened our governance structure and enabled us to improve value for money, enhance decision making with increased resident involvement and scrutiny whilst also increasing our position in the market place. This full legal consolidation brings together Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited into a single landlord which is now called Accent Housing Limited.

As ever our value for money approach will continue, improving the return on assets and increasing performance while containing costs. This will mean we continue to deliver our vision of Making a Difference.

Our service delivery focus will be on ensuring that tenancies are let in a way which minimises the risk of failure; that support is available when residents need help to stay with us; and that we help make moving on from their current home a positive step.

We are well underway with delivering our new service offer, which aims to improve resident satisfaction by building a more personal, modern and better service tailored to the needs of the individual and local community in which they live.

During 2017/18 there are a number of key strategies that will be delivered, with each one being underpinned by a number of initiatives:

- Accent Service Offer
- Development and Growth
- Active Asset Management
- Digital Services
- Independent Living Service

Tenant involvement
Residents from across the Group meet through the Accent Residents' Panel which acts as a sounding board for Accent on strategic issues and the business plan. During 2017/18 the panel will be focussing on group wide scrutiny of lettings and allocations, particularly on what services should be delivered centrally and what needs to be retained locally. Linked to this the panel will also look at how Accent manages empty homes, in terms of process, presentation and incentives whilst understanding the need to drive value for money.

Service to tenants and residents - how are we performing?
In spite of the current environment, over the past 12 months we have continued to improve the services we provide to 20,934 households. We completed 27 new homes and re-housed 1,798 families. We have improved the quality of our homes, with a total investment in repairs and maintenance of £34.8m (capital and revenue expenditure).

Service to tenants and residents - how are we performing? (cont…)

The following tables set out the performance of Accent Group against the key resident focussed performance indicators from our latest Survey of Tenants and Residents (STAR) carried out in the summer of 2016.

	2016/17	2015/16	2014/15	2013/14
Overall satisfaction with landlord services	81%	80%	81%	85%
Satisfaction with views taken into account	64%	61%	61%	68%
Satisfaction with keeping tenants informed	76%	73%	73%	76%
Satisfaction with area as place to live	79%	80%	80%	81%
Satisfaction with value for money for rent	81%	76%	77%	80%

Repairs and maintenance
The Decent Homes Standard (DHS) for the Group has decreased by 1.66% to 94.1% meaning 1,058 out of 17,802 properties are not currently meeting DHS. However, in order to deliver value for money we do not replace components until their lifecycle is lapsed which means we will never achieve 100% at any given time. This principle has been discussed and agreed with the Homes and Communities Agency to deliver greater value for money.

The target for component replacement in 2016/17 was 3,236 planned elements / components and this was met.

Satisfaction with planned works and responsive repairs, 'First time fix' and 'Percentage of Appointments Kept' have been maintained or improved year on year. Gas servicing performance has remained around the same level with only 5 overdue cases.

The following table shows other key indicators:

	2016/17	2015/16	2014/15	2013/14
Decent Homes	94.1%	95.8%	96.4%	95.6%
Average Time to complete a repair (days)	7.6	8.6	6.7	7.1
Percentage First time fix	93.9%	94.0%	91.4%	88.0%
Percentage Appointments kept	96.7%	94.0%	93.0%	90.0%
Percentage Satisfied with responsive repairs	92.4%	91.9%	94.3%	92.2%
Percentage Gas Serviced	99.97%	99.96%	99.98%	100.00%

Housing management
Pressure on income collection as a result of the financial climate and welfare reform changes remain noticeable but through improved performance management year on year we have achieved a decrease in current arrears of £562k.

Tenancy turnover continues to be a challenging area with the northern regions and east in particular reporting higher levels than the sector benchmark. When turnover is compared year on year as a total it decreased by 1.6%. Re-let time for 'General need' and 'Sheltered' lets combined has risen by 4 days partly due to an increased focus upon sustainable lettings.

Eviction rates are 27% lower 77 in 2016/17 (105 in 2015/16). This is an area that we continue to monitor closely as the impact of austerity and welfare reforms are felt by our residents. Anti-Social Behaviour levels have increased year on year by 6 cases (1%), satisfaction with case handling has improved year on year by 3.6%. Total Hate Crime cases have increased by 13 and Domestic Violence cases have decreased by 6 year on year.

	2016/17	2015/16	2014/15	2013/14
Current tenant rental arrears (as per SPR)	2.3%	3.1%	3.9%	5.4%
Average re-let times (days) Net re-lets days	28.5	25.8	28.6	28.2
Empty properties	0.7%	1.5%	2.1%	2.3%
ASB Cases per 1,000 properties	33.9	39.0	32.6	56.0

Customer service
There were over 528k customer contacts during the year and the percentage of calls answered was 95.5% with the average time to answer a call being 22 seconds.

There has been a 21% decrease in complaints, a reduction from 239 to 188, as a result of improved customer service delivery. Customer compliments continue to be reported in order to provide a more balanced view of customer service and service delivery. Year to date there have been 383 compliments received. None of the complaints escalated to Local Government Ombudsman (LGO) level.

Health & safety
The profile of accident reporting continues to be a key focus, there have been 21 accidents (2016: 17) of which 3 (2016: nil) were RIDDOR reportable.

Development
All the legacy funding programmes which commenced prior to 2015 (AHP1, AHGP and Care and Support 1) have been completed during the last financial year.

The current programme (AHP2) continued to expand from the initial position of 757 homes, the total number of new homes to be provided by the Consortium is now 1,151 homes (at the end of March 2016 the total was 921 homes). Despite there being no additional grant funding being made available the Consortium AHP2 programme outputs have increased during the year with the addition of nil grant schemes such as S106 or RCGF funding projects. The HCA have continued to approve substitute bids to transfer grant between Consortium Partners. Furthermore, the HCA also requested Accent as Lead to submit funding bids for 2 new projects that both required grant funding. To fund these deliverable projects, the HCA identified grant of £2.25m from other providers who no longer wished to take up their allocations.

The HCA Consortium targets for the AHP2 programme were all achieved at the end of the 2016/17 financial year. In addition, during the year the Consortium submitted a bid for the new grant funding programme, Shared Ownership and Affordable Homes Programme 2016 -2021 (SOAHP). The total grant allocated to the Consortium is £41.4m to deliver 1,607 new homes between 2017/18 and 2021/22.

The Accent AHP2 programme is forecasting to increase from the start of programme position of 118 homes to the current figure of 260 new homes. This has been through the addition of S106 and RCGF funded projects. The total grant in the Accent programme however has been reduced from the initial allocation of £3.09m to £2.51m. Some of this grant has been transferred to other Consortium Partners to deliver their schemes.

The start on sites that have been achieved in 2016/17 have been on asset management projects. The total starts at 26 homes is below the 92 new homes identified in the start of year targets as no grant funded schemes achieved a start before the end of March 2017. The grant figure is therefore only 4% of the start of year target. With the addition of properties that have been completed as part of S106 agreements the number of completions was 35 homes. Above the start of year target of 7 homes was Tollgate Court which completed as forecast in January 2017.

Asset management
As part of our Asset Management Strategy approved by the Board we have undertaken a number of rationalisation projects where we would seek to dispose of assets which are geographically remote from our main areas of operation or are considered surplus through stock obsolescence or low demand

There are a total of 346 properties identified to be disposed of in the Horden and Blackhall areas of Easington. At the end of March 2017, 230 properties have been disposed of in total with 110 sales being achieved in 2016/17. The total income received now amounts to £4.3m and this has been allocated to future development. Of the remaining properties at Easington 111 are currently occupied and there are 5 voids. The process of grouping a number of properties as they become vacant to be sold at auction will continue during the next financial year.

Additionally, 23 miscellaneous properties have been disposed of during the year including Rarey Farm which was sold at auction in November 2016 generating £180k sale proceeds for future development.

Financial review
The year to 31 March 2017 has resulted in a surplus before tax of £17,125k (2016: deficit £39,973k after revaluation reduction). The core business of providing affordable housing has produced a financial result in line with expectations. The principal reasons for the surplus are as follows:

- The Group's core affordable housing business made an operating surplus of £31,361k (2016: £30,750k). Other activities made an operating deficit of £328k (2016: gain £2,294k) the principal reasons are; rental income only slightly increasing as result of the 1% rent cut, a reduction in recognition of grant income of £1,551k and a non-recurring gain during 2015/16 of £1,695k on property sales following the conclusion of the Franklands Park development.
- Property sales generated a surplus of £2,338k (2016: of £2,926k), this is largely due to the on-going stock rationalisation policy in Horden and Blackhall, County Durham. The Group continues to review its portfolio of properties to ensure it has the right properties to deliver its services in the future.
- The housing assets continue to be valued at Existing Use Valuation – Social Housing use (EUV-SH). The assets were re-valued at 31 August 2015 and the Directors consider that this valuation remains appropriate as at 31 March 2017.
- The Group also conducted its annual impairment review of the value at which it is carrying property assets in its balance sheet. This review has resulted in a total impairment of £nil (2016: £nil).
- During the year the Group invested £34,818k (2016: £37,473k) in maintenance reflecting the continued focus of the Group on improving our existing homes.

Financial review (cont…)

- During the year housing properties amounting to £3,334k (2016: £13,188k) were completed reflecting the Group’s continued focus on development.
- Interest payable remained stable at £16,464k (2016: £16,608k) as result of the treasury management strategy.

After the transfer of the total comprehensive surplus for the year of £12,310k (2016: deficit £93,779k), the Society’s reserves amounted to £251,433k (2016: £239,123k).

Value for money assessment
The board of Accent believe that Accent has continued to demonstrate its commitment to improving its value for money.

During 2016/17 the teams focussed on the four value for money themes of:

- Let Well
- Sustain Well
- Serve Well
- Leave Well

As a consequence, turnover in our properties declined by 1.6%. During the year there was a cash saving of £1m compared to budgeted void spend. Of this amount £0.56m related to fewer voids than budgeted and £0.44m due to the costs being lower than budgeted as we worked with contractors to be more efficient. Overall re-let days increased by 4 days costing £71k to offset against the saving. This outcome was due to a change in focus at letting to ensure tenancies were sustainable from day one.

The reasons for tenancy turnover have now been analysed for two years and this information is helping to inform both the lettings approach and how tenancies are managed as it is combined with customer segmentation. It is clear that the main reason for tenancies terminating in the first year is affordability whereas longer tenancies are often associated with medical issues. Pilots in the north have been trialling new approaches to letting property and positive impacts have been seen.

The level of arrears both current and former continues to decline so arrears are £1.2m lower at the end of 2016/17 than the start.

The active asset management approach has also continued with properties that are not core sold. In 2016/17 133 properties were sold for £3.18m and 39 homes developed (27 new build and 12 remodelling) to meet the changing demands in an area. All sales proceeds have been added to the development fund in accordance with our capital receipts policy.

The HCA costs variation analysis for 2015/16 showed that our headline social cost per unit of £3,196 was in the lower quartile compared to the sector. Our value for 2016/17 shows a further decline to £3,098. Our management costs increased in the year to £747 (2016: £658) but this was almost entirely due to consolidation and other one off costs.

At a strategic level the three housing RPs were consolidated into one entity. This has removed limitations on the financial capacity of the group which meant that prior to consolidation Accent was limited to c£30m additional borrowing capacity. In 2017/18 the new vision for Accent will emerge. The financial capacity to support that vision is now c£200m.

Overall the board believes it fully complies with the value for money standard. It has continued to deliver improved value for money; however, it remains sufficiently challenging of itself to know there are opportunities to further improve in 2017/18. The key areas for 2017/18 will be:

- Increasing the development programme to take advantage of all the efficiencies;
- Continuing to actively manage our existing stock to ensure that poorly performing stock is sold; and
- Deliver the digital strategy and the channel shift strategy as part of creating a modern efficient customer experience.

At the same time Accent will continue challenge individual services to improve outcomes whilst reducing cost. This will be assisted by our engagement in a number of benchmarking groups. All this will deliver a significant increase in our development to deliver 2,263 homes by 2022/23.

More detailed analysis of our value for money performance and our plans for future efficiency can be found on the following web link: www.accentgroup.org/about-us/open-and-honest/

The Strategic Report was approved by the Board on 21 June 2017 and signed on its behalf by:

Matthew Sugden
Secretary
21 June 2017

The Board presents its report and the financial statements for the year ended 31 March 2017.

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

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

Transfer of engagements
On 1 August 2016 the Group completed the consolidation of the three asset owning Registered Provider subsidiaries within the Group. This was achieved by way of a Transfer of Engagements as provided for by the Co-operative and Community Benefit Societies Act 2014. Accent Nene Limited and Accent Peerless Limited transferred their engagements to Accent Foundation Limited, creating a single legal entity and landlord. Accent Foundation Limited at the same date changed its name to Accent Housing Limited. Consolidation has further strengthened Accent's governance, financial capacity and improved value for money.

The transfer of engagements represents a group reconstruction and under both Financial Reporting Standard 102 (FRS102) and the Housing SORP2014 merger accounting is permitted. Hence, the amounts disclosed in the financial statements of Accent Housing Limited have been prepared following the principles of merger accounting as set out in section 19 of FRS102. However, the amounts disclosed in the Accent Group Financial statements are unaffected.

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

Performance for the year and future developments
Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 6 to 13.

Board Members and Co-opted Executive Director
The present board members and co-opted executive director (the Group Chief Executive) are shown on page 2.

The Board currently comprises the Group Chair, seven non-executive directors and the Group Chief Executive. The experience and skills of the Board is reviewed annually to ensure that they are sufficient for the Group's needs. Biographies for individual board members are available on the Group's website at www.accentgroup.org.

Board members are drawn from a wide background bringing together professional, commercial and housing management experience. The current and former Group Chief Executives hold no interest in the Society's shares and acts as executive within the authority delegated by the Board. Group insurance policies indemnify board members and officers against liability when acting in their professional capacity on Group business.

The current Group Chief Executive is employed on the same terms as other staff, other than his notice period being six months. Details of Board members' remuneration are included in note 8 to the audited financial statements. The co-opted executive director is entitled to a vehicle allowance. Remuneration was last reviewed in 2016 and took into account external independent benchmarking of pay, within the sector, of businesses with a similar size and level of complexity.

The principal responsibilities of the Board to the Group 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.

The performance of the Board, both individually and collectively, is usually appraised on an annual basis. However, given the number of changes in board membership and the recent arrival of the new Group Chief Executive the review process has been rescheduled to take place later during 2017/18 and at that time to be facilitated by an external third party.

Board Members and Co-opted Executive Director (cont…)

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

Day to day management and implementation of policy and strategic direction is delegated to the Group Chief Executive and the executive directors who meet monthly and attend Board meetings. The Board meets formally at least seven times a year for regular business. Board members also attend an annual conference with Board and committee members (including the members of the five regional customer service committee from across the Group) to discuss future strategic direction and participate in at least two training days. The Board has formal terms of reference in place for its Audit, Asset Management, Nominations, Remuneration and Service Performance Committees. A brief description of the roles of these committees is set out below.

Committees
The Group has five committees:

- **The Audit Committee** which is responsible for overseeing management's financial reporting responsibilities and maintenance of an appropriate system of risk management. The Committee meets bi-annually with the external auditors to discuss the financial statements, the adequacy of the Group's internal control framework and makes formal recommendations as required. There is also an annual private meeting with the external auditors.
- **The Asset Management Committee** which meets to consider and provide a Group overview of asset management and investment decisions.
- **The Nominations Committee** is responsible for ensuring that a regular review of the skills matrix is undertaken to ensure that the Board has the correct skills, knowledge and experience from a diverse range of backgrounds, reviewing the non-executive and executive succession plans and ensuring that an effective appraisal system is in place to maintain Board and committee effectiveness.
- **The Remuneration Committee** is responsible for reviewing both non-executive and executive remuneration to ensure that this remuneration is in line with other organisations in the sector of similar size and complexity.
- **Service Performance Committee** which meets to consider best practice and monitor service performance overall, and address any regional variances. The Committee also consider performance scrutiny reports and ensure that customer insights are driving service and performance improvements.

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2017 is as follows;

Non-Executive Board Members attendance and total remuneration

	Board Meetings No.	Board Away days No.	Audit Committee No.	Asset Management Committee No.	Nominations Committee No.	Remuneration Committee No.	Service Performance Committee No.	Fees £'s	Expenses £'s	Total £'s
Tom Miskell (Chair)	8/8	2/2	n/a	n/a	1/1	1/1	n/a	13,088	-	13,088
Gwyneth Sarkar	2/2	2/2	n/a	n/a	n/a	n/a	n/a	3,750	179	3,929
Richard Beal	7/8	2/2	4/4	n/a	1/1	1/1	n/a	6,500	142	6,642
Jo Boaden [1]	1/2	0/1	n/a	n/a	n/a	n/a	n/a	1,625	624	2,249
Peter Caffrey [1]	7/8	2/2	n/a	n/a	n/a	n/a	2/2	6,500	395	6,895
Paul Grant [1]	6/6	2/2	n/a	n/a	n/a	n/a	n/a	4,875	1,196	6,071
Archana Makol	2/2	1/1	n/a	n/a	n/a	n/a	n/a	1,625	-	1,625
Sally Ormiston	2/2	1/1	n/a	n/a	n/a	n/a	n/a	1,625	-	1,625
Maggie Punyer [1, 2]	7/8	2/2	n/a	n/a	n/a	n/a	2/2	6,500	3,202	9,702
Rob Seldon	7/8	2/2	4/4	5/5	1/1	1/1	n/a	6,500	-	6,500
Ken Wood	6/8	1/2	4/4	5/5	n/a	n/a	n/a	6,500	-	6,500

Expenses relate to business travel and subsistence, employers National Insurance costs are not included in the table above but are disclosed in aggregate in note 8 to the audited financial statements.
[1] These members are also the Chair of respective CSC's.
[2] Expenses incurred by this member are higher than other members as the member concerned is based in the east.

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. In advance of the transfer of engagements on 1 August 2016, Accent Foundation Limited and Accent Peerless Limited executed a Flexible Apportionment Arrangement on 21 July 2016 under the provisions of the Occupational Pensions Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2011. This

Pensions (cont…)

arrangement transferred the liability for past service costs from Accent Peerless Limited to Accent Housing Limited (formerly Accent Foundation Limited).

- During the year Accent Nene Limited participated in the Social Housing Pension Scheme (SHPS) a defined benefit scheme operated by The Pensions Trust for Registered Providers, in which retirement benefits to relevant Accent Nene Limited employees were funded by contributions from participating employers and employees in the scheme. On the transfer of engagements to Accent Foundation Limited on 1 August 2016 relevant staff at Accent Nene Limited ceased membership of the SHPS scheme and became eligible to join AGPS. The liability for past service costs for SHPS was assumed by Accent Foundation Limited by way of the execution of a Flexible Apportionment Arrangement on 21 July 2016 under the provisions of the Occupational Pensions Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2011. The SHPS scheme is now closed to all staff.
- The Group also participates in the Social Housing Pension Scheme (SHPS) defined contribution (money purchase) scheme.

Both AGPS and SHPS schemes comply with auto enrolment legislation.

The former co-opted executive director (G Perry) was an active member of the Accent Group Pension Scheme until his resignation on 28 April 2017. The new co-opted executive director (P Dolan) is an active member of the Accent Group Pension Scheme from 1 June 2017. Other executive directors are active members of the Accent Group Pension Scheme. They participate in the schemes on the same terms as all other eligible staff.

Employees, diversity and inclusion
The strength of the Group lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of all its employees. The Group continues to provide information on its objectives, progress and activities through regular office and departmental meetings and detailed one to one meetings for staff members with their line managers. The Group is an equal opportunity employer and complies with all current legislation with regard to equal opportunities. As part of this policy, encouragement is given to the employment of disabled people.

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

Regulatory compliance

<u>Corporate governance</u>
The Board is committed to ensuring that it has effective governance arrangements that deliver its aims and objectives for tenants and potential tenants in an effective, transparent and accountable manner. The National Housing Federation (NHF) 2015 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements. This particular code of governance was selected as it is bespoke to the housing sector and it is a widely recognised example of best practice. Compliance with this code ensures the Accent Group will:

- Adhere to all relevant laws.
- Ensure that its constitutional documents are, and remain, fit for purpose.
- Be accountable to residents and relevant stakeholders.
- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

The Board is satisfied that its arrangements are clear and effective. An annual compliance assessment is undertaken by the Board of its chosen code of governance. A copy of this compliance assessment is available on the Group's website. This assessment is reviewed and validated externally by independent consultants every three years. Accordingly, the Board states that the Group is fully compliant with its chosen code of governance.

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

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

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

Political and charitable donations
The Group made grants and awards of £13.5k (2016: £74k) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

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

Internal controls assurance
This is an abridged version of our 2016/17 internal controls self-assessment. The annual assessment considers strengths and areas for improvement in our strategic approach, risk management, internal controls and assurance. These four elements combine to provide the basis for strong financial and governance control.

Our strategic approach to the internal control framework is robust with governance and financial viability strengthened this year through consolidation of the three Registered Providers and effective succession planning. There have been some considerable changes in our governance structure including the retirement of the Chair of the Board and the Chief Executive. This level of leadership change had potential to disrupt the organisation but the succession process was well managed and operational business continued to run smoothly.

Consolidation of the three Registered Providers into one organisation has mitigated covenant risks and improved headroom. Consequently, the Board's risk appetite has increased as Accent can withstand more risk than was previously the case and so the Board is now reviewing the strategic business plan, treasury strategy and financial capacity.

Business risks and uncertainties
Overall governance and financial viability remains strong and Accent has retained its G1/V1 regulatory status. Risk management processes are established and we are aware of the risk areas that require further work to bring them in line with risk appetite. Significant improvements have been made in both health and safety and business continuity planning. Having carefully considered the regulator's Sector Risk Profile in September 2016 we were assured that we are either managing, or are not affected by, the risks highlighted as typical for our sector. Our top risks at year end were:

- Reduced income through residents struggling to pay the rent (given welfare reforms and austerity measures).
- Pensions deficit increasing.
- Health and safety risks and potential for serious detriment.
- Unforeseen expenditure increases leading to insufficient cash-flow.
- Failure to successfully re-procure the repairs and maintenance service.

Internal controls are strong and there have been no significant control failures in the year. Significant ICT improvements are underway including a complete overhaul of the technical environment. This is part of a comprehensive approach to IT security that will mean Accent has a good level of resilience to IT-based threats. Performance information continues to improve both at strategic and operational levels and we are taking steps to improve our position regarding performance benchmarking through signing up to the 'sector scorecard' initiative that measures efficiency.

Assurance is felt to be appropriate and reliable. Board reports have been well received and a variety of internal and external sources of assurance have been utilised to provide information to Board. Valuable external assurance has been obtained via the use of specialist consultants and through reference to relevant regulatory bodies. For example, we received positive feedback from the regulator on our VfM statement and external consultants provided favourable reports on our approach to data protection and ICT security. The internal audit programme for the year is complete and there are no overdue internal audit recommendations. Resident scrutiny through the CSCs (Customer Service Committees) is becoming more consistently established and the formation of the Service Performance Committee will strengthen links between the CSCs and the Board, focussing attention on customer perspectives.

In conclusion, the year end survey of executive and non-executive directors regarding internal controls indicated a high level of confidence. Over the seven-year period in which this survey format has been in place we can see an overall positive trend in confidence and satisfaction. Our strategic approach to the internal control framework is robust and governance is strong. Risk management processes are established and we are well aware of the risks that require further mitigation. Internal controls are strong and assurance is appropriate and reliable.

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

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

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

Disclosure of information to auditor
At the date of making this report each of the Society's members, as set out on page 2, confirm the following:

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

Going concern
The Group's business activities and its current financial position are set out above in the Strategic Report and the Report of the Board. In preparing the financial statements on the going concern basis the areas the Board considered are described in note 1 – Accounting Policies.

Additional funding
On 4 August 2016 the Group successfully raised £12m (£14.16m after premium and expenses) of loan finance via The Housing Finance Corporation (THFC). In addition, on 13 February 2017 the Group also raised £8m (£9.09m after premium) of loan finance via THFC. The nominal rate of interest is 2.893% for both loan tranches and the term is for 27 years, with the total combined amount of £20m becoming repayable in August 2043. This additional finance will enable the Group to continue to expand its development aspirations.

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

The report of the Board was approved by the Board on 21 June 2017 and signed on its behalf by:

Matthew Sugden
Secretary
21 June 2017

We have audited the financial statements of Accent Group Limited (the Society) for the year ended 31 March 2017 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of changes in reserves, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Society statement of comprehensive income, the Society statement of financial position, the Society statement of changes in reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of the board and the auditor

As explained more fully in the statement of the responsibilities of the board set out on page 18, the board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Society's affairs as at 31 March 2017 and of the Group and Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 Society has not kept proper accounting records; or
- 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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
21 June 2017

Consolidated statement of comprehensive income

for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover			
Continuing operations		94,152	101,407
Discontinued operations		-	8
	2	94,152	101,415
Cost of sales			
Continuing operations	2	-	(3,853)
Operating costs			
Continuing operations		(63,119)	(64,518)
Discontinued operations		-	-
	2	(63,119)	(64,518)
OPERATING SURPLUS			
Continuing operations		31,033	33,036
Discontinued operations		-	8
	2	31,033	33,044
Gain on disposal of property	2	2,338	2,926
Income from interest in associated undertakings	26	127	-
Interest receivable and other income	5	231	174
Interest payable and financing costs	6	(17,069)	(16,970)
Movement in fair value of financial instruments	28	465	1,067
Decrease in valuation of housing properties	11	-	(68,685)
Reversal of previous decrease in valuation of housing properties	11	-	8,471
SURPLUS / (DEFICIT) FOR THE YEAR BEFORE TAXATION	9	17,125	(39,973)
Taxation on ordinary activities	10	362	(194)
SURPLUS / (DEFICIT) FOR THE YEAR AFTER TAXATION		17,487	(40,167)
Re-measurements – unrealised deficit on revaluation of housing properties	11	-	(56,659)
Actuarial (loss) / gain in respect of pension scheme	7	(5,177)	3,047
TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) FOR THE YEAR		**12,310**	**(93,779)**

The accompanying notes on pages 25 to 52 form part of these financial statements.

The financial statements were approved by the Board on 21 June 2017 and were signed on its behalf by:

Richard Beal
Member

Rob Seldon
Member

Matthew Sugden
Secretary

Consolidated statement of changes in reserves

for the year ended 31 March 2017

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2015	207,586	125,316	332,902
Total comprehensive deficit for the year	(37,120)	(56,659)	(93,779)
Transfer to / (from) revenue reserve	3,774	(3,774)	-
Balance at 31 March 2016	174,240	64,883	239,123
Total comprehensive income for the year	12,310	-	12,310
Transfer to / (from) revenue reserve	1,391	(1,391)	-
Balance at 31 March 2017	**187,941**	**63,492**	**251,433**

Consolidated statement of financial position

as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Tangible fixed assets			
Housing properties	11	576,743	573,074
Other tangible fixed assets	12	10,530	11,842
Investment properties	12	1,035	1,035
		588,308	585,951
Interest in associated and joint venture undertakings			
Share of net assets		139	14
		588,447	585,965
Current assets			
Current asset investments	13	39,739	12,855
Properties for sale	14	1,313	228
Debtors: due within one year	15	3,791	4,647
due after one year	15	5,151	4,807
Cash at bank held in constructive trust	28	3,279	2,628
Cash at bank and in hand	28	17,582	25,439
		70,855	50,604
Current liabilities			
Creditors: Amounts falling due within one year	16	(39,734)	(37,980)
Net current assets		31,121	12,624
Total assets plus current assets		619,568	598,589
Creditors: Amounts falling due after more than one year	17	342,428	339,288
Net pensions liability	7	25,707	20,178
		368,135	359,466
Capital and reserves			
Share capital	21	-	-
Revenue reserve		187,941	174,240
Revaluation reserve		63,492	64,883
Total reserves		251,433	239,123
		619,568	598,589

The accompanying notes on pages 25 to 52 form part of these financial statements.

The financial statements were approved by the Board on 21 June 2017 and were signed on its behalf by:

Richard Beal
Member

Rob Seldon
Member

Matthew Sugden
Secretary

Consolidated statement of cash flows

for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Net cash generated from operating activities	22	43,666	42,091
Cash flow from investing activities			
Purchase of tangible fixed assets		(18,317)	(15,976)
Proceeds from sale of tangible fixed assets		6,536	17,465
Grants received		1,428	1,796
Interest received		231	174
		---------	---------
		(10,122)	3,459
		---------	---------
Cash flow from financing activities			
Interest paid		(17,209)	(17,157)
Interest element of finance lease rental payments		(19)	(18)
Repayments of borrowings		(19,900)	(14,769)
New secured loans		20,000	-
Premium received in respect of new secured loans		3,288	-
Capital element of finance lease rental payments		(26)	(25)
		---------	--------
		(13,866)	(31,969)
		---------	--------
Net change in cash and cash equivalents		19,678	13,581
Cash and cash equivalents at beginning of the year		40,922	27,341
		--------	---------
Cash and cash equivalents at end of the year		60,600	40,922
		=====	=====
Cash held on deposit		39,739	12,855
Cash at bank held in constructive trust		3,279	2,628
Cash at bank and in hand		17,582	25,439
		--------	---------
Cash and cash equivalents at end of the year		60,600	40,922
		=====	=====

The accompanying notes on pages 25 to 52 form part of these financial statements.

Statement of comprehensive income

for the year ended 31 March 2017

During the year the Society undertook only one transaction, on 20 October 2016 the shareholdings of the directors of Accent Group Pensions Trustees Limited were transferred to Accent Group Limited, in order to streamline the administrative process for appointing directors. The Society has not traded since its incorporation on 1 April 2008.

Audit fees are borne and Board members are remunerated by Accent Corporate Services 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 2017

	Notes	**2017 £**	**2016 £**
Fixed asset investments		8	4
Current assets			
Debtors		5	4
Creditors		(6)	-
		---------	---------
		7	8
		=====	=====
Capital and reserves			
Share capital	21	7	8
		=====	=====

The accompanying notes on pages 25 to 52 form part of these financial statements.

The financial statements were approved by the Board on 21 June 2017 and were signed on its behalf by:

Richard Beal Member	Rob Seldon Member	Matthew Sugden 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 number 30444R, and is registered with the Homes and Communities Agency (HCA), registered number L4511.

1. Accounting policies

Basis of accounting and comparative amounts

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

On 1 August 2016 the Group completed the consolidation of the three asset owning Registered Providers subsidiaries within the Group. This was achieved by way of a Transfer of Engagements as provided for by the Co-operative and Community Benefit Societies Act 2014. Accent Nene Limited and Accent Peerless Limited transferred their engagements to Accent Foundation Limited, creating a single legal entity and landlord. Accent Foundation Limited at the same date changed its name to Accent Housing Limited. Consolidation has further strengthened Accent's governance, financial capacity and improved value for money.

The transfer of engagements represents a group reconstruction and under both Financial Reporting Standard 102 (FRS102) and the Housing SORP2014 merger accounting is permitted. Hence, the amounts disclosed in the financial statements of Accent Housing Limited have been prepared following the principles of merger accounting as set out in section 19 of FRS102. However, the amounts disclosed in the Accent Group Financial statements are unaffected.

The financial statements are prepared in Sterling (£).

The individual accounts of Accent Group Limited have also adopted the following disclosure exemptions:
- The requirement to present a statement of cash flows and related notes.
- Financial instrument disclosures.

Basis of consolidation

Consolidated financial statements have been prepared in accordance with the requirements of FRS102. The Group accounts consolidate the accounts of the Society and all its subsidiaries at 31 March using acquisition accounting. The Group accounts also include its associate and its joint venture at 31 March using the equity method. The subsidiary and associated undertakings and the basis for inclusion within the consolidated financial statements are set out in note 26. Transactions within the Group have been eliminated on consolidation.

Significant judgements and management estimates

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

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

Management Estimates
- The valuation of housing properties is considered at each reporting date based on either third party valuation reports or an update to those reports based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. The housing assets

1. Accounting policies (cont...)

Significant judgements and estimates (cont…)

continue to be valued at Existing Use Valuation - Social Housing use (EUV-SH). The assets were re-valued at 31 August 2015 and the Directors consider that this valuation remains appropriate as at 31 March 2017. See note 11.

- Depreciation estimates. The useful depreciable lives of each component of housing properties are reviewed at each reporting date and compared to actual experience to ensure the assumed lives remain appropriate.
- The measurement of liabilities arising from participating in defined benefit pension schemes uses valuation techniques requiring judgement and estimates, in particular in relation to future salary increases, investment performance, mortality, discount rates and inflation rates. See note 7.
- Measurement of the fair value of non-basic financial instruments involves the use of valuation techniques where active market quotes are not always readily available. The valuation process involves applying assumptions and using observable data on a basis consistent with how market participants would value a similar instrument.

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

Going concern

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

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

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

Turnover

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

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

Revenue grants

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

Supported housing projects managed by agencies

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

1. Accounting policies (cont...)

Supported housing projects managed by agencies (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 Society. Other income and expenditure of projects in this category is excluded from statement of comprehensive income.

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

Value added tax

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

Taxation

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

Deferred taxation

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

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

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

Tangible fixed assets and depreciation

<u>Housing properties and other properties held for letting</u>

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

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

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

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

1. Accounting policies (cont...)

Housing properties and other properties held for letting (cont...)

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

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

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

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

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

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

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

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

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

Impairment

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

1. Accounting policies (cont...)

Social housing grant

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

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

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

Other tangible fixed assets

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

Freehold offices	2% p.a. on cost
Leasehold offices	over the life of the lease
Services equipment	5% to 20% p.a. on cost
Office equipment, fixtures and fittings	20% p.a. on cost
Computer equipment and software	20% p.a. on cost
Leased equipment	over the life of the lease
Freehold land is not depreciated	

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

Donated land

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

Capitalisation of interest

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

1. Accounting policies (cont...)

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

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

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

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

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

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

Holiday pay accrual

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

Leases

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

1. Accounting policies (cont...)

Leases (cont...)

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

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

Financial instruments

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

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

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

Loan finance issue costs

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

Indexation costs

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

Provisions

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

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

Revaluation reserve

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

Properties for sale

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

Current asset investments

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

Cash held on constructive trust

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

2. Particulars of turnover, cost of sales, operating costs, operating surplus and disposal of property

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

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

Group 2016	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus / (deficit) £'000
Social housing lettings	91,141	-	(60,391)	30,750
Other social housing activities				
Current asset property sales (first tranche)	5,548	(3,853)	-	1,695
Grant received – newly completed properties	2,271	-	-	2,271
Charges for support services	364	-	(340)	24
Current service cost and expenses – Accent Group Pension Scheme	-	-	(1,795)	(1,795)
Effect of change in discount rate – Social Housing Pension Scheme	-	-	32	32
New contributions plan – Social Housing Pension Scheme	-	-	(844)	(844)
Other	594	-	(569)	25
Regeneration and community development – discontinued	8	-	-	8
	8,785	(3,853)	(3,516)	1,416
Activities other than social housing activities				
Other	1,489	-	(611)	878
Operating surplus	**101,415**	**(3,853)**	**(64,518)**	**33,044**

Disposal of property	Proceeds £'000	Cost of disposal £'000	RCGF / DPF recycled £'000	Gain on disposal £'000
Surplus on sale of housing properties	15,191	(11,943)	(446)	2,802
Second and subsequent tranche sales	2,274	(1,598)	(552)	124
Gain on disposal of property	17,465	(13,541)	(998)	**2,926**

2. Particulars of income and expenditure from social housing lettings - Group (cont...)

	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Intermediate market rent £'000	2017 Total £'000	2016 Total £'000
Income						
Rent receivable	70,987	9,088	2,668	735	83,478	83,854
Service charge income	3,071	3,603	1,087	-	7,761	7,287
Turnover from social housing lettings	74,058	12,691	3,755	735	91,239	91,141
Expenditure						
Management	(11,942)	(2,061)	(609)	(119)	(14,731)	(13,072)
Service charge costs	(3,555)	(3,643)	(472)	(1)	(7,671)	(8,030)
Routine maintenance	(14,612)	(1,656)	(223)	(53)	(16,544)	(15,083)
Planned maintenance	(5,781)	(1,273)	(91)	-	(7,145)	(9,942)
Bad debts	(84)	(33)	(1)	(15)	(133)	(35)
Depreciation and write off of replaced assets	(10,156)	(1,246)	(419)	(168)	(11,989)	(12,006)
Other costs	(1,428)	(202)	(33)	(2)	(1,665)	(2,223)
Operating costs on social housing lettings	(47,558)	(10,114)	(1,848)	(358)	(59,878)	(60,391)
Operating surplus on social housing lettings	26,500	2,577	1,907	377	31,361	30,750
Void losses	(456)	(275)	(14)	(10)	(755)	(827)

3. Accommodation in management - Group

	Owned and directly managed by Accent Group Number	Managed by Accent Group on behalf of other organisations Number	Owned by Accent Group managed by others Number	2017 Total Number	2016 Total Number
Social housing					
General needs housing					
Social rent	14,625	-	-	14,625	14,526
Affordable rent	292	-	-	292	221
Supported housing	419	16	40	475	500
Housing for older people	2,394	-	-	2,394	2,698
Intermediate rent	122	-	-	122	187
Low cost home ownership *	1,079	1	-	1,080	1,068
Social leased homes **	263	474	-	737	729
Non-social housing					
Market rent	30	-	-	30	24
Leased housing	-	101	-	101	95
Managed freeholders	-	766	-	766	727
Total	**19,224**	**1,358**	**40**	**20,622**	**20,775**

Accent Group also owns and manages 979 (2016: 971) garages.
* where the purchaser has not acquired 100% of the equity (shared ownership)
** where the purchaser has acquired 100% of the equity but not the freehold

3. Accommodation in management - Group (cont…)

Accommodation under development

Social housing	**2017 Number**	**2016 Number**
General needs housing:		
Affordable rent	186	129
Low cost home ownership *	48	50
	-----	-----
	234	179
	===	===

4. Employee information - Group

Average quarterly number of employees expressed as full time equivalents (based on contracted hours compared to our standard working week):

	2017 Number	**2016 Number**
Administration	87	86
Development	8	9
Housing Support Care	337	352
	-------	-------
	432	447
	====	====

	2017 £'000	**2016 £'000**
Staff costs**:**		
Wages and salaries	12,591	12,858
Social security costs	1,152	1,155
Other pension contributions Accent Group Pension Scheme regular (see note 7)	875	885
Other pension contributions Accent Group Pension Scheme recovery (see note 7)	1,234	590
Other pension contributions SHPS Defined Benefit regular (see note 7)	42	122
Other pension contributions SHPS Defined Benefit recovery (see note 7)	325	232
Other pension contributions SHPS Defined Contribution (see note 7)	98	96
Redundancy costs	276	112
	---------	---------
	16,593	16,050
	=====	=====

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:

	2017 Number	**2016 Number**
£60,000 - £69,999	3	6
£70,000 - £79,999	9	6
£80,000 - £89,999	2	-
£100,000 - £109,999	2	2
£120,000 - £129,999	1	1
£160,000 - £169,999	1	1

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

5. Interest receivable and other income - Group

	2017 £'000	**2016 £'000**
Interest receivable from term deposits and bank deposits	231	172
Other interest	-	2
	-------	-------
	231	174
	====	====

6. Interest payable and financing costs - Group

	2017 £'000	2016 £'000
Interest payable on bank loans and overdrafts	16,223	16,403
Amortisation of loan issue costs	123	118
Unwinding of the discounted liability – Social Housing Pension Scheme	99	69
Finance lease interest	19	18
	---------	---------
	16,464	16,608
Net interest cost – Accent Group Pension Scheme	700	725
Less: Capitalised interest	(95)	(363)
	---------	---------
	17,069	16,970
	=====	=====
Capitalisation rate used to determine the finance costs capitalised during the period	4.7%	4.56%

7. Pension obligations - Group

The net pension liability is comprised as follows.

	2016 £'000	2015 £'000
Accent Group Pension Scheme	25,707	20,178
	=====	=====

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

	2017 £'000	2016 £'000
<u>Recognised in the statement of comprehensive income – operating surplus</u>		
Credit / (Charge) in respect of Accent Group Pension Scheme	348	(320)
Credit / (Charge) in respect of Social Housing Pension Scheme	235	(580)
	---------	---------
	583	(900)
<u>Recognised in the statement of comprehensive income – financing costs</u>		
(Charge) in respect of Accent Group Pension Scheme	(700)	(725)
(Charge) in respect of Social Housing Pension Scheme	(99)	(69)
	---------	---------
	(799)	(794)
<u>Recognised in the statement of comprehensive income – actuarial movement</u>		
(Charge) / credit in respect of Accent Group Pension Scheme	(5,177)	3,047
	---------	---------
Total amount recognised in the statement of comprehensive income	(5,393)	1,353
	=====	=====

7a. <u>Accent Group Pension Scheme (AGPS)</u>

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

In advance of the transfer of engagements on 1 August 2016 Accent Foundation Limited and Accent Peerless Limited executed a Flexible Apportionment Arrangement on 21 July under the provisions of the Occupational Pensions Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2011. This arrangement transferred the liability for past service costs from Accent Peerless Limited to Accent Housing Limited (formerly Accent Foundation Limited).

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

During the year Accent Group paid total contributions of £2,109k (2016: £1,475k) being 16.1% (2016: 17.1%) of pensionable salaries during the accounting period together with recovery plan and salary sacrifice. Employees' contributions were 10% (2016: 9%) of pensionable salaries. Employers' contributions payable for the year are charged to operating costs.

7. Pension obligations - Group (cont...)

7a. Accent Group Pension Scheme (AGPS) (cont...)

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

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

The most recent actuarial valuation of the scheme as at 5 April 2014 has been updated by JLT Benefit Solutions Limited to 31 March 2017 to take account of the requirements of FRS102. This indicated that there was a deficit before deferred tax of £25,707k (2016: £20,178k) 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 2014 Accent group agreed to pay contributions at the rate of 17.1% of pensionable salaries plus additional lump sum amounts of £590k rising at 3% per annum each year from 2015 until 2030. The 2014 valuation was conducted using a Projected Unit method. The main actuarial assumptions used in that valuation were:

Key financial assumptions	**31 March 2017 % pa**	**31 March 2016 % pa**
Discount rate	2.65	3.50
Rate of increase in pensions in payment (where capped at 5%)	3.30	3.10
Rate of increase in pensions in payment (where capped at 2.5%)	2.20	2.10
Rate of increase in deferred pensions	2.70	2.40
Rate of Inflation (RPI)	3.50	3.20

Pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase at 3.5% pa. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.7% pa. The mortality assumption adopted for the purposes of the calculations as at 31 March 2017 (and at 31 March 2016 where applicable) is as follows:

- Base table: 100% of S2PxA tables (2016: 100% of S2PxA).
- Future mortality improvements: CMI_2015 [1.25%] (2016: CMI_2015 [1.50%]).

Average life expectancies	**31 March 2017 Years**	**31 March 2016 Years**
Male age 65 at reporting date	22.2	22.4
Male age 65 at reporting date +20 years	24.0	24.6
Female age 65 at reporting date	24.3	24.5
Female age 65 at reporting date +20 years	26.2	26.8

Active members are assumed to retire at age 62 and deferred members at 60, or immediately in the case of such members already older than these ages. 80% (2016: 80%) of members are assumed to commute their benefits at retirement.

Amounts recognised in the statement of comprehensive income	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Current service cost	1,594	1,660
Expenses	167	135
Interest cost	2,266	2,160
Interest income on Scheme assets	(1,566)	(1,435)
Total charged to the statement of comprehensive income (note 2)	2,461	2,520

7. Pension obligations - Group (cont...)

7a. Accent Group Pension Scheme (AGPS) (cont...)

Reconciliation of defined benefit obligation	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Defined benefit obligation at beginning of year	64,234	65,917
Current service cost	1,594	1,660
Expenses	167	135
Interest cost	2,266	2,160
Contributions by Scheme members	403	487
Actuarial loss / (gain)	10,970	(4,975)
Benefits paid	(1,121)	(1,150)
Defined benefit obligation at end of year	78,513	64,234

Reconciliation of fair value of Scheme assets	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Fair value of Scheme assets at beginning of year	44,056	43,737
Interest income on Scheme assets	1,566	1,435
Actuarial gain / (loss)	5,793	(1,928)
Contributions by the employer	2,109	1,475
Contributions by Scheme members	403	487
Benefits paid	(1,121)	(1,150)
Fair value of Scheme assets at end of year	52,806	44,056

Amounts recognised in the statement of financial position	**As at 31 March 2017 £'000**	**As at 31 March 2016 £'000**
Fair value of Scheme assets	52,806	44,056
Actuarial value of Scheme liabilities	(78,513)	(64,234)
Deficit in the Scheme	(25,707)	(20,178)

Analysis of assets	**As at 31 March 2017 £'000**	**As at 31 March 2016 £'000**
Equities	21,399	16,516
Diversified Growth Funds	11,278	11,111
Gilts	6,182	5,066
Corporate Bonds	10,189	8,990
Other	3,758	2,373
	52,806	44,056

7. Pension obligations - Group (cont...)

7a. Accent Group Pension Scheme (AGPS) (cont...)

Assets as a percentage of total plan assets	**As at 31 March 2017 %**	**As at 31 March 2016 %**
Equities	40.5%	37.5%
Diversified Growth Funds	21.4%	25.2%
Gilts	11.7%	11.5%
Corporate Bonds	19.3%	20.4%
Other	7.1%	5.4%

Analysis of return on assets	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Interest income on Scheme assets	1,566	1,435
Actuarial gains / (losses)	5,793	(1,928)
	----------	----------
Actual return / (loss) on assets	7,359	(493)
	======	======

History of experience gains and (losses)	**Year ended 31 March 2017 £'000**	**Year ended 31 March 2016 £'000**
Gains / (losses) on Scheme assets	5,793	(1,928)
Experience loss on Scheme liabilities	2,014	-
(Loss) / gain on change in assumptions (financial and demographic)	(12,984)	4,975
	--------	---------
Total actuarial (loss) / gain recognised in the statement of comprehensive income	(5,177)	3,047
	=====	=====

Amounts for the current and previous periods are as follows

	2017 £'000	**2016 £000**	**2015 £'000**	**2014 £'000**
Present value of defined benefit obligation	(78,513)	(64,234)	(65,917)	(50,419)
Fair value of Scheme assets	52,806	44,056	43,737	38,408
Deficit on scheme	(25,707)	(20,178)	(22,180)	(12,011)
Experience gains / (losses) on assets	5,793	(1,928)	3,369	(733)
Experience gains / (losses) on liabilities	2,014	-	(832)	35

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £19,470k (2016: (£14,293k)

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

The Group participated in the Social Housing Pension Scheme (SHPS) a defined benefit scheme operated by The Pensions Trust for Registered Providers, in which retirement benefits to relevant Accent Nene Limited employees were funded by contributions from all participating employers and employees in the scheme.

On the transfer of engagements to Accent Foundation Limited on 1 August 2016 relevant staff at Accent Nene Limited ceased membership of the SHPS scheme and became eligible to join AGPS. The liability for past service costs for SHPS was assumed by the Society by way of the execution of a Flexible Apportionment Arrangement on 21 July 2016 under the provisions of the Occupational Pensions Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2011. The SHPS scheme is now closed to the Society's staff and was contracted-out of the State Pension scheme until 5 April 2006.

As a result of the above there are no longer any active members employed by the Group (2016: 22) and annual pensionable payroll in respect of those members was £nil (2016: £771k). It is not possible for the Society to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

7. Pension obligations - Group (cont...)

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

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The scheme is classified as a 'last-man standing arrangement'. Therefore the Society is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

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

Tier 1 From 1 April 2013 to 30 September 2020	£40.6m per annum (payable monthly and increasing by 4.7% p.a. each 1 April.
Tier 2 From 1 October 2020 to 30 September 2023	£28.6m per annum (payable monthly and increasing by 4.7% p.a. each 1 April.
Tier 3 From 1 April 2013 to 30 September 2026	£32.7m per annum (payable monthly and increasing by 3% p.a. each 1 April.
Tier 4 From 1 April 2016 to 30 September 2026	£31.69m per annum (payable monthly and increasing by 3% p.a. each 1 April.

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

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

The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost. The present value of £2,760k (2016: £2,896k) is based on the following amounts payable by the Group from 1 April 2016:

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

Present value of creditor	**2017 £'000**	**2016 £'000**
Present value of creditor - amount due within one year (note 16)	338	325
Present value of creditor - amount due after more than one year (note 17)	2,422	2,571
	--------	--------
	2,760	2,896
	=====	=====

7. Pension obligations - Group (cont...)

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

Reconciliation of opening and closing creditors	**2017 £'000**	**2016 £'000**
Creditor at start of period	2,896	2,247
Contributions paid	(325)	(232)
Operating cost - (credit) / charge	90	(32)
Finance charge	99	69
Increase in creditor due to new deficit agreement	-	844
	-------	--------
Creditor at end of period	2,760	2,896
	====	=====

Impact on the statement of comprehensive income	**2017 £'000**	**2016 £'000**
Recognised in the operating surplus:		
Operating cost charge / (credit)	90	(32)
Finance charge	99	69
Increase in creditor due to new deficit agreement	-	844
	-------	--------
Total charge recognised	189	881
	====	=====

Assumptions	**2017 % per annum**	**2016 % per annum**
Discount rate	2.80	3.61

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

Deficit contributions schedule

	31 March 2017 £'000	**31 March 2016 £'000**
Year 1	338	325
Year 2	351	338
Year 3	364	351
Year 4	378	364
Year 5	392	378
Year 6	407	392
Year 7	318	407
Year 8	221	318
Year 9	227	221
Year 10	117	227
Year 11	-	117

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

7c. Social Housing Pension Scheme (SHPS - DC)
The Group also participates in the defined contribution section of the Social Housing Pension Scheme (SHPS) with 230 (2016: 211) active members employed by the Group, this is the Auto Enrolment scheme for staff. The regular pension contributions payable by the Group during the year were £98k (2016: £96k).

8. Key management personnel

Aggregate emoluments paid during the year

	2017 £'000	2016 £'000
Co-opted executive director and executive directors – including benefits in kind and employers national insurance contributions	561	555
The aggregate pension contributions paid on behalf of the co-opted executive director and executive directors	75	75
Board members – including employers national insurance contributions	81	86
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	167	167

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited, Accent Corporate Services Limited and Accent Housing Limited. All directors are remunerated by Accent Corporate Services Limited and appropriate re-charges are made to each company within the Group. All executive directors 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 former Group Chief Executive) was a member of Accent Group Pension Scheme, which is a defined benefit scheme. He was 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 either the former or the current Group Chief Executive. During the year to 31 March 2017 the former Group Chief Executive received a salary of £161.9k (2016: £161.9k) and car allowance of £5k (2016: £5k). No bonus was paid or accrued to the former Group Chief Executive during the year to 31 March 2017 (2016: £nil).

9. Surplus / (deficit) on ordinary activities before taxation - Group

	2017 £'000	2016 £'000
Surplus / (deficit) on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation of fixed assets and write off of replaced assets	13,969	13,847
Auditors' remuneration (excluding VAT):		
- In respect of audit services	50	57
- In respect of tax services	5	9
- In respect of other services	6	42
Pension scheme recovery plan payments AGPS and SHPS	1,559	822
Pension scheme new contribution plan Social Housing Pension Scheme	-	844
Operating lease rentals:		
- Plant and machinery	236	472
- Land and buildings	272	172
Bad debts:		
- Current residents	(61)	(272)
- Former residents	197	321
- Other debtors	187	181

10. Taxation on ordinary activities - Group

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on surplus / (deficit) for the year	1	-
Total current tax	1	-
Deferred tax		
Accelerated capital allowances	(127)	(99)
Short term timing differences	1	(1)
Pension scheme deficit - AGPS	(237)	294
Total deferred tax (note 20)	(363)	194
Tax (credit) / charge on surplus / (deficit) on ordinary activities	(362)	194

Deferred tax is assessed on the following rates of corporation tax at which timing differences are currently expected to reverse 17% (2016: 19%).

Factors affecting tax charge for period

The tax assessed is lower than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:-

	2017 £'000	2016 £'000
Surplus / (deficit) on ordinary activities before tax	17,125	(39,973)
Adjustment in respect of charitable activities	(17,809)	36,839
Deficit on ordinary activities subject to tax	(684)	(3,134)

	2017 £'000	2016 £'000
Deficit on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	(136)	(627)
Effects of:		
Expenses not deductible for tax purposes	15	15
Income not chargeable for tax purposes	(25)	-
Intercompany loan written off not deductible for tax purposes	-	431
Holiday pay accrual	-	(3)
Change in tax rate – deferred tax	38	11
Gift aid not utilised	(28)	28
Origination and reversal of timing differences	135	145
Accelerated capital allowances	127	99
Short term timing difference	(1)	1
Pension scheme deficit – AGPS	237	(294)
Current and deferred tax credit / (charge) for period	362	(194)

11. Tangible fixed assets – housing properties - Group

	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
Cost or valuation						
At 1 April 2016	470,479	1,720	53,965	45,982	7,784	579,930
Schemes completed	3,232	(3,334)	102	-	-	-
Additions	-	6,790	-	-	-	6,790
Work to existing properties	9,632	-	22	1,475	-	11,129
Write off replaced assets	(438)	-	-	(44)	-	(482)
Disposals	(2,438)	-	(1,328)	(276)	-	(4,042)
At 31 March 2017	**480,467**	**5,176**	**52,761**	**47,137**	**7,784**	**593,325**
Depreciation						
At 1 April 2016	(5,997)	-	(562)	(255)	(42)	(6,856)
Charge for year	(9,940)	-	(426)	(1,029)	(169)	(11,564)
Write off replaced assets	36	-	-	4	-	40
Disposals	1,745	-	42	11	-	1,798
At 31 March 2017	**(14,156)**	**-**	**(946)**	**(1,269)**	**(211)**	**(16,582)**
Net book value at 31 March 2017	**466,311**	**5,176**	**51,815**	**45,868**	**7,573**	**576,743**
Net book value at 31 March 2016	464,482	1,720	53,403	45,727	7,742	573,074

Included in the above are finance costs capitalised in the year of £95k (2016: £363k).

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:

	2017 £'000	2016 £'000
Historical cost	891,027	880,100
Depreciation and impairment	(218,435)	(209,876)
	672,592	670,224

Housing properties book value net of depreciation	**2017 £'000**	**2016 £'000**
Freehold land and buildings	571,165	567,461
Long leasehold land and buildings	5,578	5,613
	576,743	573,074

Social housing assistance	**2017 £'000**	**2016 £'000**
Capital grant	408,898	408,765
Revenue grant	1,264	1,264
	410,162	410,029

11. Tangible fixed assets – housing properties - Group (cont...)

Expenditure on works to existing properties	**2017 £'000**	**2016 £'000**
Amounts capitalised	11,129	12,448
Amounts charged to the statement of comprehensive income	7,145	9,942
	----------	---------
	18,274	22,390
	======	=====

Housing properties owned by the Society held for letting and shared ownership were professionally independently valued by Savills (UK) Limited as at 31 August 2015. This was a full valuation and was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book) and in accordance with the current Guidance for Accounts Valuations for Registered Social Housing Providers contained in the SORP. The Directors consider that this valuation remains appropriate as at 31 March 2017.

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

Discount rate (real) – 5 .5% - 6% dependent on age of stock
Level of annual rent changes:
2016/17 to 2019/20 – 1% reduction p.a.
2020/21 onwards – CPI + 1% p.a.

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

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

<u>Impairment</u>

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS102 and SORP2014. A total impairment provision of £nil (2016: £nil) was made during the year to 31 March 2017 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

	Leasehold and freehold properties £'000	Plant vehicles and equipment £'000	Total £'000
Cost			
At 1 April 2016	10,906	17,478	28,384
Additions	-	651	651
Disposals	-	(9,703)	(9,703)
At 31 March 2017	**10,906**	**8,426**	**19,332**
Depreciation			
At 1 April 2016	(3,267)	(13,275)	(16,542)
Charge for year	(181)	(1,782)	(1,963)
Disposals	-	9,703	9,703
At 31 March 2017	**(3,448)**	**(5,354)**	**(8,802)**
Net book value at 31 March 2017	**7,458**	**3,072**	**10,530**
Net book value at 31 March 2016	7,639	4,203	11,842

Investment properties

	2017 £'000	2016 £'000
At 1 April and at 31 March	1,035	1,035

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

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

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

13. Current asset investments - Group

	2017 £'000	2016 £'000
Housing loans security deposit	5	5
Other deposits	39,734	12,850
	39,739	12,855

14. Properties for sale - Group

	2017 £'000	2016 £'000
Shared ownership properties – completed	71	-
Shared ownership properties – under construction	866	-
Properties held for sale	376	228
	1,313	228

15. Debtors – Group

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Rent and service charges receivable	3,856	5,031
Less: Provision for bad and doubtful debts	(1,997)	(2,610)
	---------	--------
	1,859	2,421
Net investment in finance leases	845	827
VAT	12	22
Social Housing Grant receivable	-	9
Prepayments and accrued income	158	492
Other debtors	917	876
	---------	---------
	3,791	4,647
	=====	=====

Included in arrears are £2,126k (2016: £2,620k) of arrears with payment plans which are outside normal payment terms. No discounting is provided on this balance as the impact of discounting is not considered to be material.

	2017 £'000	2016 £'000
Amounts falling due after one year:		
Net investment in finance leases	1,404	2,009
Other long term debtors	1,490	904
Deferred tax asset (note 20)	2,257	1,894
	---------	--------
	5,151	4,807
	=====	=====

	2017 £'000	2016 £'000
Debtor analysis:		
In one year or less	3,791	4,647
Between one and two years	848	836
Between two and five years	560	440
After more than five years	3,743	3,531
	--------	---------
	8,942	9,454
	=====	=====

The net investment in finance leases represents accommodation for university students that has been constructed on behalf of certain education authorities. The Group acts as lessor, the land and buildings are leased to the appropriate third party on a long leasehold basis, payments for which are to be received evenly over a period of approximately 25 years. On termination of the leases, title to the land and buildings passes to the lessees for nil consideration. These schemes are financed by specific allocated loans.
The underlying cost of the net investment in finance leases is £2,249k (2016: £2,836k).

16. Creditors: Amounts falling due within one year - Group

	2017 £'000	2016 £'000
Bank loans (note 27)	15,055	14,707
Loans financing finance lease debtors (note 27)	838	857
Finance lease creditor (note 27)	6	7
Trade creditors	3,045	3,035
Grant received in relation to properties under construction	180	379
Social Housing Pensions Scheme recovery plan payment (note 7)	338	325
Deferred grant income	22	22
Recycled Capital Grant Fund (note 18)	734	650
Disposal proceeds fund (note 19)	68	-
VAT	8	-
Other taxation and social security payable	293	304
Rent and service charges in advance	2,510	2,046
Accruals	3,625	2,728
Housing properties and major work creditors	2,303	2,181
Loan interest accrual	2,647	2,786
Deferred income	1,022	1,279
Other creditors	7,039	6,674
Corporation tax	1	-
	39,734	37,980

17. Creditors: Amounts falling due after more than one year - Group

	2017 £'000	2016 £'000
Bank loans (note 27)	330,267	329,965
Financial liabilities measured at fair value	3,283	3,748
Loans financing finance lease debtors	1,659	2,189
Finance lease creditors	104	110
Loan premium	3,288	-
Social Housing Pensions Scheme recovery plan payments (note 7)	2,422	2,571
Deferred grant income	877	899
Recycled capital grant fund (note 18)	2,427	1,798
Disposal proceeds fund (note 19)	369	252
	344,696	341,532
Capital instrument issue costs	(2,268)	(2,244)
	342,428	339,288

18. Recycled capital grant fund - Group

	2017 £'000	2016 £'000
At 1 April	2,448	1,934
Grants recycled	1,083	927
Purchase / development of properties	(370)	(413)
Balance at 31 March	3,161	2,448
Grant due for repayment	734	650

£734k of RCGF is due for repayment, however at the HCA review meeting on 26 April 2017 a formal request was made to the HCA to roll this over to support additional schemes.

19. Disposal proceeds fund - Group

	2017 £'000	2016 £'000
At 1 April	252	181
Net sales proceeds recycled	150	71
Right to acquire discount grant received	35	-
Balance at 31 March	437	252
Grant due for repayment	68	-

£68k of DPF is due for repayment, however at the HCA review meeting on 26 April 2017 a formal request was made to the HCA to roll this over to support additional schemes.

20. Deferred tax - Group

	2017 £'000	2016 £'000
Accelerated capital allowances	(249)	(122)
Short term timing differences	-	(1)
Pension scheme deficit - AGPS	(2,008)	(1,771)
Deferred tax asset	(2,257)	(1,894)

The deferred tax asset is included within debtors due after more than one year (note 15).

	2017 £'000	2016 £'000
Asset at 1 April	(1,894)	(2,088)
(Credit) / charge in statement of comprehensive income	(363)	194
Asset at 31 March	(2,257)	(1,894)

21. Share capital – non equity - Society

	2017 £	2016 £
Allotted, issued and fully paid:		
At 1 April	8	10
Issued in the year	2	1
Surrendered during the year	(3)	(3)
At 31 March	7	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

	2017 £'000	2016 £'000
Operating surplus for the year	31,033	33,044
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,969	13,847
Pension costs less contributions payable	(1,851)	(5,553)
Working capital movements:		
Properties for sale	(1,085)	2,572
Debtors	503	1,197
Creditors	1,817	(745)
Adjustments for investing activities:		
Government grants utilised in the year	(720)	(2,271)
Net cash generated from operating activities	43,666	42,091

23. Capital commitments - Group

	2017 £'000	2016 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	7,778	2,269
Capital expenditure that has been authorised by the Board but has not yet been contracted for	17,364	22,030
	25,142	24,299

The above commitments are expected to generate Social Housing and other grants totalling:

	2017 £'000	2016 £'000
In relation to expenditure contracted for but not provided for	-	(151)
In relation to expenditure authorised by the Board but not yet contracted for	(2,005)	(1,972)
	(2,005)	(2,123)

The remaining commitments of £23,137k (2016: £22,176k) are capable of being fully financed by the facilities in place. As at 31 March 2017 the Group had £57,316k (2016: £38,289k) on deposit to meet these commitments and had agreed unused facilities of £30,000k (2016: £30,000k).

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

The Group's future minimum operating lease payments are as follows:

	2017 £'000	2016 £'000
Within one year	195	374
One to five years	602	368
Beyond five years	232	289
	1,029	1,031

The Group's future minimum finance lease payments are as follows:

	2017 £'000	2016 £'000
Within one year	25	25
Between one and five years	101	101
Greater than five years	2,041	1,814
	2,167	1,940

25. Related parties - Group

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

Chair (T Miskell) and former Non-Executive Director (J Boaden - resigned 22 June 2016) are respectively Chair and Chief Executive of the Northern Housing Consortium Limited, a body that represents the interests of the housing sector. Accent Group companies have traded with the Northern Housing Consortium Limited during the year on an arms-length basis. Services bought during the year amounted to £nil (2016: £13,209) relating to membership fees, training and procurement of maintenance activities. There was £nil (2016: £nil) due from Accent to Northern Housing Consortium Limited as at 31 March 2017. Financial Statements for Northern Housing Consortium Limited can be obtained from Loftus House, Colima Avenue, Sunderland Enterprise Park, Sunderland. SR5 3XB.

25. Related parties – Group (cont…)

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

26. Income from interest in associated undertakings

	2017 £'000	2016 £'000
Income from interest in Franklands Park Limited	127	-
	---------	---------
	127	-
	=====	=====

At 31 March 2017 the subsidiary and associate undertakings were:

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

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

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

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

** A dormant non-trading company.

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

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

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

Accent Corporate Services Limited
The principal activity of the Society is the provision of corporate services including finance, human resources, information technology and legal to other entities within the Accent Group (the Group). In addition, the Society also provides a small number of low cost home ownership properties that are managed by locally based teams within the Group.

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.

27. Debt analysis - Group

	2017 £'000	2016 £'000
Due after more than one year		
Bank loans	330,267	329,965
Loans financing lease debtors	1,659	2,189
Finance lease creditors	104	110
Financial liabilities measured at fair value	3,283	3,748
	----------	-----------
	335,313	336,012
	======	======

	2017 £'000	2016 £'000
Total loans repayable as follows:		
Within one year	15,899	15,571
Between one and two years	15,033	14,418
Between two and five years	62,989	48,323
After five years	254,008	269,523
	------------	-----------
Total indebtedness	347,929	347,835
Financial liabilities measured at fair value	3,283	3,748
	------------	-------------
	351,212	351,583
	=======	=======

Facilities, terms of repayment and interest rates

At 31 March 2017 the Group had a facility with Nationwide Building Society of £171,600k (2016: £181,200k) of which £30,000k was unutilised (2016: £30,000k). At 31 March 2017 the Group had a facility with Royal Bank of Scotland of £78,625k (2016: £79,500k) which was fully utilised.

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

At 31 March 2017 the Group had a facility with Lloyds Bank of £78,000k (2016: £80,000k) which was fully utilised (2016: fully utilised). The borrowings are secured by fixed charges on individual properties and other assets and are repayable at varying rates of interest between circa 1% and 5.35%.

At 31 March 2017 the Group had a facility with Dexia Credit Local bank of £5,073k (2016: £10,917k) which was fully utilised. The borrowings are secured by fixed charges on individual properties and are repayable at varying rates of interest between circa 7.34% and 11.5%.

On 4 August 2016 the Group successfully raised £12m (£14.16m after premium and expenses) of loan finance via The Housing Finance Corporation (THFC). In addition, on 13 February 2017 the Group also raised £8m (£9.09m after premium) of loan finance via THFC. The nominal rate of interest is 2.893% for both loan traches and the term is for 27 years, with the total combined amount of £20m becoming repayable in August 2043. This additional finance will enable the Society to continue to expand its' development aspirations.

28. Financial assets and liabilities - Group

	2017 £'000	2016 £'000
Financial assets - categories		
Cash at bank and in hand	17,582	25,439
Cash at bank held in constructive trust	3,279	2,628
Floating rate on money market deposits	39,734	12,850
Housing loan security deposit	5	5
	-----------	---------
	60,600	40,922
	======	=====

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

28. Financial assets and liabilities - Group (cont...)

	2017 £'000	2016 £'000
Financial liabilities - categories		
Financial liabilities measured at amortised cost	347,929	347,835
Financial liabilities measured at fair value through surplus or deficit	3,283	3,748
	-----------	---------
	351,212	351,583
	======	======

	2017 £'000	2016 £'000
Financial liabilities - measured at fair value through surplus or deficit		
As at 1 April	3,748	4,815
Credit in statement of comprehensive income	(465)	(1,067)
	----------	----------
As at 31 March	3,283	3,748
	======	======

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

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

	2017 £'000	2016 £'000
Fixed rate	281,213	280,178
Variable rate	69,999	71,405
	-----------	----------
	351,212	351,583
	======	======

The fixed rate financial liabilities have a weighted average interest rate of 4.74% (2016: 4.79%) and the weighted average period for which it is fixed is 8.42 years (2016: 7.16 years).

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

	2017 £'000	2016 £'000
Expiring in more than two years	30,000	30,000
	=====	=====