ANNUAL REPORT AND FINANCIAL STATEMENTS 2018-19

ACCENTGROUP.ORG

WE ARE ACCENT.

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

THE BOARD, EXECUTIVES AND ADVISORS

NON-EXECUTIVE BOARD MEMBERS


Tom Miskell, Chair


Peter Caffrey


Archana Makol


Rob Seldon


Sally Ormiston


Maggie Punyer

CO-OPTED NON-EXECUTIVE BOARD MEMBERS


James Kelly
Appointed 01/10/18


Richard Wilkinson
Appointed 01/10/18

CO-OPTED EXECUTIVE DIRECTOR


Paul Dolan

EXECUTIVE DIRECTORS AND COMPANY SECRETARY


Claire Stone


Andrew Williams
Resigned 31/12/18


David Royston


Matthew Sugden
Appointed 01/04/18
COMPANY SECRETARY


Sarah Ireland
Appointed 03/09/18

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

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

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MANOR HOUSE, PETERBOROUGH
Our old offices in Peterborough were converted into 31 affordable homes

OUR JOURNEY CONTINUES

2018/19 has been another significant year for Accent in which we have continued on our journey to deliver our new corporate strategy.

We launched our new corporate strategy early last year. It followed a process involving over 600 residents and staff. It completely redefined our key priorities and strengthened our commitment to our customers. The aim was to take Accent into the 21st century with a new, innovative and exciting service offer for customers, the Accent Partnership, and the ability to develop many more new homes in response to our country's housing crisis by securing new opportunities for funding.

Since I came to Accent, just over two years ago, my experience of my colleagues is a desire to do great things for our customers, and it still never ceases to amaze me just how unwavering that commitment is. Accent's people, whatever their role, have wholeheartedly embraced the new Accent vision and mission, and our strategic objectives to deliver more high quality new homes, and to improve the homes we have. They are committed to transforming how we provide services to our customers, to develop and excel in their own roles, and to go above and beyond to provide the great customer service our customers are entitled to expect.

That desire to provide great customer experience must come from the top.

So too must good governance and efficiency. Following an independent review of our governance structure, we redefined the roles and responsibilities of our board and committees, and appointed a significant number of experienced non-executives. We created three new specialised committees to serve our customers and oversee our capital investment and treasury activities, and we redefined the committees overseeing our key business areas for risk, health and safety and audit.

We began our search for new members in earnest in the summer, looking inside and outside the housing sector to attract the level of skills and quality of experience we wanted. We had a fantastic response, with over 120 applications to join us. The resulting new appointments, together with the strengthening of our structure, will enable us to meet our prime objective to provide new homes for people in need. One of our new appointments to the Accent Board, and the customer experience committee is Richard Wilkinson, a long-standing Accent resident with a wealth of public sector governance experience. Richard's appointment is proving to be critical, not just to the Accent Board and the delivery of services, but as an advocate for the customer across the sector. We are seeing increased engagement from our customers across all levels at Accent.

And continue to improve we will, across all service areas, but particularly those our residents have identified as a priority.

Health and safety, particularly in respect of our fire safety responsibilities, is one of those priorities. The horror of Grenfell Tower quite rightly focussed our priorities in 2018 as more details of the resulting enquiries emerged. Blame, deflection and distress have dominated the sector's response. Although our own homes are largely unaffected, our priorities for health and safety remain critical and will always be first and foremost in our customer service. We have worked closely with an independent consultant, and our partner local authorities and fire services to review our own safety policies, carry out any remedial work and ensure our processes are up to date and well communicated. The residents on our national scrutiny panel have chosen this critical area to review and I am looking forward to working with them to implement their findings.

Through our tenancy sustainability service, we have continued to provide additional support to those customers coming to us in difficulty, or those who find themselves in difficulty as their circumstances change. Sadly, this support seems to be ever more in demand and we are increasing our resources. We are helping people manage their finances, access emergency benefits, find furniture and to become 'tenancy ready.' We are seeing more and more demand for foodbanks, something our own staff support as much as they can, and we work with numerous agencies to coordinate specialist support. We have yet to see the full roll out of Universal Credit, but we are seeing many of our customers struggling to adjust. We will continue to invest in this area of service for as long as it is needed.

The quality of our homes and our repairs service is another top priority for residents. Our future approach to asset management will be to make the right investment at the right time, ensuring our homes are in good quality and our residents are proud to live in them. Our new service offer, the Accent Partnership, will see an even greater emphasis on getting our repairs and maintenance service spot on, with changes in how we manage our contractors, our service and our processes. We have faced some challenges this year, and we still have work to do, but I am confident that we will not only see our customers' priorities and concerns responded to and resolved, but we will start to predict and fix the repairs our customers need before they are even reported.

Our investment in digital services and new ways of working also took a huge leap in 2018 with the launch of MyAccount, our new, interactive customer portal, and a new and improved responsive customer website. MyAccount currently has over 5,000

MANOR HOUSE
Paul Dolan with Gul Nawaz, Mayor of Peterborough at the official opening of our development at Manor House

users, more than we had even hoped for and the number compares well with the performance of similar customer portals within the sector. With the launch of LetsMove in April 2019, our application process will also become fully automated, saving our customers time and effort and ensuring an effective and efficient core service which will improve the customer journey from start, to completion and beyond.

Our technological achievements have seen us shortlisted for a UK Housing Award in 2019 and recognised for a HANA Award in 2018.

Our commitment to providing quality homes begins with our own plans to build around 2,000 new homes over the next 5 years, but we will also be delivering thousands more as a member of a number of strategic partnerships. We continue to lead the Accent Group Development Consortium, a successful partnership which has delivered over 2,600 new homes since 2011, and is forecast to deliver a further 1,800 new homes up to 2021. The consortium has been shortlisted for a 2019 UK Housing Award.

During the year, we have completed the restructuring of elements of our existing borrowing arrangements, and we are continuing with our plans to secure significant additional funding and access the financial capacity we created when we consolidated our group structure over the next few months.

This is an exciting time for Accent and one in which we can really make our contribution to tackling our country's housing crisis and deliver fantastic services our customers value highly.

We have always known that our customers, and how they regard us, holds the key to our plans to become the number one housing association we aspire to be. Key to this is the Accent Partnership, our new service offer developed with customers.

The partnership, which makes customers central to what we do, will see radical changes in how we provide and manage their services. These changes will ensure we remain ambitious to deliver high quality homes and services for individuals, families and the communities we work within.

As we continue on our own journey, and embrace the opportunities the forthcoming year will bring, I, as always, look forward to working with our customers, colleagues and partners to achieve our primary objective of improving people's lives.

That is why we are here.

Paul Dolan
Accent Group
Chief Executive

PROVIDING GREAT HOMES AND GREAT SERVICES

Paul has already covered some of the aspects of why this year has been such a significant one for Accent, and why there is still so much to aim for.

To enable such significant change, we need procedures and processes that put our customers first. We are certainly not alone in the sector in our aim to put our customers at the heart of our business, but for us that means making them centric to absolutely everything we do. With the forthcoming launch of our new service offer to customers, the Accent Partnership later in 2019, I feel confident we have the right structure, the right service offer and the right people to make this commitment to customer centricity a reality.

With this continued commitment comes the need for great governance and a structure supported by a board and committees that absolutely understands and embraces the customer experience, and has the ambition to make that experience an excellent one. Paul has already mentioned our journey to good governance during the summer of last year, and I have since been delighted to see the commitment of both our new and existing members to providing that excellent customer experience.

Managing all aspects of the customer journey, from that initial application for a home, throughout all their future life choices with us, is the ultimate responsibility of our customer experience committee, formed from both new and existing customers and independent professionals. This committee is supported by a new, national scrutiny group, which is delivering a more focused approach to scrutiny and ensuring our residents' views are acted on. Members have already scrutinised elements of our repairs service and suggested improvements and are now looking at how effectively we communicate some of our health and safety responsibilities. The group has done some great work so far, and I am looking forward to seeing the service improvements we make as a result of their findings.

Our new governance structure is supported by a new executive team. The appointments include Matthew Sugden in the new role of Executive Director of Governance and Business Assurance, for the further strengthening of these critical areas. I am also pleased to note the appointment of Sarah Ireland as Executive Director of Development for our renewed focus on our development strategy. Sarah is an experienced development director and well respected within the sector. Following the departure of Gail Teasdale to Broadacres Housing Association in December 2018, we appointed David Royston as Executive Director of Finance and ICT. David has proved he is equally at home in managing the complexities of our finances and our plans for digital transformation. With Claire Stone continuing in the post of Executive Director of Customer Experience managing all aspects of the customer journey, we are firmly on the road to delivering the objectives of our new corporate strategy and our vision and mission to further improve people's lives.

Of course, we can't hope to provide great services without great homes and I'm delighted to see our new impetus on development - and some already positive results. We have purchased a significant private development site in Ramsey, Peterborough, an area coping with approximately 300 homeless families. We are unlocking this stalled site, for which planning consent was granted in 2008, to ensure the delivery of new affordable homes for some of those families. The scheme – due to start September 2019 – will provide 85 affordable family homes, in a mixed tenure of rent and shared ownership.

In collaboration with Together Housing and Wakefield and District Housing, we have become a strategic partner with Homes England in the latest round of the Wave funding initiatives. As a partner, we will share the £497m of available funding for the provision of around 11,000 affordable new homes across the country.

This latest round of partnerships takes the number of Homes England strategic partners to 23, with the Government handing out more than £1.74bn to deliver an additional 39,000 new housing starts by 2022. With our partner status, we are committed to providing at least 1,000 of these new homes by March 2022. This supports our own strategic objective to provide around 2,000 homes by 2023 through a mix of funding sources, including new borrowing, £43m in grant and almost £130m from the sales of our new homes to buy through shared ownership or outright sale.

We are also delighted to be a member of Homes for Cambridgeshire and Peterborough, a group of housing

START ON SITE
Paul Dolan visits our former garage site in Camberley to help lay the first bricks

BARONESS WARWICK
We were joined by Baroness Warwick for a tour of some of our Bradford schemes

associations aiming to build 40,000 affordable homes and promote long-term investment in communities across Cambridgeshire and Peterborough over the next 20 years. The group provides a single voice for the sector in the region with the existing management and ownership of almost 50,000 homes.

We are also strategically involved in the Oxford and Cambridgeshire Arc, the sweep of land between Oxford, Milton Keynes and Cambridge. The Arc has a unique opportunity to become an economic asset of international standing, and a place that demonstrates the best of business and innovation. It will benefit local communities and the country as a whole, but it will require new ways of working between the Government and partners to ensure the benefits are felt. This project is long-term, up to 2050 and beyond, and we are delighted to be involved through our partnership in the Cambridgeshire and Peterborough Combined Authority.

We will ensure our new homes reflect the needs of new customers in terms of design, tenure and affordability, focusing on areas where there is opportunity for growth and in existing areas which strengthen our core business.

With investment in our digital platform; our website, customer portal, customer contact system and new online lettings portal, Paul has already noted, our achievements this year are significant, but they are just the start of our ambitions to improve the customer experience. At the end of the day, we cannot deliver any of our plans without our people and it is thanks to their commitment that we can strive to be the best we can be. The emerging principles of our new people strategy; simplification, mainstreaming development and a trust-based culture, have the backing of my executive team colleagues, and the consistent priorities from our people that our customers must always come first. Combined with our priorities to be an ambitious and agile business and to have great people who we can enable to do great things, we will develop a culture that consistently improves how we work, so improving the overall experience for customers.

In our ambition to be the very best we can be, I have no doubt that we will deliver the great services our customers deserve and provide the right homes that improve their lives.

2019/20 is going to be a fantastic year for Accent.

Tom Miskell
Accent Group Chair

MANOR HOUSE
In 2019 we finalised the conversion of our old offices in Peterborough to 31 new homes

STRATEGIC REPORT 11-35

FINANCIAL REVIEW AND RESULTS

	2019 £m	2018 £m	2017 £m	2016 £m	2015[1] £m
Consolidated statement of comprehensive income					
Total turnover	95	96	94	101	108
Operating expenditure and cost of sales	(75)	(67)	(63)	(68)	(77)
Other income	2	-	-	-	-
Operating surplus	22	29	31	33	31
Gain on disposal of property	1	1	2	3	-
Net interest cost	(13)	(14)	(16)	(16)	(16)
Net increase/(decrease) in valuation of housing properties	43	-	-	(60)	-
Taxation	-	-	-	-	1
Surplus / (deficit) for the year	53	16	17	(40)	16
Group Balance Sheet					
Net book value of intangible and tangible fixed assets	688	590	588	586	703
Net current assets	9	30	31	13	7
Total assets less current liabilities	697	620	619	599	710
Loans and long term creditors due after one year	(305)	(327)	(342)	(337)	(353)
Pension liability	(34)	(26)	(26)	(23)	(24)
Total net assets	358	267	251	239	333
Revaluation reserve	104	62	63	65	125
Revenue reserve	254	205	188	174	208
Total reserves	358	267	251	239	333

	2019 No.	2018 No.	2017 No.	2016 No.	2015 No.
Accommodation owned or managed					
Social housing	15,588	15,492	15,039	14,934	15,117
Shared ownership and leasehold	1,942	1,788	1,817	1,797	1,754
Supported housing and housing for older people	2,267	2,380	2,869	3,198	3,130
Non-social housing	826	973	897	846	826
	20,623	20,633	20,622	20,775	20,827

[1] Amounts restated to FRS102

VISION AND GROUP STRATEGIC PLAN

Our mission as a Housing Association is to improve people's lives. **'With You for Your Journey'**, our Corporate Strategy 2021 sets out our vision to support people to realise their aspirations for better living. In order to deliver this the strategy introduced four key shifts in strategic direction:

- A personalised service experience, with customers at the heart of the business / cutting edge of digital technology
- A significant increase in the number of new homes delivered
- A culture which ensures Accent is recognised as an excellent employer and business partner
- Sector leading value for money, enabling greater investment in homes and services

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

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

OUR STRATEGY IS BUILT AROUND OUR FOUR PRIMARY THEMES

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

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

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

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

AFFORDABLE AND SECURE HOMES

SERVICE CHOICE AND INNOVATION

EMPOWERED AND TALENTED PEOPLE

AMBITIOUS AND RESILIENT BUSINESS

OUR VALUES

WE ARE ENERGETIC

We strive for the **BEST** every time

WE ARE DRIVEN

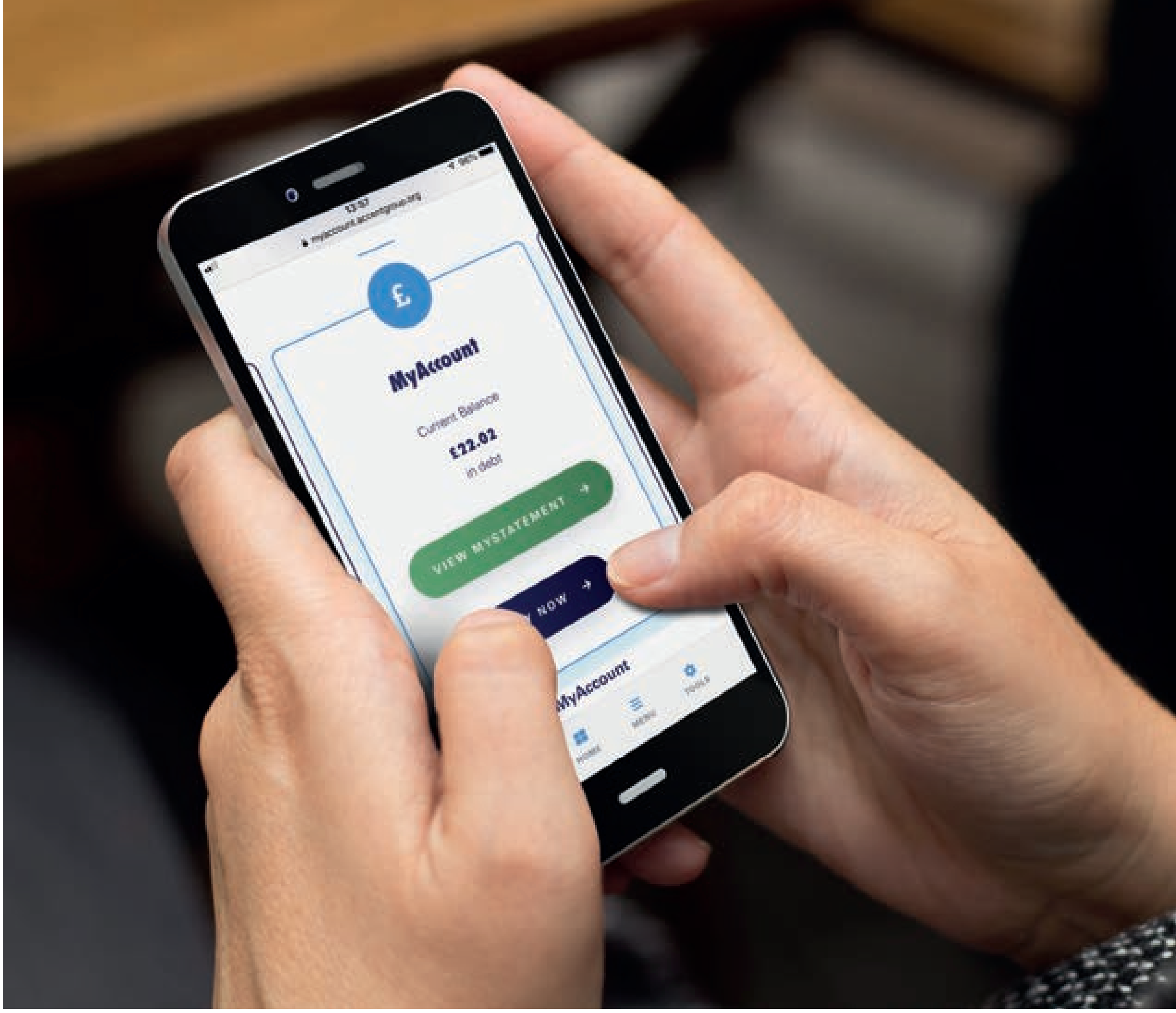
We do whatever it takes to get it **RIGHT**

WE ARE SMART

We challenge ourselves to **IMPROVE** every day

WE ARE CARING

We are genuine people who **CARE**



MYACCOUNT
2018 saw the launch of our new and improved customer portal, which we've called MyAccount

Vision and Group Strategic Plan

To ensure that Accent has a governance structure and framework in place to support our strategic priorities and ambitious growth plans, an independent review was undertaken by Altair during the 2017-18 financial year. The review concluded that, although the existing level of skills across the Board and committees was strong, Accent would benefit from strengthening in those areas most relevant to our new strategic objectives, such as refinancing, large scale development, digitalisation and customer service, strategic asset management and M&A activity.

A new committee structure has now been designed which strengthens the governance arrangements and better aligns roles and responsibilities to the new corporate strategy. Three new, specialised committees have been created, serving our customers and overseeing our capital investment and treasury activities. We have also redefined our committees overseeing our key business areas of risk, health and safety, and audit. Recruitment to the new Board and Committee structure has brought significant new non-executive skills, experience and expertise, ensuring the governance of the organisation is aligned to strategic priorities and risks.

In order to deliver our corporate strategy effectively we have reviewed our operating model and invested in a number of areas to increase skills and capacity. The Executive Team has been reshaped to ensure that we have the appropriate skills and experience at the most senior level in the organisation. We have brought together all elements of customer experience under a single lead to ensure service delivery is seamless and consistent.

Additionally we have created two new executive posts. The Executive Director of Governance and Business Assurance will ensure that we retain the highest standards of governance and compliance, and the Executive Director of Development and Growth will lead on the delivery of our increased growth ambitions.

We have also re-shaped or invested in several support services; brand and communications; health and safety; contact centre; finance; digital delivery; insight and business improvement; legal and governance; and a new people team.

PRINCIPAL RISKS AND UNCERTAINTIES

Repairs contractor failure remains our highest risk. Our assessment of this risk was increased when issues emerged with one of our five main regional contractors this year. Our response was swift and decisive, resulting in new services being effectively mobilised and continuity of service maintained. Given the volatility of the external operating environment however, this risk remains under focus.

The potential impact of a health and safety incident means that this is also considered a high risk. Significant measures have been taken to minimise the likelihood of an incident occurring. Improvements have been made across all three 'lines of defence' from revised procedures; training and a restructure of resources, through improved management oversight; to increased independent and external scrutiny.

The impact on the wellbeing of our residents and on our income arising from reforms to the welfare benefits system continues to pose a risk to the delivery of our strategic priorities. We estimate that there has been an increase of £250k on current arrears as a result of Universal Credit. This is a result of the increase in the average debt per customer for Universal Credit cases. The impact of Universal Credit will continue to increase over the coming months and years both for Accent and across the sector.

As at March 2019, we have c. 2,100 customers claiming Universal Credit from a potential 10,500 customers who are on either Housing Benefit or Universal Credit. Therefore, we can reasonably expect that a further 6,400 customers will migrate to Universal Credit in the future. In order to mitigate against the risk this poses to our rent arrears performance we are significantly adapting our approach.

We have fundamentally reviewed our delivery model, investing in specialised roles to intervene quickly and support customers. We are developing a new income strategy and revising our processes and systems for how we manage Universal Credit cases, which effectively means treating them as self-payers, and utilising behavioural analytics to predict and tailor our approach to individual customers.

We have been selected as a trusted partner of the Department for Work and Pensions (DWP) after developing a national level relationship and we are assisting DWP to develop its understanding of how the housing sector works and how DWP practice impacts on housing associations and their customers.

The UK's exit from the European Union ("Brexit") continues to pose significant risk. We have considered the impact from a 'No Deal' Brexit on Accent and our customers and have identified a number of key risks. In terms of our supply chain we need to ensure that the labour and materials are available to deliver our repairs and maintenance service, and have sought assurances from key contractors that they have mitigation plans in place. Financial market disruption due to the Brexit uncertainty is a key risk with regard to liquidity. To mitigate this we have organised additional revolving credit facilities as part of our re-financing of the business to provide further support for our healthy cash balance. If we are to see any second public vote there is also the potential for civil unrest and in the longer term the negative impact on community

MOVING IN

David Donovan, Housing Officer hands over the keys to one of the new houses at Jeremy Downs Way

cohesion. The strength of Accent is its commitment to diverse customers and communities, and we will ensure we retain links with strategic partners and stakeholders in our planning around this risk. A collective response is the most appropriate solution to resolve any issues that materialise.

In the event of Brexit, and in particular a disorderly Brexit, the Group has extensively stress tested the Financial Plan to assess the impact of increased inflation, increased interest rates and a significant decline in the housing market. The Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term.

To mitigate any technology risk arising from a disorderly Brexit, we actively procured replacement hardware and mobile phones prior to the proposed Brexit date. This strategy avoided any supply problems or expected price increase exposure. Software licences were also renewed in advance of the end of March, some of which were for multiple years to also secure pricing and support to avoid any risk in this area.

We have strengthened our technology infrastructure following the introduction of GDPR last May and the increase in worldwide cyber incidents that are becoming more frequent. We have reinforced our understanding about the need to protect our systems and more importantly the data that they hold. All staff have had specific GDPR training to reinforce the importance of data protection. We have a documented information asset register and robust processes in place to deal with any data related incidents including any requests made under GDPR.

We continually improve our IT security through penetration testing, infrastructure hardening and are confident that our systems have the necessary protection in place in this ever changing cyber environment.

Given our increased ambition for delivering new homes, the risks posed by our exposure to the housing market are already a key consideration for our development strategy. This risk is brought into stronger focus given that the Bank of England Governor has predicted that a 'No Deal' Brexit could see house prices significantly reduce. As Accent is at an early stage of our development strategy we are able to ensure we plan, review and monitor our exposure to market sales in order to minimise these risks. We have also recruited an experienced senior development team, including a Sales Director, to ensure we have a strong understanding of the markets we will develop in and key risks.

The policy environment also continues to evolve outside of Brexit. Whilst we still do not have complete clarity on how the Grenfell Tower tragedy will change housing and building regulation policy, the Government published 'A New Deal for Social Housing', the social housing green paper for consultation on 14th August 2018. The proposed principles of the new 'deal' have great synergy with our corporate strategy and our priorities for the future. There are two areas signalled which would require Accent to change approach.

MEETING CUSTOMERS

Irene Southern, Customer Experience Manager in the north west meets a resident in Accrington

Principal Risks And Uncertainties

The first is the likely review of the Decent Homes Standard, the first since 2006. This will look at whether it is demanding enough and will bring safety requirements for social housing in line with the private sector. Accent will need to review its stock and investment plans against the revised standard. The second is the adequacy of consumer regulation, in particular whether the objectives should be changed, and codes of practice introduced to help landlords and residents better understand what a good service looks like, and to relate them to the new Key Performance Indicators (KPIs) and performance league table. The consultation also asks whether ‘serious detriment’ is the most appropriate threshold for regulatory intervention as it limits the ability to enforce the consumer standards. A separate review will look at consumer regulation but we can expect that there will be changes we need to respond to and will monitor this closely.

Following an In-depth Assessment in March 2019, we continue to maintain our G1 and V1 assessments from the Regulator of Social Housing (RSH) and to actively participate as members of the Regulator’s Provider Panel. This means we are able to comment at an early stage on any changes to the regulatory framework.

The Board routinely review and refresh their risk appetite as part of the strategic planning cycle. In accordance with our increased financial capacity and a desire to respond to the UK’s housing crisis, the Board’s risk appetite has increased in terms of development ambition. Risk appetite remains minimal in terms of health and safety and regulatory compliance.

Risk management is fundamental to strategic planning. The strategic risk register is reviewed on an ongoing basis by Accent’s leadership team, executive and the Board and risk is considered in all major business decisions.

Alongside the development of the corporate strategy, the executive and the Board consider what could stop us achieving our objectives and considers both internal and external factors.

For example, the inclusion of the risk of one of our key repairs and maintenance contractors under-performing reflects the strategic objective to become a sector leader in repairs and maintenance by 2020. Accent also has an increased development ambition so the risk of a development scheme or consortium arrangement failing features as a strategic risk. We have also included a risk of poor decisions around stock rationalisation and / or investment as investing in existing homes is a key strategic objective.

Recognising the financial risk and financial volatility that defined benefit pension schemes can bring to an organisation the Board have taken steps to mitigate the risk for Accent where possible. Accent has an active Pensions Working Party which provides oversight and scrutiny to the Groups pensions exposure. The Social Housing Pension Scheme (SHPS) defined benefit section was exited in August 2016 and therefore closed to future accrual. Accent continues to operate the Accent Group Pension Scheme (AGPS), a defined benefit pension scheme for the benefit of its staff. During the year the Board engaged with the Trustee of the Accent Group Pension Scheme (AGPS) to review and amend the benefit structure in order to make the scheme more sustainable and fairer for all staff in the future.

Accent takes a proactive approach to treasury management and the risks presented thereon. A knowledgeable and experienced Treasury Committee has been established and meet regularly to provide support and challenge to management. The Group maintains and operates an overarching treasury policy and the financial strategy is updated annually. Retained external advisors, Centrus, provide further challenge and support. During the financial year Accent has negotiated additional revolving credit facilities of £30m to complement existing unutilised facilities of £30m. Post year end a further £20m in revolving credit facilities was agreed bringing total available facilities to £80m, thus safeguarding the Group from future cash flow volatility in the medium term. As at 31st March 2019 66.5% of Accents debt was fixed either on an embedded basis or through standalone interest rate swaps thus reducing volatility risk.

The Group structure has been considerably simplified in recent years to reduce the complexity whilst increasing the borrowing capacity of the remaining business. Joint ventures and partnerships are minimal in nature and those which are in place operate at immaterial levels. New joint ventures are evaluated and considered carefully with appropriate legal and financial advice sought prior to commitment to ensure that the risks to Accent are known and minimised at the outset.

The strategic risk register has directly and significantly influenced the internal audit plan, which is designed to test the controls relating to strategic risks.

Our stress testing approach was reviewed by an external specialist and the resulting recommendations were incorporated into the stress testing work undertaken throughout 2018/19. The stress tests were developed by considering Accent’s corporate strategy, the risks that arise from pursuing the strategy and our operating and financial environment. Accent’s assets and liabilities register has also been reviewed to ensure that the scenario tests take account of any potential financial impact that may be incurred as a result of a scenario being realised.

This work will provide assurance that every element of the risk management framework is integrated with the strategic planning cycle. During the past year we have continued to respond to changes in our operating environment, whilst laying the foundations which underpin the increased ambitions within our corporate strategy ‘With You for Your Journey’. In 2019/20 our focus will be on delivering these ambitions. In order to do this successfully we will focus on realising our increased financial capacity, providing much needed new homes, maintaining the quality and safety of existing homes and transforming our customer experience.

FUTURE DEVELOPMENTS

During 2019/20 we will continue to invest in our resources to ensure we are perfectly positioned to deliver outcomes for the business and for our customers. Current areas of focus are reviewing our structure for colleague and customer safety; implementing the operational structure to deliver the customer experience vision and asset management strategy; and bringing the skills needed to deliver our ambitions for a land-led development strategy into the business. These will all be concluded and implemented during the summer of 2019.

There are a number of key strategies that will continue to be delivered, with each one being underpinned by a number of initiatives:

- Development and Growth
- Asset Management
- Customer Experience
- People Strategy

DEVELOPMENT AND GROWTH

The Development and Growth Strategy was presented to Board for approval on 27 March 2019. The new strategy reflects the stated ambition in the refreshed financial plan for 2,151 starts on site by 2024 which equates to 1,808 completions in the same timeframe. The headlines of the strategy are:

- We will grow the Accent development pipeline sustainably to deliver an annual programme of 500 new affordable homes by 2023. Accent is now actively sourcing land in areas of the country where we already hold housing stock on which to develop new affordable homes. This pipeline of new schemes will be built out over a period of years utilising private finance and grant from Homes England.

- The Accent Capital Investment Committee (CIC) will oversee all investment decisions in relation to both our existing homes and the new homes that we aspire to deliver. CIC will report and provide assurance to Board on investment decisions in line with the Scheme of Delegation.

- Development projects must meet the risk appetite and financial parameters approved by the Board.

- Revenue generated from shared ownership and private sales will not exceed between 20% - 25% of the Group consolidated turnover on an annual basis.

- We will ensure that we achieve a balance between improving the performance of our existing assets and growing our overall asset base. We will cross subsidise the delivery of homes for Affordable and Social Rent by delivering shared ownership and private development for sale whilst these activities do not represent an unacceptable risk to the Accent Business Plan and meet the Board's agreed Risk Appetite.

Delivery of the strategy is dependent on Accent securing additional funding. Preparatory work for a refinancing exercise began during 2018/19 in support of these objectives and is on track to deliver the required outcomes. Work undertaken included securing consents from existing lenders, reorganising security arrangements and securing new revolving credit facilities. A loan with Dexia Credit Paris was settled in full for £3,100k inclusive of associated break costs as part of this refinancing strategy.

HOLBEACH
Some recently acquired shared ownership homes in Holbeach near Spalding

DOWNHILL
Our national tour had a memorable stop off in Downhill, Sunderland

ASSET MANAGEMENT

Our pro-active asset management strategy (PAMS) sets out how we will manage investment programmes and divestment activity to maintain the standards of all our homes. A key part of delivering the strategy is the Accent Property Standard. This is an enhanced version of Decent Homes Standard and is the minimum standard of investment for our homes. Following a benchmarking exercise the Board approved a reduction in the frequency of bathroom and kitchen replacements to more typical frequencies of 30 and 20 years respectively from 2020/21, this mirror's the useful economic life contained within the existing accounting policy. This also brings them in to line with the industry standard and is a firm commitment to our corporate strategy of improving the quality of our customers' homes. The impact of this decision increases costs by £20m over a 5-year period and c. £57m over the life of the 30-year financial plan, and is timed to coincide with the ending of the 1% rent cut formula.

We have worked with Savills to implement an asset performance evaluation tool (APE), giving us greater understanding of the financial and business performance of individual assets. This informs decisions on investment / divestment. Assets that are performing poorly will be subject to a more detailed options appraisal and all options for improvement will be explored, including opportunities for redevelopment in line with the Development and Growth Strategy.

CUSTOMER EXPERIENCE

Over 500 residents, and all staff were engaged in developing the Accent Partnership, the 3-year customer experience vision. Following an extensive staff consultation process we are now recruiting to the new structure which will deliver the vision.

We are continuing our investment in digital service delivery, and during 2019/20 we launched 'Let's Move', which is a transformational approach to letting our homes online. This will provide an alternative to choice based lettings schemes, and will significantly enhance the customer experience. It is slick and easy to use and puts the customer in the driving seat.

Following consultation with customers we plan to align technology with improved processes in order to transform our repairs and maintenance service in three key areas. Firstly, simplification of front end diagnosis will ensure that repairs are diagnosed accurately and swiftly, putting the contractor in the best possible position to deliver right first time. Secondly, the provision of an efficient and real-time appointment scheduling system will lead to appointments that suit the customer, contractor and Accent. This will improve communication, reduce contact as a result of failure and build customer confidence. Finally we will implement real-time customer feedback, enabling us to understand the customer experience and react quickly to dissatisfaction. This final area will apply to all customer interactions not only repairs.

PEOPLE STRATEGY

Over 230 colleagues have been engaged in developing the key themes for a new People Strategy. As a result of this engagement we have identified three key principles around which the strategy will be built:

- Simplification – policies, processes, language
- Mainstreaming Development – coaching, mentoring, giving and receiving feedback
- Building a Trust Based Culture – valuing difference, inclusive decision making, access to opportunities and fun

SERVICE TO TENANTS AND RESIDENTS – HOW ARE WE PERFORMING?

This has been a year of significant change for Accent as we have put in place the foundations to deliver our ambitious corporate strategy. These ambitions are coupled with the knowledge that operational performance is stable but not achieving the pace of improvement anticipated. As a result it was recognised that a different approach was required to achieve our strategy.

The Accent Partnership is the three year vision for customer experience and was born from the ambition set in the corporate strategy to put the customer experience at the centre of all Accent does. To deliver this vision there has been a fundamental review of the operational delivery model, leading to a large scale re-structure, impacting on almost every operational team.

The key principle of the proposed new structure within the customer experience regional teams is to create a visible focal point for our customers, to deliver the Accent Partnership, supported by a team of subject-matter experts.

Supported by recent digital and insight investment, the restructure will enable Accent to deliver the promise it has made to residents, and equip staff to deliver its ambitious plans.

Whilst the scale of the restructure has naturally been a distraction for the operational teams, they have continued to provide great services to 20,623 households throughout, assisting an additional 1,989 families into affordable rented housing through letting both new and existing empty homes all of which has been demonstrated by a decrease in customer complaints.

REPAIRS AND MAINTENANCE

In 2017 we went live with five new regional repairs and maintenance contracts. As anticipated the mobilisation of the new contracts meant there was a short term negative impact on repairs and maintenance performance. This year we have seen performance start to improve in terms of satisfaction and appointments kept, and we have clear improvement targets with each contractor for all KPIs which they are close to achieving. The restructure will support the delivery of this as it includes a new senior commercial manager whose role is to improve repairs, voids, planned works and estate services contractor performance by driving commercial contract management. The restructure will also strengthen the overall team's capacity and capability to deliver excellent services.

Continuing to invest in our current homes is a key priority and this year our total investment in repairs and maintenance was £37m (capital and revenue expenditure). We replaced 2,900 components at a cost of £9.6m which was in line with our forecasts.

	2018/19	2017/18	2016/17	2015/16	2014/15
Decent Homes*	99.0%	98.2%	97.3%	98.4%	97.1%
Average Time to complete a repair (days)	12.0	9.3	7.6	8.6	6.7
Percentage First time fix	78.0%	89.1%	93.9%	94.0%	91.4%
Percentage Appointments kept	96.4%	89.3%	96.7%	94.0%	93.0%
Percentage Satisfied with responsive repairs	87.7%	87.0%	92.4%	91.9%	94.3%
Percentage Gas Serviced	99.98%	99.91%	99.97%	99.96%	99.98%

*In February 2019 we realigned our decent homes standard compliance measurement date to 31 December. Previously the measurement date was 1 January, which meant that homes appeared to prematurely fail under the decent homes standard criteria, even though they were scheduled to receive investment during the coming year. Prior year measures have similarly been realigned to ensure comparability.

HOUSING MANAGEMENT

We are now seeing a 14% per month increase in the number of our residents claiming Universal Credit (UC) and now have over 2,100 cases. 65% of cases are in arrears, and on average arrears for UC cases are c. £280 higher than non UC cases. Inevitably this is starting to impact on our rent arrears performance and we have seen our first increase in five years, albeit only 0.3%. We have taken pro-active steps to prevent the situation from worsening. Our new structure has bolstered the resources for income collection and we are using predictive behavioural modelling to change our processes, eliminating wasted effort and ensuring that resources are focussed where they will have the most impact. Eviction rates continue to fall year on year, and are 12% lower in 2017/18. This is an area that we continue to monitor closely as the impact of austerity and welfare reforms are felt by our residents.

Tenancy turnover continues to be a performance focus, particularly within the northern regions. When turnover is compared year on year as a total it has decreased marginally by 0.2%. However, our new customer retention strategy coupled with our focus on sustainable lettings and support in the early stages of a tenancy has seen the amount of tenancies terminated within the first 12 months reduce by 4.3% this year, which is significantly better performance than anticipated.

Anti-Social Behaviour (ASB) levels have decreased this year by 11.3 cases per 1,000 properties and are now at their lowest levels for 5 years.

	2018/19	2017/18	2016/17	2015/16	2014/15
Current tenant rent arrears	2.5%	2.2%	2.3%	3.1%	3.9%
Average re-let times (gross days)	31.5	29.3	28.5	25.8	28.6
Empty properties	0.9%	1.0%	0.7%	1.5%	2.1%
ASB Cases per 1,000 properties	27.6	38.9	33.9	39.0	32.6

CUSTOMER SERVICE

We have joined forces with the Institute of Customer Services and will establish a nationally recognised UKCSI score to assess Customer Satisfaction. Their questioning framework not only allows for a deep dive into the customers experience, but will also help us gain an understanding into their emotional feelings and perceptions. The ambition is to have our first customer survey completed during the early part of the 2019/20 financial year. This will form our annual/bi annual strategic assessment of how we are performing and provide our point in time measure of customer service.

For our Contact Centre 2018/19 was very much a period of change with the embedding of new multi-channel contact centre software, enabling accurate reporting across all channels and providing resource through channels where customers demanded it (i.e. phone, e-mail, webchat and MyAccount). There were over 630,000 customer contacts during the year, with 87% of calls answered within an average speed of 159 seconds. Additional KPIs and reporting will be introduced during 2019/20 for these channels to demonstrate success.

Recruitment for the new structure was completed with a focus on creating a coaching culture and emphasis being placed on the quality of the customer's experience. The team continued to support the on-going mobilisation of repairs contracts and the changes from the original contractors that came with this.

MyAccount, our new online account for residents was launched in July. We have exceeded our expectations in terms of take-up of the new online service, and over 5,000 residents are now registered for an account.

There has been a 37% decrease in formal customer complaints, down from 234 to 148, demonstrating that we are improving our customer experience. This year we have also recorded 480 compliments, a 20% increase on last year. Two complaints have been reviewed at Housing Ombudsman level, with 1 being upheld. We have procured a software platform which will allow us to track customer experience in real time, and provide opportunities for early intervention to further improve service quality. This is expected to be operational during the early part of the 2019/20 financial year.

DEVELOPMENT

Accent are committed to playing an active role in solving the National Housing Crisis:

78 Homes delivered in 2018/19

AT LEAST 280 Start on sites planned for 2019/20

500 New affordable homes delivered annually by 2023

We will provide a range of housing options that provide homes of different tenures in proportions that meet local housing needs including social rent, affordable rent, shared ownership, rent to buy and private sale. We will cross subsidise the delivery of homes for Affordable and Social Rent by delivering shared ownership and private development housing for sale. Revenue generated from shared ownership and private sales will not exceed 20% – 25% of Group consolidated turnover on an annual basis.

Accent's programme will be grant funded through Homes England grant funding through to March 2021. Accent is the lead partner in the Accent Consortium who delivered 173 homes in total in 2018/19 and started on site to build 458 further homes utilising a total of £11.3m of SOAHP grant.

Accent has also secured funding to build 300 homes through the Homes England Wave 2 Strategic Partnership as a Delivery Partner for new homes that start on site prior to March 2022.

PENWORTHAM
New shared ownership family homes near Preston

RESIDENT ENGAGEMENT

The 'Accent 500' and other consultation processes continue to be successful ways of reaching a broader resident base, in 2018-19 we have undertaken:

18 Bespoke surveys and consultations

5 Focus Groups

4,477 Pieces of feedback on service delivery and performance

We have successfully recruited skilled and committed residents to the two formal routes for residents to engage at a national and/or strategic level – the National Scrutiny Group and the Customer Experience Committee.

We have implemented a new software solution to manage and evaluate resident insight, engagement and feedback through this route.

Accent have also committed as early adopters of the NHF's 'Together with Tenants' charter.

HEALTH AND SAFETY

The health and safety of our customers and colleagues is paramount. Health and safety performance continues to improve but we remain focussed on excellence in all areas of customer and colleague safety.

Over the past year we have strengthened our approach to health and safety at all levels. Procedures have been revised to incorporate latest legislation and best practice and compliance monitoring has been streamlined through greater integration of customer safety data with our housing management IT system and enhancement of reporting tools. Our operational resources have been strengthened by the creation of a Health and Safety Change Manager post, two Colleague Safety Advisor posts and specialist posts for the management of key health and safety areas.

We have increased our use of external expert resources to provide independent and objective assurance to the Board and we have ensured that health and safety controls are robustly tested through the internal audit programme. Health and safety governance and performance oversight will be further improved with the creation of an executive health and safety committee that will report directly to the Board.

There were 63 accidents recorded during the year, 35 involving residents, 18 involving employees, and 10 involving contractors or visitors. The overall number is similar to last year. One accident was RIDDOR reportable, a decrease from three the previous year. This accident did not result in any non-compliance with the Regulator for Social Housing. We have taken a proactive approach and delivered awareness raising training to all customer-facing staff. This has included coaching on how to identify and manage potential risks in order to prevent and minimise accidents and near misses.

FINANCIAL REVIEW

The core business of providing affordable housing has produced a financial result in line with expectations.

The principal reasons for the surplus are set out below:

The year to 31 March 2019 has resulted in a surplus before tax of: **£52,789K** (2018: £16,335k)

£1,403K Investment in agile information technology equipment

£3,264K Increased repairs and maintenance

£2,325K Revaluation gain on investment properties

Revaluation increase of: **£43,326K**

- The Group's core affordable housing business made an operating surplus of £19,814k (2018: £29,705k).

  The reduced surplus is a combination of:
  - increased repairs and maintenance costs of £3,264k including additional work on fire risk assessments
  - investment in agile information technology equipment of £1,403k to support the Customer Experience restructure
  - professional fees associated with raising new and future finance of £1,226k
  - under recovery of service charge costs of £1,087k which is being addressed as part of the Customer Experience restructure
  - staff redundancy costs associated with the Customer Experience restructure of £877k
  - increased depreciation following revaluation of our housing assets of £593k
  - impairment of office premises at Shipley £588k
- Other activities made an operating surplus of £3,080k (2018: £551k). The principal reason for this surplus is the revaluation gain of £2,325k on investment properties. Property sales generated a surplus of £605k (2018: £1,279k). The on-going stock rationalisation policy in Horden and Blackhall, County Durham has slowed during the year as properties are sold only if they become vacant. 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 2018 resulting in an increase of £87,663k (2018: £nil), £43,326k of this increase has been included in the surplus for the year before tax as required by FRS102. The Board and management team consider that this valuation remains appropriate as at 31 March 2019.
- The Group also conducted its annual impairment review of the value at which it is carrying housing property assets in its statement of financial position. This review has resulted in a total impairment of £nil (2018: £nil).
- During the year the Group invested £36,892k (2018: £29,327k) in maintenance reflecting the continued focus of the Group on improving our existing homes.
- During the year housing properties amounting to £13,030k (2018: £12,580k) were completed reflecting the Group's continued focus on development.
- Interest payable remained steady at £14,276k (2018: £14,930k) as a result of the treasury management strategy.
- For the year ended 31 March 2019, the Group is able to identify its share of the scheme assets and liabilities in the Social Housing Pension Scheme (SHPS) and has therefore applied defined benefit accounting from this date onwards. The impact of recognising the net pension liability of £4,570k in the statement of financial position is a net charge to other comprehensive income of £2,228k.

£91,165K
Total comprehensive surplus for the year **(2018: £15,461K)**

£358,059K
The Societies reserves **(2018: £266,894K)**

VALUE FOR MONEY AT ACCENT

Value for money is more than a stand-alone strategy at Accent, it is embedded within the strategic objectives, culture and ethos of the organisation. Our approach for some years has been to view the way we develop, approve and implement change through a VfM 'lens'.

Whilst value for money has been defined as the relationship between quality and cost, value for money is not purely about saving money. Accent has always been clear that lower cost should not and must not result in inferior quality of products and services. By placing the customer at the heart of the corporate strategy the organisation has by default created a value for money approach which is embedded and not a tick box exercise orientated at simply cutting costs.

During 2016 we significantly simplified the Group structure, consolidating three registered providers into one and delivering services to our residents through a single operational management structure. Combined with our financial strength Accent has benefited from improved liquidity resilience and been provided with the financial capacity to raise significant additional borrowing which previously was limited to £30m.

Following the Group restructure and consolidation of registered providers in excess of 99% of the turnover of the Group can be attributed to Accent Housing Limited. PAN English Development Company Limited continues to operate as the development company for the Group and was established as such to ensure all development activity is undertaken in the most tax efficient manner possible thus ensuring best value for money in respect of our growth strategy. Joint ventures and strategic partnerships are currently minimal and operate at an immaterial level within the Group.

The culture within Accent leads to a questioning approach when committing company resources with the benefit to the customer being at the heart. The corporate strategy looks to enhance this approach further through the empowerment of staff to innovate and make decisions which benefit customers and the organisation.

During the financial year to 31 March 2019 Accent has demonstrated its active, embedded approach to VFM in a number of key areas:

The Customer Experience Team structure was reviewed to revitalise the way in which we engage with our customers – the Accent Partnership was born. The amalgamation of the housing management and tenancy sustainability roles following customer consultation has allowed additional resources to be invested in priority areas such as customer safety and asset management without increasing bottom line costs.

Our digital offer is a key component of the new Accent Partnership approach. Our customer engagement concluded that customers are keen to transact with us, at their convenience, via a good online offer. As more customers self-serve resources can be re-focussed or further efficiencies can be achieved. To date almost 5,000 customers have registered and use My Account. An ASB tool and the upcoming allocations tool – Let's Move – will further enhance our digital offer.

Investment has been made in the establishment of a procurement team to support the business moving forward. A revitalised procurement strategy with an emphasis on quality and customer experience rather than purely a cost reduction focus. The strategy looks to partner Accent with suppliers who can provide the best products and service for our customers, not simply the cheapest.

Accent has collaborated with an external company to develop a single personalised communication providing over 21,000 Accent customers with timely and accurate rent and service charge information. This document is possibly the most important communication Accent customers receive annually and its ability to reach out to them and inform them of their charges on a right first time basis is critical as it supports their impression of the service they receive. This change supports our strategic objective of enhance customer experience, being innovative in our solutions whilst achieving clear value for money.

The Board engaged with the Trustee of the Accent Group Pension Scheme (AGPS) to review and amend the benefit structure in order to make the scheme more sustainable and fairer for all staff in the future. Accent's pension costs have more than doubled in the last five years, hence it made sense to consider how to control the long-term cost and risk from AGPS. Faced with sharp and unpredictable increases in pension costs many UK employers have closed their defined benefit pension schemes to new and existing employees. However after working closely with the Trustee, Accent has implemented changes that are designed to make AGPS affordable and sustainable for Accent and members for the foreseeable future.

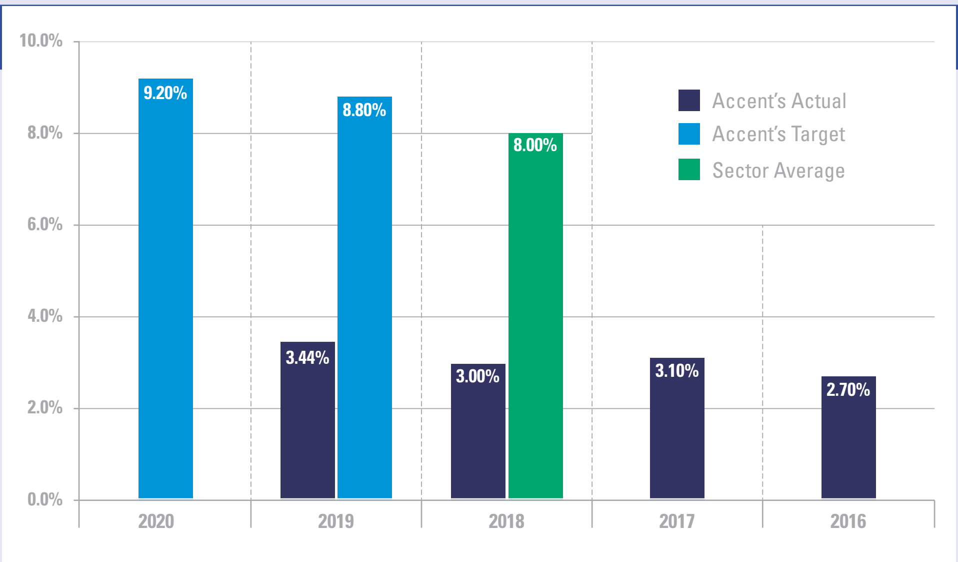
These examples are amongst many activities which illustrate a holistic attitude and consideration across the business. Continuous improvement in all aspects helping to underpin the strategic aim of being a resilient and ambitious business.

VALUE FOR MONEY AT ACCENT

In 2018 the Regulator of Social Housing issued a suite of metrics designed to create transparency and comparability for all RP's. Through monthly reporting we regularly monitor our performance against these metrics and consider where improvements can be made.

Our performance against these metrics for the year to 31 March 2019 is summarised over the next few pages:

REINVESTMENT IN HOUSING STOCK

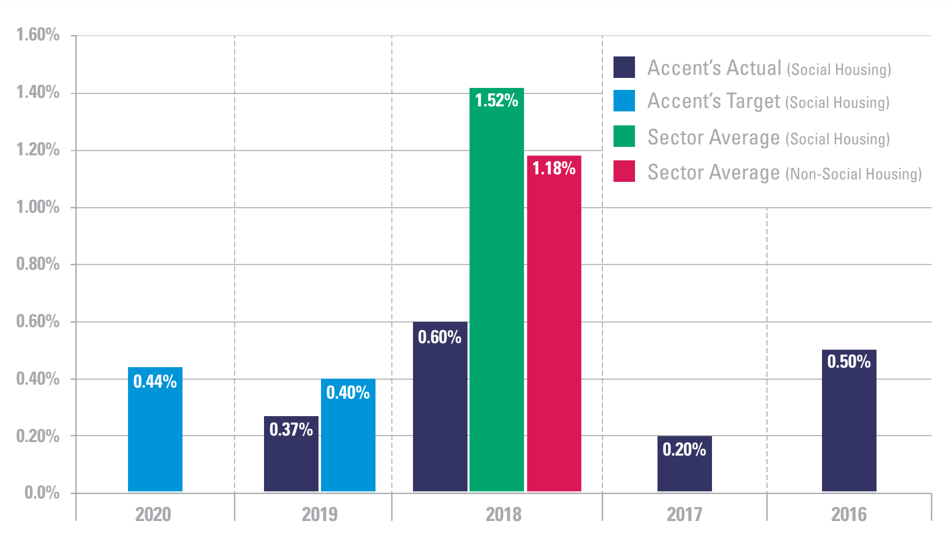


Accent has historically invested 3-4% per annum of it's housing property asset base in housing stock. In 2017/18 this was lower than the sector average however Accent was on a journey at this point to review its lifecycles and introduce its new repairs and maintenance strategy – (RAMP) which in turn will result in significantly higher levels of investment. The target for 2018/19 has not been achieved (primarily as a result of lower levels of development against plan and some challenges in transitioning to new repairs and maintenance arrangements (RAMP) in the south) however Accent is now well placed to deliver into the future.

Significant time and effort has been spent in establishing the right team to take Accent into the next stage of its development and growth strategic plan.

Planned development expenditure and investment in existing stock for 2019/20 is significantly increased on prior years. Agreed reductions in the lifecycle of kitchens and bathrooms, from 2020 onwards, will see investment increase significantly and customers benefit from the improvement to their homes. Accent's target for reinvestment for 2019/20 is 9.2% – a 5.8% increase on the 2018/19 outturn and a demonstrable commitment to supporting the UK housing shortage.

NEW SUPPLY DELIVERED



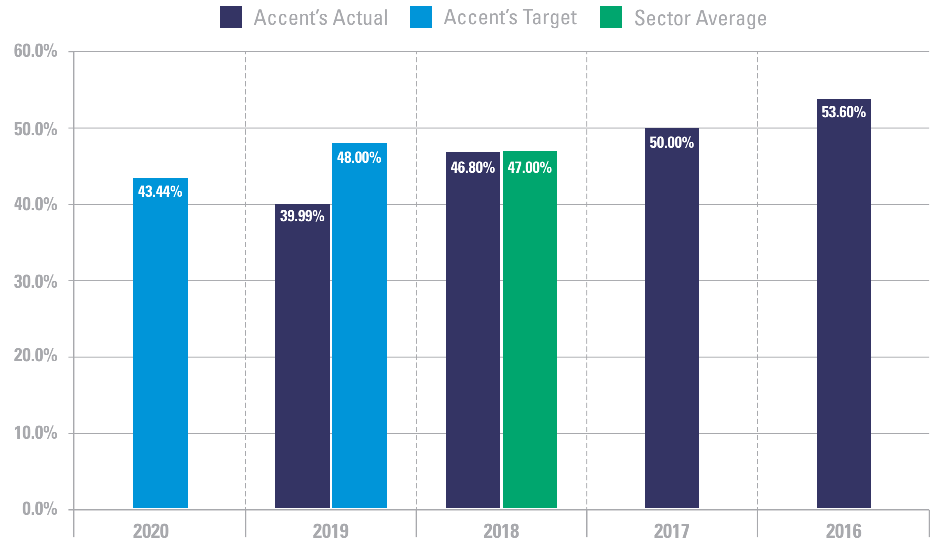
Accent has a lower level of new supply delivered than peers in recent years of 0.37%, a percentage of total social housing units owned, due to a conscious decision to undertake reduced development via a focus on S106 acquisitions. Care has been taken to establish an experienced development team and to make sure the long term funding and short term liquidity required are in place prior to committing to new land led schemes. Whilst the target for 2019/20 is set at 0.44% this represents completed properties only. A strong development pipeline is now in place for 2019/20 and beyond as we look to achieve our strategic aim of delivering around 2,000 new properties by 2023/24. As such we anticipate this KPI will move significantly upwards in the coming years.

Accent has not developed any housing for non-social purposes for a number of years and is not anticipating any completions in 2019/20. This position is expected to change in future years as the development strategy moves forward and mixed tenure sites that meet appraisal criteria are commenced.

VALUE FOR MONEY AT ACCENT

GEARING

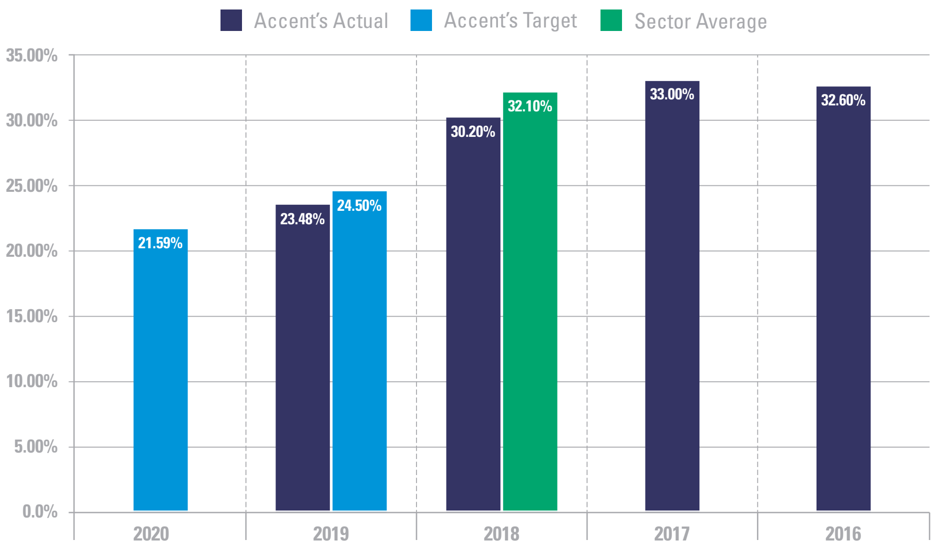
Accent has slightly lower gearing than the sector average supporting our capacity to borrow and develop. The lower ratio at 31 March 2019 can be attributed to the rescheduling of the development programme meaning the higher levels of borrowing seen in some peer organisations has not been required by Accent. This position is forecast to increase in a sustainable manner in the coming years as we borrow further and development begins to increase, this is reflected in the target position for 2019/20.



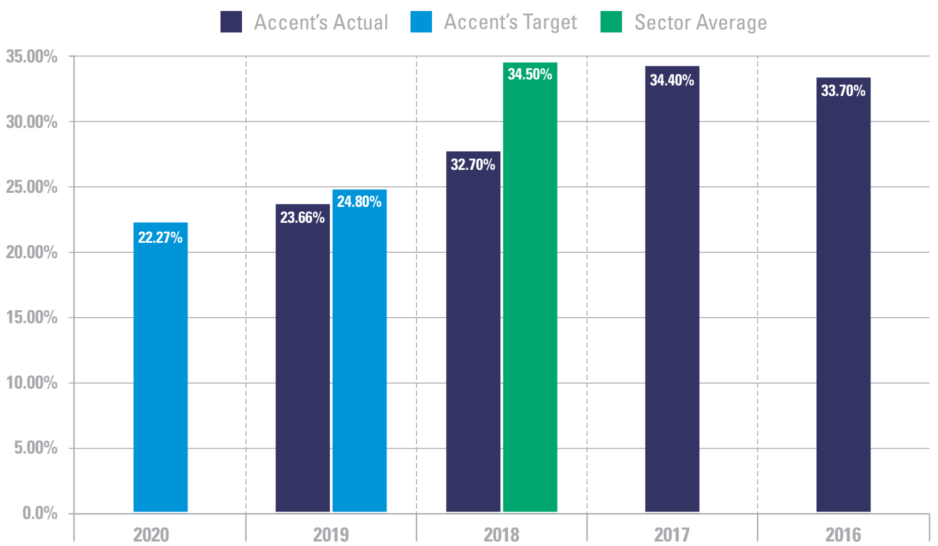
OPERATING MARGIN

Operating margins continue to drop across the sector as a result of the ongoing rent cuts and pressures on organisations in respect of increasing costs. At Accent pensions saw a significant addition to the cost base and as a result a proactive approach to future proofing the exposure was taken by entering into consultation with the Trustee to restructure AGPS. The decrease in margin is budgeted to decline slightly into 2019/20 as the organisation continues to invest in its asset base and works with lenders to ensure long term funding is in place to deliver on our strategic aims. Activities other than social housing are closely aligned to our core activities and include income from market rents, garages and commercial lettings.

OPERATING MARGIN



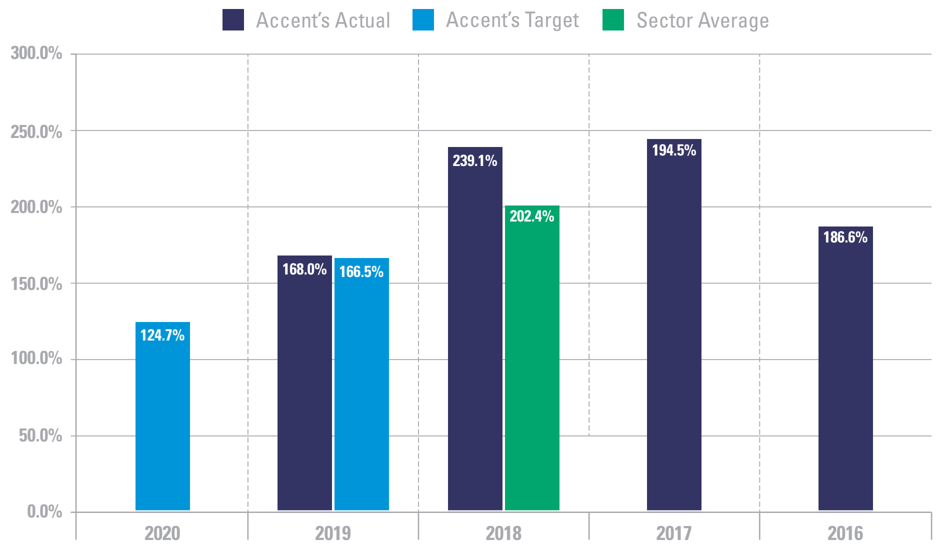
OPERATING MARGIN (SOCIAL LETTINGS)



VALUE FOR MONEY AT ACCENT

EBITDA MRI COVER*

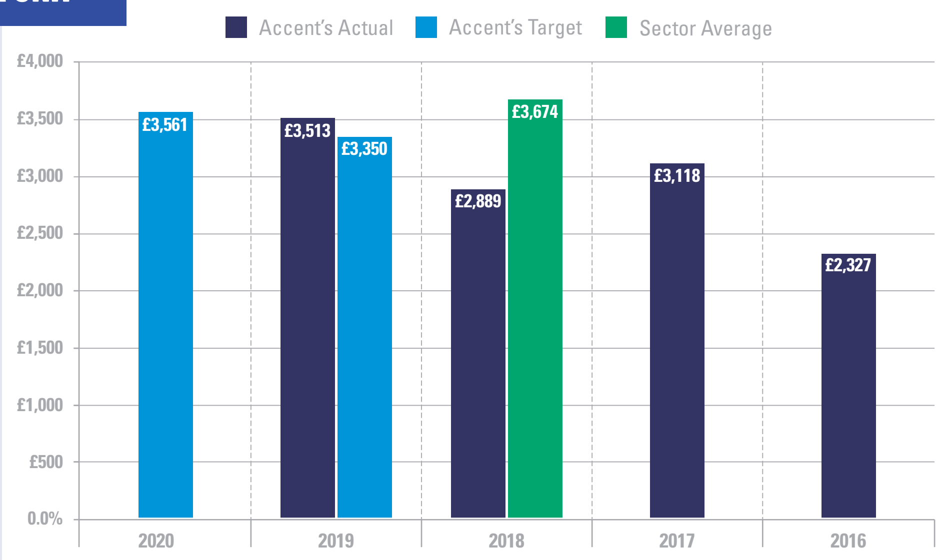
Accent performed well against peers in 2017/18 in this measure, and this is to be expected given our relative levels of debt and therefore interest costs. The 2018/19 position is in line with budget but lower than 2017/18 due to a number of factors. The sector continues to be constrained by the 1% rent reduction whilst facing increasing challenges in its cost base. Accent has seen significant one-off costs being incurred on pension schemes, debt refinancing preparatory work, the impairment of office premises and in-year increase in maintenance in accordance with our asset management strategy. The target for 2019/20 is for a further reduction in this KPI as the rent cut enters its final year and Accent looks to invest in its development strategy. The reasons for the reduction are well understood and in line with our strategic plans.



*Earnings Before Interest, Taxation, Depreciation and Amortisation, Major Repairs Included

HEADLINE SOCIAL HOUSING COST PER UNIT

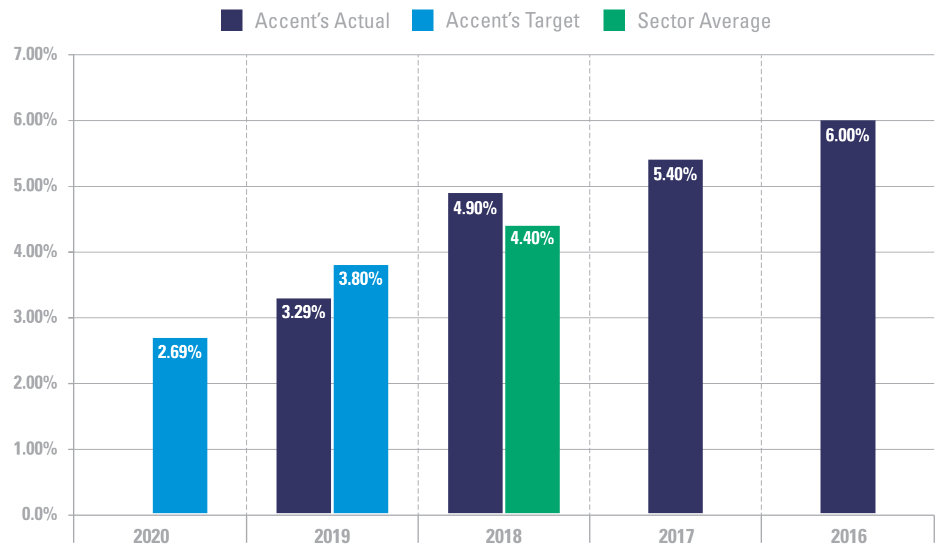
This measure is sensitive to decisions around investment in repairs and maintenance and the efficiency in which housing stock is managed. A lower figure does not necessarily indicate a more efficient organisation, indeed it can indicate a lack of investment. Accent's measure was lower than sector average in 2017/18 as a result of a planned reduction in component replacement to better enable the mobilisation of RAMP. The budget for 2018/19 reflected an anticipated increase as the RAMP programmes got underway and investment increased. Actual outturn to 31 March 2019 is above budget by £163 per unit and reflects additional maintenance costs following the introduction of the RAMP programme and management costs. The target for 2019/20 is a further increase of £48 per unit as further investment is made into our existing stock.



VALUE FOR MONEY AT ACCENT

RETURN ON CAPITAL EMPLOYED

The 2017/18 Accent return on capital was above sector average indicating our assets are performing well in respect of the returns they generate allowing reinvestment in the business. The target for 2018/19 was reduced reflecting ongoing rent cuts and increasing pension costs. Accent achieved a slightly reduced return at 31 March 2019 due to ongoing investment in the business to deliver the corporate strategy alongside a strategic decision to accelerate some costs into 2018/19 to ensure the restructure of the Customer Experience directorate was launched into a business that had the necessary ICT infrastructure in place. Our target for 2020 is 2.7% which is a further reduction in return on capital.

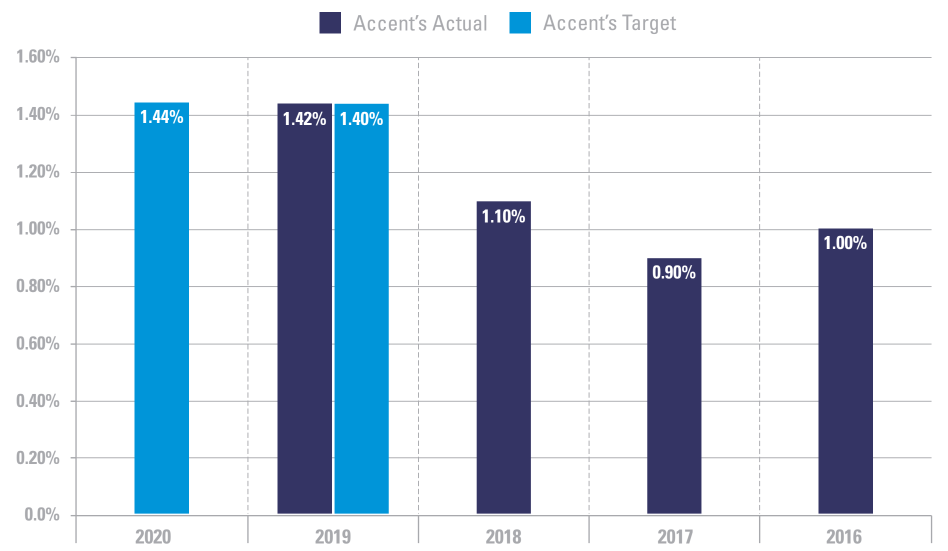


This can be explained however through an increased asset base (housing properties have increased by over £87m following revaluation in 2018/19) and reduced operating surplus due to ongoing rent reductions and investment in the business.

In addition to the regulator specified measures Accent regularly monitors a number of key performance indicators of its own. These indicators are ones which are considered strategically important in measuring our effectiveness and success. The Accent measures are included on the following pages…

RENT VOIDS AND BAD DEBTS

Good tenancy management ensures the most effective use of the Group's assets / resources for the benefit of customers. Accent is achieving the best value from its assets by maintaining active tenancies and keeping voids to a minimum. The outturn in 2018/19 is marginally over target which is considered a significant achievement in the current climate of welfare reform and reflects the efforts made by housing management and income teams in managing void stock and exiting tenants. The target for 2019/20 has been increased marginally to 1.44% reflecting the potential impact of Universal Credit.

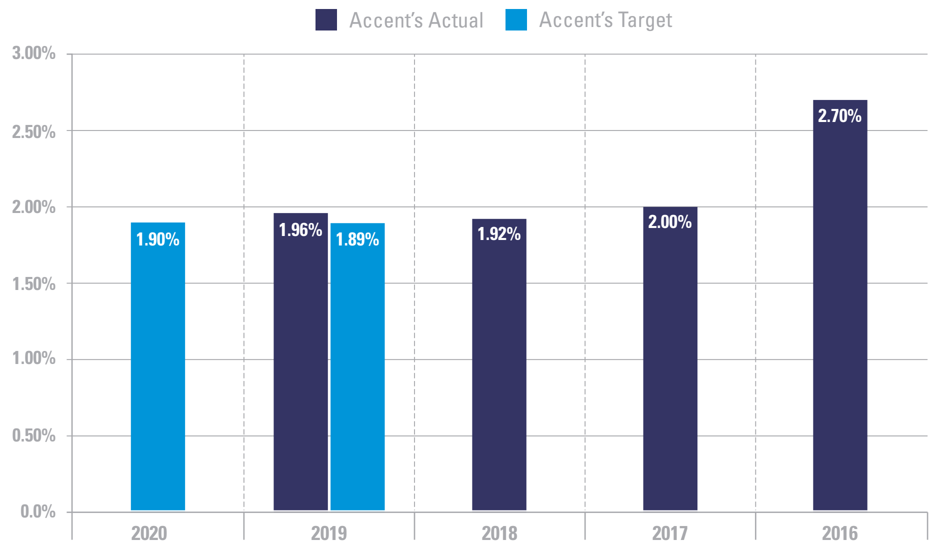


VALUE FOR MONEY AT ACCENT

RENT ARREARS

Strong income management results in cash availability allowing investment in existing assets and the development of new properties.

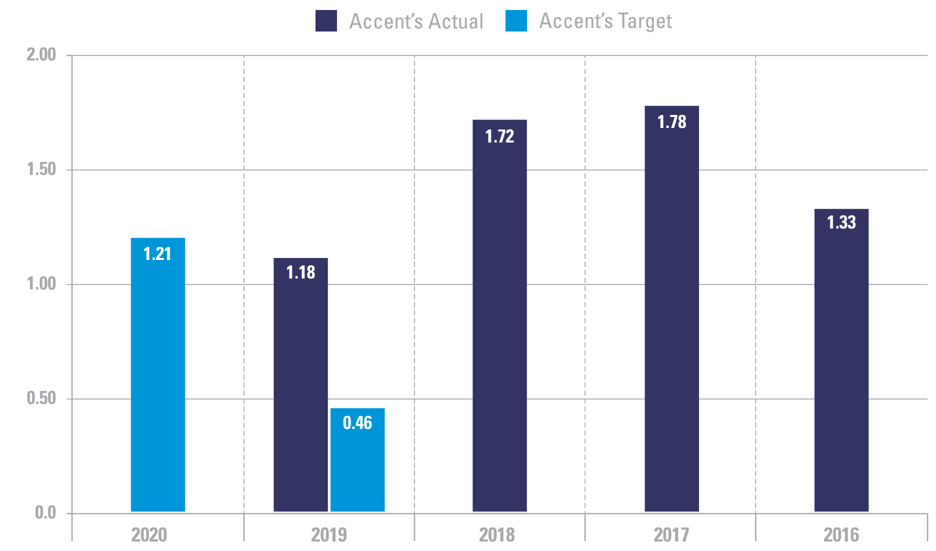
Rent arrears have increased marginally from 1.92% in 2017/18 to 1.96% (2018/19 target was 1.89%). In common with our peers, Accent has seen higher levels of arrears across customers in receipt of Universal Credit. A target of 1.90% has been set for 2019/20 as we look to support customers in managing their tenancies as Universal Credit continues to be rolled out.



LIQUIDITY RATIO

Ensuring strong liquidity means that the Group can invest in new opportunities as they arise whilst maintaining a stable and resilient business. Liquidity is significantly higher than budgeted at the 2018/19 year end primarily as a result of the deferred development programme. Moving into 2019/20 liquidity is expected to remain strong as Accent attracts funding to support the development and growth plan.

As we continue to drive performance within the organisation these measures are being reviewed and additional ones will be added to the suite when appropriate.



WHAT GOES ON TOUR...
Susan Humphries (right) and Zoe Goodwin meet residents during our national tour

Setting forward looking targets for the organisation is an important aspect of the strategic planning cycle. When considering the value for money position of the Group going forwards Value for Money targets and budgets are intrinsically linked at Accent.

If there is any deviation from this position the integrity of both measures is compromised. As such the annual calculation of the targets is a derivative of the budget cycle and thus links into the overall corporate strategy and direction for the forthcoming 12 months.

Driving business as usual performance into future years is key to the success of the Accent strategic plan. We envisage achieving improvement in performance through the following activities (amongst others):

- Implementing 1% +CPI rent increase (from April 2020) on an annual basis

- Promotion of self service to customers and general channel shift in modes of communication. A shift to e-mail based communication would result in significant savings and maintains service levels to customers.

- Linking more supplier contracts to CPI vs RPI. At present 65% of our repairs and maintenance contracts are linked to CPI and terms ensure increments are only payable if all KPI's have been met linking customer service directly to value for money.

- Using specialist software to support the evaluation of assets allowing timely and targeted decisions to be made around investment and divestment of underperforming assets thus improving return on capital.

- Implementation of a pre-inspection model to ensure assets are reviewed when they reach their age limit rather than automatically replaced thus making best use of available assets and resources.

All of the above actions and the embedded approach to value for money within the business puts Accent in a strong position to move into 2019/20 and beyond.

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

Matthew Sugden
Secretary
3 July 2019

REPORT OF THE BOARD 36 - 46

THE BOARD PRESENTS ITS REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019.

Principal activities

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

Management judgements and estimates

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

Performance for the year and future developments

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 12 to 35.

Board Members and Co-opted Executive Directors

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

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

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

Whilst the Board are from a wide background and bring a depth of professional, commercial and housing management experience, the shift in our risk appetite and ambition meant that in 2017/18 our governance structure was externally reviewed by Altair. All recommendations for this review are now complete. Our new non-executive appointments and revised committee structure went live in October 2018. This newly adopted framework is already enabling the delivery of our corporate strategy, minimising decision duplication and creating even greater capacity for strategic debate at Board level. The committee structure now comprises:

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

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

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

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

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

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

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

NON-EXECUTIVE BOARD MEMBERS ATTENDANCE AND TOTAL REMUNERATION

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2019 is as follows:

	Group Board	Strategy Days	Audit and Risk	Treasury	Capital Investment	Customer Experience	Renumerations and Nominations	Asset Management*	Service Performance*	Total Remuneration^
	No.	No.	No.	No.	No.	No.	No.	No.	No.	£
Tom Miskell	6/6	2/2	n/a	n/a	n/a	n/a	2/2	n/a	n/a	18,752
Peter Caffrey	5/6	2/2	n/a	n/a	n/a	n/a	2/2	n/a	1/1	8,088
Archana Makol	6/6	2/2	5/5	n/a	n/a	n/a	n/a	n/a	n/a	8,038
Sally Ormiston	5/6	2/2	n/a	n/a	n/a	1/2	n/a	2/2	n/a	7,790
Maggie Punyer	6/6	2/2	n/a	n/a	3/3	n/a	n/a	n/a	0/1	9,541
Rob Seldon	6/6	2/2	5/5	3/3	n/a	n/a	2/2	n/a	n/a	7,790
Richard Wilkinson	3/4	1/2	n/a	n/a	n/a	2/2	n/a	n/a	1/1	5,482
James Kelly	4/4	2/2	3/3	n/a	n/a	n/a	n/a	n/a	n/a	4,737

*Committee dissolved during the financial year
^Inclusive of expenses and employer's National Insurance contributions

START ON SITE
Paul Dolan is joined by the development team in Camberley as work starts on converting our old garages into much needed new homes

Pensions

The Group participates in the following pension scheme arrangements:

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

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

Both AGPS and SHPS schemes comply with auto enrolment legislation. The co-opted executive director and executive directors are active members of either the Accent Group Pension Scheme or the Social Housing Pension Scheme. They participate in the schemes on the same terms as all other eligible staff.

Employees, diversity and inclusion

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

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

Health and Safety

The Board is conscious of its responsibilities on all matters relating to UK health, safety and welfare legislation and has appointed a board member as champion for health and safety. The Board reviews key performance metrics on health and safety measures at every meeting. The Audit and Risk Committee have ensured that health and safety audits feature strongly and consistently in the internal audit programme. Audit and Risk Committee scrutinise internal audit reports, monitor the completion of recommended management actions and report outcomes to the Board.

The Group Chief Executive has overall responsibility for ensuring that policy is developed and implemented and that adequate resources are allocated. The Chief Executive chairs the Executive Health and Safety Committee, which is attended by the Board Health and Safety Champion, the Executive Director of Customer Experience and the Executive Director of Governance and Business Assurance. This committee meets every other month and reports to the Board to ensure transparency and oversight.

It is also the responsibility of management and employees alike to implement the policy together through their collective and individual responsibilities. Accent Group is a member of the British Safety Council and aims to operate a 'Best Practice' approach in order to maintain a safe working environment for all staff and Group premises.

REGULATORY COMPLIANCE

Corporate governance

The Board is committed to ensuring that it has robust governance arrangements that deliver its aims and objectives for tenants and potential tenants in an effective, transparent and accountable manner. Accent was rated as V1/G1 on 26 June 2019 by the Regulator of Social Housing following it's In-depth Assessment in March 2019.

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

In addition to the self-assessments, assurance has been obtained through appropriate use of third party specialists throughout the year. The governance review in 2017/18 concluded that Accent's governance arrangements were robust but needed to evolve to enhance delivery of the new corporate strategy. As a result, the governance structure has been amended and additional non-executives recruited to ensure an appropriate balance of skills across the organisation's board and committees.

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

In April 2018, the regulator published the updated Value for Money standard. This included a range of new VFM metrics for the sector. The Board has reviewed Accent's performance against the new metrics, has discussed organisational trend information for these metrics both internally and against peers and has assurance around Accent's performance.

Merger code

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

Financial statements and accounting policies

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

Statement of compliance

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

Political and charitable donations

The Group made grants and awards of £1k (2018: £1.8k) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

Environment

The Group is committed to conducting business in a sustainable way and has progressed the following initiatives during the year:

- We have recently agreed a strategy to ensure all of our homes achieve an Energy Performance Certificate banding of D or higher, where possible, by December 2020 – to achieve this, 187 homes will benefit from the required improvements.

- We have undertaken 1,087 heating upgrades and 627 windows and doors upgrades to circa 1,526 customer's homes (a number of homes benefited from heating and windows and doors upgrades), helping to improve energy efficiency and the effectiveness to the building components.

- We have installed mains gas into 9 schemes and will be installing 190 heating upgrades to customer's homes, to improve the reliability and energy efficiency of the heating and hot water.

- We have installed automatic meter reading solutions to our landlords electricity and gas supplies to ensure the costs passed onto our customers via the service charge are accurate and the data is used to inform the way technology is used / replaced in the future to increase energy efficiency.

- We are in the process of agreeing two pilots with Ideal Boilers and Vaillant which will see the installation of remote monitoring technology, aimed at detecting underperforming boilers / irregular energy use by residents both of which result in using too much energy.

Internal controls assurance

This is an abridged version of our 2018/19 internal controls self-assessment. Following the launch of the new corporate strategy in 2018, Accent has worked hard to ensure delivery of objectives and excellence in all areas. Both executive and non-executive directors have expressed confidence in our internal controls framework with a recent self-assessment survey showing a strong correlation between the most improved survey scores and those areas where significant effort and investment has been made over the past year, for example governance, business planning, management culture, ICT security and taking residents' views into account. Key points are outlined below.

Strategic approach

Governance has been strengthened through the creation of a new committee structure that aligns with the corporate strategy and through a subsequent skills assessment and recruitment to ensure that the organisation has the appropriate skills and experience at director level to oversee delivery of objectives.

Board has approved a new annual corporate planning framework. This will co-ordinate the cycle of developing corporate strategy, understanding organisational capacity, financial planning and risk management and ensure continuous reporting of delivery against strategic objectives.

Financial viability remains one of Accent's key strengths and is discussed elsewhere in this report. In terms of strategic approach and governance, the update of the Treasury Committee terms of reference, the review and use of financial golden rules and a refresh of our approach to value for money have been key milestones this year.

Our approach to mergers and acquisitions remains cautious. We will only consider merger where it strengthens strategic objectives, creates geographic efficiency and creates financial synergy. Our goal for the current time is to focus on delivery of our corporate strategy.

Risk management

The over-arching risk management framework has been strengthened this year through ensuring that risk appetite is actively used in risk discussion at board and executive team level, through improved and extended scenario and stress testing and in developing appropriate and effective mitigation and recovery plans.

Audit and Risk Committee (A&RC) has ensured that the internal audit plan is risk-based and designed to test strategic risk controls. A&RC has been influential in improving the clarity of our approach to risk management and has provided challenge and scrutiny around business critical areas, for example Financial Plan stress testing, health and safety and ICT security.

Board has overseen additional risk management work where risks in the external operating environment have increased, commissioning and reviewing deeper analysis of risks relating, for example, to Brexit, third party dependencies and customer safety.

Risks that have emerged during the year have been well managed such that there has been no significant impact on finances, customer service or reputation.

Controls

Performance management culture has been improved through engagement with colleagues across the business around the ambitious new corporate strategy and through investment in a leadership development programme that has delivered training to all managers across the organisation. A restructuring of customer experience teams has included a rigorous recruitment procedure, setting the bar high for appointments at all levels. Our new People strategy will include performance management culture at its core and performance will be tracked and monitored through newly developed performance information scorecards which are aligned to each committee.

Strategic risk controls have been reviewed in detail and, as mentioned, the internal audit programme is designed to focus on key risk controls. A&RC provides robust oversight and escalates any control concerns to the Board.

Accent's assets and liabilities register has been recently updated and all liabilities recorded on the register have been considered for scenario and stress testing.

Assurance

The strength of Accent's internal audit service has been enhanced this year through the introduction of Mazars as a new co-sourcing partner. This approach reflects Accent's more ambitious corporate strategy and provides additional assurance for Board and Audit and Risk Committee. Board and committees have also received independent assurance from a range of subject matter experts, for example on, treasury strategy, asset management strategy, stress testing and health and safety.

To ensure that our residents' voices are heard and listened to, we have increased operational resources in our Insights team, created a national resident scrutiny group and proactively supported our 'Accent 500' virtual panel of residents who provide opinion on services and new ideas. We have successfully recruited skilled and committed residents to the two formal routes for residents to engage at a national and/or strategic level – the National Scrutiny Group and the Customer Experience Committee.

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

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including

FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society and Group for that period. In preparing these financial statements, the Board are required to:

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

JEREMY DOWNS HOUSE
Young residents excited to be moving into their new home at Jeremy Downs Mews

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 Group and Society's members, as set out on page 3, confirm the following:

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

Going concern

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

- That the current budget, medium and long term financial forecasts demonstrate that the Group has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the twelve months following approval of these accounts.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward.
- That in the event of Brexit and in particular a disorderly Brexit the Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term to manage the impact of increased inflation, increased interest rates and a significant decline in the housing market.

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

External auditor

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

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

Matthew Sugden
Secretary
3 July 2019

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

Opinion

We have audited the financial statements of Accent Group Limited (the 'Society') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise Consolidated statement of comprehensive income, Consolidated statement of changes in reserves, Consolidated statement of financial position, Consolidated statement of cash flows, the Society statement of comprehensive income, the Society statement of changes in reserves and the Society statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Society's affairs as at 31 March 2019 and of the Group's and the Society's income and expenditure for the year then ended;

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The board is responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Board, set out on pages 12 to 43 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds, 3 July 2019

WITH YOU FOR YOUR JOURNEY

FINANCIAL STATEMENTS 47-93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Turnover	2	94,934	96,058
Cost of sales	2	(597)	(1,430)
Operating costs	2	(73,768)	(64,372)
Other income	2	2,325	-
Operating surplus		22,894	30,256
Income from interest in associated undertakings	26	1	-
Interest receivable and other income	5	449	263
Interest payable and financing costs	6	(14,913)	(15,412)
Movement in fair value of financial instruments	28	1,032	1,228
Decrease in valuation of housing properties	11	(14,314)	-
Reversal of previous decrease in valuation of housing properties	11	57,640	-
Surplus for the year before taxation	9	52,789	16,335
Taxation on ordinary activities		(1)	(237)
Surplus for the year after taxation	10	52,788	16,098
Re-measurements - unrealised gain on revaluation of housing properties	11	44,337	-
Actuarial (loss) / gain in respect of Accent Group Pension Scheme	7	(3,732)	1,383
Actuarial loss in respect of Social Housing Pension Scheme	7	(1,105)	-
Re-measurement of Social Housing Pension Scheme obligation	7	(1,123)	-
Deferred tax movement in respect of pension scheme	21	-	(2,020)
Total comprehensive income for the year		**91,165**	**15,461**

All amounts relate to continuing activities.

The accompanying notes on pages 53 to 93 form part of these financial statements.

The financial statements were approved and authorised by the Board on 3 July 2019 and were signed on its behalf by:

Tom Miskell
Chair

Archana Makol
Member

Matthew Sugden
Secretary

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2019

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2017	187,941	63,492	251,433
Surplus for the year	16,098	-	16,098
Other comprehensive income for the year:			
Actuarial gain in respect of Accent Group Pension Scheme	1,383	-	1,383
Deferred tax movement in respect of Accent Group Pension Scheme	(2,020)	-	(2,020)
Transfer to / (from) revenue reserves	1,270	(1,270)	-
Balance at 31 March 2018	204,672	62,222	266,894
Surplus for the year	52,788		52,788
Other comprehensive income for the year:			
Re-measurements - unrealised gain on revaluation of housing properties	-	44,337	44,337
Actuarial loss in respect of Accent Group Pension Scheme	(3,732)	-	(3,732)
Actuarial loss in respect of Social Housing Pension Scheme	(1,105)	-	(1,105)
Re-measurement of Social Housing Pension Scheme obligation	(1,123)	-	(1,123)
Transfer to / (from) revenue reserve	2,323	(2,323)	-
Balance at 31 March 2019	**253,823**	**104,236**	**358,059**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Notes	2019 £'000	2018 £'000
Tangible fixed assets			
Housing properties	11	675,811	581,415
Other tangible fixed assets	12	7,280	7,928
Investment properties	12	5,055	1,035
		688,146	590,378
Interest in associated and joint venture undertakings			
Share of net assets		140	139
		688,286	590,517
Current assets			
Current asset investments	13	31,246	46,007
Properties held for sale	14	1,101	1,590
Debtors: due within one year	15	4,176	4,510
due after one year	15	1,560	2,226
Cash at bank held in constructive trust		3,666	3,985
Cash at bank and in hand		11,460	11,697
		53,209	70,015
Current liabilities			
Creditors: Amounts falling due within one year	16	(45,044)	(40,642)
Net current assets		8,165	29,373
Total assets less current liabilities		696,451	619,890
Creditors: Amounts falling due after more than one year	17	(304,513)	(326,620)
Net pensions liability	7	(33,879)	(26,376)
Total net assets		**358,059**	**266,894**
Capital and reserves			
Share capital	22	-	-
Revenue reserve		253,823	204,672
Revenue reserve		104,236	62,222
Total reserves		**358,059**	**266,894**

The accompanying notes on pages 53 to 93 form part of these financial statements.

The financial statements were approved and authorised by the Board on 3 July 2019 and were signed on its behalf by:

Tom Miskell
Chair

Archana Makol
Member

Matthew Sugden
Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Net cash generated from operating activities	23	33,376	44,716
Cash flow from investing activities			
Purchase of tangible fixed assets		(24,291)	(18,364)
Proceeds from sale of tangible fixed assets		5,170	4,609
Grants received		1,273	1,503
Interest received		449	263
		(17,399)	(11,989)
Cash flow from financing activities			
Interest paid		(13,824)	(15,729)
Interest element of finance lease rental payments		(19)	(19)
Repayments of borrowings		(17,426)	(15,865)
New revolving credit facility		20,000	-
Repayment of revolving credit facility		(20,000)	-
Capital element of finance lease rental payments		(25)	(25)
		(31,294)	(31,638)
Net change in cash and cash equivalents		(15,317)	1,089
Cash and cash equivalents at beginning of the year		61,689	60,600
Cash and cash equivalents at end of the year		**46,372**	**61,689**
Cash held on deposit		31,246	46,007
Cash at bank held in constructive trust		3,666	3,985
Cash at bank and in hand		11,460	11,697
Cash and cash equivalents at end of the year		**46,372**	**61,689**

The accompanying notes on pages 53 to 93 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

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

Audit fees were borne and Board members were remunerated by Accent Housing Limited.

STATEMENT OF CHANGES IN RESERVES

for the year ended 31 March 2019

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 2019	Notes	2019 £	2018 £
Fixed asset investments		10	10
Current liabilities			
Creditors		(4)	(4)
		6	6
Capital and reserves			
Share capital	22	6	6

The accompanying notes on pages 53 to 93 form part of these financial statements.

The financial statements were approved and authorised by the Board on 3 July 2019 and were signed on its behalf by:

Tom Miskell
Chair

Archana Makol
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 society number 30444R, and registered with the Regulator of Social Housing (RSH) (formerly the Homes and Communities Agency (HCA)), registered number L4511.

1. ACCOUNTING POLICIES

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

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

Significant management judgements

- The Group has a number of bank loans, all of which have been classified as basic financial instruments under the definition given in section 11 of FRS 102.

  The assessment of certain loans and interest rate fixes as basic financial instruments requires 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.
- As part of the Group's continuous review of the performance of their assets, management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to the statement of comprehensive income. As a result, we estimated the recoverable amount of the housing properties as follows:

– determined the level at which the recoverable amount is to be assessed (ie, the asset level or cash-generating unit (CGU) level). The CGU level was determined to be an individual scheme
– estimated the recoverable amount of the cash-generating unit
– calculated the carrying amount of the cash-generating unit and
– compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme to be the recoverable amount, using appropriate construction costs and land prices. Where the DRC is greater than the carrying amount, an impairment is taken to reduce the carrying amount to the DRC.

Management Estimates

- The valuation of housing properties is considered at each reporting date based on either third party valuation reports or an update to those reports based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. The housing assets continue to be valued at Existing Use Valuation - Social Housing use (EUV-SH). The assets were re-valued at 31 August 2018, the Board and management team consider that this valuation remains appropriate as at 31 March 2019. 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.
- Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.
- Management consider a tenant's debt to be bad when there is virtual certainty it will not be paid. All bad debts written-off are charged to the statement of comprehensive income. A tenant's debt is considered to be doubtful when there is some uncertainty whether it will be paid. In this case a provision is created against the doubtful debt and a charge is made to the statement of comprehensive income. The judgement contained within the policy is the amount that is to be provided for annually. The approach taken is prudent, consistent and considered annually.

1. ACCOUNTING POLICIES

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

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

- That the current budget, medium and long term financial forecasts demonstrate that the Group has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the twelve months following approval of these accounts.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward.
- That in the event of Brexit and in particular a disorderly Brexit the Group has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term to manage the impact of increased inflation, increased interest rates and a significant decline in the housing market.

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, and the value of goods and services supplied within the year. Turnover is recognised in the statement of comprehensive income on the following bases:

- Rent and service charge income is included in turnover for the period that the residents are in occupation of the property during the accounting period, as opposed to the date on which the rent is charged.
- Capital grants receivable from Homes England when the housing properties concerned reach practical completion.
- Finance lease income is included for the period that the lessor has use of the building during the accounting period.
- Management charges 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 it's charges. The treatment of other income and expenditure in respect of projects depends on whether the Group carries the financial risk.

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

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

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

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

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

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

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

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

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

1. ACCOUNTING POLICIES

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

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

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

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

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

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

All housing properties are assumed to comprise several components which require periodic replacement and have substantially different useful economic lives.

These components are accounted for separately and their historical cost is depreciated over their estimated useful economic lives as follows:

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

Where components are replaced before they have been fully depreciated the remaining un-depreciated amount is charged to the statement of comprehensive income and disclosed as part of the depreciation charge for the period. In doing this; the component is derecognised from the financial statements upon replacement. Replacement components are added to Housing Properties, stated at cost and depreciated over their useful economic life. The estimated useful economic lives are based on the Group's current experience of component replacement. The Group will continue to monitor and review the useful economic lives of all components and make revisions where material changes arise.

Where depreciation is charged on property held at valuation, an amount equal to the excess of depreciation on valuation over depreciation on historical cost 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 indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount which is fair value less associated costs to sell. The resulting impairment is recognised as operating expenditure and is charged to the surplus before tax in the statement of comprehensive income. The reversal of an impairment loss is included in the statement of comprehensive income as a separate line within operating expenditure.

Social housing grant

Social housing grant receivable in respect of housing properties under construction is accrued by reference to whether a scheme has reached a trigger point at which a further tranche of social housing grant is payable to the Group. Where social housing grant receivable has not been received at the statement of financial position date, the amount due is included within debtors as social housing grant receivable.

Where social housing grant is received relating to housing properties in the course of construction, the performance model of accounting is applied with the grant included within creditors until the housing properties concerned reach practical completion at which point the grant is released to turnover in the statement of comprehensive income.

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

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

Until the grant is either re-invested or repaid it is included within current liabilities either within the disposal proceeds fund or the recycled capital grant fund. The amount repaid will be restricted to net proceeds of sale and subordinated behind any deemed private loans on the properties where appropriate.

It is not the general intention of the Group to dispose of property except under the following circumstances:

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

Other grant

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

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

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

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

Freehold land is not depreciated

Impairment
Freehold offices are subject to an annual impairment review and consideration given to whether an event triggering a potential impairment has occurred.

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

Investment properties
Investment properties consist of properties let at market rent, are measured at cost on initial recognition and subsequently at fair value at the year end. Changes in fair value are recognised in operating surplus within the statement of comprehensive income. Depreciation is not provided.

Donated land
Land donated by local authorities and other government sources is added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the difference between fair value and consideration paid is treated as a non-monetary government grant and recognised in the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

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

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

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

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

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

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

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

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

The deficit in respect of AGPS is recognised in full and presented on the face of the statement of financial position for each group company participating in the scheme. The movement in the Scheme deficit charged or credited to either the operating surplus or the actuarial gain or loss reported on the face of the statement of comprehensive income. Past service costs are recognised in the current reporting period within the statement of comprehensive income. Interest is calculated on the net defined liability. Any re-measurements are reported in other comprehensive income. See note 7 for further details.

Social Housing Pension Scheme (SHPS-DB)
In respect of SHPS-DB in the prior year, the Group was unable to recognise its share of the Scheme assets and Scheme liabilities and therefore had applied defined contribution accounting in respect of SHPS-DB. For the year ended 31 March 2018 the association had recognised a past service deficit liability of £2,563k, within creditors, based on the present value of the Group's deficit funding agreement.

For the year ended 31 March 2019, the Group is able to identify its share of the Scheme assets and Scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2018. The Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

1. ACCOUNTING POLICIES

The deficit funding agreement liability that was previously recognised within creditors of £2,563k was derecognised on 1 April 2018, and an initial net defined benefit pension liability of £3,686k was recognised at this date in the statement of financial position. The resulting net difference of £1,123k on initial recognition of the SHPS obligation was recognised in other comprehensive income.

As at the year ended 31 March 2019, the net defined benefit pension deficit liability in respect of SHPS-DB was £4,570k which has been 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 charged or credited to either the operating surplus or the actuarial gain or loss reported on the face of the statement of comprehensive income.

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

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

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

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

Leases are subject to a periodic impairment review and consideration given to whether an event triggering a potential impairment has occurred. Where indicators are identified an assessment for impairment is undertaken comparing the lease carrying amount to the recoverable amount. Where the carrying amount of a lease is deemed to exceed its recoverable amount, the lease is written down to its recoverable amount. The resulting impairment is recognised as operating expenditure unless it is a reversal of a past revaluation surplus in which case it would be charged to the surplus before tax in the statement of comprehensive income.

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 Group has a present legal or constructive obligation as a result of past events, an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

Revaluation reserve
Where the fair value of a property is in excess of its historical cost, a transfer from the income and expenditure reserve to the revaluation reserve is recorded. Subsequent transfers are made from the revaluation reserve to income and expenditure reserve and represent excess depreciation over and above the charge for the property at historical cost.

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

Bad debts
A tenant's debt is considered to be bad when there is virtual certainty it will not be paid. All bad debts written-off are charged to the statement of comprehensive income. A tenant's debt is considered to be doubtful when there is some uncertainty whether it will be paid. In this case a provision is created against the doubtful debt and a charge is made to the statement of comprehensive income.

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

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

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

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

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

for the year ended 31 March 2019

Group 2019	Turnover £'000	Other income £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	89,927	-	-	(70,113)	19,814
Other social housing activities					
First tranche low cost home ownership sales	907	-	(597)	-	310
Grant received – newly completed properties	1,912	-	-	-	1,912
Gain on disposal of housing properties	-	-	-	605	605
Charges for support services	76	-	-	(155)	(79)
Current service cost and expenses – AGPS	-	-	-	(2,129)	(2,129)
Expenses – SHPS	-	-	-	(10)	(10)
Other	415	-	-	(142)	273
	3,310	-	(597)	(1,831)	882
Activities other than social housing activities					
Non-social letting activities	1,556	-	-	(934)	622
Other	141	-	-	(890)	(749)
Unrealised gain on revaluation of investment properties	-	2,325	-	-	2,325
	1,697	2,325	-	(1,824)	2,198
Operating surplus	**94,934**	**2,325**	**(597)**	**(73,768)**	**22,894**

Disposal of property	Proceeds £'000	Cost of disposal £'000	RCGF/ DPF recycled £'000	Gain on disposal £'000
Sale of housing properties	3,139	(2,142)	(963)	34
Sale of second and subsequent tranche sales	2,031	(1,132)	(328)	571
Gain on disposal of property	5,170	(3,274)	(1,291)	605

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

for the year ended 31 March 2019

Group 2018	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	90,711	-	(61,006)	29,705
Other social housing activities				
First tranche low cost home ownership sales	2,000	(1,430)	-	570
Grant received – newly completed properties	934	-	-	934
Gain on disposal of housing properties	-	-	1,279	1,279
Charges for support services	127	-	(261)	(134)
Current service cost and expenses – AGPS	-	-	(2,260)	(2,260)
Effect of change in discount rate – SHPS	-	-	(68)	(68)
Other	327	-	(293)	34
	3,388	(1,430)	(1,603)	355
Activities other than social housing activities				
Non-social letting activities	872	-	(1,056)	(184)
Other	1,087	-	(707)	380
	1,959	-	(1,763)	196
Operating surplus	**96,058**	**(1,430)**	**(64,372)**	**30,256**

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

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

for the year ended 31 March 2019

Income	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Inter-mediate market rent £'000	2019 Total £'000	2018 Total £'000
Rent receivable	69,597	9,041	2,627	1,015	82,280	82,683
Service charge income	2,952	3,532	1,163	-	7,647	8,028
Turnover from social housing lettings	72,549	12,573	3,790	1,015	89,927	90,711
Expenditure						
Management	(15,028)	(2,605)	(791)	(210)	(18,634)	(14,504)
Service charge costs	(5,238)	(2,784)	(699)	(13)	(8,734)	(8,302)
Routine maintenance	(14,910)	(2,461)	(116)	(95)	(17,582)	(17,429)
Planned maintenance	(9,237)	(80)	(310)	(120)	(9,747)	(6,636)
Bad debts	(503)	(15)	-	-	(518)	(348)
Depreciation and write off of replaced components	(11,321)	(719)	(473)	(198)	(12,711)	(12,118)
Other costs	(1,904)	(208)	(64)	(11)	(2,187)	(1,669)
Operating costs on social housing lettings	(58,141)	(8,872)	(2,453)	(647)	(70,113)	(61,006)
Operating surplus on social housing lettings	14,408	3,701	1,337	368	19,814	29,705
Void losses	(538)	(178)	(21)	(24)	(761)	(853)

3. ACCOMMODATION IN MANAGEMENT – GROUP

for the year ended 31 March 2019

Social housing	Owned and directly managed by Accent Group Number	Managed by Accent Group on behalf of others Number	Owned by Accent Group managed by others Number	2019 Total Number	2018 Total Number
General needs housing:					
– Social rent	15,025	-	-	15,025	15,020
– Affordable rent	403	-	1	404	371
Supported housing	173	10	189	372	400
Housing for older people	1,895	-	-	1,895	1,980
Intermediate rent	155	4	-	159	101
Low cost home ownership *	880	-	-	880	1,044
Social leased homes **	1,062	-	-	1,062	744
Non-social housing					
Market rent	63	-	17	80	28
Leased housing	95	-	-	95	129
Managed freeholders	-	651	-	651	816
Total	**19,751**	**665**	**207**	**20,623**	**20,633**

Accent Group also owns and manages 867 (2018: 990) garages.

* where the purchaser has not acquired 100% of the equity (shared ownership)

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

3. ACCOMMODATION UNDER DEVELOPMENT

for the year ended 31 March 2019

Social housing	2019 Number	2018 Number
General needs housing:		
– Affordable rent	107	97
– Low cost home ownership	74	24
	181	121

4. EMPLOYEE INFORMATION – GROUP

for the year ended 31 March 2019

Average monthly number of employees expressed as full time equivalents (based on contracted hours compared to our standard working week):	2019 Number	2018 Number
Administration	118	117
Development	11	9
Housing, support and care	293	304
	422	430

4. Staff costs	Notes	2019 £'000	2018 £'000
Wages and salaries		13,098	12,616
Social security costs		1,213	1,180
Other pension contributions SHPS Defined Benefit recovery	7	-	338
Other pension contributions SHPS Defined Contribution	7	117	111
Apprenticeship levy		49	44
Redundancy costs		877	119
		15,354	14,408

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:	2019 Number	2018 Number
£60,000 - £69,999	2	3
£70,000 - £79,999	5	9
£80,000 - £89,999	4	-
£90,000 - £99,999	1	1
£100,000 - £109,999	-	2
£110,000 - £119,999	1	-
£120,000 - £129,999	1	-
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-

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

5. INTEREST RECEIVABLE AND OTHER INCOME – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Interest receivable from term deposits and bank deposits	449	263

6. INTEREST PAYABLE AND FINANCING COSTS – GROUP

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Interest payable on bank loans and overdrafts		14,134	14,715
Amortisation of loan issue costs		123	123
Unwinding of the discounted liability – Social Housing Pension Scheme		-	73
Finance lease interest		19	19
		14,276	14,930
Net interest cost – Accent Group Pension Scheme	7	705	698
Net interest cost – Social Housing Pension Scheme	7	90	-
Less: Capitalised interest	11	(158)	(216)
		14,913	15,412
Interest rate used to determine the finance costs capitalised during the period		4.54%	4.40%

7. PENSION OBLIGATIONS – GROUP

for the year ended 31 March 2019

The net pension liability is comprised as follows:	2019 £'000	2018 £'000
Accent Group Pension Scheme	29,309	26,376
Social Housing Pension Scheme	4,570	-
	33,879	26,376

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

	2019 £'000	2018 £'000
Recognised in the statement of comprehensive income – operating surplus		
Credit / (charge) in respect of Accent Group Pension Scheme	1,504	(1,354)
Credit in respect of Social Housing Pension Scheme	311	270
	1,815	(1,084)
Recognised in the statement of comprehensive income – financing costs		
Charge in respect of Accent Group Pension Scheme	(705)	(698)
Charge in respect of Social Housing Pension Scheme	(90)	(73)
	(795)	(771)
Recognised in the statement of comprehensive income – actuarial movement and Re-measurement of obligation		
(Charge) / credit in respect of Accent Group Pension Scheme	(3,732)	1,383
Charge in respect of Social Housing Pension Scheme	(1,105)	-
Re-measurement of Social Housing Pension Scheme Obligation	(1,123)	-
Total amount recognised in the statement of comprehensive income	(4,940)	(472)

7A. ACCENT GROUP PENSION SCHEME (AGPS)

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

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

During the year Accent Group paid regular contributions of £1,533k (2018: £906k) being 28.4% (2018: 16.1%) of pensionable salaries during the accounting period together with recovery plan payments of £2,100k (2018: £nil) and salary sacrifice. Employees' contributions were 10% (2018: 10%) of pensionable salaries. Employers' contributions payable for the year are charged to operating costs.

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

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

The most recent actuarial valuation of the scheme as at 5 April 2017 has been updated by JLT Benefit Solutions Limited to 31 March 2019 to take account of the requirements of FRS102. This indicated that there was a deficit before deferred tax of £29,309k (2018: £26,376k) when comparing the actuarial value of the scheme with the value of its liabilities.

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

7a. Key financial assumptions	**31 March 2019 % pa**	**31 March 2018 % pa**
Discount rate	2.50	2.75
Rate of increase in pensions in payment (where capped at 5%)	3.40	3.20
Rate of increase in pensions in payment (where capped at 2.5%)	2.20	2.20
Rate of increase in deferred pensions	2.80	2.60
Rate of inflation (RPI)	3.60	3.40

Pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase between 2.8% and 3.6% pa. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase between 2.2% and 3.8% pa. The mortality assumption adopted for the purposes of the calculations as at 31 March 2019 (and at 31 March 2018 where applicable) is as follows:

- Base table: 100% of S2PxA tables (2018: 100% of S2PxA).
- Future mortality improvements: CMI_2017 [1.25%] (2018: CMI_2016 [1.25%]).

7a. Average life expectancies	As at 31 March 2019 Years	As at 31 March 2018 Years
Male age 65 at reporting date	22.0	22.1
Male age 65 at reporting date +20 years	23.4	23.5
Female age 65 at reporting date	23.9	24.0
Female age 65 at reporting date +20 years	25.4	25.5

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% (2018: 80%) of members are assumed to commute their benefits at retirement.

7a. Amounts recognised in the statement of comprehensive income	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Current service cost	1,862	2,009
Expenses	267	251
Interest cost	2,167	2,092
Interest income on Scheme assets	(1,462)	(1,394)
Total charged to the statement of comprehensive income	2,834	2,958

7a. Reconciliation of defined benefit obligation	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Defined benefit obligation at beginning of year	79,621	78,513
Current service cost	1,862	2,009
Expenses	267	251
Interest cost	2,167	2,092
Contributions by Scheme members	528	536
Actuarial loss / (gain)	5,346	(1,913)
Benefits paid	(4,293)	(1,867)
Defined benefit obligation at end of year	85,498	79,621

7a. Reconciliation of fair value of scheme assets

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Fair value of Scheme assets at beginning of year	53,245	52,806
Interest income on Scheme assets	1,462	1,394
Actuarial gain / (loss)	1,614	(530)
Contributions by the employer	3,633	906
Contributions by Scheme members	528	536
Benefits paid	(4,293)	(1,867)
Fair value of Scheme assets at end of year	56,189	53,245

7a. Amounts recognised in the statement of financial position

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Fair value of Scheme assets	56,189	53,245
Actuarial value of Scheme liabilities	(85,498)	(79,621)
Deficit in the Scheme	(29,309)	(26,376)

7a. Analysis of assets

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Equities	24,017	21,593
Diversified Growth Funds	17,964	12,348
Gilts	-	6,230
Corporate Bonds	-	10,414
LDI	10,306	-
Other	3,902	2,660
	56,189	53,245

7a. Assets as a percentage of total plan assets

	As at 31 March 2019	As at 31 March 2018
Equities	42.7%	40.5%
Diversified Growth Funds	32.0%	23.2%
Gilts	0.0%	11.7%
Corporate Bonds	0.0%	19.6%
LDI	18.3%	0.0%
Other	7.0%	5.0%

7a. Analysis of return on assets

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest income on Scheme assets	1,462	1,394
Actuarial gains / (losses)	1,614	(530)
Actual return on assets	3,076	864

7a. History of experience gains and (losses)

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Gain / (loss) on Scheme assets	1,614	(530)
Experience gain / (loss) on Scheme liabilities	80	(1,982)
(Loss) / gain on change in assumptions (financial and demographic)	(5,426)	3,895
Total actuarial (loss) / gain recognised in the statement of comprehensive income	(3,732)	1,383

7a. Amounts for the current and previous periods are as follows:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Present value of defined benefit obligation	(85,498)	(79,621)	(78,513)	(64,234)
Fair value of Scheme assets	56,189	53,245	52,806	44,056
Deficit on Scheme	(29,309)	(26,376)	(25,707)	(20,178)
Experience gains / (losses) on assets	1,614	(530)	5,793	(1,928)
Experience gains / (losses) on liabilities	80	(1,982)	2,014	-

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £14,355k (2018: £18,087k)

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

Accent Group Limited participated in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The SHPS scheme was closed to the Group's staff from 1 August 2016 and was contracted-out of the State Pension scheme until 5 April 2006. There are no longer any active members employed by the Group.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it has not been possible for the Group to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Group has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Group to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Group's fair share of the Scheme's total assets to calculate the Group's net deficit or surplus at the accounting period start and end dates.

Under the defined benefit pension scheme accounting approach the SHPS net deficit at 1 April 2018 was £3,686k and £4,570k as at 31 March 2019.

The impact of this revision in accounting treatment is a charge to other comprehensive income of £1,123k in recognition of the re-measurement of historical deficits. This treatment is in accordance with FRED71 as issued in January 2019.

	£'000
Past service deficit liability as at 1 April 2018 derecognised	2,563
Net pension scheme deficit under defined benefit accounting as at 1 April 2018	(3,686)
	(1,123)

Prior to 1 April 2018 the last actuarial valuation of the Scheme was carried out at 30 September 2014. The 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 agreed that additional contributions would be paid into the Scheme as follows:

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

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

The present value was calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate was then recognised as a finance cost. The present value at 31 March 2018 of £2,563k was based on the following amounts payable by the Group from 1 April 2018:

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

7b. Present value of creditor	Notes	2019 £'000	2018 £'000
Present value of creditor - amount due within one year	16	-	351
Present value of creditor - amount due after more than one year	17	-	2,212
		-	2,563

7b. Reconciliation of opening and closing creditors	2019 £'000	2018 £'000
Creditor at start of period	2,563	2,760
Contributions paid	-	(338)
Operating cost charge	-	68
Finance charge	-	73
Creditor derecognised on change of accounting treatment	(2,563)	-
Creditor at end of period	-	2,563

7b. Impact on the statement of comprehensive income

	2019 £'000	2018 £'000
Recognised in the operating surplus:		
Operating cost charge	-	68
Finance charge	-	73
Total charge recognised	-	141

7b. Assumptions

	2019 % per annum	2018 % per annum
Discount rate	-	2.08

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

7b. Deficit contributions schedule

	31 March 2019 £'000	31 March 2018 £'000
Year 1	364	351
Year 2	378	364
Year 3	392	378
Year 4	407	392
Year 5	318	407
Year 6	221	318
Year 7	227	221
Year 8	117	227
Year 9	-	117

The Group previously recognised 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 arose. It is these contributions which were used to derive the Group's recovery plan liability on the statement of financial position.

7b. Key financial assumptions

	31 March 2019 % pa	31 March 2018 % pa
Discount rate	2.30	2.56
Rate of inflation (RPI)	3.30	3.19
Rate of inflation (CPI)	2.30	2.19
Salary growth	3.30	3.19
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

7b. Average life expectancies

	As at 31 March 2019 Years	As at 31 March 2018 Years
The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:		
Male retiring in 2019	21.8	-
Female retiring in 2019	23.5	-
Male retiring in 2039	23.2	-
Female retiring in 2039	24.7	-

7b. Amounts recognised in the statement of comprehensive income

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Expenses		10	-
Interest cost		90	-
Total charged to the statement of comprehensive income	2 & 6	100	-

7b. Reconciliation of defined benefit obligation

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Defined benefit obligation at beginning of year (initial recognition)	15,858	-
Expenses	10	-
Interest cost	402	-
Actuarial loss due to Scheme experience	131	-
Actuarial loss due to change in demographic assumptions	49	-
Actuarial loss due to changes in financial assumptions	1,120	-
Benefits paid	(287)	-
Defined benefit obligation at end of year	17,283	-

7b. Reconciliation of fair value of Scheme assets

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Fair value of Scheme assets at beginning of year (initial recognition)	12,172	-
Interest income on Scheme assets	312	-
Experience loss on plan assets (excluding amounts included in interest income)	195	-
Contributions by the employer	321	-
Benefits paid	(287)	-
Fair value of Scheme assets at end of year	12,713	-

7b. Amounts recognised in the statement of financial position

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Fair value of Scheme assets	12,713	-
Actuarial value of Scheme liabilities	(17,283)	-
Deficit in the Scheme	(4,570)	-

The impact of GMP equalisation for Accent Group Limited at 1 April 2018 was calculated to be 0.1% of liabilities, approximately £15k. This is reflected in the liability disclosed above.

7b. Analysis of assets	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Absolute Return	1,100	-
Alternative Risk Premia	733	-
Corporate Bonds	593	-
Credit Relative Value	233	-
Distressed Opportunities	231	-
Emerging Markets Debt	439	-
Fund of Hedge Funds	57	-
Global Equity	2,139	-
Infrastructure	667	-
Insurance-Linked Securities	365	-
Liability Driven Instrument	4,649	-
Long Lease Property	187	-
Net Current Assets	24	-
Private Debt	171	-
Property	286	-
Risk Sharing	384	-
Secured Income	455	-
	12,713	-

7b. Analysis of return on assets	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest income on Scheme assets	312	-
Actuarial gains	195	-
Actual return on assets	507	-

7b. History of experience gains and (losses)	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Gains on Scheme assets	195	-
Experience loss on Scheme liabilities	(1,950)	-
Gain on change in assumptions (financial and demographic)	650	-
Total actuarial loss recognised in the statement of comprehensive income	(1,105)	-

7b. Amounts for the current and previous periods are as follows	2019 £'000	2018 £'000
Present value of defined benefit obligation	(17,283)	-
Fair value of Scheme assets	12,713	-
Deficit on Scheme	(4,570)	-
Experience gains on assets	195	-
Experience losses on liabilities	(1,300)	-

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

The Group also participates in the defined contribution section of the Social Housing Pension Scheme (SHPS) with 204 (2018: 239) 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 £117k (2018: £111k).

8. BOARD MEMBERS, EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

for the year ended 31 March 2019

Aggregate emoluments paid during the year	**2019 £'000**	**2018 £'000**
Executive directors		
– basic salary	630	483
– benefits in kind	27	20
– pension contributions	147	73
	804	576
Executive directors and senior management team		
– basic salary	1,331	1,403
– redundancy	33	-
– benefits in kind	85	90
– employers NIC	181	173
– pension contributions	373	207
	2,003	1,873
Board members – including employers national insurance contributions	119	85
Emoluments of the highest paid director (co-opted executive director) during the year excluding pension contributions and employers national insurance contributions and including car allowance:		
– to date of resignation 30 April 2017	-	19
– from date of appointment 1 May 2017	169	153

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited, Accent Corporate Services Limited and Accent Housing Limited. All of the executive directors that served during the year to 31 March 2019 are either members of the Accent Group Pension Scheme or the Social Housing Pension Scheme (DC). There were no other benefits or special pension arrangements for the co-opted executive director or executive directors or for any board member.

The highest paid co-opted executive director (the Group Chief Executive) is a member of Accent Group Pension Scheme, which is a defined benefit scheme. He is an ordinary member of the pension scheme and no enhanced or special terms applied. The organisation does not make any further contributions to an individual pension arrangement for the Group Chief Executive. During the year to 31 March 2019 the Group Chief Executive received a salary of £164k (2018: £148.1k) and car allowance of £5k (2018: £4.6k). No bonus was paid or accrued to the Group Chief Executive during the year to 31 March 2019 (2018: £nil).

In the prior year in the period to 30 April 2017 the former Group Chief Executive received a salary including holiday pay of £18.9k and car allowance of £0.4k. No bonus was paid or accrued to the former Group Chief Executive during the period to 30 April 2017.

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation of fixed assets and write off of replaced assets	13,472	13,274
Impairment of office premises	588	1,053
Auditors' remuneration (excluding VAT):		
– In respect of audit services	73	60
– In respect of tax services	-	15
– In respect of other services	25	20
Pension scheme recovery plan payments SHPS	-	338
Operating lease rentals:		
– Plant and machinery	105	83
– Land and buildings	161	172
Bad debts:		
– Current residents	134	14
– Former residents	386	337
– Other debtors	71	135

10. TAXATION ON ORDINARY ACTIVITIES – GROUP

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Current tax			
UK corporation tax on surplus for the year		1	-
Total current tax		1	-
Deferred tax			
Origination and reversal of timing differences		-	240
Defined benefit pension		-	(3)
Total deferred tax	21	-	237

	2019 £'000	2018 £'000
Tax charge on surplus on ordinary activities	1	237

Deferred tax is assessed on the following rates of corporation tax at which timing differences are currently expected to reverse nil% (2018: 17%).

10. Factors affecting tax charge for period

	2019 £'000	2018 £'000
The tax assessed is at the standard rate of corporation tax in the UK at 19% (2018: 17%). The differences are explained below:		
Surplus on ordinary activities before tax	52,789	16,335
Adjustment in respect of charitable activities	(52,791)	(13,926)
(Deficit) / surplus on ordinary activities subject to tax	(2)	2,409

	2019 £'000	2018 £'000
Deficit on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(1)	457
Effects of:		
Short term timing differences	2	-
Expenses not deductible for tax purposes	-	17
Income not chargeable for tax purposes	-	(466)
Adjustment in respect of prior periods	-	(3)
Change in tax rate – deferred tax	-	(31)
Qualifying charitable donation	-	(188)
Transfer out of plant and machinary	-	285
Transfer out of pension scheme	-	166
Current and deferred tax charge for period	1	237

The aggregate deferred tax charge relating to items that are recognised as items of other comprehensive income is £nil (2018: £2,020k).

11.TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP

for the year ended 31 March 2019

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Supported housing and housing for older people £'000	Inter-mediate market rent £'000	Total housing properties £'000
Cost or valuation						
At 1 April 2018	494,179	6,829	53,165	47,477	7,784	609,434
Schemes completed	8,988	(13,030)	1,448	-	2,594	-
Additions	-	13,682	-	-	-	13,682
Transfer to investment properties	(1,147)	-	(635)	-	-	(1,782)
Work to existing properties	9,018	-	11	534	-	9,563
Write off replaced assets	(430)	-	(1)	(40)	-	(471)
Disposals	(900)	-	(1,235)	(106)	-	(2,241)
Revaluation	45,771	-	2,751	5,934	792	55,248
At 31 March 2019	**555,479**	**7,481**	**55,504**	**53,799**	**11,170**	**683,433**
Depreciation						
At 1 April 2018	(23,997)	-	(1,339)	(2,303)	(380)	(28,019)
Transfer to investment properties	57	-	30	-	-	87
Charge for year	(10,544)	-	(428)	(1,125)	(202)	(12,299)
Write off replaced assets	42	-	-	4	-	46
Disposals	121	-	24	3	-	148
Revaluation	27,820	-	1,088	3,005	502	32,415
At 31 March 2019	**(6,501)**	**-**	**(625)**	**(416)**	**(80)**	**(7,622)**
Net book value at 31 March 2019	**548,978**	**7,481**	**54,879**	**53,383**	**11,090**	**675,811**
Net book value at 31 March 2018	470,182	6,829	51,826	45,174	7,404	581,415

Included in the above are finance costs capitalised in the year of £158k (2018: £216k) (note 6).

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:	2019 £'000	2018 £'000
Historical cost	921,940	904,426
Depreciation and impairment	(240,006)	(229,741)
	681,934	674,685

11. Housing properties book value net of depreciation

	2019 £'000	2018 £'000
Freehold land and buildings	669,570	575,960
Long leasehold land and buildings	6,241	5,455
	675,811	581,415

11. Social housing grant

	2019 £'000	2018 £'000
Capital grant	409,177	408,583
Revenue grant	1,264	1,264
	410,441	409,847

11. Expenditure on works to existing properties

	2019 £'000	2018 £'000
Amounts capitalised	9,563	5,262
Amounts charged to the statement of comprehensive income	9,747	6,636
	19,310	11,898

Housing properties owned by the Group held for letting and shared ownership were professionally independently valued by Savills (UK) Limited as at 31 August 2018. This was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book) and in accordance with the current Guidance for Accounts Valuations for Registered Social Housing Providers contained in the SORP. The Board and management team consider that this valuation remains appropriate as at 31 March 2019.

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

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

Discount rate (real) – 5.00% - 5.75% dependent on age of stock

Level of annual rent changes:
2018/19 to 2019/20 – 1% reduction p.a.
2020/21 onwards – CPI + 1% p.a.

Annual inflation rate, after first two years - 2%

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

Impairment

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

12. OTHER TANGIBLE FIXED ASSETS AND INVESTMENTS – GROUP

for the year ended 31 March 2019

	Leasehold and freehold properties £'000	Plant vehicles and equipment £'000	Total £'000
Cost			
At 1 April 2018	7,956	9,951	17,907
Additions	-	688	688
Disposals	-	(133)	(133)
At 31 March 2019	**7,956**	**10,506**	**18,462**
Depreciation			
At 1 April 2018	(3,845)	(6,134)	(9,979)
Charge for year	(122)	(626)	(748)
Disposals	-	133	133
Impairment	(588)	-	(588)
At 31 March 2019	**(4,555)**	**(6,627)**	**(11,182)**
Net book value at 31 March 2019	**3,401**	**3,879**	**7,280**
Net book value at 31 March 2018	4,111	3,817	7,928

During the year to 31 March 2019 a review of the carrying value of freehold office premises was undertaken. An independent valuation in accordance with the RICS Appraisal and Valuation Standard (The Red Book) was sought and as a result of this review office premises were impaired by £588k.

During the year 31 properties were identified as being investment properties in nature and were transferred out of housing properties into investment properties.

12. Investment properties	2019 £'000	2018 £'000
At 1 April	1,035	1,035
Transfer from housing properties	1,695	-
Revaluation movement	2,325	-
	5,055	1,035

Investment properties owned by the Group held for letting were professionally independently valued by Savills (UK) Limited as at 31 August 2018. 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) – 5.00% - 5.75% dependent on age of stock
Annual inflation rate, after first two years - 2%

13. CURRENT ASSET INVESTMENTS – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Housing loans security deposit	5	5
Money market deposits	31,241	46,002
	31,246	46,007

14. PROPERTIES FOR SALE – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Shared ownership properties – completed	254	488
Shared ownership properties – under construction	333	-
Properties held for sale	514	1,102
	1,101	1,590

15. DEBTORS – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Rent and service charges receivable	3,892	3,661
Less: Provision for bad and doubtful debts	(2,133)	(1,919)
	1,759	1,742
Net investment in finance leases	808	878
VAT	23	7
Prepayments and accrued income	610	624
Social housing grant receivable	-	482
Other debtors	976	777
	4,176	4,510

Included in debtors are £1,890k (2018: £1,778k) of arrears with payment plans which are outside normal payment terms. No discounting is provided for against this balance as the impact of discounting is not considered to be material.

	2019 £'000	2018 £'000
15. Amounts falling due after one year:		
Net investment in finance leases	64	735
Other long term debtors	1,496	1,491
	1,560	2,226

	2019 £'000	2018 £'000
15. Debtor analysis:		
In one year or less	4,176	4,510
Between one and two years	66	738
Between two and five years	1	3
After more than five years	1,493	1,485
	5,736	6,736

The net investment in finance leases represents accommodation for university students that has been constructed on behalf of certain education authorities. The Group acts as lessor, the land and buildings are leased to the appropriate third party on a long leasehold basis, payments for which are to be received evenly over a period of approximately 25 years. On termination of the leases, title to the land and buildings passes to the lessees for nil consideration. These schemes are financed by specific allocated loans. The underlying value of the net investment in finance leases is £872k (2018: £1,613k).

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

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Loans	27	15,007	14,114
Financial liabilities measured at fair value	27	645	-
Loans financing finance lease debtors	27	764	634
Finance lease creditor	27	6	6
Trade creditors		3,034	1,134
Grant received in relation to properties under construction		1,260	1,768
Social Housing Pensions Scheme recovery plan payment	7	-	351
Deferred grant income	18	22	22
Recycled capital grant fund	19	1,129	883
Disposal proceeds fund	20	354	181
VAT		43	-
Other taxation and social security payable		325	296
Rent and service charges in advance		2,800	2,764
Accruals		5,275	4,057
Housing properties and major work creditors		3,674	3,433
Loan interest accrual		2,641	2,331
Deferred income		836	764
Sinking funds		6,323	6,092
Other creditors		905	1,812
Corporation tax		1	-
		45,044	40,642

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

for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Loans	27	298,315	315,934
Financial liabilities measured at fair value	27	378	2,055
Loans financing finance lease debtors	27	441	1,271
Finance lease creditors	27	93	98
Loan premiums		3,040	3,164
Social Housing Pensions Scheme recovery plan payments	7	-	2,212
Deferred grant income	18	833	855
Recycled capital grant fund	19	3,435	2,920
Disposal proceeds fund	20	-	256
		306,535	328,765
Capital instrument issue costs		(2,022)	(2,145)
		304,513	326,620

18. DEFERRED GRANT INCOME – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
At 1 April	877	899
Released to income in the year	(22)	(22)
Balance at 31 March	855	877

19. RECYCLED CAPITAL GRANT FUND – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
At 1 April	3,803	3,161
Grants recycled	1,300	1,201
Purchase / development of properties	(539)	(559)
Balance at 31 March	4,564	3,803
Grant due for repayment	1,129	883

£1,129k of RCGF is due for repayment. Discussions with Homes England are ongoing to agree the rollover of these funds. No repayment was requested in the year to March 2019 but £250k was transferred to Unity Housing and Winner Trading at Homes England request.

20. DISPOSAL PROCEEDS FUND – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
At 1 April	437	437
Right to acquire discount	(83)	-
Balance at 31 March	354	437
Grant due for repayment	169	181

£169k of DPF is due for repayment, however approval for rollover was given by Homes England on 11 March 2019. No repayment was requested in the year to March 2019. Under the deregulatory measures applicable from 7 April 2017 inputs into the DPF regime have been abolished, however the balances accrued to this date must be used in accordance with the DPF requirements until at the latest, 6 April 2020.

21. DEFERRED TAX – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Accelerated capital allowances	-	-
Pension scheme deficit – AGPS	-	-
Deferred tax balance	-	-

	Notes	2019 £'000	2018 £'000
Asset at 1 April		-	(2,257)
Charge to tax on ordinary activities	10	-	237
Charge in respect of AGPS		-	2,020
Asset at 31 March		-	-

22. SHARE CAPITAL – NON EQUITY – SOCIETY

for the year ended 31 March 2019

	2019 £	2018 £
Allotted, issued and fully paid:		
At 1 April	6	8
Surrendered during the year	-	(2)
At 31 March	6	6

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

23. CASH FLOW FROM OPERATING ACTIVITIES – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Operating surplus for the year	22,894	30,256
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,472	13,274
Impairment of office premises	588	1,053
Pension costs less contributions payable	(2,343)	818
Gain on disposal of housing properties	(605)	(1,279)
Unrealised gain on revaluation of investment properties	(2,325)	-
Working capital movements:		
Properties for sale	489	(277)
Debtors	518	2,688
Creditors	2,600	(883)
Adjustments for investing activities:		
Government grants utilised in the year	(1,912)	(934)
Net cash generated from operating activities	33,376	44,716

24. CAPITAL COMMITMENTS – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	9,704	8,052
Capital expenditure that has been authorised by the Board but has not yet been contracted for	10,596	5,088
	20,300	13,140

The above commitments are expected to generate Social Housing and other grants totalling:	2019 £'000	2018 £'000
In relation to expenditure contracted for but not provided for	(782)	(834)
In relation to expenditure authorised by the Board but not yet contracted for	-	(862)
	(782)	(1,696)

The remaining commitments of £19,518k (2018: £11,444k) are capable of being fully financed by the facilities in place. As at 31 March 2019 the Group had £42,701k (2018: £57,699k) on deposit to meet these commitments and had agreed unused facilities of £60,000k (2018: £30,000k).

25. LEASING COMMITMENTS – GROUP

for the year ended 31 March 2019

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:	2019 £'000	2018 £'000
Within one year	236	245
One to five years	490	642
Beyond five years	78	150
	804	1,037

The Group's future minimum finance lease payments are as follows:	2019 £'000	2018 £'000
Within one year	25	25
Between one and five years	101	101
Greater than five years	1,991	2,016
	2,117	2,142

26. RELATED PARTIES AND INTEREST IN ASSOCIATED UNDERTAKINGS – GROUP

for the year ended 31 March 2019

R Wilkinson a co-opted board member is also a resident. His leasehold agreement is on normal commercial terms and he is not able to use his position to his advantage.

The Chair (T Miskell) is the Chair of the Northern Housing Consortium Limited, a body that represents the interests of the housing sector. Accent Housing Limited has traded with the Northern Housing Consortium Limited during the year on an arms-length basis. Services bought during the year amounted to £8,786 (2018: £11,804) relating to membership fees and training. There was £nil (2018: £nil) due from Accent Housing Limited to Northern Housing Consortium Limited as at 31 March 2019. Financial Statements for Northern Housing Consortium Limited can be obtained from Loftus House, Colima Avenue, Sunderland Enterprise Park, Sunderland. SR5 3XB.

T Miskell is also the Vice Chair of Johnnie Johnson Housing Trust Limited, a not for profit housing association offering homes and independent living. Accent Housing Limited has traded with Johnnie Johnson Housing Trust Limited during the year on an arms-length basis. Services bought during the year amounted to £97,728 (2018: £36,214) relating to alarm monitoring services. There was £82 (2018: £21,384) due from Accent Housing Limited to Johnnie Johnson Housing Trust Limited as at 31 March 2019. Services sold to Johnnie Johnson Housing Trust Limited during the year amounted to £5,411 (2018: £360) relating to programme management services. There was £1,804 (2018: £360) due to Accent Housing Limited from Johnnie Johnson Housing Trust Limited as at 31 March 2019.Financial Statements for Johnnie Johnson Housing Trust Limited can be obtained from Astra House, Spinners Lane, Poynton, Cheshire. SK12 1GA.

Board member M Punyer is the Chair of the Central Housing Investment Consortium Limited, a not for profit organisation offering maintenance procurement and management services for social housing. Accent Housing Limited has traded with the Central Housing Investment Consortium Limited during the year on an arms-length basis. Services bought during the year amounted to £38,901 (2018: £32,843) relating to gas servicing and cyclical decoration contracts. There was £15,807 (2018: £6,280) due from Accent Housing Limited to Central Housing Investment Consortium Limited as at 31 March 2019. Financial Statements for Central Housing Investment Consortium Limited can be obtained from 84 Spencer Street, Birmingham. B18 6DS.

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.

At 31 March 2019 the subsidiary, joint venture and associate undertakings were:	Percentage owned or controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Registered Society controlled by Accent Group Limited & regulated by the RSH
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 **	100		
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 Regulator of Social Housing.

** 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.

26. 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:

26. 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.

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

PAN English Development Company Limited	2019 £'000	2018 £'000
Received from related group entities:		
Management fee and supply of staff	294	22
Paid to related group entities:		
Development costs	3,640	259
Management fee	249	112
	3,889	371

PAN English Development Company Limited provides development services associated with the design and construction of new homes for Accent Group Limited and its subsidiaries.

Domus Services Limited	2019 £'000	2018 £'000
Received from related group entities:		
Management fee	143	177

Domus Services Limited provides services for the collection of service charge income and management of related expenditure on behalf of leaseholders.

Accent Corporate Services Limited	2019 £'000	2018 £'000
Paid to related group entities:		
Management fee	-	8,499
Interest	7,198	7,421
	7,198	15,920

The principal activity of Accent Corporate Services Limited is detailed below. In the prior year Accent Corporate Services Limited provided services including contact centre, finance, information technology and legal to Accent Group Limited and its subsidiaries.

Procurement For All Limited	2019 £'000	2018 £'000
Paid to related group entities:		
Membership fee	61	53

Procurement For All Limited provides services to its members securing value for money through joint procurement of capital and maintenance works.

Franklands Park Limited	2019 £'000	2018 £'000
Paid to related group entities:		
Service charge	34	26

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

26. Accent Corporate Services Limited

The principal activity of the Society is the provision of a single low cost home ownership property that is managed by locally based teams within the Group and on-lends the amounts borrowed from Royal Bank of Scotland and Nationwide Building Society to Accent Housing Limited.

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

PAN English Development Company Limited	2019 £'000	2018 £'000
Received from related group entities:		
Supply of staff	-	112

26. Interest in associated undertakings

	2019 £'000	2018 £'000
Surplus / (deficit) arising from interest in Franklands Park Limited	1	(2)
Surplus arising from interest in Procurement For All Limited	-	2
	1	-

27. DEBT ANALYSIS – GROUP

for the year ended 31 March 2019

	2019 £'000	2018 £'000
Due within one year		
Bank loans	15,007	14,114
Loans financing lease debtors	764	634
Finance lease creditors	6	6
Financial liabilities measured at fair value	645	-
	16,422	14,754

	2019 £'000	2018 £'000
27. Due after more than one year		
Bank loans	298,315	315,934
Loans financing lease debtors	441	1,271
Finance lease creditors	93	98
Financial liabilities measured at fair value	378	2,055
	299,227	319,358

	2019 £'000	2018 £'000
27. Total loans repayable as follows:		
Within one year	15,777	14,754
Between one and two years	30,441	16,402
Between two and five years	45,156	59,593
After five years	223,252	241,308
	314,626	332,057
Total indebtedness		
Financial liabilities measured at fair value	1,023	2,055
	315,649	334,112

27. Facilities, terms of repayment and interest rates

At 31 March 2019 the Group had a facility with Nationwide Building Society of £152,400k (2018: £162,000k) of which £30,000k was unutilised (2018: £30,000k). At 31 March 2019 the Group had a facility with Royal Bank of Scotland of £76,925k (2018: £77,775k) which was fully utilised. Post year end (3 April 2019) a revolving credit facility of £20,000k was agreed with Royal Bank of Scotland.

Both loan facilities were initially over a 30 year period with a repayment holiday of 5 years. 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 2019 the Group had a facility with Lloyds Bank of £104,000k (2018: £76,000k) of which £30,000k was unutilised (2018: fully utilised). The unutilised Revolving Credit Facility of £30,000k was agreed on 20 December 2018. The borrowings are secured by fixed charges on individual properties. The loans are a mixture of fixed and variable rates. Fixed rates being plus a margin and variable rates being LIBOR (London Inter Bank Offer Rate) plus a margin ranging from 0.35% to 0.62%.

At 31 March 2019 the Group had a facility with The Housing Finance Corporation (THFC) of £34,188k (2018: £35,824k) which was fully utilised. The borrowings are secured by fixed charges on individual properties and are repayable at varying rates of interest between 2.89% and 11.47%.

At 31 March 2019 the Group had a facility of £7,014k (2018: £7,126k) with Orchardbrook Limited. This loan is repayable on a fixed rate basis at 12.345% amortising until expiry in 2031.

On 18 December 2018 the Group settled its outstanding balance with Dexia Credit Paris repaying a mixture of fixed rate and amortising loans between two and four years early. Total repayment and break costs amounted to £3,100k in relation to this transaction.

As part of ongoing Group financial restructuring lending from Royal Bank of Scotland of £76,925k to Accent Corporate Services Limited was repaid on 3 April 2019 and re-borrowed directly from Royal Bank of Scotland by Accent Housing Limited.

28. FINANCIAL ASSETS AND LIABILITIES – GROUP
for the year ended 31 March 2019

Financial assets – categories	2019 £'000	2018 £'000
Financial assets measured at amortised cost	51,475	67,794
	51,475	67,794

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

28. Financial liabilities - categories	2019 £'000	2018 £'000
Financial liabilities measured at amortised cost	343,674	360,506
Financial liabilities measured at fair value through surplus or deficit	1,023	2,055
	344,697	362,561

28. Financial liabilities - measured at fair value through surplus or deficit	2019 £'000	2018 £'000
As at 1 April	2,055	3,283
Credit in statement of comprehensive income	(1,032)	(1,228)
As at 31 March	1,023	2,055

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 £3.1m 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 to cover mark-to-market movements in relation to either of these instruments.

28. Financial liabilities – interest rate risk profile

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

	2019 £'000	2018 £'000
Fixed rate	209,836	217,362
Variable rate	105,813	116,750
	315,649	334,112

The variable rate financial liabilities comprise bank loans that bear interest rates based on one and three month LIBOR. The fixed rate financial liabilities have a weighted average interest rate of 4.79% (2018: 4.69%) and the weighted average period for which it is fixed is 8.26 years (2018: 6.82 years).

28. Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:	**2019** **£'000**	**2018** **£'000**
Expiring in more than two years	60,000	30,000

Post year end (3 April 2019) a further revolving credit facility of £20,000k was agreed bringing total revolving credit facilities available to the business to £80,000k.

29. CONTINGENT LIABILITY

for the year ended 31 March 2019

There is the potential for Accent Group Limited to be liable for claims in respect of historical contracts relating to local improvement finance trust schemes (LIFT). Future claims in this regard cannot be discounted however all such claims will be examined on a case by case basis to establish if liability exists and to limit financial exposure with expert third party advice where appropriate.

30. SUBSEQUENT EVENTS

for the year ended 31 March 2019

On 2 April 2019 following discussion with the Trustee of Accent Group Pension Scheme the Group signed a new deed to amend the employers contribution obligation for future years. In conjunction with this change the benefits structure of the scheme was revised in order to ensure the scheme is more affordable in the long run.

As part of ongoing Group financial restructuring lending from Royal Bank of Scotland of £76,925k to Accent Corporate Services Limited was repaid on 3 April 2019 and re-borrowed directly from Royal Bank of Scotland by Accent Housing Limited.

On 20 May 2019 Accent Capital PLC (a wholly owned subsidiary of Accent Housing Limited) was incorporated at Companies House in order to facilitate the group's re-financing plans.

CONTACT

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