Industrial and Provident Society Number 30444R

Accent Group Limited

Report and Financial Statements

for the year ended

31 March 2014

Accent Group Limited
Report and Financial Statements
for the year ended 31 March 2014

Contents **Page No.**

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

Group Board Members:

Non-Executive Board Members

Gwyneth Sarkar, Group Chair	
Richard Beal	
Ian Bennett	
Jo Boaden	- appointed 16 July 2013
Peter Caffrey	
Roger Davis	- resigned 16 July 2013
Paul Grant	- appointed 16 July 2013
Geoffrey Heath	
Carolyn Hirst	
Margaret Punyer	
Kenneth Wood	

Co-opted Executive Director
Gordon Perry

Executive Directors

Ian Heaven	- resigned 30 September 2013
Claire Stone	
Gail Teasdale	
Andrew Williams	

Company Secretary
Matthew Sugden

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

Registered numbers
Registered Industrial and Provident Society No. 30444R
Registered by the HCA No. L4511

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

Bankers
Lloyds Banking Group
6/7 Park Row
Leeds
West Yorkshire
LS1 1NX

Group Chair's statement – reviewing our journey to date

Our 2009/2014 business plan was established following an in depth review of our strategic aims and priorities. Our focus was value for money and improving the quality of our core housing services. Key to achieving this was reducing our risk by withdrawing from our commercial activities, significantly increasing the investment in our homes and services and improving our efficiency by streamlining governance and operational structures.

2013/14 was the final year of that business plan and we have achieved what we originally set out to do. We have invested over £216m in our existing homes, developed 1,432 new homes, made efficiency savings and reduced our operational costs by £7m per year. We implemented our new housing management IT system, ActiveH, our strategy to manage the impact of welfare reforms on our residents and our income, we launched our 'Fit for the Future' programme of change and achieved virtual consolidation across our registered providers under our banner of 'stronger together'. 2013/14 was a challenging year, but also an extremely rewarding one, with all business plan objectives met.

In launching our Fit for the Future programme, our aim was to create a stronger and more sustainable organisation which could provide better, value for money services with improved financial capacity. The change responded to a number of factors; increased demand on our services, the risk of reduced income from austerity measures and welfare reforms, reduced grant funding for new homes development and the need to simplify our governance and legal structure to increase the efficiency of decision making.

During 2013, we completed Fit for the Future and we now have a joined up organisation governed by a single group of people working towards one vision and set of goals who can make decisions quickly and effectively. Our long term plan remains to fully consolidate as one legal entity, but this process may incur additional costs so we will only pursue it when the benefits outweigh them.

We are now delivering our new personal, modern and better service. In doing so, we have put our residents at the heart of local decision making, improving our efficiency and reducing our costs, achieving annual savings of £1.75m by 2015. This figure is in addition to the £5.3m in savings made over the previous three years. Our virtual consolidation and new organisational structure ensure that we truly are Fit for the Future.

In November 2013 board and committee members discussed, clarified and agreed our ambitions for the future at their annual conference. Whilst we have high aspirations for improving our core services and modest growth, we will not return to any commercial activity which, potentially, is financially adverse to our success. We also decided not to move into large scale provision of market rented accommodation or specialist care and support services. Our business plan will be delivered through our supporting strategies and service implementation plans for each region and directorate. Each customer service committee will also approve regional service improvement plans which contribute to the delivery of the business plan.

I have been proud to lead Accent through what has been a year of many changes which has seen our organisation emerge renewed and refreshed and ready to face the challenges and make the most of the opportunities, which will come our way.

On a final note, with my colleagues on the Accent Group Board, I would like to personally thank Gordon Perry for his vision and his leadership in getting us where we are today. It is his, and the Accent Board's, firm commitment in delivering excellent services to our customers that has brought us to this point. I am very positive about Accent's future and looking forward to working with Gordon and the Accent Board, our customer services committees and our staff to see us continue to make a real difference in our communities.

Gwyneth Sarkar, Group Chair

Group Chief Executive's statement – our personal, modern and better future

We believe that the vision we established in 2008/09, of making a difference... improving homes, communities and lives still holds true today, and will continue to do so over the life of the new business plan 2014-2020. We will fulfil our vision through the delivery of our four strategic objectives: Deliver excellent, value for money services, Provide high quality homes, Promote sustainable lives and communities and Be an ambitious and successful business. We continue to expect all our staff, partners and contractors to demonstrate our values of being respectful, dependable and creative – underpinned by a new commitment shaped this year by the Accent Residents' Panel - of being 'open and honest in everything we do.

Our new commitment is for a more personal, modern and better future for our customers. We will consistently improve our service performance, efficiency and levels of resident satisfaction. We want our residents to be proud to say they live in one of our Accent homes! Less than a third of our residents work, and almost 1,500 of our households are under-occupying their home and subject to the bedroom tax. This means we have a significant proportion of our customers who are vulnerable to the government's austerity measures and welfare reforms. In response we have renewed our commitment to support them by the introduction of tenancy sustainability teams at our regional offices.

We are aiming for 'modest' growth over the life of our business plan initially budgeting to develop almost 500 new homes by 2018. The key drivers for our growth and development plans are to meet housing demand, improve our offer and increase choice in sustainable communities. We will achieve this by developing new homes and acquiring new stock in our core areas. We will continue to develop new homes - primarily in the south and east where there are strong housing markets. By building only in areas of high need, we will ensure that our future development is sustainable and provides value for money for our residents and our business.

As demand for our sheltered housing decreases in some areas, new demands emerge from a growing market of older people. We will develop a specific service offer for older residents in general needs properties, and review our sheltered housing offer. We will still provide social housing, but not large scale market rented housing. The reduced ability for people to access outright home ownership following the credit crunch has presented us with an opportunity to support those people who would previously have been first time buyers to own all or part of their home. We will achieve this through flexible tenure and mixed developments. The reduced access to homeownership also means there is a broadening of our potential customer base, with households who would not necessarily be seen as needing social housing seeking good quality rented housing.

We will continue to lead the Accent Group Development Consortium, providing programme management services for smaller associations, and support Procurement for All – our procurement consortia which has delivered £2.7m savings for Accent and £10m savings for its members overall in 2013/14. In growing our business, we will consider welcoming other organisations who wish to join our group and become part of Accent. Our proposition will be based on a shared vision, values and objectives, which clearly demonstrates value for money and efficiency benefits for both parties, not simply as an ambition to increase in size.

The two areas which present our key performance challenges are rent arrears and void performance as they have a direct impact on our financial performance as well as our residents' tenancy sustainability. Our investment in income management and tenancy sustainment resources will drive performance improvement in tenancy turnover, income collection and arrears prevention. We will improve how we use technology to deliver services, communicate and engage with residents. This will reduce the costs of service delivery by becoming 'digital by default', and meeting growing expectations for digital access to services. Our new resident engagement strategy will seek to enhance the opportunities our residents have to shape our services. We will develop local scrutiny arrangements, rather than tell each region what they should develop. The Accent Residents' Panel will provide scrutiny across the whole of Accent on strategic issues, resident engagement and equality and diversity. When communicating with our customers, we will embrace technology using our website and social media to increase the opportunities for two way communications and broader engagement. We will also achieve better value for money by reducing our reliance on paper based communications.

Our community investment strategy reflects our commitment to be more than just a landlord. The main objective is to help residents stay in their homes and access services and, in cases of difficulty, for our tenancy sustainability teams to support them. It's not a question of 'one size fits all' and our support will vary to reflect local needs. We will be investing 5% of our turnover each year in community investment activities, representing an increase on last year. In 2013/14 we carried out a comprehensive review of value for money across all our services. Our aims were to restructure to ensure our staff resources are focused where they will have the biggest impact on our residents, to generate ongoing savings of £1.75m each year and to simplify our governance. We have achieved these aims and, going forward, our strategy for value for money is one of the cornerstones for everything we do. This year, we are prioritising caretaking services, sheltered housing and supported housing services for fundamental value for money service reviews.

Group Chief Executive’s statement – our personal, modern and better future (Cont...)

We know that our people are the core of our business and that the key to having highly satisfied customers is having highly satisfied staff. Our next step is to review our people strategy and improve staff capability though improved training, learning and development, and strengthening the golden thread between organisational and individual objectives though better performance management. We will give greater priority to these issues this year.

In closing, I would like to say thank you, on behalf of the Accent Board and my colleagues on the executive team, for your continued support throughout what we have achieved and what we still have to do in order to deliver our vision of making a difference…improving homes, communities and lives and our more personal, modern and better service to our customers.

Gordon Perry, Group Chief Executive

Operating and financial review

Vision and Group Strategic Plan

The vision at the centre of Accent's strategy is '**Making a difference improving homes, communities and lives'.**

To achieve our vision, we help to support and sustain tenancies and communities by providing high quality homes and services to meet local priorities, including housing need, financial inclusion initiatives, employment opportunities and training to help people into employment. The Group's four strategic objectives are:

1. Deliver excellent, value for money services.
2. Provide high quality homes.
3. Promote sustainable lives and communities.
4. Be a successful and ambitious business.

Our aim is to do this by promoting our four core values which are to be:

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

These values sum up exactly what we stand for and are relevant to every market we work in. Wherever possible, everyone we work with including other organisations and our suppliers and contractors, have similar values.

The biggest challenges facing our business continue to be the impacts of the current economic environment, austerity measures and reforms to the welfare benefits system which impact, on the wellbeing of most of our residents and our income.

During this financial year we have seen significant change across the whole organisation to become '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 adapted quickly to exceed targets and historic performance levels whilst other areas are taking longer to improve performance and service delivery.

Our 'Fit for the Future' programme of change is designed to maximise value for money, increase our support activity and minimise the risks posed by these challenges to our business. The programme was implemented during 2013 and is now beginning to deliver the set objectives and is improving service delivery. The full implementation could take up to another year to complete, however our new governance structure is in place, enabling more efficient decision making with increased resident involvement and scrutiny. 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 the local community in which they live.

By the end of 2015 we will also have:

- Improved resident satisfaction through the delivery of our new service offer.
- Increased financial capacity to enable us to invest in around 1,000 more homes.
- Achieved further value for money savings on management, governance and service costs - to afford the cost of borrowing on existing and potential new loans.
- Better, strategic asset management through rationalisation and reinvestment of receipts in new income earning assets.

We have achieved a step change in our business through our virtual consolidation, with our separate RP boards coming together with consistent membership as 'One Accent', ensuring we are stronger together and 'Fit for the Future'. We continue to realise the benefits of this through more efficient ways of working and more streamlined decision-making. We aim to build on this success in the future by assessing full legal consolidation, which may lead to bringing together Accent Foundation Limited, Accent Nene Limited, Accent Peerless Limited, Accent Corporate Services Limited and Accent Group Limited into a single, unified legal entity, if this can be achieved in a way that delivers improved value for money.

Service to tenants and residents - how are we performing?
As the Group Chair and Group Chief Executive have indicated, the turbulent environment in which we currently operate means that we have to work harder than ever to ensure we provide high quality services to our residents and that we support them through the myriad of changes that have happened, and will continue to happen.

In spite of the current environment, over the past 12 months we have continued to improve the services we provide to over 20,700 households. We completed 66 new homes and re-housed over 2,200 families. We have improved the quality of all our homes, with a total investment in repairs and maintenance services of over £36.5m.

Operating and financial review (cont...)

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

The following tables set out the performance of the Group's three registered providers (RP's) (Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited) against the key, resident focussed performance indicators. Accent Foundation Limited is further split into its' three regions of North East, North West and Yorkshire.

Tenant Satisfaction and Involvement

Residents from across the Group meet through the Accent Group Residents' Panel, which provides a national forum for residents to discuss and challenge the service we provide. Our latest survey took place in September 2013, during our major restructure of the organisation. The results are published below along with the results from the previous survey carried out in 2011/12. The results show a small reduction in overall satisfaction of 1% which given that the survey was undertaken in the middle of our major restructuring exercise is understandable. A Survey of Tenants and Residents will be carried out during October / November 2014, when we are optimistic of seeing improved results.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Overall satisfaction with landlord services	2013/14	86%	87%	84%	87%	78%	85%
	2011/12			86%	91%	81%	86%
Satisfaction with views taken into account	2013/14	69%	71%	67%	59%	61%	68%
	2011/12			72%	63%	63%	68%
Satisfaction with keeping tenants informed	2013/14	79%	77%	76%	76%	72%	76%
	2011/12			82%	87%	79%	83%
Satisfaction with area as place to live	2013/14	79%	84%	81%	77%	76%	81%
	2011/12			82%	81%	79%	81%
Satisfaction with value for money for rent	2013/14	83%	81%	80%	77%	75%	80%
	2011/12			82%	81%	79%	84%

The table above indicates a range of different levels of satisfaction across the regions which we are investigating and responding to, together with our local customer service committees, on a regional basis.

Repairs and Maintenance

Accent as a Group achieved 95.62% decent homes performance, which was slightly down from the 98.77% we achieved last year. This was largely due to our knowledge of our stock increasing as a result of an improvement in our data quality. This improvement arose from the transfer of data to our new housing management system. Decency standards for the Group now stand at 95.62%, including a number of County Durham properties (at Accent Foundation Limited, North East) which we have decided will not be invested in to meet the decent homes standard but will be disposed of. It was therefore not possible to attain the 2013/14 target of 100% partly due to the impact of this strategic decision. Accent Peerless Limited decent homes performance has reduced to 89.26% from 100% last year. Again this is largely due to our knowledge of our stock increasing as a result of an improvement in our data quality. We have budgeted in 2014/15 for 100% decency across all of our stock, excluding those identified in County Durham. Looking forward the majority of the component lifecycles are measured in calendar years which means those reaching the end of their life cycle are shown as fails in January. They are included within the planned 2014/15 work programme to ensure they meet the standard by December 2014. The target is to be 100% compliant at each December.

The Group's Average days to complete a repair has improved by 0.5 days. First time fix for the Group has increased by 0.3% year on year. Overall satisfaction with repairs has increased year on year by over 2% and is now 5% over the benchmark figure. Gas servicing performance has achieved the target of 100%. Satisfaction with planned works has exceeded the 95% target by 0.3%. The table below shows these and other key indicators.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Decent Homes	2013/14	95.35%	98.68%	98.20%	96.17%	89.26%	95.62%
	2012/13			96.30%	100.00%	100.00%	98.77%
Average Time to complete a repair	2013/14	8.2 days	6.8 days	6.3 days	8.4 days	5.8 days	7.1 days
	2012/13			7.2 days	7.6 days	8.0 days	7.6 days
Percentage First time fix	2013/14	78.30%	86.60%	86.60%	95.90%	92.50%	88.00%
	2012/13			84.00%	89.90%	89.10%	87.70%
Percentage Appointments kept	2013/14	86.10%	91.50%	86.10%	96.80%	89.50%	90.00%
	2012/13			96.00%	90.50%	97.40%	94.60%
Percentage Satisfied with responsive repairs	2013/14	89.10%	94.50%	90.40%	95.00%	91.80%	92.20%
	2012/13			90.00%	93.90%	85.60%	90.10%
Percentage Gas Serviced	2013/14	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	2012/13			98.50%	99.90%	99.70%	99.36%

Operating and financial review (cont...)

Housing Management

Continued pressure on income collection, as a result of the financial climate and welfare reform changes, have been noticeable across the Group where at the year end there has been an increase in both current and former tenant arrears to £7,258k, which is £1,228k over target. However, this is a snapshot as at 31 March and headline arrears levels are significantly affected by the timing of when we charge rent to residents accounts (some are fortnightly and some are monthly) and when housing benefit payments are received from the numerous local authorities with whom we work.

The longer term trend indicates we have managed to maintain arrears at a fairly steady level since July 2012, when the Group moved all its rent accounting to a single housing management system. This is despite the impact of welfare reform in early 2013/14, which has had a significant impact on the household budgets of many of our residents.

Tenancy turnover continues to be a challenging area across Accent with the northern regions in particular reporting some increases in turnover and a drop off in demand particularly in weaker local housing markets. When turnover is compared year on year as a Group it only increased slightly by 0.1%, and tenancies failing within the first 12 months have reduced at Group level by 0.4% which is encouraging.

Re-let time has improved with ‘General need’ lets reducing on average by 0.6 days and ‘Sheltered’ lets decreasing by nearly 12 days.

Eviction rates are 71% higher when compared to this point in 2012/13 (79 in 2012/13 compared to 135 in 2013/14). This illustrates our “firm but fair” approach to tenant arrears recovery. This is an area that we monitor closely as the impact of austerity and welfare reforms are felt by our residents and we continue to manage our arrears tightly. Given our introduction of tenancy sustainability teams in each region during November 2013 we hope to see fewer evictions in 2014/15.

Anti-Social Behaviour levels have increased year on year by 184 cases, satisfaction with case handling has achieved target. Total Hate Crime cases have reduced by 4 and Domestic Violence cases have increased by 5 year on year.

Region		**North East**	**North West**	**Yorkshire**	**Nene**	**South**	**Group**
Registered Provider		**Accent Foundation**			**Accent Nene**	**Accent Peerless**	
Current tenant rental arrears	2013/14	6.60%	5.20%	3.80%	4.10%	6.90%	5.40%
	2012/13			3.90%	3.55%	5.99%	4.30%
Average re-let times	2013/14	38.4 days	30.7 days	24.3 days	17.6 days	20.0 days	28.2 days
	2012/13			44.4 days	17.8 days	23.0 days	28.8 days
Empty properties	2013/14	5.78%	1.78%	2.99%	0.36%	0.98%	2.31%
	2012/13			2.70%	0.30%	0.60%	1.80%
ASB Cases per 1,000 properties	2013/14	59.4	60.3	73.8	43.6	42.6	56.0
	2012/13			41.8	37.9	17.3	37.1

Customer Service

There were over 287,000 customer contacts during the year and the percentage of calls answered reached 94% with the average time to answer a call being 17 seconds.

There has been a positive improvement with overall complaints reducing from 492 to 359, 133 less complaints this financial year. Compliments are also now recorded to provide a more balanced view of customer service and service delivery across Accent. Year to date there have been 253 compliments received. Year on year performance has improved across all key indicators by 17% on satisfaction with complaint handling, 16% on satisfaction with complaint outcome and 6% on complaints resolved within timescale. None of the complaints have escalated to Ombudsman level, this is an excellent achievement reducing from 3 during 2012/13 and demonstrates real improvement year on year.

Health & Safety

The profile of accident reporting within Accent continues to be a key focus, year on year there have been 12 less accidents than the previous year equating to a 28% reduction. There have not been any RIDDOR reportable accidents this year compared to 1 reported last year.

Development

The Accent Group Development Consortium, which the Group leads on behalf of nine external partners and three Accent RP’s, successfully secured funding through the HCA’s Affordable Homes Programme (AHP1) for partners to deliver 663 new homes with £15m of grant during 2011-2015. Consortium partners have also secured additional allocations during the year and we are now forecasting total completions for this programme at 862 new homes with grant of £16.9m by March 2015. At 31 March 2014, the Consortium has completed 370 new homes and is on site with a further 492 homes and has claimed HCA grant of £11.4m. Partners have also secured an additional £3.38m to provide 186 homes through the Care & Support and Affordable Homes Guarantee Programmes.

Operating and financial review (cont...)

Development (cont...)

During 2013/14 Accent RP's have completed 66 new homes, a further 246 currently on site and 4 at Pre contract stage. The programme for Accent Foundation Limited is diverse and addresses new provision as well as the conversions of existing assets to bring them back into use, the most significant of which is St Catherine's in Manningham, Bradford, a former hospital which will be converted into 16 new homes for affordable rent. New Build projects have been completed in Burnley and Barrow.

Accent Nene Limited has now entered the final phase of the large estate renewal project in partnership with South Cambridgeshire District Council at Fulbourn, with phase 2b comprising a total of 79 new homes for rent, shared ownership and outright sale. We are continuing to sell both shared ownership and outright sale properties and the market in Fulbourn remains strong. A programme of phased handover has already commenced with the final completions planned for the 2014/15 financial year.

Following the successful completion and sale of Franklands Drive Phase 1, Accent Peerless Limited are now on site with the second and final phase of this significant development. The scheme comprises of 126 homes for affordable rent and shared ownership and has been funded utilising £1.05m of Recycled Capital Grant Fund (RCGF) and £0.85m of additional HCA grant funding. Phased completions will take place from May 2014 to January 2015. In addition Accent Peerless Limited has also secured HCA funding to replace our existing obsolete asset at Windsor Court with 8 new family homes which are now on site.

Investment
Throughout 2013/14 we have invested £7m in remodelling and improving our existing stock with the Manningham area of Bradford. The final phase will be completed in June 2014 and will create 118 new sustainable tenancies. We are also completing our Investment programme in Easington, County Durham which will improve 225 existing sustainable homes at a cost of £8.6m. In total we have invested over £36.5m in our stock during 2013/14. We also took the decision to impair certain properties at Horden, County Durham during the year by £4.0m.

Rationalisation
Within 2013/14 we have addressed the rationalisation and disposal of obsolete and redundant assets. For example we have sold the remainder of the Headingley estates portfolio, agreed the disposal of derelict properties in Accrington and obtained planning consent on a site in our ownership at Rarey Farm, which we will now proceed to sell. We have also disposed of a number of miscellaneous assets with the sales proceeds used to fund additional new homes in sustainable areas. We have also been working to bring to market a portfolio of 200 existing homes in our ownership in remote areas of Kent in the South East. Our intention is to dispose of this stock within 2014 to another RP and again use the receipts to build or acquire new homes closer to our management hubs. The asset management system continues to grade property to highlight those homes no longer meeting our customer’s needs.

Financial review
The Group Income and Expenditure account and balance sheet are summarised on page 12. The year to 31 March 2014 has resulted in a surplus before tax of £1.5m (2013: £2.4m). The core business of providing affordable housing has produced a financial result in line with expectations. The principal reasons for the surplus are as follows:

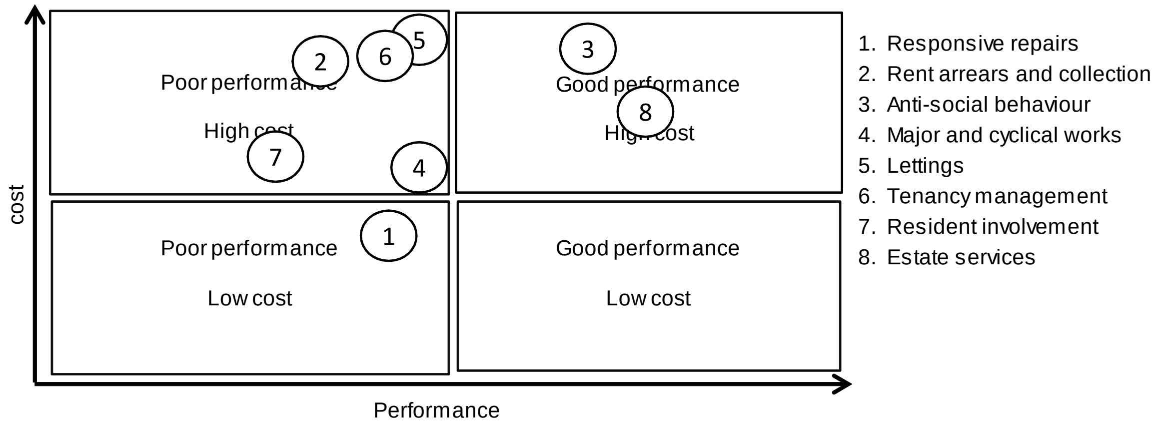
- The Group’s core affordable housing business made an operating surplus of £17.5m (2013: £18.6m) whilst other activities made an increased operating surplus of £0.6m (2013: £1.3m) arising from property sales and other activities.
- During the year the core housing businesses invested £36.5m (2013: £34.4m) in planned maintenance reflecting the continued focus of the Group on improving our existing homes.
- Interest payable on bank loans decreased by £0.9m to £18.6m (2013: £19.5m). This was due to the treasury management strategy.
- 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 £5.6m (2013: £1.0m) being recognised in the Income and Expenditure Account, £4.0m of this relates to stock at Horden, County Durham and £1.4m relates to our Head Office at Charlestown House.
- The housing assets continue to be valued at Existing Use Value – Social Housing use (EUV-SH). At the year end the assets of Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited were re-valued resulting in a revaluation surplus of £42.5m, of this £39.6m was attributable to stock at Accent Peerless Limited that was last valued three years ago in 2011.
- During the year housing properties completed amounting to £4.3m (66 new homes) (2013: £16.5m, 119 new homes) were completed reflecting the Group’s continued focus on developing homes.

After the transfer of the surplus for the year after taxation of £1.5m (2013: £2.4m), the Group’s reserves amounted to £333.3m (2013: £292.1m). The increase in reserves has arisen mainly from the revaluation of the housing properties at Accent Peerless Limited.

Operating and financial review (cont...)

Value for Money
Our strategy for value for money is to ensure that it is embedded in everything we do. As such it is a core part of our business plan and not a separate section.

In 2012 we undertook a self-assessment of our value for money, utilising the Housemark benchmarking data for 2011/12. This demonstrated that the costs of our services were too high, and performance was not of sufficient quality. The Housemark cost / performance quadrant showed that 5 services out of 8 were deemed high cost / low quality, as can be seen in the diagram below;



Accent Group

We concluded in 2012/13 that this position was due to our federated structure which duplicated processes and roles.

<u>Evidence of Value for Money Gains</u>
Our response in 2013/14 was to instigate our 'Fit for the Future' root and branch review of Accent.

As a consequence of '**Fit for the Future'** we have:

- Simplified our governance structure, achieving 'virtual governance'. This means we operate the RPs as one entity so we have all the financial benefits of this simplification without incurring any potentially substantial treasury costs. The number of board members dropped from 40 to 11 and the number of meetings from 80 to 56. A saving in fees of circa £100k;
- Continued to reduce the number of companies in the group, from 47 to 15;
- Removed operational complexity by adopting a single functional organisational structure, eliminating duplication and focussing resources where they will have the biggest impact;
- Achieved consistency of approach across the whole organisation, including policies, service standards, budget and treasury management; and
- Launched a new Personal, Modern and Better service offer for customers.

The new operating model and staffing structure have resulted in ongoing savings of £1.75m per annum or 10% of our staff base, with a further £100k saving on office costs or 5% of our office costs. The cost of implementing these changes was contained within the 2013/14 budget. All the financial savings are ring-fenced for the provision of new homes and have been included in our Affordable Homes Programme 2015-2018. The reduced cost for services will impact in 2014/15 and will be demonstrated in our Housemark submission for 2014/15 as the cost of service decreases but quality improves from consistency and increased focus on performance management. Our workforce reduced by 38, the reduction was from senior management and back office support roles, not from frontline roles.

In addition to financial efficiencies the Fit for the Future programme has also brought about a significant cultural change which is impossible to value. Our people are consistently looking for the single best way of doing an activity, improving cooperation and efficiency across every level of the organisation. This change will deliver a number of smaller efficiencies which will cumulatively contribute to ongoing cost savings and improvements to the services we deliver.

<u>Return on Assets - Active Asset Management</u>
One of the chief ways we seek to improve value for money is through active asset management. Our business plan is focussed on sustainability of stock and tenancies and to do this we have analysed our existing housing assets both from a financial but also from a sustainability aspect. All decisions on investment, rationalisation and development are based on asset performance as a whole taking into consideration investment requirements, sustainability and geographical location.

Operating and financial review (cont...)

Value for Money (cont...)

A detailed matrix assessing the financial performance of all our stock was developed, which ranks schemes A-E with those schemes in category D-E requiring an option appraisal. These schemes represent 16% of our stock and this approach has influenced a number of asset decisions.

We have invested £1.4m in de-converting a scheme of difficult to let and manage one bedroom properties into larger family homes, reducing turnover from 40% to 1% and creating 118 affordable rent tenancies. This will realise an additional £53k of revenue in 2014/15. Over 30 schemes have received major investment programmes to contribute to their long term sustainability. We have demolished an obsolete older person's scheme in Surrey together with underutilised garages. We have secured HCA funding and used £1.2m from our capital receipts pot to fund 8 new affordable rented homes on the site. All our garage sites in the South are being reviewed to assess their potential to develop into new housing in addition to the AHP2 bid. In addition another obsolete older person's scheme in the north will be demolished to produce more family housing required in that location.

This approach has also led to the decision to sell four schemes from our south east property portfolio which will be completed in 2014/15. The sale of these 214 homes, which represents 1% of our total stock, will deliver significant sales receipts and fund 100 new homes closer to our main office base in Surrey. All proceeds from stock disposals together with any associated grant are ring fenced for development and acquisition of new homes.

In 2013/14 Accent has completed 66 homes and has over 400 in construction and resolved a number of difficult assets which have either been sold or development plans put in place. This is significant progress from 4 years ago when Accent had a number of difficult miscellaneous assets which were costing money to maintain. There are only two miscellaneous assets which remain in this category and plans are in place to sell these in 2014/15.

<u>Cost and Benchmarking of Services</u>
Improving the cost and quality of services through a new personal, modern and better service offer is one of the key outcomes from Fit for the Future. The new service went live in November 2013 and required 180 staff within our customer services directorate to change roles. External benchmarking shows Accent has management costs of £755 per property compared to a peer group of £1,127 reflecting our focus on managing this area. Our debt levels per property at £25,591 are average for the sector and our interest cost remain stable.

Costs will fall in 2014/15, but the Board were concerned that quality would drop during the period of restructure. It is clear from our performance indicators however that service outcomes have been stable, in particular resident satisfaction with our services overall, which was surveyed in the midst of the restructure and was maintained at 85%.

2014/15 is about improving the quality of services at the new cost base, embedding the new service offer whilst seeking to further reduce costs where appropriate. The target is to be median cost by the end of 2014/15 with a longer term aspiration to be top quartile as set out in our 2014-20 business plan.

Recognising that over 80% of resident contacts are made over the telephone we have created a contact centre in each of our regional bases to improve the quality and efficiency of our call management. We have also extended the existing repairs contact centre to take on the repairs calls for all of our regional bases, increasing consistency and reducing contract costs. We implemented our Customer Relationship Management system to record and track all customer contacts, giving us a comprehensive view of our customers. Our contact centres are now open 8-8 Monday to Friday and 8-12 on Saturday extending our hours for customers but achieving this at a reduced cost. Our first time resolution through these centres is improving week on week driving up customer satisfaction and reducing cost.

We have revised our approach to keeping residents informed as satisfaction in this area reduced this year. We have introduced shorter, more locally based newsletters to replace our previous magazines which provided information at a landlord level. This has reduced the costs by almost 30% and we are seeking to make further efficiencies through providing this information digitally where possible.

The new service introduced specialist teams for income management, and our arrears trend monitoring has indicated that we have continued to protect our rental income in the face of competing pressures for our residents. We have also invested £880k in tenancy sustainability teams. One of the key outcomes we hope to achieve through this investment is to drive down the turnover of our tenancies, which continues to be a performance challenge and financially costly.

<u>Value for Money Assessment</u>
Overall in 2013/14 Accent has reduced costs by over £2m as shown earlier in the statement while improving / maintaining service as demonstrated in the tables earlier in the OFR. It has ring-fenced savings and any capital receipts to development / growth in clearly defined areas which will deliver sustainable tenancies.

Operating and financial review (cont...)

Value for Money (cont...)

Accent has a detailed assessment of all its assets and is using that to inform investment / divestment decisions. All proceeds of these decisions are ring-fenced to asset growth. Accent recognises that its repair service at £589 per property is lower than average but that its planned programme at £537 per property is high reflecting the investment required in certain areas of our stock when benchmarked against 16 similar sized organisations. The investment is only undertaken where it is in sustainable stock.

Accent has taken significant decisions which will reduce the cost of its services by more than 10% in 2014/15. At the same time overall customer satisfaction has remained steady at 85%. We will be able to assess our new structure against other organisations via external benchmarking at the end of 2014/15 when we have a full year's impact of all the changes, however we know our back office has decreased by 20%. At the same time Accent is undertaking individual service reviews for its supported housing, older persons and estate caretaking services which involve self analysis and benchmarking against best in class organisations. This will enable Accent to demonstrate value for money in its service charges to customers. The costing of individual services has been difficult for Accent when it was a federated structure with each organisation working independently, now as One Accent we will be able to assess ourselves and benchmark much more effectively. This will be a major change for Accent in 2014/15.

Accent has been on a 5 year journey to improve performance and value for money. In 2014/15 it achieved V1/G1 for the first time reflecting a transformation from a low in 2009. The value for money gains made in this period are complex but total over £7m of on-going efficiencies. They are detailed in our comprehensive self assessment on our website. Accent however, recognises there is more to do and our comprehensive self assessment on our website details nine areas for improvement in 2014/15.

Overall Accent believes it has met the standard but is self aware enough to recognise that more needs to be done particularly around understanding the cost of delivering individual services.

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/

Statement of Compliance

In preparing its Operating and Financial Review, the Board has followed the principles set out in the SORP Accounting by Registered Social Housing Providers Update 2010. The Board also undertake an annual regulatory compliance review and certify that they continue to meet the Regulator's Standards.

Operating and financial review (cont...)

Five year Summary Information

	2014 £m	2013 £m	2012 £m	2011* £m	2010 £m
Income and Expenditure Account					
Total turnover	96	96	96	100	100
Income from lettings	85	82	78	77	73
Operating surplus for the year	18	20	17	20	18
Balance Sheet					
Intangible and tangible fixed assets at valuation or cost net of depreciation and grants	709	656	637	612	686
Net current assets	7	34	48	61	20
	716	**690**	**685**	**673**	**706**
Loans and long term creditors (due over one year)	365	383	384	383	414
Pension liability	13	10	13	8	13
Provision for liabilities	4	5	4	4	4
	382	398	401	395	431
Reserves:					
revaluation	278	243	243	237	191
accumulated surplus	55	48	41	41	23
insurance reserve	1	1	-	-	-
negative goodwill	-	-	-	-	61
Total reserves	**334**	**292**	**284**	**278**	**275**
	716	**690**	**685**	**673**	**706**

Accommodation (dwellings at 31st March):	2014 No.	2013 No.	2012 No.	2011 No.	2010 No.
Social housing	14,848	14,681	14,989	17,855	17,233
Shared ownerships and leasehold	1,645	2,252	2,228	1,531	1,517
Supported housing and housing for older people	3,396	3,398	3,225	564	547
Non-social housing	829	607	571	330	331
	20,718	**20,938**	**21,013**	**20,280**	**19,628**

Statistics	**2014**	**2013**	**2012**	**2011***	**2010**
Operating surplus for the year as a % of turnover	18.8%	20.8%	17.7%	20.0%	18.0%
Social Housing operating surplus as a % of turnover before grant relating to social housing lettings	20.4%	22.5%	22.0%	23.4%	22.0%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.1%	1.7%	1.6%	2.2%	1.7%
Rent arrears (net arrears as % of rent and service charges receivable)	4.6%	3.7%	3.7%	3.7%	3.8%
Liquidity (current assets divided by current liabilities)	1.2	1.9	2.9	2.9	1.4
Gearing (total loans as % of capital grants loans and reserves)	33.6%	35.7%	35.6%	35.7%	39.0%

* 2011 restated to reflect SORP 2010

Report of the Board

The Board presents its report and the financial statements for the year ended 31 March 2014.

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, nurses and medical staff and special needs accommodation.

Performance for the Year and Future Developments
Details of the Group’s performance for the year and future plans are set out in the Operating and Financial Review on pages 5 to 12. Included within the results of the Group during the year is turnover in relation to discontinued LIFT activities amounting to £nil (2013: £796k) and operating costs amounting to £nil (2013: £612k).

Board Members, Co-opted Executive Director and Executive Directors
The present board members, co-opted executive director and executive directors of the Group are set out on page 1.

The Board currently comprises the Group Chair, nine non-executive directors (including the Chairs of the Group’s five customer service committees, one of whom is a resident) and the Group Chief Executive. The experience and skills of the Board are 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 executive directors are the Group Chief Executive and the other members of the Group’s executive management team, they hold no interest in the Society’s shares and act as executives within the authority delegated by the Board. Group insurance policies indemnify board members and officers against liability when acting for the Group.

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 members remuneration are included in note 10 to the audited financial statements. The executive directors are entitled to a vehicle allowance. Remuneration was last reviewed in 2013 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 and Asset Management Committees. A brief description of the roles of these committees is set out below.

Report of the Board (cont...)

Committees
The Board has two committees:

- The Audit Committee which is responsible for overseeing management's financial reporting responsibilities and maintenance of an appropriate system of risk management. The Committee meets bi-annually with the external auditors to discuss the financial statements, the adequacy of the Group's internal control framework and makes formal recommendations as required. There is also an annual private meeting with the external auditors.
- The Asset Management Committee which meets to consider and provide a Group overview of asset management and investment decisions.

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2014 is as follows;

Non-Executive Board Members Attendance and Total Remuneration

	Board No.	Audit Committee No.	Asset Management Committee No.	Fees £'s	Expenses £'s	Total £'s
Gwyneth Sarkar	8/8	n/a	n/a	15,000	790	15,790
Richard Beal	8/8	4/4	n/a	9,025	354	9,379
Ian Bennett *	8/8	n/a	n/a	8,700	1,140	9,840
Jo Boaden [1] *	6/6	n/a	n/a	6,174	706	6,880
Peter Caffrey *	8/8	n/a	n/a	8,700	733	9,433
Roger Davis [2]	2/2	n/a	n/a	3,225	196	3,421
Paul Grant [3] *	6/6	n/a	n/a	8,700	727	9,427
Geoff Heath *	8/8	n/a	n/a	8,700	996	9,696
Carolyn Hirst	8/8	3/4	3/3	8,700	1,087	9,787
Maggie Punyer	7/8	3/4	3/3	8,700	1,115	9,815
Ken Wood	5/8	n/a	3/3	8,700	379	9,079

[1] Appointed 16 July 2013
[2] Resigned 16 July 2013
[3] Appointed 16 July 2013

* In addition these individuals each chair one of the regional Customer Service Committees.

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.
- Accent Peerless Limited participates in the Surrey Pension Fund (SPF), which is a defined benefit, final salary scheme but has been closed to new members since September 2003. A second scheme is also in place, a money purchase scheme with Scottish Equitable which was available to staff who joined the Society between 2003 and June 2006.

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. Accent's performance management framework has been strengthened this year by the re-issuing of our management charter, reinforcing the golden thread from strategic objectives to individual responsibilities. Decision making has become noticeably easier over the past 12 months through the simplification of the organisation and the drive to consolidate. Roles and responsibilities are being clarified through the structural changes and this will further improve internal control.

Report of the Board (cont...)

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.

Corporate Governance
The board is committed to ensuring that it has effective governance arrangements that deliver its aims and objectives for residents and potential residents in an effective, transparent and accountable manner. The NHF 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 legislation.
- Ensure that its constitutional documents are, and remain, fit for purpose.
- Be accountable to residents and relevant stakeholders.
- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

The Board has completed an annual review of the governance arrangements in 2013/14 including, but not limited to, a review of the roles, responsibilities and accountabilities of the Board, Group Chair and Group Chief Executive and is satisfied that its arrangements are clear and effective. This assessment has been reviewed and validated by independent consultants. Accordingly, the Board states that the Group is fully compliant with its chosen code of governance.

Political and Charitable Donations
The Group made grants and awards of £11.7k (2013: £12.5k) 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, the Board takes its responsibility for internal control systems seriously and monitors performance to ensure that controls are established and effective in managing risk. However, such systems of internal control can only provide reasonable and not absolute assurance against material misstatement or financial loss.

Accent's annual self assessment of internal controls invites members of the Board, Audit Committee and the Executive to consider our strategic approach (to internal control), risk management, specific internal controls and assurance mechanisms. Accent's approach to risk management, control and assurance is comprehensive and incorporates:

- Internal controls at operational level that have been strengthened this year through our restructure which has clarified roles and responsibilities.
- Quality monitoring and risk management as a standard part of performance management, aided by the newly created Business Intelligence Team.
- An internal audit programme that is approved by Audit Committee, reviewed by our external auditors and delivered by the Business Assurance team.
- Scrutiny and challenge of operational performance by the regional Customer Service Committees and developing resident scrutiny forums.
- Management and control by the Executive through the business plan, budgets, key results report, routine risk reviews and use of personal performance planning to cascade objectives.
- External assurance which is provided by Grant Thornton UK LLP and through adherence to the regulatory frameworks of the Homes and Communities Agency, National Housing Federation and UK Corporate Governance Code.

From this year's assessment it is clear that the Board is satisfied that internal controls are reasonable and that Accent is aware of priorities for improvement. Now that our new structure is established, improvements are underway and focus in 2014/15 will be on completing improvement work and ensuring that we realise the benefits that are already emerging following the restructure.

<u>Strategic approach to controls assurance</u>
The Board is aware that the structural changes that Accent has implemented have created more effective leadership and stronger governance. Since the creation of the Customer Services committees, Group and RP Boards can focus clearly on strategic issues and can take assurance from the knowledge Customer Service Committees are scrutinising and challenging operational performance in all regions.

Report of the Board (cont...)

Internal Controls Assurance (cont...)

Risk management
Our top five risks as we move into 2014/15 are typical throughout our sector. They are:

- If residents are unable to manage their finances in the light of welfare reform and austerity measures then reduced income from rent and service charges may lead to insufficient cash flow.
- If there is a pension scheme debt crystallisation event and/or deficits reach an unaffordable level then additional recovery plan contributions would be required.
- If we fail to dispose of unsustainable stock then we may 'waste' money on the 'wrong' assets.
- If void turnover and therefore costs increase we may have to reduce services to residents and reduce planned improvements.
- If we fail to comply with loan covenants and terms then we may lose our low interest rate loans and have to refinance at higher rates.

As mentioned last year, Accent has planned carefully to mitigate against these risks through the recent restructure and the 2020 business plan. To date, Accent has not been adversely impacted by these risks and has managed to meet strategic objectives whilst still reducing operating costs.

Accent has continued to emphasise data protection awareness throughout 2013/14, delivering further training and conducting a thorough review of practice throughout the organisation. We achieved 100% compliance with declarations of interest last year and are on track to do so again this year. Tenancy fraud has been an area of growing awareness and involvement and we are now part of both local and national networks and have established clear policy in this area.

There has been steady progress regarding business continuity planning although there is more work yet to complete. Following testing and external consultation, business continuity plans are robust and effective at 'head office' level but we now need to cascade this improvement to all regional plans and conduct further testing.

Internal controls
Through consultation with Accent managers, the performance management charter has been revised and complimented by a staff charter. Our competency framework has been re-written as part of an overhaul of our personal performance planning documentation. Together, these actions reinforce the link between strategic and individual objectives and equip managers with the tools they need for effective performance management.

'One way of working' has become a clear goal throughout all areas of the business and this is helping to improve internal control as procedures are re-written providing greater clarity of roles and responsibilities.
Our new ICT system was a key enabler in our ambition to achieve one way of working across Accent and is a vast improvement on previous systems. There are, however, some operational frustrations that we will be working to resolve throughout 2014/15.

Financial controls
Weaknesses identified in previous years in respect of tendering have been addressed through separating procurement from delivery in the new structure. Controls within the Finance department remain robust however Board members are increasingly focussed on budgetary control and are aware that there is an inevitable risk while new managers familiarise themselves with their new geographical areas, new IT system and new roles. Training is in place to address these issues and good practice sharing and networking across Accent is helping to identify and solve any issues that arise.

Regulatory control
Accent continues to have a good reputation with the regulatory body and is looking forward to establishing a strong, constructive relationship with our new lead regulator from the Homes and Communities Agency.

Assurance
The Accent Board is now established and training is taking place to ensure that all members are equipped to scrutinise and challenge effectively.

Accounting Policies
The Group's principal accounting policies are set out on pages 24 to 30 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties, including the valuation and depreciation of housing properties and the capitalisation of interest. The Group applies the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010.

Report of the Board (cont...)

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

Industrial and Provident 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). Under the Industrial and Provident Society legislation the Board must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs and surplus or deficit of the Society and Group for that period. In preparing these financial statements the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010, 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 Society and Group and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Going Concern
After reviewing the Group's budget for 2014/15 and beyond and the borrowing facilities currently available, the Board is confident that the Group has sufficient resources to continue trading for the foreseeable future and at least for the 12 months following approval of these accounts. For this reason the Board has adopted the going concern basis in its financial statements.

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

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

Annual General Meeting
The Annual General Meeting (AGM) will be held on 24 June 2014.

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 24 June 2014 and signed on its behalf by:-

Matthew Sugden
Secretary
24 June 2014

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 2014 which comprise the Consolidated income and expenditure account, the Consolidated statement of total recognised surpluses and deficits, the Consolidated note of historical cost surpluses and deficits, the Consolidated reconciliation of funds, the Consolidated balance sheet, the Consolidated cashflow statement, the Society income and expenditure account, the Society balance sheet 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).

This report is made solely to the Society's members, as a body, in accordance with regulations made under Section 9 and 13 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 17 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 (APB'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/apb/scope/private.cfm.

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 2014 and of the Group and Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 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
24 June 2014

Consolidated income and expenditure account
for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Turnover			
Continuing operations		95,552	95,041
Discontinued operations		-	796
	2	95,552	95,837
Cost of sales			
Continuing operations		(4,849)	(6,631)
Discontinued operations		-	(612)
	2	(4,849)	(7,243)
Operating costs			
Continuing operations		(72,565)	(68,735)
Discontinued operations		-	-
	2	(72,565)	(68,735)
OPERATING SURPLUS			
Continuing operations		18,138	19,675
Discontinued operations		-	184
	2	18,138	19,859
Income from interest in associated undertakings		2	-
Surplus / (deficit) on sale of housing properties	6	975	(265)
Interest receivable and similar income	7	154	339
Interest payable and similar charges	8	(17,461)	(18,535)
Other finance (costs) / income	9	(322)	992
SURPLUS FOR THE YEAR BEFORE TAXATION	11	1,486	2,390
Taxation on ordinary activities	12	48	(24)
SURPLUS FOR THE YEAR AFTER TAXATION	24	1,534	2,366

The accompanying notes form part of these financial statements.

Consolidated statement of total recognised surpluses and deficits
for the year ended 31 March 2014

	2014 £'000	2013 £'000
Surplus for the year after taxation	1,534	2,366
Unrealised surplus on revaluation of housing properties	42,539	4,254
Actuarial (loss) / gain on pension schemes	(3,124)	2,521
Recognition of increase / (decrease) in deferred tax asset re pension scheme	267	(1,040)
Total recognised surpluses relating to the year	41,216	8,101

Consolidated note of historical cost surpluses and deficits
for the year ended 31 March 2014

	2014 £'000	2013 £'000
Reported surplus on ordinary activities before taxation	1,486	2,390
Realisation of property revaluation gains	1,771	1,006
Excess of actual depreciation charge over historical cost depreciation	5,973	3,844
Historical cost surplus on ordinary activities before taxation	9,230	7,240

Consolidated reconciliation of funds
for the year ended 31 March 2014

	2014 £'000	2013 £'000
Opening total funds	292,073	283,972
Total recognised surplus relating to the year	41,216	8,101
Closing total funds	333,289	292,073

Consolidated balance sheet
as at 31 March 2014

	Notes	2014 £'000	2013 £'000
Intangible assets			
Goodwill	13	-	76
Tangible assets			
Housing properties	14	692,508	637,353
Other tangible fixed assets	14	15,931	18,419
		708,439	655,772
Interest in associated and joint venture undertakings			
Share of gross assets		31	16
Share of gross liabilities		(19)	(6)
		12	10
		708,451	655,858
Current assets			
Current asset investments	15	14,037	36,782
Properties for sale	16	610	1,252
Debtors: due within one year	17	7,670	8,205
due after one year	17	4,144	4,574
Cash at bank and in hand		15,766	16,303
Cash at bank held in constructive trust		2,451	2,824
		44,678	69,940
Current liabilities			
Creditors: Amounts falling due within one year	18	(37,536)	(35,871)
Net current assets		7,142	34,069
Total assets less current liabilities		715,593	689,927
Creditors: Amounts falling due after more than one year	19	364,952	382,785
Provisions for liabilities	22	4,145	5,041
Net pension liability	9	13,207	10,028
		382,304	397,854
Capital and reserves			
Share capital	23	-	-
Revenue reserve	24	55,113	48,654
Insurance reserve	24	604	642
Revaluation reserve	24	277,572	242,777
Group's funds		333,289	292,073
		715,593	689,927

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 24 June 2014 and were signed on its behalf by:-

Gwyneth Sarkar Group Chair	Richard Beal Member	Matthew Sugden Secretary

Consolidated cashflow statement
for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	25	41,020	39,837
Returns on investments and servicing of finance			
Interest received		154	339
Interest paid		(18,479)	(18,459)
Net cash outflow from returns on investments and servicing of finance		(18,325)	(18,120)
Taxation			
Corporation tax paid		(1)	(1)
		(1)	(1)
Capital expenditure and financial investment			
Purchase, construction and improvement of housing properties		(38,208)	(32,528)
Social Housing Grant received		1,955	2,715
Sales of housing properties		4,641	2,314
Purchase of other tangible fixed assets		(865)	(1,468)
Net cash outflow from capital expenditure and financial investment		(32,477)	(28,967)
Management of liquid resources			
Movement in cash held on deposit accounts		22,745	5,075
Movement in cash held on Constructive Trust		373	(2,807)
Net cash inflow from management of liquid resources		23,118	2,268
Net cash inflow / (outflow) before financing		13,335	(4,983)
Financing			
Loans received		264	10,338
Loan principal repayments		(13,994)	(1,673)
Net cash (outflow) / inflow from financing		(13,730)	8,665
(Decrease) / increase in cash	26	(395)	3,682

Society income and expenditure account
for the year ended 31 March 2014

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

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

Society balance sheet
as at 31 March 2014

	Notes	2014 £	2013 £
Fixed asset investment		6	6
Current assets			
Debtors		4	3
		10	9
Capital and reserves			
Share capital	23	10	9

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 24 June 2014 and signed on its behalf by:-

Gwyneth Sarkar Group Chair	Richard Beal Member	Matthew Sugden Secretary

Notes to the financial statements

Legislative provisions

The Society is incorporated under the Industrial and Provident Societies Act 1965, registered number 30444R, and is registered with the Homes and Communities Agency (HCA), registered number L4511.

1. **Accounting policies**

The financial statements have been prepared in accordance with applicable Financial Reporting Standards, the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010. The accounts have also been prepared in accordance with the Accounting Direction for Social Housing in England from April 2012. A summary of the principal accounting policies is set out below.

Basis of accounting

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

Basis of consolidation

Consolidated financial statements have been prepared in accordance with the requirements of Financial Reporting Standard No 2 and Financial Reporting Standard No 9. 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 29. Transactions within the Group have been eliminated on consolidation.

Going concern

The Group’s business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place sufficient long-term debt facilities to provide adequate resources to finance the committed reinvestment and development programmes, along with the Group’s day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders’ covenants.

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, revenue grant receivable, 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.
- Finance lease income is included for the period that the lessor has use of the building during the accounting period.
- Management charges, subscriptions and charges for services are included in income over the period for which the service is provided during the accounting period.
- Long and short term contract work in progress is recognised on the value of work completed in the accounting period.
- Income from first tranche shared ownership sales is recognised at the point of legal completion of the sale.

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

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

1. **Accounting policies (cont...)**

Turnover (cont…)

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

Revenue grants

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

Discontinued operations

Discontinued operations are those activities that have been sold or terminated and satisfy all of the following conditions:

- The sale or termination is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved. In respect of the termination of LIFT construction activities see page 31.
- If a termination, the former activities have ceased completely.
- The sale or termination has a material effect on the nature and focus of the Group's operations and represents a material reduction in its operating facilities resulting from either a withdrawal from a particular sector or from material reduction in turnover in continuing sectors.
- The assets, liabilities, results of operations and activities are clearly distinguishable, physically, operationally, and for financial reporting purposes.

Operations not satisfying all of these conditions are classified as continuing.

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

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred tax liabilities are not discounted.

In accordance with FRS19 deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

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

Supported housing projects managed by agencies

Social Housing Grants and other revenue grants are claimed by Accent Corporate Services Limited, Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited as owners of the property. The grants are included in the income and expenditure account and balance sheet of the Group. The treatment of other income and expenditure in respect of projects depends on whether the Group carries the financial risk.

1. **Accounting policies (cont...)**

Supported housing projects managed by agencies (cont...)

Where the Group carries the majority of the financial risk, for example, for losses from voids and arrears, all the project's income and expenditure is included in the income and expenditure account (see note 2).

Where the agency carries the majority of the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group. Other income and expenditure of projects in this category is excluded from the income and expenditure account. All income and expenditure of projects in this category is shown by way of note (see 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 income and expenditure accounts (see note 2).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group. Other income and expenditure of projects in this category is excluded from the Group's income and expenditure account (see notes 2 and 3).

Tangible fixed assets and depreciation

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

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 every five years and interim valuations in year three of the five year cycle. Additional valuations are 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 (net of grant) is attributed to both the land and structure components as suggested by the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010. 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.
- Bathrooms.
- Kitchens.
- 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 less attributable Social Housing Grant and other capital subsidies. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Administration costs relating to development are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

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

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

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, the remaining element is classed as a fixed asset and included in housing properties at cost, less attributable Social Housing Grant and any

1. **Accounting policies (cont...)**

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

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 - Kitchens
- 30 years - Windows, doors and rainwater goods; bathrooms; 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 income and expenditure account 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 taken to the statement of total recognised surpluses and deficits.

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 balance sheet date, the amount due is included within debtors as social housing grant receivable.

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

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.

Where developments have been financed wholly or partly by Social Housing Grant (SHG), the cost of those developments has been reduced by the amount of the grant received. The amount transferred to the revaluation reserve as a result of the revaluation of housing properties has been calculated as the difference between the valuation amount and the net cost of the properties after deducting Social Housing Grant and depreciation.

A percentage of Social Housing Grant received towards development costs is credited to the Income and Expenditure Account in accordance with current HCA guidance.

1. **Accounting policies (cont...)**

Social Housing Grant (cont...)

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

The amount repaid will be restricted to net proceeds of sale and subordinated behind any deemed private loans on the properties where appropriate.

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

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

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Social Housing Grant receivable in respect of housing properties is attributed to both the land and structure components as suggested by the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers Update 2010.

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 balance sheet at valuation in accordance with SSAP 19. 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 income and expenditure account in the year.

1. **Accounting policies (cont...)**

Capitalisation of maintenance

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

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

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

Goodwill

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

Properties for sale

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

Stocks and work in progress

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

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

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

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

Finance lease assets

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

Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Pension costs

The Group operates a defined benefit pension scheme, Accent Group Pension Scheme (AGPS) and participates in two funded multi employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Surrey Pension Fund (SPF).

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

1. **Accounting policies (cont...)**

Pension costs (cont…)

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

AGPS assets and the SPF 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.

Pension scheme deficits are recognised in full and presented on the face of the balance sheet. The movement in the scheme deficit is split between the income and expenditure account and the statement of total recognised surpluses and deficits. The current service cost, expected return on scheme assets, interest cost on scheme liabilities and employer contributions are reflected in the income and expenditure account. Experience gains or losses, actual gains or losses on scheme assets and gains or losses on assumptions (financial and demographic) are reflected in the statement of total recognised surpluses and deficits.

In addition, the Group contributes to money purchase schemes for those employees who are not members of the defined benefit scheme and the charge to the financial statements is based on contributions paid.

Liquid resources

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

Loan finance issue costs

Loan finance issue costs are written off evenly over the life of the related loan. Loans are stated in the balance sheet at the amount of the net proceeds after issue, plus increases to account for issue costs to be written off.

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 can be reliably estimated.

Designated reserves

<u>Revaluation reserve</u>

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

<u>Insurance reserve</u>

The Group self insures in respect of individual claims on property and property owners liability up to £50,000 in value however an insurance reserve has been set aside to cover probable liability claims in respect of incidents which may have occurred since 31 March 2006. The claimant has up to three years in which to lodge a claim against such incidents.

Indexation costs

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

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

Group 2014

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	85,456	-	(67,994)	17,462
Other social housing activities				
Current asset property sales	455	(464)	-	(9)
Charges for support services	713	-	(750)	(37)
Regeneration and community development	670	-	(1,232)	(562)
Other	1,568	-	(187)	1,381
	3,406	(464)	(2,169)	773
Memo only:				
Non social housing activities				
Property sales	4,969	(4,385)	-	584
Other	1,721	-	(2,402)	(681)
	6,690	(4,385)	(2,402)	(97)
Discontinued non social housing activities				
LIFT construction and facilities services *	-	-	-	-
	-	-	-	-
Total	**95,552**	**(4,849)**	**(72,565)**	**18,138**

Group 2013

	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	82,475	-	(63,907)	18,568
Other social housing activities				
Current asset property sales	3,585	(2,733)	-	852
Charges for support services	863		(1,070)	(207)
Regeneration and community development	1,333	-	(2,756)	(1,423)
Other	151	-	(14)	137
	5,932	(2,733)	(3,840)	(641)
Memo only:				
Non social housing activities				
Property sales	4,957	(3,898)	-	1,059
Other	1,677	-	(988)	689
	6,634	(3,898)	(988)	1,748
Discontinued non social housing activities				
LIFT construction and facilities services *	796	(612)	-	184
	796	(612)	-	184
Total	**95,837**	**(7,243)**	**(68,735)**	**19,859**

* **LIFT construction and facilities services**

The Group previously entered into contracts with Bradford & Airedale Care Partnerships Limited and Care Partnerships 25 Limited for the construction and facilities management of primary healthcare centres under NHS Local Improvement Finance Trust (LIFT) schemes. The LIFT construction contract value above represents the value of work completed and invoiced by the Group, on the last such contract. The building reached practical completion during April 2012. LIFT facilities services costs represents the expenditure on project managing the contract's final construction contract.

2. **Particulars of income and expenditure from social housing lettings**

Group

	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Key worker accommodation £'000	2014 Total £'000	2013 Total £'000
Income						
Rent receivable net of identifiable service charges	70,303	4,984	2,412	728	78,427	75,434
Service charge income	4,598	1,766	645	20	7,029	7,041
Turnover from social housing lettings	74,901	6,750	3,057	748	85,456	82,475
Expenditure						
Management	(13,789)	(1,198)	(742)	(23)	(15,752)	(14,896)
Service charge costs	(6,226)	(1,043)	(397)	(32)	(7,698)	(8,032)
Routine maintenance	(12,456)	(565)	(133)	(109)	(13,263)	(12,052)
Planned maintenance	(10,469)	(427)	(21)	(39)	(10,956)	(12,193)
Bad debts	(841)	(23)	(21)	(6)	(891)	(497)
Depreciation of housing properties and write off of replaced assets	(11,597)	(943)	(1,023)	(66)	(13,629)	(13,315)
Impairment of assets held in housing properties	(3,997)	-	(127)	-	(4,124)	(625)
Other costs	(1,370)	(52)	(207)	(52)	(1,681)	(2,297)
Operating costs on social housing lettings	(60,745)	(4,251)	(2,671)	(327)	(67,994)	(63,907)
Operating surplus on social housing lettings	**14,156**	**2,499**	**386**	**421**	**17,462**	**18,568**
Voids - rent lost through dwellings being vacant	(830)	(78)	2	(7)	(913)	(927)

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 215 supported housing units (2013: 222) 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).

	2014 Number	**2013 Number**
People with mental health problems	67	67
People with learning difficulties	52	61
Ex-offenders and those at risk of offending	19	20
Women at risk of domestic violence	25	25
Single homeless with support needs	35	32
Homeless families with support needs	17	17
	215	222

4. Accommodation in management

	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**	**2014 Total Number**	**2013 Total Number**
Social housing					
General needs housing					
Social rent	14,561	15	-	14,576	14,451
Affordable rent	72	-	-	72	19
Supported housing	411	12	23	446	442
Housing for older people	2,950	-	-	2,950	2,956
Intermediate rent	200	-	-	200	211
Low cost home ownership *	905	25	-	930	1,200
Social leased homes **	171	544	-	715	1,052
Non social housing					
Market rent	8	10	-	18	14
Leased housing	-	96	-	96	94
Managed freeholders	5	710	-	715	499
Total	**19,283**	**1,412**	**23**	**20,718**	**20,938**

Accent Group also owns and manages 989 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

	2014 Number	**2013 Number**
Social housing		
General needs housing		
Social rent	35	46
Affordable rent	136	156
Low cost home ownership *	101	165
	272	367

5. Employee information - Group

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

	2014 Number	2013 Number
Administration	89	101
Development	13	18
Housing Support Care	371	432
	-------	-------
	473	551
	====	====

	2014 £'000	2013 Restated* £'000
Staff costs (for the above persons)		
Wages and salaries	13,294	14,534
Social security costs	1,214	1,315
Other pension costs (see note 9)	1,739	1,805
Redundancy costs	816	225
	---------	---------
	17,063	17,879
	=====	=====

* Prior year amounts have been restated in order to bring more consistency and comparability to all group companies, the amount charged to the Income and Expenditure Account remains unchanged. A salary sacrifice scheme is operated by the Group in order to mitigate national insurance costs. Within redundancy costs noted above an amount of £42k was received by the Executive Director who resigned during the year. The number of full time equivalent staff including executive directors whose remuneration for the period fell into the following bands is as follows:

	2014 Number	2013 Number
£60,000 - £69,999	5	9
£70,000 - £79,999	3	2
£80,000 - £89,999	-	4
£90,000 - £99,999	-	1
£100,000 - £109,999	2	-
£110,000 - £119,999	1	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-

The highest paid director as disclosed in note 10 is included within the bandings above.

6. Surplus / (deficit) on sale of property – Group

	2014 £'000	2013 £'000
Proceeds of sale	4,641	2,314
Cost of sales	(3,666)	(2,579)
	--------	--------
Total surplus / (deficit)	975	(265)
	=====	=====

7. Interest receivable and similar income - Group

	2014 £'000	2013 £'000
Interest receivable and similar income	49	339
Interest on assisted car purchase loans to employees	16	-
Interest receivable from unlisted investments	89	-
	-------	-------
	154	339
	====	====

8. Interest payable and similar charges - Group

	2014 £'000	2013 £'000
On bank loans and overdrafts:		
Interest payable	18,568	19,410
Issue costs on capital instruments	67	67
	---------	---------
	18,635	19,477
Less: Capitalised interest	(1,174)	(942)
	---------	---------
	17,461	18,535
	=====	=====
Capitalisation rate used to determine the finance costs capitalised during the period	4.52%	4.28%

9. Pension obligations

The net pension liability as reported on the balance sheet of £13,207k (2013: £10,028k) comprises £9,609k (2013: £6,759k) in relation to the Accent Group Pension Scheme and £3,598k (2013: £3,269k) in relation to the Surrey Pension Fund as detailed below. The total amount of £322k recognised in the income and expenditure account comprises £623k cost (2013: £392k income) in relation to the Accent Group Pension Scheme and £301k income (2013: £600k income) in relation to the Surrey Pension Fund also detailed below.

Accent Group Pension Scheme

A funded defined benefit scheme was established on 1 July 1992 to provide death and retirement benefits for employees of Accent Group Limited and certain subsidiary undertakings and their specified dependants, this is known as the Accent Group Pension Scheme. The most recent actuarial valuation of the scheme as at 6 April 2011 has been updated by JLT Benefit Solutions Limited to 31 March 2014 to take account of the requirements of FRS17. This indicated that there was a deficit before deferred tax liability of £12,011k (2013: £8,894k) 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 FRS17 purposes and the results of the calculations are shown below.

The Group has paid to the scheme total contributions of £962,942 (2013: £1,357,210) being 16% (2013: 16%) of pensionable salaries during the accounting period together with recovery plan, salary sacrifice and withdrawal debt payments. Employees' contributions were 9% (2013: 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.

Following the actuarial valuation of the scheme as at 6 April 2011 the employer has agreed to continue to pay contributions at the rate of 16% of pensionable salaries plus lump sums of £98k per annum in March each year from 2013 until 2020. The next actuarial valuation of the scheme will be performed as at 5 April 2014. The 2011 valuation was conducted using a Projected Unit method. The main actuarial assumptions used in that valuation were:-

Key financial assumptions	31 March 2014 % pa	31 March 2013 % pa
Discount rate	4.45	4.60
Rate of increase in pensions in payment (where capped at 5%)	3.40	3.40
Rate of increase in pensions in payment (where capped at 2.5%)	2.40	2.40
Rate of increase in deferred pensions	2.70	2.70
Rate of Inflation (RPI)	3.50	3.50
Expected return of assets	5.40	5.40

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

9. **Pension obligations (cont...)**

Expected return on assets

The rates of return assumed are set out below:-

	31 March 2014 % pa	31 March 2013 % pa
Equities	6.3	6.3
Diversified Growth Funds	6.3	6.3
Corporate Bonds	4.1	4.1
Property	5.3	5.3
Gilts	2.8	2.8
Other	0.5	0.5

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 2014 (and at 31 March 2013) is as follows:-

- Base table: "S1PxA tables"
- Future mortality improvements: Long cohort projections and 1% underpin.

Average life expectancies	31 March 2014 Years	31 March 2013 Years
Male age 65 at reporting date	22.9	22.8
Male age 65 at reporting date +20 years	24.9	24.8
Female age 65 at reporting date	25.6	25.5
Female age 65 at reporting date +20 years	27.5	27.4

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% (2013: 80%) of members are assumed to commute their benefits at retirement.

Amounts recognised in the income and expenditure account	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Current service cost	1,311	1,222
Interest cost	2,145	2,037
Expected return of Scheme assets	(1,870)	(1,510)
Contributions by the employer	(963)	(2,141)
	---------	---------
Total charged / (credited) to the income and expenditure account	623	(392)
	=====	=====

Reconciliation of defined benefit obligation	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Defined benefit obligation at beginning of year	46,497	43,898
Current service cost	1,311	1,222
Interest cost	2,145	2,037
Contributions by Scheme members	440	307
Actuarial losses / (gains)	1,474	(234)
Benefits paid	(1,448)	(733)
	---------	---------
Defined benefit obligation at end of year	50,419	46,497
	=====	=====

9. **Pension obligations (cont…)**

Reconciliation of fair value of Scheme assets	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Fair value of Scheme assets at beginning of year	37,603	31,686
Expected return on assets	1,870	1,510
Actuarial (losses) / gains	(1,020)	2,692
Contributions by the employer	963	2,141
Contributions by Scheme members	440	307
Benefits paid	(1,448)	(733)
Fair value of Scheme assets at end of year	38,408	37,603

Amounts recognised in the balance sheet	**As at 31 March 2014 £'000**	**As at 31 March 2013 £'000**
Fair value of Scheme assets	38,408	37,603
Actuarial value of Scheme liabilities	(50,419)	(46,497)
Deficit in the Scheme	(12,011)	(8,894)
Deferred tax asset (see note 22).	2,402	2,135
Net pension liability	(9,609)	(6,759)

Analysis of assets	**As at 31 March 2014 £'000**	**As at 31 March 2013 £'000**
Equities	15,000	14,114
Diversified Growth Funds	9,854	9,494
Gilts	4,096	4,287
Corporate Bonds	7,498	7,934
Other	1,960	1,774
	38,408	37,603

Analysis of return on assets	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Expected return on assets	1,870	1,510
Actuarial (losses) / gains	(1,020)	2,692
Actual return on assets	850	4,202

9. **Pension obligations (cont…)**

History of experience gains and losses	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
(Loss) / gain on Scheme assets	(1,020)	2,692
Experience gain on Scheme liabilities	35	2
(Loss) / gain on change in assumptions (financial and demographic)	(1,509)	232
	--------	---------
Total actuarial (loss) / gain recognised in Statement of total recognised surpluses and deficits	(2,494)	2,926
	=====	=====

The cumulative amount of actuarial losses recognised in the statement of the total recognised gains and losses since the adoption of FRS 17 is £8,681k (2013: £6,187k).

Amounts for the current and previous four periods are as follows

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of defined benefit obligation	(50,419)	(46,497)	(43,898)	(38,089)	(37,686)
Fair value of scheme assets	38,408	37,603	31,686	29,953	26,572
Deficit on scheme	(12,011)	(8,894)	(12,212)	(8,136)	(11,114)
Experience (losses) / gains on assets	(1,020)	2,692	(1,002)	(71)	6,647
Experience gains on liabilities	35	2	718	4	-

Surrey Pension Fund – Accent Peerless Limited

There are 2 (2013: 9) Accent Peerless Limited employees that are members of the Surrey Pension Fund; in addition Accent Peerless Limited also makes contributions to a money purchase Group personal pension plan. The Surrey Pension Fund is an independently administered pension scheme. It is a defined benefits scheme based on final pensionable salary. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary, using the projected accrued benefit method, and is not materially different from that arising from the current employer's contribution rate.

The pension contributions payable by Accent Peerless Limited for the year ended 31 March 2014 were £53k (2013: £63k) at a contribution rate of 25.2% of pensionable salary; as recommended by the actuary in the funding valuation at 31 March 2013. In addition recovery plan payments were made totalling £375k (2013: £694k) as certified in the rates and adjustments certificate.

The most recent formal valuation was carried out as at 31 March 2013, and has been updated by independent actuaries to the Surrey Pension Fund to take account of the requirements of FRS17 in order to assess the assets and liabilities of the Fund as at 31 March 2014. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. Accent Peerless Limited contributes to the Surrey Pension Fund at a common rate applicable to a group of employers, which is set having regard to the assets and liabilities of the Group as a whole.

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

Key financial assumptions	31 March 2014 % pa	31 March 2013 % pa
Discount rate	4.1	4.5
Rate of increase in salaries	3.9	5.1
Rate of increase in pensions in payment	2.6	2.8
Rate of increase in deferred pensions	2.6	2.8
Rate of inflation	2.6	2.8

9. **Pension obligations (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.

	31 March 2014 % pa	31 March 2013 % pa
Equities	6.7	5.7
Bonds	3.8	3.4
Property	4.8	3.9
Cash	3.7	3.0

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

Average life expectancies	**31 March 2014 Years**	**31 March 2013 Years**
Current Pensioners		
Males	22.5	21.9
Females	24.6	24.0
Future Pensioners		
Males	24.5	23.9
Females	26.9	25.9

Amounts recognised in the income and expenditure account	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Current service cost	44	67
Expected return on pension fund assets	(410)	(378)
Interest on pension fund liabilities	493	468
Contributions by the employer	(420)	(749)
Contributions in respect of unfunded benefits	(8)	(8)
Total credited to the income and expenditure account	(301)	(600)

Reconciliation of defined benefit obligation	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Opening defined benefit obligation	(11,162)	(9,877)
Current service cost	(44)	(67)
Interest cost	(493)	(468)
Contributions by members	(11)	(19)
Actuarial losses	(407)	(1,069)
Estimated unfunded benefits paid	8	8
Estimated benefits paid	445	330
Closing defined benefit obligation	(11,664)	(11,162)

9. **Pension obligations (cont…)**

Reconciliation of fair value of scheme assets	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Opening Fair Value of Employer Assets	7,893	6,413
Expected Return on Assets	410	378
Contributions by Members	11	19
Contributions by the Employer	420	749
Contributions in respect of Unfunded Benefits	8	8
Actuarial (losses) / gains	(223)	664
Unfunded Benefits Paid	(8)	(8)
Benefits Paid	(445)	(330)
Closing Fair Value of Employer Assets	8,066	7,893

Amounts recognised in the balance sheet	**As at 31 March 2014 £'000**	**As at 31 March 2013 £'000**
Fair value of plan assets	8,066	7,893
Present value of funded obligations	(11,505)	(11,009)
Present value of unfunded liabilities	(159)	(153)
Accent Peerless Limited's net liability	(3,598)	(3,269)

Analysis of assets	**As at 31 March 2014 %**	**As at 31 March 2013 %**
Equities	77	76
Bonds	16	18
Property	6	5
Cash	7	1

Analysis of return on assets	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Actual return on assets	610	1,042

History of experience gains and losses	**Year ended 31 March 2014 £'000**	**Year ended 31 March 2013 £'000**
Actuarial (loss) / gain on Scheme assets	(223)	664
Actuarial (loss) on Scheme liabilities	(407)	(1,069)
Total actuarial loss recognised in Statement of total recognised surpluses and deficits	(630)	(405)

The cumulative amount of actuarial losses recognised in the statement of the total recognised surpluses and deficits since the adoption of FRS 17 is £3,033k (2013: £2,403k).

9. Pension obligations (cont…)

Amounts for the current and previous four periods are as follows

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of defined benefit obligation	(11,664)	(11,162)	(9,877)	(9,082)	(12,553)
Fair value of scheme assets	8,066	7,893	6,413	6,532	7,261
Deficit on scheme	(3,598)	(3,269)	(3,464)	(2,550)	(5,292)
Experience gains / (losses) on assets	(223)	664	(325)	(1,038)	1,823
Experience gains / (losses) on liabilities	33	21	(173)	815	1

Social Housing Pension Scheme – Accent Nene Limited

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

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'. The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

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

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Accent Nene Limited operates the Final Salary with 1/60th accrual rate benefit structure for active members up to 31 March 2010. In addition from 1 April 2010 a Career Average Revalued Earnings (CARE) with a 1/60th accrual rate benefit structure, has been in operation for new entrants.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

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

During the accounting period Accent Nene Limited paid contributions at the rate of 9.1% to 10.1%. Member contributions were 8.4% and 9.3%. As at the balance sheet date there were 28 (2013: 37) active members of the Scheme employed by Accent Nene Limited. The annual pensionable payroll in respect of these members was £908,005 (2013: £1,006,005). Accent Nene Limited continues to offer membership of the Scheme to its employees.

9. **Pension obligations (cont…)**

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035m, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718m. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151m, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:-

	% pa
Valuation discount rates:	
Pre retirement	7.0
Non pensioner post retirement	4.2
Pensioner post retirement	4.2
Pensionable earnings growth	2.5 p.a.for three years then 4.4
Price inflation	2.9
Pension increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate. The valuation was carried out using the following demographic assumptions:

- Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.
- Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	**Long-term joint contribution rate (% of pensionable salaries)**
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings with a 1/60th accrual rate	18.1

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035m would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2013 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Accent Nene Limited has factored these changes into its' budget and financial plans.

These deficit contributions are in addition to the long-term joint contribution rates set out in the table above. The next formal valuation of the Scheme will begin later this year and will give an update on the financial position as at 30 September 2014. The results of this valuation will be available in Spring 2016.

9. **Pension obligations (cont…)**

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate). Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement. A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

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

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

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt. The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

10. **Board members and directors emoluments – Group**

Aggregate emoluments paid during the year

	2014	**2013**
	£'000	**£'000**
Co-opted executive director and executive directors – including benefits in kind	520	632
	=====	=====
The aggregate pension contributions paid on behalf of the co-opted executive director and executive directors	60	83
	=====	=====
Board members	94	172
	=====	=====
Emoluments of the highest paid director (co-opted executive director) during the year excluding pension contributions including car allowance	157	151
	=====	=====

On 17 January 2013 Accent Group Limited along with Accent Corporate Services Limited, Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited implemented new governance arrangements that led to the same group of non-executive directors being appointed to each company. Since then all directors have been remunerated by Accent Corporate Services Limited and appropriate re-charges have been made to each company within the Group.

10. Board members and directors emoluments – Group (cont...)

The Accent Group Pension Scheme is a final salary scheme funded in accordance with advice from the scheme actuary. 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 2014 the Group Chief Executive received a salary of £150.6k (2013: £142.3k), car allowance £6.8k (2013: £8.6k) and non consolidated pay award £nil (2013: £nil). No bonus was paid or accrued to the Group Chief Executive during the year to 31 March 2014 (2013: £nil).

11. Surplus on ordinary activities before taxation – Group

	2014 £'000	2013 £'000
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation of fixed assets and write off of replaced assets	15,454	14,916
Amortisation of positive goodwill	76	5
Auditors' remuneration (excluding VAT):		
For Audit services	72	78
In respect of tax services	8	14
Impairment of housing properties held in fixed assets	4,124	625
Impairment of office buildings held in fixed assets	1,428	-
Impairment of properties held in investment properties	4	-
Impairment of properties held in current assets	-	362
Pension scheme recovery plan payments	819	792
Operating lease charges	991	955
Bad debts:		
Current residents	412	133
Former residents	465	427
Other debtors	129	102

12. Taxation on ordinary activities - Group

	2014 £'000	2013 £'000
Current tax		
UK corporation tax on surplus for the year	13	1
Total current tax charge	13	1
Deferred tax		
Net origination and reversal of timing differences	(61)	23
Total deferred tax	(61)	23
Tax (credit) / charge on surplus on ordinary activities	**(48)**	**24**

12. **Taxation on ordinary activities – Group (cont)...**

Factors affecting tax charge for the year

The tax assessed is lower than the standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below:-

	2014 £'000	2013 £'000
Surplus on ordinary activities before tax	1,486	2,390
Adjustments in respect of charitable activities	(2,229)	(2,256)
(Deficit) / surplus on ordinary activities subject to tax	(743)	134
Theoretical tax (credit) / charge at UK corporation tax rate 23% (2013: 24%)	(171)	32
Effects of:		
Expenses not deductible for tax purposes	123	51
Tax losses not utilised	(3)	-
Income not chargeable for tax purposes	-	(70)
Capital allowances less / (greater) than depreciation	61	(10)
Utilised losses	-	(2)
Short term timing difference	3	-
Current tax charge for the year	13	1

13. **Goodwill – Group**

	Positive goodwill £'000
Cost	
As at 1 April 2013 and 31 March 2014	101
Amortisation	
As at 1 April 2013	(25)
Charge for the year	(76)
At 31 March 2014	(101)
Net book value	
As at 31 March 2014	-
As at 31 March 2013	76

The positive goodwill relates to the acquisition of G&P Holdings Limited on 17 May 2007. The remaining balance at 31 March 2013 of £76k has been wholly written-off during the year to 31 March 2014 reflecting the intention to dissolve G&P Holdings Limited during the subsequent year.

14. Tangible Fixed Assets – Group

	Housing properties held for letting	Housing properties under construction	Shared ownership housing properties	Supported housing	Total housing properties	Other tangible fixed assets			Total
						Investment properties	Freehold offices	Plant vehicles and equipment	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2013	514,143	20,118	62,134	65,470	661,865	1,354	11,295	19,226	693,740
Schemes completed	4,333	(4,333)	-	-	-	-	-	-	-
Additions	-	9,013	379	-	9,392	-	-	865	10,257
Work to existing properties	22,203	-	-	3,342	25,545	-	-	-	25,545
Write off of replaced assets	(2,239)	-	(7)	(313)	(2,559)	-	-	-	(2,559)
Disposals	(1,062)	-	(985)	(277)	(2,324)	(135)	-	(101)	(2,560)
Revaluation movement	14,225	-	(3,878)	(964)	9,383	(4)	-	-	9,379
At 31 March 2014	**551,603**	**24,798**	**57,643**	**67,258**	**701,302**	**1,215**	**11,295**	**19,990**	**733,802**
Depreciation									
At 1 April 2013	(8,764)	-	(3,076)	(1,845)	(13,685)	-	(1,470)	(11,986)	(27,141)
Charge for year	(9,588)	-	(525)	(1,178)	(11,291)	-	(153)	(1,623)	(13,067)
Write off of replaced assets	151	-	-	21	172	-	-	-	172
Impairment	(3,997)	-	(127)	-	(4,124)	-	(1,428)	-	(5,552)
Disposals	136	-	65	6	207	-	-	91	298
Revaluation movement	21,923	-	2,535	2,542	27,000	-	-	-	27,000
At 31 March 2014	**(139)**	**-**	**(1,128)**	**(454)**	**(1,721)**	**-**	**(3,051)**	**(13,518)**	**(18,290)**
Cost or valuation less depreciation									
At 31 March 2014	**551,464**	**24,798**	**56,515**	**66,804**	**699,581**	**1,215**	**8,244**	**6,472**	**715,512**
At 31 March 2013	505,379	20,118	59,058	63,625	648,180	1,354	9,825	7,240	666,599
Social Housing Grant and other capital subsidies									
At 1 April 2013	(4,581)	(2,007)	(3,050)	(1,189)	(10,827)	-	-	-	(10,827)
Received in year	(24)	(2,286)	(158)	-	(2,468)	-	-	-	(2,468)
Schemes completed	(1,432)	1,432	-	-	-	-	-	-	-
Disposals	20	-	46	-	66	-	-	-	66
Revaluation movement	4,708	-	1,235	213	6,156	-	-	-	6,156
At 31 March 2014	**(1,309)**	**(2,861)**	**(1,927)**	**(976)**	**(7,073)**	**-**	**-**	**-**	**(7,073)**
Net book value at 31 March 2014	**550,155**	**21,937**	**54,588**	**65,828**	**692,508**	**1,215**	**8,244**	**6,472**	**708,439**
Net book value at 31 March 2013	500,798	18,111	56,008	62,436	637,353	1,354	9,825	7,240	655,772

Included in the above are finance costs capitalised in the year of £1,174k (2013: £942k).

.

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

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

	2014 £'000	**2013 £'000**
Historical cost	886,454	855,356
Social housing grant	(418,425)	(417,359)
Depreciation and impairment	(108,834)	(102,361)
	359,195	335,636

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

	2014 £'000	**2013 £'000**
Freehold land and buildings	685,247	630,641
Long leasehold land and buildings	7,178	6,647
Short leasehold land and buildings	83	66
	692,508	637,354

	2014 £'000	**2013 £'000**
Expenditure on works to existing properties relate to components:		
Amounts capitalised	25,545	22,162
Amounts charged to income and expenditure account	10,956	12,193
Total	36,501	34,355

Housing properties owned by the Group held for letting and shared ownership housing properties were professionally independently valued by Savills (UK) Limited as at 31 March 2014. 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 SORP recommends 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)	5.50% - 6.25%
Level of annual rent increase 2015/16 onwards	CPI + 1%
Changes in CPI have been assumed as follows:	

2014/15 – 2.50%
2015/17 – 2.25%
2016/17 onwards – 2.00%

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
An total impairment provision of £5,556k (see note 11) (2013: £625k) was made during the year to 31 March 2014 to reduce the carrying value of certain fixed asset and investment properties within the Group to their value in use, being the estimated recoverable amount. This charge relates to four schemes (2013: three schemes).

15. Investments - Group

Current asset investments

	2014 £'000	2013 £'000
Housing loans security deposit	5	5
London Borough of Bromley security deposit	1,320	1,313
Other deposits	12,712	35,464
	14,037	36,782

The investment of £1,320k is security against a loan from the Local Authority as shown in note 18. The investment's interest rate is equal to that charged on the loan.

16. Properties for sale - Group

	2014 £'000	2013 £'000
Shared ownership properties	255	314
Properties held for sale	355	938
	610	1,252

An impairment provision of £nil (2013: £362k) was made during the year to 31 March 2014 to reduce the carrying value of certain properties held for sale within the Group to their net realisable value. The charge for the year to 31 March 2013 related to two schemes.

17. Debtors - Group

	2014 £'000	2013 Restated* £'000
Amounts falling due within one year:		
Rent and service charges receivable	6,173	4,870
Less: Provision for bad and doubtful debts	(2,248)	(1,833)
	3,925	3,037
Net investment in finance leases	802	769
VAT	38	23
Social Housing Grant receivable	135	888
Prepayments and accrued income	575	1,317
Other debtors	2,195	2,171
	7,670	8,205

	2014 £'000	2013 £'000
Amounts falling due after one year:		
Net investment in finance leases	3,156	3,607
Other long term debtors	962	967
Deferred tax asset	26	-
	4,144	4,574

	2014 £'000	2013 Restated* £'000
Debtor analysis:		
In one year or less	7,670	8,205
Between one and two years	780	727
Between two and five years	583	2,270
After more than five years	2,781	1,577
	11,814	12,779

17. **Debtors - Group (cont…)**

* During the year the Group moved the accounting and property management activities of Domus Services Limited onto our groupwide housing management and accounting systems. This process enabled management to better identify certain balances in relation to the year ended 31 March 2013. The opportunity has been taken to restate these balances in the accounts of the Group for the year ended 31 March 2014 (notes 17, 18 and 22). There is no overall impact on the deficit for the year or net assets.

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 £3,958,128 (2013: £4,375,758).

18. **Creditors: Amounts falling due within one year - Group**

	2014	**2013 Restated***
	£'000	**£'000**
Bank loans (note 19)	15,163	11,292
Recycled capital grant fund (note 20)	894	1,177
Disposal proceeds fund (note 21)	68	71
Bank overdraft	-	142
Trade creditors	3,525	2,324
Corporation Tax	13	1
VAT	8	-
Other taxation and social security payable	404	385
Rent and service charges in advance	1,288	1,538
Accruals	4,256	4,913
Housing properties and major work creditors	3,417	7,318
Loan interest accrual	2,934	2,896
Deferred income	1,899	81
Other creditors	3,645	3,711
Deferred grant	22	22
	37,536	35,871

Bank loans includes the unutilised balance on a loan from the London Borough of Bromley amounting to £1,320k (2013: £1,313k). This element of the loan is matched by specific investment balances which serve as security for the loan shown in note 15 and bear an interest rate equal to that earned on the investments.

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

	2014	**2013**
	£'000	**£'000**
Bank loans	364,805	382,406
Other creditors	1,806	1,782
Recycled capital grant fund (note 20)	820	1,194
	367,431	385,382
Capital instrument issue costs	(2,479)	(2,597)
	364,952	382,785

Bank loans analysis

	2014	**2013**
	£'000	**£'000**
<u>Due after more than one year</u>		
Bank loans	359,953	378,106
Loans financing lease debtors	4,852	4,300
	364,805	382,406

19. Creditors: Amounts falling due after more than one year – Group (cont…)

	2014 £'000	2013 £'000
Total loans repayable as follows:		
Within one year	15,163	11,292
Between one and two years	14,474	13,383
Between two and five years	45,878	43,831
After five years	304,453	325,192
	379,968	393,698

At 31 March 2014 the Group had a facility with Nationwide Building Society of £200.4m (2013: £210m) of which £30m was unutilised (2013: £30m). At 31 March 2014 the Group had a facility with Royal Bank of Scotland of £81.2m 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 commence 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 2014 Accent Limited had a facility with Lloyds Bank of £84m (2013: £87m) which was fully utilised (2013: £0.75m unutilised). 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%, repayments commenced in 2013.

20. Recycled capital grant fund - Group

	2014 £'000	2013 £'000
At 1 April	2,371	2,102
Grants recycled	540	475
Purchase / development of properties	(1,197)	(206)
Balance at 31 March	1,714	2,371

No grant is due for repayment, the HCA have approved rollover into 2014/15 where relevant.

21. Disposal proceeds fund - Group

	2014 £'000	2013 £'000
At 1 April	71	480
Net sales proceeds recycled	66	-
Purchase and redevelopment of properties	(69)	(409)
Balance at 31 March	68	71

No grant is due for repayment, the HCA have approved rollover into 2014/15 where relevant.

22. Provisions for liabilities - Group

	Self insurance £'000	Cyclical maintenance Restated* £'000	Replacement of on-site equipment Restated* £'000	Major repairs Restated* £'000	Other £'000	Deferred Tax £'000	Total Restated £'000
At 1 April 2013	321	648	918	3,083	36	35	5,041
Transferred from income and expenditure account	239	83	50	314	-		686
Utilised in the year	(292)	(153)	(107)	(982)	(13)		(1,547)
Reversed in the year	-	-	-	-	-	(35)	(35)
At 31 March 2014	268	578	861	2,415	23	-	4,145

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

Deferred Tax	**2014 £'000**	**2013 £'000**
Accelerated capital allowances	(15)	45
Short term timing differences	(11)	(10)
	(26)	35
Amount attributable to pension scheme deficit (note 9)	(2,402)	(2,135)
Undiscounted deferred tax asset	(2,428)	(2,100)
Asset at start of year	(2,100)	(3,163)
(Credit) / charge in the income and expenditure account (note 12)	(61)	23
(Gain) / loss in the statement of total recognised surpluses and deficits	(267)	1,040
Asset at end of year	(2,428)	(2,100)

23. Share capital – non equity

	2014 £	**2013 £**
Allotted, issued and fully paid:		
At 1 April	9	8
Issued in the year	2	5
Surrendered during the year	(1)	(4)
At 31 March	10	9

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.

24. Reserves

	Revaluation reserve £'000	Insurance reserve £'000	Revenue reserve £'000	Total £'000
At 1 April 2013	242,777	642	48,654	292,073
Surplus for the year	-	-	1,534	1,534
Surplus on revaluation of housing properties	42,539	-	-	42,539
Actuarial loss relating to pension scheme	-	-	(3,124)	(3,124)
Deferred tax movement on net pension asset	-	-	267	267
Transfers to / from revenue reserve	(7,744)	(38)	7,782	-
At 31 March 2014	**277,572**	**604**	**55,113**	**333,289**

At 31 March the 2014 the revenue reserve contains £12.846m defined pension liability (2013: £10.028m).

25. Net cash inflow from operating activities

	2014 £'000	2013 Restated £'000
Operating surplus	18,138	19,859
Depreciation charges	15,454	14,916
Impairment	5,556	987
Investment income	2	-
Goodwill amortisation	76	5
Finance pension (costs) / income	(322)	992
Decrease in stock and properties for sale	642	4,136
Decrease / (increase) in debtors	238	(1,032)
Increase / (decrease) in creditors	2,097	(1,049)
(Decrease) / increase in provisions	(861)	1,023
Net cash inflow from operating activities	41,020	39,837

26. Reconciliation of net cash flow to movement in net debt

	2014 £'000	2013 Restated £'000
Movement in cash during the year	(395)	3,682
Movement in liquid resources	(23,118)	(2,268)
Movement in loans	13,730	(8,665)
Change in net debt	(9,763)	(7,251)
Net debt at 1 April	(337,931)	(330,680)
Net debt at 31 March	(347,714)	(337,931)

27. Analysis of changes in net debt

	1 April 2013 Restated £'000	Cash flows £'000	31 March 2014 £'000
Cash at bank and in hand	16,303	(537)	15,766
Bank overdraft	(142)	142	-
Changes in cash	16,161	(395)	15,766
Cash held in constructive trust	2,824	(373)	2,451
Current asset investments	36,782	(22,745)	14,037
Changes in liquid resources	39,606	(23,118)	16,488
Loans	(393,698)	13,730	(379,968)
Changes in debt	(393,698)	13,730	(379,968)
Changes in net debt	(337,931)	(9,783)	(347,714)

28. Capital commitments - Group

	2014 £'000	2013 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	21,955	33,571
Capital expenditure that has been authorised by the Board but has not yet been contracted for	6,428	11,762
	28,383	45,333

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

	2014 £'000	2013 £'000
In relation to expenditure contracted for but not provided for	(1,453)	(1,982)
In relation to expenditure authorised by the Board but not yet contracted for	(565)	(1,098)
	(2,018)	(3,080)

The remaining commitments of £26.365m (2013: £42.253m) are capable of being fully financed by banks and building societies. As at 31 March 2014 the Group had £28.5m (2013: £51.8m) on deposit to meet these commitments and had agreed unused facilities of £30.0m (2013: £32.75m). The payments which the Group is committed to make in the next year under operating leases are as follows:-

	2014 £'000	2013 £'000
Land and buildings leases expiring		
Within one year	95	13
One to five years	69	164
Beyond five years	167	446
	331	623
Vehicles, office equipment and computers expiring		
Within one year	33	3
One to five years	362	343
Beyond five years	-	7
	395	353

29. Subsidiary and associate undertakings

At 31 March 2014 the subsidiary and associate undertakings were:-

	Percentage Owned or Controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Industrial and Provident Society controlled by Accent Group Limited
Subsidiaries:			
Accent Assets Limited (which in turn holds 100% of G&P Holdings Limited)	100	x	
Accent Corporate Services Limited* ^	100		x
Accent Regeneration and Community Partnerships Limited*	100		x
Accent Foundation Limited* ^	100		x
Accent Nene Limited* ^	100		x
Accent Peerless Limited* ^	100		x
Accent Regeneration Limited*	100		x
Domus Services Limited	100	Note A	
PAN English Development Company Limited	100	x	
Repair Co Limited	100	x	
Respond Housing Limited	33 1/3		

29. **Subsidiary and associate undertakings (cont...)**

	Percentage Owned or Controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Industrial and Provident Society controlled by Accent Group Limited
Joint Ventures:			
Franklands Park Limited (limited by guarantee)	50		
Associates:			
Procurement For All Limited (joint procurement company)	16 2/3		

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.

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.

30. **Related parties**

There was one resident member (I Bennett) on the Board during the year. His tenancy is on normal commercial terms and he is not able to use his position to his advantage.

Non-Executive Director J Boaden is the 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 £45,506 relating to membership fees, training and procurement of maintenance activities. There was £nil due from Accent to Northern Housing Consortium as at 31 March 2014.

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