

**Accent Housing Limited**  
**Report and Financial Statements**  
**for the year ended**  
**31 March 2021**

# **Accent Housing Limited**

## **Report and Financial Statements**

### **for the year ended 31 March 2021**

<b>Contents</b>	<b>Page No.</b>
The Board, Executives and Advisors	1
Strategic report	2-20
Report of the Board	21-26
Independent auditor's report to the members	27-29
Statement of comprehensive income	30
Statement of changes in reserves	31
Statement of financial position	32
Notes to the financial statements	33-68

## The Board, Executives and Advisors

### Board Members:

#### Non-Executive Board Members

Tom Miskell - Chair  
Helen Jaggar  
James Kelly  
Archana Makol  
Sally Ormiston  
Steve Pearson  
Rob Seldon  
Richard Wilkinson

#### Co-opted Executive Directors

Paul Dolan

#### Executive Directors

Sarah Ireland  
David Royston  
Claire Stone  
Matthew Sugden

#### Company Secretary

Matthew Sugden

#### Registered Office

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

#### Registered Numbers

Charitable Registered Society No. 19229R under the Co-operative and Community Benefit Societies Act 2014  
Registered by the Regulator of Social Housing (RSH) No. LH 1722

#### Auditor

Grant Thornton UK LLP  
4 Hardman Square  
Gartside Street  
Manchester  
M3 3EB

#### Banker

National Westminster Bank PLC  
3<sup>rd</sup> Floor  
2 Whitehall Quay  
Leeds  
LS1 4HR

# Strategic report

## Definitions

Accent Housing Limited, referred to as the Society in these financial statements, is a charitable subsidiary of the ultimate parent company, Accent Group Limited and its accounts are consolidated into Accent Group Limited. The terms "Group" or "Accent" in the report and financial statements refers to the consolidation of Accent Group Limited and all its subsidiaries.

## Introduction

Our fundamental belief is that there is nothing more important in life than the roof over your head. Our new strategy, Building Better Futures, will continue to deliver on the commitments we made in our previous strategy to ensure we are delivering exceptional services and responding to the needs of customers.

In addition, we recognise that the world has changed significantly over the last twelve months. The role of housing associations will be under far greater scrutiny in future, not only politically but also through the eye of our customers. The teachings from Grenfell, coupled with the expectations set out in The Charter for Social Housing Residents, place a far greater emphasis on consumer regulation, the management and resolution of resident complaints, building safety and expectations for the overall quality of our homes.

Our objectives continue to respond to the challenges and seize the opportunities that external changes are having on our sector and customers. Building Better Futures will continue to embrace our focus on customers and drive greater engagement, building on the work we have completed over the past three years. This is our overriding priority. Not just because of regulatory and legislative requirements, but because it is the right thing to do.

The global pandemic and introduction of national and local lockdowns has inevitably impacted on our current service delivery and performance. There have been opportunities to accelerate our cultural change programme as a result of the need to move to an agile delivery model. Our investment in digital technology and insight, coupled with the economic impact of the pandemic on customers has also enabled us to bring forward our plans for a data driven, proactive income management service. This has been successful in mitigating the impact on our income collection.

We believe that our response has been considered but swift, re-mobilising services incrementally as appropriate to the evolving picture with COVID-19.

There have however been significant challenges. Whilst we were able to continue to deliver emergency repairs and customer safety checks, the halt to our full repairs service led to a backlog of repairs and a re-scheduling of our planned investment programme. We accelerated new data driven strategies for income and lettings, utilising digital technology where possible to resume services safely, mitigating where possible the impact on our income. We re-mobilised the full repairs service as soon as permitted under lockdown restrictions, and have established performance recovery plans with our contractors. However, we recognise that the disruption to our repairs and maintenance services in particular will present longer term challenges for both our financial performance and our customer experience and the recovery of this position is being factored into our future plans. We already had a Repairs Transformation project planned and have ensured that additional resources have been dedicated to this. We will also continue our data driven and agile response to income management, carefully monitoring the economic impact on our customers once the additional financial support for businesses and individuals from the government is withdrawn.

## Vision and Strategic Plan

2020 was the final year of our previous corporate strategy, With You for Your Journey, the launch of which in 2018 was a significant turning point in Accent's own strategic journey. It reconfirmed our purpose; established our corporate narrative around putting the customer at the heart of the business; and re-set our overarching strategic ambition - to be recognised as a market leader for the quality of our homes and the effectiveness of our services.

As we transition into our new strategy, it is appropriate to recognise the achievements over the past three years. We have grown our financial and organisational capacity and continuously strengthened our governance arrangements. Customer safety compliance and reporting has materially improved and we have made organisational shifts to intensify the residents' voice within Accent. Our service model has been completely reshaped into the 'Accent Partnership', co-created with our customers, and we have started to re-define our organisational culture to ensure it continues to support our vision.

Significantly, we have also brought in the skills and capacity to deliver our Development and Growth ambitions, including the creation of a new team and the launch of Homemade, a new Accent brand for homeownership sales and marketing.

We are starting to see the impact of our strategy. In 2020, we have seen improved results in two of our key strategic indicators. Our UKCSI Customer Score has increased to 66.1%, and our Colleague Score has increased to 74.3%. We are making steady progress towards our strategic target, which is 70% for both. Our Best Companies score has increased from 1 star to 2 star status, which exceeds our original target to achieve 1 star status by 2021.

## Strategic report (continued)

### Vision and Strategic Plan (continued)

In our new strategy, Building Better Futures, we have set three key priorities for the future of our homes, our services and our organisation. Successfully delivering our objectives will ensure that we deliver our vision, enabling our customers to build better futures.

- **Quality Homes, Sustainable Communities**

Retaining and building on our development ambitions for new homes, and our continued focus on the safety and quality of existing homes, whilst ensuring we are strengthening our sustainability both financially and environmentally.

- **Personal Customer Experience**

Continuing the work we started pre-pandemic with the Accent Partnership, driving true customer centricity and ensuring that we are engaging in a way that meets both individual and local community needs.

- **Inspirational Workplace**

Accelerating the cultural shift we have embarked on, empowering and equipping teams to work flexibly in order to deliver great business and customer outcomes.

### Principal Risks and Uncertainties

2020 has been a year like no other in terms of risk management. The pandemic has brought home the importance of careful risk planning even for those risks that appear unlikely. At Accent, we had existing emergency planning structures and processes in place and were able to act swiftly and decisively when the pandemic emerged. We successfully supported colleagues and customers as we transitioned to working from home and we were able to deliver all critical services throughout the past year.

During 2020 we increased the frequency of risk reviews and undertook comprehensive exercises to ensure that we considered potential risks of both the pandemic and Brexit. We held dedicated risk registers for both of these significant events and assessed their impact on existing strategic and operational risks. Although the past year has presented numerous challenges, these have not materialised into significant issues at a strategic level and certain key strategic risks have now been assessed as less likely than they were a year ago.

Accent's current top risk is:

- Failure of a key maintenance partner leading to critical service failure

The procurement team and contracts teams continue to monitor the financial health of all key suppliers and to engage in dialogue about current capacity around service delivery. We have identified our most critical suppliers and have increased the depth and frequency of dialogue with them, for example, seeking evidence of contractors' business continuity planning. We have increased monitoring of leading early warning indicators such as the number of open repair orders per contract and we have increased performance monitoring. In parallel, we have developed our own contingency plans. We are also providing additional guidance and training to colleagues to increase contract management skills and commercial understanding across the business. None the less, despite the mitigating actions listed above given the risk of recession, we remain alert to potential issues around contractor viability and, due to our dependence on key third party suppliers, we consider this our highest strategic risk.

Equally assessed, the following two risks are assessed as our next highest risks:

- Major external shock (e.g. outcome post Brexit) leading to reduced funding sources and increased costs

Accent have identified that the impact of a major external issue (such as Brexit outcome) could potentially be two-fold: firstly in reduced availability of funding due to potentially dysfunctional capital markets or lender apprehension and secondly in rising costs. We have identified that costs could increase through rising prices of maintenance materials resulting from changes in trading arrangements post Brexit and/or through the need to meet the requirements of new legislation or Government expectations around the decarbonisation agenda and the Building a Safer Futures charter. In addition, and in relation to the risk outlined above, costs could be incurred if our repairs and maintenance contracts need to be renegotiated or re-procured through becoming unprofitable for our partner contractors. We do not consider ourselves to be particularly exposed to rising labour costs through EU workers returning home however, some key suppliers are beginning to flag concerns around recruitment and retention of skilled labour due to competition from a current boom in private work. Suppliers have assured us that they are not making hasty decisions as this may be a short term issue while the economy recovers.

To mitigate the effect of this risk we ensure that we receive robust treasury advice from our retained specialist advisors, we have a clear understanding of our liquidity and cash requirements and suitable facilities are in place. In addition we have strong oversight and guidance from our Treasury Committee. We are conducting more frequent reviews with budget holders across the business to further enhance our forecasting accuracy and we have tested our recovery and mitigation plans. Our development pipeline is

## Strategic report (continued)

### Principal Risks and Uncertainties (continued)

not overly committed which gives us flexibility should it be needed in terms of mitigating action. In terms of repairs and maintenance costs, we benefit from being members of a procurement consortium which allows us to bulk purchase materials and therefore to have a level of insulation from the highest price increases.

The financial plan and all scenario and stress tests were regularly updated and reviewed by the Board throughout 2020/21. Accent remains financially robust and although there are financial challenges ahead for all organisations in the social housing sector there are no immediate causes for concern.

- Economic recession leading to hardship for residents, significantly increased rent arrears and reduced operating margins

This is a risk that we take particularly seriously, as we understand how significantly our residents have been, and continue to be, impacted by the current economic situation in the UK. We are aware that unemployment is predicted to rise to 5.5% in the autumn as the furlough scheme (which at its peak supported 8.9 million workers) comes to an end. Forecasts suggest that unemployment may be as high as 13.3% amongst 16-24 year olds and we anticipate that, as a result, parents may need to take adult children back into their homes and there will be an increase in people needing to make new UC claims.

At Accent, 5,542 customers are currently claiming UC compared to 3,715 in the pre-pandemic period and average arrears have increased by 6.8% (significantly lower than sector average).

Our response to the situation has been swift and proactive. We have:

- called every customer claiming UC to offer support;
- created an arrears support fund which has helped 205 customers to maintain payments and avoid eviction, saving Accent significant potential void costs;
- increased training to contact centre colleagues to ensure they pick up on, and resolve, potential rent payment issues;
- increased data collection around tenancy terminations to aid our understanding and shape our support activities.

As a result of this activity, we have built more trusting relationships with our customers with clear impact on arrears performance. Between April 2020 and March 2021 we have seen an 8.2% reduction in the number of customers in arrears and we have collected 99.66% of arrears owed. We are not complacent however, stress testing has been updated and a range of arrears increases have been incorporated in the modelling to allow us to assess the potential impact should the situation begin to deteriorate.

Following the top three risks outlined above, the next most significant strategic risks are as follows:

- Material health and safety incident causing harm to customers, employees or others: we assessed the likelihood of this risk occurring as higher than usual throughout the pandemic as we were initially concerned that customers would not allow access for essential safety servicing. We have since re-assessed this risk as unlikely but given that the impact, if the risk materialised, would be significant, it remains as one of our highest risks.
- COVID-19 measures reducing cash flow, impairing stock values and adversely affecting our ability to borrow: also considered unlikely, this risk is assessed as high due to its potential significant impact. As mentioned, comprehensive scenario and stress testing has been undertaken and detailed, time bound recovery plans are in place. Accent continues to enjoy a high degree of liquidity and this has been maintained through the pandemic.
- Cyber threat: initially managed through the operational risk register, we have included cyber threat on the strategic risk register given the global increase in malicious cyber-attacks. We believe our IT defences are robust and have attained the Cyber Essentials Plus accreditation. None the less, given our dependency on technology, we recognise the impact that a successful, significant cyber-attack could have and, accordingly, have assessed the risk as high.
- Organisational capacity to deliver key strategic objectives: this risk was increased as the pandemic surged however it is currently pending review as sickness absence issues (organisationally) have not emerged and infection rates (nationally) have significantly declined.

In addition to the risks formally identified on our strategic risk register, we are aware of recent and forthcoming legal and regulatory changes that are relevant to our sector such as the Complaints Handling Code (introduced in 2020) and the Social Housing White Paper (SHWP) (likely to pass into statute in 2022). These strengthen the role of the Housing Ombudsman and increase the Regulator of Social Housing's focus on the consumer standards. We do not perceive these changes as risks as we welcome, and whole-heartedly support, the increase in focus towards increased transparency and accountability to residents. We are committed to meeting residents' needs and delivering excellent customer services as outlined in our corporate strategy. Last year we launched a new approach

## Strategic report (continued)

### Principal Risks and Uncertainties (continued)

to complaints handling to support customers. We are engaged with various forums and discussion groups and are therefore able to stay informed of developments regarding the SHWP, for example, definitions of the Tenant Satisfaction Measures. We have completed a 'readiness assessment' to ensure that we are prepared to meet the requirements of the White Paper and this has been reviewed by the Board.

### Future Developments

The past year has presented significant challenges as we have looked to maintain our services to customers and improve business performance during the uncertainties resulting from the coronavirus pandemic.

We have continued to prioritise the safety and wellbeing of customers and colleagues. Our service has not only focussed on customer care and safety, but it has ensured that colleagues are able to work safely, flexibly and remotely as determined by their role.

Developing our new strategy throughout this period has enabled us to ensure that we are building a future in which we are fully equipped to deal with both the social and economic fallout of the lockdown.

### Development and Growth

We know our role is to ensure that our overall portfolio of homes contributes to addressing all aspects of the housing crisis. We have made significant steps forward this year in delivering our land led development and growth strategy.

Overall, Accent exceeded its annual targets set for both starts on sites and completions for the financial year ending in March 2021. We were able to commence construction on a number of land led sites during 2020/21 that will deliver 359 homes bringing the total number of homes on site to 517. We expect to take handover of over 200 homes during the 2021/22 financial year and in excess of 600 in the following two financial years. Our capital commitment to new property development now stands at £161.46m of which £99.72m has been contracted for (see note 22). At 31 March 2021 the Society has £98.47m on deposit alongside £50.0m in unutilised revolving credit facilities and the £125.0m retained bond which is available for sale to enable these commitments to be met.

Accent continues to lead the Accent Group Consortium with over £7 million in SOAHP grant funding to deliver 699 new homes completions by March 2023.

Consortium outturn spend for the year was broadly on track at £11.8m of grant, 401 starts and 332 completions. Of this grant-funded programme, Accent Housing delivered just under £2m spend, 111 starts and 22 completions.

Accent have started construction on four out of a total of seven sites delivering 260 new homes with £13.7m of Homes England WAVE grant provided through the Together Housing Group Strategic Partnership.

We are developing our approach to reducing our carbon footprint and will be publishing our corporate 'Sustainability Strategy' in early 2022. This will respond to the requirements of the Future Homes Standard 2025 and beyond and set out a plan for reducing the carbon footprint of our homes and Accents business activities as a whole.

Over the next financial year, Accent will be developing our new build specification to meet higher environmental standards and we have 385 homes in our current committed development pipeline that will meet an EPC 'A' standard. We will ensure that environmental changes to our homes are customer friendly in both cost and use and that the on-going maintenance implications are known and considered. We are providing training to all customer facing colleagues to enable them to identify and help customers who are exposed to fuel poverty. We will not be a forerunner in our approach to new technologies but we will take an appropriately considered approach to zero carbon, ensuring that we have adequate assurance in relation to the potential risks that new approaches could involve.

In terms of sales, we have launched Homemade Homes, our modern new brand for home sales and marketing. We have further strengthened the capacity of the Homemade team, enabling them to widen their focus and encompass the management of our existing leasehold and shared ownership homes. Homemade have sold 56 shared ownership homes this year generating first tranche sales receipt of £7.7m. Sales activity on our newly released homes for sale is strong, at year-end we had two further homes sold subject to contract with nothing further available to sell.

During 2021/22, we will launch six sales outlets to market 144 homes for Shared Ownership and Outright Sale.

### Asset Management

In March we launched our new Asset Management Strategy for 2021-24. This strategy focusses on three key themes; Drive up the quality of all our homes; Work towards providing carbon neutral, energy efficient homes and; to Diversify our offer and deliver a range of new homes, which meet the needs of customers across different markets, throughout their housing journey.

## Strategic report (continued)

### Asset Management (continued)

The enhanced capacity of our Development and Growth Team has also enabled clear strategic decisions to be made and actioned on a number of longstanding asset challenges, including our Ripleyville scheme in the West Bowling area of Bradford, which provided 164 homes for social rent. This scheme is now 43 years old. At the time of building, its construction was viewed as innovative for the methods of the time, but many of the major components, both internally and externally, have now exceeded their lifespan and are failing.

Following resident consultation in 2019/20 and based on the demand for this type of accommodation - which research shows has declined significantly around the city – we have considered a number of proposals for Ripleyville's future including major repairs, a full refurbishment, and demolishing and rebuilding the site. After careful consideration and consultation with our customers, we are progressing the full demolition and rebuilding as family housing as the best outcome for residents and the local community. In developing brand new, high quality homes on the site, the scheme's future will be secured, precious social housing won't be lost from the city and the housing needs of current and future residents will be met. Costs of £1.67m associated with decanting customers from these properties were fully provided for in the 2019/20 financial statements.

To ensure we continue to drive up the quality of our overall portfolio of homes we have worked with our in-house stock condition surveyors and external consultants, Savills, to strengthen our stock condition understanding. As a result we have a data led 30-year repairs and maintenance investment profile fed into our 30-year financial plan and we have re-set our component replacement lifecycles. Any further work to develop our future property standards specification will be aligned with the expectations of Decent Homes 2 when these are published and informed by our work on decarbonisation of the housing stock and building safety.

We know that significant challenges remain for us and for the wider sector in managing our existing assets, not least in tackling the decarbonisation agenda whilst addressing the challenges that the COVID-19 pandemic and the event of Brexit have had on the labour market and the potential availability of materials. We do believe however that we understand our business and the pressures it may face and have a robust approach to risk management. In conjunction with our development and growth ambitions, this sets the foundation for increasing our environmental and financial sustainability and in building and maintaining good quality assets for the long term.

### Customer Experience

As we entered the year, it was clear that a key focus for 2020 would be to protect the customer experience throughout the government lockdowns.

A key area was our repairs service. We had already identified this as the biggest driver of customer satisfaction, and an area where we needed to improve consistency of service. As expected the pandemic has worsened our position, affecting contractor ability to deliver R&M services. Since the end of the first lockdown, our focus has been on catching up work in progress and maintaining rather than improving operational delivery during subsequent lockdowns.

We have however, also invested significant time and resources this year in order to keep momentum on improving the service. We established a Task and Finish Group and brought in external expertise via GRM Consulting to undertake an independent review of the service, resulting in a dedicated transformation programme.

We also planned to build on our recent investment in digital technology by introducing a mobile App. However, after reviewing the potential of our current portals we have shifted focus onto increasing their capability and usage rather than investing in additional technology at this stage. We still firmly believe that there are opportunities to progress our digital transformation emerging as a result of the pandemic but we will co-design this with our customers to ensure we respond to their current and future needs.

As the lockdown restrictions are lifted, we will take the opportunity to revisit our Accent Partnership, which was newly launched when the pandemic hit. In particular, our focus will be on how we communicate and work with customers at a neighbourhood level to better deliver services to individual customers and their communities.

We are pleased to be part of discussions with the Regulator of Social Housing, via our membership of the Northern Housing Consortium, with regard to the development of the new tenant satisfaction measures proposed within the social housing white paper. We have also nominated several of our engaged residents to be part of the series of workshops planned by the regulator to gauge the feelings of social housing residents.

### People

Our inaugural Best Companies score and One Star Accreditation was beyond our expectations, but colleague feedback also demonstrated where improvements were still needed. During the year, we have made significant inroads into breaking down silo working, helped significantly by the removal of geographical barriers via remote working. We have also invested in our internal communications and in engaging colleagues in 2-way dialogue. This has helped to build a greater sense of togetherness and community across the wider Accent team and our latest Best Companies survey results show further improvement.

## Strategic report (continued)

### Future Developments (continued)

Our UKCSI feedback identified a disconnection between our own perception of our customer focus and that of our customers. As a result, we are clear that culture change activity will focus on balancing empowerment with clear accountability and ownership. Achieving this will ensure that we are customer centric and focussed on customer outcomes, whilst maintaining the care we have put in place for our colleagues. On the back of our first all-colleague conference in August, we have been able to agree the future values and behaviours needed to deliver this culture change and align with the brand we are building.

Integral to our people focus is our work towards becoming a truly diverse and inclusive organisation. A Diversity and Inclusion (D&I) subgroup of our Employee Representative Forum led the way with administering a D&I survey to truly gauge the sentiment around the organisation on the work that we do within the D&I space. It provided clarity on the work that needs to be done, but also provided some great feedback on what resonates well with the organisation in terms of how we best learn from and understand each other. To drive this we employed a D&I Specialist (Sept 2020) to help lead us on our D&I strategy and embed the work that needs to be done into the organisation as a whole. Some initiatives that have been impactful include the launch of our new Business Resource Groups (Jan 2021), the launch of our People Series Talks, and the creation of our D&I Action Plan and Commitments. Most recently, we have partnered with ENEI (Employers Network for Equality and Inclusion - an external D&I consultancy) which alongside being a great partnership for resources, allows us to undertake a benchmarking analysis to provide an analysis on where we are and what we need to do. Throughout the next year, we aim to embed D&I across all that we do; and through our Publicly Visible Commitments, we aim to continue to drive the culture of diversity and inclusivity.

### Working with Partners

We know that for our future strategy to have the biggest impact, we need to focus on areas where we believe we can make the biggest difference. That means working in partnership with local communities and organisations, truly valuing their skills and expertise to develop and support activities that accelerate change for the individual and community. Importantly, this provides us with an opportunity to grow our voice in the sector to better advocate for our customers. The aim of this is to afford equal opportunities for all, by combating the many forms of social inequality often at play in our communities.

In May, we launched the national More than Homes campaign as a direct response to our social purpose. Backed by the National Housing Federation, Chartered Institute of Housing and the Northern Housing Consortium, More than Homes is an initiative established to build on the collective power of the housing sector, to respond to the economic crisis resulting from COVID-19. In excess of £250k has been raised for the Trussell Trust from over 60 partners. We will continue to bring together the voice of the sector to shine light on the many issues which trap people in food poverty, and campaign for change.

### How are we performing?

We are pleased that our strategy is driving improved strategic outcomes, but we recognise that we are not yet delivering consistently excellent operational performance.

In March 2020, COVID-19 necessitated an immediate management response and brought about a huge shift in the services we could deliver and the way we work. At the time of writing, the majority of colleagues continue to work from home in accordance with Government guidance. Site visits are taking place but routine home visits will not re-start until summer 2021.

Colleagues have demonstrated agility and resilience throughout this time and have consistently put the needs of their customers first. Having pivoted to a remote working model in March 2020 the contact service has been maintained without any service interruption and has sustained service level and customer satisfaction targets. We have also maintained a heightened focus on the safety of our older customers. This is evidenced by the low levels of COVID-19 outbreaks on our schemes and swift implementation of new hygiene regimes in all schemes. Colleagues have been diligent in the provision and use of PPE.

There is no doubt that we are still seeing the impact of service reduction in the first lockdown (such as pausing the repairs service, restrictions on what we could do in terms of grounds maintenance, pausing mutual exchanges) in our complaints and dissatisfaction data.

The biggest challenge remains the repairs service particularly in the south and east (where new contractors had to be mobilised). Whilst there has been some excellent partnership working with contractors in other areas, this is inconsistent and affecting our ability to deliver an R&M service our customers can rely on. Improving this is our number one priority to ensure we can guarantee a reliable and high quality customer experience.

We have improved our approach to understanding how our performance compares to our peers this year by becoming members of HouseMark. This has enabled us to undertake quarterly performance benchmarking and in particular, we have valued taking part in their monthly COVID-19 impact monitoring. This has allowed us to get a greater sense of how our services have held up during the challenges of the lockdown and social distancing measures.

## Strategic report (continued)

### Customer Service

We are pleased that our UKCSI score has increased by 7.8% to 66.1%, and have seen particular improvements in how easy customers find it to contact us, and the helpfulness of our colleagues.

Customer complaints was still an area of poor satisfaction for us, but in November 2020 we launched our new approach to complaints management, supported by soft skills customer care training for all customer facing colleagues. We developed this in parallel with the launch of the Housing Ombudsman Service's new Complaints Handling Code, enabling us to ensure our approach was aligned with their expectations. The result is a major shift in process, approach and culture that is resulting in improved outcomes.

In the first three months following launch there were 678 complaints logged, compared to 78 logged for the 10 months preceding launch, demonstrating good early engagement and identification of customer dissatisfaction. This new way of working with complaints is still in its infancy but we expect that these greater levels of engagement will impact positively on our next UKCSI score. We also measure satisfaction with complaint handling on a transactional basis using Rant and Rave surveys. Again, early signs are promising as the levels of customer satisfaction experienced during this process is increasing month on month and we are on track to achieving the business KPI of 4.5 (out of a score of 5).

Complaints investigated by the Ombudsman have now totalled 6 since the launch of the new process of which 3 are currently open and 3 are completed and closed.

We have introduced improved reporting on complaints performance for our Customer Experience Committee, and our strategic scorecard for the Board and its committees where appropriate includes performance measures on customer satisfaction with complaints handling, and on the volume of repairs complaints specifically, as this is an area of strategic focus.

This year we have increased the number of service areas we collect satisfaction data for, adding in three new surveys. The introduction of a survey on estate services (which includes grounds maintenance, cleaning and window cleaning) has contributed to the drop in our average satisfaction overall as the results for this are largely driven by the relatively low with only 48.10% of customers satisfied. Some of this is due to the halt in services during the initial lockdown, but we recognise that estate services have been an area of dissatisfaction for customers prior to the pandemic and our decision to introduce this survey followed some challenging qualitative customer feedback. Improving the customer experience and influence within locally delivered services is also a key objective in our new corporate strategy.

Although based on a low number of returns, just 21 were received, we were disappointed with the reduced level of satisfaction with our new build homes at 57.10%. This is also contributing to the reduction in the average satisfaction overall. One of the main reasons for this was the Contractors/ Developers failure to resolve defects. We were aware of this issue so appointed a Customer Care Manager. This appointee is already driving changes that will lead to improvements, and therefore increased satisfaction amongst customers.

We are also looking to be proactive with new customers by contacting them soon after they have moved in to ensure they are satisfied with their new homes. If they have any concerns we will then be in a position to remedy them a lot quicker. We hope that being proactive, rather than reactive will really pay dividends.

There are some positive trends in customer satisfaction. We are particularly pleased to see a 3% increase in satisfaction with repairs and 10% with our planned maintenance, indicating that our increased focus in this area is beginning to impact positively on customers. New tenant satisfaction is also stable despite the challenges posed to letting homes during the pandemic.

Throughout this extremely difficult year, our contact centre has remained fully open and working remotely while continuing to be key in supporting our customers through extreme circumstances. In 2020/21, the team have:

- Achieved a 90% service level (response to customer calls within 2 minutes)
- Supported 357,000 customer contacts across varying channels
- Collected £3.5m in cash
- Achieved 4.6 out of 5 CSAT score, equating to over 90% satisfaction.

## Strategic report (continued)

### Customer Service (continued)

The % satisfied score considers customers who responded with a score of 4 or 5 only and divides the number of those responses over the total responses generating the percentages seen.

Service Area	Average Score	Volume of feedback	% Satisfied (= scores of 4 and 5) 2020/21	% Satisfied (= scores of 4 and 5) 2019/20
Contact Centre Satisfaction	4.60	9,380	90.30%	86.54%
Repairs Satisfaction	4.18	7,367	78.70%	75.08%
Planned Works and Servicing Satisfaction	4.47	3,045	86.10%	76.02%
Estates Services Satisfaction	3.19	4,041	48.10%	N/A
New Tenant Satisfaction	4.57	483	88.40%	88.68%
New Build Homes Satisfaction	3.52	21	57.10%	78.57%
Complaints	4.06	255	75.30%	N/A
Exit Survey	4.33	3	66.70%	N/A

### Home Owners

Approximately one in six of Accents customers are homeowners. Therefore ensuring our services to Shared Owners, leaseholders and all homeowners are of a high quality is very much part of our overall approach to delivering a great customer experience. Our development ambitions will increase the number of homes Accent owns and manages, many of these will be available for Shared Ownership sale. Therefore, we want to ensure our services to both new and existing customers are the best they can be.

In order to achieve this we are reviewing our services to homeowners with the aim of ensuring a collaborative approach from all areas of the organisation in order to provide a consistently knowledgeable, timely and communicative service to maintain and build on the positive relationships we have with our customers. In particular, we aim to improve the consistency of estate services to homeowners, income collection processes and how we communicate with our customers.

### Income Management

One of the standout areas of performance over the past year has been our revised approach to income collection. We believe that all our customers want to pay, and when they cannot we offer tailored support. Our strategy was shaped following detailed customer insight and behavioural modelling, and over the past 12 months, we accelerated implementation in order to mitigate the financial impact of the pandemic. We also increased our customer engagement to gather more insight, using digital contact and social media including a Facebook Live Q&A event, satisfaction surveys and analysis of payment behaviours to respond to the economic challenges.

This insight enabled us to make customer centric decisions that underpin our strategy:

- Stopped automated contact and legal actions, creating new personalised methods to engage and prevent arrears
- Targeted income maximisation advice by identified customers using payment behaviour changes
- Engaged new Universal Credit (UC) claimants to target budgeting advice
- Encouraged greater front line team collaboration with a clear focus on customer retention

We also established an Arrears Support Fund as a key tool to offer support and incentivise customers to keep paying their rent. The fund has enabled 205 offers of arrears support to customers. In total customers in the support group have been asked to pay £150k into their rent accounts before we credit £55k back to them, rewarding them as they pay. The net gain will be £95k cash and the potential net empty homes savings from preventing tenancy failure is around £800k.

Our new approach has impacted positively on income collection performance, preventing what we believe could have been a significant increase in rent arrears overall. In February, HouseMark reported an average sector arrears increase of 30%. At that time, we had bucked the trend with a 15% increase, and we saw a further reduction through March to 10%.

## Strategic report (continued)

### Income Management (continued)

Our year-end position is broadly in line with the previous year despite the economic impact of the pandemic on our customers, our forced new ways of working during lockdown restrictions and an increase in Universal Credit claimants.

The next 12 months will continue to be difficult for our customers but we have set a solid foundation to mitigate the impact and continue to support those who face financial crises to retain their tenancies.

This year we have welcomed 1,482 new customers into their new homes. The restriction on letting homes during the initial lockdown has impacted heavily on the average time it has taken us to let our empty homes across the year, but we have seen a reduction in turnover and the amount of empty properties is only marginally above the number at the end of last year.

	2020/21	2019/20	2018/19	2017/18	2016/17
Current tenant rent arrears	3.21%	3.18%	2.50%	2.20%	2.30%
Average re-let times (gross days)	68.7	29.8	31.5	29.3	28.5
Empty properties	1.5%	1.4%	0.9%	1.0%	0.7%
ASB Cases per 1,000 properties	29.4	21.9	27.6	38.9	33.9

### Repairs

Repairs and maintenance, including planned investment, was heavily impacted by COVID-19 lockdown and social distancing restrictions this year leading to an in year reforecast of delivery. Despite this and other challenges associated with access and supplies, the teams delivered almost all the reforecast planned investment programme of over 1,900 items and achieved a customer satisfaction rating close to target. As a result, we are pleased to report that our performance on the Decent Homes Standard (DHS) is now returning to pre-pandemic levels.

Following the easing of the initial lockdown, we have kept R&M services in place, when other housing associations have continued to focus on emergency repairs only. We were keen to maintain visibility of all required repairs including routine repairs. Despite this, we do have a backlog of non-emergency repairs outstanding. Recovery plans are in place with all contractors who have fully tested resource plans in place where needed and we are challenging them to ensure these are delivered.

Unfortunately we were already experiencing some challenges with our repairs performance prior to the pandemic as the service was not delivering in line with our ambitions. Feedback from our customers via the UKCSI results and service complaints has been challenging, and as illustrated in the table below repairs KPIs demonstrate that there is significant room for improvement. We have experienced specific contractor issues in the south and east, but there is also a mismatch around R&M expectation versus performance more broadly.

Following an external review of the service a dedicated transformation programme for R&M has been developed and launched, with its own programme governance board. This brings together all aligned workstreams including those around digitalisation and information and communications technology (ICT). This is a wide-ranging programme aimed at improving operational performance and customer experience, but also looking to our future contracting arrangements. This is a priority delivery objective within our corporate strategy.

In terms of customer safety, we maintained our programme of safety checks and remedial works and achieved very strong year-end performance. The Health and Safety Committee, who provide oversight on behalf of the Board, monitors all aspects of customer safety.

	2020/21	2019/20	2018/19	2017/18	2016/17
Decent Homes	99.28%	98.73%	98.97%	98.20%	97.25%
Average Time to complete a repair (days)	14.5	12.7	11.6	9.3	7.6
Percentage First time fix	80.60%	81.60%	80.60%	89.10%	93.90%
Percentage Satisfied with responsive repairs	78.70%	75.10%*	88.10%	87.00%	92.40%
Percentage Gas Serviced	99.90%	99.95%	99.98%	99.91%	99.97%

\* transactional satisfaction is measured using the Rant and Rave system of surveying customers. Satisfaction is scored from 1 to 5 with a calculation performed to enable benchmarking. The 2020 figure has been restated in the above table from 90.55% to 75.10 % following the identification of an error in the underlying calculation of the percentage score.

## Strategic report (continued)

### Environment

Within our corporate strategy (2021 to 2024), we are prioritising working towards providing carbon neutral, energy efficient homes. Our asset management strategy supports the delivery of this priority, where we will combat the increasing levels of fuel poverty that prevent our customers from living comfortably and affordably in their homes and to reach an understanding about how we will reduce our carbon footprint. Over the next year, we will formalise our approach to the decarbonisation of our homes by developing Accent's sustainability strategy. The sustainability strategy will focus on customers, existing homes and the development of new homes in addition to our operational activity as a business. It will set out a costed plan with milestones to meet the 2030 EPC band C and 2050 net-zero carbon emissions requirements and the development of a communications plan for customers and colleagues, to include education on new technologies and lowering running costs.

In 2020-21, we undertook the following energy efficiency home improvements for our customers:

- 1,049 A rated gas boilers
- 157 windows and doors
- 6 thermal insulation (programme dramatically reduced due to COVID-19 and migrated to 2021-22)

We built 32 homes to EPC band B standards.

In 2021-22, 2,004 customers' homes will benefit from 2,118 energy efficiency home improvements.

### Health and Safety

Health and safety is always a top priority and has potentially been the single biggest area of focus throughout the last year. From ensuring that our customers receive essential safety services through to ensuring that our colleagues are mentally well and resilient despite the challenges of adapting to working from home, health and safety has been paramount.

In the early stages of the pandemic our Health and Safety Committee met monthly to provide additional scrutiny and direction both in terms of customer health and safety and colleague health and safety. Customer safety performance and colleague sickness absence, particularly in relation to stress, anxiety and depression, have been closely monitored at Board, Committee and Executive level with routine monthly scorecards made available and, at the height of the pandemic, weekly updates to Accent's key strategic planning team.

Scrutiny of health and safety performance takes place at levels throughout the organisation. In line with the Board's minimal appetite for health and safety risks, we include a wide range of health and safety audits within the internal audit schedule and the resultant reports are reviewed by both the Audit and Risk Committee and the Health and Safety Committee.

We monitor performance in terms of legal compliance but we also monitor and scrutinise completion of remedial works related to servicing and maintenance, as we believe this gives a deeper understanding of customer safety.

Services to customers, including all safety maintenance and servicing, has been maintained throughout the pandemic due to collaboration with, and support from, our partner contractors and careful communication with residents to help them to understand the COVID-19 safe working practices that our contractors implemented. We respected customers' concerns when shielding or anxious about COVID-19 risks and scheduled appointments around periods of self-isolation. This personalised approach to planning has meant that more than 99% of essential compliance services were complete at year-end.

We recorded 156 accidents (2020: 107) involving customers or members of the public across all of our residential areas during 2020/21. This is a continued increase on previous years due to increased reporting and recording of a wider range of accidents and incidents. As in previous years, the vast majority were minor slips, trips and falls and the figures include all accidents, both preventable and non-preventable.

Nine accidents involving employees (including contractors' operatives) were recorded. This is less than half the number recorded in the previous year, which is unsurprising given reduced travel and on-site activity during the pandemic.

Five accidents have been reported, as a precaution, to the HSE under RIDDOR. To date the HSE has not made further enquiries on any case.

## Strategic report (continued)

### Financial review

The year to 31 March 2021 has resulted in a surplus before tax of £16.02m (2020: deficit £1.7m). The prior year deficit was the result of £12.76m break costs and associated professional fees being incurred following the Society refinancing activity during the year which culminated in a public bond being issued in July 2019 by subsidiary Accent Capital PLC. Despite the ongoing COVID-19 pandemic and the uncertainty introduced Accent has continued to deliver a strong financial performance whilst supporting our customers through one of the most challenging times in recent history.

The core business of providing affordable housing remains strong and has produced a financial result in line with expectations. The principal highlights are as follows:

- The Society's core affordable housing business made an operating surplus of £24.60m (2020: £16.94m), the increased surplus arising from a combination of:
  - increased rental income of £1.69m reflecting the current rent policy of increasing rents by CPI plus 1%.
  - reduced repairs and maintenance costs of £4.82m a result of planned maintenance being deferred during the coronavirus pandemic whilst we maintained customer and colleague safety.
  - a reduction in other costs of £1.2m when compared to the prior year. The 2019/20 surplus included accrued costs of £1.67m anticipated to be incurred in respect of the committed redevelopment of our scheme at Ripleyville, Bradford, a single scheme which is no longer considered fit for purpose, previously fully impaired. Costs included home loss payments and decanting costs associated with the initial phases of the redevelopment. No comparable costs have been incurred in the current year largely due to COVID-19 delaying works and the accrual has reduced to £1.09m following the ongoing decanting programme.
  - a £2.4m gain being recorded in the prior year following a review of the Accent Group Pension Scheme which led to the amendment of the benefit structure in order to make the scheme more sustainable and fairer for all colleagues in the future. Accrual rates and spouses pensions were amended along with a change from RPI to CPI for future benefit increases and revaluations.
- Other activities made an operating surplus of £6.78m (2020: £6.97m).
- During the year housing properties amounting to £3.07m (2020: £23.45m) were completed, in line with the Society's strategic plan and continued focus on development of new homes. This reduction was expected as the development programme moves away from S106 and "off the shelf" units towards land led delivery with longer completion profiles.
- The housing assets continue to be valued at Existing Use Valuation – Social Housing use (EUV-SH). The assets were re-valued at 28 February 2021 resulting in an increase of £20.16m (2020: £0.067m). A net movement of £2.96m has been included in the surplus for the year before tax as required by FRS102. An unrealised gain of £23.12m has been reported below the surplus for the year within comprehensive income. The Board and management team consider that this valuation remains appropriate as at 31 March 2021.
- During the year to 31 March 2021 the Society saw an actuarial gain of £4.91m within the Accent Group Pension Scheme (AGPS) and an actuarial loss of £2.01m in respect of the Social Housing Pension Scheme (DB). These movements are reported below the surplus for the year but within comprehensive income and resulted in a net decrease in the pension deficit of £3.30m. The gain on the AGPS was primarily driven by an increase in the equity assets of the scheme of £7.77m offset by an increase in the schemes overall defined benefit obligation due to changes in assumptions.
- During the year the Society invested £30.91m (2020: £41.78m) in repairs and maintenance, both capital and revenue, reflecting the continued focus of the Society on improving the quality of our existing homes. The coronavirus pandemic impacted on our planned programme, significantly limiting the amount that was budgeted to be invested during the year as the focus moved to customer and colleague safety

After the transfer of the total comprehensive surplus for the year of £41.84m (2020: £2.45m), the Society's reserves amounted to £402.53m (2020: £360.69m).

### Investments and treasury management

Following the issue of the bond in July 2019 the Society holds a significant amount of liquid funds at the year-end amounting to £98.5m excluding ring-fenced funds (2020: £105.1m). This positions the Society well to deliver its' corporate strategic aims, which include; improving the quality of existing homes and services, delivering on our decarbonisation commitments and delivering sustainable and quality new homes via our development strategy.

The strong liquidity position also gives the Society flexibility to deal with the current challenges and those of a post COVID-19 world. These liquid resources are managed in line with the Group's, Board approved, Treasury Management Policy and Investment Policy. Both policies are regularly reviewed and updated and are subject to detailed scrutiny from the Treasury Committee with guidance from external expert advisors.

The Society operates a centralised treasury function, with responsibility for the management of liquidity, interest rate and counterparty risk. The strategy has an overriding objective of the avoidance of unacceptable risk, with surplus cash being invested with approved counterparties (banks and money market funds) in line with the Treasury Management Policy that defines credit quality criteria and maximum exposure limits.

## Strategic report (continued)

### Value for Money at Accent

The 2020/2021 financial year has been a challenging year for everyone. As a registered provider Accent had to make some significant and wide reaching decisions around what is in the best interests for our customers and colleagues as the impact of the COVID-19 pandemic became truly apparent. Some of these choices have inevitably impacted the value for money targets we had set as a business pre-pandemic. Non-essential repairs and maintenance were delayed as we prioritised customer and colleague wellbeing and safety, some developments saw delays as counterparties moved to remote working, slowing planning and legal processes and development partners adjusted to ensure COVID-19 compliant measures were in place at all sites amongst other measures. Accent as a business reacted quickly to reassure customers their needs would be prioritised without compromising their safety, our expenditure profile switched rapidly and our priorities changed overnight. Much of this has already been highlighted within the foregoing strategic report however it is also reflected in our value for money journey in 2020/21.

Value for money has remained at the heart of what Accent does and our approach remains embedded and holistic.

Key examples of activity in 2020/21 include:

- **Arrears Support Fund**

Within the first month of the pandemic starting, we recognised that many of our customers were facing some tough choices and for many their ability to meet their financial commitments disappeared almost overnight. In response we created an Arrears Support Fund to retain customers in their home and help prevent financial crises. We offered the fund to customers who were financially impacted by the economic fallout of the pandemic. The offers cost Accent circa £60k and in turn, prevented over 200 terminations and associated income recovery costs. We estimate we have seen a net saving of other costs of over £800k by pro-actively caring about our customers' long term financial situation. This is at the core of our values and our corporate strategy, supporting our customers at every turn while protecting business performance so that we are able to invest in our services, build more homes and invest in our existing homes.
- **Procurement of key customer facing services**

The Accent Procurement team was established in 2019/20 and made an immediate impact on the approach to procurement across the business. During 2020/21 the team have continued to challenge, guide and support colleagues with their procurement strategies. Some key successes are:

  - The procurement and introduction of the Noise App allowing victims of ASB noise nuisance to record the noise which is causing them distress and Accent to hear the evidence and take swift and decisive action to support the customer better.
  - Grounds Maintenance contracts in northern regions were reviewed and re-procured, reducing costs and offering a better level of service to customers. As part of the review contracts were exited and awarded to locally based providers who were able to offer a personalised service and enhanced social value through local connections.
  - Competitive tendering of key software led to significant savings (in excess of £300k over a three year period) and no loss in functionality for the business. This released resource to be utilised elsewhere in the business to support customers' needs.
- **Journey to success**

Accent are working with Thirteen Group in the North East to provide employability services to nominated customers. Our customers are supported with job applications, CV writing, attending interviews and gaining employment, alongside appropriate training and education. This service empowers customers to seek new employment opportunities and as a result sustain their tenancies through greater access to work and opportunity. A small amount of investment offers great return in this respect demonstrating that value for money isn't just about a reduction in cost base.
- **Customer communication**

Communicating clearly with customers during 2020/21 was more important than ever. In recognition of this our planned maintenance teams began to let customers know about works to their properties and what they could expect through digital channels rather than by post – 90% of planned maintenance communications were sent digitally during the financial year. This has resulted in customers receiving information in their preferred format almost instantly enhancing their experience of dealing with Accent alongside generating a modest financial saving.

We are continuing to promote the use of MyAccount (our digital customer account offer) alongside introducing MyDocuments (this facility allows customers to access documents relevant to their property and tenancy online) and all other digital platforms to customers to ensure they have the tools they need to contact us in their preferred way quickly and easily. Digital investment and ease of customer contact are key priorities for investment for Accent moving forward.

## Strategic report (continued)

### Value for Money at Accent (continued)

- **Sales Customer Relationship Management System**

As Accent's development pipeline has grown significant time and investment has been made in a new sales CRM. This system allows Accent to track sales activity and build relationships with potential customers by ensuring we understand their needs and keep in touch with them as our property pipeline grows. At 31 March Accent had just two shared ownership properties available and both were sold subject to contract. The ability to sell our units on a timely basis allows reinvestment of cash receipts back into the business and pursuit of our corporate objectives.

- **Efficient Repairs**

Repairs and the efficient booking of repairs is critical to our customers. It was recognised that by requiring repairs to be booked through our contact centre we were prolonging the process and creating more touch points for each job than necessary. To address this we developed a solution where mobile workers were empowered to raise repairs direct using a new mobile repair app rather than reporting it for the booking then to be made by another party.

This small but significant change has resulted in the quicker raising of repairs, no double handling of requests, and a reduction in workload in the contact centre enabling colleagues to focus on other aspects of customer service.

- **Pension Fund Renegotiations**

The Accent Group Pension Scheme was revalued in 2020 and as a result the trustees and the employer were required to reach agreement over a new deficit recovery plan. The recovery plan that had been in place since 2017 required considerable annual lump sum repayments and the early indications following the 2020 revaluation was that the lump sum request was likely to increase significantly, challenging affordability. Accent retained an actuarial specialist, First Actuarial, to act on our behalf and through detailed review and challenge of the assumptions applied was able to put forward a counter view of the forecast deficit and alternative recovery plan. This position was accepted by the pension trustee (after some negotiation) and a revised deficit recovery payment plan was signed in late March 2021 reducing significantly the future annual repayments against the existing and initially proposed recovery plan.

- **Finance System Improvements**

The business has continued to review and develop its use of software products and systems to support the management of the financial records. During the year a significant upgrade of the fixed assets register was commissioned and as a result revaluation updates (incorporating circa 200,000 lines of data) now take one person circa 3-4 days to process as opposed to several weeks for a team of individuals. As a result staff time has been released to allow more value added activities to be undertaken. In addition products to support our debt security management (AssetCore) and treasury management (Abacus) have been procured and are actively being implemented, streamlining and future proofing key areas of activity within the business.

- **Automation, Remote Working and Customer Support**

The pandemic changed how we supported our customers and delivered our services overnight. In late March 2020 the government issued the directive to work at home where possible, within days Accent had mobilised its workforce to do just that. All customer partners, contact centre staff, head office staff and support teams were provided with facilities to work from home to continue supporting our customers to the best of their abilities. DocuSign was implemented to ensure critical documents could still be actioned in accordance with our governance requirements. Customer partners began welfare calls with customers rather than undertaking site visits and identified the most vulnerable to ensure they were getting the emotional and practical help they needed when circumstances were at their most challenging. Emergency repairs services continued to ensure customers were safe in their homes and no one's health was put at risk.

During 2020/21 savings of over £1m were made as a result of changes in the way we worked – for example video conferencing versus travelling to meetings / booking accommodation etc. These savings were then directed for use in key customer facing areas such as the arrears support fund, provision of PPE and enhanced cleaning. Whilst most site based activity has now resumed Accent has yet to reopen its office space and looking forward a more flexible approach to how and where colleagues work is being developed.

- **Development of In-house Learning and Development team**

Developing our people is a key part of our corporate strategy and company mission and we recognised that we could do more and reach a larger audience if we brought that function in house. The learning and development team began its journey in 2019/20 but continued to develop in 2020/21 and now consists of four specialist team members complimented by an Equality and Diversity Specialist. In 2020/21 the team have delivered a diverse range of courses addressing key matters such as Safeguarding, Racial Bias, Mental Health Awareness, Welfare Reform, Consumer Credit Training and Anti Money Laundering Training amongst other courses. Training has been developed as online tracked modules allowing colleagues to learn at their own pace but also ensuring that the training can be revisited and refreshed whenever it is needed. In addition the Learning and Development Team have sought to work with colleagues across the organisation promoting collaboration and knowledge transfer, developing colleagues understanding of key areas and their skills in supporting one another.

## Strategic report (continued)

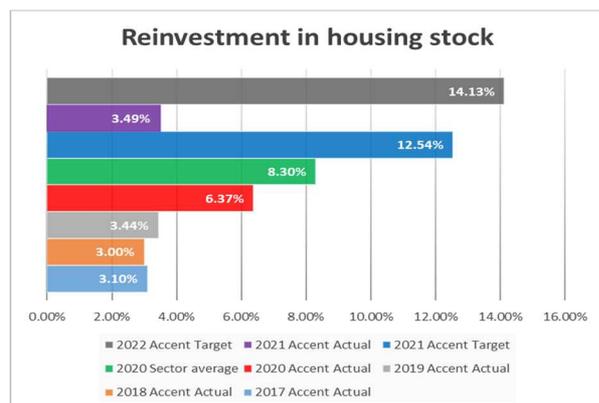
### Value for Money at Accent (continued)

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

### HOW DO WE MEASURE OUR SUCCESS?

Accent takes value for money seriously and performance against the Regulator for Social Housing's key metrics is regularly monitored by the Board and Executive Team as all measures are reported within the monthly management accounts. Our performance against these metrics for the year to 31 March 2021 and narrative supporting any variation against our targets and the sector averages (as per the Vantage State of the Sector report) is summarised below:

### Reinvestment in housing stock

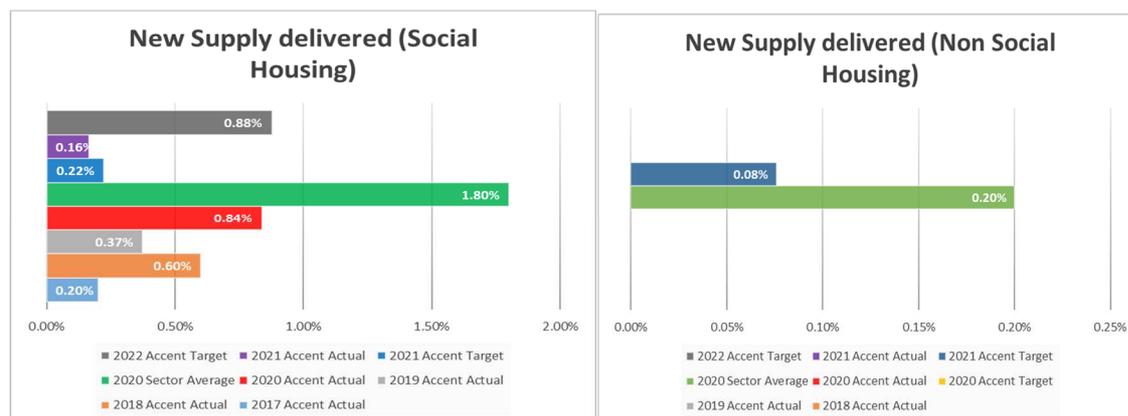


It is now three years since Accent launched its corporate strategy with the commitment to be a more significant player in the UK's response to the housing crisis. Whilst articulating an ambition to make a significant contribution to help relieve the lack of affordable homes in the UK we balance this with a commitment to continue investing in our existing asset base to position ourselves as landlord of first choice providing good quality, safe and secure homes. Three years in we are making strong progress. We have continued to secure new sites and have a strong pipeline for the future. For 2021 we set ourselves an ambitious target of 12.54% for reinvestment, a substantial amount of which related to capital works to existing properties. This target was 4.24% above the sector average and was set pre pandemic. National lockdowns and social distancing requirements have meant we have not been able to achieve our target (we have achieved 3.49%) however we have continued to deliver as much as contractor capacity and customer acceptance will allow. It is anticipated the national average for 2020/21 will be lower than in previous years for similar reasons.

The target for 2021/22 is stretching for Accent at 14.13% and reflects the fact that a significant number of our pipeline sites will break ground during the year resulting in significant expenditure thereon. In addition we are hoping to revisit some of the deferred capital works from 2020/21 and boost investment in existing properties.

Looking forward Accent continues to have ambitious plans for investing in both existing and new properties with pipeline schemes now identified for the next 4-5 years and overall plans to deliver circa 4,500 new homes before 2030. In addition decarbonisation is a key area of focus for the business and will lead to additional investment in existing homes in the coming years as we look to meet the government's targets and support the carbon reduction agenda.

### New Supply Delivered



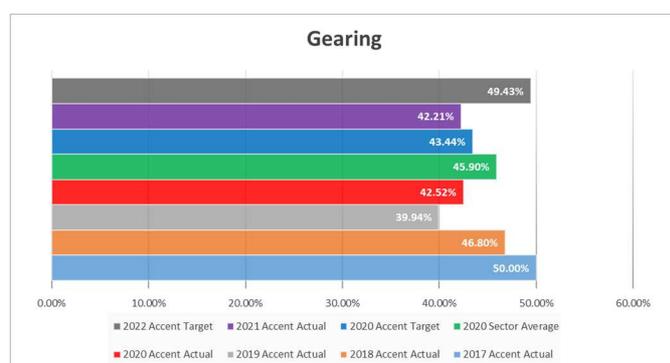
## Strategic report (continued)

### Value for Money at Accent (continued)

The development strategy and ambition has continued to grow at Accent. Since the strategy was initially set in 2017/18 we have established a dedicated development team with years of combined experience in delivering quality affordable homes. Time has been taken to carefully identify development sites that best meet the needs of our future customers as well as the overarching strategy for Accent. A target of 0.22% was set for 2020/21 as it was understood that schemes take time to come to fruition. Despite the challenges of COVID-19 the business only fell 0.06% short of delivering this target delivering 0.16%, which equates to only a handful of properties which fell into the new financial year. As we move into the 2021/22 financial year Accent expects to see schemes come to completion with circa 187 properties expected to become available within the next 12 months before a sharp rise is seen in 2022/23 as some of our land led schemes begin to complete which will place us competitively against the sector average of 1.8%. For Accent our mission has always been clear, we want to provide quality homes in locations where our customers want to live, this is reflected in the increasing delivery and rising targets seen.

Accent had been planning to deliver a small number of properties for non-social purposes during the 2020/21 financial year (15 units). Due to delays on site these units have now pushed out in to 2021/22. Accent currently has no plans to develop any further non-social housing properties however should a scheme present where the option is attractive it would be considered as part of the strategy to fund and deliver more affordable units.

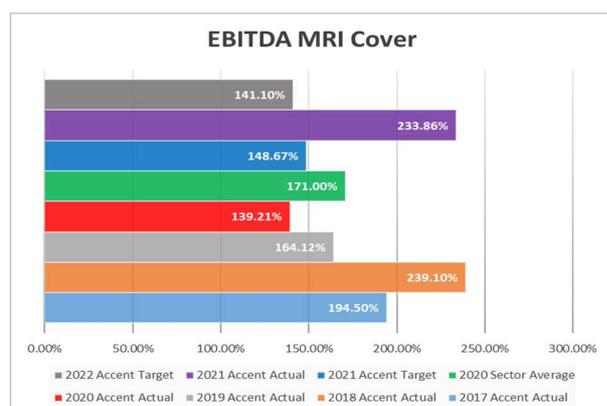
### Gearing



Accent has consistently enjoyed relatively low levels of gearing for a number of years, 2020/21 is no exception to this with a year-end position of 42.21% being recorded against a target of 43.44% and a sector average of 45.9%. Debt has remained steady with no major refinancing nor debt generation activity in the year and the majority of investment being made in development reaffirming the asset base. The variance seen is primarily the result of the reduction in expenditure in respect of major works and unidentified development pipeline opportunities which had been modelled into the 2021 target. As a result cash balances are increased at the year end at £98m.

Moving into 2021/22 it is Accent's intention to deliver elements of the major works which were postponed in 2020/21 alongside the new year programme. Some additional borrowing is also within our financial plan for 2021/22 subject to actual liquidity needs and the condition of the capital markets. As a result gearing is expected to increase to circa 49.43% by 31 March 2022. This is an understood and planned increase and still leaves the business in a strong position with comparatively low levels of gearing moving forwards.

### EBITDA MRI Cover



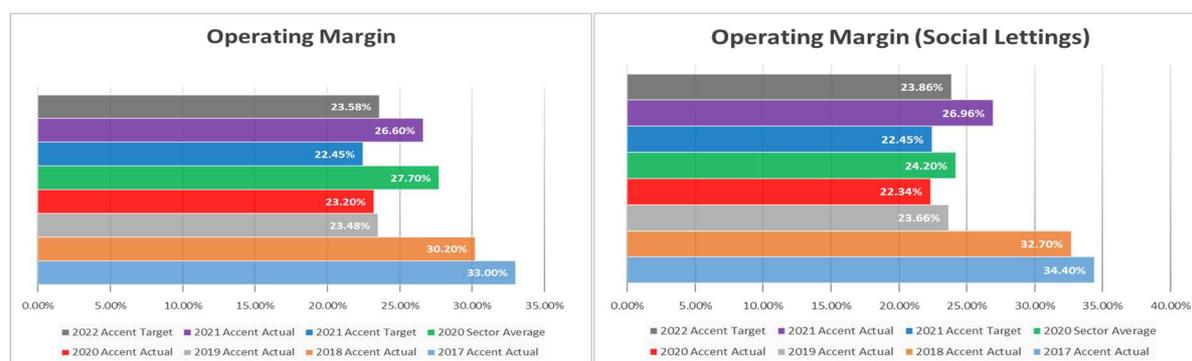
## Strategic report (continued)

### Value for Money at Accent (continued)

2020/21 was an exceptional year for everyone. The COVID-19 pandemic turned many things on their head and this is reflected in the significant EBITDA MRI figure reported by Accent at 31 March 2021. All expectations were that the position would increase a little as the business began to see returns on the refinancing which had driven down the figure in previous years. In reality the EBITDA MRI figure for 2020/21 is noticeably higher primarily due to the challenges in delivering capitalised works to properties which has reduced expenditure in the year. This coupled with lower interest charges (which had been anticipated following the refinancing in 2019/20) and strong income performance despite COVID-19, has resulted in an EBITDA MRI of 233.86% being reported against a target of 148.7% and a sector average of 171%. The impact of COVID-19 on the sector average for 2020/21 will become clear in the coming months but it is anticipated that a similar pattern is likely to be seen due to the challenges in delivering investment programmes for many in the sector.

The target for 2021/22 is 141.10 % and is more in line with expectations albeit slightly below industry averages as Accent looks to deliver a record amount of capitalised maintenance within properties whilst arranging additional finance to support the growing development pipeline and investment programme.

### Operating Margin



Accents expectation was that margins would rise nominally in 2020/21 as the impact of the rent settlement worked its way through the income figures partly offset by increasing pressures on the cost base, as for many RP's. As we now know 2020/21 was a year like no other and Accent found that the cost base did not rise as anticipated, primarily through challenges in delivering some planned services alongside changes in the way we work (travel was temporarily paused and buildings closed as the Accent team moved to work from home where ever they could).

The overall margin achieved is higher than target at 26.6% with the improvement being recognised as a result of a net £4.8m reduction in planned and routine maintenance coupled with the re-calibration of certain depreciation charges. This coupled with the increased rental income resulting from a further year of the rent settlement (currently set at CPI+1%) led to a stronger operating position than anticipated. This was not the position Accent intended to find itself in, our target for the 2020/21 year being 22.45%, and demonstrates the impact of the pandemic on our delivery plans very clearly.

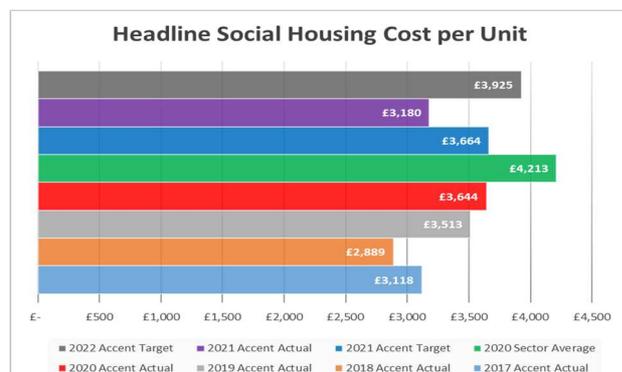
The performance on social lettings only demonstrates the impact even more clearly with a margin of 26.96% being achieved against a target of 22.45%.

The targets for 2021/22 are lower and more in line with expectations at 23.58% for overall margin and 23.86% for margin on social lettings. This reflects the challenges facing the sector in terms of increasing costs particularly around health and safety and property maintenance. Repairs and maintenance budgets accommodate some of the deferred works from 2020/21 giving significant lines of projected expenditure in the coming year. It is expected that deferred works will take a number of years to catch up due to contractor capacity constraints and ongoing social distancing requirements.

## Strategic report (continued)

### Value for Money at Accent (continued)

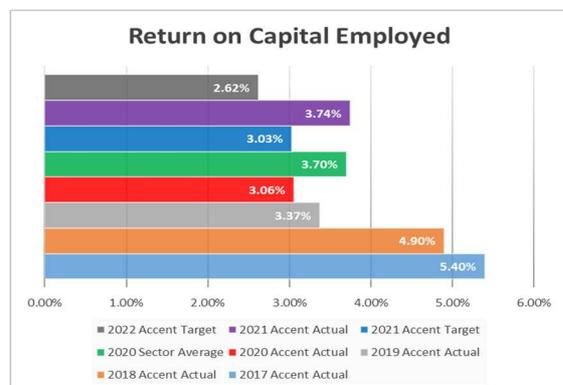
#### Headline Social Housing Cost per Unit



Headline social housing cost per unit is very sensitive to fluctuations in delivery of repairs activity and to a lesser degree from decisions that impact our asset base, disposals etc. As highlighted in previous years a low figure in this respect does not necessarily indicate an organisation is efficient, it can be an indicator of low levels of investment and in 2020/21 this is more clearly demonstrated than ever before. Many Housing Associations around the country will have struggled to deliver full maintenance and repairs programmes and services to customers due to restrictions arising from COVID-19. Whilst some may have seen expenditure increase in areas such as cleaning and ICT expenditure others like Accent are likely to have seen significant reductions. Accent set a target of £3,664 per unit for 2020/21 being a slight increase on the 2019/20 position. In reality the figure recorded is much lower at £3,180 per unit as expenditure has not occurred in the manner expected, particularly on repairs.

Accent continues to manage the cost base carefully looking to achieve best value wherever possible without compromising customer safety and satisfaction. The 2021/22 target of £3,925 reflects this conscious approach to budgeting alongside the commitment to invest in our services and existing units to improve customers' homes.

#### Return on Capital Employed



The 2020/21 return on capital employed was higher than expected at Accent for the reasons previously identified associated with lower levels of planned maintenance being delivered due to COVID-19 restrictions. The surplus has been higher than expected and cash levels have also been higher than budget. No additional debt has been taken in year resulting in the year end ROCE figure of 3.74% against a target of 3.03%. Accent continues to seek opportunities to improve operating margin and by association ROCE however this should not come at the cost of quality and reinvestment in sustaining our existing stock. In the coming years Accent intends to invest more in existing units, customer service and digital innovation alongside raising further debt to support the development and reinvestment programme. In addition budgets for the coming years include the repairs and maintenance expenditure required to recover the deferred works position resulting from the impact of COVID-19. This will have the impact of driving down ROCE in the short to medium term (as is reflected in the 2021/22 target of 2.62%) and a likely convergence away from the industry averages for a period of time whilst the expenditure is incurred and the asset base re-established. A reduction in the industry average for 2020/21 is anticipated as Housing Associations feel the pressure and are required to make difficult choices regarding their cost base and investment.

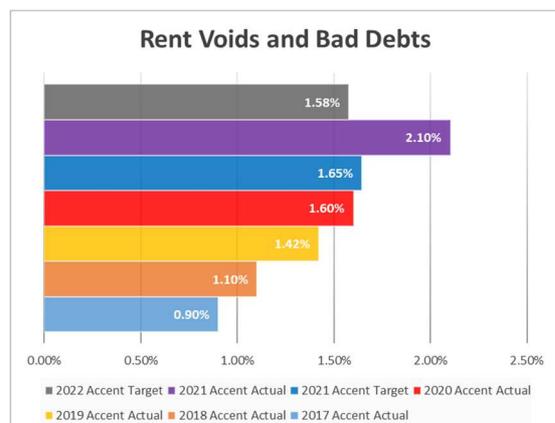
In addition to the regulator specified measures Accent regularly monitors a number of key performance indicators of its own. These indicators are ones which are considered strategically important in measuring our effectiveness and success.

The Accent measures are:

## Strategic report (continued)

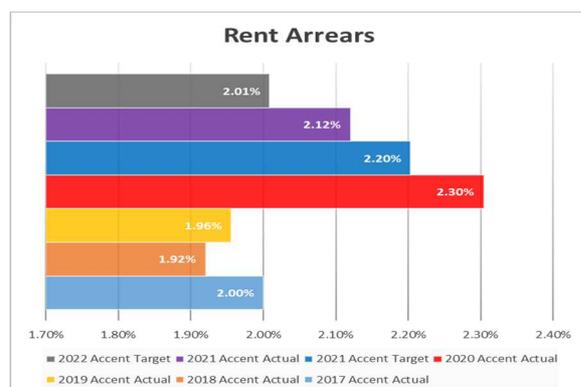
### Value for Money at Accent (continued)

#### Rent Voids and Bad debts



Accent has historically enjoyed relatively low levels of voids and bad debts and this is reflected in the previous year’s performance being consistently below 2% and the target for 2020/21 of 1.65%. The 2020/21 performance was below expectations for Accent with a figure of 2.1% being recorded, however this is for very good reason. Throughout the COVID-19 pandemic Accent took a cautious approach to re-letting void properties and only did so in situations where risk levels could be managed appropriately. Empty properties in schemes for the elderly were not re-let for extended periods of time due to the risk of introducing infection into the properties and as such an increase in void losses was noted. Of the 2.1% 2021 figure 1.41% can be attributed to voids (2020: 0.84%) highlighting the increase. Bad debts increased a little during the year but an active programme of income management and tenancy support alongside the government support to tenants via the “furlough scheme” meant that levels did not increase to a significant degree. Moving into 2021/22 the easing of COVID-19 related restrictions alongside the successful roll out of the vaccination programme has meant that active void management has commenced once again and the Accent target for 2021/22 is set at 1.58% to reflect this.

#### Rent Arrears



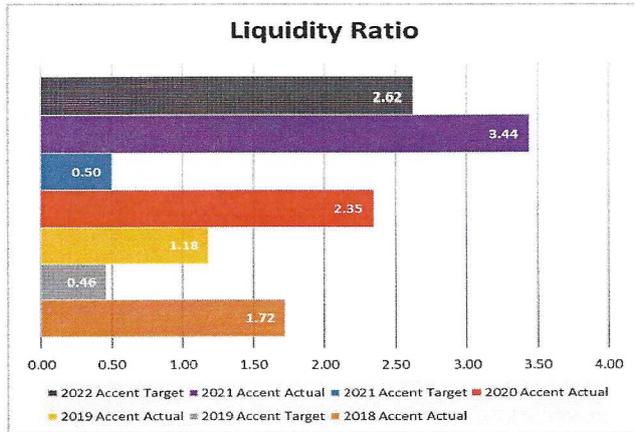
Rent arrears management is a true success story at Accent and we are proud of the steps we have taken to manage the position and at the same time support customers, particularly over the last 12 months. An active management strategy has been employed since the introduction of Universal Credit seeking to support customers who may be struggling in the cross over period and seeking to maintain a regular dialogue with them. The COVID-19 pandemic saw a significant increase in customers in receipt of universal credit, many were receiving government support for the first time as they were furloughed or sadly lost their income stream. In response to this, we quickly created an Arrears Support Fund to retain customers in their home and prevent financial crises. We offered the fund to customers who were financially impacted by the economic fallout of the pandemic. The offers cost Accent circa £60k and in turn, prevented over 200 terminations and associated income recovery costs. We estimate a net saving of over £800k by pro-actively managing and caring about our customers’ long term financial situation.

Accent recorded an improved outturn position of 2.12% on arrears against a target of 2.2% in the most challenging of years. The 2021/22 target is stretching at 2.01% but we believe with the tailored approach to income management now employed it is achievable.

## Strategic report (continued)

### Value for Money at Accent (continued)

#### Liquidity Ratio



Accent continues to enjoy strong liquidity with cash reserves being managed carefully. The planned maintenance and development programmes for 2020/21 were anticipated to reduce liquidity significantly against prior years – reflected in the target position of 0.5. In reality the challenges of the last 12 months have resulted in higher cash balances being held at 31 March 2021 than anticipated giving the year end liquidity ratio of 3.44. It is imperative to Accent that we understand and manage our cash reserves effectively to allow us to deliver on our promises and our revised corporate strategy – Building Better Futures which puts our customers, both existing and new at the centre of everything we do. As we move through 2021/22 and begin to deliver against this strategy ensuring we have the funds to support our initiatives will be critical and new financing has been incorporated into our projections. This should result in a strong liquidity position being maintained – reflected in the target ratio of 2.62 for 2021/22.

In addition to the above metrics Accent actively monitors customer satisfaction, property voids and re-letting and repairs and maintenance performance as part of its key performance indicators. Consideration of these metrics is disclosed on pages 8 to 10 of the strategic report.

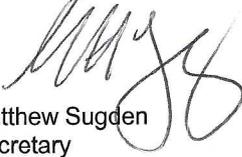
#### FORWARD LOOKING

Accent sets clear and well thought through targets for all aspects of Value for Money on an annual basis, all of which underpin our corporate strategy and its delivery. Setting forward looking targets for the organisation remains an important aspect of the strategic planning cycle and budgets are set with this in mind. Moving into the 2021/22 financial year Accent has set a stretching budget but one which meets the needs of our customers and seeks to address some of the major repairs and maintenance work we have had to defer as a result of the ongoing COVID-19 pandemic. Our long term repairs and maintenance plans are constantly being reviewed and refreshed to ensure they meet the needs of our customers and our properties with the outputs directly influencing budgets and therefore targets for the coming years.

Accent is now working to deliver its new strategy which builds on the foundations of the 2021 strategy. Building Better Futures is an evolution of Accents existing commitments ensuring exceptional services and responding to the needs of customers is at the centre of everything. It acknowledges that we are in a world which has changed significantly over the last twelve months meaning the objectives must also seek to respond to and seize the opportunities powerful external trends are having on the housing sector and customers.

The role of Housing Associations as providers will be questioned like never before, not only politically but also through the eyes of customers. Having a clear understanding of the financial resources and constraints that underpin our business and driving value through everything we do with the customer at the heart is key to our future success and something every member of the team is committed to.

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

  
 Matthew Sugden  
 Secretary  
 7 July 2021

## Report of the Board

The Board presents its report and the financial statements for the year ended 31 March 2021.

### Principal activities

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

### Management judgements and estimates

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

### Performance for the year and future developments

Details of the Society's performance for the year and future plans are set out in the Strategic Report on pages 2 to 20.

### Board Members and Co-opted Executive Directors

The Board members and co-opted executive director (the current Group Chief Executive) are shown on page 1. The principal responsibilities of the Board are to:

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

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

Our current committee structure went live in October 2018 following an external review of our governance carried out by Altair. The new structure enhanced our governance enabling the delivery of our corporate strategy and created greater capacity for strategic debate at Board level. In early 2019, the Board made the decision to create an additional committee (the Group Health and Safety Committee) to increase the focus and scrutiny on health and safety.

A governance follow-up review, also conducted by Altair during 2019, endorsed the rationale of the Board to extend the scope of the Group Remuneration and Nominations Committee to include broader people, culture and equality and diversity issues. The committee has therefore become the Group People Committee to reflect this.

The current committee structure comprises:

- **Group Audit and Risk Committee** – which supports the Board in relation to the broad audit and risk function and to provide reassurance that internal control arrangements across the Group are appropriate and operate to the highest standards.
- **Group People Committee** – which supports the Board through its oversight of the People Strategy to enable us to embed and sustain a values-based culture that delivers the vision and corporate strategy; and ensure that appropriate governance arrangements are in place in respect of Executive and Non-Executive appointments, succession plans, performance assessments, development plans, and Executive reward and remuneration.
- **Group Treasury Committee** – which advises the Board on performance and effectiveness of the treasury management function, provide additional scrutiny of treasury proposals and execute any specific delegated decisions.
- **Group Capital Investment Committee** – which is responsible for ensuring delivery of Accent's development programme and asset management strategy. This includes procuring, developing and disposing of land and property.
- **Group Customer Experience Committee** – which reviews the performance and operational service delivery of all housing and customer services and property customer facing functions, including resident feedback. Approves annual operational key performance indicators and set targets for agreed areas of operational service delivery.
- **Group Health and Safety Committee** – which ensure that our policies, procedures and working practices regarding health and safety meet or exceed any legal obligations, with the object of promoting the well-being and safety of our customers, colleagues and communities. The committee has agreed key performance indicators for both colleague and customer safety and has oversight of a dedicated health and safety risk register.

## Report of the Board (continued)

### Board Members and Co-opted Executive Directors (continued)

The current process for reviewing individual Board and committee members' performance will be improved to reflect the recommendations in the follow-up governance review. The appraisal meetings will continue to appraise contribution, attendance and training and development needs. All Board and committee members are required to provide an annual governance declaration, including declarations of interest, to ensure on-going independence.

During the past year the Board comprised of the Group Chair, seven non-executive directors and the Group Chief Executive, biographies for individual Board members are available on the Group's website at [www.accentgroup.org](http://www.accentgroup.org). The current Group Chief Executive is employed on terms that are consistent with market practice including a six month notice period. Details of Board members' remuneration are included in note 8 to the audited financial statements. The co-opted executive director is entitled to a vehicle allowance. Group insurance policies indemnify Board members and officers against liability when acting in their professional capacity on Group business. Remuneration details and attendance levels for Non-Executive Board members at Board and Committee Meetings for the year ended 31 March 2021 is as follows:

### Non-Executive Board Members attendance and total remuneration

	Group Board	Audit and Risk	Treasury	Capital Investment	Customer Experience	People	Executive Health and Safety	Total remuneration <sup>^</sup>
	No.	No.	No.	No.	No.	No.	No.	£'s
Tom Miskell (Chair)	6/6	-	-	-	-	4/4	-	21,548
Helen Jaggard	5/6	-	-	-	4/4	-	-	9,119
James Kelly	6/6	5/5	-	-	-	-	-	9,160
Archana Makol	6/6	5/5	-	-	-	-	-	9,030
Sally Ormiston	5/6	-	-	-	3/4	-	-	9,030
Steve Pearson	6/6	-	-	9/9	-	-	-	9,030
Rob Seldon	6/6	5/5	5/5	-	-	4/4	-	9,030
Richard Wilkinson	6/6	-	-	-	4/4	-	8/8	9,030

<sup>^</sup> Inclusive of expenses and employers national insurance contributions

### Pensions

The Society participates in the following pension scheme arrangements:

- Employees across the Society are eligible to join the Accent Group Pension Scheme (AGPS), a defined benefit pension scheme in which the Society and employees contribute to the scheme.
- The Society also participates in the Social Housing Pension Scheme (SHPS) defined contribution (money purchase) scheme.

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

The Society previously participated in the Social Housing Pension Scheme (SHPS) defined benefit scheme. This scheme was closed to Accent employees from 1 August 2016.

### 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 Society 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.

## Report of the Board (continued)

### Political and charitable donations

The Society made grants and awards of £52k (2020: £nil) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

### Regulatory compliance

#### Corporate governance

The Board understands that robust governance arrangements are essential to ensure delivery of our corporate strategy and to meet the needs of our stakeholders.

All registered providers are required by the Regulator of Social Housing Governance and Financial Viability Standard to adopt a code of governance. A code of governance sets out the standards that organisations can reasonably be expected to achieve if they are to be well governed.

The Board is committed to ensuring that it has robust governance arrangements that deliver its aims and objectives for tenants and potential tenants in an effective, transparent and accountable manner. Accent was rated as V1 G1 on 26 June 2019 by the Regulator of Social Housing following its In-depth Assessment in March 2019 and this was re-affirmed by the Regulator of Social Housing on 11 November 2020.

The National Housing Federation (NHF) 2015 Code of Governance has been adopted by the Board as a formal framework to underpin its governance arrangements. This particular code of governance was selected as it is bespoke to the housing sector and it is a widely recognised example of best practice. Compliance with this code ensures Accent 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 assessed compliance through self-assessment processes which have included a detailed examination of the effectiveness of the internal controls framework, a comprehensive review of compliance with the Regulatory Standards (which includes adherence to all relevant laws) and an assessment of compliance with the NHF 2015 Code of Governance. The board has assessed that it fully complies with its chosen code of governance.

At its meeting on 24 March 2021, the Group Board adopted the NHF 2020 Code of Governance for use with effect from 1 April 2021. The board has already undertaken an assessment against the revised code and is actively working towards full compliance in 2021/22.

As part of the annual accounts process the Audit and Risk Committee undertakes a detailed review of regulatory compliance in accordance with standards set by the Regulator of Social Housing. A regulatory review was undertaken and presented to the committee in June 2021. The Audit and Risk Committee have received suitable assurance that Accent complies with the Governance and Financial Viability Standard.

Accent utilises a range of additional assessment methods to monitor performance and maintain standards. This includes, for example, the annual self-assessment of internal controls and assurance and a number of external independent reviews of key business areas. The insight and opinion of third party specialists provides the Board with robust assurance and enables Accent to benefit from knowledge of best practice across the sector.

The Board has routinely reviewed Accent's performance against a clear set of agreed measures including the metrics outlined in the Regulator's Value for Money Standard. The pandemic has had a significant impact on the UK economy and our operating environment and so the financial plan has been revised and remodelled accordingly. Board has reviewed, and received assurance from, the increasingly stringent stress tests that have been incorporated into business planning.

The following section outlines the results of our self-assessment of internal controls in more detail.

## Report of the Board (continued)

### Internal controls assurance

#### Introduction

Over the last year, the coronavirus pandemic has changed our operating environment, in some ways irrevocably and in some ways that are potentially not yet fully understood. In this context, risks and mitigation strategies have been reviewed and reassessed from strategic level through to operational.

At Accent, we conduct a thorough internal controls self-assessment annually, starting with a survey of Executive and Non-Executive Directors. The survey results are then used as a starting point for discussions with the leadership team, executive, audit and risk committee and the Board. The outcome of recent internal audits, any issues that have arisen over the past year and any known risk or issues are also discussed. The survey and subsequent discussions this year concluded that Executive and Non-Executive Directors are very satisfied with our overall strategic approach, management of risk, strength of internal controls and levels of assurance and are clear on focus areas for the coming year. Each area is discussed in more detail below.

#### Strategic approach

Our strategic approach has been strengthened over the past year through a series of 'away days' with Executive and Non-Executive Directors and through comprehensive and extensive consultation on our new corporate strategy. The altered working environment has not hindered consultation and launch of the 2021-24 strategy, indeed, technology has been utilised to ensure that a wide range of stakeholders including business partners, customers and prospective customers were engaged in consultation and their views were able to influence our new strategy.

Discussions have enabled the Board to clarify Accent's strategic approach and continual communication with employees is ensuring that all colleagues are clear on direction and fully understand their role in delivering our strategic objectives.

#### Risk management

Our approach to risk management was independently audited in 2020 with the conclusion that there was substantial assurance around strategic risk management. The pandemic has meant that existing risks needed to be reassessed and new risks considered, for example, since transitioning to working from home we recognise that access to offices is no longer essential but dependence on ICT infrastructure is increased. Business continuity plans have been accordingly adapted and updated and as mentioned in the risk section of the Strategic Report, cyber threat has been added to the strategic risk register to ensure that the Board has full sight of, and assurance regarding, controls and mitigations.

Risks have been reviewed repeatedly throughout the year as the risk landscape has changed. Risk reviews have taken place at Board and in-depth risk profiling of key areas has been undertaken by the relevant committees. For example, the Health and Safety Committee met more frequently during 2020, undertaking a review of our dedicated health and safety risk register and continually monitoring health and safety performance data in detail; Audit and Risk Committee held an additional risk review meeting to ensure we were as prepared as we could be for the potential impact of Brexit. Audit and Risk committee have also reviewed horizon-scanning documents such as the Regulator's Sector Risk Profile and the World Economic Forum's Global Risks report to ensure that Accent's risk register includes all relevant risks. The risk section of this report includes our assessment of key risks and so it is not repeated here.

#### Controls

Organisational performance measurement and reporting has developed during the past year with scorecards aligned to each committee and clear targets and tolerance levels established. We are routinely benchmarking our performance with other organisations across the sector and we are focussed on embedding a performance management culture. Our new People strategy (developed through extensive employee consultation) has defined the values and behaviours that we expect all colleagues to demonstrate and makes it clear that a balance between empowerment and accountability is critical.

Given the increased dependency on ICT systems and the increased global cyber threat, ICT security has been an area of focus over the past year. We have a robust approach to cyber security controls including frequent routine system testing and sustained campaigns to raise awareness of cyber risks and controls amongst employees. During 2020 we attained the Cyber Essentials Plus accreditation and received substantial assurance from an independent audit of ICT controls. We are part of a national good practice and benchmarking forum on ICT security and ensure we remain up to date and vigilant.

## Report of the Board (continued)

### Assurance

Our annual self-assessment has confirmed that good quality, appropriate information and assurance is provided to the Board and Committees and the developments in performance information that have been delivered during 2020 have been welcomed by our non-executive directors. The internal audit programme has adapted to ensure additional scrutiny of key areas such as health and safety, including home working risks. Individual internal audit outcomes as well as overall themes and trends have been discussed by the Audit and Risk Committee and reported to the Group Board.

Engagement with residents has continued to be a priority throughout 2020/21 and we enjoy the benefits of working with a large and active virtual panel of engaged residents and our National Scrutiny Group. We aim to make best use of our residents' groups in the coming year by ensuring that we not only hear from residents but also embed the residents' voice throughout all of our activities.

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, 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 enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to auditor

At the date of making this report each of the 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.

### Going concern

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

- That the current budget, medium and long term financial forecasts, including pension obligations, demonstrate that the Society has sufficient resources to meet all liabilities as they fall due, for the foreseeable future and at least for the twelve months following approval of these accounts.
- Flexing and stress testing of long term financial forecasts have been prepared to demonstrate that appropriate and practical mitigations are available to the Society should there be wider economic uncertainty. Stress tests included (but were not limited to) the consideration and impact of increased tenant arrears, increased void properties, exceptional expenditure, development delays and sales price fluctuation.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward.

## Report of the Board (continued)

### Going concern (continued)

- The impact of Brexit and the ongoing impact of COVID-19 have been considered within the forecasts and stress tests applied to assess the potential impact of varying scenarios. The Society has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term to manage the potential impact of increased inflation, increased interest rates and a significant decline in the housing market.

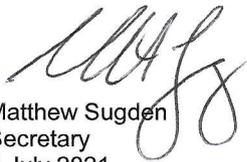
Cashflow projections do not rely on Government support schemes. The primary reliance the Society has in respect of Government funding is attributable to rents and service charges settled through housing benefit. Appropriate stress testing has been undertaken to ensure that a variation in Government policy on such payments in response to COVID-19 can be accommodated within cash flow forecasts.

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

### External auditor

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

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



Matthew Sugden  
Secretary  
7 July 2021

# Independent auditor's report to the members of Accent Housing Limited

## Opinion

We have audited the financial statements of Accent Housing Limited (the 'society') for the year ended 31 March 2021, which comprise the Statement of comprehensive income, the Statement of changes in reserves, the Statement of financial position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2021 and of its 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 2019.

## Basis for opinion

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

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the society's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the society's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of board for the financial statements' section of this report.

## **Independent auditor's report to the members of Accent Housing Limited (continued)**

### **Other information**

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

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

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

- a satisfactory system of control over transactions has not been maintained; or
- the 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.

### **Responsibilities of the board for the financial statements**

As explained more fully in the Statement of Board's Responsibilities page 25, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

## Independent auditor's report to the members of Accent Housing Limited (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the association, and the sector in which it operates. We determined that the following laws and regulations were most significant; financial reporting legislation (Housing SORP 2018, United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, the Accounting Direction for Private Registered Providers of Social Housing 2019), the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the NHF Code of Governance 2015. The engagement team remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the society is complying with those legal and regulatory frameworks by, making inquiries of management and those responsible for legal and compliance procedures. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit and risk committee, and through our legal and professional expenses review.
- To assess the potential risks of material misstatement, we obtained an understanding of:
  - The society's operations, including the nature of its revenue sources, expected financial statements disclosures and business risks that may result in a risk of material misstatement; and
  - The society's control environment including the adequacy of procedures for authorisation of transactions.
- We assessed the susceptibility of the society's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates, revenue and journals entries deemed to relate to unusual transactions;
  - Challenging assumptions and judgement made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- The audit engagement teams communication in respect of potential non-compliance with laws and regulations and fraud including the potential for management override of controls.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and its practical experience through training and participation with audit engagements of a similar nature.
- From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.

### Use of our report

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



Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
8 July 2021

## Statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	103,288	100,247
Cost of sales	2	(6,179)	(2,175)
Operating costs	2	(65,717)	(74,162)
<b>OPERATING SURPLUS</b>	2	<u>31,392</u>	<u>23,910</u>
Interest receivable and other income	5	1,140	805
Interest payable and financing costs	6	(13,988)	(27,240)
Movement in fair value of financial instruments	28	136	825
Movement in fair value of investment properties	12	305	-
Decrease in valuation of housing properties	11	(20,850)	-
Reversal of previous decrease in valuation of housing properties	11	17,887	-
<b>SURPLUS / (DEFICIT) FOR THE YEAR BEFORE TAXATION</b>	9	<u>16,022</u>	<u>(1,700)</u>
Taxation on ordinary activities	10	-	-
<b>SURPLUS / (DEFICIT) FOR THE YEAR AFTER TAXATION</b>		<u>16,022</u>	<u>(1,700)</u>
Re-measurements – unrealised gain on revaluation of housing properties	11	23,122	-
Actuarial gain in respect of Accent Group Pension Scheme	7	4,906	1,564
Actuarial (loss) / gain in respect of Social Housing Pension Scheme	7	(2,207)	2,585
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>41,843</u></u>	<u><u>2,449</u></u>

All amounts relate to continuing activities.

The accompanying notes on pages 33-68 form part of these financial statements.

The financial statements were approved and authorised by the Board on 7 July 2021 and were signed on its behalf by:

  
Tom Miskell  
Chair

  
Richard Wilkinson  
Member

  
Matthew Sugden  
Secretary

## Statement of changes in reserves for the year ended 31 March 2021

	Revenue reserve £'000	Revaluation reserve £'000	Total £'000
Balance at 1 April 2019	197,880	160,359	358,239
Deficit for the year	(1,700)	-	(1,700)
Other comprehensive income for the year:			
Actuarial gain in respect of Accent Group Pension Scheme	1,564	-	1,564
Actuarial gain in respect of Social Housing Pension Scheme	2,585	-	2,585
Transfer to revenue reserve – excess depreciation	1,444	(1,444)	-
	-----	-----	-----
Balance at 31 March 2020	201,773	158,915	360,688
Surplus for the year	16,022	-	16,022
Other comprehensive income for the year:			
Re-measurements - unrealised gain on revaluation of housing properties	-	23,122	23,122
Actuarial gain in respect of Accent Group Pension Scheme	4,906	-	4,906
Actuarial loss in respect of Social Housing Pension Scheme	(2,207)	-	(2,207)
Transfer to revenue reserve – excess depreciation	3,614	(3,614)	-
	-----	-----	-----
<b>Balance at 31 March 2021</b>	<b>224,108</b>	<b>178,423</b>	<b>402,531</b>
	=====	=====	=====

## Statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Tangible fixed assets</b>			
Housing properties	11	726,589	701,446
Other tangible fixed assets	12	6,961	7,339
Investment properties	12	5,360	5,055
Long term investments	12	50	50
		<u>738,960</u>	<u>713,890</u>
<b>Current assets</b>			
Current asset investments	13	68,274	78,262
Properties held for sale	14	4,453	5,284
Debtors: due within one year	15	31,314	8,585
due after one year	15	3,221	3,372
Cash at bank held in constructive trust		4,503	3,298
Cash at bank and in hand		28,202	24,639
		<u>139,967</u>	<u>123,440</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(40,680)</u>	<u>(50,439)</u>
<b>Net current assets</b>		<u>99,287</u>	<u>73,001</u>
<b>Total assets less current liabilities</b>		<u>838,247</u>	<u>786,891</u>
<b>Creditors: Amounts falling due after more than one year</b>	17	(410,835)	(398,019)
<b>Net pensions liability</b>	7	(24,881)	(28,184)
<b>Total net assets</b>		<u><b>402,531</b></u>	<u><b>360,688</b></u>
<b>Capital and reserves</b>			
Share capital	21	-	-
Revenue reserve		224,108	201,773
Revaluation reserve		178,423	158,915
<b>Total reserves</b>		<u><b>402,531</b></u>	<u><b>360,688</b></u>

The accompanying notes on pages 33-68 form part of these financial statements.

The financial statements were approved and authorised by the Board on 7 July 2021 and were signed on its behalf by:



Tom Miskell  
Chair



Richard Wilkinson  
Member



Matthew Sugden  
Secretary

## Notes to the financial statements

### Legal status

The Society is a charitable society incorporated in England under the Co-operative and Community Benefit Societies Act 2014, registered society number 19229R, and registered with the Regulator of Social Housing (RSH), registered number LH1722.

### 1. Accounting policies

#### Basis of accounting and comparative amounts

The financial statements of the Society are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Housing SORP2018; Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are prepared in Sterling (£).

The individual accounts of Accent Housing Limited have also adopted exemption from the requirement to present a statement of cash flows and related notes.

Accent Housing Limited is a public benefit entity in accordance with FRS102.

#### Significant judgements and estimates

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

##### Significant management judgements

- The Housing SORP 2018 and FRS102 section 5.9B determine that a business should include items within operating surplus where they are clearly related to the operations of the business such as the profits or losses on the sale of property, plant and equipment, investment property and intangible assets. FRS102 requires fair value movements to be shown within the statement of comprehensive income but does not specify if this is within operating surplus or not.  
Management have considered the disclosure of the movements in fair value on housing properties and investment properties arising as a result of revaluation and have determined that they should not be included within operating surplus for the following reasons;
  - Meaningfulness and comparability of the accounts – The Society has consistently disclosed revaluation movements below the operating surplus since transition to FRS102 in 2015/16, as it was prescribed at the time by SORP2014 and, as we consider such movements not to be operational but accounting in nature. The accounting policy choice (Existing Use Valuation – Social Housing (EUV-SH) or Historical Cost (HC)) should not determine the operating surplus position. By including the valuation movement within operating surplus the comparability of the Society's accounts to other RP's who prepare their accounts on either the EUV-SH or HC would be significantly diminished.
  - The objective of financial statements – the objective of the financial statements is to provide information about the financial position, performance and cash flows that is useful for economic decision making by a broad range of users. It is considered that key stakeholders would not expect the inclusion of fair value movements within operating margin and would need to remove them to allow comparison with other providers when making judgements about the Society's performance.
  - Normal operating activities - Management do not consider the revaluation movement to be representative of normal operating activities. Valuation movements are an accounting movement which cannot be influenced by management activity or decision making. Housing properties are not held for capital gains and the movement in their value is directly influenced by wider macro-economic factors such as government rent and welfare policy which are beyond managements control.
  - Key performance Indicators – The movement in the fair value of housing properties is not a key performance indicator for the Society nor stakeholders due to managements inability to influence it on an annual basis. Management do not consider that presenting the movement within operating surplus would aid the users understanding of the financial statements or the business.
- The Society has a number of bank loans, all of which have been classified as basic financial instruments under the definition given in section 11 of FRS 102. The assessment of certain loans and interest rate fixes as basic financial instruments requires management to consider the terms of the loans against the classification criteria. Key terms considered include funders inability to suffer a loss on breakage and a lack of tradability on instruments. Management have considered the terms of its loan agreements and concluded that they do meet the definition of a basic financial instrument and therefore are held at amortised cost.

## 1. Accounting policies (continued)

### Significant management judgements (continued)

- Subsidiary company Accent Capital PLC issued a £350m bond in July 2019 of which £225m is traded on the London Stock Exchange and £125m is retained for future sale. The bond has been assessed against the criteria of section 11 of FRS102. The bond pays a fixed coupon rate of 2.625% with a fixed maturity date of July 2049, has no provision which could result in the holder losing the principal sum or any interest thereon, prepayment is only permitted for appropriate contractual purposes. Based on the consideration of these provisions Management have concluded that the bond meets the definition of a basic financial instrument. As such the debt is held at amortised cost.
- Capitalisation of interest requires judgement to ensure amounts are only capitalised where the costs are directly attributable to the asset under construction. Management have considered the approach adopted and are satisfied that only schemes and properties under construction have interest applied to them. Interest is capitalised when it is more likely than not that a particular scheme is to continue, after this point schemes are monitored to identify if any impairment is required. Once a scheme reaches practical completion capitalisation thereon ceases. Interest capitalised in the year to 31 March 2021 amounted to £1.2m (2020: £0.55m).
- Accent holds some properties as investments (housing properties which are rented out at market rent) and carries these at fair value. In accordance with FRS102 the fair value of these properties must be reviewed for reasonableness annually. These properties were revalued at MVSTT by externally qualified RICS surveyors, Savills as at 28 February 2021. Management have considered the assumptions and discount rate applied to the properties in arriving at their fair value valuation and are comfortable that they are reasonable. The movement in value thereon is reported within these financial statements. Carrying value at 31 March 2021 £5.36m (2020 £5.06m). See note 12.
- Section 28 of FRS102 sets out the rules for accounting for defined benefit pension schemes. Accent operates two defined benefit schemes:
  - Accent Group Pension Scheme (AGPS) (open to new members) and
  - Social Housing Pension Scheme DB (SHPS) (closed to both new members and future accrual of benefits for existing members).
- For AGPS the scheme deficit has decreased by £5.11m to £21.42m, this is primarily as a result of market conditions in respect of discount rates and investment performance during the year. Independent actuaries are employed by the Society to prepare the actuarial valuations and disclosures for the AGPS on an annual basis. Key financial assumptions used in calculating the pension liability are the discount rate, rate of increase of pensions in payment, rate of revaluation of deferred pensions, RPI and expected mortality of scheme members. Management review the assumptions applied to the actuarial valuation on an annual basis and consider the sensitivity of the valuation to the variables thereon. The independent actuary appointed to value the schemes assets and liabilities estimates that a 0.1% shift in the discount rate could result in a 2% increase in liabilities, amounting to c£1.75m, similarly a 1 year increase in life expectancy could result in a 4% increase in liabilities c£3.51m. These movements are not considered material and having considered the variables applied management are comfortable that the assumptions are appropriate for use in calculating the schemes liabilities.
- For SHPS, from the year ended 31 March 2019, the Society has been able to identify its share of the scheme assets and scheme liabilities and therefore has applied defined benefit accounting from this date onwards. The scheme deficit included within the accounts as at 31 March 2021 is £3.48m (2020 £1.67m) reflecting an actuarial loss in the year of £2.21m (2020 gain of £2.59m). Management ran two scenarios within the online valuation tool (as provided by The Pensions Trust (TPT), actuaries to SHPS), one with the standing macro-economic assumptions provided by TPT and one with the equivalent AGPS assumptions. The resultant net pension liability varied by £631k. This variance is not considered material and when considering the different scheme dynamics (e.g. scheme maturity, liability profile etc.) management are satisfied that the assumptions applied to the SHPS valuation are appropriate and the analysis undertaken provides sufficient comfort over the figures included within the accounts.
- As part of the Society's continuous review of the performance of their assets, management consider any apparent triggers of impairment which may affect any properties, or schemes. In making this assessment management have made a judgement regarding the indicators that they feel are reflective of an impairment. Triggers considered include but are not limited to increasing void losses suggesting longer term letting issues, government policy changes (such as rent cuts or housing benefit changes) and significant damage or significant repair needs of a property. In the current year, consideration has also been given to the impact of Brexit and COVID-19 on the future income streams of properties, considerations have included the potential increase in rent arrears, voids and cost base implications. Having considered the indicators and the potential impact on Accent Housing Limited management have concluded that in their judgement there were no indicators of impairment present at the reporting date. As a result, no full impairment review was carried out for the current year.

In the year to 31 March 2020 Stafford House, a medium rise building in Aldershot, Hampshire, was impaired by £0.28m due to plans to demolish the top floor of the building. This decision was taken as part of a wider review into cladding and fire stopping etc. within the Stafford House building. It should be noted that the property does not have ACM type cladding material as part of its structure and is deemed safe for habitation. No further charge was considered necessary in the year to 31 March 2021 in this respect.

## 1. Accounting policies (continued)

### Significant management judgements (continued)

Whilst a full impairment review was not required in the current year the Society impaired the carrying value of the Charlestown House office building following a RICS Redbook valuation. This was in response to an awareness of market values falling in the local area and a change in workplace behaviour resulting from the COVID-19 pandemic. The charge to the financial statements to 31 March 2021 was £79k (2020: nil).

The review of properties and impairment is undertaken every six months by management and reported to the Audit and Risk Committee and reflected in the monthly management accounts reported to the Board. This review also considers additions to Housing properties both in respect of Shared Ownership and Rented units. Properties held for sale are also considered in this review. Post year-end no diminution in value has been seen in respect of properties held for sale with completions progressing at expected values.

### Management estimates

- Housing properties continue to be carried at Existing Use Valuation - Social Housing (EUV-SH) and were last re-valued as at 28 February 2021 resulting in a year end valuation of £726,589k (2020: £701,446k) inclusive of revaluation adjustments, work in progress and additions in the year. The resultant increase in value from this valuation is reported within these financial statements. The valuation was carried out by external RICS qualified valuers Savills for accounts purposes.

As part of their valuation Savills provided management with an estimate of the impact on the valuation of Housing properties should the discount rate or CPI move by +/-0.5%. The results are summarised in the table below.

	<b>Change made</b>	<b>Resultant EUV-SH £'000</b>
<b>Base case</b>		<b>697,914</b>
Discount Rate	Increase 0.5%	647,623
	Decrease 0.5%	756,628
CPI Rate	Increase 0.5%	691,782
	Decrease 0.5%	702,695

The results indicate that the valuation is more sensitive to fluctuations in the discount rate than movements in CPI. The discount rate is representative of both the long-term cost of borrowing for an acquiring organisation and the risks implicit in the property portfolio. Valuers exercise their professional judgement when selecting the appropriate discount rate. Accent have considered the differential resulting from the indicative movements in both discount rate and CPI and are comfortable that the meaningfulness of the accounts is not compromised and the EUV-SH as reflected within these financial statements is reasonable.

Valuations are commissioned for accounts purposes by management on an annual basis in accordance with FRS102 and the Housing SORP 2018. These valuations are performed on an asset class basis. Management then attributes a value to each property by apportioning the overall valuation with reference to individual rental streams. This approach is considered the most appropriate by management and allows the business to account for the additions and disposal of properties and component accounting appropriately in accordance with the Housing SORP 2018.

When deriving the valuation at a class level the valuers apply extensive experience and market knowledge to derive an appropriate, risk adjusted discount rate which is then applied to property's net revenue streams, which in turn determines a discounted future cashflow and NPV valuation of the asset base on an "EUV-SH for accounts" basis.

Key assumptions and value drivers utilised in this approach include:

- Rent levels – current, formula and affordable
- Rental growth in future
- Voids, bad debts and potential welfare reform impacts
- Rate of re-letting
- Repairs, maintenance and improvement costs
- Management costs
- Future inflation
- Discount rate

Management believe that when the above are considered individually rent levels are the only clear distinguishing driver that allow differentiation between individual properties. Asset classes capture properties with similar characteristics which in turn supports rental income as a differentiating factor within the class. Other variants are influenced by the tenant, national policy or macro-economic drivers. Rental income reflects the size and location of the property which in turn form the basis of the valuation calculation to derive the EUV-SH for accounts purposes. As such management consider this approach to valuation disaggregation reasonable.

## 1. Accounting policies (continued)

### Management estimates (continued)

No revaluation was undertaken in 2019/20 despite the declaration of the COVID-19 virus as a global pandemic on 11 March 2020. The Society re-considered the potential impact of the COVID-19 crisis on the valuation of housing properties, and were satisfied that the values disclosed within the financial statements were appropriate.

The key variables featuring in the EUV-SH calculation which were considered and reviewed were as follows:

- Rental levels and increases
- Property lettings turnover
- Void and bad debt levels
- Management costs
- Repair, maintenance and improvement costs
- Cost growth
- Discount rate

Following a detailed assessment of the potential impact on each key variable and discussion with Savills it was concluded that COVID-19 had not had a material significant effect on the valuation.

Post year end it was confirmed by RICS that to evidence indicated no price chipping within the sector as a result of the COVID-19 pandemic and strong investor interest. As such, with effect from 26 May 2020 any valuation issued would have carried a statement to that effect. See note 11.

- The measurement of liabilities arising from participating in defined benefit pension schemes uses valuation techniques requiring judgement and estimates, in particular in relation to future salary increases, investment performance, mortality, discount rates and inflation rates. At 31 March 2021 the Accent Group Pension Scheme deficit was calculated to be £21.40m (2020: £26.52m) and the Social Housing Pension Scheme deficit was calculated to be £3.78m (2020: £1.67m). See note 7 for further details.
- Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements were applied to one loan in the year to 31 March 2021 (2020: two loans). The total value of this loan was £0.07m at 31 March 2021 (2020: £0.20m). Investment properties were valued at £5.36m (2020 £5.06m).

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

### **Going concern**

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

- That the current budget, medium and long term financial forecasts (inclusive of pension obligations) demonstrate that the Society has sufficient resources to meet all liabilities as they fall due, for at least the twelve months following approval of these accounts.
- That banking covenants and funders' requirements have been met and are forecast to be met going forward.
- The business has a strong liquidity position with funds on deposit of £96.48m, £50m in undrawn revolving credit facilities and £125m in retained bonds (subject to market sale) all of which could be accessed within a short timeframe if required. This gives overall cash availability of circa £273m against capital commitments of £161.46m providing comfort that liabilities can be satisfied.
- The impact of Brexit and the ongoing impact of COVID-19 have been considered within the forecasts and stress tests applied to assess the potential impact of varying scenarios. Mitigating actions have been modelled to address multi-variant scenarios and Board are satisfied that the Society has sufficient liquid resources and suitable mitigating actions available in the short, medium and long term to manage the potential impact of increased inflation, increased materials costs, increased interest rates and a significant decline in the housing market.
- The Society has not suffered significant negative financial stress as a result of COVID-19 to date. Appropriate and effective mitigations have been put in place to support customers should they show signs of financial distress to allow the Society to protect its income stream.

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

## 1. Accounting policies (continued)

### Turnover

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

- Rent 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.
- Service charge income is recognised when service charge expenditure is incurred as this is the point at which the service has been performed.
- Income from first tranche shared ownership sales is recognised at the point of legal completion of the sale.
- Capital grants receivable from Homes England when the housing properties concerned reach practical completion.
- Non-social housing letting income is included in turnover for the period that the tenants are in occupation of the property during the accounting period, as opposed to the date on which the rent is charged.
- Other non-social activities income is included for the period that the lessor has use of the building during the accounting period.
- Management charges and charges for services are included in income over the period for which the service is provided during the accounting period.

### Revenue grants

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

### Supported housing projects managed by agencies

Supported housing grants are managed by the relevant Local Authority (LA). As the grants are paid to cover expenditure related to housing support they are only payable to the organisation that provides the support and is therefore contracted by the LA. It is the Agents that provide the support and the Society provides the housing management. The grants are paid direct to the Agents and the Society invoices on a monthly basis for its charges. The treatment of other income and expenditure in respect of projects depends on whether the Society carries the financial risk.

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

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

### Value added tax

The Society 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 Society and consequently the financial statements include VAT to the extent that it is suffered by the Society 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.

### Tangible fixed assets and depreciation

#### Housing properties and other properties held for letting

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

Housing properties held for letting; supported housing and housing for older people; and shared ownership properties are stated at existing use value for social housing (EUV-SH) less subsequent accumulated depreciation and accumulated impairment losses. Full revaluations of the properties are undertaken on an annual basis. This is in accordance with the requirements of the Statement of Recommended Practice for registered Social Housing Providers which requires providers to undertake valuations on a regular basis with additional valuations carried out where there are indications of a significant change in value. Management

## 1. Accounting policies (continued)

### Housing properties and other properties held for letting (continued)

undertake a detailed and considered review of the indicators in years intervening full revaluations to ensure they are satisfied that there has been no material triggers impacting on the EUV-SH carrying value, from both a positive and negative perspective.

The difference between existing use value for social housing and depreciated historical cost is attributed to both the land and structure components as suggested by the Statement of Recommended Practice (SORP 2018) for Registered Social Housing Providers. All other components are stated at depreciated historical cost.

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

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

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

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

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

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

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

Where components are replaced before they have been fully depreciated the remaining un-depreciated amount is charged to the statement of comprehensive income and disclosed as part of the depreciation charge for the period. In doing this the component is derecognised from the financial statements upon replacement. Replacement components are added to Housing Properties, stated at cost and depreciated over their useful economic life. The estimated useful economic lives are based on the Society's current experience of component replacement. The Society 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, is transferred from revaluation reserve to accumulated surplus.

## 1. Accounting policies (continued)

### Impairment – housing properties

Housing properties are subject to an annual review to ensure whether an event triggering a potential impairment has occurred. Indicators of impairment considered include, but are not limited to, increasing void losses, asset management decisions which may impact the long term use of the property, government policy decisions (such as changes to the rent settlement) and significant repairs or maintenance requirements. Within the current year the impact of Brexit and COVID-19 and their impact on property values has also been considered as potential indicators of impairment.

Where indicators are identified an assessment for impairment is undertaken comparing the property's carrying amount to its estimated recoverable amount. The estimated recoverable amount is calculated with reference to future income streams generated less costs to maintain the properties under review. Where the carrying amount of a property is deemed to exceed its recoverable amount, the property is written down to its recoverable amount which is fair value less associated costs to sell. The resulting impairment is recognised as operating expenditure and is charged to the surplus before tax in the statement of comprehensive income. The reversal of an impairment loss is included in the statement of comprehensive income as a separate line within operating expenditure.

### Social housing grant

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

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

Social housing grant can be recycled by the Society under certain conditions, if a property is sold, or if another relevant event takes place. Recycled grant can be used for projects approved by Homes England. 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 Society 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 Society.

### Other grant

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

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

### Other tangible fixed assets

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

Freehold offices	2% p.a. on cost
Leasehold offices	over the life of the lease
Services equipment	5% to 20% p.a. on cost
Office equipment, fixtures and fittings	20% p.a. on cost
Computer equipment and software	20% p.a. on cost
Leased equipment	over the life of the lease
Freehold land is not depreciated	

## 1. Accounting policies (continued)

### Impairment – freehold offices

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

### **Investment properties**

Investment properties consist of properties let at market rent, are measured at cost on initial recognition and subsequently at fair value at the year end. Fair value is determined through formal external valuation or where triggers indicate a valuation may be appropriate. Changes in fair value are recognised in operating activities within the statement of comprehensive income. Depreciation is not provided.

### **Donated land**

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

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

### **Capitalisation of interest and interest payable**

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 Society's overall borrowing is allocated to the cost of the scheme up to the date of practical completion. Other interest payable is charged to the statement of comprehensive income account in the year.

### **Capitalisation of maintenance**

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

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

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

### **Pension costs**

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

### Accent Group Pension Scheme (AGPS)

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

## 1. Accounting policies (continued)

### Accent Group Pension Scheme (AGPS) (continued)

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

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

### Social Housing Pension Scheme (SHPS-DB)

For the SHPS, the Society is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. FRS 102 Section 28 requires the difference on transition from defined contribution to defined benefit accounting to be presented separately in other comprehensive income. The Society early adopted the amendment made to Section 28 of FRS 102, as issued in May 2019 by the Financial Reporting Council, and therefore recognised the difference on transition to defined benefit accounting in the year ended 31 March 2019.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account.

Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income. Refer to note 7 for more details.

### **Holiday pay accrual**

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

### **Sinking funds**

Unutilised contributions to service charge sinking funds which are repayable to tenants or leaseholders or are intended to be reflected in reductions to future service charge contributions are recognised as a liability in the statement of financial position. Sinking funds are split between current and non-current based on budget expectations to realise expenditure.

### **Leases**

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

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

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

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

## 1. Accounting policies (continued)

### Financial instruments

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

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with movements posted to the statement of comprehensive income. The Society has not applied hedge accounting for the financial instruments.

### Loan issue costs

Loan issue costs on basic financial instruments are written off evenly over the life of the related funding. Loans are stated in the statement of financial position at the amount of the net proceeds after issue.

### Provisions

A provision is only recognised when; the Society has a present legal or constructive obligation as a result of past events, an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

### Revaluation reserve

Where the fair value of a property is in excess of its historical cost, the unrealised gain thereon is recognised within other comprehensive income in the year and transferred to the revaluation reserve. Subsequent transfers are made from the revaluation reserve to income and expenditure reserve to represent excess depreciation over and above the charge for the property at historical cost.

### Debtors

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

### Long term debtors

Long term debtors are those which fall due for repayment in more than one year at the balance sheet date. These debtors are measured at the transaction price less any impairment.

### Liquidity and Interest Service Reserve Fund

Amounts ringfenced in respect of future interest payments on borrowings in accordance with the terms of the respective loans.

### Bad debts

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

### Properties for sale

Shared ownership first tranche sales, completed properties for outright sale, and property under construction are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and direct development overheads.

## **1. Accounting policies (continued)**

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

### **Cash held on constructive trust**

Cash held on behalf of development partners, leaseholders or other third parties is ring fenced in separate bank accounts and disclosed as cash held in constructive trust. The corresponding creditors are recognised in liabilities under notes 16 and 17.

### **Creditors**

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

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

Society 2021	Turnover £'000	Other income £'000	Cost of sales £'000	Operating costs £'000	Operating surplus / (deficit)
<b>Social housing lettings</b>	92,962	-	-	(68,357)	24,605
<b>Other social housing activities</b>					
First tranche low cost home ownership sales	7,654	-	(6,179)	-	1,475
Grant received – newly completed properties	624	-	-	-	624
Gain on disposal of housing properties	-	-	-	3,916	3,916
Charges for support services	37	-	-	(148)	(111)
Expenses – SHPS	-	-	-	(12)	(12)
Other	631	-	-	(298)	333
	8,946	-	(6,179)	3,458	6,225
<b>Activities other than social housing activities</b>					
Non-social letting activities	937	-	-	(818)	119
Other	426	-	-	-	426
	1,363	-	-	(818)	545
Gift aid donation received (from Group companies)	17	-	-	-	17
<b>Operating surplus</b>	<b>103,288</b>	<b>-</b>	<b>(6,179)</b>	<b>(65,717)</b>	<b>31,392</b>
<b>Disposal of property</b>		<b>Proceeds £'000</b>	<b>Cost of disposal £'000</b>	<b>Grant recycled £'000</b>	<b>Gain on disposal £'000</b>
Sale of housing properties		10,944	(6,689)	(876)	3,379
Sale of subsequent tranche low cost home ownership		1,853	(980)	(336)	537
<b>Gain on disposal of housing properties</b>		<b>12,797</b>	<b>(7,669)</b>	<b>(1,212)</b>	<b>3,916</b>
<b>Society 2020</b>	<b>Turnover £'000</b>	<b>Other income £'000</b>	<b>Cost of sales £'000</b>	<b>Operating costs £'000</b>	<b>Operating surplus / (deficit)</b>
<b>Social housing lettings</b>	90,617	-	-	(73,678)	16,939
<b>Other social housing activities</b>					
First tranche low cost home ownership sales	3,048	-	(2,175)	-	873
Grant received – newly completed properties	4,786	-	-	-	4,786
Gain on disposal of housing properties	-	-	-	684	684
Charges for support services	36	-	-	(171)	(135)
Expenses – SHPS	-	-	-	(12)	(12)
Other	664	-	-	(180)	484
Gift of net assets from Accent Corporate Services Limited on transfer of engagements	46	-	-	-	46
	8,580	-	(2,175)	321	6,726
<b>Activities other than social housing activities</b>					
Non-social letting activities	972	-	-	(805)	167
Other	74	-	-	-	74
	1,046	-	-	(805)	241
Gift aid donation received (from Group companies)	4	-	-	-	4
<b>Operating surplus</b>	<b>100,247</b>	<b>-</b>	<b>(2,175)</b>	<b>(74,162)</b>	<b>23,910</b>
<b>Disposal of property</b>		<b>Proceeds £'000</b>	<b>Cost of disposal £'000</b>	<b>Grant recycled £'000</b>	<b>Gain on disposal £'000</b>
Sale of housing properties		2,816	(1,862)	(511)	443
Sale of subsequent tranche low cost home ownership		1,983	(1,189)	(553)	241
<b>Gain on disposal of housing properties</b>		<b>4,799</b>	<b>(3,051)</b>	<b>(1,064)</b>	<b>684</b>

## 2. Particulars of income and expenditure from social housing lettings - (continued)

	General housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Intermediate market rent £'000	2021 Total £'000	2020 Total £'000
<b>Income</b>						
Rent receivable	71,169	8,788	3,043	1,070	84,070	82,372
Service charge income	3,188	4,226	1,478	-	8,892	8,245
	-----	-----	-----	-----	-----	-----
<b>Turnover from social housing lettings</b>	74,357	13,014	4,521	1,070	92,962	90,617
	-----	-----	-----	-----	-----	-----
<b>Expenditure</b>						
Management	(15,294)	(2,677)	(930)	(220)	(19,121)	(17,126)
Service charge costs	(4,775)	(3,528)	(494)	(10)	(8,807)	(8,535)
Routine maintenance	(14,452)	(1,626)	(103)	(94)	(16,275)	(15,326)
Planned maintenance	(6,103)	(940)	(163)	(34)	(7,240)	(13,004)
Bad debts	(608)	(30)	(1)	(7)	(646)	(686)
Depreciation and write-off of replaced components	(11,697)	(741)	(495)	(210)	(13,143)	(14,395)
Impairment	-	-	-	-	-	(284)
Other costs	(2,413)	(550)	(150)	(12)	(3,125)	(4,322)
	-----	-----	-----	-----	-----	-----
<b>Operating costs on social housing lettings</b>	(55,342)	(10,092)	(2,336)	(587)	(68,357)	(73,678)
	-----	-----	-----	-----	-----	-----
<b>Operating surplus on social housing lettings</b>	19,015	2,922	2,185	483	24,605	16,939
	=====	=====	=====	=====	=====	=====
Void losses	(801)	(298)	(181)	(29)	(1,309)	(765)
	=====	=====	=====	=====	=====	=====

## 3. Accommodation in management

	Owned and directly managed by Accent Housing Number	Managed by Accent Housing on behalf of others Number	Owned by Accent Housing managed by others Number	2021 Total Number	2020 Total Number
<b>Social housing</b>					
General needs housing:					
- Social rent	15,100	-	-	15,100	15,083
- Affordable rent	517	-	-	517	497
Supported housing	5	10	24	39	370
Housing for older people	1,862	-	-	1,862	1,821
Intermediate rent	165	4	-	169	168
Low cost home ownership *	927	-	-	927	881
Social leased homes **	1,042	-	-	1,042	1,081
<b>Non-social housing</b>					
Market rent	-	-	17	17	71
Leased housing	106	-	-	106	95
Managed freeholders	-	669	-	669	654
	-----	-----	-----	-----	-----
<b>Total</b>	<b>19,724</b>	<b>683</b>	<b>41</b>	<b>20,448</b>	<b>20,721</b>
	=====	=====	=====	=====	=====

Accent Housing Limited also owns and manages 874 (2020: 880) garages.

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

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

### 3. Accommodation under development (continued)

	2021 Number	2020 Number
<b>Social housing</b>		
General needs housing:		
Affordable rent	406	138
Social rent	40	-
Low cost home ownership	127	52
	-----	-----
	573	190
	====	====

### 4. Employee information

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

	2021 Number	2020 Number
Housing, support and care	298	303
Administration	108	104
Development	15	14
	-----	-----
	421	421
	=====	=====
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<u>Staff costs:</u>		
Wages and salaries	14,616	13,484
Social security costs	1,452	1,340
Pension costs in respect of AGPS (note 7a)	1,736	(728)
Other pension contributions SHPS Defined Contribution (note 7c)	222	212
Redundancy costs	47	131
Apprenticeship levy	58	54
	-----	-----
	18,131	14,493
	=====	=====

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

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

	2021 Number	2020 Number
£60,000 - £69,999	4	3
£70,000 - £79,999	6	6
£80,000 - £89,999	6	4
£90,000 - £99,999	1	-
£100,000 - £109,999	2	1
£120,000 - £129,999	-	1
£130,000 - £139,999	1	1
£140,000 - £149,999	2	1
£170,000 - £179,999	-	1
£180,000 - £189,999	1	-

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

### 5. Interest receivable and other income

	2021 £'000	2020 £'000
Interest receivable from term deposits and bank deposits	257	696
Interest receivable on loans to Group companies	883	109
	-----	-----
	1,140	805
	=====	=====

## 6. Interest payable and financing costs

	2021 £'000	2020 £'000
Interest payable on bank loans and overdrafts	7,749	8,422
Interest on loans with Group companies	6,085	5,653
Break costs	-	11,527
Amortisation of loan issue costs *	53	1,355
Finance lease interest	20	19
	-----	-----
	13,907	26,976
Net interest cost – Accent Group Pension Scheme (note 7a)	638	710
Net interest cost – Social Housing Pension Scheme (note 7b)	34	101
Less: Capitalised interest (note 11)	(591)	(547)
	-----	-----
	13,988	27,240
	=====	=====
Interest rate used to determine the finance costs capitalised during the period	3.47%	4.68%

\* Prior year amortisation of loan issue costs includes accelerated costs of £1,232k associated with the break and repayment of borrowing concluded during July 2019.

## 7. Pension obligations

The net pension liability is comprised as follows.

	2021 £'000	2020 £'000
Accent Group Pension Scheme - AGPS	21,402	26,515
Social Housing Pension Scheme - SHPS	3,479	1,669
	-----	-----
	24,881	28,184
	=====	=====

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

	2021 £'000	2020 £'000
<u>Recognised in the statement of comprehensive income – operating surplus</u>		
Credit in respect of Accent Group Pension Scheme	845	1,940
Credit in respect of Social Housing Pension Scheme	431	417
	-----	-----
	1,276	2,357
<u>Recognised in the statement of comprehensive income – financing costs</u>		
Charge in respect of Accent Group Pension Scheme	(638)	(710)
Charge in respect of Social Housing Pension Scheme	(34)	(101)
	-----	-----
	(672)	(811)
<u>Recognised in the statement of comprehensive income – actuarial movement and re-measurement of obligation</u>		
Credit in respect of Accent Group Pension Scheme	4,906	1,564
(Charge) / credit in respect of Social Housing Pension Scheme	(2,207)	2,585
	-----	-----
	2,699	4,149
	-----	-----
Total credit recognised in the statement of comprehensive income	3,303	5,695
	=====	=====

### 7a. Accent Group Pension Scheme (AGPS)

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

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

## 7. Pension obligations - (continued)

### 7a. Accent Group Pension Scheme (AGPS) (continued)

are spread evenly through the statement of comprehensive income over the average remaining service lives of current employees.

During the 2019/20 financial year and following a period of negotiation (based on appropriate actuarial and legal advice being received), agreement was reached with the Trustee Directors of AGPS to amend certain scheme benefits. The changes that were implemented were designed to ensure the scheme remained fair, valuable to employees yet sustainable for the Society. Once the required consultation process with scheme members was concluded the following changes were implemented, by way of amendment to the scheme deed, with effect from 2 April 2019:

- A reduction in the accrual rate from 60<sup>ths</sup> to 80<sup>ths</sup> for future benefits built up on and from 6 April 2019 to 5 April 2023;
- A further reduction in the accrual rate to 90<sup>ths</sup> for future benefits built up on and from 6 April 2023;
- A reduction in member contributions from 10% of salary to 7.5% of salary on and from 6 April 2019;
- A change to spouse's pensions so that they are calculated as 50% of the member's pension for service on and from 6 April 2019 onwards before 6 April ; and
- A change to use the Consumer Prices Index (CPI), instead of the Retail Prices Index (RPI) as the only measure of the inflation used to increase pensions before and after retirement on and from 6 April 2019.

During the year Accent Housing Limited paid regular contributions of £1,337k (2020: £1,212k) being 18.9% (2020: 18.9%) of pensionable salaries during the accounting period together with recovery plan payments of £1,210k (2020: £nil) and salary sacrifice of £18k (2020: £22k). Employees' contributions were 7.5% (2020: 7.5%) of pensionable salaries. Employers' contributions payable for the year are charged to operating costs.

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

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

The most recent actuarial valuation of the scheme as at 5 April 2020 has been updated by Mercer Limited to 31 March 2021 to take account of the requirements of FRS102. This indicated that there was a deficit of £21,402k (2020: £26,515k) when comparing the actuarial value of the scheme with the value of its liabilities.

Following the actuarial valuation of the Scheme as at 5 April 2020 Accent Housing agreed with the AGPS pension trustee to pay contributions at the rate of 18.9% of pensionable salaries plus additional lump sum amounts of £1,700k flat rate per annum each year from 2018 until 2029. This replaced the previous obligation to pay £1,000k annually rising by 10% per annum from 2018 through to 2029 which arose from the 2017 valuation. Contribution rates of pensionable salaries were unchanged as a result of the revaluation. The 2020 valuation was conducted using a Projected Unit method. The main actuarial assumptions used in the valuation are:

<b>Key financial assumptions</b>	<b>31 March 2021 % pa</b>	<b>31 March 2020 % pa</b>
Discount rate	2.15	2.45
Rate of increase in pensions in payment (where capped at 5%)	2.90	2.50
Rate of increase in pensions in payment (where capped at 2.5%)	2.00	1.80
Rate of revaluation of deferred pensions	3.00	2.50
Rate of inflation (RPI)	3.40	2.90

Pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase between 2.9% and 3.6% p.a. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.0% pa. The mortality assumption adopted for the purposes of the calculations as at 31 March 2021 (and at 31 March 2020 where applicable) is as follows:

## 7. Pension obligations - (continued)

### 7a. Accent Group Pension Scheme (AGPS) (continued)

- Base table: 104% of S3PMA / S3PFA\_M tables (2020: 100% of S3PMA / S3PFA\_M tables).
- Future mortality improvements: CMI\_2019 [1.25%; S=7.5] (2020: CMI\_2019 [1.25%; S=7.5]).

<b>Average life expectancies</b>	<b>As at 31 March 2021 Years</b>	<b>As at 31 March 2020 Years</b>
Male age 65 at reporting date	21.8	22.1
Male age 65 at reporting date +20 years	23.6	23.4
Female age 65 at reporting date	23.2	23.8
Female age 65 at reporting date +20 years	25.1	25.3

Active members are assumed to retire at age 63 and deferred members at 61, or immediately in the case of such members already older than these ages. 80% (2020: 80%) of members are assumed to commute their benefits at retirement.

<b>Amounts recognised in the statement of comprehensive income</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Current service cost	1,400	1,465
Expenses	336	207
Interest cost	2,016	2,154
Interest income on Scheme assets	(1,378)	(1,444)
Gain arising from changes to scheme benefits	-	(2,400)
	-----	-----
Total charged / (credited) to the statement of comprehensive income	2,374	(18)
	=====	=====

<b>Reconciliation of defined benefit obligation</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Defined benefit obligation at beginning of year	82,179	86,990
Current service cost	1,400	1,465
Expenses	336	207
Interest cost	2,016	2,154
Contributions by Scheme members	531	469
Actuarial loss / (gain)	3,226	(4,856)
Benefits paid	(1,987)	(1,850)
Gain arising from changes to scheme benefits	-	(2,400)
	-----	-----
Defined benefit obligation at end of year	87,701	82,179
	=====	=====

<b>Reconciliation of fair value of Scheme assets</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Fair value of Scheme assets at beginning of year	55,664	57,681
Interest income on Scheme assets	1,378	1,444
Actuarial gain / (loss)	8,132	(3,292)
Contributions by the employer	2,581	1,212
Contributions by Scheme members	531	469
Benefits paid	(1,987)	(1,850)
	-----	-----
Fair value of Scheme assets at end of year	66,299	55,664
	=====	=====

## 7. Pension obligations - (continued)

### 7a. Accent Group Pension Scheme (AGPS) (continued)

<b>Amounts recognised in the statement of financial position</b>	<b>As at 31 March 2021 £'000</b>	<b>As at 31 March 2020 £'000</b>
Fair value of Scheme assets	66,299	55,664
Actuarial value of Scheme liabilities	(87,701)	(82,179)
	-----	-----
Deficit in the Scheme	(21,402)	(26,515)
	=====	=====
 <b>Analysis of assets</b>	 <b>As at 31 March 2021 £'000</b>	 <b>As at 31 March 2020 £'000</b>
Equities	28,711	20,943
Diversified Growth Funds	17,198	18,482
Liability Driven Investments	8,687	9,794
Cash	4,882	2,595
Property Funds	5,555	2,508
Insurance policies	1,266	1,342
	-----	-----
	66,299	55,664
	=====	=====
 <b>Assets as a percentage of total plan assets</b>	 <b>As at 31 March 2021 %</b>	 <b>As at 31 March 2020 %</b>
Equities	43.3%	37.6%
Diversified Growth Funds	25.9%	33.2%
Liability Driven Investments	13.1%	17.6%
Cash	7.4%	4.7%
Property Funds	8.4%	4.5%
Insurance policies	1.9%	2.4%
 <b>Analysis of return on assets</b>	 <b>Year ended 31 March 2021 £'000</b>	 <b>Year ended 31 March 2020 £'000</b>
Interest income on Scheme assets	1,378	1,444
Actuarial gains / (losses)	8,132	(3,292)
	-----	-----
Actual return / (loss) on assets	9,510	(1,848)
	=====	=====
 <b>History of experience gains and losses</b>	 <b>Year ended 31 March 2021 £'000</b>	 <b>Year ended 31 March 2020 £'000</b>
Gain / (loss) on Scheme assets	8,132	(3,292)
Experience gain on Scheme liabilities	4,996	1,189
(Loss) / gain on change in assumptions (financial and demographic)	(8,222)	3,667
	-----	-----
Total actuarial gain recognised in the statement of comprehensive income	4,906	1,564
	=====	=====

## 7. Pension obligations - (continued)

### 7a. Accent Group Pension Scheme (AGPS) (continued)

Amounts for the current and previous periods are as follows

	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of defined benefit obligation	(87,701)	(82,179)	(86,990)	(80,984)
Fair value of Scheme assets	66,299	55,664	57,681	54,608
Deficit on Scheme	(21,402)	(26,515)	(29,309)	(26,376)
Experience gains / (losses) on assets	8,132	(3,292)	1,705	(530)
Experience gains / (losses) on liabilities	4,996	1,189	81	(1,982)

The cumulative amount of actuarial losses recognised since the adoption of FRS17, and subsequently FRS102, is £20,825k (2020: £15,919k).

#### Sensitivity

The following table provides an indication of the sensitivity of the value of liabilities to changes in assumptions. The impact on the Statement of Comprehensive Income tends to be hard to predict.

Change	Impact on liabilities*
Decrease discount rate by 0.1% per annum	2% increase
Increase inflation linked assumptions by 0.1% per annum	2% increase
	(of inflation-linked liabilities)
Increase life expectancy by 1 year	4% increase

\* Approximate, not scheme specific.

AGPS is not impacted by GMP equalisation or the McCloud pension ruling.

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

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

For financial years ending on or before 28 February 2019, it was not possible for the Society to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Society accounted for the Scheme as a defined contribution scheme.

On 1 April 2018, sufficient information became available for the association in respect of SHPS to account for its obligation on a defined benefit basis. This change on transition resulted in a re-measurement difference of £1,123k, which was recognised at the relevant date of application, on 1 April 2018, in other comprehensive income, was therefore reflected in the year ended 31 March 2019

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

## 7. Pension obligations - (continued)

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

The liabilities are compared, at the relevant accounting date, with the Society's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The net defined benefit liability as at 31 March 2021 is £3,479k (2020: £1,669k).

<b>Key financial assumptions</b>	<b>31 March 2021 % pa</b>	<b>31 March 2020 % pa</b>
Discount rate	2.18	2.38
Rate of inflation (RPI)	3.27	2.62
Rate of inflation (CPI)	2.87	1.62
Salary growth	3.87	2.62
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance
<b>Average life expectancies</b>	<b>31 March 2021 Years</b>	<b>31 March 2020 Years</b>
The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:		
Male retiring in 2021	21.6	21.5
Female retiring in 2021	23.5	23.3
Male retiring in 2041	22.9	22.9
Female retiring in 2041	25.1	24.5
<b>Amounts recognised in the statement of comprehensive income</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Expenses	12	12
Interest cost	34	101
Total charged to the statement of comprehensive income (note 2 and note 6)	46	113
<b>Reconciliation of defined benefit obligation</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Defined benefit obligation at beginning of year	14,911	17,283
Expenses	12	12
Interest cost	347	394
Actuarial loss / (gain) due to Scheme experience	50	(140)
Actuarial loss / (gain) due to change in demographic assumptions	68	(152)
Actuarial loss / (gain) due to changes in financial assumptions	3,410	(2,057)
Benefits paid	(642)	(429)
Defined benefit obligation at end of year	18,156	14,911

## 7. Pension obligations - (continued)

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

<b>Reconciliation of fair value of Scheme assets</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Fair value of Scheme assets at beginning of year	13,242	12,713
Interest income on Scheme assets	313	293
Experience loss on plan assets (excluding amounts included in interest income)	1,321	236
Contributions by the employer	443	429
Benefits paid	(642)	(429)
	-----	-----
Fair value of Scheme assets at end of year	14,677	13,242
	=====	=====
 <b>Amounts recognised in the statement of financial position</b>	 <b>As at 31 March 2021 £'000</b>	 <b>As at 31 March 2020 £'000</b>
Fair value of Scheme assets	14,677	13,242
Actuarial value of Scheme liabilities	(18,156)	(14,911)
	-----	-----
Deficit in the Scheme	(3,479)	(1,669)
	=====	=====

The impact of GMP equalisation for Accent Housing Limited at 31 March 2021 was calculated to be £1k (2020: 1% of liabilities, approximately £15k). This is reflected in the liability disclosed above.

<b>Analysis of assets</b>	<b>As at 31 March 2021 £'000</b>	<b>As at 31 March 2020 £'000</b>
Absolute Return	810	690
Alternative Risk Premia	553	926
Corporate Bonds	867	755
Credit Relative Value	462	363
Distressed Opportunities	424	255
Emerging Markets Debt	592	401
Fund of Hedge Funds	2	8
Global Equity	2,339	1,937
Infrastructure	979	986
Insurance-Linked Securities	353	407
Liability Driven Instrument	3,730	4,395
Liquid Credit	175	5
Long Lease Property	288	229
Net Current Assets	89	57
Opportunistic Illiquid Credit	373	320
Private Debt	350	267
Property	305	292
Risk Sharing	534	447
Secured Income	610	502
Opportunistic Credit	402	-
High Yield	440	-
	-----	-----
	14,677	13,242
	=====	=====

## 7. Pension obligations - (continued)

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

<b>Analysis of return on assets</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Interest income on Scheme assets	313	293
Actuarial gains	1,321	236
	-----	-----
Actual return on assets	1,634	529
	=====	=====
<b>History of experience gains and (losses)</b>	<b>Year ended 31 March 2021 £'000</b>	<b>Year ended 31 March 2020 £'000</b>
Gains on Scheme assets	1,321	236
Experience (loss) / gain on Scheme liabilities	(50)	140
(Loss) / gain on change in assumptions (financial and demographic)	(3,478)	2,209
	-----	-----
Total actuarial (loss) / gain recognised in the statement of comprehensive income	(2,207)	2,585
	=====	=====
<b>Amounts for the current and previous periods are as follows</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Present value of defined benefit obligation	(18,156)	(14,911)
Fair value of Scheme assets	14,677	13,242
Deficit on Scheme	(3,479)	(1,669)
Experience gains on assets	1,321	236
Experience gains / (losses) on liabilities	(3,528)	2,349

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

The Society also participates in the defined contribution section of the Social Housing Pension Scheme (SHPS) with 220 (2020: 218) active members employed by the Society, this is the default Auto Enrolment scheme for staff. The regular pension contributions payable by the Society during the year were £222k (2020: £212k).

## 8. Board members, executive directors and key management personnel

Aggregate emoluments paid during the year	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Executive directors		
- remuneration	676	656
- benefits in kind	28	25
- pension contributions	127	120
	-----	-----
	831	801
	=====	=====
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Executive directors and senior management team		
- remuneration	1,811	1,743
- redundancy	-	10
- benefits in kind	106	97
- employers NIC	234	219
- pension contributions	338	318
	-----	-----
	2,489	2,387
	=====	=====
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Board members – including employers national insurance contributions	184	157
	=====	=====
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments of the highest paid director (co-opted executive director) during the year excluding pension contributions and employers national insurance contributions and including car allowance	184	172
	=====	=====

The same group of non-executive directors are appointed to each of the following companies; Accent Group Limited and Accent Housing Limited. All directors are remunerated by Accent Housing Limited and their emoluments are disclosed in these financial statements. All of the executive directors that served during the year to 31 March 2021 are members of the Accent Group Pension Scheme. There were no other benefits or special pension arrangements for the co-opted executive director or executive directors or for any Board member.

The highest paid co-opted executive director (the Group Chief Executive) is a member of Accent Group Pension Scheme, which is a defined benefit scheme. He is an ordinary member of the pension scheme and no enhanced or special terms applied. The organisation does not make any further contributions to an individual pension arrangement for the Group Chief Executive. During the year to 31 March 2021 the Group Chief Executive received a salary of £176k (2020: £167k) and car allowance of £7.5k (2020: £5k). No bonus was paid or accrued to the Group Chief Executive during the year to 31 March 2021 (2020: £nil).

The remuneration of key personnel is disclosed in aggregate in the consolidated accounts of the parent company Accent Group Limited, a charitable registered society No. 30444R.

## 9. Surplus on ordinary activities before taxation

	2021 £'000	2020 £'000
<b>Surplus on ordinary activities before taxation is stated after charging:</b>		
Depreciation of fixed assets and write off of replaced assets – housing	12,769	14,404
Depreciation of fixed assets – other	731	743
Impairment of housing properties	-	284
Impairment of office premises	79	-
Auditors' remuneration (excluding VAT):		
- In respect of audit services	152	127
- In respect of other accountancy services	-	3
Community dividend	-	1
Operating lease rentals:		
- Plant and machinery	67	82
- Land and buildings	99	181
Bad debts:		
- Current residents	388	207
- Former residents	301	477
- Other debtors	41	58

## 10. Taxation on ordinary activities

	2021 £'000	2020 £'000
<u>Current tax</u>		
UK corporation tax on surplus for the year	-	-
<b>Total current tax</b>	-	-
	=====	=====

### Factors affecting tax charge for period

The tax assessed is at the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
(Deficit)/ surplus on ordinary activities before tax	22,946	(1,700)
Adjustment in respect of charitable activities	(22,946)	1,700
	-----	-----
Surplus on ordinary activities subject to tax	-	-
	=====	=====

The Society has charitable status. The surplus generated is exempt from the charge to corporation tax in accordance with the provision of S505 ICTA 1988.

## 11. 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
<b>Cost or valuation</b>						
At 1 April 2020	578,621	12,329	65,868	54,740	11,172	722,730
Schemes completed	3,201	(3,201)	-	-	-	-
Transfer between categories	-	127	(127)	-	-	-
Additions	-	17,945	-	-	-	17,945
Work to existing properties	7,114	-	-	279	4	7,397
Write off replaced assets	(245)	-	-	(15)	(4)	(264)
Revaluation movement	(1,672)	-	(11,197)	2,068	1,003	(9,798)
Disposals	(1,371)	-	(966)	(5,548)	-	(7,885)
<b>At 31 March 2021</b>	<b>585,648</b>	<b>27,200</b>	<b>53,578</b>	<b>51,524</b>	<b>12,175</b>	<b>730,125</b>
<b>Depreciation</b>						
At 1 April 2020	(18,100)	-	(1,185)	(1,603)	(396)	(21,284)
Charge for year	(10,679)	-	(487)	(1,164)	(213)	(12,543)
Write off replaced assets	36	-	-	1	1	38
Revaluation movement	25,705	-	1,026	2,731	495	29,957
Disposals	254	-	11	31	-	296
<b>At 31 March 2021</b>	<b>(2,784)</b>	<b>-</b>	<b>(635)</b>	<b>(4)</b>	<b>(113)</b>	<b>(3,536)</b>
<b>Net book value at 31 March 2021</b>	<b>582,864</b>	<b>27,200</b>	<b>52,943</b>	<b>51,520</b>	<b>12,062</b>	<b>726,589</b>
Net book value at 31 March 2020	560,521	12,329	64,683	53,137	10,776	701,446
Included in the above are finance costs capitalised in the year of £591k (2020: £547k) which equates to a capitalisation rate of 3.47% (2020: 4.68%).						
The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less depreciation is as follows:						
					<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Historical cost					964,744	949,218
Depreciation and impairment					(256,454)	(250,145)
					708,290	699,073
<b>Housing properties book value net of depreciation</b>					<b>708,290</b>	<b>699,073</b>
					<b>£'000</b>	<b>£'000</b>
Freehold land and buildings					720,075	694,997
Long leasehold land and buildings					6,514	6,449
					726,589	701,446
<b>Social housing grant</b>					<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Capital grant					411,328	412,919
Revenue grant					1,264	1,264
					412,592	414,183

## 11. Tangible fixed assets – housing properties (continued)

<b>Expenditure on works to existing properties</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts capitalised	7,397	13,450
Amounts charged to the statement of comprehensive income	7,240	13,004
	-----	-----
	14,637	26,454
	=====	=====

Housing properties owned by the Society held for letting and shared ownership were professionally independently valued by Savills (UK) Limited (the valuer) as at 28 February 2021 for the year ended 31 March 2021. This was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book) and in accordance with the current Guidance for Accounts Valuations for Registered Social Housing Providers contained in the SORP. The Board and management team consider that this valuation appropriate as at 31 March 2021.

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

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

Discount rate (real) – 4.0% - 6.0% dependent on nature and age of stock

Level of annual rent changes: CPI + 1% p.a.

Annual inflation rate, after first two years - 2% (cost growth assumptions)

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

### Impairment

The Society considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of FRS102 and SORP2018. A total impairment provision of £nil (2020: £284k) was made during the year to 31 March 2021 to reduce the carrying value of certain fixed asset and investment properties within the Society to their value in use, being the estimated recoverable amount. The prior year provision was made in respect of three properties at Stafford House.

This valuation is considered to remain appropriate as at 31 March 2021, given the absence of any significant events or triggers for a change in the valuation of housing properties.

## 12. Other tangible fixed assets and investments

	Leasehold and freehold properties £'000	Plant vehicles and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2020	6,284	11,227	17,511
Additions	-	432	432
Disposals	-	(6)	(6)
<b>At 31 March 2021</b>	<b>6,284</b>	<b>11,653</b>	<b>17,937</b>
<b>Depreciation</b>			
At 1 April 2020	(2,961)	(7,211)	(10,172)
Charge for year	(131)	(600)	(731)
Impairment	(79)	-	(79)
Disposals	-	6	6
<b>At 31 March 2021</b>	<b>(3,171)</b>	<b>(7,805)</b>	<b>(10,976)</b>
<b>Net book value at 31 March 2021</b>	<b>3,113</b>	<b>3,848</b>	<b>6,961</b>
Net book value at 31 March 2020	3,323	4,016	7,339

There are no assets held under finance leases in the year to 31 March 2021 (2020: nil)

During the year to 31 March 2021 a review of the carrying value of freehold office premises was undertaken. An independent valuation in accordance with the RICS Appraisal and Valuation Standard (The Red Book) was conducted by Bruton Knowles and as a result office premises were impaired by £79k.

### Investment properties

	2021 £'000	2020 £'000
At 1 April	5,055	5,055
Revaluation movement	305	-
At 31 March	5,360	5,055

At 31 March 2021 the Society held 41 (2020:41) properties which were let on a market rent basis and as such are considered investment properties.

Investment properties owned by the Society held for letting were professionally independently valued by Savills (UK) Limited as at 28 February 2021 for the year ended 31 March 2021. This was a full valuation and was undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book).

Key assumptions include:

Discount rate (real) – 4.0% - 6.0% dependent on nature and age of stock

Annual inflation rate, after first two years - 2%

### Investment in subsidiaries

Accent Housing Limited is the sole shareholder of subsidiary company Accent Homemade Limited and holds a £1 share.

Accent Housing Limited is the sole shareholder of subsidiary company Accent Capital PLC and holds 50,000 ordinary shares of £1 each; the shares have been partly paid at 25p per share.

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

### 13. Current asset investments

	2021 £'000	2020 £'000
Housing loans security deposit	-	5
Money market deposits	68,274	78,257
	-----	-----
	68,274	78,262
	=====	=====

### 14. Properties for sale

	2021 £'000	2020 £'000
Shared ownership properties – completed	145	5,184
Shared ownership properties – under construction	3,724	-
Properties held for sale	584	100
	-----	-----
	4,453	5,284
	=====	=====

### 15. Debtors

	2021 £'000	2020 £'000
<u>Amounts falling due within one year:</u>		
Rent and service charges receivable	4,819	4,504
Less: Provision for bad and doubtful debts	(2,848)	(2,416)
	-----	-----
	1,971	2,088
Amounts due from Group companies	9,747	-
Loan due from Group companies	18,266	5,000
Net investment in finance leases	-	38
Prepayments and accrued income	580	580
Other debtors	750	879
	-----	-----
	31,314	8,585
	=====	=====

Included in debtors are £1,171k (2020: £2,030k) of arrears with payment plans which are outside normal payment terms. No discounting is provided for against this balance as the impact of discounting is not considered to be material.

	2021 £'000	2020 £'000
<u>Amounts falling due after one year:</u>		
Amounts due from Group companies	1,735	1,797
Loan due from Group companies	-	100
Liquidity and interest service reserve fund	1,168	1,156
Other long term debtors	318	319
	-----	-----
	3,221	3,372
	=====	=====

	2021 £'000	2020 £'000
<u>Debtor analysis:</u>		
In one year or less	31,314	8,585
Between one and two years	1	101
Between two and five years	-	1
After more than five years	3,220	3,270
	-----	-----
	34,535	11,957
	=====	=====

The net investment in finance leases represents accommodation for university students that has been constructed on behalf of certain education authorities. The Society 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. The leases terminated on 31 July 2020 where title to the land and buildings passed to the lessees for nil consideration. These schemes were financed by specific allocated loans, wholly repaid during the year. Hence, the underlying value of the net investment in these leases is £nil (2020: £38k).

## 15. Debtors (continued)

The liquidity and interest service reserve fund relates to a requirement within one loan agreement held with The Housing Finance Corporation for Accent to reserve the cash equivalent of not less than one years interest cost in their favour.

## 16. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Loans (note 27)	4,860	20,374
Loans financing finance lease debtors (note 27)	-	424
Financial liabilities measured at fair value	62	138
Finance lease creditor (note 27)	5	5
Trade creditors	4,015	779
Grant received in relation to properties under construction	7,805	2,801
Deferred grant income (note 18)	22	22
Recycled capital grant fund (note 19)	739	1,386
Disposal proceeds fund (note 20)	-	346
VAT	20	24
Other taxation and social security payable	393	362
Rent and service charges in advance	2,544	2,481
General accruals	4,623	4,891
Routine maintenance accruals	2,151	2,443
Home loss and decanting accruals	1,093	1,671
Housing properties and major work creditors	7,609	7,149
Loan interest accrual	972	1,107
Deferred income	874	1,121
Sinking funds	720	509
Other creditors	996	1,011
Amounts owed to Group companies	1,177	1,395
	-----	-----
	40,680	50,439
	=====	=====

## 17. Creditors: Amounts falling due after more than one year

	2021 £'000	2020 £'000
Loans (note 27)	178,260	165,120
Loans due to Group undertakings (note 27)	220,582	220,480
Loan premiums	2,792	2,916
Financial liabilities measured at fair value	-	60
Finance lease creditors	83	87
Deferred grant income (note 18)	789	811
Recycled capital grant fund (note 19)	4,719	3,508
Sinking funds	4,187	5,666
Amounts owed to Group companies	37	38
	-----	-----
	411,449	398,686
Capital instrument issue costs	(614)	(667)
	-----	-----
	410,835	398,019
	=====	=====

## 18. Deferred grant income

	2021 £'000	2020 £'000
At 1 April	833	855
Released to income in the year	(22)	(22)
	-----	-----
Balance at 31 March	811	833
	=====	=====

## 19. Recycled capital grant fund

	2021 £'000	2020 £'000
At 1 April	4,894	4,564
Grants recycled	1,212	1,024
Purchase or development of properties	(648)	(694)
	-----	-----
Balance at 31 March	5,458	4,894
	=====	=====
Grant due for repayment	739	1,386
	=====	=====

£739k (2020: £1,386k) of Recycled capital grant fund (RCGF) is due for repayment. Discussions with Homes England are ongoing to agree the rollover of these funds. No repayment was requested in the year to March 2021.

Withdrawals from the recycled capital grant fund have been used for the purchase and development of new housing schemes for letting and shared ownership sale

## 20. Disposal proceeds fund

	2021 £'000	2020 £'000
At 1 April	346	354
Utilisation of grant	(346)	(8)
	-----	-----
Balance at 31 March	-	346
	=====	=====
Grant due for repayment	-	346
	=====	=====

Following the deregulation of the DPF regime, all balances have now been allocated in accordance with the Home England requirements. As such there is a nil balance carried forward.

Withdrawals from the recycled capital grant fund have been used for the purchase and development of new housing schemes for letting and shared ownership sale

## 21. Share capital – non equity - Society

	2021 £	2020 £
Allotted, issued and fully paid:		
At 1 April	7	7
Issued during the year	2	2
Surrendered during the year	-	(2)
	---	---
At 31 March	9	7
	==	==

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.

## 22. Capital commitments

	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	99,717	29,061
Capital expenditure that has been authorised by the Board but has not yet been contracted for	61,742	74,975
	-----	-----
	161,459	104,036
	=====	=====

## 22. Capital commitments (continued)

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
In relation to expenditure contracted for but not provided for	(8,935)	(1,237)
In relation to expenditure authorised by the Board but not yet contracted for	(5,390)	(8,790)
	-----	-----
	(14,325)	(10,027)
	=====	=====

The remaining commitments of £147,134k (2020: £94,009k) are capable of being fully financed by the facilities in place. As at 31 March 2021 the Society had £96,476k (2020: £102,901k) on deposit to meet these commitments and had agreed unused facilities of £50,000k (2020: £50,000k). Following the bond of £350m issued on 18 July 2019, £125m is retained for future sale, which is fully secured and could be issued promptly.

## 23. Leasing commitments

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

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	110	133
One to five years	92	191
Beyond five years	-	14
	-----	-----
	202	338
	=====	=====

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	25	25
Between one and five years	101	101
Greater than five years	1,940	1,966
	-----	-----
	2,066	2,092
	=====	=====

## 24. Related parties

The Chair (T Miskell) is the Chair of the Northern Housing Consortium Limited (NHC), a body that represents the interests of the housing sector. Accent Housing Limited has traded with the NHC during the year. Services bought during the year amounted to £10,979 (2020: £11,036) relating to membership fees and training. There was a credit of £408 (2020: £nil) due to Accent Housing Limited from NHC as at 31 March 2021. Financial Statements for Northern Housing Consortium Limited can be obtained from Loftus House, Colima Avenue, Sunderland Enterprise Park, Sunderland, SR5 3XB.

T Miskell is also the Vice Chair of Johnnie Johnson Housing Trust Limited (JJHT), a not for profit housing association offering homes and independent living. Accent Housing Limited has traded with JJHT during the year. Services bought during the year amounted to £105,657 (2020: £106,604) relating to alarm monitoring services. There was £4,407 (2020: £8,802) due from Accent Housing Limited to JJHT as at 31 March 2021. Services sold to JJHT during the year amounted to £nil (2020: £7,489) relating to programme management services. There was £nil (2020: £9,292) due to Accent Housing Limited from JJHT as at 31 March 2021. Financial Statements for Johnnie Johnson Housing Trust Limited can be obtained from Astra House, Spinners Lane, Poynton, Cheshire. SK12 1GA.

R Wilkinson a Board member is also a resident. His leasehold agreement is on normal commercial terms and he is not able to use his position to his advantage. During the year Accent Housing Limited has received service charges of £1,093 (2020: £558). At the 31 March 2021 there was £nil (2020: £nil) due from R Wilkinson.

## 24. Related parties (continued)

Transactions with Group companies that are wholly owned have been eliminated on consolidation and have taken advantage of the exemption from disclosure available under FRS102.

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

### Accent Homemade Limited

	2021 £'000	2020 £'000
Received from related group entities: Management fee and supply of staff	383 =====	220 =====
	<b>2021 £'000</b>	<b>2020 £'000</b>
Paid to related group entities: Development costs Management fees Interest	4,297 327 882 ----- 5,506 =====	3,769 230 108 ----- 4,107 =====
	<b>2021 £'000</b>	<b>2020 £'000</b>
Loan due to group entities: Accent Housing Limited	18,266 =====	5,100 =====
	<b>2021 £'000</b>	<b>2020 £'000</b>
Deposits received from group entities: Accent Housing Limited	10,251 =====	- =====

Accent Homemade Limited provides development services associated with the design and construction of new homes for Accent Housing Limited. Development costs are charged in totality and management fees cover the provision of development services.

### Domus Services Limited

	2021 £'000	2020 £'000
Received from related group entities: Management fees	92 =====	101 =====

Domus Services Limited provides services for the collection of service charge income and management of related expenditure on behalf of leaseholders. The management fee is in respect of services rendered for the provision of service charge collection and management.

### Accent Corporate Services Limited

	2021 £'000	2020 £'000
Paid to related group entities: Interest	- =====	12,905 =====

The activities of Accent Corporate Services Limited were transferred to Accent Housing Limited under a Transfer of Engagements completed on 31 March 2020. Prior to that event Accent Corporate Services Limited provided a single low cost home ownership property managed by locally based teams within the Group and on-lent the amounts borrowed from Royal Bank of Scotland and Nationwide Building Society, to Accent Housing Limited. As part of ongoing financial restructuring lending from Royal Bank of Scotland of £76,925k to Accent Corporate Services Limited was repaid on 3 April 2019 and re-borrowed directly from Royal Bank of Scotland by Accent Housing Limited.

## 24. Related parties (continued)

<b>Accent Capital PLC</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Paid to related group entities:		
Interest	6,086	4,275
	=====	=====

On 18 July 2019 Accent Capital PLC issued a bond on the debt capital markets which then on-lent the funds to Accent Housing Limited.

<b>Procurement For All Limited</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Paid to related group entities:		
Membership fee	-	62
	==	==

The Group has a 16.67% share in Procurement For All Limited, registered company 05472353, which provided services to its members securing value for money through joint procurement of capital and maintenance works. The trading activities of Procurement For All Limited are being wound down in an orderly manner and the business is in the process of being solvently liquidated. At the point in time of trading activity being wound down the business was solvent and hence a small amount is anticipated to be returned to each shareholder in due course.

<b>Franklands Park Limited</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Paid to related group entities:		
Service charge	56	99
	==	==

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

## 25. Statement of cash flows

The Society has taken advantage of the exemption available to it under FRS102 whereby it is not required to publish its own statement of cash flows. The financial statements of the Society's ultimate parent company, Accent Group Limited, contain a consolidated statement of cash flows.

## 26. Ultimate parent company

The ultimate parent company as at 31 March 2021 was Accent Group Limited, a charitable registered society No. 30444R under the Co-operative and Community Benefit Societies Act 2014, which is the largest and smallest group into which the results of the Society are consolidated. The registered office of Accent Group Limited, from where copies of the consolidated financial statements may be obtained, is Charlestown House, Acorn Park Industrial Estate, Charlestown, Shipley BD17 7SW.

## 27. Debt analysis

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<u>Due within one year:</u>		
Bank loans	4,860	20,374
Loans financing lease debtors	-	424
Finance lease creditors	5	5
Financial liabilities measured at fair value	62	138
	-----	-----
	4,927	20,941
	=====	=====

## 27. Debt analysis (continued)

	2021 £'000	2020 £'000
<u>Due after more than one year</u>		
Bank loans	178,260	165,120
Loans due to Group undertakings	220,582	220,480
Finance lease creditors	83	87
Financial liabilities measured at fair value	-	60
	-----	-----
	398,925	385,747
	=====	=====
	2021 £'000	2020 £'000
Total loans repayable as follows:		
Within one year	4,865	20,803
Between one and two years	5,735	4,865
Between two and five years	37,048	36,123
After five years	356,142	344,699
	-----	-----
<b>Total indebtedness</b>	<b>403,790</b>	<b>406,490</b>
Financial liabilities measured at fair value	62	198
	-----	-----
	403,852	406,688
	=====	=====

### Facilities, terms of repayment and interest rates

At 31 March 2021 the Society had a facility with Royal Bank of Scotland of £74,375k (2020: £76,075k) which was fully utilised, and an unused revolving credit facility of £20,000k.

The borrowing is secured by fixed charges on individual properties. The loan was originally made to Accent Corporate Services Limited which in turn on-lent to authorised Group subsidiary borrowers. As part of refinancing activity and to rationalise the Group structure, lending from Royal Bank of Scotland of £76,925k to Accent Corporate Services Limited was repaid on 3 April 2019 and re-borrowed directly from Royal Bank of Scotland by Accent Housing Limited on the same day on the same terms.

The loan is 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% for the term loan to 1.40% for the Revolving Credit Facility.

At 31 March 2021 the Society had a facility with Lloyds Bank of £102,000k (2020: £102,000k) of which £30,000k was unutilised (2020: £30,000k). Within the year £18,000k was repaid in accordance with repayment schedules and simultaneously drawn against a wholly new variable facility which had been agreed in December 2018 with a forward dated start. The borrowings are secured by fixed charges on individual properties. The loans are a mixture of fixed and variable rates. Fixed rates being plus a margin and variable rates being LIBOR (London Inter Bank Offer Rate) plus a margin, ranging from 0.25% to 0.75%.

At 31 March 2021 the Society had a facility with The Housing Finance Corporation of £30,000k (2020: £31,005k) which was fully utilised. The borrowings are secured by fixed charges on individual properties and are repayable at varying rates of interest between 2.89% and 5.20%.

At 31 March 2021 the Society had a facility of £6,745k (2020: £6,887k) with Orchardbrook Limited. This loan is repayable on a fixed rate basis at 12.345% amortising until expiry in 2031.

At 31 March 2021 subsidiary company Accent Capital PLC held a thirty year bond, with a bullet repayment due in July 2049. The bond was raised on the debt capital markets through wholly owned subsidiary, Accent Capital PLC, with the entire funds on-lent to Accent Housing Limited. The bond was issued on 18 July 2019 at a coupon rate of 2.625% for £350m, of which £225m was sold and £125m retained for future sale. The bond, excluding the retained element, is fully secured on housing assets owned by Accent Housing Limited.

## 28. Financial assets and liabilities

	2021 £'000	2020 £'000
<u>Financial assets - categories</u>		
Financial assets measured at amortised cost	134,934	117,576
	-----	-----
	134,934	117,576
	=====	=====
Financial assets attract interest at a floating rate that varies with bank rates.		
	2021 £'000	2020 £'000
<u>Financial liabilities - categories</u>		
Financial liabilities measured at amortised cost	446,811	443,439
Financial liabilities measured at fair value through surplus or deficit	62	198
	-----	-----
	446,873	443,637
	=====	=====
	2021 £'000	2020 £'000
<u>Financial liabilities - measured at fair value</u>		
As at 1 April	198	1,023
Credit in statement of comprehensive income	(136)	(825)
	-----	-----
As at 31 March	62	198
	=====	=====

Financial liabilities measured at fair value relate to two interest rate fixes with Royal Bank of Scotland. The first instrument is for £10m which expired December 2019 and the second instrument is for £3.1m expiring shortly in December 2021. These instruments were entered into between December 1996 and April 1998 in order to fix the interest cost risk on part of the loan facility with Royal Bank of Scotland and were not entered into for trading or speculative purposes. The Society is/ was not required to place collateral with Royal Bank of Scotland to cover mark-to-market movements in relation to either of these instruments, which mitigates counterparty credit risk.

### Financial liabilities – interest rate risk profile

The Society's financial liabilities are sterling denominated. The interest rate profile of the Society's financial liabilities as at 31 March 2021 was 84.2% fixed (2020: 86.2%) and 15.8% variable (2020: 13.8%) which is in line with the Group's Treasury Management Policy:

	2021 £'000	2020 £'000
Fixed rate	339,489	350,025
Variable rate	64,363	56,663
	-----	-----
	403,852	406,688
	=====	=====

The variable rate financial liabilities comprise bank loans that bear interest rates based on one and three month LIBOR. The fixed rate financial liabilities have a weighted average interest rate of 2.07% (2020: 2.55%) and the weighted average period for which it is fixed is 21.0 years (2020: 21.92 years).

### Risks arising on financial instruments

The main risks arising from the Society's financial instruments are credit risk, liquidity risk, interest rate risk and market risk.

#### Credit risk

Credit risk is managed in accordance with the Board approved Treasury Management Policy, with security of amounts invested being more important than seeking the highest return. Surplus liquid funds are invested only with approved counterparties that meet minimum credit rating thresholds detailed in the Treasury Management Policy, with maximum exposure levels set for each counterparty.

#### Liquidity risk

Liquidity risk is managed in accordance with the Board approved Treasury Management Policy. The policy is to maintain sufficient cash to cover the next six months cash requirement and sufficient liquidity to cover the next 18 months liquidity requirement. Detailed cash flow forecasts are prepared to ensure compliance with its liquidity policy goals as well as the longer-term growth aspirations of the business.

## 28. Financial assets and liabilities (continued)

Apart from its working capital and capital expenditure requirements, the nature of the Society's debt portfolio requires regular repayments of term loan principal and interest to certain lenders. The maturity profile of debt has been structured to reflect the long term nature of the assets and to achieve a balanced profile of scheduled repayments of loan principal. As at the 31 March 2021 88.2% (2020: 84.5%) of borrowings were due to mature in more than five years.

It is considered that the Society has sufficient financial resources to make these repayments, and therefore the risk of being unable to meet its financial obligations to these lenders is considered to be low.

### Interest rate risk

Operations are financed through a mixture of generated cash flows, government grant for development activities and loan borrowings. The interest rate strategy is regularly reviewed and aims to achieve a conservative balance between fixed and variable debt at an acceptable level of risk and cost. Covenant compliance and sensitivity analysis of interest rates are monitored on a regular basis.

### Market risk

The treasury management function is responsible for developing and implementing an appropriate financial strategy to ensure the business holds the required level of liquidity to fund its capital investment programme and day to day operating activities. Close monitoring of financial covenants against the business plan to assess risk scenarios is completed on a regular basis.

### Borrowing facilities

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

	<b>2020</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Expiring in more than two years	50,000	50,000
	=====	=====

## 29. Contingent liability

There is the potential for Accent Housing Limited to be liable for claims in respect of historical contracts relating to local improvement finance trust schemes (LIFT). Future claims in this regard cannot be discounted however the liability cannot be determined and all such claims will be examined on a case by case basis to establish if liability exists and to limit financial exposure with expert third party advice where appropriate. Due to the sensitive nature of this matter Accent Housing Limited is unable to disclose any further details regarding the timing or quantum of potential claims as this could be seriously prejudicial.