Registered Society Number 30444R

Accent Group Limited

Report and Financial Statements

for the year ended

31 March 2015

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Registered by the HCA No. L4511

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Group Chair's statement – stronger together, better together

Our 2015/20 business plan was adopted in March 2015, following a review at our annual Board and Customer Service Committee Conference. We confirmed that our vision of 'Making a difference, improving homes communities and lives' remains as relevant now as it was when we established it five years ago. Our focus now is on delivering a personal, modern and better service; as customers' expectations rise, and austerity measures and welfare reform continues, the most vulnerable need us more than ever. Last year we allocated 2,300 homes with turnover reducing and within target. Our new tenancy sustainability teams have begun to make a real difference, by helping 1,200 residents sustain their tenancies.

We are now demonstrating that we are 'stronger together.' Governance continues to be strengthened with a clearer split of responsibilities, with the Accent Board developing key strategies and policies, and customer service committees driving performance improvement at a regional level. We are a much more connected organisation governed by a single group of people working towards a single vision and set of goals who can make decisions quickly and effectively. We have maintained our G1 and V1 assessments by the HCA and have risen to the challenges of the new regulatory code, with which I can confirm on behalf of the Board we fully comply with, ahead of its implementation on 1 April 2015. Our long term plan remains to fully consolidate as one legal entity but, given the potential costs and the success of the 'common / virtual board', we will only pursue this when the benefits outweigh the costs.

Performance for the group as a whole for the year to March 2015 is better than ever, with the exception of overall customer satisfaction where our initial survey findings indicate a small decline. Regional customer service committees are beginning to make a difference, working closely with regional management teams. All 12 strategic targets set by the Board have either been met or seen improved performance since the previous year. Net arrears have reduced by £1.1m and, at £2.8m, are lower than they were three years ago. I am particularly proud of this since our evictions have not risen significantly. In addition our management costs have reduced in this year by just over £1.2m demonstrating real value for money by reducing costs whilst improving performance.

This year the Board have used return on assets to support strategic asset decisions. Our overall voids available to let have reduced by 29%, as we tackle the "worst first." We have also begun some challenging discussions with local authorities about choice based lettings to ensure they are delivering VFM and delivering sustainable tenancies. We have made a bold decision to seek HCA consent to dispose of 183 two and three bedroom Victorian terrace properties in Horden and Blackhall, Co Durham, for which there is no social housing demand. We identified the financial implications of this fall in demand in 2013/14 when we impaired some of the properties by £4.1m. This year we impaired the remaining properties in this area by £4.4m.

We invested over £42.0m in our existing homes last year, developed 182 new homes, and sold 214 homes in Kent. The latter was a strategic decision to exit four isolated housing developments almost three hours drive from our nearest regional office in Camberley. The income we received has been ring-fenced and will be re-invested in developing new homes in the Accent South region. The Board has conducted a comprehensive stress testing of the business plan and confirming our risk attitude towards additional borrowing to support further development. We will seek to raise a further £25m in borrowings this coming year towards our ambition to build a further 500 homes by 2020.

The Accent Board does not shy away from making difficult decisions. This year we also regretfully decided to close our training business at Accent Regeneration and Community Partnerships Limited. Given the annual subsidy of over £500k required to support the business, the change in the funding rules and the fact that only one region benefitted from the service, we could not deliver VFM for all our residents who, ultimately, were subsidising this activity. We will continue to support community investment, but via a new consistent offer to support tenancy sustainability. Termed Accent Life Skills, this will be piloted and developed this year with a view to rolling it out in 2016/17.

The group has made a surplus of £13.1m. This represents the culmination of Accent taking difficult decisions, such as closing businesses and selling loss making homes over a number of years, combined with improving performance in our core business. This has lead to the significant improvement in surplus.

We are now focussed on delivering our new personal, modern and better service and have begun reviews of our services to older and vulnerable people. These services are key. Given the demographic changes with increasing numbers of both older and vulnerable people we need to ensure we have a clear strategy and resources identified for the long term provision of these services – just as we have for development.

I have been proud to lead Accent through what has been a significant period of change for the better over the past few years. However, as this is my 9th and final year of office, we will shortly be advertising for my successor who will lead the Accent Board in facing the challenges and making the most of the opportunities which will come our way in the years to come. I would like to personally thank my colleagues on the Accent Board for their support and commitment and Gordon Perry and the executive team for their leadership in getting us where we are today. I am very positive about Accent's future and looking forward to working with the Accent Board, the management team, our customer service committees and staff in my final year of office, to see us continue to make a real difference, improving our residents' homes and lives in our communities.

Gwyneth Sarkar, Group Chair

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

As the Accent Chair states, our 2015/20 Business Plan confirms our vision, and clarifies our priorities for the future. Our personal, modern and better service offer comes to the fore, as does the implementation of our asset management strategy. The significant progress made in developing this strategy means that we have a clear and costed plan for the next five years, which is appropriately resourced. We have an agreed 'Accent Property Standard' - a £57m planned maintenance investment which exceeds the Decent Homes Standard and supports our affordable warmth strategy. A further key project for the coming year is "P2016" - the procurement of five regional planned and responsive repairs works contracts. We have commissioned the expertise of Procurement for All Limited – the procurement consortia we are founder members of, to project manage this.

The business plan also confirms our commitment to the development of 500 additional homes by 2020, which is relatively modest growth within our 'balanced' risk attitude to additional borrowing. We will achieve this by developing new homes and acquiring new stock in our core areas - 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. This approach will raise the average quality of our homes.

As it should, our business plan also confirms what we won't do. Our Board confirmed we will not return to commercial activity. We also decided not to move into large scale provision of market rented accommodation, or specialist care and support services, but will focus on general needs accommodation. We have, however, decided to increase investment in accommodation for older and vulnerable people, hence our comprehensive service reviews which will see modest growth over the next five years. We will strengthen the sheltered housing service by providing dedicated scheme managers who will support social events and extend the service out into the wider community.

Our new offer of a more personal, modern and better service for our customers is beginning to take shape. We consistently strive to improve our service efficiency and levels of resident satisfaction, and we want our residents to be proud to say they live in an Accent home. We are increasingly challenging our residents to pay rent on time, as evidenced by the reduction in rent arrears, and are seen by some as being responsible for welfare reforms, improving levels of satisfaction will therefore be a challenge. Customers' aspirations are increasing year on year, and we must keep pace with that change. Given that less than a third of our residents work, and almost 1,500 are subject to the bedroom tax, we have a significant proportion of our customers who are vulnerable to the government's continued austerity measures and welfare reforms. This means our personal modern and better service must be just that. Our 'personal' service will focus on those increasingly vulnerable residents that need our support to sustain their tenancies and lives. Our service must be more modern and better so most customers can, and will, access our services on-line or via the telephone. That is why we have launched The Accent Customer Portal in 2015 where residents can view their personal information and interact with us more conveniently and securely on-line. We have also linked our regional customer contact centres and our national repairs centre as one 'virtual' contact centre. We are undertaking a further review of these arrangements this year to see if we can make further improvements to customer service and efficiency.

We will improve how we use technology to deliver services, and to 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 resident engagement strategy will also be independently reviewed this year, and we will seek new ways to enhance the opportunities our residents have to shape our services, as fewer residents want to engage in traditional meetings and formal mechanisms. We need to strengthen our local scrutiny arrangements to ensure the performance improvement achieved this year is continued. This means our customer service committees will also be reviewed to ensure best practice is shared across the organisation. The Accent Residents' Panel will continue to act as 'critical friend' to the Accent Board on strategic issues.

As well as supporting vulnerable residents who are at the heart of our business, the Board is also keen to support aspiration as people seek to improve their lives and opportunities. The reduced ability for people to access outright affordable home ownership means that shared ownership has become more popular. We will respond to this demand and opportunity by developing a new service offer – Accent Life. This will guarantee a secure assured tenancy "for as long as you need one" and are considering a potential offer of flexible tenure. We will also continue building mixed tenure developments as we have done successfully in Fulbourn in south Cambridgeshire and Franklands in Surrey. 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. This spreads the risk to the business and means we fulfil our values of having a social heart with a business mind.

We will continue to lead the Accent Group Development Consortium, providing programme management services for smaller associations, and support Procurement for All Limited – our procurement consortia which has delivered £3.9m savings for Accent and significant savings for its members overall. Both consortia have membership commitments to 2018 and have grown in the last year. We have also confirmed our approach to mergers and acquisitions and will consider welcoming other organisations who wish to join our group based on shared vision, values and objectives, where this clearly demonstrates value for money and efficiency benefits for both parties, but not simply as an ambition to increase in size.

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

We know our people are the core of our business and that the key to having highly satisfied customers is having highly satisfied staff. We have made promising progress with a 5% improvement in staff satisfaction, and we are seeking "Investors In People" (IIP) accreditation for our progress with our 'people strategy' later this summer. We have significantly improved and extended our staff and manager training, learning and development, and strengthened the 'golden thread' between organisational and individual objectives though better performance management. We are beginning to see the results coming through in the performance improvements the Chair has highlighted. Obviously I see more to come!

As I write, the impact of the general election is becoming clearer. The continuation of austerity, welfare cuts and the emerging right to buy policy will all have an impact on our income and potentially on our ability to borrow more funds to build more homes. 2015/16 will see us seek to be as inventive as usual in adapting to the tougher environment.

Our customers also face challenging times as austerity continues and their vulnerability profile increases. That is why we need to know more about our customers than ever, and make sure we are targeting the support to those who need it, and supporting the aspiration of those able to do it for themselves. We need to investigate whether our more robust approach to income collection has impacted negatively on customer satisfaction and we will work with the Board to ensure we understand the drivers for customer satisfaction. Housing Associations like Accent have never been needed more than we are now, and we are ready to step up to the challenge to deliver a 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 communities by providing high quality homes and services. The group's three strategic objectives are:

1. Improving homes.
2. Improving communities and lives.
3. Delivering a personal, modern and better service.

Our core values supporting our vision are being:

1. Respectful,
2. Dependable,
3. Creative and
4. 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, and reforms to the welfare benefits system, on the wellbeing of our residents and our income. The focus of our Business Plan 2015-20 is how we build on the success of our virtual consolidation in 2013 to make 'more' of a difference. Our strategic priorities under our three strategic objectives are:

1. Improving Homes
We will maintain the significant levels of investment in existing homes whilst ensuring that we are actively managing our assets, achieving value for money (VFM) through our investment, remodelling or disposal decisions. We will also continue to meet demand for new housing in communities through the delivery of our Affordable Housing Programme.

2. Improving Communities and Lives
We are refocusing our strategy for investing in communities. Our new strategy will contribute to our sustainability agenda and add value to our residents and communities by developing a Skills Development Programme. We will also build on our highly successful tenancy sustainability service, strengthening the service in order to guide our customers through the roll out of Universal Credit and further reforms to the welfare system.

3. Delivering a Personal, Modern and Better Service
Our specialist services will be targeted at those who need them most, and we are reviewing our customer contact environment to ensure that routine enquiries and transactions are managed at first point of contact. We continue to modernise our service using technology, including a full roll out of mobile working in order to increase the efficiency of frontline services. The focus of our VFM strategy will be on improving performance and efficiency.

By the end of 2016 we aim to have:

- Improved resident satisfaction through the delivery of our new service offer.
- Increased financial capacity to enable us to invest in around 147 new 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.

Service to tenants and residents - how are we performing?
Over the past 12 months we have continued to improve the services we provide to over 20,800 households. We completed 182 new homes and re-housed over 2,300 families. We improved the quality of our homes, with a total investment in repairs and maintenance services of around £42m (capital and revenue expenditure).

Operating and financial review (cont...)

Service to tenants and residents - how are we performing? (cont...)
The following tables set out the performance of the three registered providers (RP's) (Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited) within the Group against the key, resident focussed performance indicators.

Tenant Satisfaction and Involvement
Residents from across the Group meet through the Accent Residents' Panel, which acts as a sounding board for Accent Group Board Limited on strategic issues and the business plan. They also fulfil a scrutiny role for group wide Resident Engagement and Equality and Diversity performance.

Our latest interim survey results as at 21 April 2015 are those published below from the Survey of Tenants and Residents (STAR) which was carried out during March and April 2015.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Overall satisfaction with landlord services	2014/15	80%	82%	81%	83%	78%	81%
	2013/14	86%	87%	84%	87%	78%	85%
	2011/12			86%	91%	81%	86%
How has the service provided by Accent changed over the last 12 months?	Got better	24%	22%	18%	20%	19%	20%
	The same	66%	66%	69%	65%	65%	67%
	Got worse	10%	12%	13%	15%	16%	13%

This is the initial high level result. The Board will be analysing the detail in July when the analysis is completed. The regular satisfaction questions that happen through the year show improvement, so it is important for Accent to understand why the annual survey contrasts with the in-year positive results.

Repairs and Maintenance
The decency standards target was 98.2% (this is below 100% due to planned disposals and the application of the full life to component lifecycles in order to maximise value for money). Decency standards for the Group now stand at 96.39% (based on self-assessment). Actual performance is lower than target due to access issues and component failures during the year. Accent applies the full life to component lifecycles so that investment is not brought forward as this would undermine value for money. This means that when a component expires it is replaced in that year. This can reduce the decency score at the year-end.

Satisfaction with planned works has exceeded the 95% target by 1.2%. The Group's 'Average days to complete a repair' has improved by 0.4 days. First time fix for the Group has increased by 3.4% year on year. Overall satisfaction with repairs has increased year on year by over 1%.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Decent Homes	2014/15	96.41%	98.01%	98.23%	97.91%	91.17%	96.39%
	2013/14	95.35%	98.68%	98.20%	96.17%	89.26%	95.62%
	2012/13			96.30%	100.00%	100.00%	98.77%
Average Time to complete a repair	2014/15	7.8 days	6.5 days	5.5 days	8.2 days	5.4 days	6.7 days
	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	2014/15	87.00%	88.30%	91.40%	94.90%	95.20%	91.40%
	2013/14	78.30%	86.60%	86.60%	95.90%	92.50%	88.00%
	2012/13			84.00%	89.90%	89.10%	87.70%
Percentage Appointments kept	2014/15	94.80%	91.80%	93.60%	92.20%	92.70%	93.00%
	2013/14	86.10%	91.50%	86.10%	96.80%	89.50%	90.00%
	2012/13			96.00%	90.50%	97.40%	94.60%
Percentage Satisfied with responsive repairs	2014/15	94.60%	94.20%	95.70%	94.30%	93.90%	94.30%
	2013/14	89.10%	94.50%	90.40%	95.00%	91.80%	92.20%
	2012/13			90.00%	93.90%	85.60%	90.10%
Tenancy Turnover	2014/15	18.40%	13.10%	12.60%	9.30%	7.00%	11.90%
	2013/14	18.70%	12.90%	14.40%	8.40%	7.10%	12.20%
	2012/13	17.10%	14.40%	14.40%	8.40%	9.10%	12.10%

Housing Management
The continued signs of pressures on income collection as a result of the financial climate and welfare reform changes are noticeable across the Group. There has been a decrease in current arrears and an increase in former tenant arrears. The combined current and former tenant arrears have decreased year on year by £1,126k. Tenancy turnover continues to be a challenging area across Accent with the northern regions in particular reporting significantly higher levels than the sector benchmark. When turnover is compared year on year as a Group it decreased by 0.5%, and tenancies failing within the first 12 months have decreased at Group level by 0.2%. Re-let time for 'General need' and 'Sheltered' lets combined has increased slightly increasing the average by 0.4 days.

Operating and financial review (cont...)

Housing Management (cont...)
Eviction rates are down by 17% at 112 (2013/14: 135). This is an area that we continue to monitor closely as the impact of austerity and welfare reforms are felt by our residents. Anti-Social Behaviour levels have decreased year on year by 291 cases, and satisfaction with case handling has exceeded target. Total Hate Crime cases continued at the rates in previous years.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Current tenant rental arrears	2014/15	6.10%	4.40%	3.40%	3.00%	3.10%	3.90%
	2013/14	6.60%	5.20%	3.80%	4.10%	6.90%	5.40%
	2012/13			3.90%	3.55%	5.99%	4.30%
Average re-let times	2014/15	41.3 days	23.5 days	29.4 days	16.8 days	23.6 days	28.6 days
	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	17.8 days	28.8 days
Empty properties	2014/15	6.88%	0.79%	2.23%	0.33%	0.76%	2.11%
	2013/14	5.78%	1.78%	2.99%	0.36%	0.98%	2.31%
	2012/13			2.70%	0.30%	0.60%	1.80%
ASB Cases per 1,000 properties	2014/15	35.1	43.2	43.1	43.2	17.5	32.6
	2013/14	59.4	60.3	73.8	43.6	42.8	56.0
	2012/13			41.8	37.9	17.3	37.1

Customer Service
There were over 294k customer contacts during the year and the percentage of calls answered exceeded 96% with the average time to answer a call being 14 seconds. There has been an increase in overall complaints rising from 359 to 438. Compliments continue to be reported to provide a more balanced view of customer service and service delivery across Accent. Year to date there have been 299 compliments received. Year on year performance has reduced across all key indicators; by 15% on satisfaction with complaint handling; 6% on satisfaction with complaint outcome; and 1% complaints resolved within timescale. Only 6 of the complaints have escalated to the Housing Ombudsman Service level, 3 of which have been concluded by the LGO with a conclusion of no maladministration on Accent's part and we await the outcome of the outstanding 3.

Health & Safety
The profile of accident reporting within Accent continues to be a key focus. Year on year there have been 6 more accidents totalling 37 of which 2 were RIDDOR reportable. Both of these happened in Q1 and there have not been any additional ones during Q2 to Q4. Gas servicing performance has achieved the target of 100% across all regions except North East (99.89%) which equates to only 3 properties being outstanding, with these cases being resolved before the end of April 2015.

Region		North East	North West	Yorkshire	Nene	South	Group
Registered Provider		Accent Foundation			Accent Nene	Accent Peerless	
Percentage Gas Serviced	2014/15	99.89%	100.00%	100.00%	100.00%	100.00%	99.98%
	2013/14	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	2012/13			98.50%	99.90%	99.70%	99.36%

Development Consortium
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 2011-2015 (AHP1) for partners to deliver 663 new homes with £15m of grant during 2011-2015. The AHP1 programme ended on 31 March 2015 and in total Consortium partners completed 834 new homes with a further 42 to be completed by September 2015. This increased the grant from £15m to £16.8m. Partners have also secured an additional £4.26m to provide 217 homes through the Care & Support Fund, Affordable Homes Guarantee Programmes and Community Led Fund. The Accent Group Development Consortium also successfully bid and received allocations through the HCA's Affordable Homes Programme 2015-2018 (AHP2) to provide a further 757 new homes with grant of £18.7m. This programme commenced on 1 April 2015.

Development
In 2014/15 Accent RP's have completed 182 new homes. 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. These include a small rural scheme at Meadow Croft in Craven, conversions at Craven House and new build homes in Harrogate at Harlow Moor which has been procured through S106 planning obligations. Accent Nene Limited has now completed the final phase of the large estate renewal project in partnership with South Cambridgeshire District Council at Fulbourn. In total we have provided 257 new homes of which 96 are for rent, 58 for shared ownership and 103 for outright sale.

Accent Peerless Limited continues with Phase 2 of the Franklands Drive 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. In addition Accent Peerless Limited has also secured HCA funding to replace our existing obsolete asset at Windsor Court with 8 new family homes

Operating and financial review (cont...)

Development (cont...)
which are now on site and due to be completed in September 2015. As part of the Affordable Homes Programme (AHP2) Accent RP's secured £3.01m of grant to provide 118 new homes for rent and shared ownership.

Investment
Throughout 2014/15 we have invested £7m in remodelling and improving our existing stock within the Manningham area of Bradford. The final phase was completed in June 2014 and created 118 new sustainable tenancies. We also completed our Investment programme in Easington which improved 225 existing sustainable homes at a cost of £8.6m.

Rationalisation.
As part of our Asset Management Strategy approved by the Board in July 2014 we have undertaken a number of rationalisation projects where we would seek to dispose of assets which are geographically remote from our main areas of operation or are considered surplus. The most noticeable has been the disposal of 214 properties in the south east to another registered provider. The sales receipts of £11.781m will be utilised to provide new accommodation within our core operating areas.

Financial review
The Group Income and Expenditure account and balance sheet are summarised on page 13. The year to 31 March 2015 has resulted in a surplus before tax of £13.2m (2014: £1.5m). 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 £22.5m (2014: £17m) whilst other activities made an increased operating surplus of £6.6m (2014: £1.8m) arising from property sales, other activities and the release of a short term creditor following recognition that the liability on a previous development scheme is no longer due. At Accent Nene Limited the conclusion of the Fulbourn development and property sales generated a surplus of £5.4m (2014: £584k) from 26 properties (2014: 21 properties) sold.
- During the year the core housing businesses invested £42.0m (2014: £50.4m) in planned and reactive maintenance reflecting the continued focus of the Group on improving our existing homes.
- Interest payable on bank loans decreased by £1.6m to £17m (2014: £18.6m). 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 £4.5m (2014: £5.6m) being recognised in the Income and Expenditure Account, £4.4m (2014: £4.1m) of this relates to 183 properties at Horden and Blackhall, County Durham, where the Board has decided to sell the stock.
- The housing assets continue to be valued at Existing Use Value – Social Housing use (EUV-SH). At 31 March 2014 the assets of Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited were re-valued. The Directors consider that this valuation remains appropriate as at 31 March 2015.
- During the year housing properties amounting to £17.1m (139 new homes) (2014: £4.3m, 66 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 £13.2m (2014: £1.5m), the Group's reserves amounted to £338.2m (2014: £333.3m).

The Group maintains and applies a comprehensive treasury strategy that is reviewed on an annual basis. The Group has a number of funding sources with loan maturities ranging from 2019 to 2043. In addition a range of interest rate fixes are in place covering 74% (2014: 75%) of our loans as at 31 March 2015.

During the year the business generated positive cash flow after taking account of significant investment in our stock and scheduled repayments of loan instalments to our funders. The business also generated significant cash receipts from sales at the Fulbourn development. Further details of the Groups capital structure is given in note 19.

Preparations for the implementation of the new financial reporting requirements (commonly known as FRS102) are well underway across the Group.

Value for Money
Accent has a strategy for driving value for money throughout the organisation. This is best summarised by the phrase 'delivering more and better with less' by aiming to deliver top quartile performance at median quartile costs. We also have a key VfM 'theme' for each year. The themes enable all staff to identify with the strategy and understand how they contribute on a daily basis.

2013/14 – This was 'Fit for the Future' our transformational change programme which delivered a complete 'virtual' governance structure and one staff structure for the whole of Accent. This made decision making more efficient and delivered savings of £1.75m.

Operating and financial review (cont...)

Value for Money (cont...)
2014/15 – This was about delivering service improvements with the new structures. It included adopting a new performance management culture with the Board monitoring strategic measures and the 5 Customer Service Committees focussing on local performance with more detailed measures. At the same time the Board continued to concentrate on asset management with a clear focus on assets which were not performing financially.

2015/16 – This will be about improving tenancy sustainability specifically by reducing tenancy turnover and total void days. These two areas have a direct impact on our business as usual financial performance and improvements will free up cash to invest in new homes. They are also measures which give an indication of homes that potentially are no longer appropriate to the 21st century or are not delivering what our customers need.

Return on Assets – Active Management.

Poorly performing assets:
We analysed the voids costs by scheme and highlighted that 41% of our void loss in 2014/15 was from 8 schemes. These represent just 1.5% of the total number of schemes within Accent. We compared this analysis with our asset management matrix, which additionally looks at a range of other stock performance indicators such as tenancy turnover, future planned maintenance costs, and routine repairs. We found that the matrix had separately identified sustainability concerns for the same schemes. As a consequence we agreed an action plan to address each scheme as detailed below:

Scheme	Number	Outcome
Horden	175	Decision made to sell – HCA consent pending
Tollgate	36	Demolish and build 7 more appropriate homes – build in progress
Blackhall	140	Decision made to sell – HCA consent pending
Horden no.2	43	Decision made to sell – HCA consent pending
Pudding Lane	33	Sold
Horden Bungalows	87	Upgrade completed and all now let with a waiting list
Crown Street	13	Review of lease issues to determine the most effective way forward. Plan to be completed by Q1 2015/16.
Counden Grange	30	Full review of the area being undertaken. Plan to be completed in Q2 2015/16.

The Board made the difficult decision to dispose of the three schemes of 347 homes in the Easington area. These properties cost c£3.5k per annum each when void which in 2014/15 cost the group £600k. The conclusion of the Board after long deliberations was that there was no market for these homes and continuing to own them clearly did not represent value for money for our customers. The sale proceeds will be invested in new homes. The anticipated cost in 2015/16 is over £1m if the consent is not given and the sale does not proceed. In contrast in the same area the investment programme of £8.6m was completed which fully renovated all of the bungalows in Horden and these are now fully let with minimal turnover.

Tollgate, an obsolete sheltered complex in Bradford was demolished and in 2015/16 seven new family homes which are more suitable property types for the area will be completed.

One scheme, Pudding Lane, was sold as part of the decision to sell our Kent stock. This stock of 214 properties was good quality, but so far from our southern office that we concluded that it was not possible to give a good service. The sale finalised in 2015/16 and generated sale proceeds of £11.7m which will be used to fund new development in our core areas.

Two further schemes, Crown Street and Counden Grange, are being reviewed and alternative strategies put together. These will be resolved in 2015/16. The next level of void / poorly performing schemes will be considered during 2015/16.

Legacy asset management issues:
In 2014/15 we have addressed a number of legacy asset management issues. These are assets which have no long term future for Accent after assessment in the asset management matrix. As a consequence we:

- Sold 12 empty properties in Accrington to a regeneration vehicle
- Sold a 'Leasehold for the elderly' scheme in Hull for £240k
- Sold an old church site for £50k
- Converted a former supported housing scheme into three affordable rent units
- Secured planning consent for a s106 site in a non-core area which will be sold in 2015/16
- Sold some office accommodation in Peterborough for £100k
- Changed our approach to managing the Barkerend complex improving the rental streams so that the cost of management is covered.

Operating and financial review (cont...)

Value for Money (cont...)

- Converted a former office in Leyland into 6 new flats
- Currently converting a former office in Nottingham into 2 homes
- Currently marketing a former office in Tameside which is not suitable for conversion to residential use.

All these decisions either generate cash for development or stop cash being wasted on supporting assets which have no use to the organisation and are driven by our commitment to active asset management.

Planned maintenance programme:
During 2014/15 we undertook a fundamental review of how the planned programme is put together and determined the specification for our Accent Property Standard – one that exceeds decent homes standard. This standard also focuses on affordable warmth. The programme has now moved to one driven by the age and condition of each component. These two changes across the group have reduced the programme's cost by £20m over the next 5 years. These significant savings will be invested in new home development.

Our membership of Procurement for All delivered new contracts for the group with independently verified savings of £3.9m.

Developments:
This has been a major year for Accent as 2014/15 saw the completion of our 8 year regeneration of the Fulbourn estate in south Cambridgeshire. The original local authority estate had 159 poor quality homes. Our £35m project has delivered 257 new homes for rent and sale. In addition to shared ownership we developed properties for outright sale which has provided cross subsidy for the whole scheme. We also funded a number of local community projects. These include £318k towards local education, £29k towards local transport, £45k for the community hall and library and £75k on public amenities and open space.

The final phase of our major Franklands Drive development is nearing completion. We have funded the development of 55 rented properties through £1m RCGF, and 71 shared ownership properties through continuous market engagement with £852k of grant from the HCA.

We continued to lead the Accent Group Development Consortium and have secured £18m funding for new affordable homes with our partners. We have secured £233k income for programme management services throughout the life of the programme. In addition we provide sales and marketing services to some partners on an ad hoc basis for fees.

Service Delivery

We benchmark performance externally using Housemark. The timing of the annual benchmarking means that we are only able to access data from 2013/14 for this assessment. This data benchmarks a number of our services as high cost and poor performance, including the management of rent arrears, planned maintenance, lettings, tenancy management, resident involvement and estate services.

Management of antisocial behaviour and the delivery of responsive repairs and void works are benchmarked as good performance, and the latter is also low cost

Our understanding of this benchmarking position was a key driver in the decision to make transformational changes to our organisational structure and service offer in 2013/14.

As shown in the people and finance sections on page 11 our total costs have declined significantly in 2014/15 as a result of the decisions taken in 2013/14. At the same time operational performance has improved in 2014/15. We are therefore confident on this basis that when the 2014/15 position is completed in July it will show improved performance at lower cost across the majority of our services. We plan to issue an update in the summer as the results are published.

Operating and financial review (cont...)

Value for Money (cont...)
We also benchmark our performance internally over time. At the end of 2014/15 the overall picture from the strategic performance targets is one of strong and improving performance in the majority of KPIs.

KPI	2012/13	2013/14	2014/15	
Decent Homes Compliance	98.77%	95.62%	97.1%	
Satisfaction with responsive repairs	90.1%	92.2%	95.4%	
% Gas serviced	99.36%	100%	99.92%	
% first time fix	87.7%	88%	91.4%	
Current tenant arrears	4.3%	5.4%	4.1%	
Average re-let times	28.8 days	28.2 days	29.8 days	
Empty homes	1.9%	2.3%	2.2%	
Tenancy turnover	12.1%	12.2%	11.7%	
Overall satisfaction with Accent services	86%	85%	81.%	

Current tenant arrears have declined in the year by over £750k. This is excellent given the wider economic environment and is satisfying as it provides reassurance that the new leaner staff structure is working.

The number of available to let voids has been reduced by 26%. We have also made some significant strategic decisions with regard to failing assets this year and the natural consequence of this has been an adverse impact on unavailable to let void levels (see earlier section).

We recognise that in spite of the improvements in performance our key value for money target to deliver top quartile performance at median quartile cost has not yet been achieved.

We are also disappointed that tenant satisfaction as measured through a sample STAR survey recently undertaken has shown a decline in satisfaction. This is the initial high level result. The Board will be analysing the detail in July when the analysis is completed. The regular satisfaction questions that happen through the year show improvement, so it is important for Accent to understand why the annual survey contrasts with the generally positive in-year results (see below).

Performance Indicator	2013/14	2014/15
Responsive repairs	92.2%	94.3%
Planned maintenance	92.3%	96.2%
Tenancy Sustainability	-	98%
Complaints case handling	84%	69%
ASB case handling	86.1%	91.5%

People:
People are a major part of improving our services and The Fit for the Future decisions in the previous year have had the desired effect of having a single workforce under the banner of 'One Accent'. Our people costs have declined as demonstrated by this analysis from Social Housing magazine looking at our **2013/14 position**.

2013/14	Sector: top 45 mixed business RPs	Accent (Ranking)
Average pay	£29,000	£28,100 (26)
No of FTE	+9.3%	-14.2% (1)
No of managed units per staff member	29	44 (5)
Total cost	+10.3%	-4.6% (3)
Staff cost per unit	£1,170	£820 (5)

In 2014/15 the average pay at Accent reduced to £26,800 (2013/14: £28,100) which will further improve value for money as the number of homes supported increased by 109 in the year whilst the average number of staff members declined by 3 to 470. The staff cost per unit in 2014/15 was £750 (2013/14: £820). In 2014/15 the Board took the decision to cease participation in the Surrey Pension Fund. This will cost the organisation £6.5m but will remove a significant risk from the group going forward. Further reviews will be undertaken in this area.

Finance:
The financial position of Accent has improved significantly in 2014/15 to a surplus of £13.1m. This is the culmination of several years of resolving issues which have included closing loss making subsidiaries, selling non-core businesses and assets and improving performance in the core social housing business. Overall our treasury position has improved again in 2014/15 with our cost of capital declining.

Operating and financial review (cont...)

Value for Money (cont...)

Assessment.

Accent has built on the transformational changes in 2013/14. All of the cost savings from changing our governance and organisational structures have come through, reducing our cost of management by £70 per unit to £750 per unit (2013/14: £820), which is one of the lowest in the sector. At the same time we have seen improved performance across most areas including void numbers, arrears and tenancy turnover. These have been achieved at lower cost. A real value for money progression in 2014/15.

Accent has seen a dramatic improvement in the financial performance this year and this represents the culmination of 5 years of taking difficult decisions i.e. closing loss making subsidiaries, selling non-core businesses and assets, resolving pension issues and focussing on improving the core business as usual. As a consequence the surplus in 2014/15 has increased by over £10m; however we continue to invest our cash with significant expenditure on new homes and investment in our existing portfolio.

2014/15 can be characterised by the Board and management continuing to make difficult decisions. Analysis of voids showed that our 8 worst performing schemes accounted for 41% of our void loss, this matched the asset management matrix. As a result we have decided to cease investment in one area and sell 347 homes which are costing significant amounts of money, sell some stock to another RP, redevelop two sites and begin to develop new management plans for two other schemes. All these decisions once enacted will save over £1m per annum which will be directly invested in new homes.

In 2014/15 we completed our AHP1 developments delivering 316 homes and sold a number of non-core assets which will help fund the AHP2 programme.

We are continuing with our overarching value for money theme and for 2015/16 we will focus on voids and tenancy turnover, which cost money and clearly have a negative impact on customer satisfaction.

Overall Accent believes it complies with the value for money standard but is sufficiently challenging of itself to know that there are opportunities to improve in 2015/16. Our plan sets out what we will achieve.

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/

Operating and financial review (cont...)

Five year Summary Information

	2015 £m	2014 £m	2013 £m	2012 £m	2011* £m
Income and Expenditure Account					
Total turnover	105	95	96	96	100
Income from lettings	89	85	82	78	77
Operating surplus for the year before and after taxation	29	18	20	17	20
Balance Sheet					
Intangible and tangible fixed assets at valuation or cost net of depreciation and grants	697	706	656	637	612
Net current assets	12	9	34	48	61
	709	**715**	**690**	**685**	**673**
Loans and long term creditors (due over one year)	348	364	383	384	383
Pension liability	18	13	10	13	8
Provision for liabilities	5	4	5	4	4
	371	381	398	401	395
Reserves:					
revaluation	270	278	243	243	237
accumulated surplus	67	55	48	41	41
insurance reserve	1	1	1	-	-
Total reserves	338	334	292	284	278
	709	**715**	**690**	**685**	**673**

	2015 No.	2014 No.	2013 No.	2012 No.	2011 No.
Accommodation (dwellings at 31st March):					
Social housing	15,117	14,848	14,681	14,989	17,855
Shared ownerships and leasehold	1,754	1,645	2,252	2,228	1,531
Supported housing and housing for older people	3,130	3,396	3,398	3,225	564
Non-social housing	826	829	607	571	330
	20,827	**20,718**	**20,938**	**21,013**	**20,280**

Statistics	2015	2014	2013	2012	2011
Operating surplus for the year as a % of turnover	27.6%	18.9%	20.8%	17.7%	20.0%
Social Housing operating surplus as a % of turnover before grant relating to social housing lettings	25.3%	19.8%	22.5%	22.0%	23.4%
Rent losses (voids and bad debts as % of rent and service charges receivable)	1.1%	2.1%	1.7%	1.6%	2.2%
Rent arrears (net arrears as % of rent and service charges receivable)	3.2%	4.6%	3.7%	3.7%	3.7%
Liquidity (current assets divided by current liabilities)	1.3	1.2	1.9	2.9	2.9
Gearing (total loans as % of capital grants loans and reserves)	32.6%	33.4%	35.7%	35.6%	35.7%

* 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 2015.

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

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

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 13.

Post Balance Sheet Event
On 20 April 2015 we completed the sale of 214 homes (200 general needs and 14 leaseholder properties) to The Riverside Group Limited. Sales proceeds of £11.781m were received, this cash has been placed on deposit and is ring fenced to fund the development of new units within our core operating areas.

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 three 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 2015 and took into account external independent benchmarking of pay, within the sector, of businesses with a similar size and level of complexity.

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

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

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

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

Report of the Board (cont...)

Committees
The Board has four committees:

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

Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2015 is as follows;

Non-Executive Board Members Attendance and Total Remuneration

	Board Meetings No.	Board Away days No.	Audit Committee No.	Asset Management Committee No.	Fees £'s	Expenses £'s	Total £'s
Gwyneth Sarkar	8/8	5/5	n/a	n/a	15,000	995	15,995
Richard Beal	8/8	5/5	5/5	n/a	8,563	297	8,860
Ian Bennett	8/8	5/5	n/a	n/a	8,563	363	8,926
Jo Boaden	6/8	4/5	n/a	n/a	8,563	520	9,083
Peter Caffrey	8/8	5/5	n/a	n/a	8,563	959	9,522
Paul Grant	8/8	5/5	n/a	n/a	8,563	1,028	9,591
Geoff Heath	8/8	5/5	n/a	n/a	8,563	1,244	9,807
Carolyn Hirst	8/8	4/5	4/5	3/4	8,563	1,271	9,834
Maggie Punyer	8/8	5/5	5/5	3/4	8,563	1,316	9,879
Ken Wood	5/8	5/5	n/a	4/4	8,563	0	8,563

The individuals above each chair either one of the regional Customer Service Committees or a Committee of the Board.

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. On 1 December the last contributing member ceased active membership of the scheme triggering a cessation debt. The final cessation valuation of the scheme has been calculated by scheme actuaries Hymans Robertson LLP in accordance with Regulation 64(1) of the Local Government Pension Scheme Regulations 2013. The final cessation valuation of the scheme also takes into account the requirements of FRS17 in order to assess the assets and liabilities of the fund as at cessation on 1 December 2014. Liabilities were valued on an actuarial basis using the projected accrued benefits method which assessed the future liabilities discounted to their present value. The final contribution due from Accent Peerless Limited to settle the cessation debt has been calculated as £6.453m. This amount has been included within these financial statements and the appropriate FRS17 disclosures. The net cost of cessation reflected in the income and expenditure account is £2.505m, reflecting the release of the FRS17 balance at the point of cessation of £3.948m (see note 9). 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 Group also participates in the Social Housing Pension Scheme (SHPS) in order to comply with Auto Enrolment legislation that aims to increase employee participation in workplace pensions. The section is a defined contribution (money purchase) scheme, the costs of which are charged to the income and expenditure account as incurred.

Report of the Board (cont...)

Pensions (cont...)
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 Society lies in the quality and commitment of its employees. The Society'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 Society is an equal opportunity employer and complies with all current legislation with regard to equal opportunities. As part of this policy, encouragement is given to the employment of disabled people.

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

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

The Board has completed an annual review of the governance arrangements in 2014/15 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. 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 £78k (2014: £11.7k) 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, responsibilities for internal controls are clear and we have an established and effective mechanism for management of risk. The Board is engaged and, in tandem with the Audit Committee, provides appropriate direction, challenge and monitoring of internal controls to ensure that risk management is effective. Accent's internal controls and assurance framework is robust although we are aware that 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 is compiled through reports from the Chief Executive, the Head of Assurance and Audit and the Chair of Audit Committee and takes account of views from Board, Audit Committee and the Executive. Accent's approach to risk management, control and assurance is comprehensive and incorporates:

- Risk management which is becoming increasingly embedded and includes risk appetite review with the Board and routine review of risk registers at strategic, operational and project level. Board has increased their focus on seeking explicit assurance from the executive about risks and performance.
- Internal controls at operational level which this year has been strengthened through significant investment in ICT, staff training and the creation of new operational procedure guides.
- Scrutiny and challenge on operational performance by the regional Customer Service Committees and increasingly by resident scrutiny functions.
- Management and control by the Executive through the business plan, budgets, key results report and use of personal performance planning to cascade objectives.
- Internal assurance provided via an internal audit programme that is approved by Audit Committee and delivered by the Business Assurance team.

Report of the Board (cont...)

Internal Controls Assurance (cont...)

- 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.
- Good governance including an annual Board appraisal process which was externally facilitated this year. This has resulted in further strengthening of Board and CSC membership.
- A twice yearly regulatory compliance review and comprehensive stress testing of the business plan with Board.

This year's survey responses show that Board is satisfied that internal controls are strong and are improving and that Accent's priorities for improvement are clear and are appropriately planned and resourced.

Strategic approach to controls assurance

Board is confident in our strategic approach to controls assurance and is satisfied that our approach has been strengthened over the past year through a more coordinated approach to business planning and stress testing, focus on leadership and management training and effective risk management. Our vision of 'making a difference: improving homes, communities and lives' remains the same. However, Accent's strategic objectives have been slightly reworded this year to improve clarity and to help staff understand their role in achieving the organisation's aims. We also wish to deliver a more personal, modern and better service and we believe that we are in a good position to meet this challenge both in terms of financial health and organisational structure. We have implemented a new programme board to ensure that projects are controlled and coordinated and most importantly, are meeting strategic objectives.

Risk management

Strategic risks have been monitored by Board throughout the year. Our top five risks as at year end are:

- Residents finding it difficult to manage their finances (in the light of welfare reform and austerity measures) leading to increased challenges in collecting our rent and service charge income.
- Ensuring our cost base is kept under control.
- The increased cost of funding defined benefit pensions schemes.
- Managing health & safety risks to ensure serious detriment issues are avoided.
- Project managing the re-procurement of repairs and maintenance activity whilst ensuring service levels, regulatory / legal responsibilities and value for money are all secured.

Effective and proactive management of risk has meant that none of these (or any other strategic risk) has materialised. In fact, rent arrears have reduced, even in the current economic climate, we have taken proactive decisions to reduce the risk of a pension's crystallisation event and our financial health is very strong. We continue to manage known risks and to 'scan the horizon', consider the regulator's sector risk profile and scrutinise the business plan to identify any potential new risks.

Internal controls

Greater visibility of performance has been introduced through successful upgrades to our housing management and finance IT systems and through implementation of new performance information software. The new reporting system has proved to be a valuable addition to the managers' toolkit and is being actively used to drive performance management. Internal controls have been further strengthened through a move to budgeting for planned maintenance based on component life cycles. This will improve objectivity and precision as well as budget forecasting and control.

The service improvement planning process has been streamlined to improve control and co-ordination of activity across the group and to evidence the 'golden thread' from the Business Plan, through team service improvement plans, to personal performance targets and plans. Overall impact of these improved controls can be seen in enhanced performance as the year end key performance results this year are our best in recent memory with the significant majority of targets delivered.

Financial controls

Controls across financial activities remain strong and the structural decision to include a Head of Finance within each operational directorate (but still reporting into the Executive Director for Finance and Corporate Services) has proved to be very effective as this has led to enhanced relationships and understanding between finance and operational teams.

Regulatory control

Accent has a robust approach to regulatory compliance and has heeded the regulator's messages, in particular, the focus on value for money, stress testing and the need for a register of assets and liabilities. All of these areas have been further developed throughout 2014/15, with engagement and continual updates at Board level. The annual viability review confirmed Accent's status as G1 and V1.

Assurance

Assurance at Accent is derived from multiple sources and reports to Board are well received. Accent's internal controls and assurance framework reflects current good practice and was updated this year with approval at Audit Committee and circulation to all Board members. A review of compliance with legal and regulatory obligations is provided to Board for their assurance.

Report of the Board (cont...)

Internal Controls Assurance (cont...)

Accounting Policies
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 and is in compliance with the Accounting Direction for Social Housing in England from April 2012. A summary of the principal accounting policies is set out below.

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 has regularly sought assurance of the Group's compliance with all regulatory requirements throughout the financial year. As a result the Board certifies that the Group complies with all regulatory requirements as set out in the regulatory framework for social housing in England as published in 2015. Having sought and obtained reasonable assurance the Board confirm that the Group is in compliance with all relevant laws, save for the following exception. A limited number of contracts, in excess of the OJEU threshold, have been extended with current suppliers to facilitate a change in the way these services are delivered. The Board is assured that all reasonable steps are being taken to ensure ongoing legal compliance.

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. Co-operative and Community Benefit Societies 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 Co-operative and Community Benefit Societies 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 Co-operative and Community Benefit Societies Act 2014. 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 on 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 2015/16 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 26 June 2015.

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 26 June 2015 and signed on its behalf by:-

Matthew Sugden
Secretary - 26 June 2015

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 2015 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 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor
As explained more fully in the Statement of Board's Responsibilities set out on page 18 the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 2015 and of the Group and Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
26 June 2015

Consolidated income and expenditure account
for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover			
Continuing operations		105,146	94,922
Discontinued operations		297	543
	2	105,443	95,465
Cost of sales			
Continuing operations	2	(5,805)	(4,922)
Operating costs			
Continuing operations		(70,268)	(71,284)
Discontinued operations		(634)	(1,117)
	2	(70,902)	(72,401)
OPERATING SURPLUS			
Continuing operations		29,073	18,716
Discontinued operations		(337)	(574)
	2	28,736	18,142
Income from interest in associated undertakings		2	2
Surplus on sale of housing properties	6	434	971
Interest receivable and similar income	7	110	154
Interest payable and similar charges	8	(15,918)	(17,461)
Other finance costs	9	(210)	(322)
SURPLUS FOR THE YEAR BEFORE TAXATION	11	13,154	1,486
Taxation on ordinary activities	12	(3)	48
SURPLUS FOR THE YEAR AFTER TAXATION	24	13,151	1,534

The accompanying notes form part of these financial statements.

Consolidated statement of total recognised surpluses and deficits
for the year ended 31 March 2015

	2015 £'000	2014 £'000
Surplus for the year after taxation	13,151	1,534
Unrealised surplus on revaluation of housing properties	-	42,539
Actuarial loss on pension schemes	(10,309)	(3,124)
Recognition of increase in deferred tax asset re pension scheme	2,034	267
Total recognised surpluses relating to the year	4,876	41,216

Consolidated note of historical cost surpluses and deficits
for the year ended 31 March 2015

	2015 £'000	2014 £'000
Reported surplus on ordinary activities before taxation	13,154	1,486
Realisation of property revaluation gains	1,192	1,771
Excess of actual depreciation charge over historical cost depreciation	6,324	5,973
Historical cost surplus on ordinary activities before taxation	20,670	9,230

Consolidated reconciliation of funds
for the year ended 31 March 2015

	2015 £'000	2014 £'000
Opening total funds	333,289	292,073
Total recognised surplus relating to the year	4,876	41,216
Closing total funds	338,165	333,289

Consolidated balance sheet
as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Tangible fixed assets			
Housing properties	13	682,619	689,307
Other tangible fixed assets	14	14,677	15,931
		697,296	705,238
Interest in associated and joint venture undertakings			
Share of gross assets		69	31
Share of gross liabilities		(55)	(19)
		14	12
		697,310	705,250
Current assets			
Current asset investments	15	4,019	12,717
Properties for sale	16	13,773	3,811
Debtors: due within one year	17	5,682	6,793
due after one year	17	3,532	4,144
Cash at bank and in hand		20,644	15,765
Cash at bank held in constructive trust		2,682	3,771
		50,332	47,001
Current liabilities			
Creditors: Amounts falling due within one year	18	(38,734)	(37,680)
Net current assets		11,598	9,321
Total assets less current liabilities		708,908	714,571
Creditors: Amounts falling due after more than one year	19	348,430	363,731
Provisions for liabilities	22	4,569	4,344
Net pension liability	9	17,744	13,207
		370,743	381,282
Capital and reserves			
Share capital	23	-	-
Revenue reserve	24	67,295	55,113
Insurance reserve	24	814	604
Revaluation reserve	24	270,056	277,572
Group's funds		338,165	333,289
		708,908	714,571

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 26 June 2015 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 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	25	48,633	37,822
Returns on investments and servicing of finance			
Interest received		110	154
Interest paid		(17,038)	(18,479)
Net cash outflow from returns on investments and servicing of finance		(16,928)	(18,325)
Taxation			
Corporation tax paid		(13)	(1)
		(13)	(1)
Capital expenditure and financial investment			
Purchase, construction and improvement of housing properties		(25,856)	(34,622)
Social Housing Grant received		877	1,955
Sales of housing properties		3,738	4,252
Purchase of other tangible fixed assets		(729)	(865)
Net cash outflow from capital expenditure and financial investment		(21,970)	(29,280)
Management of liquid resources			
Movement in cash held on deposit accounts		8,698	22,752
Movement in cash held on Constructive Trust		1,089	366
Net cash inflow from management of liquid resources		9,787	23,118
Net cash inflow before financing		19,509	13,334
Financing			
Loans received		-	264
Loan principal repayments		(14,634)	(13,994)
Net cash outflow from financing		(14,634)	(13,730)
Increase / (decrease) in cash	26	4,875	(396)

Society income and expenditure account
for the year ended 31 March 2015

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

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

Society balance sheet
as at 31 March 2015

	Notes	2015 £	2014 £
Fixed asset investment		5	6
Current assets			
Debtors		5	4
		10	10
Capital and reserves			
Share capital	23	10	10

The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 26 June 2015 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 a charitable society incorporated under the Co-operative and Community Benefit Societies Act 2014, registered number 30444R, and is registered with the Homes and Communities Agency (HCA), registered number L4511.

1. Accounting policies

The 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.

In preparing the accounts certain prior year comparatives have been restated to ensure comparability and consistency year on year throughout the group, see notes 2, 17, 18 and 22. The changes reflected do not alter the surplus or net assets as reported at 31 March 2014.

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.
- Income from first tranche shared ownership sales is recognised at the point of legal completion of the sale.

Revenue grants

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

1. Accounting policies (cont...)

Value Added Tax

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

Taxation

The charge for 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.

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

Housing properties and other properties held for letting

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

1. Accounting policies (cont...)

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

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
- Bathroom
- Kitchen
- Heat source (boilers etc)
- Heat system (radiators etc)
- Electrical system
- Structure
- External works
- Land

Housing properties under the course of construction are stated at cost 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 provisions needed for depreciation or impairment. At the next subsequent revaluation the remaining element will be carried at valuation - existing use value for social housing (EUV-SH).

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

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

Where components are replaced before they have been fully depreciated the remaining un-depreciated amount is charged to the 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.

1. Accounting policies (cont...)

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.

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.

1. Accounting policies (cont...)

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.

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.

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.

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.

1. Accounting policies (cont...)

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.

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

Revaluation reserve

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.

Insurance reserve

The Group self insures in respect of individual claims on property and property owners liability up to £50,000 and £25,000 in value respectively. However, an insurance reserve has been set aside to cover potential liability claims in respect of incidents which may have occurred since 31 March 2005. 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 2015	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	88,841	-	(66,367)	22,474
Other social housing activities				
Current asset property sales	4,683	(3,387)	-	1,296
Charges for support services	489	-	(491)	(2)
Regeneration and community development	106	-	(109)	(3)
Other	427	-	(565)	(138)
	5,705	(3,387)	(1,165)	1,153
Memo only:				
Non social housing activities				
Cessation liabilities arising in Surrey Pension Fund (note 9)	-	-	(6,453)	(6,453)
Amount arising in respect of FRS17 on cessation (note 9)	-	-	3,948	3,948
Property sales	7,833	(2,418)	-	5,415
Other	2,767	-	(231)	2,536
	10,600	(2,418)	(2,736)	5,446
Discontinued other social housing activities				
Regeneration and community development	297	-	(634)	(337)
Total	**105,443**	**(5,805)**	**(70,902)**	**28,736**

Group 2014	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	85,487	-	(68,526)	16,961
Other social housing activities				
Current asset property sales	532	(537)	-	(5)
Charges for support services	713	-	(445)	268
Regeneration and community development	127	-	(115)	12
Other	1,565	-	(53)	1,512
	2,937	(537)	(613)	1,787
Memo only:				
Non social housing activities				
Property sales	4,969	(4,385)	-	584
Other	1,529	-	(2,145)	(616)
	6,498	(4,385)	(2,145)	(32)
Discontinued other social housing activities				
Regeneration and community development	543	-	(1,117)	(574)
Total	**95,465**	**(4,922)**	**(72,401)**	**18,142**

2. Particulars of income and expenditure from social housing lettings

	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Intermediate market rent £'000	2015 Total £'000	2014 Total £'000
Income						
Rent receivable	72,898	4,551	3,099	1,167	81,715	78,512
Service charge income	4,383	1,436	1,130	177	7,126	6,975
Turnover from social housing lettings	77,281	5,987	4,229	1,344	88,841	85,487
Expenditure						
Management	(12,032)	(911)	(650)	(194)	(13,787)	(15,008)
Service charge costs	(5,243)	(1,585)	(677)	(51)	(7,556)	(6,980)
Routine maintenance	(13,991)	(541)	(357)	(85)	(14,974)	(13,857)
Planned maintenance	(8,483)	(1,010)	(265)	-	(9,758)	(10,949)
Bad debts	72	(37)	(121)	(15)	(101)	(876)
Depreciation and write off of replaced assets	(11,654)	(807)	(399)	(236)	(13,096)	(13,678)
Impairment	(4,400)	-	(51)	-	(4,451)	(4,124)
Other costs	(2,469)	(88)	(75)	(12)	(2,644)	(3,054)
Operating costs on social housing lettings	(58,200)	(4,979)	(2,595)	(593)	(66,367)	(68,526)
Operating surplus on social housing lettings	19,081	1,008	1,634	751	22,474	16,961
Void losses	(727)	(68)	(34)	(6)	(835)	(877)

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 228 supported housing units (2014: 215) 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).

	2015 Number	2014 Number
People with mental health problems	68	67
People with learning difficulties	60	52
Ex-offenders and those at risk of offending	19	19
Women at risk of domestic violence	25	25
Young people at risk	3	-
Single homeless with support needs	36	35
Homeless families with support needs	17	17
	228	215

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	2015 Total Number	2014 Total Number
Social housing					
General needs housing					
Social rent	14,734	-	-	14,734	14,576
Affordable rent	162	-	-	162	72
Supported housing	205	10	230	445	446
Housing for older people	2,685	-	-	2,685	2,950
Intermediate rent	221	-	-	221	200
Low cost home ownership *	1,002	19	-	1,021	930
Social leased homes **	169	564	-	733	715
Non social housing					
Market rent	14	-	-	14	18
Leased housing	-	95	-	95	96
Managed freeholders	-	717	-	717	715
Total	**19,192**	**1,405**	**230**	**20,827**	**20,718**

Accent Group also owns and manages 986 (2014: 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

	2015 Number	2014 Number
Social housing		
General needs housing		
Social rent	-	35
Affordable rent	172	136
Low cost home ownership *	59	101
	231	272

5. Employee information - Group

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

	2015 Number	2014 Number
Administration	86	89
Development	11	13
Housing Support Care	373	371
	470	473

	2015 £'000	2014 £'000
Staff costs (for the above persons)		
Wages and salaries	12,596	13,294
Social security costs	1,136	1,214
Other pension costs (see note 9)	1,847	1,739
Redundancy costs	77	816
	15,656	17,063

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

A salary sacrifice scheme is operated by the Group in order to mitigate national insurance costs. Within redundancy costs noted above an amount of £nil (2014: £42k) was received by the Executive Director who resigned during the prior year. The number of full time equivalent staff including executive directors whose remuneration for the period fell into the following bands is as follows:

	2015 Number	2014 Number
£60,000 - £69,999	9	5
£70,000 - £79,999	3	3
£90,000 - £99,999	2	-
£100,000 - £109,999	1	2
£110,000 - £119,999	-	1
£150,000 - £159,999	-	1
£160,000 - £169,999	1	-

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

6. Surplus on sale of property – Group

	2015 £'000	2014 £'000
Proceeds of sale	3,738	4,252
Cost of sales	(3,304)	(3,281)
Total surplus	434	971

7. Interest receivable and similar income – Group

	2015 £'000	2014 £'000
Interest receivable and similar income	110	138
Interest on assisted car purchase loans to employees	-	16
	110	154

8. Interest payable and similar charges – Group

	2015 £'000	2014 £'000
On bank loans and overdrafts:		
Interest payable	16,918	18,518
Issue costs on capital instruments	118	117
	17,036	18,635
Less: Capitalised interest	(1,118)	(1,174)
	15,918	17,461
Capitalisation rate used to determine the finance costs capitalised during the period	4.57%	4.52%

9. Pension obligations

The net pension liability as reported on the balance sheet of £17,744k (2014: £13,207k) comprises £17,744k (2014: £9,609k) in relation to the Accent Group Pension Scheme and £: nil (2014: £3,598k) in relation to the Surrey Pension Fund as detailed below. The total amount of £210k (2014: £322k) recognised in the income and expenditure account comprises £648k cost (2014: £623k cost) in relation to the Accent Group Pension Scheme and £438k income (2014: £301k income) in relation to the Surrey Pension Fund also detailed below.

9. Pension obligations (cont...)

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 5 April 2014 has been updated by JLT Benefit Solutions Limited to 31 March 2015 to take account of the requirements of FRS17. This indicated that there was a deficit before deferred tax of £22,180k (2014: £12,011k) 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 £942,674 (2014: £962,942) being 16% (2014: 16%) of pensionable salaries during the accounting period together with recovery plan and salary sacrifice. Employees' contributions were 9% (2014: 9%) of pensionable salaries. Employers' contributions payable for the year are charged to operating costs. The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees.

The most recently completed actuarial valuation of the Scheme was performed by the Scheme Actuary for the trustees of the Scheme as at 5 April 2014. Following this valuation, the employer agreed to pay contributions at the rate of 17.1% (2014: 16%) of pensionable salaries plus additional lump sum amounts of £590k (2014: £98k) rising at 3% per annum each year from 2015 until 2030. The 2014 valuation was conducted using a Projected Unit method. The main actuarial assumptions used in that valuation were:

Key financial assumptions	**31 March 2015 % pa**	**31 March 2014 % pa**
Discount rate	3.25	4.45
Rate of increase in pensions in payment (where capped at 5%)	3.10	3.40
Rate of increase in pensions in payment (where capped at 2.5%)	2.40	2.40
Rate of increase in deferred pensions	2.40	2.70
Rate of Inflation (RPI)	3.20	3.50
Expected return of assets	5.93	5.36

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.

Expected return on assets

The rates of return assumed are set out below:-

	31 March 2015 % pa	**31 March 2014 % pa**
Equities	6.9	6.3
Diversified Growth Funds	6.9	6.3
Corporate Bonds	4.3	4.1
Property	5.9	5.3
Gilts	3.4	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 2015 (and at 31 March 2014 where applicable) is as follows:-

- Base table: "S1PxA tables"
- Future mortality improvements: CMI_2013 [1.50%] (2014: Long cohort projections and 1% underpin.)

9. Pension obligations (cont...)

Average life expectancies	31 March 2015 Years	31 March 2014 Years
Male age 65 at reporting date	22.6	22.9
Male age 65 at reporting date +20 years	24.8	24.9
Female age 65 at reporting date	24.9	25.6
Female age 65 at reporting date +20 years	27.2	27.5

Active members are assumed to retire at age 62 and deferred members at 60, or immediately in the case of such members already older than these ages. 80% (2014: 80%) of members are assumed to commute their benefits at retirement.

Amounts recognised in the income and expenditure account	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Current service cost	1,437	1,311
Interest cost	2,263	2,145
Expected return of Scheme assets	(2,109)	(1,870)
Contributions by the employer	(943)	(963)
Total charged to the income and expenditure account	648	623

Reconciliation of defined benefit obligation	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Defined benefit obligation at beginning of year	50,419	46,497
Current service cost	1,437	1,311
Interest cost	2,263	2,145
Contributions by Scheme members	457	440
Actuarial losses	12,315	1,474
Benefits paid	(974)	(1,448)
Defined benefit obligation at end of year	65,917	50,419

Reconciliation of fair value of Scheme assets	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Fair value of Scheme assets at beginning of year	38,408	37,603
Expected return on assets	2,109	1,870
Actuarial gains / (losses)	2,794	(1,020)
Contributions by the employer	943	963
Contributions by Scheme members	457	440
Benefits paid	(974)	(1,448)
Fair value of Scheme assets at end of year	43,737	38,408

9. Pension obligations (cont...)

Amounts recognised in the balance sheet	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Fair value of Scheme assets	43,737	38,408
Actuarial value of Scheme liabilities	(65,917)	(50,419)
Deficit in the Scheme	(22,180)	(12,011)
Deferred tax asset (see note 22).	4,436	2,402
Net pension liability	(17,744)	(9,609)

Analysis of assets	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Equities	16,999	15,000
Diversified Growth Funds	10,730	9,854
Gilts	4,968	4,096
Corporate Bonds	8,995	7,498
Other	2,045	1,960
	43,737	38,408

Analysis of return on assets	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Expected return on assets	2,109	1,870
Actuarial gains / (losses)	2,794	(1,020)
Actual return on assets	4,903	850

History of experience gains and losses	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Gain / (loss) on Scheme assets	2,794	(1,020)
Experience (loss) / gain on Scheme liabilities	(832)	35
Loss on change in assumptions (financial and demographic)	(11,483)	(1,509)
Total actuarial loss recognised in Statement of total recognised surpluses and deficits	(9,521)	(2,494)

The cumulative amount of actuarial losses recognised in the statement of the total recognised gains and losses since the adoption of FRS 17 is £18,202k (2014: £8,681k).

Amounts for the current and previous four periods are as follows

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligation	(65,917)	(50,419)	(46,497)	(43,898)	(38,089)
Fair value of scheme assets	43,737	38,408	37,603	31,686	29,953
Deficit on scheme	(22,180)	(12,011)	(8,894)	(12,212)	(8,136)
Experience gains / (losses) on assets	2,794	(1,020)	2,692	(1,002)	(71)
Experience (losses) / gains on liabilities	(832)	35	2	718	4

9. Pension obligations (cont...)

Surrey Pension Fund – Accent Peerless Limited

The Surrey Pension Fund is an independently administered pension scheme. It is a defined benefit 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.

On 1 December 2014 the last contributing member ceased active membership of the scheme triggering a cessation debt. The final cessation valuation of the scheme has been calculated by scheme actuaries Hymans Robertson LLP in accordance with Regulation 64(1) of the Local Government Pension Scheme Regulations 2013. The final cessation valuation of the scheme also takes into account the requirements of FRS17 in order to assess the assets and liabilities of the fund as at cessation on 1 December 2014. Liabilities were valued on an actuarial basis using the projected accrued benefits method which assessed the future liabilities discounted to their present value. The final contribution due from Accent Peerless Limited to settle the cessation debt has been calculated as £6.453m. The net FRS17 pension liability at the date of cessation was £3.948m. This FRS17 pension liability has been released to the Income and Expenditure account again the cessation payment due of £6.453m to give net loss on cessation of £2.505m. The loss on cessation has been disclosed in note 2.

The regular pension contributions payable by Accent Peerless Limited for the period to cessation on 1 December 2014 were £4k (2014: £53k) at a contribution rate of 25.2% of pensionable salary; as recommended by the actuary in the funding valuation at 31 March 2014. In addition recovery plan payments were made totalling £505k (2014: £375k) as certified in the rates and adjustments certificate. The main assumptions used for the purposes of FRS17 at the date of cessation are as follows:

Key financial assumptions	31 March 2015 % pa	31 March 2014 % pa
Discount rate	3.3	4.1
Rate of increase in salaries	3.7	3.9
Rate of increase in pensions in payment	2.4	2.6
Rate of increase in deferred pensions	2.4	2.6
Rate of inflation	2.4	2.6

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 2015 % pa	31 March 2014 % pa
Equities	5.9	6.7
Bonds	3.7	3.8
Property	4.1	4.8
Cash	2.8	3.7

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 2015 Years	31 March 2014 Years
Current Pensioners		
Males	22.5	22.5
Females	24.6	24.6
Future Pensioners		
Males	24.5	24.5
Females	26.9	26.9

9. Pension obligations (cont...)

Amounts recognised in the income and expenditure account	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Loss on cessation	2,505	-
Current service cost	6	44
Expected return on pension fund assets	(323)	(410)
Interest on pension fund liabilities	313	493
Contributions by the employer	(426)	(420)
Contributions in respect of unfunded benefits	(8)	(8)
Total charge / (credit) to the income and expenditure account	2,067	(301)

Reconciliation of defined benefit obligation	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Opening defined benefit obligation	(11,664)	(11,162)
Current service cost	(6)	(44)
Interest cost	(313)	(493)
Contributions by members	(1)	(11)
Actuarial losses	(1,148)	(407)
Estimated unfunded benefits paid	8	8
Estimated benefits paid	267	445
Released on cessation	12,857	-
Closing defined benefit obligation	-	(11,664)

Reconciliation of fair value of scheme assets	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Opening Fair Value of Employer Assets	8,066	7,893
Expected Return on Assets	323	410
Contributions by Members	1	11
Contributions by the Employer	426	420
Contributions in respect of Unfunded Benefits	8	8
Actuarial gains / (loss)	360	(223)
Unfunded Benefits Paid	(8)	(8)
Benefits Paid	(267)	(445)
Released on cessation	(8,909)	-
Closing Fair Value of Employer Assets	-	8,066

Amounts recognised in the balance sheet	As at 31 March 2015 £'000	As at 31 March 2014 £'000
Fair value of plan assets	8,909	8,066
Present value of funded obligations	(12,690)	(11,505)
Present value of unfunded liabilities	(167)	(159)
Accent Peerless Limited's net liability prior to cessation	(3,948)	(3,598)
Recognised on cessation	3,948	-
Accent Peerless Limited's net liability	-	(3,598)

9. Pension obligations (cont...)

Analysis of assets	As at 31 March 2015 %	As at 31 March 2014 %
Equities	75	77
Bonds	17	16
Property	7	6
Cash	1	1

Analysis of return on assets	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Actual return on assets	489	610

History of experience gains and losses	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Actuarial gain / (loss) on Scheme assets	360	(223)
Actuarial (loss) on Scheme liabilities	(1,148)	(407)
Total actuarial loss recognised in Statement of total recognised surpluses and deficits	(788)	(630)

The cumulative amount of actuarial losses recognised in the statement of the total recognised surpluses and deficits since the adoption of FRS 17 is £3,821k (2014: £3,033k).

Amounts for the current and previous four periods are as follows

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligation	(12,857)	(11,664)	(11,162)	(9,877)	(9,082)
Fair value of scheme assets	8,909	8,066	7,893	6,413	6,532
Deficit on scheme	(3,948)	(3,598)	(3,269)	(3,464)	(2,550)
Experience gains / (losses) on assets	360	(223)	664	(325)	(1,038)
Experience gains / (losses) on liabilities	88	33	21	(173)	815

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. A career average revalued earnings (CARE) structure with a 1/120th accrual rate was made available from 1 April 2013. This structure is contracted-in to the State Second Pension scheme.

9. Pension obligations (cont...)

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 26 (2014: 28) active members of the Scheme employed by Accent Nene Limited. The annual pensionable payroll in respect of these members was £900k (2014: £908k). Accent Nene Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a 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 £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, 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.

9. Pension obligations (cont...)

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 £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount* equivalent to 7.5% of members' earnings p.a. (payable monthly and increasing by 4.7% per annum each 1 April).
From 1 October 2020 to 30 September 2023	A cash amount* equivalent to 3.1% of members' earnings p.a (payable monthly and increasing by 4.7% per annum each 1 April).
From 1 April 2013 to 30 September 2026	£30.64m per annum (payable monthly and increasing by 3% p.a. each 1 April; first increase on 1 April 2014).

* The contributions of 7.5% will be expressed in nominal pound terms (for each employer), increasing each year in line with the earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions. These deficit contributions are in addition to the long-term joint contribution rates as set out in paragraph 15 above.

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

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

9. Pension obligations (cont...)

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. T he amounts of debt can therefore be volatile over time.

The Group also participates in the defined contribution section of the Social Housing Pension Scheme (SHPS) with 263 (2014: nil) active members employed by the Group, this is the Auto Enrolment scheme for staff. The regular pension contributions payable by the Group during the year were £93k (2014: nil).

10. Board members and directors emoluments – Group

Aggregate emoluments paid during the year

	2015 £'000	2014 £'000
Co-opted executive director and executive directors – including benefits in kind	465	520
The aggregate pension contributions paid on behalf of the co-opted executive director and executive directors	66	60
Board members	92	94
Emoluments of the highest paid director (co-opted executive director) during the year excluding pension contributions including car allowance	161	157

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited, Accent Corporate Services Limited, Accent Foundation Limited, Accent Nene Limited and Accent Peerless Limited. All directors are remunerated by Accent Corporate Services Limited and appropriate re-charges are made to each company within the Group. 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 2015 the Group Chief Executive received a salary of £156.1k (2014: £150.6k) and car allowance of £5k (2014: £6.8k). No bonus was paid or accrued to the Group Chief Executive during the year to 31 March 2015 (2014: £nil).

11. Surplus on ordinary activities before taxation – Group

	2015 £'000	2014 £'000
Surplus on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation of fixed assets and write off of replaced assets	15,012	15,454
Amortisation of positive goodwill	-	76
Auditors' remuneration (excluding VAT):		
- In respect of audit services	60	62
- In respect of tax services	10	12
- In respect of other services	14	-
Impairment of housing properties held in fixed assets	4,451	4,124
Impairment of office buildings held in fixed assets	-	1,428
Impairment of properties held in investment properties	-	4
Pension scheme recovery plan payments	751	696
Amount released in respect of FRS17 on cessation	(3,948)	-
Cessation liabilities arising in Surrey Pension Fund	6,453	-
Operating lease rentals		
- plant and machinery	423	343
- land and buildings	331	236
Bad debts:		
- Current residents	(196)	412
- Former residents	312	465
- Other debtors	178	129

12. Taxation on ordinary activities – Group

	2015 £'000	2014 £'000
Current tax		
UK corporation tax on surplus for the year	-	13
Total current tax charge	-	13
Deferred tax		
Net origination and reversal of timing differences	3	(61)
Total deferred tax	3	(61)
Tax charge / (credit) on surplus on ordinary activities	3	(48)

Factors affecting tax charge for the year

The tax assessed is lower than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:-

	2015 £'000	2014 £'000
Surplus on ordinary activities before tax	13,154	1,486
Adjustments in respect of charitable activities	(13,996)	(2,229)
Deficit on ordinary activities subject to tax	(842)	(743)
Theoretical tax credit at UK corporation tax rate 21% (2014: 23%)	(177)	(171)
Effects of:		
Expenses not deductible for tax purposes	152	123
Tax losses not utilised	-	(3)
Gift aid unutilised	5	-
Capital allowances less than depreciation	28	61
Losses carried forward	4	-
Short term timing difference	(12)	3
Current tax charge for the year	-	13

13. Tangible fixed assets – Housing properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Supported housing and housing for older people £'000	Intermediate market rent £'000	Total housing properties £'000
Cost or valuation						
At 1 April 2014	542,291	21,597	50,818	67,613	15,782	698,101
Schemes completed	12,717	(17,084)	4,367	-	-	-
Additions	-	8,063	611	-	-	8,674
Work to existing properties	15,574	706	7	1,018	1	17,306
Transfer from other fixed assets	50	-	-	-	-	50
Write off replaced assets	(1,321)	-	(2)	(115)	(1)	(1,439)
Disposals	(643)	-	(1,707)	-	-	(2,350)
Transfer to assets held for sale	(4,363)	-	(781)	-	(6,467)	(11,611)
At 31 March 2015	**564,305**	**13,282**	**53,313**	**68,516**	**9,315**	**708,731**
Depreciation						
At 1 April 2014	(31)	-	(1,127)	(563)	-	(1,721)
Charge for year	(9,868)	-	(377)	(1,183)	(299)	(11,727)
Impairment	(4,400)	-	(51)	-	-	(4,451)
Write off replaced assets	4	-	50	-	-	54
Disposals	48	-	2	6	-	56
Transfer to assets held for sale	114	-	397	-	127	638
At 31 March 2015	**(14,133)**	**-**	**(1,106)**	**(1,740)**	**(172)**	**(17,151)**
Social Housing Grant and other capital subsidies						
At 1 April 2014	(1,261)	(2,861)	(1,927)	(1,024)	-	(7,073)
Schemes completed	(1,862)	2,234	(372)	-	-	-
Received in year	-	(1,377)	(517)	(2)	-	(1,896)
Disposals	-	-	8	-	-	8
At 31 March 2015	**(3,123)**	**(2,004)**	**(2,808)**	**(1,026)**	**-**	**(8,961)**
Net book value at 31 March 2015	**547,049**	**11,278**	**49,399**	**65,750**	**9,143**	**682,619**
Net book value at 31 March 2014	540,999	18,736	47,764	66,026	15,782	689,307

Included in the above are finance costs capitalised in the year of £1,118k (2014: £1,174k).

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:

	2015 £'000	2014 £'000
Historical cost	872,975	883,250
Social housing grant	(410,412)	(418,422)
Depreciation and impairment	(110,568)	(108,677)
	351,995	356,151

13. Tangible fixed assets – Housing properties (cont...)

Housing properties book value, net of depreciation and grants

	2015 £'000	2014 £'000
Freehold land and buildings	675,237	682,046
Long leasehold land and buildings	7,301	7,178
Short leasehold land and buildings	81	83
	682,619	689,307

Social housing grant

	2015 £'000	2014 £'000
Capital grant	419,206	418,422
Revenue grant	1,264	1,264
	420,470	419,686

Expenditure on works to existing properties	2015 £'000	2014 £'000
Amounts capitalised	17,306	25,545
Amounts charged to income and expenditure account	9,758	10,949
	27,064	36,494

Housing properties owned by the Group held for letting and shared ownership 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

A total impairment provision of £4,451k (see note 11) (2014: £5,556k) was made during the year to 31 March 2015 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.

14. Other tangible fixed assets

	Investment properties £'000	Leasehold and freehold offices £'000	Plant vehicles and equipment £'000	Total £'000
Cost				
At 1 April 2014	1,215	11,295	19,990	32,500
Additions	-	-	729	729
Disposals	-	(28)	(3,132)	(3,160)
Transfer to housing properties	-	(50)	-	(50)
At 31 March 2015	**1,215**	**11,217**	**17,587**	**30,019**
Depreciation				
At 1 April 2014	-	(3,051)	(13,518)	(16,569)
Charge for year	-	(155)	(1,745)	(1,900)
Disposals	-	-	3,127	3,127
At 31 March 2015	**-**	**(3,206)**	**(12,136)**	**(15,342)**
Net book value at 31 March 2015	**1,215**	**8,011**	**5,451**	**14,677**
Net book value at 31 March 2014	1,215	8,244	6,472	15,931

15. Investments – Group

Current asset investments

	2015 £'000	2014 £'000
Housing loans security deposit	5	5
Other deposits	4,014	12,712
	4,019	12,717

16. Properties for sale – Group

	2015 £'000	2014 £'000
Shared ownership properties – completed	376	255
Shared ownership properties – under construction	2,196	3,201
Properties held for sale (note 31)	11,201	355
	13,773	3,811

17. Debtors – Group

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Rent and service charges receivable	5,960	6,173
Less: Provision for bad and doubtful debts	(3,161)	(2,248)
	2,799	3,925
Net investment in finance leases	818	802
VAT	17	38
Social Housing Grant receivable	637	135
Prepayments and accrued income	327	572
Other debtors	1,084	1,321
	5,682	6,793

	2015 £'000	2014 £'000
Amounts falling due after one year:		
Net investment in finance leases	2,603	3,156
Other long term debtors	906	962
Deferred tax asset	23	26
	3,532	4,144

	2015 £'000	2014 £'000
Debtor analysis:		
In one year or less	5,682	6,793
Between one and two years	854	780
Between two and five years	1,797	583
After more than five years	881	2,781
	9,214	10,937

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 £3,421,990 (2014: £3,958,128).

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

	2015 £'000	2014 £'000
Bank loans (note 19)	14,731	13,636
Bank overdraft	4	-
Trade creditors	2,843	3,524
Corporation Tax	-	13
Cessation liabilities arising in Surrey Pension Fund	6,453	-
VAT	66	8
Other taxation and social security payable	221	404
Rent and service charges in advance	1,736	1,288
Accruals	2,683	4,248
Housing properties and major work creditors	2,634	3,417
Loan interest accrual	2,815	2,934
Deferred income	1,677	1,899
Other creditors	2,849	6,287
Deferred grant	22	22
	38,734	37,680

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

	2015 £'000	2014 £'000
Bank loans	347,756	363,485
Other creditors	921	943
Recycled capital grant fund (note 20)	1,934	1,714
Disposal proceeds fund (note 21)	181	68
	350,792	366,210
Capital instrument issue costs	(2,362)	(2,479)
	348,430	363,731

Bank loans analysis

	2015 £'000	2014 £'000
Due after more than one year		
Bank loans	344,712	359,603
Loans financing lease debtors	3,044	3,882
	347,756	363,485

	2015 £'000	2014 £'000
Total loans repayable as follows:		
Within one year	14,731	13,636
Between one and two years	15,558	14,474
Between two and five years	46,379	45,878
After five years	285,819	303,133
	362,487	377,121

At 31 March 2015 the Group had a facility with Nationwide Building Society of £190.8m (2014: £200.4m) of which £30m was unutilised (2014: £30m). At 31 March 2015 the Group had a facility with Royal Bank of Scotland of £80.3m (2014: £80.3m) 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 2015 Accent Peerless Limited had a facility with Lloyds Bank of £82m (2014: £84m) which was fully utilised (2014: fully utilised).

The borrowings are secured by fixed charges on individual properties and other assets and are repayable at varying rates of interest between circa 0.62% and circa 7.9%.

20. Recycled capital grant fund – Group

	2015 £'000	2014 £'000
At 1 April	1,714	2,371
Grants recycled	737	540
Purchase / development of properties	(517)	(1,197)
Balance at 31 March	1,934	1,714

No grant is due for repayment, the HCA have approved rollover into 2015/16 where relevant.

21. Disposal proceeds fund – Group

	2015 £'000	2014 £'000
At 1 April	68	71
Net sales proceeds recycled	113	66
Purchase and redevelopment of properties	-	(69)
Balance at 31 March	181	68

No grant is due for repayment, the HCA have approved rollover into 2015/16 where relevant.

22. Provisions for liabilities – Group

	Self insurance	Cyclical maintenance	Replacement of on-site equipment	Major repairs	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	467	578	861	2,415	23	4,344
Transferred from income and expenditure account	438	4	19	308	-	769
Disposal	-	-	-	-	(23)	(23)
Utilised in the year	(444)	(21)	(16)	(40)	-	(521)
At 31 March 2015	461	561	864	2,683	-	4,569

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	2015 £'000	2014 £'000
Accelerated capital allowances	(23)	(15)
Short term timing differences	-	(11)
	(23)	(26)
Amount attributable to pension scheme deficit (note 9)	(4,436)	(2,402)
Undiscounted deferred tax asset	(4,459)	(2,428)
Asset at start of year	(2,428)	(2,100)
Charge / (credit) in the income and expenditure account (note 12)	3	(61)
Gain in the statement of total recognised surpluses and deficits	(2,034)	(267)
Asset at end of year	(4,459)	(2,428)

23. Share capital – non equity

	2015 £	2014 £
Allotted, issued and fully paid:		
At 1 April	10	9
Issued in the year	-	2
Surrendered during the year	-	(1)
At 31 March	10	10

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

24. Reserves

	Revaluation reserve £'000	Insurance reserve £'000	Revenue reserve £'000	Total £'000
At 1 April 2014	277,572	604	55,113	333,289
Surplus for the year	-	-	13,151	13,151
Actuarial loss relating to pension scheme	-	-	(10,309)	(10,309)
Deferred tax movement on net pension asset	-	-	2,034	2,034
Transfers to / from revenue reserve	(7,516)	210	7,306	-
At 31 March 2015	**270,056**	**814**	**67,295**	**338,165**

At 31 March the 2015 the revenue reserve contains £17.744m defined pension liability (2014: £13.207m).

25. Net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating surplus	28,736	18,142
Depreciation charges	15,012	15,454
Impairment	4,451	5,556
Investment income	2	2
Goodwill amortisation	-	76
Finance pension costs	(3,874)	(322)
Decrease / (increase) in stock and properties for sale	1,011	(2,559)
Decrease in debtors	2,222	1,115
Increase in creditors	848	1,020
Increase / (decrease) in provisions	225	(662)
Net cash inflow from operating activities	48,633	37,822

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

	2015 £'000	2014 £'000
Movement in cash during the year	4,875	(396)
Movement in liquid resources	(9,787)	(23,118)
Movement in loans	14,634	13,730
Change in net debt	9,722	(9,784)
Net debt at 1 April	(344,868)	(335,084)
Net debt at 31 March	(335,146)	(344,868)

27. Analysis of changes in net debt

	1 April 2014 £'000	Cash flows £'000	31 March 2015 £'000
Cash at bank and in hand	15,765	4,879	20,644
Bank overdraft	-	(4)	(4)
Changes in cash	15,765	4,875	20,640
Cash held in constructive trust	3,771	(1,089)	2,682
Current asset investments	12,717	(8,698)	4,019
Changes in liquid resources	16,488	(9,787)	6,701
Loans	(377,121)	14,634	(362,487)
Changes in debt	(377,121)	14,634	(362,487)
Changes in net debt	(344,868)	9,722	(335,146)

28. Capital commitments – Group

	2015 £'000	2014 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	3,660	21,955
Capital expenditure that has been authorised by the Board but has not yet been contracted for	16,604	6,428
	20,264	28,383

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

	2015 £'000	2014 £'000
In relation to expenditure contracted for but not provided for	(203)	(1,453)
In relation to expenditure authorised by the Board but not yet contracted for	(4,290)	(565)
	(4,493)	(2,018)

The remaining commitments of £15.771m (2014: £26.365m) are capable of being fully financed by the facilities in place. As at 31 March 2015 the Group had £24.7m (2014: £28.5m) on deposit to meet these commitments and had agreed unused facilities of £30.0m (2014: £30.0m). The payments which the Group is committed to make in the next year under operating leases are as follows:-

	2015 £'000	2014 £'000
Land and buildings leases expiring		
Within one year	-	95
One to five years	96	69
Beyond five years	231	167
	327	331
Vehicles, office equipment and computers expiring		
Within one year	98	33
One to five years	321	362
	419	395

29. Subsidiary and associate undertakings

At 31 March 2015 the subsidiary and associate undertakings were:-

	Percentage Owned or Controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Registered Society controlled by Accent Group Limited
Subsidiaries:			
Accent Corporate Services Limited* ^	100		x
Accent 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	

Until 31 March 2015 the group wholly owned and controlled all of the share capital in Repair Co Limited and Accent Regeneration Limited. These subsidiary companies are dormant, do not trade and are in the process of being struck-off.

	Percentage Owned or Controlled %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Registered Society controlled by Accent Group Limited
Joint Ventures:			
Franklands Park Limited (limited by guarantee)	50		
A management company for the Franklands Drive development.			
Associates:			
Procurement For All Limited (joint procurement company)	16 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.

Respond Housing Limited was dissolved on 24 March 2015.

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.

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

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 £2,590 (2014: £45,506) relating to membership fees, training and procurement of maintenance activities. There was £nil (2014: £nil) due from Accent to Northern Housing Consortium as at 31 March 2015.

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.

31. Post balance sheet event

On 20 April 2015 we completed the sale of 214 homes (200 general needs and 14 leaseholder properties) to The Riverside Group Limited. Sales proceeds of £11.781m were received, this cash has been placed on deposit and is ring fenced to fund the development of new units within our core operating areas.

32. Restatement of comparators

In preparing the accounts certain prior year comparatives have been restated to ensure comparability and consistency year on year throughout the group, see notes 2, 17, 18 and 22. The changes reflected do not alter the surplus or net assets as reported at 31 March 2014.