



REPORT  
AND **FINANCIAL**  
**STATEMENTS**  
YEAR ENDED  
31 MARCH **2010**

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**Accent Group Limited**  
**Report and Financial Statements**  
**for the year ended 31 March 2010**

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## Board Members, Executive Directors, Advisors and Bankers

### Group Board Members

#### - Non-Executive Directors

Allan Smith	- Chairman
Edgar Bignell	- Deputy Chairman
Stephen Clarke	
Paul Heasman	- Appointed 27 January 2010
Carolyn Hirst	
Timothy Walton	
Jack McBane	- Resigned 14 September 2009
Gwyneth Sarkar	- Appointed 27 January 2010
Cliff Walker	- Appointed 27 January 2010
Suzanne Walters-Thompson	

#### - Co-opted Executive Directors

Graham Johnston	- Resigned 5 October 2009
Gordon Perry	

#### - Executive Directors

Ian Heaven	
Gail Teasdale	- Appointed 1 April 2010
Stuart Whyte	

### Secretary

Matthew Sugden

### Registered Office

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

### Registered number

Registered as a charitable Industrial and Provident Society under the Industrial and Provident Societies Acts No. 30444R

Regulated by the Tenant Services Authority, No. L4511

### Auditors

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

### Bankers

Lloyds TSB Bank Plc  
6/7 Park Row  
Leeds  
West Yorkshire LS1 1NX

## Operating and Financial Review - Five Year Group Highlights

The highlights of the results, which are summarised below reflect the underlying financial strength of the Group.

	2010 £'m	2009 £'m	2008* £'m	2007 £'m	2006 £'m
<b>Income and Expenditure Account</b>					
Total turnover	100	99	104	86	68
Income from lettings	73	68	64	58	47
Operating surplus/(deficit) for the year	18	6	(10)	10	11
	=====	=====	=====	=====	=====
<b>Balance Sheet</b>					
Intangible and tangible fixed assets at valuation or cost net of depreciation and grants	686	652	604	544	413
Positive goodwill	-	-	7	7	7
Net current assets	20	51	25	21	17
	-----	-----	-----	-----	-----
	<b>706</b>	<b>703</b>	<b>636</b>	<b>572</b>	<b>437</b>
	=====	=====	=====	=====	=====
Loans and long term creditors (due over one year)	414	407	383	323	223
Pension liability	13	9	4	5	3
Provision for liabilities	4	4	3	4	3
	-----	-----	-----	-----	-----
	431	420	390	332	229
	-----	-----	-----	-----	-----
<b>Reserves</b> : revaluation	191	201	166	156	150
: accumulated surplus	24	20	18	21	22
: negative goodwill	61	62	62	63	36
	-----	-----	-----	-----	-----
<b>Total reserves</b>	<b>276</b>	<b>283</b>	<b>246</b>	<b>240</b>	<b>208</b>
	-----	-----	-----	-----	-----
	<b>707</b>	<b>703</b>	<b>636</b>	<b>572</b>	<b>437</b>
	=====	=====	=====	=====	=====
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Accommodation figures</b> (number of year end dwellings)					
Social housing	17,233	17,055	16,828	16,719	13,608
Shared ownerships & leasehold	1,517	1,433	1,350	1,129	953
Supported housing	547	518	516	515	534
Non-social housing	331	331	980	980	980
	-----	-----	-----	-----	-----
	<b>19,628</b>	<b>19,337</b>	<b>19,674</b>	<b>19,343</b>	<b>16,075</b>
	=====	=====	=====	=====	=====
* 2008 restated to reflect the effect of the SORP 2008.					
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Statistics</b>					
Operating surplus for the year as a % of turnover	19.0%	6.5%	8.7%	11.6%	16.2%
Social Housing operating surplus as a % of turnover before grant relating to social housing lettings	21.9%	24.1%	22.4%	21.9%	26.8%
Rent losses (voids and bad debts as % of rent and service charges receivable)	1.7%	1.7%	2.7%	3.0%	2.9%
Rent arrears (net arrears as % of rent and service charges receivable)	3.8%	3.2%	4.0%	4.3%	4.8%
Liquidity (current assets divided by current liabilities)	1.6	2.1	1.5	1.4	1.6
Gearing (total loans as % of capital grants loans & reserves)	39.1%	38.8%	39.1%	35.8%	30.4%
Total reserves per Accent dwelling	£16k	£15k	£14k	£14k	£15k

## Operating and Financial Review of the Year

### Background

This year has seen Accent focus on its core business of housing and improving the quality of service to its customers. The membership of the Group Board has changed to include the Chairs of the three main registered providers. This is intended to bring the group board closer to our customers.

### Changes to Group Structure

Accent has continued to review and simplify the group structure. During the year nine subsidiaries were dissolved and their assets and liabilities absorbed into the remaining group companies. This process will continue in 2010/11 with further proposed reductions in the number of group companies.

Details of the companies as at 31 March 2010 are included in note 28.

### Business activities

The principal activity of the Group is the provision of affordable rented housing accommodation. It operates in Yorkshire and the Humber, the North East, North West, East and South East of England. The Group provides assisted housing through low cost home ownership schemes and leasehold schemes for the elderly. It operates an assisted living scheme, subsidised rented accommodation for students, nurses and medical staff and special needs accommodation.

In April 2009 we disposed of our stock holding of 85 general needs and 30 leasehold properties in Stafford to Stafford & Rural Homes Limited. This stock was remote from other Accent stock holdings and the view was taken and endorsed by residents that a local housing association would be a more appropriate owner and service provider for the estate.

The Group has substantial involvement in community regeneration activities including supporting business start ups, providing training and education opportunities and apprenticeships linked to our developments and planned maintenance programmes. In 2009/10 204 people were assisted into jobs and 169 businesses were assisted.

Regeneration and urban renewal are an important aspect of the Group's business. This is carried out principally through Accent Regeneration and Community Partnerships.

Accent Group is the private sector partner in two NHS Local Improvement Finance Trusts for the provision of primary healthcare facilities, those being Bradford & Airedale Care Partnerships Ltd and Care Partnerships 25 Ltd (covering the Tees Valley and South Durham area). Accent Property Solutions Ltd provides management services for residential developments. As part of the review of the strategic direction of the Group undertaken in 2009 the Boards of Accent Group Ltd and Accent Foundation Ltd took the decision that these businesses are no longer core to the Accent group and, and have been put to the market.

Following the decision to close the Group's rural regeneration business, RS (Skipton) Limited the existing contracts have been substantially completed and it is anticipated that the company will be wound up during the course of 2010/11.

### External influences

The quality of affordable housing remains a key focus of Accent and the Tenant Services Authority (TSA). Although much of Accent's stock has been new build, developed over the past 30 years and considered to be in good condition, there is stock in the North West, North East and Yorkshire which dates back to the early 1900's. Accent plans to achieve the Decent Homes Standard (DHS) for all its homes by December 2010 other than a limited number (154 in Manningham and 549 in Easington) agreed with the TSA which will be subject to full review of the future of these properties.

In December 2009 the TSA issued its regulatory judgement covering the year to 31 March 2009. The substantial improvement in financial performance over that period resulted in the TSA changing its conclusion, removing the "cause for concern" conclusion in respect of viability and concluding that "Accent meets viability expectations but is still subject to exposures which make it vulnerable to deterioration. Accent has continued to strengthen its governance and this is beginning to deliver results in terms of improved financial and service delivery outcomes"

Following the release of the new improved Regulatory Judgement, Accent re-commenced a full development programme with the HCA.

## Operating and Financial Review of the Year (cont...)

### Objectives and strategy

Accent's objectives and strategy are reviewed and adopted by all Group subsidiaries prior to approval each year by the Group Board. The Group's financial performance in 2009/10 continued to improve compared to 2008/09 and previous years. This provides the Group with the opportunity to deliver its strategy and achieve its objectives, which are focused on the provision of affordable housing for those in housing need.

The vision at the centre of Accent's strategy is;

#### **Making a difference... improving homes, communities and lives**

Accent is here to serve its residents and everything that we do seeks to increase the resources we have to invest in our homes and to serve and support the people who live in them. Some highlights from 2009/10 show that this has been our priority.

- Serving nearly 20,000 households
- 2,175 families rehoused
- 337 new homes built
- 164 people supported into employment
- 169 new businesses have been supported into financial viability
- 95 residents helped to achieve a qualification
- Refined asset management strategy and subsequent sale of Stafford stock

To set us on the right course towards achieving the new vision over the next decade, we have developed four clear, strategic objectives that reflect the new standards issued by the Tenant Services Authority and will make Accent a strong and sustainable business:-

#### 1. **Deliver excellent services**

Our aim is to improve the quality of services that we deliver, in terms of both performance and value for money. Critical to this is our aim to improve the level of involvement with our customers and to use their feedback to continually improve the way we work. The key elements to achieving this objective are;

- Improving the **Quality** of our service;
- Achieving active **Resident involvement, which improves outcomes for tenants**;
- Setting, measuring and reporting **Performance** against Key Performance Indicators; and
- Providing good **Value for money** for our residents and other stakeholders.

Achievement of the Delivering Excellent Services objective will mean that Accent will become an exemplar in the sector landlord of choice for our residents.

#### 2. **Provide great places to live**

We aim to provide a wide range of well maintained homes in our core areas in order to respond to housing needs and demand. Our most important milestone is to achieve the Decent Homes Standard (DHS) consistently across the Group by December 2010 other than for a limited number of properties agreed with the TSA have developed. Accent Nene and Accent Peerless have already achieved this standard for their stock. We have developed a new standard for Accent properties, working with our residents, so that our homes reach a higher standard. The 'Accent Standard'. Our financial plan will take into account our need to achieve and sustain the DHS and implement the Accent Standard by 2015.

Across the Group we will complete 1,200 new homes in the next two years; 750 in 2010/11 and 450 in 2011/12, of which 70% will be for rent and the remainder for a mix of shared ownership and intermediate tenures. These properties will meet or exceed the Code for Sustainable Homes Level 3. The Group will continue to identify and deliver new residential development opportunities within the capacity and parameters agreed between the Board's of the three Registered Providers and the Group Board.

#### 3. **Give residents and their communities more choice and opportunity**

Accent aims to provide more choice to its residents in how their services are provided, their service standards and costs. Residents will be included in all our value for money appraisals of services and will help shape and define service standards. This transparency will lead to residents being able to make valued judgements about the services that we provide and how well we are performing. We will also provide the means and mechanism for residents to challenge us and work together to improve any areas of weakness. The creation of the national resident's panel earlier this year and close strategic links with RP resident panels will help in achieving this.

## Operating and Financial Review of the Year (cont...)

### 3. Give residents and their communities more choice and opportunity (cont...)

In 2009/10 we improved our resident involvement and engagement including the launch of our National Residents' Panel. Residents have also been involved in service developments including our planned maintenance programme, the Accent property standard, defining our priority neighbourhoods and communities and improving our website. We will build on this in 2010/11 with extensive resident involvement in producing our Annual Report and local offers.

Accent has developed a strong regeneration function in the Accent Regeneration & Community Partnerships business (ARCP). ARCP activity will focus on working more directly with Accent's own residents, some of whom are not in work, enrolling 100 residents on ARCP programmes and engaging with a further 200. In addition there will be a full programme of support and training opportunities for another 700 people in our communities as well as support for up to 100 local businesses. ARCP income for 2009/10 was £2.4m of which £1.6m was grant.

### 4. Be a well run and viable company

During 2009/10 we strengthened the arrangements for governing each of our registered providers within the Group structure and the Group Board itself. In a challenging and rapidly changing housing sector environment we will ensure that we achieve good governance, and maximise value for money in everything we do whilst improving our central support services.

Based on these objectives our key focus has been, and will remain, on:-

- Customer services with an emphasis on resident satisfaction
- Planned maintenance
- Asset management including development
- Detailed financial monitoring and review

#### Customer services

The overall objective is to respond to our customers' requirements by empowering the frontline customer service staff to respond to our customers in all aspects of service delivery. The tables below demonstrate the performance of Accent's three Registered Providers (RP) against TSA identified key tenant focussed performance targets. Other performance statistics are published on the Accent Group web site and submitted to the TSA.

#### Tenant Satisfaction with:

Status Survey Results	The service		Their views being taken into account		Repairs and maintenance service	
	2009/10 %	2008/09 %	2009/10 %	2008/09 %	2009/10 %	2008/09 %
Accent Foundation Limited	79%	74%	59%	52%	68%	63%
Accent Nene Limited	84%	87%	59%	61%	81%	82%
Accent Peerless Limited	77%	72%	52%	47%	73%	68%

In 2010 the results of our STATUS survey showed a creditable improvement in overall satisfaction, across the Group as a whole, of around 5%. STATUS is a Standardised Tenant Satisfaction survey and is a requirement of the TSA. Whilst Accent Nene performance dipped, it remains within top quartile performance.

## Operating and Financial Review of the Year (cont...)

### Percentage of Empty Properties:

	2008/09 Actual	2009/10 Actual	2009/10 Target
Accent Foundation Limited	2.5%	2.3%	1.6%
Accent Nene Limited	0.6%	0.5%	0.8%
Accent Peerless Limited	0.3%	0.6%	0.8%

Accent Nene and Accent Peerless have both exceeded their target performance. Accent Foundation performance has not met its target due to some long term void properties, which are being option appraised and the difficulty of re-letting sheltered housing schemes compared to those for general needs stock. The AF Asset Management Strategy will address this issue this year.

### Average Re-Let Times:

	2008/09 Actual	2009/10 Actual Days	2009/10 Target Days
Accent Foundation Limited	29.3	32.8	22.6
Accent Nene Limited	22.0	26.2	20.0
Accent Peerless Limited	19.8	34.3	14.0

All three registered providers failed to meet their target in 2009/10. This was primarily due to the impact of sheltered properties in Accent Foundation and Accent Peerless and in Accent Nene it was due to the number of development properties released in the year, without which Accent Nene would have had re-let time of 18.8 days.

### Current Rent Arrears (as a percentage of gross annual rent debit):

	2008/09 Actual	2009/10 Actual	2009/10 Target
Accent Foundation Limited	4.1%	3.8%	3.1%
Accent Nene Limited	3.6%	3.4%	3.7%
Accent Peerless Limited	6.7%	4.7%	5.0%

All three registered providers improved their performance compared to the previous year with Accent Nene and Accent Peerless both exceeding their target. Accent Foundation improved steadily through the year. This represents a good performance when set in the context of the economic environment.

### Percentage of Routine Repairs completed within target timescale:

	2008/09 Actual	2009/10 Actual	2009/10 Target
Accent Foundation Limited	94.3%	97.7%	99.0%
Accent Nene Limited	98.7%	97.9%	99.0%
Accent Peerless Limited	91.6%	94.9%	99.0%

Accent Foundation and Accent Peerless both had significant improvements in performance during the year which is not reflected in these overall figures.

## Operating and Financial Review of the Year (cont...)

### Percentage of Decent Homes:

	2008/09 Actual	2009/10 Actual	2009/10 Target
Accent Foundation Limited	80.85%	86.9%	100%
Accent Nene Limited	99.2%	99.6%	100%
Accent Peerless Limited	100.0%	100.0%	100%

Accent Nene and Accent Peerless are on target with this important indicator. Accent Foundation has improved by 9.8% during the course of the 2009/10, and is on target to reach the target in 2010/11 except the specific areas referred to in the report.

### Group Strategic Plan

2010/11 is the third year of our Group Strategic Plan first developed in 2008/09. In the last two years the Group has been successful in achieving the majority of what it set out to do, refocusing on core housing activities and removing the regulator's concerns regarding financial viability. During the course of the summer of this year we will review our plan and in particular consider our long term strategy taking into account:

- Issues arising from the external environment, such as the new Government's policies and budget reductions, together with other changing economic conditions
- The financial strategy, including our 5-year and 30-year planning
- Asset management strategies and getting the right balance between planned maintenance and development of new homes
- Company structure options to maximize our financial capacity and viability
- Opportunities for growth by acquisition and merger

Specific improvement projects and initiatives are:

- Establish and deliver new "national" standards and "local offer" service standards set by our residents in the context of the TSA Standards
- Increase customer satisfaction by 5% in the interim STATUS survey
- Introduce a new housing management (IT) system by early 2011
- Achieve 100% Decent Homes Standard by December 2010 and conclude options appraisals on the two specific areas excluded from the calculation
- Reduce the operating companies in the Group from 23 to 10 by March 2011
- Introduce a new Group Co-Regulation Team to strengthen our regularity compliance and facilitate policy development and business assurance

### Asset management

As shown above, at 31 March 2010 86.9% of Accent Foundation homes reached the Decent Homes Standard. Achievement of the Decent Homes standard will result in expenditure of over £4.4m in the next year. However, the Board expects to spend upwards of £129m in the following five years in major improvements across all three RPs to meet the Accent Property Standard, which we have developed in close consultation with our tenants.

### Accent Development Consortia

Accent supports the Development programme management for eleven RPs.

As shown in the table below, the Accent development consortia of three associations have enjoyed a very successful year. Delivery of the three HCA performance measures has been achieved in the face of difficult development and economic conditions. The mix of homes built between social rent, outright sale and shared ownership has changed considerably from the original programme given the uncertainty house purchasers continue to face. Construction grant levels received from the HCA have shown increases in the year to compensate for the reduction in sales income achieved.

	Actual	Target	% Delivery
Completed homes	1027 units	929 units	111%
SHG take up	£60m	£31m	190%
Units started on site	924 units	419 units	221%

## Operating and Financial Review of the Year (cont...)

### Financial review

The Group income and expenditure account and balance sheet are summarised on page 2. The year to 31 March 2010 has resulted in a surplus before tax of £4.7m.

The underlying core business of providing affordable housing in all three Registered Providers within the Group has produced a financial result in line with expectations.

### Surplus before taxation

The Group made a surplus before taxation of £4.5m (2009: Surplus of £3.4m). The principal reasons for the surplus are as follows:-

- The Group's core affordable housing business made an operating surplus of £16.0m. (2009: surplus of £16.3m) whilst the other activities made an operating surplus of £2.4m (2009: deficit of £9.9m).
- The Group's interest payable on its bank loans reduced to £18.6m from £25.4m in 2009. This was a result of reducing levels of debt with the disposal of the Leeds Mental Health PFI business during 2009 and the overall reduction in interest rates in the financial markets during 2009/10.
- The Group sold a mixed development scheme in Staffordshire and a number of other properties in Leeds all of which contributed £2.7m to reserves.
- In light of the current economic conditions and declines in asset values, the Group has reviewed the value at which it is carrying certain property assets in its balance sheet. This review has resulted in an impairment of £2.1m being recognised on property in the income and expenditure account.

### Balance sheet

#### Fixed assets

In total, the Group's fixed assets have risen from £651m to £685m. During the year the Group has added £61m of housing property and £17m of health care facilities to its balance sheet. The revaluation of certain housing properties has reduced the balance sheet by £6.5m.

#### Current assets

At 31 March 2010 the value of properties that the Group has under construction and for sale has reduced significantly, from £27.3m to £5.7m. This consists of a range of property types including properties surplus to requirements, properties acquired as a result of development activities in the healthcare sector and shared ownership and properties for outright sale constructed by the Group.

#### Cash at bank and in hand

Cash balances across all companies within the Group are sufficient to deliver the planned service and development programmes.

#### Cashflow

Accent has put in place loan facilities which will satisfy its cash needs throughout 2010 and 2011. Regular engagement with the principal lenders is maintained and management of the Group's borrowings and cash balances is reviewed daily.

The prevailing market rates have allowed the Group to agree lower cost funding during 2009/10. Further fixing of interest rates was undertaken during March 2010. The Group was in a position to take advantage of the low rates available in the financial markets through and into 2012, and has fixed a significant part of the loan finance to ensure that full advantage has been taken of the market conditions, whilst at the same time providing a high degree of certainty over the future cost of funds.

## Operating and Financial Review of the Year (cont...)

### Capital structure and treasury policy

The group borrowed a further £25.9m during the year, to develop affordable housing and healthcare facilities. By the year end, group borrowings amounted to £415.7m and fall due to be repaid as shown below;

<b>Maturity</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Within one year	10,226	2,667
Between one and two years	1,819	3,133
Between two and five years	24,802	33,679
After five years	378,807	365,975
	-----	-----
	415,654	405,454
	=====	=====

The group borrows, principally from banks and building societies, at both fixed and floating rates of interest. Interest rate hedging is used to generate the desired interest profile and to manage the group's exposure to interest rate fluctuations.

The group has 21% of its loan portfolio fixed until 31 March 2011 at rates between 1.01% and 1.06% plus margin and 27% fixed until 31 March 2012 at rates between 1.64% and 1.72%. From April 2012 the Group has 77% on long term fixes with maturities ranging from 3 years to 20 years. These are with traditional lenders, and exclude the borrowing from Orchardbrook Limited (the old Housing Corporation) which is fixed at historical levels of circa 12.50%. The loans from Orchardbrook only amount to £8.9m.

The group borrows and lends only in sterling and so is not exposed to currency risk.

### Future trading prospects

The year ended 31 March 2010 has seen the continued improvement in the Group's financial viability. The Board has adopted a budget for the year ended 31 March 2011 which continues to reduce the risk profile inherent within the business. It is anticipated that the remaining commercial ventures, which are intrinsically higher risk than the provision of social housing, will have been sold, or wound down during the course of 2010/11. Previous Group profitability has been significantly predicated upon profits on sales of assets. The current year budget does not require such sales to achieve profitability. Accordingly, the Board has increased confidence that the budgeted surplus targets established for 2010/11 are capable of delivery with low risk.

### Future developments

Group development expenditure to March 2011 is expected to be in the region of £29m. Grant receipts of £13m, sales receipts of £8m together with the currently held cash reserves and on-going revenue surpluses indicate that further draw downs from funders may not be required. In any event the Group has sufficient unutilised loan facilities.

The Group continues to invest resources in the housing stock to meet Decent Homes Standard within the Tenant Services Authority timescale. This investment programme will be followed by further expenditure to ensure that the Group's property portfolio exceeds the Decent Homes Standard. This standard, known as The Accent Standard, has been developed through a process of consultation with the three Registered Providers in the Group.

### Risk management

The main risks to Accent are considered on an ongoing basis by the Group Board through the Audit and Governance Committee which works closely with the executive management team, Subsidiary Boards and the Risk Management department.

The Group has identified the following major strategic risks to successful achievement of its objectives and is taking the actions identified to control these risks:-

- **External factors:** The current economic climate presents risks to the sector as a whole. Accent has mitigated the impact on property sales by conversions to rent and the Group Board has included consideration of the impact of the downturn in its risk appraisal process.
- **Failure of the Group to retain its Regulatory Viability status in 2010/11.** Governance of all Group companies continues to be strengthened. Executive and Board monitoring of performance is more thorough, challenging and targeted. Risk reduction is a major part of Group strategy. Commercial activities have been scaled back, and the Group is looking to exit from Accent Property Solutions' commercial activities and the LIFT healthcare business.

## Operating and Financial Review of the Year (cont...)

### Risk management (cont...)

- **The Group not having capacity to borrow funds to continue its development programme.** There are established procedures for monitoring expenditure and commitments. Quarterly (or ad hoc as appropriate) capacity reports are made to the Group Investment Sub Committee. All new developments are financially appraised and the impacts assessed, including sales forecasts. Reliable stock condition information has been established and the mid term cost of bringing such stock to mandatory and desirable standards is included within financial plans.
- **Failure of the Group to retain its Regulatory Governance status in 2010/11:** Group Governance has been a focus of attention during 2009/10. Regular reporting of the Regulatory Review Action Plan, key results report, regular detailed reporting to Group and Subsidiary Boards of financial performance all demonstrate the increased surveillance and challenge that the Board is applying. In addition, the Board has adopted a lower risk Group strategy than has been pursued in recent years, reinforcing attention to the interests of residents.
- **Failure to meet Funders' Covenants and loan agreements:** Regular review of loan documentation is undertaken to ensure all funding requirements are being complied with together with regular engagement with principal funders. Forecasting and monitoring of key covenant compliance is embedded within Board reporting.
- **Material failure to deliver the Group budget:** Reduced risk within plans and strategy increases confidence in our ability to deliver the budget. Scrutiny is undertaken at managerial, Executive and Board levels and early corrective action is applied where necessary.

### Statement of Compliance

In preparing its Operating and Financial Review, the Board has followed the principles set out in the SORP 'Accounting by Registered Social Landlords' (2008).

## Report of the Board

The Board presents its report and the financial statements for the year ended 31 March 2010.

### Definitions

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

### Principal activities

The principal activity of the Group is the provision of rented housing accommodation at affordable rents for those in most need. It operates in Yorkshire and the Humber, the North East, North West, East and South East of England. The Group provides assisted housing through low cost home ownership schemes and leasehold schemes for the elderly. It operates an assisted living scheme, subsidised rented accommodation for students, nurses and medical staff and special needs accommodation. It manages privately owned accommodation. It is the private sector partner in two NHS Local Improvement Finance Trusts, those being Bradford & Airedale and Tees Valley and South Durham, for the provision of primary healthcare facilities. The Group has a substantial involvement in community regeneration and urban renewal activities.

### Business review and future developments

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review.

### Board Members and Executive Directors

The present Board Members and the Executive Directors of the Group are set out on page 1. The Board Members are drawn from a wide background bringing together professional, commercial and housing management experience. The Group co-opted the Group Chief Executive to the board. The Executive Directors are the Group Chief Executive and the other members of the Group's senior management team. They hold no interest in the Society's shares and act as executives within the authority delegated by the Board.

Jack McBain resigned his position as non-executive director on 14 September 2009. On 27 January 2010 the non-executive Chairs of Accent Foundation, Accent Nene and Accent Peerless, Gwyneth Sarkar, Cliff Walker and Paul Heasman, joined the Group Board.

Graham Johnston resigned as Group Finance Director on 5 October 2009 and Gail Teasdale was appointed as Group Finance Director on 1 April 2010.

Group insurance policies indemnify Board Members and officers against liability when acting for the Group.

### Employees

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. 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.

### Resident Involvement Statement

Our 2010 STATUS survey results demonstrate that both Accent Peerless and Accent Foundation have improved satisfaction with the service and satisfaction with 'views being taken into account by your landlord', with both scores increasing by over 5% from the previous survey. Accent Nene remains a top quartile performer on both indicators.

Residents from across the Group meet through the National Residents' Panel, which provides a forum for residents throughout the Group to meet and challenge the service we provide. The Panel has discussed local offers in connection with the co-regulation approach adopted by Accent group in response to the TSA and prioritised repairs, respect, ASB and resident involvement as priorities for service improvement this coming year.

## **Report of the Board (cont...)**

### **Resident Involvement Statement (cont...)**

Within Accent Foundation we also allocated £141K of funding for Accent Regeneration and Community Partnerships (ARCP) to deliver resident's training, youth engagement and healthy living initiatives. Over 90 residents have achieved qualifications from the programmes running in Bradford, 204 people obtained employment and 169 businesses were assisted.

### **Quality Housing Services (QHS)**

Throughout 2010/11 QHS has monitored the services delivered to our residents. QHS provide a clear set of service standards across a range of service areas. Accent Foundation, Accent Nene and Accent Peerless have been assessed against these through telephone surveys, mystery shopping and office audits. The result of the assessment is a comprehensive set of reports which measure performance in service delivery and customer care and identify areas most in need of improvement.

### **Remuneration Policy**

The Audit and Governance Committee is responsible for setting the Group's remuneration policy. It agrees the appointment of non-executive directors, subsidiaries Board Members and Executive Directors and their remuneration, as well as the brief within which the Chief Executive can negotiate staff salaries. The Group CEO and Executive Team's salaries received no pay or bonus award this year, neither did Non-executive Directors. Staff below average national salary received 1.5%.

The committee pays close attention to remuneration levels in the sector in determining the remuneration packages of the Executive Directors. Basic salaries are set having regard to each Executive Director's responsibilities and pay levels for comparable positions. The remuneration of Non-Executive Directors is reviewed periodically.

### **Service contracts, Pensions & Other Benefits**

The Group Chief Executive and other Executive Directors are employed on the same terms as other staff, their notice periods being three months. No pay award or bonuses were paid to Executive Directors in 2009/10. The Executive Directors are entitled to the provision of a car allowance.

The Executive Directors are members of the Accent Group Pension Scheme or the Social Housing Pension Scheme defined benefit final salary pension schemes. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

Details of the Board's remuneration are included in note 4 to the audited financial statements.

### **Health and safety**

The Board is conscious of its responsibilities on all matters relating to health and safety and has endorsed a strategic review of the Group's overall approach to health and safety. This will ensure alignment with the Health & Safety Commission's (HSC) Leading Health & Safety at Work document and the Health & Safety Executive's strategy for promoting health & safety. The Group has signed up to the HSE's 'Pledge' with a view to 'being part of the solution' in achieving the improvement in health & safety at work set out for UK Industry. Embracing the culture of the Ten Goals incorporated in the Pledge will be central to the ongoing review of health and safety across the business.

In support of this the Board has also appointed one Board member as Group Health and Safety champion, with further champions on all subsidiary Boards. This has been further supplemented at an operational level by the enhancement of the in-house health and safety team supporting the overall business need.

### **Corporate governance**

The Board confirms that the Group has adopted and complied with the recommendations of the National Housing Federation's Code of Governance (revised 2009).

#### The Board

The Board currently comprises nine non-executive directors and the co-opted Group Chief Executive. It is responsible for the policy and strategic direction of the Group. It holds at least eight meetings each year. A Group Board representative sits on each of the subsidiary Boards and since January 2010 the Chairs of the three registered providers have been non-executive directors of the board.

Day to day management and implementation of policy and strategic direction is delegated to the Group Chief Executive and other Executive Directors who meet generally monthly and attend Board meetings.

## Report of the Board (cont...)

### Committees

The Board has two committees:

- The Audit and Governance Committee (A&GC) which is responsible for overseeing management's financial reporting responsibilities and maintenance of an appropriate system of controlled risk self assessment. The A&GC reviews, with the business Assurance Team, the overall scope of its proposed risk assessment strategy together with the Group's quality systems and accreditation. The Committee also meets annually with the external auditors to discuss the financial statements and adequacy of the Group's internal controls and makes formal recommendations to the Board with regard to the accuracy and content of the consolidated financial statements. The Committee is responsible for reviewing the salaries of the Executive Directors and non-Executive Directors and keeps a watching brief on the salaries of the senior management team. The Committee is also responsible for overseeing the appointment of new Board members of all Group companies.
- Group Investment Sub Committee (GISC) which meets approximately ten times a year where it considers applications for investment from the Group. All types of business activity are considered by the Sub Committee including housing for rent and sale and proposed commercial developments.

### **Internal controls assurance**

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations within the Group, including those not registered with the Tenant Services Authority (TSA).

The system of internal control is designed to manage the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss. In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within day to day management and governance processes. The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. It has been in place throughout the period commencing 1 April 2009 up to the date of approval of the report and financial statements.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include:

#### Identifying and evaluating key risks

The Group's risk management strategy, setting out the Board's attitude to risk in the achievement of its objectives, underpins the embedded risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks. The Executive Directors regularly consider reports on these risks and the Group Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

#### Control environment and internal controls

The processes to identify and manage the key risks to which the Group is exposed are an integral part of the internal control environment and are incorporated in both Strategic and Operational Risk Maps for every operating entity. They are reviewed at least annually and revised where necessary. Group Board revise the strategic risk map at each meeting. The processes include strategic planning, the recruitment of Executive Directors and senior staff, regular performance monitoring, control over developments and the setting of standards and targets for health and safety, data protection, fraud prevention and detection, and environmental performance.

#### Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board and monitored throughout the year. The Board also receives quarterly reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes, including financial performance.

#### Monitoring arrangements

Regular management reporting on control issues provides assurance to successive levels of management and to the Board. It is supplemented by regular reviews by the Business Assurance Team who provide independent assurance to the Board, via the A&GC. The arrangements include a rigorous procedure, monitored by the A&GC, which is cascaded to all subsidiaries, for ensuring that corrective action is taken in relation to any significant control issues. These controls are supplemented by the internal controls report of the Chief Executive and the report of the Head of Internal Audit to the Group Audit Committee.

## Report of the Board (cont...)

### Monitoring arrangements (cont...)

The control assurances and systems available to the Board have continued to be developed and refined throughout the period, and it is anticipated that this process will continue as the Group strengthens its 'financial' control and forecasting. In 2009/10 Accent implemented a prudent, risk adverse, business plan and budget. This remains the approach for 2010/11 which can be summarised as ambitious but deliverable and achievable without compromising our commitment to quality, excellence and continuous improvement.

The Key Issues Memorandum produced by our external auditors reflects the significant improvement in controls and the reduction in the number of risks identified.

The evidence provided by these assurances demonstrates a significant strength of control. It also concludes that there have not been any fundamental breakdowns in internal controls in the period. Some problems have continued within RS (Skipton) Limited and Accent Property Solutions Limited, all of which have been conclusively addressed during the year.

The weaknesses identified by internal and external audit are procedural in nature and are being robustly addressed by improved management control and increased board scrutiny.

### **Statement of the responsibilities of the Board for the annual report and financial statements**

The Board is responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Society at the end of the year and of the surplus of the Group and Society for the year then ended.

In preparing those financial statements the Board is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- follow applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by registered social landlords" (2008), subject to any material departures disclosed and explained in the financial statements.

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 Industrial and Provident Societies Acts 1965 to 2002, paragraph 16 of Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: "Accounting by registered social landlords" (2008). The Board is responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

### **Going concern**

After reviewing the Group's budget for 2010/2011 and the borrowing facilities currently available, the Board is confident that the Group has sufficient resources to continue trading for the foreseeable future. For this reason the Group has adopted the going concern basis in its financial statements.

### **Accounting policies**

The Group's principal accounting policies are set out on pages 24 to 28 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: the valuation and depreciation of housing properties and the capitalisation of interest. The Statement of Recommended Practice for Registered Social Landlords (2008) was released in January 2008 and this has been adopted by the Group.

### **Donations**

The group made grants and awards of £0.3m (2009:£0.5m) to individuals and groups based in the communities in which we work.

## **Report of the Board (cont...)**

### **Disclosure of information to auditors**

At the date of making this report each of the Society's members, as set out on page 1, confirm the following:-

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

### **Conclusion**

The Board is confident that Accent has a robust business plan going forward and will be able to deliver high levels of resident satisfaction whilst also remaining a financially viable housing association that can make a significant contribution to the future housing needs of the principal areas within which we operate.

### **Annual General Meeting**

The annual general meeting will be held on 29 September 2010.

### **External auditors**

A resolution to re-appoint Grant Thornton UK LLP as auditors to the Society will be proposed at the Annual General Meeting.

The report of the Board was approved by the Board on 29 September 2010 and signed on its behalf by:-

**Mathew Sugden**  
Secretary  
29 September 2010

# **Independent Auditors Report to the members of Accent Group Limited**

We have audited the financial statements of Accent Group Limited for the year ended 31 March 2010 which comprise the consolidated and Society income and expenditure account, the consolidated and Society balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised surpluses and deficits, the consolidated reconciliation of movement in funds and the related notes.

This report is made solely to the Society's members, as a body, in accordance with regulations made under Section 4 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the board and auditors**

The Boards' responsibilities for preparing the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Boards' Responsibilities (on pages 14 and 15).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you, our opinion as to whether the financial statements give a true and fair view in accordance with Chapter 9 of the Friendly and Industrial and Provident Societies Act 1968, and whether the financial statements are in compliance with Part 2 of Chapter 4 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

In addition, in accordance with Chapter 9 of the Friendly and Industrial and Provident Societies Act 1968 we report to you if, in our opinion, the Group and Society has not kept proper books of account, or maintained a satisfactory system of control, or the financial statements are not in agreement with the books of account of the Group and Society; or we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Society's affairs as at 31 March 2010 and of the Group and Society's income and expenditure, for the year then ended
- the financial statements are in compliance with Part 2 of, Chapter 4 of the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Grant Thornton UK LLP  
Chartered Accountants and Registered Auditors  
Leeds, England  
29 September 2010

## Consolidated Income and Expenditure Account for the year ended 31 March 2010

	Notes	2010		2009	
		£'000	£'000	£'000	£'000
<b>Turnover</b>					
Continuing operations		100,118		89,455	
Discontinued operations		374		9,638	
		-----		-----	
	2		100,492		99,093
<b>Operating costs</b>					
Continuing operations		(81,591)		(73,299)	
Discontinued operations		(459)		(12,336)	
Discontinued operations - exceptional impairment		-		(6,993)	
		-----		-----	
	2		(82,050)		(92,628)
<b>OPERATING SURPLUS</b>					
Continuing operations		18,527		16,156	
Discontinued operations		(85)		(9,691)	
		-----		-----	
	2		18,442		6,465
Income from interest in joint ventures			9		6
Surplus on disposal of discontinued operations	6		-		16,710
Surplus on disposal of property	7		2,726		880
Interest receivable	8		2,585		4,961
Interest payable and similar charges	9		(18,563)		(25,394)
Other finance costs			(713)		(188)
			-----		-----
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>					
	11		4,486		3,440
Taxation on surplus on ordinary activities	12		(82)		53
Minority interest (all equity)	10		53		(11)
			-----		-----
<b>SURPLUS FOR THE YEAR AFTER TAXATION AND MINORITY INTEREST</b>					
			4,457		3,482
			=====		=====

The accompanying accounting policies and notes form part of these financial statements.

**Consolidated statement of total recognised surpluses and deficits  
for the year ended 31 March 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year after taxation	4,457	3,482
Unrealised (deficit)/surplus on revaluation of properties	(6,542)	37,713
Actuarial (loss) relating to pension scheme	(4,616)	(6,770)
Recognition of increase in deferred tax asset re pension scheme	393	1,653
Total recognised (deficit)/surplus since the last report	(6,308)	36,078
	=====	=====

**Consolidated note of historical cost surpluses and deficits  
for the year ended 31 March 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Reported surplus on ordinary activities before taxation	4,486	3,440
Realisation of property revaluation gains	1,273	579
Excess of actual depreciation charge over historical cost depreciation	2,275	2,094
Historical cost surplus on ordinary activities before taxation	8,034	6,113
	=====	=====

**Consolidated reconciliation of funds  
for the year ended 31 March 2010**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening funds as previously stated at 1 April	282,588	247,329
Total recognised (deficit)/surplus for the year	(6,308)	36,078
Negative goodwill amortisation	(810)	(819)
Closing total funds at 31 March	275,470	282,588
	=====	=====

## Consolidated Balance Sheet as at 31 March 2010

	Notes	2010 £'000	2009 £'000
<b>Intangible fixed assets</b>			
Goodwill	13	91	96
Other intangible assets	13	203	237
		-----	-----
		294	333
<b>Tangible fixed assets</b>			
Housing properties	14	590,085	573,230
Other tangible fixed assets	14	95,396	78,149
		-----	-----
		685,481	651,379
Long term investments	15	-	38
Interest in associated undertakings			
Investments in joint ventures:			
Share of gross assets		186	353
Share of gross liabilities		(137)	(313)
		-----	-----
		49	40
		-----	-----
		685,824	651,790
		=====	=====
<b>Current assets</b>			
Current asset investments	15	29,404	30,870
Properties for sale	16	5,664	27,306
Stocks	17	1,027	36
Debtors: Amounts falling due:			
Within one year	18	12,654	10,069
After one year	18	5,204	5,995
Cash at bank and in hand		16,549	19,950
Cash held on constructive trusts		233	257
		-----	-----
		70,735	94,483
<b>Current liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	19	(50,301)	(44,119)
		-----	-----
<b>Net current assets</b>		20,434	50,364
		-----	-----
<b>Total assets less current liabilities</b>		706,258	702,154
		=====	=====
<b>Creditors:</b> Amounts falling due after more than one year	20	413,571	406,917
<b>Provisions for liabilities</b>	23	4,244	3,901
<b>Net pension liability</b>	24	13,294	9,016
		-----	-----
		431,109	419,834
		-----	-----
<b>Capital &amp; reserves</b>			
Non-equity share capital	26	-	-
Accumulated surplus	25	23,721	19,826
Insurance reserve	25	124	237
Revaluation reserve	25	190,862	200,952
Negative goodwill	25	60,763	61,573
		-----	-----
		275,470	282,588
<b>Minority interest</b>		(321)	(268)
		-----	-----
<b>Group's funds</b>		275,149	282,320
		-----	-----
		706,258	702,154
		=====	=====

The accompanying accounting policies and notes form part of these financial statements.

The financial statements were approved by the Board on 29 September 2010 and were signed on its behalf by:-

Allan Smith  
Chairman

Stephen Clarke  
Member

Matthew Sugden  
Secretary

## Consolidated Cashflow Statement

for the year ended 31 March 2010

	2010		2009	
	£'000	£'000	£'000	£'000
<b>Operating activities</b>				
Cash received from customers	99,380		98,904	
Cash (paid)/received from revenue grants	(1,205)		485	
Cash paid to and on behalf of employees	(18,148)		(21,383)	
Cash paid for operating costs	(36,532)		(54,802)	
	-----		-----	
<b>Net cash inflow from operating activities</b>		43,495		23,204
<b>Returns on investments and servicing of finance</b>				
Interest received	2,585		4,961	
Interest paid	(19,576)		(25,006)	
Minority interest	53		-	
	-----		-----	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(16,938)		(20,045)
<b>Taxation</b>				
Corporation Tax (paid)/received	(338)		207	
	-----		-----	
		(338)		207
<b>Capital expenditure and financial investment</b>				
Acquisition and construction of housing properties	(76,549)		(75,497)	
Social Housing Grant received	25,623		11,719	
Sales of properties	8,906		41,051	
Purchase of other tangible fixed assets	(1,833)		(2,316)	
Disposal of other tangible fixed assets	52		12	
Decrease/(increase) of other fixed asset investments	29		(2)	
	-----		-----	
<b>Net cash outflow from capital expenditure and financial investment</b>		(43,772)		(25,033)
<b>Acquisitions and disposals</b>				
Disposal of discontinued operations	-		16,710	
	-----		-----	
<b>Net cash inflow from acquisitions and disposals</b>		-		16,710
<b>Management of liquid resources</b>				
Movement in cash held on deposit accounts	1,466		(13,794)	
Movement in cash held on Constructive Trust	24		(160)	
	-----		-----	
		1,490		(13,954)
		-----		-----
<b>Net cash outflow before financing</b>		(16,063)		(18,911)
<b>Financing</b>				
Loans received	25,855		58,096	
Loan principal repayments	(12,688)		(1,966)	
Loan principal payments on redemption	(2,295)		(35,564)	
	-----		-----	
<b>Net cash inflow from financing</b>		10,872		20,566
		-----		-----
<b>(Decrease)/Increase in cash</b>		(5,191)		1,655
		=====		=====

**Consolidated Cashflow Statement (cont...)**

for the year ended 31 March 2010

**Reconciliation of operating surplus to net cash inflow from operating activities**

	<b>2010</b>	<b>Continuing</b>
	<b>£'000</b>	<b>Operations</b>
		<b>2009</b>
		<b>£'000</b>
Operating surplus	18,442	6,465
Depreciation charges	7,171	7,608
Impairment	1,419	1,188
Investment income	9	6
Amortisation	34	64
Finance pension costs	(713)	(188)
Recycled capital grant	(419)	392
Stock & properties for sale	18,183	-
(Decrease)/increase in debtors	(1,637)	3,488
Increase/(decrease) in creditors	1,468	(2,769)
Negative goodwill amortisation	(810)	-
Increase in provisions	343	750
Surplus on sale of fixed assets	-	12
Decrease in goodwill	5	6,188
	-----	-----
<b>Net cash inflow from operating activities</b>	<b>43,495</b>	<b>23,204</b>
	=====	=====

**Reconciliation of net cash flow to movement in net debt**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease)/increase in cash during the year	(3,401)	1,416
(Decrease)/increase in cash held on Constructive Trust	(24)	160
(Decrease)/increase in overdrafts and other loans	(1,790)	239
Cash raised from new loans	(25,395)	(57,993)
Cash used to repay loans	16,295	39,171
Interest deferred during the year	(460)	(103)
Income deferred during the year	(834)	(774)
Cash (paid in to)/withdrawn from deposit accounts	(1,466)	13,794
	-----	-----
Change in net debt	(17,075)	(4,090)
Net debt at 1 April	(359,636)	(355,546)
	-----	-----
Net debt at 31 March	(376,711)	(359,636)
	=====	=====

**Analysis of changes in net debt**

	<b>2010</b>	<b>Cash</b>	<b>Non cash</b>	<b>2009</b>
	<b>£'000</b>	<b>flows</b>	<b>movements</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	
Cash at bank and in hand	16,549	(3,401)	-	19,950
Cash held on Constructive Trust	233	(24)	-	257
Overdrafts	(1,790)	(1,790)	-	-
Debt due within 1 year	(10,226)	1,957	(8,876)	(3,307)
Debt due after 1 year	(410,881)	(12,351)	8,876	(407,406)
Current asset investments	29,404	(1,466)	-	30,870
	-----	-----	-----	-----
	(376,711)	(17,075)	-	(359,636)
	=====	=====	=====	=====

## **Society Income and Expenditure Account for the year ended 31 March 2010**

During the year the Society undertook no transactions. The Society was therefore dormant for the year ended 31 March 2010. The Society has not traded since its incorporation on 1 April 2008.

Audit fees are borne by and board members are remunerated by Accent Corporate Services Limited.

## **Society Balance Sheet As at 31 March 2010**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Current assets</b>			
Debtors – intercompany		- =====	- =====
<b>Capital and reserves</b>			
Share capital	26	- =====	- =====

The accompanying accounting policies and notes form part of these financial statements.

The financial statements were approved by the board on 29 September 2010 and signed on its behalf by:-

Allan Smith  
Chairman

Stephen Clarke  
Member

Matthew Sugden  
Secretary

### Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965, registered number 30444R, and registered with the Tenant Services Authority (TSA), registered number L4511.

#### 1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Financial Reporting Standards, the 2008 Statement of Recommended Practice (SORP): Accounting for Registered Social Landlords and Accounting Requirements by Registered Social Landlords General Determination 2006. A summary of the principal accounting policies is set out below.

##### **Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting, as modified by the valuation of certain land and buildings.

##### **Basis of consolidation**

Consolidated financial statements have been prepared in accordance with the requirements of Financial Reporting Standard No 2. The group accounts consolidate the accounts of the association and all its subsidiaries at 31 March using acquisition accounting. The subsidiary undertakings and the basis for inclusion within the consolidated financial statements are set out in note 28. Transactions within the Group have been eliminated on consolidation.

##### **Turnover**

Turnover represents rental and service charge income receivable, first tranche shared ownership sales, finance lease income receivable, revenue grant receivable, management charges, subscriptions and the value of goods and services supplied within the year. Turnover on long term contracts is calculated with reference to the total value and stage completion of the contract. Short term contracts are recognised on completion of contract.

Turnover is recognised in the income and expenditure account on the following bases:

- Rent and service charge income is included in turnover for the period that the tenants are in occupation of the property during the accounting period, as opposed to date on which the rent is charged.
- Finance lease income is included for the period that the lessor has use of the building during the accounting period.
- Management charges, subscriptions and charges for services are included in income over the period for which the service is provided during the accounting period.
- Long and short term contract work in progress is recognised on the value of work completed in the accounting period.

Turnover on long term contracts is calculated with reference to the total value and stage of completion of the contract. Turnover on short term contracts is recognised on completion of the contract.

A prudent estimate of profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Full provision is made for losses on all contracts in the year in which they are first foreseen.

The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The amount by which the payments on account exceed turnover is shown under creditors as payments on account.

##### **Taxation**

The charge for taxation is based on the surplus for the year and includes current tax on the taxable surplus and deferred tax.

##### **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 balance sheet date, unless such provision is not permitted by FRS19. Deferred tax liabilities are not discounted.

1. Principal accounting policies (cont...)

**Deferred taxation (cont...)**

In accordance with FRS19 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 balance sheet date.

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

**Value added tax**

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

**Revenue grants**

Revenue grants, including exchequer subsidies, are treated on a receivable basis and are credited to turnover in the income and expenditure account.

**Leases**

Operating lease rentals are charged to the Income and Expenditure account on a straight line basis over the life of the lease.

**Supported housing projects managed by agencies**

Social Housing Grants and other revenue grants are claimed by Accent Corporate Services Ltd, Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited as owners of the property. The grants are included in the income and expenditure account and balance sheet of the Group. 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 income and expenditure account (see note 2).

Where the agency carries the majority of the financial risk, the income and expenditure account 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 income and expenditure account. All income and expenditure of projects in this category is shown by way of note (see note 3).

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 income and expenditure accounts (see note 2).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account 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 income and expenditure account (see note 3).

**Tangible fixed assets and depreciation**

Housing properties and other properties held for letting

Housing properties held for letting and shared ownership properties are stated at existing use value for social housing.

Housing properties in the course of construction are stated at cost less attributable Social Housing Grant and other capital subsidies.

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, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

1. Principal accounting policies (cont...)

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

Where Social Housing Grant relating to housing properties in the course of construction is, in aggregate, greater than the costs incurred at the balance sheet date, the excess grant is included in creditors as Social Housing Grant in advance.

Depreciation is charged over the expected useful economic lives of the assets on the following basis:-

Accent Foundation Limited

Housing property held for letting	80 years straight line
Housing property in course of construction	Nil
Supported housing	80 years straight line

Accent Nene Limited

Housing properties new build	100 years straight line
Housing properties - rehabilitation	50 years straight line
Short leasehold properties	Over the term of the lease

Accent Peerless Limited

Housing properties built post 1946	100 years
Housing properties built pre 1946	50 years
PRC and no fines properties	10 years

Housing Properties with a useful economic life of more than 50 years are subject to an annual impairment review.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

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

Donated land

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

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% pa straight line
Leasehold offices	over the life of the lease
Plant, vehicles, equipment and computers	10%-33% pa on either a straight line or reducing balance basis, whichever is appropriate for the particular type of asset
Leased equipment	over the life of the lease

Investment properties are included in the balance sheet at valuation in accordance with SSAP19. Depreciation is not provided.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is charged on a straight line basis over 10 years.

1. Principal accounting policies (cont...)

**Goodwill**

Negative goodwill is written back to the consolidated income and expenditure account over the estimated remaining life of the non-monetary assets of 80 years.

Positive goodwill is written off to the consolidated Income and Expenditure over a 20 year period. Where there is evidence of impairment, goodwill is written down to its recoverable amount.

**Capital grants**

Social Housing Grant is repayable under certain circumstances, primarily following sale of the property. Initially the grant is available to the Group for re-investment, in either the provision of new properties or the improvement of existing properties. However, if the re-investment is not committed within three years following the year of disposal the grant becomes due for repayment. Until the grant is either re-invested or repaid it is included within current liabilities. The amount repaid will be restricted to net proceeds of sale and subordinated behind any deemed private loans on the properties where appropriate.

**Overheads**

Direct overheads associated with new development or improvements are capitalised.

**Capitalisation of interest**

Interest on the financing of a development is capitalised up to the date of practical completion of the scheme.

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.

**Capitalisation of works to existing properties**

Expenditure on works to existing properties is only capitalised to the extent that it relates to the enhancement of future economic benefits, in particular that it:-

- demonstrates a saving in future maintenance expenditure.
- significantly lengthens economic useful life.

**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.

**Stocks and work in progress**

Long term contract balances included in stock comprise costs incurred on long term contracts, net of amounts transferred to cost of sales after deducting foreseeable losses and related payments on account.

Costs include all direct material and labour costs incurred in bringing a contract to its state of completion at the year end including an appropriate proportion of indirect expenses. Provisions for estimated losses on contracts are made in the period in which such losses are foreseen. Long term contract balances do not include attributable profit.

The excess of payments received over amounts recorded as turnover is classified under creditors due within one year. Amounts recoverable on contracts, being the amount by which recorded turnover is in excess of payments on account is classified under debtors.

Other stocks are stated at the lower of cost and net realisable value.

**Current assets**

Current assets are stated at the lower of cost and net realisable value.

1. Principal accounting policies (cont...)

**Finance lease assets**

Finance lease assets are stated at the gross amount receivable under the lease less related unearned income, and are included in debtors.

**Pension costs**

The group operates a defined benefit pension scheme and participates in two funded multi employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Surrey County Council Pension Fund (SCCPF).

For the SHPS it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

The assets associated with the Group operated pension scheme are held separately from the assets of Accent Group Limited and its subsidiaries.

Pension scheme assets (Group and SCCPF) are measured using market values. Pension 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 pension scheme deficit is recognised in full and presented on the face of balance sheet. The movement in the scheme deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

**Liquid resources**

Liquid resources are readily disposable current asset investments. 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.

**Designated Reserves**

Revaluation reserve

The difference between the valuation of housing properties and the historical cost carrying value (net of capital grants and depreciation) is credited to the revaluation reserve - housing property.

Insurance reserve

The Group self insures in respect of individual claims on property and property owners liability up to £25,000 in value however an insurance reserve has been set aside to cover probable liability claims in respect of incidents which may have occurred since 31 March 2006. The claimant has up to three years in which to lodge a claim against such incidents.

**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 income and expenditure account.

2. Turnover, cost of sales, operating cost and operating surplus  
Particulars of income and expenditure from social housing lettings

<b>Group 2010</b>			
	<b>Turnover £'000</b>	<b>Operating costs £'000</b>	<b>Operating surplus/ (deficit) £'000</b>
<b>Social housing lettings</b>	72,924	(56,899)	16,025
	-----	-----	-----
<b>Other social housing activities</b>			
Regeneration and community development	2,036	(2,422)	(386)
Development for partners	26	(26)	-
Supporting People contract income	547	(1,295)	(748)
First tranche shared ownership sales	5,086	(5,038)	48
Development services	294	(780)	(486)
Other	-	(11)	(11)
	-----	-----	-----
	7,989	(9,572)	(1,583)
	-----	-----	-----
<b>Non social housing activities</b>			
Lettings	128	(181)	(53)
Facilities management - PFI	-	(67)	(67)
Rural regeneration and development	1,685	(2,264)	(579)
Management services - LIFT	9,572	(6,613)	2,959
Management and development services - housing	2,645	(2,153)	492
New business development	-	-	-
Finance leases	686	2	688
Garage lettings	337	(165)	172
Property sales	-	-	-
Other construction	4,477	(4,549)	(72)
Other	49	411	460
	-----	-----	-----
	19,579	(15,579)	4,000
	-----	-----	-----
<b>Total</b>	<b>100,492</b>	<b>(82,050)</b>	<b>18,442</b>
	=====	=====	=====
<b>Group 2009</b>			
	<b>Turnover £'000</b>	<b>Operating costs £'000</b>	<b>Operating surplus/ (deficit) £'000</b>
<b>Social housing lettings</b>	68,112	(51,791)	16,321
	-----	-----	-----
<b>Other social housing activities</b>			
Regeneration and community development	1,896	(2,478)	(582)
Development for partners	-	-	-
Supporting People contract income	606	(1,421)	(815)
First tranche shared ownership sales	2,265	(2,050)	215
Development services	-	-	-
Other:	38	(17)	21
	-----	-----	-----
	4,805	(5,966)	(1,161)
	-----	-----	-----
<b>Non social housing activities</b>			
Lettings	165	(202)	(37)
Facilities management - PFI	7,923	(7,328)	595
Rural regeneration and development	1,715	(12,313)	(10,598)
Management services - LIFT	9,524	(6,449)	3,075
Management and development services - housing	2,155	(3,688)	(1,533)
New business development	-	(272)	(272)
Finance leases	698	(87)	611
Garage lettings	327	(150)	177
Property sales	2,169	(2,531)	(362)
Other construction	1,414	(1,414)	-
Other	86	(437)	(351)
	-----	-----	-----
	26,176	(34,871)	(8,695)
	-----	-----	-----
<b>Total</b>	<b>99,093</b>	<b>(92,628)</b>	<b>6,465</b>
	=====	=====	=====

2. Turnover, cost of sales, operating cost and operating surplus  
Particulars of income and expenditure from social housing lettings

Group	2010				2009	
	General Housing £'000	Supported Housing £'000	Shared Ownership £'000	Key worker Accommodation £'000	Total £'000	Total £'000
<b>Turnover from social housing lettings</b>						
Rent receivable net of identifiable service charges	60,820	3,029	1,713	708	66,270	61,628
Charges for support services	538	134	2	-	674	669
Service charges receivable	4,497	779	560	25	5,861	5,490
	-----	-----	-----	-----	-----	-----
<b>Net rental income</b>	<b>65,855</b>	<b>3,942</b>	<b>2,275</b>	<b>733</b>	<b>72,805</b>	<b>67,787</b>
Housing Corporation grants for major repairs	-	-	-	-	-	50
Other Housing Corporation revenue grants	114	-	5	-	119	275
	-----	-----	-----	-----	-----	-----
<b>Turnover from social housing lettings</b>	<b>65,969</b>	<b>3,942</b>	<b>2,280</b>	<b>733</b>	<b>72,924</b>	<b>68,112</b>
	-----	-----	-----	-----	-----	-----
<b>Expenditure on social housing lettings</b>						
Management	(15,687)	(789)	(574)	(13)	(17,063)	(12,068)
Services	(5,609)	(874)	(286)	(19)	(6,788)	(6,490)
Support costs	(671)	(1)	(5)	-	(677)	(696)
Routine maintenance	(10,227)	(420)	(363)	(55)	(11,065)	(13,811)
Planned maintenance	(9,582)	(1,045)	(24)	(7)	(10,658)	(7,831)
Major repairs expenditure	(2,542)	-	-	-	(2,542)	(2,613)
Bad debts	(327)	(5)	21	(4)	(315)	(415)
Negative goodwill amortisation	810	-	-	-	810	819
Depreciation of housing properties	(4,690)	(129)	(331)	(66)	(5,216)	(5,026)
Impairment	(1,367)	-	-	-	(1,367)	(1,167)
Other costs	(1,814)	(75)	(71)	(58)	(2,018)	(2,493)
	-----	-----	-----	-----	-----	-----
<b>Operating costs on social housing lettings</b>	<b>(51,706)</b>	<b>(3,338)</b>	<b>(1,633)</b>	<b>(222)</b>	<b>(56,899)</b>	<b>(51,791)</b>
	-----	-----	-----	-----	-----	-----
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>14,263</b>	<b>604</b>	<b>647</b>	<b>511</b>	<b>16,025</b>	<b>16,321</b>
	=====	=====	=====	=====	=====	=====
<b>Voids - rent lost through dwellings being vacant</b>	<b>746</b>	<b>101</b>	<b>73</b>	<b>6</b>	<b>926</b>	<b>771</b>
	=====	=====	=====	=====	=====	=====

2. Turnover, cost of sales, operating cost and operating surplus  
Particulars of turnover from non social housing activities

<b>Group</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Lettings</b>		
Medical staff accommodation	95	90
Commercial lettings	33	75
	-----	-----
	128	165
	=====	=====

3. Supported housing - Group

Where the managing agent carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility. The Group owns 152 supported housing units (2009:152) that are managed on its behalf, under a management agreement, by managing agents who contract with The Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

We invoice, on a monthly basis, each Managing Agent for our costs (which covers management and mortgage) and the cost we incur on behalf of the managing agents (maintenance, major repairs, servicing and insurance).

	<b>Number of Units</b>		<b>Accent Management &amp; Mortgage Charge</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>	<b>£'000</b>	<b>£'000</b>
People with mental health problems	43	43	44	39
People with learning difficulties	26	26	27	26
Ex-offenders and those at risk of offending	19	19	20	20
Women at risk of domestic violence	37	37	28	26
Homeless families with support needs	27	27	14	10
	-----	-----	-----	-----
	152	152	133	121
	=====	=====	=====	=====

4. Board Members and Directors Emoluments - Group

Aggregate emoluments paid during the year

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Executive directors	986	1,332
Non executive directors	177	164
	=====	=====
Emoluments of the highest paid director during the year excluding pension contributions	158	131
	=====	=====
Aggregate amount of compensation payable to directors during the year in respect of loss of office	49	400
	=====	=====

The Accent Group Pension Scheme is a final salary scheme funded in accordance with advice from the scheme actuary. There were no other benefits, special pension arrangements or other remuneration for the Chief Executive or for any board member or other director.

The 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 apply. The organisation does not make any further contributions to an individual pension arrangement for the Chief Executive.

4. Board Members and Directors Emoluments – Group (cont...)

On 31 October 2008 following the resignation from Accent Group Limited of the previous Chief Executive, the highest paid director was promoted from Director of Operations to the role of Chief Executive on a annual salary of £140,000. This salary was not increased in 2010 and no bonus has been paid in 2010 (2009: £Nil).

5. Employee information - Group

The average monthly number of persons (including the executive directors) employed during the year was:

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Administration	167	171
Development	47	48
Housing Support Care	462	586
	-----	-----
	676	805
	-----	-----
Full time equivalent		
Administration	155	161
Development	44	47
Housing Support Care	425	522
	-----	-----
	624	730
	=====	=====
	<b>£'000</b>	<b>£'000</b>
Staff costs (for the above persons)		
Wages and salaries	15,425	17,272
Social security costs	1,445	1,725
Other pension costs*	1,480	1,655
Redundancy costs	-	647
	-----	-----
	18,350	21,299
	=====	=====

\* Further information on each pension scheme is given in note 24.

6. Surplus on disposal of discontinued operation - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Surplus on sale of facilities management PFI	-	16,710
	=====	=====

7. Surplus on disposal of property - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Proceeds of disposal	8,993	2,720
Cost of sales	(6,267)	(1,840)
	-----	-----
Total surplus	2,726	880
	=====	=====

8. Interest receivable - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income	2,585	4,961
	=====	=====

9. Interest payable and similar charges - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans and overdrafts:		
Interest payable	20,696	28,649
Indexation	(21)	(152)
Issue costs on capital instruments	56	56
	-----	-----
	20,731	28,553
Less: Capitalised interest	(2,168)	(3,159)
	-----	-----
	<u>18,563</u>	<u>25,394</u>
	=====	=====
Capitalisation rate used to determine the finance costs capitalised during the period	3.2%	6.3%

10. Minority interest - Group

Equity minority interest represents the share of the surpluses less deficits on ordinary activities attributable to the interest of equity shareholders in subsidiaries which are not wholly owned by the Group (see note 28).

11. Surplus on ordinary activities before taxation - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Surplus/(deficit) on ordinary activities before   taxation is stated after (charging)/crediting:</b>		
Depreciation:		
Tangible owned fixed assets	(7,171)	(7,608)
Amortisation of intangible assets	(39)	(41)
Amortisation of negative goodwill	810	810
Auditors' remuneration:		
In their capacity as auditors	(126)	(145)
In respect of other services	(43)	(35)
Impairment of properties held in fixed assets	(2,119)	(1,188)
Write down of properties held in current assets	(127)	(517)
Impairment of goodwill	-	(6,993)
Bad debts:		
Current tenants	72	59
Former tenants	(314)	(436)
Other debtors	(269)	(498)
Operating lease charges	(30)	(126)
Transform – costs of business restructure	-	(400)
	-----	-----

12. Taxation on surplus on ordinary activities - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Analysis of charge in year		
Current tax		
UK corporation tax on surplus for the year on ordinary activities		
Group	36	136
Joint ventures	3	1
	-----	-----
	39	137
Adjustments in respect of prior periods		
Group	(172)	(21)
	-----	-----
Total current tax	(133)	116
	-----	-----
Deferred tax		
Group	215	(169)
	-----	-----
Total deferred tax	215	(169)
	-----	-----
<b>Tax charge/(credit) on surplus on ordinary activities</b>	<b>82</b>	<b>(53)</b>
	=====	=====

**Factors affecting tax charge for period**

The tax assessed is lower than the standard rate of corporation tax in the UK 28% (2009: 28%). The differences are explained below:-

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Surplus on ordinary activities before tax	4,486	3,440
Adjustments in respect of charitable activities	(3,825)	(191)
	-----	-----
Surplus on ordinary activities subject to tax	661	3,249
	=====	=====
Surplus on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 28% (2009:28%)	181	910
Effects of:		
Tax losses not utilised	953	1,260
Expenses not deductible for tax purposes	224	2,146
Assignment of lease	-	182
Income not chargeable for tax purposes	(154)	(3,947)
Capital allowances greater than depreciation	(415)	(479)
Interest allowed greater than interest charged	(361)	(70)
Taxation on lease premium	86	199
Capitalised arrangement fee	(476)	(35)
Short term timing difference	-	(29)
	-----	-----
<b>Current tax charge for year</b>	<b>38</b>	<b>137</b>
	=====	=====

**Factors that may affect future tax charges**

No deferred tax liability arises on revaluing property to its market value. The tax cost of these buildings is in excess of the revalued amount and therefore no capital gain would arise on disposal.

13. Intangible fixed assets

**Other intangible assets - Group**

Expenditure in connection with development and acquisition of the Intellectual Property Rights in the Accent Home has been capitalised in accordance with FRS10.

	<b>Intellectual property rights £'000</b>
Cost at 1 April 2009 and 31 March 2010	334 =====
Amortised	
At 1 April 2009	(97)
Amortised in year	(34) -----
<b>At 31 March 2010</b>	<b>(131)</b> =====
<b>Net book value at 31 March 2010</b>	<b>203</b> =====
Net book value at 31 March 2009	237 =====

**Goodwill - Group**

	<b>Positive Goodwill £'000</b>	<b>Negative Goodwill £'000</b>
Cost		
As at 1 April 2009	8,312 -----	(64,383) -----
At 31 March 2010	8,312 =====	(64,383) =====
Amortisation		
As at 1 April 2009	(8,216)	2,810
Amortisation	(5) -----	810 -----
At 31 March 2010	(8,221) =====	3,620 =====
Net book value		
As at 31 March 2010	91 =====	(60,763) =====
As at 31 March 2009	96 =====	(61,573) =====

14. Tangible Fixed Assets

Group	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Other tangible fixed assets						
				Supported housing £'000	Total housing properties £'000	Lift projects £'000	Investment properties £'000	Freehold offices £'000	Plant vehicles and equipment £'000	Total £'000
<b>Cost or valuation</b>										
At 1 April 2009	462,988	74,299	43,219	15,056	595,562	61,143	1,918	11,857	15,389	685,869
Transfer between category	6	-	44	-	50	-	-	(50)	-	-
Schemes completed	69,790	(78,419)	8,518	111	-	-	-	-	-	-
Additions	2,991	57,377	293	-	60,661	17,527	-	-	1,833	80,021
Disposals	(1,104)	(631)	(2,273)	(49)	(4,057)	-	-	-	(61)	(4,118)
Revaluation movement	(19,634)	-	(5,582)	-	(25,216)	-	-	-	-	(25,216)
<b>At 31 March 2010</b>	<b>515,037</b>	<b>52,626</b>	<b>44,219</b>	<b>15,118</b>	<b>627,000</b>	<b>78,670</b>	<b>1,918</b>	<b>11,807</b>	<b>17,161</b>	<b>736,556</b>
<b>Depreciation</b>										
At 1 April 2009	(911)	(663)	(1,803)	(1,295)	(4,672)	(1,232)	-	(936)	(9,990)	(16,830)
Transfer between category	(16)	-	-	-	(16)	-	-	16	-	-
Impairment	(16)	(1,351)	-	-	(1,367)	-	-	-	(52)	(1,419)
Charge for year	(4,826)	-	(314)	(30)	(5,170)	(578)	-	(165)	(1,258)	(7,171)
On disposals	179	-	116	24	319	-	-	-	35	354
Revaluation movement	2,108	-	164	-	2,272	-	-	-	-	2,272
<b>At 31 March 2010</b>	<b>(3,482)</b>	<b>(2,014)</b>	<b>(1,837)</b>	<b>(1,301)</b>	<b>(8,634)</b>	<b>(1,810)</b>	<b>-</b>	<b>(1,085)</b>	<b>(11,265)</b>	<b>(22,794)</b>
<b>Cost or valuation less depreciation</b>										
<b>At 31 March 2010</b>	<b>511,555</b>	<b>50,612</b>	<b>42,382</b>	<b>13,817</b>	<b>618,366</b>	<b>76,860</b>	<b>1,918</b>	<b>10,722</b>	<b>5,896</b>	<b>713,762</b>
At 31 March 2009	462,077	73,636	41,416	13,761	590,890	59,911	1,918	10,921	5,399	669,039
<b>Social Housing Grant and other capital subsidies</b>										
At 1 April 2009	(244)	(7,558)	(111)	(9,747)	(17,660)	-	-	-	-	(17,660)
Receivable in year	-	(27,669)	-	-	(27,669)	-	-	-	-	(27,669)
Schemes completed	(19,533)	22,011	(2,478)	-	-	-	-	-	-	-
Disposals	460	-	186	-	646	-	-	-	-	646
Revaluation movement	14,404	-	1,998	-	16,402	-	-	-	-	16,402
<b>At 31 March 2009</b>	<b>(4,913)</b>	<b>(13,216)</b>	<b>(405)</b>	<b>(9,747)</b>	<b>(28,281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,281)</b>
<b>Net book value at 31 March 2010</b>	<b>506,642</b>	<b>37,396</b>	<b>41,977</b>	<b>4,070</b>	<b>590,085</b>	<b>76,860</b>	<b>1,918</b>	<b>10,722</b>	<b>5,896</b>	<b>685,481</b>
Net book value at 31 March 2009	461,833	66,078	41,305	4,014	573,230	59,911	1,918	10,921	5,399	651,379

Included in the above are finance costs capitalised in the year of £206k (2009: £321k).

14. Tangible Fixed Assets - Total housing properties – Group (cont...)

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 SHG and depreciation is as follows:-

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Historical cost	725,940	701,936
Social housing grant	(375,941)	(353,317)
Depreciation and impairment	(29,166)	(28,604)
	-----	-----
	320,833	320,015
	=====	=====

Expenditure on works to existing properties

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Amounts capitalised	3,669	984
Amounts charged to income and expenditure account	3,841	3,668
	-----	-----
Total	7,510	4,652
	=====	=====

Housing properties book value, net of depreciation and grants, and offices net book value comprises:-

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Freehold land and buildings	585,323	527,801
Long leasehold land and buildings	3,027	3,035
Short leasehold land and buildings	34	40
	-----	-----
	588,384	530,876
	=====	=====

Properties are professionally valued by Savill's and are 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 Landlords contained in the SORP. The SORP recommends that Housing Associations 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. The assumed real discount rate was between 5.00% and 6.00% for housing property. Rental income was assumed to grow at a rate in line with the rent restructuring regime. This limits rent increases to RPI + ½% + £2 per week. Changes in RPI have been assumed as follows:- 2010/11 onwards 2.5%. For shared ownership property the assumed discount rate is between 4.75% and 6% real for rental income and 6.5% real for staircasing and default income.

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.

Dates of revaluation:-

Accent Foundation Limited - 31 March 2009.

Accent Nene Limited - 31 March 2010.

Accent Peerless Limited – 31 March 2009.

**Impairment**

An impairment provision of £2,067k was made in March 2010 to reduce the carrying value of certain properties within the Group to their value in use, being the estimated recoverable amount.

15.	<u>Investments - Group</u>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Fixed asset investment	-	38
		=====	=====
	The investment of £38,000 has been transferred to cash and bank.		
	Current asset investment	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Housing loans security deposit	5	5
	London Borough of Bromley security deposit	768	700
	Other deposits	28,631	30,165
		-----	-----
		29,404	30,870
		=====	=====
	The investment of £768,000 is security against a loan from the Local Authority as shown in note 19. The investment's interest rate is equal to that charged on the loan.		
16.	<u>Property for sale - Group</u>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Shared ownership properties	2,496	942
	Properties under construction	1,464	13,897
	Properties held for sale	1,704	12,467
		-----	-----
		5,664	27,306
		=====	=====
17.	<u>Stocks - Group</u>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Long term contract balances		
	net cost less foreseeable losses	1,027	-
	Consumable stocks	-	36
		-----	-----
		1,027	36
		=====	=====
18.	<u>Debtors- Group</u>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	<u>Amounts falling due within one year:</u>		
	Rent and service charges receivable	4,449	3,923
	Provision for doubtful debts	(1,684)	(1,729)
		-----	-----
		2,765	2,194
	Net investment in finance leases	679	683
	VAT	151	301
	Prepayments and accrued income	3,790	1,832
	Amounts recoverable on long term contracts	-	385
	Other debtors	5,269	4,674
		-----	-----
		12,654	10,069
		-----	-----

18. Debtors - Group (cont...)

<u>Amounts falling due after one year:</u>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Deferred taxation	213	428
Net investment in finance leases	4,427	4,901
Other long term debtors	564	666
	-----	-----
	5,204	5,995
	=====	=====
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Debtor analysis		
In one year or less	12,654	10,069
Between one and two years	950	1,002
Between two and five years	2,208	2,131
After more than five years	2,046	2,862
	-----	-----
	17,858	16,064
	=====	=====

The net investment in finance leases represents accommodation for university students that has been constructed on behalf of certain education authorities. The land and buildings are leased to the appropriate third party on a long leasehold basis, payments for which are to be received evenly over a period of approximately 25 years. On termination of the leases, title to the land and buildings passes to the lessees for nil consideration. These schemes are financed by specific allocated loans.

The underlying cost of the net investment in finance leases is £5,106,196 (2009:£5,584,293).

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans (note 20)	10,226	2,667
Social Housing Grant received in advance	8,074	8,999
Social Housing Grant held on behalf of partners	885	2,221
Recycled Capital Grant fund	1,481	2,159
Disposal proceeds fund	610	604
Bank overdraft	1,790	-
Trade creditors	4,079	3,077
Corporation Tax	39	135
VAT	78	349
Other taxation and social security payable	547	363
Accruals	13,173	16,485
Deferred income	1,669	995
Other creditors	7,617	5,103
Deferred Grant	33	322
Loan notes – acquisition of G&P Holdings	-	640
	-----	-----
	50,301	44,119
	=====	=====

Bank loans includes an unutilised balance on a loan from the London Borough of Bromley amounting to £679,752 (2009: £590,649). This element of the loan is matched by specific investment balances, which serve as security for the loan shown in note 15 and bear an interest rate equal to that earned on the investments.

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	405,428	402,787
Other creditors	4,108	1,936
Deferred income	5,453	4,619
Disposal proceeds fund	231	231
Social housing grant recycled	687	434
	-----	-----
	415,907	410,007
Capital instrument issue costs	(2,336)	(3,090)
	-----	-----
	413,571	406,917
	=====	=====

Bank loans analysis

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due after more than one year</b>		
Housing loans	330,110	338,217
Loans financing lease debtors	4,969	4,966
LIFT loans	70,349	59,604
	-----	-----
	405,428	402,787
	=====	=====

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Total loans repayable as follows:		
Within one year	10,226	2,667
Between one and two years	1,819	3,133
Between two and five years	24,802	33,679
After five years	378,807	365,975
	-----	-----
	415,654	405,454
	=====	=====

At 31 March 2010 the Group had a facility with Nationwide Building Society of £210m of which £75.3m was unutilised.

At 31 March 2010 the Group had a facility with Royal Bank of Scotland of £81.75m, which was fully utilised.

Both facilities are over a 30 year period and have repayment holiday of 5 and 10 years respectively. Repayments will commence in 2014. The borrowings are secured by fixed charges on individual properties and are made by the Accent Corporate Services Limited which will in turn on-lend to authorised Group subsidiary borrowers.

Both loans are a mixture of fixed and variable rates. Fixed plus a margin and variable being Libor plus a margin ranging from 0.38% to 0.45%.

At 31 March 2010 Accent Peerless had a facility with Lloyds of £125m of which £36.5m was unutilised.

The borrowings are secured by fixed charges on individual properties and other assets and are repayable at varying rates of interest between 1.54% and 7.17% in five years or more.

21. Recycled capital grant fund - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	2,593	2,033
Grants recycled	493	692
Interest accrued	19	80
Major repairs and works to existing stock	-	(90)
Purchase/development of properties	(937)	(122)
	-----	-----
Balance at 31 March	2,168	2,593
	=====	=====

No grant is due for repayment.

22. Disposal proceeds fund - Group

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	835	1,003
Net sale proceeds recycled	-	51
Interest accrued	6	26
Purchase & redevelopment of properties	-	(245)
	-----	-----
Balance at 31 March	841	835
	=====	=====

No grant is due for repayment.

23. Provisions for liabilities - Group

	<b>Self</b>	<b>Cyclical</b>	<b>Replacement</b>	<b>Major</b>	<b>Other</b>	<b>Total</b>
	<b>insurance</b>	<b>maintenance</b>	<b>of on-site</b>	<b>repairs</b>	<b>£'000</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>equipment</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2009	289	396	662	1,735	819	3,901
Transferred from income and expenditure account	90	68	57	167	285	667
Utilised in the year	-	(11)	(30)	(6)	(277)	(324)
	-----	-----	-----	-----	-----	-----
At 31 March 2010	379	453	689	1,896	827	4,244
	=====	=====	=====	=====	=====	=====

The replacement of on-site equipment reflects the Group's liability to meet the cost of the replacement of major items of equipment, the original purchase of which was incurred in the development of various schemes.

Other provisions includes an amount of £160k for the closure of RS (Skipton) Limited.

<b>Deferred Tax</b>	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	1,980	1,547
Short term timing differences	1,325	68
Tax losses	(3,518)	(2,043)
	-----	-----
<b>Undiscounted deferred tax asset</b>	<b>(213)</b>	<b>(428)</b>
	=====	=====
Provision at start of year	(428)	(259)
Charge/(credit) in income and expenditure account	215	(169)
	-----	-----
Provision at end of year	(213)	(428)
	=====	=====

The deferred tax asset is included as other debtors (note 18).

24. Pension obligations

**Accent Group Pension Scheme**

A funded defined benefit scheme was established on 1 July 1992 to provide death and retirement benefits for employees of Accent Group Limited and certain subsidiary undertakings and their specified dependants, this is known as the Accent Group Pension Scheme. The most recent actuarial valuation of the scheme as at 6 April 2008 has been updated by Bluefin Corporate Consulting Limited to 31 March 2010 to take account of the requirements of FRS17. This indicated that there was a deficit before deferred tax liability of £11,114,000 (2009:£9,062,000) when comparing the actuarial value of the scheme with the value of its liabilities. The valuation was conducted using a Projected Unit method.

The Group has paid to the scheme contributions of £1,163,954 (2009: £1,232,000) being 16% (2009: 16%) of pensionable salaries during the accounting period. Employees' contributions were 9% of pensionable salaries. Employers' contributions payable for the year are charged to management expenses.

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees.

The liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid out by the Scheme using the projected unit method, which is an accrued benefits valuation method in which the liabilities make allowance for projected salaries.

The liabilities set out in this note have been calculated by an independent actuary based on preliminary actuarial valuation results at 5 April 2008, updated to 31 March 2010. The assumptions adopted for FRS17 purposes and the results of the calculations are shown below.

The most recently completed actuarial valuation of the Scheme was performed by the Scheme Actuary for the trustees of the Scheme as at 5 April 2008. Following this valuation, the employer agreed to continue to pay contributions at the rate of 16% of pensionable salaries and agreed to pay additional lump sum contributions of £170,000 per annum in each of March 2010, 2011, 2012, 2013, 2014, 2015 and 2016.

**Key financial assumptions**

	<b>31 March 2010 % pa</b>	<b>31 March 2009 % pa</b>
Discount rate	5.6	6.3
Inflation	3.8	3.1
Salary increases	4.3	3.6
Expected return of assets	7.4	7.1

The expected return on assets is a weighted average of the individual asset categories and their expected rates of return, which are determined by consideration of historical experience and current market factors. The rates of return assumed are set out below:-

	<b>31 March 2010 % pa</b>	<b>31 March 2009 % pa</b>
Equities	8.0	7.5
Corporate Bonds	5.6	6.5
Gilts	4.4	3.7
Other	2.0	2.0

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 in line with future price inflation. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.5% pa.

24. Pension obligations (cont...)

The mortality assumption adopted for the purposes of the calculations as at 31 March 2010 (and at 31 March 2009) is as follows:-

- Base table: "92 series"
- Future mortality improvements: Medium cohort projections from 1992 onwards.

<b>Average life expectancies</b>	<b>31 March 2010 Years</b>	<b>31 March 2009 years</b>
Male age 65 at reporting date	22.1	22.1
Male age 65 at reporting date +20 years	23.2	23.1
Female age 65 at reporting date	25.0	25.0
Female age 65 at reporting date + 20 years	25.9	25.9

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. No allowance is included for members commuting their benefits at retirement.

<b>Amounts recognised in the profit and loss account</b>	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Current service cost	676	1,169
Interest cost	1,697	1,588
Expected return of Scheme assets	(1,079)	(1,476)
	-----	-----
Total recognised in profit and loss account before deduction of tax	1,294	1,281
	=====	=====

<b>Reconciliation of defined benefit obligation</b>	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Defined benefit obligation at beginning of year	26,624	25,121
Current service cost	676	1,169
Interest cost	1,697	1,588
Contributions by Scheme members	653	683
Actuarial gains	8,739	(1,060)
Benefits paid	(703)	(877)
	-----	-----
Defined benefit obligation at end of year	37,686	26,624
	=====	=====

<b>Reconciliation of fair value of Scheme assets</b>	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Fair value of Scheme assets at beginning of year	17,562	21,567
Expected return on assets	1,079	1,476
Actuarial losses	6,647	(6,519)
Contributions by the employer	1,334	1,232
Contributions by Scheme members	653	683
Benefits paid	(703)	(877)
	-----	-----
Fair value of Scheme assets at end of year	26,572	17,562
	=====	=====

24. Pension obligations (cont...)

<b>Reconciliation to balance sheet</b>	<b>As at 31 March 2010 £'000</b>	<b>As at 31 March 2009 £'000</b>			
Fair value of Scheme assets	26,572	17,562			
Actuarial value of Scheme liabilities	(37,686)	(26,624)			
	-----	-----			
Deficit in the Scheme	(11,114)	(9,062)			
Deferred tax	3,112	2,719			
	-----	-----			
Net pension liability	(8,002)	(6,343)			
	=====	=====			
 <b>Analysis of assets</b>	 <b>As at 31 March 2010 £'000</b>	 <b>As at 31 March 2009 £'000</b>			
Equities	21,342	13,462			
Gilts	1,322	1,166			
Corporate Bonds	3,671	2,849			
Other	237	85			
	-----	-----			
	26,572	17,562			
	=====	=====			
 <b>Analysis of return on assets</b>	 <b>Year ended 31 March 2010 £'000</b>	 <b>Year ended 31 March 2009 £'000</b>			
Expected return on assets	1,079	1,476			
Actuarial gains/(losses)	6,647	(6,519)			
	-----	-----			
Actual return on assets	7,726	(5,043)			
	=====	=====			
 <b>History of experience gains and losses</b>	 <b>Year ended 31 March 2010 £'000</b>	 <b>Year ended 31 March 2009 £'000</b>			
(Gain)/loss on Scheme assets	(6,647)	6,519			
Experience loss on Scheme liabilities	-	1,129			
Loss/(gain) on change in assumptions (financial and demographic)	8,739	(2,189)			
	-----	-----			
Total actuarial loss recognised in STRGL	2,092	5,459			
	=====	=====			
	<b>2010 £'000</b>	<b>2009 £'000</b>	<b>2008 £'000</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Present value of defined benefit obligation	37,686	26,624	25,121	25,455	23,112
Fair value of scheme assets	26,572	17,562	21,567	20,855	18,178
Deficit on scheme	(11,114)	(9,062)	(3,554)	(4,600)	(4,934)
Experience Gains/(Losses) on Assets	6,647	(6,519)	(1,913)	102	2,742
Experience Gains/(Losses) on Liabilities	-	(1,129)	-	(76)	(43)

24. Pension obligations (cont...)

**Surrey Pension Fund – Accent Peerless Limited**

The majority of Accent Peerless employees are members of the Surrey Pension Fund; alternatively Accent Peerless Limited makes contributions to a money purchase group personal pension plan. The Surrey Pension Fund is an independently administered pension scheme. It is a defined benefits scheme based on final pensionable salary. As at 31 March 2010 there were 25 employees participating in the scheme. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary, using the projected accrued benefit method, and is not materially different from that arising from the current employer's contribution rate.

The pension contributions payable by Accent Peerless Limited for the year ended 31 March 2010 were £219,000 (2009: £259,000) at a contribution rate of 25.2% of pensionable salary; as recommended by the actuary until the next funding valuation at 31 March 2013.

The most recent formal valuation was carried out as at 31 March 2010, and has been updated by independent actuaries to the Surrey Pension Fund to take account of the requirements of FRS17 in order to assess the assets and liabilities of the Fund as at 31 March 2010. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. Accent Peerless Limited contributes to the Surrey Pension Fund at a common rate applicable to a group of employers, which is set having regard to the assets and liabilities of the group as a whole.

The main assumptions used for the purposes of FRS 17 are as follows:

**Statistical assumptions**

Life expectancy for non-pensioners is based on the PMA/PFA92 table, projected to calendar year 2017 for current pensioners and 2033 for non-pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>2010</b>	<b>2009</b>
	<b>No. of years</b>	<b>No. of years</b>
Current Pensioners		
Males	22.7	21.5
Females	26.1	24.4
Future Pensioners		
Males	24.8	22.6
Females	28.3	25.5

**Financial assumptions**

	<b>2010</b>	<b>2009</b>
	<b>% pa</b>	<b>% pa</b>
Discount rate	5.5	6.9
Rate of increase in salaries	5.3	4.6
Rate of increase in pensions in payment	3.8	3.1
Rate of increase in deferred pensions	3.8	3.1
Rate of inflation	3.8	3.1
<b>Expected return on assets</b>	<b>7.2</b>	<b>6.5</b>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. Details of the expected returns are set out below.

	<b>2010</b>	<b>2009</b>
	<b>% pa</b>	<b>% pa</b>
Equities	7.8	7.0
Bonds	5.0	5.4
Property	5.8	4.9
Cash	4.8	4.0

24. Pension obligations (cont...)

**Amounts recognised in the balance sheet:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	7,261	5,078
Present value of funded obligations	(12,397)	(7,632)
Present value of unfunded liabilities	(156)	(119)
	-----	-----
Accent Peerless Limited's net liability	(5,292)	(2,673)
	=====	=====

**Analysis of the amount charged to the income and expenditure account:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	92	132
Expected return on pension fund assets	(331)	(470)
Interest on pension fund liabilities	532	546
Past service cost	-	96
Loss on curtailments and settlements	21	25
	-----	-----
Total operating charge	314	329
	=====	=====

**Reconciliation of defined benefit obligation:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	(7,751)	(7,876)
Current service cost	(92)	(132)
Interest cost	(532)	(546)
Contributions by members	(49)	(59)
Actuarial (losses)/gains	(4,347)	735
Past service costs	-	(96)
Losses on curtailments	(21)	(25)
Estimated unfunded benefits paid	7	7
Estimated benefits paid	232	241
	-----	-----
Closing defined benefit obligation	(12,553)	(7,751)
	=====	=====

**Reconciliation of fair value of employer assets**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Opening Fair Value of Employer Assets	5,078	6,584
Expected Return on Assets	331	470
Contributions by Members	49	59
Contributions by the Employer	212	252
Contributions in respect of Unfunded Benefits	7	7
Actuarial gain/(losses)	1,823	(2,046)
Unfunded Benefits Paid	(7)	(7)
Benefits Paid	(232)	(241)
	-----	-----
Closing Fair Value of Employer Assets	7,261	5,078
	=====	=====

**Major categories of plan assets as a percentage of total plan assets:**

	<b>2010</b>	<b>2009</b>
	<b>%</b>	<b>%</b>
Equities	75	73
Bonds	17	18
Property	6	6
Cash	2	3

24. Pension obligations (cont...)

**Actual return on plan assets:**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Actual return on plan assets	2,155	(1,557)
	=====	=====

**Amounts for the current and previous four periods are as follows:**

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of defined benefit obligation	(12,553)	(7,751)	(7,876)	(8,729)	(8,570)
Fair value of scheme assets	7,261	5,078	6,584	6,616	5,940
Deficit on scheme	(5,292)	(2,673)	(1,292)	(2,113)	(2,630)
Experience gains/(losses) on assets	1,823	(2,046)	(447)	-	800
Experience gains/(losses) on liabilities	1	(1)	(138)	6	(10)

**Social Housing Pension Scheme – Accent Nene Limited**

Accent Nene Limited participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate until 31 March 2007. From April 2007 there are three benefit structures available, namely:-

- Final salary with a 1/60<sup>th</sup> accrual rate.
- Final salary with a 1/70<sup>th</sup> accrual rate.
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Accent Nene Limited operates the Final Salary with 1/60<sup>th</sup> accrual rate benefit structure for active members as at 31 March 2010. From 1 April 2010 a Career Average Revalued Earnings (CARE) benefit structure will be operated for new entrants.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Accent Nene Limited paid contributions at the rate of 5.8% to 7.8%. Member contributions were 14.7%.

As at the balance sheet date there were 46 active members of the Scheme employed by Accent Nene Limited. The annual pensionable payroll in respect of these members was £1,367,166. Accent Nene Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS represents the employer contribution payable.

24. Pension obligations (cont...)

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:-

	% pa
Valuation discount rates	
Pre retirement	7.8
Non pensioner post retirement	6.2
Pensioner post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:-

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa.

The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:-

<b>Benefit structure</b>	<b>Long-term joint contribution rate (% of pensionable salaries)</b>
Final salary with a 1/60 <sup>th</sup> accrual rate	17.8
Final salary with a 1/70 <sup>th</sup> accrual rate	15.4
Career average revalued earnings with a 1/60 <sup>th</sup> accrual rate	14.9

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

24. Pension obligations (cont...)

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The regulator is currently in the process of reviewing the Recovery Plan for SHPS in respect of the September 2008 actuarial valuation. A response from the regulator is expected in due course.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2009. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,723 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £738 million, equivalent to a past service funding level of 70.0%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

25. Reserves - Group

	Revaluation reserve £'000	Insurance reserve £'000	Negative Goodwill £'000	Accumulated surplus £'000	Total £'000
At 1 April 2009	200,952	237	61,573	19,826	282,588
Surplus for the year	-	-	-	4,457	4,457
Deficit on revaluation of housing properties	(6,542)	-	-	-	(6,542)
Actuarial loss relating to pension scheme	-	-	-	(4,616)	(4,616)
Deferred tax movement on net pension asset	-	-	-	393	393
Amortisation of negative goodwill	-	-	(810)	-	(810)
Transfers to income and expenditure account	(3,548)	(113)	-	3,661	-
<b>At 31 March 2010</b>	<u>190,862</u>	<u>124</u>	<u>60,763</u>	<u>23,721</u>	<u>275,470</u>

The negative goodwill arises on the acquisition of Nene Housing Society Limited on 1 January 2005 and Peerless Housing Society Limited on 3 July 2006. It is amortised over the estimated remaining life of the assets which is 80 years.

At 31 March 2010 the accumulated surplus included £8,002,000 defined benefit pensions liability net of related deferred tax (2009:£6,343,000).

26. Non-equity share capital

Each member of the Board holds one share of £1 in the Society.

	<b>Society 2010 £</b>
Allotted, issued and fully paid	
At 1 April	7
Issued	3
Forfeited	(1)
	-----
At 31 March	9
	=====

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up other than the repayment of the nominal value of their share capital.

27. Capital commitments - Group

	<b>2010 £'000</b>	<b>2009 £'000</b>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	44,375	66,148
Capital expenditure that has been authorised by the Board but has not yet been contracted for	18,357	86,116
	-----	-----
	62,732	152,264
	=====	=====
The above commitments are expected to generate Social Housing and other grants totalling:		
In relation to expenditure contracted for but not provided for	11,794	4,433
In relation to expenditure authorised by the Board but not yet contracted for	5,710	15,420
	-----	-----
	17,504	19,853
	=====	=====

The remaining commitments of £45m (2009:£132m) are capable of being fully financed by banks and building societies. As at 31 March 2010 the Group had £23.3m on deposit to meet these commitments and had agreed unused facilities of £111.8m, with further facilities on offer.

**Operating leases**

The payments which the Group is committed to make in the next year under operating leases are as follows:-

	<b>2010 £'000</b>	<b>2009 £'000</b>
Land and buildings leases expiring		
Within one year	53	14
One to five years	73	100
Beyond five years	54	115
	-----	-----
	180	229
	=====	=====
Vehicles, office equipment and computers expiring		
Within one year	-	6
One to five years	285	195
Beyond five years	-	-
	-----	-----
	285	201
	=====	=====

28. Subsidiary undertakings

	Percentage Owned %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Industrial and Provident Society controlled by Accent Group Limited
At 31 March 2010 the subsidiary undertakings were:-			
Accent Amalgamated Limited	100		x
Accent Assets Limited (which in turn holds 100% of G&P Holdings Limited)	100	x	
Accent Commercial Innovations Limited	100	x	
Accent Corporate Services Limited	100	x	x
Accent Regeneration & Community Partnerships Limited (formerly Accent Community Partnerships Limited)	100		x
Accent Foundation Limited (which in turn holds 93.35% of RS (Skipton) Limited (formerly Rural Solutions Limited))	100	x	x
Accent Nene Limited (which in turn holds 100% of Nene Homes Limited)	100		x
Accent Peerless Limited	100		x
Accent Project Solutions Limited	100		x
Accent Property Solutions Limited	100	x	
Accent Regeneration Limited	100		x
Accent South Limited	100	x	
Diamond Square Limited (which in turn holds 6.65% of RS (Skipton Limited)	100	x	
Domus Services Limited	100	Note A	
Heritage and Rural Limited	100	x	
PAN English Development Company Limited	100	x	
Repair Co Limited	100	x	
Procurement For All Limited	66		
Care Partnerships 25 Limited (which in turn holds 100% of Care Partnerships 25 Holdco 1 Limited which in turn holds 100% of Care Partnerships 25 Fundco 1 Limited, Care Partnerships 25 Holdco 2 Limited which in turn holds 100% of Care Partnerships 25 Fundco 2 Limited, Care Partnerships 25 Holdco 3 Limited which in turn holds 100% of Care Partnerships 25 Fundco 3 Limited			
Care Partnerships 25 Holdco 4 Limited which in turn holds 100% of Care Partnerships 25 Fundco 4 Limited).	60		
Bradford & Airedale Care Partnerships Limited (which in turn holds 100% of Bradford & Airedale Care Partnerships - Holdco 1 Limited which in turn holds 100% of Bradford & Airedale Care Partnerships - Fundco 1 Limited, Bradford & Airedale Care Partnerships - Holdco 2 Limited which in turn holds 100% of Bradford & Airedale Care Partnerships - Fundco 2 Limited, Bradford & Airedale Care Partnerships – Holdco 3 Limited which in turns owns 100% of Bradford & Airedale Care Partnerships – Fundco 3 Limited,	60		
Bradford & Airedale Care Partnerships – Holdco 4 Limited which In turn holds 100% of Bradford & Airedale Care Partnerships - Fundco 4 Limited).			
Network Accent Alliance Limited	50		
Firebird (JVC) Limited	20		
NLG Housing Limited	14		

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

28. Subsidiary undertakings (cont...)

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 almost exclusively of either members of the Board of Management of Accent Group Limited or executive directors/employees of Accent Group Limited undertakings.

In addition, the articles of association of Domus Services Limited extend further powers of control to the parent undertaking.

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

Accent Corporate Services Limited

The principal activity of the Society is the provision of services including finance, legal, human resources and information technology to other subsidiaries within the Group.

Accent Foundation Limited

The principal activity of the Society is the provision of rented housing accommodation at affordable rents for those in most need. Management of this accommodation is provided through geographically based operational management companies.

Accent Nene Limited

The Society's principal activity is to provide, manage and maintain homes and services to current and new residents with the purpose of creating and supporting sustainable communities.

Accent Peerless Limited

The principal activity of the Society is to provide, manage and maintain quality homes and caring services to meet social housing needs through a range of housing related activities.

29. Housing stock - Group

The number of homes in management at 31 March were:-

	<b>Homes in management</b>	
	<b>2010</b>	<b>2009</b>
<u>Social Housing</u>		
General housing accommodation for letting	17,233	17,055
Shared ownership	919	835
Leasehold schemes for the elderly and shared equity	598	598
	-----	-----
	18,750	18,488
	=====	=====

In addition to the above, there were bedspaces in management at 31 March as follows:-

	<b>Bedspaces in management</b>	
	<b>2010</b>	<b>2009</b>
<u>Social Housing</u>		
Supported housing	547	518
<u>Non Social Housing</u>		
Student/hospital staff accommodation	331	331
	-----	-----
	878	849
	=====	=====

30. Related parties

There were eight tenant members on Boards within the Group during the year as follows:-

K Aziz, J Kidd, W McKenzie, P A Chadwick, W J Dyer, A W MacGregor, S Appleford and M S Khan

Their tenancies are on normal commercial terms and they are not able to use their position to their advantage.

Transactions with Group companies that have been eliminated on consolidation have taken advantage of the exemption from disclosure available under FRS 8.

During the previous year the Group purchased project management services for housing development from Firebird (JVC) Limited, the joint venture company in which Accent has a 20% interest.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Value of services purchased	-	786
	=====	=====

The amount owed to Firebird (JVC) Limited at 31 March 2010 was £Nil (2009 :£Nil).