Registered Society Number 30444R

Accent Group Limited

Report and Financial Statements

for the year ended

31 March 2016

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Board Members, Co-opted Non - Executive Board Member, Co-opted Executive Director, Executive Directors, Advisors and Bankers

Group Board Members:

Non-Executive Board Members
Gwyneth Sarkar, Chair
Richard Beal
Ian Bennett – resigned 31 December 2015
Jo Boaden
Peter Caffrey
Paul Grant
Geoff Heath – resigned 31 August 2015
Carolyn Hirst – resigned 31 March 2016
Tom Miskell – appointed 24 November 2015
Maggie Punyer
Ken Wood

Co-opted Non - Executive Board Member
Rob Seldon – appointed 26 August 2015

Co-opted Executive Director
Gordon Perry

Executive Directors
Claire Stone
Gail Teasdale
Andrew Williams

Company Secretary
Matthew Sugden

Registered Office
Charlestown House
Acorn Park Industrial Estate
Charlestown
Shipley
BD17 7SW

Registered numbers
Charitable Registered Society No. 30444R under the Co-operative and Community Benefit Societies Act 2014
Registered by the HCA No. L4511

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

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

Group Chair's statement

The last 12 months – Gwyneth Sarkar

My time with Accent has been challenging, exciting, rewarding and more, and I feel privileged to have led the association through such significant and unprecedented change.

In my three years as Chair, we have built over 1,000 new homes, secured over £17M in grant invested over £107M in repairs and maintenance, and most importantly housed over 5,700 new households. We have delivered our 'Fit for the Future' programme of change which reduced our ongoing cost base by £1.75M per year. Our overhead costs have reduced by £5.5M in total since 2010/11.

We established a single Accent Board with common membership of the subsidiary boards in 2013. This has resulted in a 'virtual consolidation' of Accent Group which has transformed the speed and quality of decision making and strengthened the governance of our organisation. We are now in a strong financial position, indeed stronger than at any time since I joined the board nine years ago. We also have a strong and ambitious Accent Board which is ready to embrace the challenges and make the most of the opportunities that 2016/17 will undoubtedly bring.

Building homes has been and will continue to be a key priority for Accent. We completed some big developments this year including, The Swifts in South Cambridgeshire, Franklands Park in Surrey and St Catherine's Grange in Bradford. In the North East, we completed our £8.7M investment programme on our bungalows in Horden, whilst reluctantly disposing of 160 empty Victorian terrace properties in Horden and Blackhall due to a lack of demand. The proceeds from these sales have been ring fenced to fund the building of new homes where the need is greatest.

2015/16 has been described by many as the most monumental year in our sector for decades. The new Government's plans to extend the Right to Buy to housing association tenants was not entirely unexpected, and we had rigorously stress tested our business plan to account for this. The 1% rent cut, however, presented us with an unprecedented challenge of saving £25M over the next four years. Our Fit for the Future change programme had already created improved financial security and stability, and our value for money strategy was in place to enable us to embrace this new challenge. We submitted our revised business plan, with robust plans for delivering the savings we needed, well in advance of the October 2015 deadline.

As a consequence of the rent cut the value of our properties reduced by £117M or 17%. This meant that our best ever operating surplus of £33M or 32.7% became a deficit. The valuation decrease did not impact on cash and at the year end Accent had £38M of cash. This cash plus planned new funding in 2016/17 will deliver the next phase of our development programme.

Delivering our new personal, modern and better service has been a priority this year. We opened our new, national contact centre in Shipley, offering our residents new and improved methods of contact, consistency and quality. In addition, the single contact centre will deliver £500K of savings through office and overhead reductions.

We enabled mobile working for 80 staff in our contract management and customer service teams, and we launched the Accent Customer Portal, an interactive online web portal. On the front line, our housing officers and tenancy support team continue to help our more vulnerable residents, reaching over 1,000 residents last year, helping them to sustain their tenancies and improve their life chances.

2016 and beyond will bring more challenges for the sector, but opportunities too. Our priorities will remain firmly fixed on delivering our vision *'Making a Difference...Improving Homes, Communities and Lives'.* We will focus on protecting our income, our viability, providing quality and value for money, managing our voids and reducing our turnover. If we don't do all this, we simply won't be able to provide the high quality homes and services our customers deserve.

One thing I have always said is that we can't have happy customers without happy staff so it seems very fitting in my last year that we were awarded the Investors in People Standard, and we achieved our highest ever staff satisfaction level of 84%, just ahead of our overall resident satisfaction at 81%.

Our world did fundamentally change in 2015, but we have shown we are an agile organisation that can respond quickly to change and I am especially proud of what we have achieved in 2015/16.

My time with Accent has been an absolute pleasure, and I'll miss many things and many people. Under the confident lead of new Chair Tom Miskell, I am certain Accent will continue to grow and remain a strong, well governed, viable and financially secure organisation more than capable of delivering the personal, modern and better service it promises to its residents.

Gwyneth Sarkar, Accent Group Chair, 2012 - 2015

Group Chief Executive's statement

The next 12 months and beyond – Gordon Perry

With leadership from a strong Accent Board, and the continued commitment of our staff, I look forward to meeting the new challenges and opportunities 2016/17 will bring.

Gwyneth confirmed we have a sound, strong financial footing which stands us in good stead for the new world in which we find ourselves working in.

We have faced some difficult decisions this year, particularly the 1% rent cut. Absorbing it has challenged our ambition to build 500 homes by 2020, but we have met that challenge. We have robust, costed, and funded plans to exceed this target. We have also committed to 1:1 replacement under the voluntary right to buy scheme, but will need to decide where we target this depending on where the sales occur. Given the lower property values in the north we will need to invest some of our own money to build replacements.

Our performance is steadily improving across the board. Rent arrears have reduced significantly despite the increasing pressures our residents face from Universal Credit and ever reducing benefits. I am proud of my colleagues work on this key issue. Gwyneth mentioned how our tenancy support teams had been helping residents manage their tenancies and I see this as becoming even more critical in the future as the pressures on our residents continue to increase. This year we will focus our efforts on reducing voids and reducing tenancy turnover in the first 12 months, as increasing tenancy sustainability is a key priority for us, as it is for our residents.

We are totally committed to improving services and ensuring they provide quality and value for money for our customers. We are now starting to see how we can build on the success of our new contact centre and how it could evolve into delivering new and even more effective and efficient ways of working. We will focus on what services and standards we can deliver really well, and look at new and innovative ways of delivering them without compromising the quality of service we already provide. As technology changes, so do our opportunities to deliver more online services. This year, we will see more of the benefits of enabling our housing officers and contract managers with mobile working technology. We will further improve how we interact with our customers and improve their services and begin to move away from less effective processes.

Our plan to legally consolidate Accent Nene Limited, Accent Peerless Limited and Accent Foundation Limited into one new Housing Association, to be called Accent Housing Limited, is on target to be completed in 2016. Residents were consulted on and supported our plans in February. The HCA have given in principle consent to the consolidation. We are already working as one Accent providing more consistent services and more effective decision making across the group through virtual consolidation. Legal consolidation will ultimately provide better value for money and an opportunity to raise further funds for development and investment – critical components for success in our new world and way of working.

Once we have achieved legal consolidation, the Accent Board is committed to borrowing more money and for Accent to play its full part in the government's plans to build one million new homes by 2020. The government's focus is on homeownership, and we have sound experience in delivering that, particularly in the south and the east and more affluent areas of the north where it works well. But we also know where it doesn't work well, in the more fragile housing markets of the north. We will focus on buoyant markets and use our experience to develop affordable homes for both rent and homeownership. We will borrow to build, not to pay for the operating costs of business as usual. Where our properties no longer pay for themselves, we may have some further difficult decisions to make, and this is where our active asset management strategy comes to the fore.

Our long term ambition remains to grow, through development and, if the right opportunity presents itself, through merger. We have adopted the National Housing Federation's Voluntary Merger Code which we will use to find organisations with similar visions, values and cultures. If there is a sound business case delivering greater value for money which will enable us to deliver more new homes, invest more in our existing homes, and provide better services to our residents, we will welcome the opportunity of working together.

Our new service offer will confirm our commitment to meeting housing aspiration, need and sustainability, and continue to fulfil our own charitable objects. Our residents will have a home for as long as they want it, with the support to maintain their tenancy if they need it, and with the support and ability to become homeowners if they have the means and the desire to.

We have another busy year ahead, but it is a year in which we can be confident and positive about our future. As one new Housing Association, Accent Housing, will have the capacity to borrow more, build more and make 'more of a difference.'

We have the ability and opportunity to go from strength to strength in 2016/17, and I am more than confident that we will.

Gordon Perry, Chief Executive

Strategic Report

Vision and Group Strategic Plan

We are passionate about **"making a difference"** and about **"improving the homes, communities and lives"** of the people who choose to live in our properties

We believe that communities are as strong as the people who live within them and our vision is delivered by helping individuals to improve their life chances and achieve their aspirations. We do this through our **"personal, modern and better"** service.

This is focused on the provision of high quality, sustainable homes and tailored and targeted services for those who need them. This is underpinned by digital self service and a multi-skilled, multi-channel contact centre for routine service enquiries.

Our culture is built around our four core values which are:

- Respectful,
- Creative,
- Dependable and
- Open and Honest.

Our values sum up exactly what we stand for and we expect our staff to show them in the way they treat customers and each other.

The biggest challenges facing our business continue to be the impacts of the current economic environment, and reforms to the welfare benefits system, on the wellbeing of our residents and our income especially in the current operating context which the sector has had to embrace.

During this financial year we have continued to build upon significant change across the whole organisation as we became 'fit for the future' and deliver a 'personal modern better' service to our customers whilst responding to the impact of welfare reform changes as they take effect. These transformational changes have affected performance; some service areas have exceeded targets and historic performance levels whilst others are focusing to improve performance and service delivery.

Accent's Group Chair has previously stated we have rigorously stress tested our business plan to account for the Government's plans to extend the Right to Buy scheme to housing association tenants. The 1% rent cut was not expected and has provided us with an unprecedented challenge of saving £25m over the next four years. The Homes and Communities Agency requested revised business plans from all Registered Providers in response. Our Fit for the Future change programme previously improved financial security and stability for Accent and our value for money strategy was in place enabling us to embrace this new challenge. We submitted our revised business plan significantly ahead of the October 2015 deadline.

Our world did fundamentally change in 2015, but we have shown we are an agile organisation that can respond quickly to change. Developing our new personal, modern and better service has been a priority this year. We opened our new, national contact centre in Shipley, offering our residents new and improved methods of contact, with greater consistency and quality, while at the same time delivering £500k savings through office and overhead reductions.

We enabled mobile working for 111 staff in our contract management and customer service teams, and we launched the Accent Customer Portal, an interactive online web portal. On the front line, our housing officers and tenancy support team continue to help our more vulnerable residents, reaching over 1,000 residents last year.

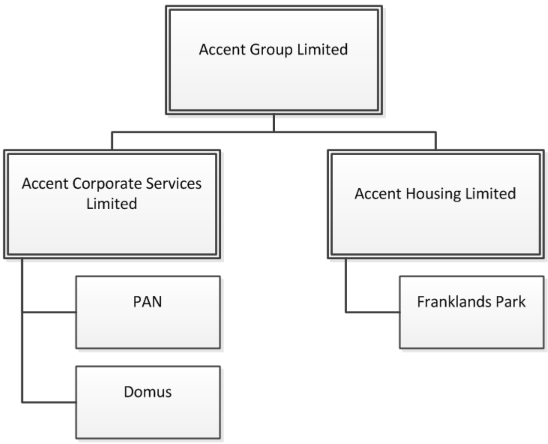
2016 and beyond will bring more challenges for the sector, but opportunities too. Our priorities will remain firmly fixed on delivering our vision *'Making a Difference...Improving Homes, Communities and Lives'*. We will focus on protecting our income, our viability, providing quality and value for money, managing our voids and reducing our turnover.

Last year we were awarded the Investors in People Standard and achieved our highest ever staff satisfaction level of 82% - just a percentage point ahead of our overall resident satisfaction at 81%.

We are now in the latter stages of realising 'Full Consolidation' of the three asset owning Registered Providers. Our new structure, post consolidation, can be seen in the diagram below:

Strategic Report (cont...)

Vision and Group Strategic Plan (cont…)



This will further strengthen our governance, financial capacity and improve value for money. This full legal consolidation will bring together Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited into a single legal entity and landlord which will be renamed Accent Housing Limited.

As ever our value for money approach will continue improving the return on assets and increasing performance while containing costs.

In order to continue to deliver our vision of Making a Difference we need to focus on the activities and services which make the most difference, and ensure that we deliver these really well. Achieving value for money is the key enabler to this, but services will also be strengthened as a result.

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

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

During 2016/17 there are five core themes listed below that will be delivered with each one being underpinned by a number of initiatives:-

- Value For Money
- Income Maximisation
- Digital by Degrees
- Accent Service
- Asset Management

Service to tenants and residents - how are we performing?
In spite of the current environment, over the past 12 months we have continued to improve the services we provide to over 21,229 households. We completed 103 new homes and re-housed 1,826 families. We have improved the quality of our homes, with a total investment in repairs and maintenance services of around £37,473k (capital and revenue expenditure).

The following tables set out the performance of the three registered providers (RP's) (Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited) within the Group against the key, resident focussed performance indicators.

Strategic Report (cont...)

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

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Overall satisfaction with landlord services	2015/16	82%	82%	80%	82%	77%	80%
	2014/15	80%	82%	81%	83%	78%	81%
	2013/14	86%	87%	84%	87%	78%	85%
Satisfaction with views taken into account	2015/16	67%	69%	60%	60%	52%	61%
	2014/15	65%	70%	59%	62%	52%	61%
	2013/14	69%	71%	67%	59%	61%	68%
Satisfaction with keeping tenants informed	2015/16	76%	74%	72%	74%	69%	73%
	2014/15	74%	75%	72%	75%	70%	73%
	2013/14	79%	77%	76%	76%	72%	76%
Satisfaction with area as place to live	2015/16	83%	83%	78%	78%	77%	80%
	2014/15	82%	83%	77%	77%	79%	80%
	2013/14	79%	84%	81%	77%	76%	81%
Satisfaction with value for money for rent	2015/16	80%	79%	76%	75%	72%	76%
	2014/15	80%	79%	76%	75%	73%	77%
	2013/14	83%	81%	80%	77%	75%	80%

Tenant Satisfaction and Involvement

Residents from across the Group meet through the Accent Residents' Panel, which acts as a sounding board for Accent Group Board on strategic issues and the business plan.

Our latest survey results from 2015 are those published below from the Survey of Tenants and Residents (STAR). We are performing our next STAR survey during the summer of 2016.

Repairs and Maintenance

The Decent Homes Standard (DHS) for the Group is 95.76% (2015: 96.39%). This means 757 out of 17,869 properties not meeting DHS. In order to deliver value for money, Accent do not replace components until their lifecycle is lapsed which means we will never achieve 100% at any given time; however, this principle has been discussed and agreed with the Homes and Communities Agency to deliver greater value for money.

Accent Group's Satisfaction with planned works, 'First time fix' and 'Percentage of Appointments Kept' have improved year on year.

Gas servicing performance has remained around the same level with only 6 overdue cases.

The following table shows other key indicators:-

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Decent Homes	2015/16	94.20%	95.90%	94.76%	97.06%	94.69%	95.76%
	2014/15	96.41%	98.01%	98.23%	97.91%	91.17%	96.39%
	2013/14	95.35%	98.68%	98.20%	96.17%	89.26%	95.62%
Average Time to complete a repair (days)	2015/16	9.75	6.00	6.38	12.43	5.93	8.62
	2014/15	7.80	6.50	5.50	8.20	5.40	6.70
	2013/14	8.20	6.80	6.30	8.40	5.80	7.10
Percentage First time fix	2015/16	96.00%	91.70%	97.00%	91.80%	94.40%	94.00%
	2014/15	87.00%	88.30%	91.40%	94.90%	95.20%	91.40%
	2013/14	78.30%	86.60%	86.60%	95.90%	92.50%	88.00%
Percentage Appointments kept	2015/16	90.92%	92.75%	96.60%	93.07%	95.22%	93.95%
	2014/15	94.80%	91.80%	93.60%	92.20%	92.70%	93.00%
	2013/14	86.10%	91.50%	86.10%	96.80%	89.50%	90.00%
Percentage Satisfied with responsive repairs	2015/16	89.70%	92.81%	94.79%	90.92%	92.75%	91.93%
	2014/15	94.60%	94.20%	95.70%	94.30%	93.90%	94.30%
	2013/14	89.10%	94.50%	90.40%	95.00%	91.80%	92.20%
Percentage Gas Serviced	2015/16	99.89%	100.00%	100.00%	99.90%	100.00%	99.96%
	2014/15	99.89%	100.00%	100.00%	100.00%	100.00%	99.98%
	2013/14	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Strategic Report (cont...)

Housing Management

The continued signs of pressures on income collection as a result of the financial climate and welfare reform changes are noticeable across the Group. Through improved performance management we have achieved a decrease in both current arrears and former tenant arrears. Combined current and former tenant arrears have decreased year on year by £929k.

Tenancy turnover continues to be a challenging area across Accent with the northern regions in particular reporting higher levels than both the sector benchmark. When turnover is compared year on year as a Group it decreased by 0.5%.

Re-let time for ‘General need’ and ‘Sheltered’ lets combined has reduced, reducing the average days year on year by nearly 3 days.

Eviction rates are 6% lower when compared to this point in 2014/15 (112 in 2014/15 compared to 105 in 2015/16). This is an area that we continue to monitor closely as the impact of austerity and welfare reforms are felt by our residents.

Anti-Social Behaviour levels have increased year on year by 46 cases (7%), satisfaction with case handling has improved year on year. Total Hate Crime cases have reduced by 2 and Domestic Violence cases have increased by 6 year on year.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Current tenant rental arrears	2015/16	4.60%	3.60%	2.70%	2.50%	2.30%	3.10%
	2014/15	6.10%	4.40%	3.40%	3.00%	3.10%	3.90%
	2013/14	6.60%	5.20%	3.80%	4.10%	6.90%	5.40%
Average re-let times (days)	2015/16	45.5	21.6	20.4	10.5	20.1	25.8
	2014/15	41.3	23.5	29.4	16.8	23.6	28.6
	2013/14	38.4	30.7	24.3	17.6	20.0	28.2
Empty properties	2015/16	4.40%	1.40%	1.40%	0.30%	0.20%	1.50%
	2014/15	6.88%	0.79%	2.23%	0.33%	0.76%	2.11%
	2013/14	5.78%	1.78%	2.99%	0.36%	0.98%	2.31%
ASB Cases per 1,000 properties	2015/16	19.9	43.4	78.7	33.4	19.7	39.0
	2014/15	35.1	43.2	43.1	43.2	17.5	32.6
	2013/14	59.4	60.3	73.8	43.6	42.8	56.0

Customer Service

There were over 286k customer contacts during the year and the percentage of calls answered was 92.8% with the average time to answer a call being 23 seconds.

There has been a decrease in overall complaints reducing from 438 to 239, 199 (45%) less complaints this financial year which is as a result of improved customer service and service delivery. Compliments continue to be reported to provide a more balanced view of customer service and service delivery across Accent. Year to date there have been 468 compliments received. Two of the complaints escalated to Local Government Ombudsman (LGO) level and we await the outcomes.

Health & Safety

The profile of accident reporting within Accent continues to be a key focus, year on year there have been 20 less accidents totalling 17 none of which were RIDDOR reportable.

Development Consortium

The Accent Group Development Consortium successfully bid and received allocations through the HCA’s Affordable Homes Programme 2015-2018 (AHP2) to provide a further 757 new homes with grant of £18.7m. Through “in year bids” allocations have now increased to 925 new homes with grant of £22.7m. This programme commenced on 1 April 2015 and concludes on 31 March 2018.

Development

Within 2015/16 Accent RP's have completed 103 new homes.

Accent Nene Limited has completed the final phase of Huntsmans Drive and also completed the conversion of the obsolete Nottingham office to provide 2 new homes.

Accent Peerless Limited has now completed the final 87 new homes for rent and shared ownership at Franklands Park. New homes for rent have also been completed at Windsor Court as replacements for obsolete older person accommodation.

Strategic Report (cont...)

Development (cont...)

Accent Foundation Limited completed 6 new homes as part of the Leyland office conversion in 2015/16.

As part of the Affordable Homes Programme (AHP2) Accent RP's secured £3.01m of grant to provide 118 new homes for rent and shared ownership. Through "in year" bids, use of RCGF and S106 we will produce a further 96 homes.

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

We have disposed of 214 properties in the South East to another registered provider. Sales receipts of £11,781k realised a gain of £882k and will be utilised to provide new accommodation closer to our main management base. In the North East we have commenced a programme of disposals of long term void properties in Easington, 120 of 207 sales have been completed resulting in sales receipts of £1,905k and realising a gain of £1,726k. Offices in Tameside (NW Region) and Peterborough have also been sold as well as our last remaining scheme in the Hull area, the latter being sold to one of our consortium partners based in the city, who are better placed to manage the scheme.

Financial Review
The year to 31 March 2016 has resulted in a deficit before tax of £39,973k (2015: surplus of £15,982k). As a consequence of the rent cut the value of our properties reduced by £116,873k or 17%. This meant that Accent's best ever operating surplus of £33,044k (2015: £31,355k) became a deficit before tax. The core business of providing affordable housing has produced a financial result in line with expectations. The principal reasons for the deficit are as follows:

- The housing assets continue to be valued at Existing Use Valuation – Social Housing use (EUV-SH). At 31 August 2015 the assets were re-valued resulting in a revaluation reduction of £116,873k (2015: £nil). £60,214k (2015: £nil) of this revaluation reduction has been included in the deficit for the year before tax. The Directors consider that this valuation remains appropriate as at 31 March 2016. The valuation reduction was as a result of the government's decision to cut social housing rents by 1% in each of the next four years, commencing in 2016/17.
- The Group's core affordable housing business made an operating surplus, after impairment charges, of £30,750k (2015: £24,092k). Other activities made an operating surplus of £2,294k (2015: £7,263k) the reduction arising from a gain in 2014/15 of £5,415k on property sales following the conclusion of the Fulbourn development, partially offset by the cost of exiting the Surrey Pension fund during 2014/15.
- The Group conducted its annual review of the value at which it is carrying property assets in its balance sheet. In light of the economic conditions this review has resulted in a total impairment of £nil (2015: £4,451k) being recognised in the statement of comprehensive income.
- Property sales generated a surplus of £2,926k (2015: of £442k), the increase is largely due to the on-going stock rationalisation policy in Horden and Blackhall, County Durham. The Group continues to review its portfolio of properties to ensure it has the right properties to deliver its services in the future.
- During the year the Group invested £37,473k (2015: £42,041k) in maintenance reflecting the continued focus of the Society on improving our existing homes.
- During the year housing properties amounting to £13,188k (2015: £17,084k) were completed reflecting the Group's continued focus on development.
- Interest payable on its bank loans remained stable at £16,403k (2015: £16,918k). This was due to the treasury management strategy.

After the transfer of the total comprehensive deficit for the year of £93,779k (2015: surplus £7,286k), the Group's reserves amounted to £239,123k (2015: £332,902k).

Value for Money Assessment
The Board believe that Accent has continued to demonstrate its commitment to improving its value for money (VfM).

2015/16 was to have been the tipping point where the all the difficult and positive decisions made in recent years came to fruition by delivering a cash neutral or better position for the core business. The plan was that going forward from this point the core business would generate cash. This cash would be combined with existing funds, new facilities and cash raised through the sale of non-core assets to support a new significantly increased development programme, in addition to our business plan aim to develop 500 new homes by 2020.

In July the 1% rent cut effectively took £25m out of the organisation's resources over the next four years. Accent's active value for money strategy allowed us to review future targets and bring them forward. As a result our response to the cut was swift. The board considered revised financial plans and determined specific actions by 26 August and new plans were submitted to the HCA by 9 September 2015.

Strategic Report (cont...)

Value for Money Assessment (cont...)

These actions meant that the core business returned to cash neutral but as we were already low cost the £25m which Accent was about to invest in new development over the next four years was lost. In spite of this, we have revised our development plans in order to support the Board's long term vision for building new homes. We have brought forward our further efficiency savings in order to maximise the opportunities presented by both the Build to Rent and Shared Ownership and Affordable Homes funding programmes. The outcome of this is a development programme of 578 by 2020. Our plan is to review our financial capacity post consolidation in order to increase this substantially. The remainder of 2015/16 was about continued improvement:

- Our people costs at £767 per unit and 46.5 units per staff member are significantly better than the sector averages of £1,200 and 29 units. We are not convinced that geographical spread impacts on costs and believe this demonstrates this.
- Operating costs per unit are significantly better than sector averages - 2015/16 £3,106 compared with 2014/15 Global Accounts sector value £4,512.
- Continued to deliver the active asset management agenda selling 334 properties that no longer provided an appropriate return on the asset generating £15m in cash for the new development programme.
- Delivered 103 new homes.
- Our performance measures were median when compared to sector benchmarking but improving with notable success in reducing arrears by £600k and numbers of voids by 115.

The HCA cost variation analysis for 2014/15 showed our headline social costs per unit at £3,390 are better than the sector median in 2014/15 of £3,550, and other social housing cost per unit values were below median cost. Our management costs per unit are in the lowest cost quartile. Our service charges and major repairs costs are just above median. The maintenance cost per unit is in the upper quartile. This is what we would have expected. The major procurement exercise in 2016 is intended to reduce these costs.

The results for 2015/16 (calculated by Accent) show four out of the six measures have further decreased in cost while the other two measures have remained the same our headline social housing cost per unit reducing to £3,110. This demonstrates our continued focus on driving costs down. If we compare these measures to the quartiles in 2014/15 two are lower quartile, two are below median, one is just above median and maintenance cost remains our only outlier. In 2015/16 we have redefined the principles which govern our approach to benchmarking and performance management and the board have asked for a new more strategic approach to benchmarking to be developed. We are currently speaking to providers to establish if there is a source of external benchmarks which is timely, covers more than housing management costs and which fits with our requirement for benchmarking on a relatively small number of business critical KPIs, rather than a high volume of compliance KPIs as in previous years.

Overall the Board believes it fully complies with the value for money standard. It has continued to deliver improved VfM this year; however is still sufficiently challenging of itself to know there are opportunities to further improve in 2016/17. The key areas will be;

- Establishing the new development programme of 584 homes now that the legacy issues of the past are substantially resolved and we have plans in place or completed to resolve poorly performing stock,
- Developing the new Accent Offer to support aspiration as well as housing need,
- Develop the digital agenda building on the introduction of mobile working and the single contact centre in 2015/16,
- Finally, reviewing our financial capacity post consolidation to enable us to borrow more to fund a significant expansion of the development programme beyond our business plan aim of 500 homes,

and at the same time continuing to challenge individual services to improve outputs and outcomes while reducing cost.

Beyond 2016/17 our focus for delivering VfM is to launch our new Accent Service Offer. This will deliver at least £3.2m savings by 2018. We will do this by changing how services are delivered to match the needs and expectations of our customers as we move into an ever more digital age. We will use the efficiency gains and our improving capacity to maximise our available security to raise additional funds. The funds will be used to deliver over 1,000 homes by 2020 via SOHAP and our own independent development programme.

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

The Strategic Report was approved by the Board on 22 June 2016 and signed on its behalf by:

MH Sugden

Matthew Sugden
Secretary
22 June 2016

Strategic report (cont...)

Five year summary information

	2016 £m	2015[1] £m	2014[2] £m	2013[2] £m	2012[2] £m
Statement of Comprehensive Income					
Total turnover	101	108	95	96	96
Income from lettings	91	89	85	82	78
Operating surplus for the year before taxation	33	31	18	20	17
Statement of Financial Position					
Intangible and tangible fixed assets at valuation or cost net of depreciation	586	703	706	656	637
Net current assets	13	7	9	34	48
	599	**710**	**715**	**690**	**685**
Loans and long term creditors (due over one year)	337	353	364	383	384
Pension liability	23	24	13	10	13
Provision for liabilities	-	-	4	5	4
	360	377	381	398	401
Reserves:					
revaluation	65	125	278	243	243
accumulated surplus	174	208	56	49	41
Total reserves	239	333	334	292	284
	599	**710**	**715**	**690**	**685**

	2016 No.	2015 No.	2014 No.	2013 No.	2012 No.
Accommodation (dwellings at 31st March):					
Social housing	14,934	15,117	14,848	14,681	14,989
Shared ownerships and leasehold	1,797	1,754	1,645	2,252	2,228
Supported housing and housing for older people	3,198	3,130	3,396	3,398	3,225
Non-social housing	846	826	829	607	571
	20,775	**20,827**	**20,718**	**20,938**	**21,013**

Statistics	**2016**	**2015**	**2014**	**2013**	**2012**
Operating surplus for the year as a % of turnover	32.7%	28.7%	18.9%	20.8%	17.7%
Social Housing operating surplus as a % of turnover before grant relating to social housing lettings	31.9%	25.3%	19.8%	22.5%	22.0%
Rent losses (voids and bad debts as % of rent and service charges receivable)	0.9%	1.1%	2.1%	1.7%	1.6%
Rent arrears (net arrears as % of rent and service charges receivable)	2.7%	3.2%	4.6%	3.7%	3.7%
Liquidity (current assets divided by current liabilities)	1.3	1.2	1.2	1.9	2.9
Gearing (total loans as % of capital grants loans and reserves)	34.9%	32.5%	33.4%	35.7%	35.6%

[1] Results restated under FRS102
[2] Results reported pre FRS102

Report of the Board

The Board presents its report and the financial statements for the year ended 31 March 2016.

Definitions

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

Principal Activities

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

Implementation of FRS102

During the year the Group implemented the UK's new financial reporting requirements as set out in Financial Reporting Standard 102 (FRS102) together with the provisions of the Statement of Recommended Practice (SORP 2014) for Registered Social Housing Providers. Consequently certain comparator amounts have been restated in these financial statements. Details of the effect of the transition to FRS102 on the earnings and reserves of the Group can be found in note 30.

Management judgements and estimates

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

- The valuation of housing properties is considered at each reporting date based on either third party valuation reports or an update to those reports based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. See note 12.
- Depreciation estimates and impairment adjustments. The useful depreciable lives of each component of housing properties are reviewed at each reporting date and compared to actual experience to ensure the assumed lives remain appropriate. In conjunction a review is also carried out of properties that may be impaired due to physical condition, location or demand. The impairment review is conducted at the scheme level i.e. the cash generating unit (CGU).
- Capitalisation of property development costs and interest requires judgement to ensure amounts are only capitalised when it is more likely than not that a particular scheme is to continue, after this point schemes are monitored to identify if any impairment is required.
- The measurement of liabilities arising from participating in defined benefit pension schemes uses valuation techniques requiring judgement and estimates, in particular in relation to future salary increases, investment performance, mortality, discount rates and inflation rates. See note 8.
- Measurement of the fair value of non-basic financial instruments involves the use of valuation techniques where active market quotes are not always readily available. The valuation process involves applying assumptions and using observable data on a basis consistent with how market participants would value a similar instrument.
- The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Such instruments have been reviewed in detail and have been assessed as basic because key clauses indicate that funders will not suffer a loss on breakage. In addition such instruments are only entered into by the Group in order to give budgetary and cash flow certainty they are not entered into for trading purposes, no market exists within the housing sector for such trading activity.

Performance for the Year and Future Developments

Details of the Group's performance for the year and future plans are set out in the Strategic Report on pages 4 to 10.

Transfer of Engagements

The Group is in the latter stages of consolidating the three asset owning Registered Providers within the Accent Group. This will be achieved by way of a Transfer of Engagements as provided for by the Co-operative and Community Benefit Societies Act 2014. Accent Nene Limited and Accent Peerless Limited will transfer their engagements to Accent Foundation Limited, creating a single legal entity and landlord for the Group. At consolidation Accent Foundation Limited will be renamed Accent Housing Limited. Consolidation will further strengthen Accent's governance, financial capacity and improve value for money.

Report of the Board (cont...)

Board Members, Co-opted Non-Executive Board Member, Co-opted Board member, Co-opted Executive Director
The present board members, co-opted Non-Executive Board Member, co-opted Board member and co-opted executive director (the Group Chief Executive) are shown on page 1.

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

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

The Group Chief Executive and other executive directors are employed on the same terms as other staff, their notice periods being three months. Details of Board member's remuneration are included in note 9 to the audited financial statements. The executive directors are entitled to a vehicle allowance. Remuneration was last reviewed in 2015 and took into account external independent benchmarking of pay, within the sector, of businesses with a similar size and level of complexity.

The principal responsibilities of the Board to the Group are to:

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

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

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

Committees
The Board has four committees:

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

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2016 is as follows;

Report of the Board (cont...)

Non-Executive Board Members Attendance and Total Remuneration

	Board Meetings No.	Board Away days No.	Audit Committee No.	Asset Management Committee No.	Nominations Committee No.	Remuneration Committee No.	Fees £'s	Expenses £'s	Total £'s
Gwyneth Sarkar (Chair)	9/9	2/2	n/a	n/a	2/2	1/1	15,000	877	15,877
Richard Beal	9/9	2/2	5/5	n/a	2/2	1/1	7,325	184	7,509
Ian Bennett (CSC Chair)	2/7	1/2	n/a	n/a	n/a	n/a	7,325	0	7,325
Jo Boaden (CSC Chair)	7/9	2/2	n/a	n/a	n/a	n/a	7,325	281	7,606
Peter Caffrey (CSC Chair)	8/9	2/2	n/a	n/a	n/a	n/a	7,325	378	7,703
Paul Grant (CSC Chair)	8/9	2/2	n/a	n/a	n/a	n/a	7,325	1,039	8,364
Geoff Heath (CSC Chair)	2/4	1/1	n/a	n/a	n/a	n/a	3,396	662	4,058
Carolyn Hirst	7/9	2/2	4/5	4/4	2/2	1/1	7,325	1,479	8,804
Tom Miskell (Chair elect)	1/2	1/1	n/a	n/a	n/a	n/a	2,184	0	2,184
Maggie Punyer (CSC Chair)[1]	7/9	2/2	1/3	2/2	n/a	n/a	7,325	2,371	9,696
Rob Seldon	6/6	1/1	5/5	2/2	n/a	n/a	4,865	0	4,865
Ken Wood	7/9	1/2	n/a	4/4	n/a	n/a	7,325	0	7,325

Expenses relate to business travel and subsistence, employers National Insurance costs are not included in the table above but are disclosed in aggregate in note 9 to the audited financial statements.
[1] Expenses incurred by this member are higher than other members as the member concerned is based in the south.

Pensions
The Group participates in a number of pension scheme arrangements:

- Employees across the Group (except those in Accent Nene Limited) are eligible to join the Accent Group Pension Scheme (AGPS), a defined benefit pension scheme. The Group and employees contribute to the scheme.
- Accent Nene Limited participates in the Social Housing Pension Scheme (SHPS) a defined benefit scheme operated by The Pensions Trust for Registered Providers. Retirement benefits to the Society's employees are funded by contributions from all participating employers and employees in the scheme.
- The Group also participates in the Social Housing Pension Scheme (SHPS) defined contribution (money purchase) scheme. This scheme complies with Auto Enrolment legislation that aims to increase employee participation in workplace pensions, the costs of which are charged to the statement of comprehensive income as incurred.

The co-opted executive director and executive directors are members of either the Accent Group Pension Scheme or the Social Housing Pension Scheme. They participate in the schemes on the same terms as all other eligible staff.

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

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

Regulatory Compliance

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

- Adhere to all relevant laws.
- Ensure that its constitutional documents are, and remain, fit for purpose.
- Be accountable to residents and relevant stakeholders.

Report of the Board (cont...)

Regulatory Compliance (cont...)

- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

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

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

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

Statement of Compliance
The Board has regularly sought assurance of the Society's compliance with all regulatory requirements throughout the financial year. A key element of the HCA Governance and Financial Viability Standard is the requirement to comply with all relevant laws. Consequently the Board has taken reasonable steps to seek necessary assurance and confirms that the Group has complied with all relevant laws save as detailed below:

The decision was taken to abandon a procurement process, to re-procure key contracts for repairs and maintenance services, amounting to over £200m over the next ten years to 2026 in February 2016, this means Accent is not fully compliant with the Public Contract Regulations 2015.

During the course of the procurement it became apparent that the proposed new contracts were commercially unviable. The current focus of the Board is to ensure that existing services are sustained and the re-procurement process is initiated in time for implementation in April 2017.

Save for the exception outlined above, the Board confirms that the Group complies with the requirements of the HCA Governance and Financial Viability Standard.

Political and Charitable Donations
The Group made grants and awards of £74k (2015: £78k) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

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

Internal Controls Assurance
At Accent, we have a clear picture of our strengths and areas for improvement. Our overall assessment is that our strategic approach to risk management, internal control and assurance is appropriate and effective; we are clear on the risks to achieving our aims and are successfully managing them; we have effective internal controls and Board receives relevant and appropriate assurance on strategic issues.

Accent's annual self assessment of internal controls is written by the Chair of Audit Committee, the Chief Executive and the Head of Assurance and Audit and incorporates the views of the Board and Audit Committee and Executive. The following is a summary.

Clear strategic approach
The Board has clarified what is 'in strategy' as well as what is not and this is used to ensure that the organisation achieves its strategic objectives:

- At each board meeting the Chief Executive advises the Board of any new or emerging policies which could impact on the delivery of the Board's business plan.
- The Board has reviewed and confirmed compliance with the NHF Code of Governance and adopted the NHF's voluntary merger code.
- The Board made the strategic decision this year to refocus the Customer Service Committees to become Compliance and Scrutiny Committees with a clear remit to scrutinise and challenge regional performance.
- Accent's 'Making a difference' programme board monitors all business plan projects to ensure effective resource planning and escalation of issues to Board if needed.

Report of the Board (cont...)

Internal Controls Assurance (cont...)

Clear strategic approach (cont...)

- The Board receives regular reports on current financial position and future financial planning including scenario testing to ensure absolute clarity regarding financial capacity and viability. This has enabled a comprehensive and timely response to the 1% rent cut and facilitates discussions around risk appetite and decision making.
- Transparency continues to be a key concept for Accent with regular reports to the Board highlighting potential external pressures as well as internal performance against strategic objectives.

Principal risks and uncertainties facing the group
Strategic risks are reviewed at every board meeting. At year end, Accent's top five strategic risks are:

- Reduced rental income due to residents being unable to manage their finances following welfare reform and austerity measures;
- Potential for serious detriment, reputational damage and regulatory penalty if health and safety risks are not managed;
- Potential external threats to financial viability and achievement of the business plan;
- Potential threat to cash flow and financial viability if there is a significant increase in expenditure (i.e. if maintenance spend is materially adverse to budget);
- Right to Buy (RTB) - uncertainty around the scale and how the scheme will operate.

Controls are in place for these risks and to date, these have been effective; in fact, continued focus on income maximisation has meant that despite welfare reform measures, Accent's rent arrears have decreased significantly. Through the internal audit plan, programme board, Executive and Board scrutiny, these areas continue to be closely monitored.

Effective internal controls
Accent's internal controls and assurance framework was updated this year and approved by Audit Committee. The level and quality of internal controls has improved over the year following a comprehensive review of procedure guides, subsequent staff training and an increasing emphasis on performance management across the organisation.

Budget management is established throughout the organisation and Board receive regular updates on Accent's financial position. At operational level, the 'Qlikview' reporting tool has been further developed and is actively being used for performance management by housing and maintenance teams in all regions.

Assurance
The 2015/16 internal audit programme was approved by Audit Committee and was fully completed with no overdue audit recommendations at year end. During 2015/16 Accent's approach to internal audit was externally reviewed and validated by BDO.

The Board was reassured this year by a number of achievements including the sign off of year end accounts to timetable, the timely submission and positive feedback regarding our value for money assessment and the early return of revised financial forecasts following the budget in July 2015.

The Board have received assurance on strategic matters through a variety of sources including regular review of the strategic risk map, budget reports, financial reports, internal audit reports and the self assessments of value for money, internal controls and regulatory compliance.

Independent external assurance has also been provided through external audit by Grant Thornton UK LLP and advice and validation from specialist consultants on issues such as regulatory compliance, treasury, insurance, health and safety, governance and legal matters. Not least, the Board was able to take assurance from the regulator through their assessment of Accent as G1/V1.

Statement of the Responsibilities of the Board for the Report and Financial Statements
The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

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

Report of the Board (cont...)

Statement of the Responsibilities of the Board for the Report and Financial Statements (cont...)

or deficit of the Society and Group for that period. In preparing these financial statements, the Board are required to:

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

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

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

Disclosure of Information to 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 Group's auditors in connection with preparing their report of which the Society's auditors are unaware.
- each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant information needed by the Society's auditors in connection with preparing their report and to establish that the Society's auditors are aware of that information.

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

- The 2016/17 budget, medium and long term financial forecasts demonstrate the Group has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the 12 months following approval of these accounts.
- All banking covenants and funders requirements have been met as at 31 March 2016 and are forecast to be met going forward under both pre and post consolidation group structures. The process to consolidate the three stock holding RP's will further enhance the liquidity flexibility and funding capacity of the Group.

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

Annual General Meeting
The Annual General Meeting (AGM) will be held on 22 June 2016.

External Auditors
A proposal to re-appoint Grant Thornton UK LLP, as auditors of the Society will be proposed at the forthcoming AGM.

The report of the Board was approved by the Board on 22 June 2016 and signed on its behalf by:

Matthew Sugden
Secretary
22 June 2016

Independent auditor's report to the members of Accent Group Limited

We have audited the financial statements of Accent Group Limited (the Society) for the year ended 31 March 2016 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of changes in reserves, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Society statement of comprehensive income, the Society statement of financial position, the Society statement of changes in reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of the Responsibilities of the Board set out on pages 15 and 16, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Society's affairs as at 31 March 2016 and of the Group and Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
22 June 2016

Consolidated statement of comprehensive income
for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover			
Continuing operations		101,407	107,899
Discontinued operations		8	297
	2	101,415	108,196
Cost of sales			
Continuing operations	2	(3,853)	(5,805)
Operating costs			
Continuing operations		(64,518)	(70,402)
Discontinued operations		-	(634)
	2	(64,518)	(71,036)
OPERATING SURPLUS / (DEFICIT)			
Continuing operations		33,036	31,692
Discontinued operations		8	(337)
	2	33,044	31,355
Gain on disposal of property	2	2,926	442
Income from interest in associated undertakings		-	2
Interest receivable and other income	6	174	110
Interest and financing costs	7	(16,970)	(16,673)
Movement in fair value of financial instruments	29	1,067	746
Decrease in valuation of housing properties	12	(68,685)	-
Reversal of previous decrease in valuation of housing properties	12	8,471	-
(DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAXATION	10	(39,973)	15,982
Taxation on ordinary activities	11	(194)	936
(DEFICIT) / SURPLUS FOR THE YEAR AFTER TAXATION		(40,167)	16,918
Re-measurements – unrealised deficit on revaluation of housing properties	12	(56,659)	-
Actuarial gain / (loss) in respect of pension scheme	8	3,047	(9,632)
TOTAL COMPREHENSIVE (DEFICIT) / SURPLUS FOR THE YEAR		**(93,779)**	**7,286**

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 22 June 2016 and were signed on its behalf by:

G Sarkar		
Gwyneth Sarkar Group Chair	Richard Beal Member	Matthew Sugden Secretary

Consolidated statement of changes in reserves
for the year ended 31 March 2016

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2014	192,784	132,832	325,616
Total comprehensive income for the year	7,286	-	7,286
Transfer to / (from) revenue reserve	7,516	(7,516)	-
Balance at 31 March 2015	207,586	125,316	332,902
Total comprehensive income for the year	(37,120)	(56,659)	(93,779)
Transfer to / (from) revenue reserve	3,774	(3,774)	-
Balance at 31 March 2016	**174,240**	**64,883**	**239,123**

Consolidated statement of financial position
as at 31 March 2016

	Notes	2016 £'000	2015 £'000
Tangible fixed assets			
Housing properties	12	573,074	688,666
Other tangible fixed assets	13	12,877	14,677
		585,951	703,343
Interest in associated and joint venture undertakings			
Share of net assets		14	14
		585,965	703,357
Current assets			
Current asset investments	14	12,855	4,019
Properties for sale	15	228	13,773
Debtors: due within one year	16	4,647	5,682
due after one year	16	4,807	5,597
Cash at bank and in hand	29	25,439	20,644
Cash at bank held in constructive trust	29	2,628	2,682
		50,604	52,397
Current liabilities			
Creditors: Amounts falling due within one year	17	(37,980)	(45,295)
Net current assets		12,624	7,102
Total assets plus current assets		598,589	710,459
Creditors: Amounts falling due after more than one year	18	336,717	353,362
Net pensions liability	8	20,178	22,180
Provisions: Pension scheme contributions plan	8	2,571	2,015
		359,466	377,557
Capital and reserves			
Share capital	22	-	-
Revenue reserve		174,240	207,586
Revaluation reserve		64,883	125,316
Total reserves		239,123	332,902
		598,589	710,459

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 22 June 2016 and were signed on its behalf by:

Gwyneth Sarkar
Group Chair

Richard Beal
Member

Matthew Sugden
Secretary

Consolidated statement of cash flows
for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Net cash generated from operating activities	23	42,091	48,684
Cash flow from investing activities			
Purchase of tangible fixed assets		(15,976)	(26,815)
Proceeds from sale of tangible fixed assets		17,465	3,738
Grants received		1,796	1,727
Interest received		174	110
		3,459	(21,240)
Cash flow from financing activities			
Interest paid		(17,157)	(17,679)
Interest element of finance lease rental payments		(18)	(18)
Repayments of borrowings		(14,769)	(14,634)
Capital element of finance lease rental payments		(25)	(25)
(Withdrawal) / deposit from deposits		(8,836)	8,698
		(40,805)	(23,658)
Net change in cash and cash equivalents		4,745	3,786
Cash and cash equivalents at beginning of the year		23,322	19,536
Cash and cash equivalents at end of the year		28,067	23,322
Cash at bank and in hand		25,439	20,644
Cash at bank held in constructive trust		2,628	2,682
Bank overdraft		-	(4)
Cash and cash equivalents at end of the year		28,067	23,322

The accompanying notes form part of these financial statements.

Statement of comprehensive income
for the year ended 31 March 2016

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

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

Statement of changes in reserves

The Society has not traded since incorporation and does not have any accumulated reserves.

Statement of financial position
as at 31 March 2016

	Notes	2016 £	2015 £
Fixed asset investment		4	5
Current assets			
Debtors		4	5
		8	10
Capital and reserves			
Share capital	22	8	10

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 22 June 2016 and were signed on its behalf by:

Gwyneth Sarkar
Group Chair

Richard Beal
Member

Matthew Sugden
Secretary

Notes to the financial statements

Legal status

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

1. Accounting policies

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

- The valuation of housing properties is considered at each reporting date based on either third party valuation reports or an update to those reports based on market conditions. The valuation is most sensitive to assumptions on rental growth and the discount rate applied to those cash flows. See note 12.
- Depreciation estimates and impairment adjustments. The useful depreciable lives of each component of housing properties are reviewed at each reporting date and compared to actual experience to ensure the assumed lives remain appropriate. In conjunction a review is also carried out of properties that may be impaired due to physical condition, location or demand. The impairment review is conducted at the scheme level i.e. the cash generating unit (CGU).
- Capitalisation of property development costs and interest requires judgement to ensure amounts are only capitalised when it is more likely than not that a particular scheme is to continue, after this point schemes are monitored to identify if any impairment is required.
- The measurement of liabilities arising from participating in defined benefit pension schemes uses valuation techniques requiring judgement and estimates, in particular in relation to future salary increases, investment performance, mortality, discount rates and inflation rates. See note 8.
- Measurement of the fair value of non-basic financial instruments involves the use of valuation techniques where active market quotes are not always readily available. The valuation process involves applying assumptions and using observable data on a basis consistent with how market participants would value a similar instrument.
- The assessment of certain loans and interest rate fixes as basic financial instruments requires judgement. Such instruments have been reviewed in detail and have been assessed as basic because key clauses indicate that funders will not suffer a loss on breakage. In addition such instruments are only entered into by the Group in order to give budgetary and cash flow certainty they are not entered into for trading purposes, no market exists within the housing sector for such trading activity.

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

Basis of accounting

The financial statements of the Group and Society are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP2014; Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. This is the first year in which the financial statements have been prepared under FRS102. Please see note 30 for an explanation of the transition.

The financial statements are prepared in Sterling (£).

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

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

Basis of consolidation

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

1. Accounting policies (cont...)

Going concern

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

- The current budget, medium and long term financial forecasts to ensure they demonstrate the Group has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the 12 months following approval of these accounts.
- That banking covenants and funders requirements have been met and are forecast to be met going forward under both pre and post consolidation group structures. The process to consolidate the three stock holding RP's will further enhance the liquidity flexibility and funding capacity of the Group.

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

Turnover

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

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

Revenue grants

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

Supported housing projects managed by agencies

Supported Housing grants are managed by the relevant Local Authority (LA). As the grants are paid to cover expenditure related to Housing Support they are only payable to the organisation that provides the support and is therefore contracted by the LA. Apart from one project in Barrow, where the Group provides both Support and Management, it is the Agents that provide the support and the Group provides the housing management. The grants are paid direct to the Agents and the Group invoice on a monthly basis for our charges. The treatment of other income and expenditure in respect of projects depends on whether the Group carries the financial risk.

Where the Group carries the majority of the financial risk, for example, for losses from voids and arrears, all the project's income and expenditure is included in the statement of comprehensive income (see note 2). Where the agency carries the majority of the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group. Other income and expenditure of projects in this category is excluded from statement of comprehensive income. All income and expenditure of projects in this category is shown by way of note (see notes 2 and 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 statements of comprehensive income (see note 2). Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group. Other income and expenditure of projects in this category is excluded from the Group's statement of comprehensive income (see notes 2 and 3).

1. Accounting policies (cont...)

Value Added Tax

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

Taxation

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

Deferred taxation

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

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

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

Tangible fixed assets and depreciation

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

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

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

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

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

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

Housing properties under the course of construction are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Administration costs relating to development are capitalised

1. Accounting policies (cont...)

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

only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

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

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

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

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

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

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

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

Impairment

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

Social Housing Grant

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

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

Social Housing Grant can be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. Recycled grant can be used for projects approved by the Homes and Communities Agency (HCA). The recycled grant may have to be repaid if certain conditions are not met or if

1. Accounting policies (cont...)

Social Housing Grant (cont...)

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

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

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

Other tangible fixed assets

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

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

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

Donated land

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

Capitalisation of interest

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

Capitalisation of maintenance

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

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

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

1. Accounting policies (cont...)

Pension costs

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

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

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

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

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

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

Holiday pay accrual

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

Leases

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

Finance lease liabilities are stated at the lower of fair value and minimum lease payments, determined at the lease inception. The finance charge in the statement of comprehensive income is derived by applying the effective interest method.

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

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

Financial Instruments

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

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

1. Accounting policies (cont...)

Financial Instruments (cont...)

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

Loan finance issue costs

Loan finance issue costs are written off evenly over the life of the related loan. Loans are stated in the statement of financial position at the amount of the net proceeds after issue, plus increases to account for issue costs written off to the statement of comprehensive income.

Indexation costs

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

Provisions

A provision is only recognised when the Group has a present legal or constructive obligation as a result of past events an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognised is the best estimate of the consideration required to settle the liability at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. Where the time value of money is material, the amount expected to be required to settle the obligation is recognised at net present value. The unwinding of the net present value in each period is recognised in the statement of comprehensive income in the period to which it relates.

Revaluation reserve

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

Properties for sale

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

Current asset investments

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

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

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

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

Group 2015	**Turnover £'000**	**Cost of sales £'000**	**Operating costs £'000**	**Operating surplus/ (deficit) £'000**
Social housing lettings	88,841	-	(64,749)	24,092
Other social housing activities				
Current asset property sales (first tranche)	4,683	(3,387)	-	1,296
Grant received – newly completed properties	2,753	-	-	2,753
Charges for support services	489	-	(491)	(2)
Current service cost and expenses – Accent Group Pension Scheme	-	-	(1,617)	(1,617)
Effect of change in discount rate – Social Housing Pension Scheme	-	-	(129)	(129)
Current service cost and expenses – Surrey Pension Fund	-	-	(6)	(6)
Other	533	-	(343)	190
Regeneration and community development – discontinued	297	-	(634)	(337)
	8,755	(3,387)	(3,220)	2,148
Activities other than social housing activities				
Cessation liabilities arising in Surrey Pension Fund	-	-	(6,453)	(6,453)
Amount arising in respect of FRS17 on cessation	-	-	3,948	3,948
Sales of property developed for outright sale	7,833	(2,418)	-	5,415
Other	2,767	-	(562)	2,205
	10,600	(2,418)	(3,067)	5,115
Operating surplus	**108,196**	**(5,805)**	**(71,036)**	**31,355**

Disposal of property	**Proceeds £'000**	**Cost of disposal £'000**	**RCGF/ DPF recycled £'000**	**Gain on disposal £'000**
Surplus on sale of housing properties	1,373	(845)	(314)	214
Second and subsequent tranche sales	2,365	(1,601)	(536)	228
Gain on disposal of property	3,738	(2,446)	(850)	**442**

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

	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Intermediate market rent £'000	2016 Total £'000	2015 Total £'000
Income						
Rent receivable	75,218	5,246	2,634	756	83,854	81,715
Service charge income	4,523	1,858	905	1	7,287	7,126
Turnover from social housing lettings	79,741	7,104	3,539	757	91,141	88,841
Expenditure						
Management	(11,237)	(1,129)	(553)	(153)	(13,072)	(12,141)
Service charge costs	(5,526)	(2,189)	(314)	(1)	(8,030)	(7,555)
Routine maintenance	(14,026)	(790)	(221)	(46)	(15,083)	(14,976)
Planned maintenance	(9,205)	(618)	(119)	-	(9,942)	(9,759)
Bad debts	10	(70)	32	(7)	(35)	(101)
Depreciation and write off of replaced assets	(10,688)	(740)	(407)	(171)	(12,006)	(13,116)
Impairment	-	-	-	-	-	(4,451)
Other costs	(2,005)	(148)	(69)	(1)	(2,223)	(2,650)
Operating costs on social housing lettings	(52,677)	(5,684)	(1,651)	(379)	(60,391)	(64,749)
Operating surplus on social housing lettings	27,064	1,420	1,888	378	30,750	24,092
Void losses	(674)	(128)	(16)	(9)	(827)	(860)

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 207 supported housing units (2015: 228) 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).

	2016 Number	2015 Number
People with mental health problems	80	68
People with learning difficulties	54	60
Ex-offenders and those at risk of offending	2	19
Women at risk of domestic violence	26	25
Young people at risk	2	3
Single homeless with support needs	43	36
Homeless families with support needs	-	17
	207	228

4. Accommodation in management - Group

	Owned and directly managed by Accent Group Number	Managed by Accent Group on behalf of other organisations Number	Owned by Accent Group managed by others Number	**2016 Total Number**	**2015 Total Number**
Social housing					
General needs housing					
Social rent	14,526	-	-	14,526	14,734
Affordable rent	221	-	-	221	162
Supported housing	393	47	60	500	445
Housing for older people	2,698	-	-	2,698	2,685
Intermediate rent	187	-	-	187	221
Low cost home ownership *	1,068	-	-	1,068	1,021
Social leased homes **	179	550	-	729	733
Non social housing					
Market rent	24	-	-	24	14
Leased housing	-	95	-	95	95
Managed freeholders	-	727	-	727	717
Total	**19,296**	**1,419**	**60**	**20,775**	**20,827**

Accent Group also owns and manages 971 (2015: 986) garages.

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

Accommodation under development

	2016 Number	**2015 Number**
Social housing		
General needs housing:		
Affordable rent	129	172
Low cost home ownership *	50	59
	179	231

5. Employee information - Group

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

	2016 Number	**2015 Number**
Administration	86	86
Development	9	11
Housing Support Care	352	373
	447	470

	2016 £'000	**2015 £'000**
Staff costs		
Wages and salaries	12,858	12,577
Social security costs	1,155	1,136
Other pension costs – Accent Group Pension Scheme (see note 8)	1,475	943
Other pension costs – Surrey Pension Fund (see note 8)	-	434
Other pension costs SHPS Defined Benefit (see note 8)	354	351
Other pension costs SHPS Defined Contribution (see note 8)	96	93
Redundancy costs	112	77
	16,050	15,611

5. Employee information – Group (cont...)

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

The number of full time equivalent staff including executive directors whose remuneration for the period fell into the following bands is as follows:

	2016 Number	2015 Number
£60,000 - £69,999	6	9
£70,000 - £79,999	6	3
£90,000 - £99,999	-	2
£100,000 - £109,999	2	1
£120,000 - £129,999	1	-
£160,000 - £169,999	1	1

The highest paid director as disclosed in note 9 is included within the bandings above.

6. Interest receivable and other income – Group

	2016 £'000	2015 £'000
Interest receivable from term deposits and bank deposits	172	110
Other interest	2	-
	174	110

7. Interest and financing costs – Group

	2016 £'000	2015 £'000
Interest payable on bank loans and overdrafts	16,403	16,918
Amortisation of loan issue costs	118	118
Unwinding of the discounted liability – Social Housing Pension Scheme	69	96
Finance lease interest	18	18
	16,608	17,150
Net interest cost – Accent Group Pension Scheme	725	549
Net interest cost – Surrey Pension Fund	-	92
Less: Capitalised interest	(363)	(1,118)
	16,970	16,673
Capitalisation rate used to determine the finance costs capitalised during the period	4.56%	4.57%

8. Pension obligations - Group

The net pension liability is comprised as follows.

	2016 £'000	2015 £'000
Accent Group Pension Scheme	20,178	22,180

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

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

	2016 £'000	2015 £'000
Recognised in the statement of comprehensive income – operating surplus		
(Charge) in respect of Accent Group Pension Scheme	(320)	(674)
(Charge) / credit in respect of Social Housing Pension Scheme	(580)	93
Credit in respect of Surrey Pension Fund	-	428
	---------	---------
	(900)	(153)
Recognised in the statement of comprehensive income – financing costs		
(Charge) in respect of Accent Group Pension Scheme	(725)	(549)
(Charge) in respect of Social Housing Pension Scheme	(69)	(96)
Charge in respect of Surrey Pension Fund	-	(92)
	---------	---------
	(794)	(737)
Recognised in the statement of comprehensive income – actuarial movement		
Credit / (charge) in respect of Accent Group Pension Scheme	3,047	(8,946)
(Charge) in respect of Surrey Pension Fund	-	(686)
	---------	---------
	3,047	(9,632)
	---------	---------
Total amount recognised in the statement of comprehensive income	1,353	(10,522)
	=====	=====

8a. Accent Group Pension Scheme (AGPS)

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 5 April 2014 has been updated by JLT Benefit Solutions Limited to 31 March 2016 to take account of the requirements of FRS102. This indicated that there was a deficit of £20,178k (2015: £22,180k) when comparing the actuarial value of the scheme with the value of its liabilities.

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 assumptions adopted for FRS102 purposes and the results of the calculations are shown below.

The Group has paid to the scheme total contributions of £1,475k (2015: £943k) being 17.1% (2015: 16%) of pensionable salaries during the accounting period together with recovery plan and salary sacrifice. Employees' contributions were 9% (2015: 9%) of pensionable salaries. Employers' contributions payable for the year are charged to operating costs. The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees.

The most recently completed actuarial valuation of the Scheme was performed by the Scheme Actuary for the trustees of the Scheme as at 5 April 2014. Following this valuation, Accent Group agreed to pay contributions at the rate of 17.1% of pensionable salaries plus additional lump sum amounts of £590k rising at 3% per annum each year from 2015 until 2030. The 2014 valuation was conducted using a Projected Unit method. The main actuarial assumptions used in that valuation were:

Key financial assumptions	**31 March 2016 % pa**	**31 March 2015 % pa**
Discount rate	3.50	3.25
Rate of increase in pensions in payment (where capped at 5%)	3.10	3.10
Rate of increase in pensions in payment (where capped at 2.5%)	2.10	2.40
Rate of increase in deferred pensions	2.40	2.40
Rate of Inflation (RPI)	3.20	3.20

Pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase at 3.4% pa. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.4% pa. The mortality assumption adopted for the purposes of the calculations as at 31 March 2016 (and at 31 March 2015 where applicable) is as follows:-

- Base table: S2PxA tables (2015: S1PxA).
- Future mortality improvements: CMI_2015 [1.50%] (2015: CMI_2013 [1.50%]).

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

8a. Accent Group Pension Scheme (AGPS) (cont...)

Average life expectancies	**31 March 2016 Years**	**31 March 2015 Years**
Male age 65 at reporting date	22.4	22.6
Male age 65 at reporting date +20 years	24.6	24.8
Female age 65 at reporting date	24.5	24.9
Female age 65 at reporting date +20 years	26.8	27.2

Active members are assumed to retire at age 62 and deferred members at 60, or immediately in the case of such members already older than these ages. 80% (2015: 80%) of members are assumed to commute their benefits at retirement.

Amounts recognised in the statement of comprehensive income	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**
Current service cost	1,660	1,437
Expenses	135	180
Interest cost	2,160	2,263
Interest income on Scheme assets	(1,435)	(1,714)
	---------	---------
Total charged to the statement of comprehensive income (note 2)	2,520	2,166
	=====	=====

Reconciliation of defined benefit obligation	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**
Defined benefit obligation at beginning of year	65,917	50,419
Current service cost	1,660	1,437
Expenses	135	180
Interest cost	2,160	2,263
Contributions by Scheme members	487	457
Actuarial (gain) / loss	(4,975)	12,315
Benefits paid	(1,150)	(1,154)
	---------	---------
Defined benefit obligation at end of year	64,234	65,917
	=====	=====

Reconciliation of fair value of Scheme assets	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**
Fair value of Scheme assets at beginning of year	43,737	38,408
Interest income on Scheme assets	1,435	1,714
Actuarial loss / (gain)	(1,928)	3,369
Contributions by the employer	1,475	943
Contributions by Scheme members	487	457
Benefits paid	(1,150)	(1,154)
	---------	----------
Fair value of Scheme assets at end of year	44,056	43,737
	=====	=====

8. Pension obligations - Group (cont…)

8a. Accent Group Pension Scheme (AGPS) (cont...)

Amounts recognised in the statement of financial position	**As at 31 March 2016 £'000**	**As at 31 March 2015 £'000**
Fair value of Scheme assets	44,056	43,737
Actuarial value of Scheme liabilities	(64,234)	(65,917)
Deficit in the Scheme	(20,178)	(22,180)

Analysis of assets	**As at 31 March 2016 £'000**	**As at 31 March 2015 £'000**
Equities	16,516	16,998
Diversified Growth Funds	11,111	10,731
Gilts	5,066	4,968
Corporate Bonds	8,990	8,995
Other	2,373	2,045
	44,056	43,737

Assets as a percentage of total plan assets	**As at 31 March 2016 %**	**As at 31 March 2015 %**
Equities	37.5%	38.8%
Diversified Growth Funds	25.2%	24.5%
Gilts	11.5%	11.4%
Corporate Bonds	20.4%	20.6%
Other	5.4%	4.7%

Analysis of return on assets	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**
Interest income on Scheme assets	1,435	1,714
Actuarial (losses) / gains	(1,928)	3,369
Actual return on assets	(493)	5,083

History of experience gains and (losses)	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**
(Losses) / gains on Scheme assets	(1,928)	3,369
Experience loss on Scheme liabilities	-	(832)
Gain / (loss) on change in assumptions (financial and demographic)	4,975	(11,483)
Total actuarial gain / (loss) recognised in the statement of comprehensive income	3,047	(8,946)

8. Pension obligations - Group (cont…)

8a. Accent Group Pension Scheme (AGPS) (cont...)

Amounts for the current and previous periods are as follows

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

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £14,293k.

8b. Surrey Pension Fund (SPF)

The Surrey Pension Fund (SPF) is an independently administered pension scheme. It is a defined benefit scheme based on final pensionable salary. The pension cost was assessed in accordance with the advice of an independent professionally qualified actuary, using the projected accrued benefit method, and was not materially different from that arising from the current employer's contribution rate. On 1 December 2014 the last contributing member ceased active membership of the scheme triggering a cessation debt. The final cessation valuation of the scheme was calculated by scheme actuaries Hymans Robertson LLP in accordance with Regulation 64(1) of the Local Government Pension Scheme Regulations 2013. The final cessation valuation of the scheme also took into account the requirements of FRS17 in order to assess the assets and liabilities of the fund as at cessation on 1 December 2014.

Liabilities were valued on an actuarial basis using the projected accrued benefits method which assessed the future liabilities discounted to their present value. The final contribution due from Accent Peerless Limited to settle the cessation debt was calculated as £6,453k. The net FRS17 pension liability at the date of cessation was £3,948k. This FRS17 pension liability was released to the statement of comprehensive income in the year to 31 March 2015, again the cessation payment due of £6,453k to give net loss on cessation of £2,505k. The £6,453k due debt was settled in cash on 30 June 2015. The loss on cessation has been disclosed in note 2. The main assumptions used for the purposes of FRS17 at the date of cessation were as follows:

Statistical assumptions

Life expectancy for non-pensioners was based on the CMI 2010 model assuming the current rate of improvements had peaked and would converge to a long term rate of 1.25% p.a., improvements would decline for the over 90's. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2016 Years	2015 Years
Current Pensioners		
Males	-	22.5
Females	-	24.6
Future Pensioners		
Males	-	24.5
Females	-	26.9

Financial assumptions	2016 % pa	2015 % pa
Discount rate	-	3.3
Rate of increase in salaries	-	3.7
Rate of increase in pensions in payment and deferred pensions	-	2.4
Rate of inflation	-	2.4

8. Pension obligations - Group (cont…)

8b. Surrey Pension Fund (SPF) (cont...)

Expected return on assets

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.

	2016 % pa	2015 % pa
Equities	-	5.9
Bonds	-	3.7
Property	-	4.1
Cash	-	2.8

Amounts recognised in the statement of financial position	2016 £'000	2015 £'000
Fair value of plan assets	-	8,909
Present value of funded obligations	-	(12,690)
Present value of unfunded liabilities	-	(167)
Accent Peerless Limited's net liability prior to cessation	-	(3,948)
Recognised on cessation	-	3,948
Accent Peerless Limited's net liability	-	-

Analysis of the amount charged to the statement of comprehensive income

	2016 £'000	2015 £'000
Current service cost	-	6
Interest income on Scheme assets	-	(221)
Interest on pension fund liabilities	-	313
Contributions by the employer	-	(426)
Contributions in respect of unfunded benefits	-	(8)
Total amount credited operating surplus (note 2)	-	(336)
Loss on cessation	-	2,505
Total amount charged to the statement of comprehensive income	-	2,169

Reconciliation of defined benefit obligation	2016 £'000	2015 £'000
Opening defined benefit obligation	-	(11,664)
Current service cost	-	(6)
Interest cost	-	(313)
Contributions by members	-	(1)
Actuarial losses	-	(1,148)
Estimated unfunded benefits paid	-	8
Estimated benefits paid	-	267
Released on cessation	-	12,857
Closing defined benefit obligation	-	-

8. Pension obligations - Group (cont…)

8b. Surrey Pension Fund (SPF) (cont...)

Reconciliation of fair value of employer assets	**2016 £'000**	**2015 £'000**
Opening Fair Value of Employer Assets	-	8,066
Interest income on Scheme assets	-	221
Contributions by Members	-	1
Contributions by the Employer	-	426
Contributions in respect of Unfunded Benefits	-	8
Actuarial gain	-	462
Unfunded Benefits Paid	-	(8)
Benefits Paid	-	(267)
Released on cessation	-	(8,909)
Closing Fair Value of Employer Assets	-	-

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

	2016 %	**2015 %**
Equities	-	75
Bonds	-	17
Property	-	7
Cash	-	1

Actual return on plan assets:	**2016 £'000**	**2015 £'000**
Actual return on plan assets	-	744

History of experience gains and (losses)	**Year ended 31 March 2016 £'000**	**Year ended 31 March 2015 £'000**
Actuarial gain on Scheme assets	-	462
Actuarial loss on Scheme liabilities	-	(1,148)
Total actuarial loss recognised in the statement of comprehensive income	-	(686)

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £3,719k.

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

	2016 £'000	**2015 £'000**	**2014 £'000**	**2013 £'000**	**2012 £'000**
Present value of defined benefit obligation	-	(12,857)	(11,664)	(11,162)	(9,877)
Fair value of Scheme assets	-	8,909	8,066	7,893	6,413
Deficit on scheme	-	(3,948)	(3,598)	(3,269)	(3,464)
Experience gains / (losses) on assets	-	462	(223)	664	(325)
Experience gains / (losses) on liabilities	-	88	33	21	(173)

8c. Social Housing Pension Scheme (SHPS)

The Group participates in two sections of the Social Housing Pension Scheme (SHPS - the Scheme); the defined contribution section and the defined benefit section.

The defined contribution section has 238 members (2015: 263), this is the Auto Enrolment scheme for staff, the regular pension contributions payable by the Group during the year were £96k (2015: £93k).

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

8c. Social Housing Pension Scheme (SHPS) (cont...)

The defined benefit section of the Scheme is funded and was contracted-out of the State Pension scheme until 5 April 2006, with 22 active members employed by the Society (2015: 26). The annual pensionable payroll in respect of these members was £771k (2015: £900k). The Group continues to offer membership of the Scheme to its employees. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

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

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

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

The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost. The present value of £2,896k (2015: £2,247k) is based on the following amounts payable by the Group from 1 April 2016:

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

Present value of provision	**2016** **£'000**	**2015** **£'000**
Present value of provision - amount due within one year (note 17)	325	232
Present value of provision - amount due after more than one year	2,571	2,015
	--------	--------
	2,896	2,247
	=====	=====

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

8c. Social Housing Pension Scheme (SHPS) (cont...)

Reconciliation of opening and closing provisions	**2016 £'000**	**2015 £'000**
Provision at start of period	2,247	2,244
Contributions paid	(232)	(222)
Operating cost (credit) / charge	(32)	129
Finance charge	69	96
Increase in provision due to new deficit agreement	844	-
Provision at end of period	2,896	2,247

Impact on the statement of comprehensive income	**2016 £'000**	**2015 £'000**
Recognised in the operating surplus		
Operating cost (credit) / charge	(32)	129
Finance charge	69	96
Increase in provision due to new deficit agreement	844	-
Total charge recognised	881	225

Assumptions	**2016 % per annum**	**2015 % per annum**
Discount rate	3.61	3.25

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

Deficit Contributions Schedule

	31 March 2016 £'000	**31 March 2015 £'000**
Year 1	325	232
Year 2	338	241
Year 3	351	251
Year 4	364	261
Year 5	378	272
Year 6	392	283
Year 7	407	295
Year 8	318	307
Year 9	221	215
Year 10	227	114
Year 11	117	117
Year 12	-	60

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

9. Key management personnel

Aggregate emoluments paid during the year

	2016 £'000	2015 £'000
Co-opted executive director and executive directors – including benefits in kind and employers national insurance contributions	555	520
	=====	=====
The aggregate pension contributions paid on behalf of the co-opted executive director and executive directors	75	66
	=====	=====
Board members – including employers national insurance contributions	86	94
	=====	=====
Emoluments of the highest paid director (co-opted executive director) during the year excluding pension contributions and employers national insurance contributions and including car allowance	167	161
	=====	=====

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited, Accent Corporate Services Limited, Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited. All directors are remunerated by Accent Corporate Services Limited and appropriate re-charges are made to each company within the Group. All executive directors are either a member of the Accent Group Pension Scheme or the Social Housing Pension Scheme (defined benefit). There were no other benefits or special pension arrangements for the co-opted executive director or executive director or for any board member.

The highest paid co-opted executive director (the Group Chief Executive) is a member of Accent Group Pension Scheme, which is a defined benefit scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The organisation does not make any further contributions to an individual pension arrangement for the Group Chief Executive. During the year to 31 March 2016 the Group Chief Executive received a salary of £161.9k (2015: £156.1k) and car allowance of £5k (2015: £5k). No bonus was paid or accrued to the Group Chief Executive during the year to 31 March 2016 (2015: £nil).

10. (Deficit) / surplus on ordinary activities before taxation – Group

	2016 £'000	2015 £'000
(Deficit) / Surplus on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation of fixed assets and write off of replaced assets	13,847	15,032
Auditors' remuneration (excluding VAT):		
- In respect of audit services	57	60
- In respect of tax services	9	10
- In respect of other services	42	28
Impairment of housing properties held in fixed assets	-	4,451
Pension scheme recovery plan payments AGPS and SHPS	822	320
Pension scheme new contribution plan Social Housing Pension Scheme	844	-
Amount released in respect of FRS17 on cessation Surrey Pension Fund	-	(3,948)
Cessation liabilities arising in Surrey Pension Fund	-	6,453
Operating lease rentals:		
- Plant and machinery	472	474
- Land and buildings	172	198
Bad debts:		
- Current residents	(272)	(196)
- Former residents	321	312
- Other debtors	181	178
	=====	=====

11. Taxation on ordinary activities – Group

	2016 £'000	2015 £'000
<u>Current tax</u>		
UK corporation tax on deficit for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
<u>Deferred tax</u>		
Accelerated capital allowances	(99)	3
Short term timing differences	(1)	-
Pension scheme deficit - AGPS	294	(939)
Total deferred tax (note 21)	194	(936)
Tax charge / (credit) on deficit on ordinary activities	194	(936)

Deferred tax is assessed on the following rates of corporation tax at which timing differences are currently expected to reverse 19% (2015: 20%).

Factors affecting tax charge for period

The tax assessed is lower than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:-

	2016 £'000	2015 £'000
(Deficit) / surplus on ordinary activities before tax	(39,973)	15,982
Adjustment in respect of charitable activities	36,839	(16,606)
Deficit on ordinary activities subject to tax	(3,134)	(624)

	2016 £'000	2015 £'000
Deficit on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	(627)	(131)
Effects of:		
Losses arising for the year	-	4
Expenses not deductible for tax purposes	15	16
Inter company loan written off not deductible for tax purposes	431	-
Pension scheme actuarial charges	-	87
FRS102 holiday pay accrual	(3)	3
Change in tax rate – deferred tax	11	2
Gift aid not utilised	28	5
Origination and reversal of timing differences	145	14
Accelerated capital allowances	99	(3)
Short term timing difference	1	-
Pension scheme deficit – AGPS	(294)	939
Current and deferred tax (charge) / credit for period	(194)	936

12. Tangible fixed assets – Housing properties - Group

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Supported housing and housing for older people £'000	Intermediate market rent £'000	Total housing properties £'000
Cost or valuation						
At 1 April 2015	566,627	12,003	51,365	67,104	9,439	706,538
Schemes completed	8,313	(13,188)	4,875	-	-	-
Additions	342	2,905	-	-	-	3,247
Work to existing properties	11,750	-	-	700	-	12,450
Write off replaced assets	(694)	-	-	(31)	-	(725)
Disposals	(1,359)	-	(1,748)	(79)	-	(3,186)
Revaluation movement	(114,500)	-	(527)	(21,712)	(1,655)	(138,394)
At 31 March 2016	**470,479**	**1,720**	**53,965**	**45,982**	**7,784**	**579,930**
Depreciation						
At 1 April 2015	(14,864)	-	(1,111)	(1,724)	(173)	(17,872)
Charge for year	(9,640)	-	(410)	(1,138)	(172)	(11,360)
Write off replaced assets	63	-	-	4	-	67
Disposals	753	-	25	10	-	788
Revaluation movement	17,691	-	934	2,593	303	21,521
At 31 March 2016	**(5,997)**	**-**	**(562)**	**(255)**	**(42)**	**(6,856)**
Net book value at 31 March 2016	**464,482**	**1,720**	**53,403**	**45,727**	**7,742**	**573,074**
Net book value at 31 March 2015	551,763	12,003	50,254	65,380	9,266	688,666

Included in the above are finance costs capitalised in the year of £363k (2015: £1,118k).

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less depreciation is as follows:

	2016 £'000	2015 £'000
Historical cost	880,100	871,882
Depreciation and impairment	(209,876)	(201,613)
	670,224	670,269

Housing properties book value net of depreciation	**2016 £'000**	**2015 £'000**
Freehold land and buildings	567,461	681,284
Long leasehold land and buildings	5,613	7,301
Short leasehold land and buildings	-	81
	573,074	688,666

Social housing assistance	**2016 £'000**	**2015 £'000**
Capital grant	408,765	419,206
Revenue grant	1,264	1,264
	410,029	420,470

12. Tangible fixed assets – Housing properties - Group (cont...)

Expenditure on works to existing properties	2016 £'000	2015 £'000
Amounts capitalised	12,448	17,306
Amounts charged to the statement of comprehensive income	9,942	9,759
	22,390	27,065

Housing properties owned by the Society held for letting and shared ownership were professionally independently valued by Savills (UK) Limited as at 31 August 2015. This was a full valuation and was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book) and in accordance with the current Guidance for Accounts Valuations for Registered Social Housing Providers contained in the SORP. The Directors consider that this valuation remains appropriate as at 31 March 2016.

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

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

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

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

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS102 and SORP2014. A total impairment provision of £nil (2015: £4,451k) was made during the year to 31 March 2016 to reduce the carrying value of certain fixed asset and investment properties within the Group to their value in use, being the estimated recoverable amount.

13. Other tangible fixed assets - Group

	Investment properties £'000	Leasehold and freehold properties £'000	Plant vehicles and equipment £'000	Total £'000
Cost				
At 1 April 2015	1,215	11,217	17,587	30,019
Additions	-	-	490	490
Disposals	-	(311)	(599)	(910)
Revaluation movement	(180)	-	-	(180)
At 31 March 2016	**1,035**	**10,906**	**17,478**	**29,419**
Depreciation				
At 1 April 2015	-	(3,206)	(12,136)	(15,342)
Charge for year	-	(184)	(1,645)	(1,829)
Disposals	-	123	506	629
At 31 March 2016	**-**	**(3,267)**	**(13,275)**	**(16,542)**
Net book value at 31 March 2016	**1,035**	**7,639**	**4,203**	**12,877**
Net book value at 31 March 2015	1,215	8,011	5,451	14,677

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

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

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

14. Current asset investments – Group

	2016 £'000	2015 £'000
Housing loans security deposit	5	5
Other deposits	12,850	4,014
	12,855	4,019

15. Properties for sale – Group

	2016 £'000	2015 £'000
Shared ownership properties – completed	-	376
Shared ownership properties – under construction	-	2,196
Properties held for sale	228	11,201
	228	13,773

16. Debtors – Group

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Rent and service charges receivable	5,031	5,960
Less: Provision for bad and doubtful debts	(2,610)	(3,161)
	2,421	2,799
Net investment in finance leases	827	818
VAT	22	17
Social Housing Grant receivable	9	637
Prepayments and accrued income	492	327
Other debtors	876	1,084
	4,647	5,682

Included in arrears are £2,620k (2015: £1,682k) of arrears with payment plans which are outside normal payment terms. No discounting is provided on this balance as the impact of discounting is not considered to be material.

	2016 £'000	2015 £'000
Amounts falling due after one year:		
Net investment in finance leases	2,009	2,603
Other long term debtors	904	906
Deferred tax asset (note 21)	1,894	2,088
	4,807	5,597

	2016 £'000	2015 £'000
Debtor analysis:		
In one year or less	4,647	5,682
Between one and two years	860	854
Between two and five years	440	1,797
After more than five years	3,507	2,946
	9,454	11,279

The net investment in finance leases represents accommodation for university students that has been constructed on behalf of certain education authorities. The Group acts as lessor, the land and buildings are leased to the appropriate third party on a long leasehold basis, payments for which are to be received evenly over a period of approximately 25 years. On termination of the leases, title to the land and buildings passes to the lessees for nil consideration. These schemes are financed by specific allocated loans. The underlying cost of the net investment in finance leases is £2,836k (2015: £3,421).

17. Creditors: Amounts falling due within one year – Group

	2016 £'000	2015 £'000
Bank loans (note 28)	14,707	14,197
Loans financing finance lease debtors	857	534
Finance lease creditor	7	7
Bank overdraft	-	4
Trade creditors	3,035	2,843
Grant received in relation to properties under construction	379	2,067
Social Housing Pensions Scheme recovery plan payment (note 8)	325	232
Deferred grant income	22	22
Recycled Capital Grant Fund (note 19)	650	-
Cessation liabilities arising in Surrey Pension Fund	-	6,453
VAT	-	66
Other taxation and social security payable	304	221
Rent and service charges in advance	2,046	1,736
Accruals	2,728	2,830
Housing properties and major work creditors	2,181	2,634
Loan interest accrual	2,786	2,815
Deferred income	1,279	1,677
Other creditors	6,674	6,957
	37,980	45,295

18. Creditors: Amounts falling due after more than one year – Group

	2016 £'000	2015 £'000
Bank loans (note 28)	329,965	344,712
Financial liabilities measured at fair value	3,748	4,815
Loans financing finance lease debtors	2,189	3,044
Finance lease creditors	110	117
Deferred grant income	899	921
Recycled capital grant fund (note 19)	1,798	1,934
Disposal proceeds fund (note 20)	252	181
	338,961	355,724
Capital instrument issue costs	(2,244)	(2,362)
	336,717	353,362

19. Recycled capital grant fund – Group

	2016 £'000	2015 £'000
At 1 April	1,934	1,714
Grants recycled	927	737
Purchase / development of properties	(413)	(517)
Balance at 31 March	2,448	1,934
Grant due for repayment	650	-

20. Disposal proceeds fund – Group

	2016 £'000	2015 £'000
At 1 April	181	68
Net sales proceeds recycled	71	113
Balance at 31 March	252	181

Although grant is due for repayment, the HCA have approved rollover into 2016/17.

21. Deferred tax - Group

	2016 £'000	2015 £'000
Accelerated capital allowances	(122)	(23)
Short term timing differences	(1)	-
Pension scheme deficit - AGPS	(1,771)	(2,065)
Deferred tax asset	(1,894)	(2,088)

The deferred tax asset is included within debtors due after more than one year (note 16).

	2016 £'000	2015 £'000
Asset at 1 April	(2,088)	(1,152)
Charge / (credit) in statement of comprehensive income	194	(936)
Asset at 31 March	(1,894)	(2,088)

22. Share capital – non equity - Society

	2016 £	2015 £
Allotted, issued and fully paid:		
At 1 April	10	10
Issued in the year	1	-
Surrendered during the year	(3)	-
At 31 March	8	10

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

23. Cash flow from operating activities - Group

	2016 £'000	2015 £'000
Operating surplus for the year	33,044	31,355
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,847	15,032
Impairment	-	4,451
Share of operating surplus/ (deficit) in associated undertakings	-	2
Pension costs less contributions payable	(5,553)	2,505
Working capital movements:		
Properties for sale	2,572	1,011
Debtors	1,197	1,286
Creditors	(745)	(4,205)
Adjustments for investing activities:		
Government grants utilised in the year	(2,271)	(2,753)
Net cash generated from operating activities	42,091	48,684

24. Capital commitments – Group

	2016 £'000	2015 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,269	3,660
Capital expenditure that has been authorised by the Board but has not yet been contracted for	22,030	16,604
	24,299	20,264

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

	2016 £'000	2015 £'000
In relation to expenditure contracted for but not provided for	(151)	(203)
In relation to expenditure authorised by the Board but not yet contracted for	(1,972)	(4,290)
	(2,123)	(4,493)

The remaining commitments of £22,176k (2015: £15,771k) are capable of being fully financed by the facilities in place. As at 31 March 2016 the Group had £38,294k (2015: £24,663k) on deposit to meet these commitments and had agreed unused facilities of £30,000k (2015: £30,000k).

25. Leasing commitments - Group

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

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

	2016 £'000	2015 £'000
Within one year	374	571
One to five years	368	530
Beyond five years	289	367
	1,031	1,468

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

	2016 £'000	2015 £'000
Within one year	25	25
Between one and five years	101	101
Greater than five years	1,814	1,840
	1,940	1,966

26. Related parties - Group

There was one resident member (I Bennett) on the Board during the year. He resigned on 31 December 2015. His tenancy was on normal commercial terms and he was not able to use his position to his advantage, rent and service charges payable during the year amounted to £4,378 (2015: £4,234) and the amount due at 31 March 2016 was £nil (2015: £6).

Non-Executive Directors T Miskell and J Boaden are respectively Chair and Chief Executive of the Northern Housing Consortium, a body that represents the interests of the housing sector. Accent Group companies have traded with the Northern Housing Consortium during the year on an arms-length basis. Services bought during the year amounted to £13,209 (2015: £8,198) relating to membership fees, training and procurement of maintenance activities. There was £nil (2015: £nil) due from Accent to Northern Housing Consortium as at 31 March 2016. Transactions with Group companies that are wholly owned have been eliminated on consolidation and have taken advantage of the exemption from disclosure available under FRS102.

27. Subsidiary and associate undertakings

	Percentage Owned or Controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Registered Society controlled by Accent Group Limited
At 31 March 2016 the subsidiary and associate undertakings were:			
Subsidiaries:			
Accent Corporate Services Limited* ^	100		**x**
Accent Foundation Limited* ^	100		**x**
Accent Nene Limited* ^	100		**x**
Accent Peerless Limited* ^	100		**x**
Domus Services Limited	100	Note A	
PAN English Development Company Limited	100	**x**	
Joint Ventures:			
Franklands Park Limited (limited by guarantee)	50		
A management company for the Franklands Drive development.			
Associates:			
Procurement For All Limited (joint procurement company)	16.67		

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

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

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

Repair Co Limited was dissolved on 18 August 2015. Accent Regeneration Limited was deregistered on 11 May 2015. Accent Regeneration and Community Partnerships Limited was deregistered on 12 February 2016.

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

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

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

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

Accent Nene Limited
The principal activity of the Society is to provide, manage and maintain homes and services to current and new residents to the highest possible standard.

Accent Peerless Limited
The principal activity of the Society is to provide, manage and maintain homes and services to current and new residents to the highest possible standard.

28. Debt analysis - Group

	2016 £'000	2015 £'000
Due after more than one year		
Bank loans	329,965	344,712
Loans financing lease debtors	2,189	3,044
Finance lease creditors	110	117
Financial liabilities measured at fair value	3,748	4,815
	336,012	352,688

	2016 £'000	2015 £'000
Total loans repayable as follows:		
Within one year	15,571	14,738
Between one and two years	14,418	15,565
Between two and five years	48,323	46,396
After five years	269,523	285,912
Total indebtedness	347,835	362,611
Financial liabilities measured at fair value	3,748	4,815
	351,583	367,426

Security, terms of repayment and interest rates

At 31 March 2016 the Group had a facility with Nationwide Building Society of £181,200k (2015: £190,800k) of which £30,000k was unutilised (2015: £30,000k). At 31 March 2016 the Group had a facility with Royal Bank of Scotland of £79,500k (2015: £80,300k) which was fully utilised.

Both facilities were initially over a 30 year period with a repayment holiday of 5 years. For Nationwide Building Society repayments commenced during 2014 and for Royal Bank of Scotland repayments commenced during 2015. The borrowings are secured by fixed charges on individual properties and are made to Accent Corporate Services Limited which in turn on-lends to authorised Group subsidiary borrowers.

Both loans are a mixture of fixed and variable rates. Fixed rates being plus a margin and variable rates being LIBOR (London Inter Bank Offer Rate) plus a margin ranging from 0.35% to 0.80%. At 31 March 2016 Accent Peerless Limited had a facility with Lloyds Bank of £80,000k (2015: £82,000k) which was fully utilised (2015: fully utilised). The borrowings are secured by fixed charges on individual properties and other assets and are repayable at varying rates of interest between circa 0.62% and circa 7.9%.

29. Financial assets and liabilities (Group)

	2016 £'000	2015 £'000
Financial assets - categories		
Cash at bank and in hand	25,439	20,644
Cash at bank held in constructive trust	2,628	2,682
Floating rate on money market deposits	12,850	4,014
Housing loan security deposit	5	5
Rent and service charges receivable	2,421	2,799
	43,343	30,144

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

	2016 £'000	2015 £'000
Financial liabilities - categories		
Financial liabilities measured at amortised cost	347,835	362,611
Financial liabilities measured at fair value through surplus or deficit	3,748	4,815
Trade creditors	3,035	2,843
Housing properties and major work creditors	2,181	2,634
	356,799	372,903

29. Financial assets and liabilities (cont...)

	2016 £'000	2015 £'000
Financial liabilities - measured at fair value through surplus or deficit		
As at 1 April	4,815	5,561
Credit in statement of comprehensive income	(1,067)	(746)
As at 31 March	3,748	4,815

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

	2016 £'000	2015 £'000
Fixed rate	280,178	283,894
Variable rate	71,405	83,532
	351,583	367,426

The fixed rate financial liabilities have a weighted average interest rate of 4.65% (2015: 4.89%) and the weighted average period for which it is fixed is 7.16 years (2015: 8.25 years).

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

	2016 £'000	2015 £'000
Expiring in more than two years	30,000	30,000

30. Transition to FRS102 - Group

The Group has adopted FRS102 for the year ended 31 March 2016 and has therefore restated the prior year comparative amounts. A number of accounting policies have been changed to comply with FRS102 and the Housing SORP 2014, the changes are explained below:

Accent Group Pension Scheme

The Group participates in the Accent Group Pension Scheme (AGPS). The total scheme deficit of £12,011k as at 1 April 2014 has been recognised as a liability in the opening reserves of participating group companies (Accent Corporate Services Ltd, Accent Foundation Ltd and Accent Peerless Ltd) in direct proportion to the actuarial liability attributable to them. Prior to the introduction of FRS102 the AGPS deficit was recognised on consolidation of the Accent Group as opposed to within each participating group company.

Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme defined benefit section (SHPS). 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.

As explained above, the Group's share of the funding deficit of SHPS cannot separately be derived. FRS102 however, requires that the Group's liability in respect of paying additional contributions to reduce the deficit (i.e. the Recovery Plan) be recognised in the financial statements. Hence, the present value of additional future contributions amounting to £2,244k has been recognised as a liability in opening reserves as at 1 April 2014. The corresponding liability at 31 March 2015 was £2,247k and the liability amounted to £2,896k at 31 March 2016 (see note 8).

30. Transition to FRS102 - Group (cont...)

Surrey Pension Fund

The actuarial loss previously recognised in the statement of total surpluses and deficits in the year to 31 March 2015 amounted to £788k. As required under FRS102 £788k has now been recognised as a charge to the statement of comprehensive income for the year to 31 March 2015. The corresponding charge in the statement of comprehensive income for the year to 31 March 2016 is £nil.

Deferred Tax

As a consequence of recognising the AGPS deficit in each of the participating subsidiary company, as noted above, a deferred tax asset of £1,126k has been recognised as at 1 April 2014 in opening reserves. The corresponding asset of the Society at 31 March 2015 was £2,065k and the asset amounted to £1,771k at 31 March 2016 (see note 21).

Financial instruments

The Group has a number of interest rate fixes as part of its long term treasury management strategy. All bar two (see below) of these instruments are "basic" in nature as defined by FRS102.

As mentioned above there are also two financial instruments that are "non-basic" in nature as defined by FRS102. Consequently they have been recognised in these financial statements at amortised cost using the effective interest method. An additional liability of £5,561k was recognised as a liability in opening reserves as at 1 April 2014. The corresponding liability at 31 March 2015 was £4,815k and the liability amounted to £3,748k at 31 March 2016 (see note 25).

Accounting for social housing grant

The Group has adopted the revaluation model in accounting for its housing properties and carries them in the statement of financial position at valuation. Under the performance method FRS102 requires that grant received / receivable in relation to completed properties be recognised on completion as part of turnover within the statement of comprehensive income. Hence £145,978k of grant has been transferred from the revaluation reserve to the revenue reserve as at 1 April 2014. FRS102 also requires that grant received / receivable in relation to properties still under construction is required to be disclosed within creditors. Hence £2,946k of grant has been transferred from fixed assets to creditors as at 1 April 2014. The corresponding liability at 31 March 2015 was £2,067k and the liability amounted to £379k at 31 March 2016 (see note 17).

Finance Lease

The Group has recognised the long term lease in respect of its office building at Camberley as a finance lease as required by FRS102. Hence a liability of £131k has been recognised in creditors as at 1 April 2014. The corresponding liability at 31 March 2015 was £124k and the liability amounted to £117k at 31 March 2016 (see notes 17 and 18).

Provisions

As at 31 March 2014 the Group disclosed a provision of £4,344k relating to maintenance, repairs and self insurance liabilities. The self insurance liabilities are required to be de-recognised under FRS102 hence £467k was released to opening reserves as at 1 April 2014. The remaining balance of £3,877k was transferred to other creditors as at 1 April 2014.

Holiday pay accrual

An accrual is now recognised for entitlement to holiday at the year-end which has not been taken by employees. This has been calculated based on HR and payroll records and totalled £166k as a liability in the opening reserves as at 1 April 2014. The corresponding liability at 31 March 2015 was £147k and amounted to £149k at 31 March 2016.

30. Transition to FRS102 - Group (cont...)

Restated statement of financial position

	31 March 2015 £'000	1 April 2014 £'000
Original reserves	338,165	333,289
Financing costs relating to non-basic financial instruments	(4,815)	(5,561)
Social housing grant recognised	3,991	1,238
Reverse previous depreciation and disposal charge following asset review	34	-
Reverse previous amortisation of grant	(37)	-
Operating lease recognised as finance lease	(124)	(131)
Reverse of grant previously released on disposal	(8)	-
Provisions reversed	461	467
Holiday pay accrual	(147)	(166)
Recognise Social Housing Pension Scheme recovery plan liability	(2,247)	(2,244)
Derecognition of proportion of deferred tax asset	(2,371)	(1,276)
Restated reserves	332,902	325,616

Restated surplus for the year ended 31 March 2015

	£'000
Original surplus for the year before tax	13,154
Accent Group Pension Scheme actuarial charge	(1,223)
Financing income relating to non-basic financial instruments	746
Social housing grant recognised	2,753
Reverse previous depreciation and disposal charge following asset review	34
Reverse previous amortisation of grant	(37)
Operating lease recognised as finance lease	7
Reverse of grant previously released on disposal	(8)
Provisions movements reversed	(6)
Movement in holiday pay accrual	19
Accent Group Pension Scheme derecognise charge	648
Social Housing Pension Scheme charge	(3)
Surrey Pension Fund actuarial charge	(102)
Deferred taxation movement	936
Restated surplus for the financial year after tax	16,918
Accent Group Pension Scheme actuarial charge	(8,946)
Surrey Pension Fund actuarial charge	(686)
Restated Total Comprehensive Income	**7,286**