

Accent Group Limited
Report and Financial Statements
for the year ended
31 March 2011

Accent Group Limited

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Board Members, Executive Directors, Advisors and Bankers

Group Board Members

- Non-Executive Board Members

Allan Smith - Chairman
Richard Beal - Appointed 1 March 2011
Edgar Bignell - Resigned 29 September 2010
Stephen Clarke - Resigned 29 September 2010
Paul Heasman
Carolyn Hirst
Gwyneth Sarkar
Cliff Walker
Suzanne Walters-Thompson
Timothy Walton

- Co-opted Executive Director

Gordon Perry

- Executive Directors

Ian Heaven
Gail Teasdale
Stuart Whyte - Resigned 30 September 2010

Company Secretary

Matthew Sugden

Registered Office

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

Registered number

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

Regulated by the Tenant Services Authority, No. L4511

Auditors

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

Bankers

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

Reviewing the year – Allan Smith, Chairman

This year has seen Accent consolidate our position following the changes we have implemented over the past three years to refocus on our core business of housing and community regeneration thereby improving the quality of our services in these areas.

All parts of Team Accent have worked hard, and displayed commitment to our objectives, and this is evident from the progress that we have made.

One of the most rewarding outcomes came with the results of the residents' satisfaction survey which showed an increase of over 5% in satisfaction in each of the three key indicators across the Group as a whole. We have also improved performance in gas servicing, rent arrears, managing complaints and responsive repairs.

We have worked hard to achieve an appropriate balance between developing new homes and investing in existing homes. In 2010/11 we delivered over 1,000 new homes with the Accent Group Consortia and invested over £30 million into repairs and maintenance to improve the quality of our existing homes.

The Group's surplus before tax in 2010/11 was £4.1m (2009/10: £4.5m) – a very encouraging result given operating profits of £16.5m (2010: £18.4m) were in line with the budget set for the year. The results include a £1.4m profit (2009/10: £nil) realised on the sale of our interest in LIFT and an exceptional credit of £1.2m (2009/10: £nil) arising from a change in assumptions underpinning our defined benefit pension schemes. More significantly this result underlines the success of the cost reduction programme and the refocusing of activities across the Group over the last three years. The financial results for the year are dealt with in more detail on page 9.

In November, in light of the announcements from the government covering a range of future policy and spending reviews, we began the formal consultation on the Accent Group Strategic Plan (GSP), with the aim of developing a plan for 2011/2016. Initially, a one year plan has been produced, as future announcements from the Government may result in the need to further develop the longer term plan. In developing the plan, we consulted with our Board members at our National Board Members' Conference, and we held consultation events with our residents and staff across the country.

We also asked for feedback on our vision and strategic objectives to determine whether they were still fit for the business we wanted to be. The amendments suggested by residents have formed the basis for all our successive consultations.

As a result of these consultations, Group Board approved that we would keep our existing vision, '*Making a difference...improving homes, communities and lives*' but agreed revisions to the existing set of Group strategic objectives which are more meaningful to our customers and for our future business.

The four strategic objectives are:

- Deliver excellent, locally agreed services.
- Provide high quality homes to live in.
- Support our residents to sustain their homes and communities.
- Be an ambitious and successful business.

Key actions included in the GSP are listed under each of the new strategic objectives and are shown on page 4. The objectives have been developed using feedback from each registered provider, corporate service departments and the results of the 2010 residents' satisfaction survey. The Accent Group Residents' Panel agreed that these were the right areas for the Group to concentrate on over the next 12 months and prioritised the actions as shown.

The new objectives apply across the Group, and set the context for developing individual RP business plans for 2011/12.

To be realistic, we will be operating in a challenging environment for some time to come but, thanks to the changes we have made together, we are now in much better shape to progress positively than we were one year ago. Therefore, despite the challenges, I remain confident about the future and Accent's ability to go from strength to strength and deliver our vision '**making a difference... improving homes, communities and lives**'.

Allan Smith, Group Chairman

Looking ahead – Gordon Perry, Chief Executive

To achieve our vision we will help to support and sustain communities by providing high quality homes and services which meet local priorities, including financial inclusion initiatives and training to help people into employment.

Like many other housing providers, we have the aspiration to continue to grow, and improve the quality of our homes and services. The challenge is how we can achieve this in the current economic climate.

The changes the government has made, and those it plans to make to the welfare system, together with how social housing is developed and managed have significant implications for our business and for the residents we serve, especially those living on low incomes. We have been working across Team Accent with our residents to agree how best we can respond to these changes; not only to ensure we continue to be an ambitious and successful company, but so we can help to cushion our residents against the impact of the reforms with advice and support.

There are a number of government consultations and proposals for change which will impact on us and our residents in the next few years, but there are three key issues for us to respond to – our financial capacity, affordable housing and welfare reforms.

Firstly, our financial capacity: We have made considerable progress in maximising our financial capacity. Since 2009, our 'value for money' strategy has delivered £4.3m in savings reducing our central and support costs by 25% (including the effect of exiting commercial activities), thereby protecting front-line housing management services and allowing for increased investment in our homes. This year, we will review our value for money and treasury strategies to ensure that these efficiencies continue to bear fruit and our financial capacity is maximised.

Secondly, affordable housing: The government wants to ensure that social housing is prioritised to help people when they are most in need, and that landlords encourage people to move into the private sector or home ownership when their circumstances improve. As a result of the spending review, a new method for funding the building of new housing developments called 'affordable housing' has been proposed. In the past, we have received grants from the Homes and Communities Agency (HCA) to help fund the development of new housing stock. New money available from the HCA has reduced significantly, which means we will have to rely on a higher level of loans from our banks and increased income from the higher rents we must charge for affordable housing. Affordable housing rents can be set at 80% of market rents, and we will have the choice of introducing fixed term tenancies for new or converted 'affordable rents' properties. We are also required to develop a tenancy policy which sets out how we will use 'affordable rents' and fixed term tenancies. We have started to debate these issues so we can decide what our policy will be, and we will need to take the tenancy strategies of our local authority partners into account. It won't be straightforward, but we are confident we can do it.

Thirdly changes in the welfare benefits system; the changes will effectively lead to a drop in income for some of our residents, with many of our lowest income families relying on benefits as a major part of their weekly household income. These changes and the wider economic environment could impact on family budgets, and the ability of our residents to pay their rent. This means that our staff will need to be briefed and trained to provide help and support to our residents to help them make the most of their money, and keep our own rent losses to a minimum. We will also re-energise our commitment and focus on the delivery of training and employment programmes.

There are some challenging times ahead, but we also have opportunities. We need to continue to maximise our financial capacity and how we are best organised to deliver all our aspirations in the future but, with the support and commitment of our residents and staff, I feel confident we can continue to meet these challenges head on. We can make the most of the opportunities we are presented with, and build on our success and the improvements we have made over the last three years.

Gordon Perry, Chief Executive

Operating and Financial Review

Statement of Compliance

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

Vision and Group Strategic Plan

As described in the Chairman's Review of the Year on page 2 the result of an extensive consultation process was that the Board approved in January the retention of the existing vision but agreed revisions to the strategic objectives for the Group to reflect changes in the external environment and within Accent. The vision at the centre of Accent's strategy is;

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

To achieve our vision we will help to support and sustain communities by providing high quality homes and services which meet local priorities, including financial inclusion initiatives and training to help people into employment.

The existing strategic objectives were amended to better reflect our business and are as follows:

1. Deliver excellent, locally agreed services.
2. Provide high quality homes to live in.
3. Support our residents to sustain their homes and communities.
4. Be an ambitious and successful business.

The key actions which support our revised strategic objectives are:

1. Deliver excellent, locally agreed services

Our aim is to improve the quality of services that we deliver, in terms of both performance and value for money. Critical to this is to reflect local priorities and to provide more choice to our residents in how their services are provided, their service standards and costs. In order to achieve this we will:

- Improve Satisfaction - maintain our improved resident satisfaction scores and aim to be upper quartile in the three key areas.
- Improve Performance - maintain our customer focus and ensure that we deliver on the core service priorities, whilst delivering on our service improvement plans and doing even better on our Key Performance Indicators.
- Deliver Local Offers - implement the local offers we have agreed with our residents from April 2011 and measure our performance against these.
- Implement our new housing management ICT system during 2011/12 - designed to give staff better tools to deliver good services but also to enhance the range and quality of the services that we provide, including how residents can interact through our website.
- Develop greater choice - using the new housing management IT system to expand the service choices to reflect local needs and expectations.

2. Provide high quality homes to live in

Our aim is to provide a wide range of high quality homes in clean, safe and well maintained areas in order to respond to housing needs and demand. In order to achieve this we will:

- Increase the quality of our existing homes - maintaining our decent homes compliance and delivering our planned improvement programmes with an investment of almost £34m across all our homes in 2011/12.
- Improve our repairs service - repairs are the top priority for our residents, and we want to continue to improve how we work with our contractors to deliver the service.
- Improve our neighbourhood services – this remains a high priority for our residents and an area where we need to improve. Our target is to complete scheme satisfaction surveys and set appropriate action plans by March 2012.
- Improve our Anti Social Behaviour (ASB) service - ASB seriously affects how people enjoy their homes and is one of the top priorities for our residents. This is an area where we need to improve by developing a strategy which improves our service offer and manages residents' expectations.
- Deliver the homes in our existing development plan - our target going forward is to complete at least 250 new homes in the next 12 months.

Operating and Financial Review (cont...)

Vision and Group Strategic Plan (cont...)

3. Support our residents to sustain their homes and communities

Our aim is to provide services which support our residents to build successful communities. Critical to this is providing help and opportunities to improve individual circumstances, but also to involve our customers in designing and shaping our services. In order to achieve this we will:

- Empower customers to shape services - through a range of new resident involvement initiatives across the Group, including resident inspectors, resident services committees and resident scrutiny panels.
- Maintain the delivery of support services - work with our local authority partners and residents to agree the future delivery of housing support, increasing value for money and reducing income losses as a result of reduced local authority funding.
- Deliver our financial inclusion strategy - continue to work with partners to help cushion the impact of benefit and service cut-backs on our residents, and ensure that residents are aware of and understand the impact of welfare reform and changes to benefits.
- Increase local training opportunities - consider ways of increasing the number of apprenticeships and/or recruiting trainees both directly and through our business partners.
- Develop a new tenancy offer - work with our residents and partners to develop a tenancy which reflects the new affordable housing regime and also meets the needs of our communities.

4. Be an ambitious and successful business

We aim to maximise our financial capacity and provide excellence and value for money in everything we do. In order to achieve this we will:

- Deliver our agreed Budget - whilst continuing to deliver quality services to our customers and maintaining a viable business plan; working within loan covenants and maximising our income.
- Deliver Value for Money - use benchmarking to understand our operational costs better and work with residents to tackle bureaucracy, simplify processes and cut waste. Reduce the overall level of Group overheads by a further 10% in 2011/12.
- Respond to the new development funding regime - define our financial capacity to develop new homes, both under the new regime and without grant funding, in order to establish whether we bid to participate in the affordable housing programme.
- Support our people - continue to invest in staff training and Board development and meet our diversity and equality objectives. Empower our staff to perform and improve staff morale to be evidenced by achieving a 5% improvement in staff satisfaction in the 2011 staff survey.
- Agree our future delivery model - agree a new partnership agreement and organisational model across the Group which will support the delivery of our vision and objectives.

Service to tenants and residents

The overall objective is to improve our service to our customers by empowering the frontline customer service staff to respond to our customers in all aspects of service delivery. The tables below demonstrate the performance of Accent's three Registered Providers (RP's) against TSA identified key resident focussed performance targets.

Tenant Satisfaction (TSA Standard of Tenant Involvement and Empowerment)

Status Survey Results	The service		Resident views being taken into account		Repairs and maintenance service	
	2010/11 %	2009/10 %	2010/11 %	2009/10 %	2010/11 %	2009/10 %
Accent Foundation Limited	85%	79%	67%	59%	80%	68%
Accent Nene Limited	90%	84%	63%	59%	86%	81%
Accent Peerless Limited	82%	77%	63%	52%	74%	73%

In 2011 the results of our STATUS survey showed a significant and creditable improvement in overall satisfaction, across the Group as a whole, of around 5%. STATUS is a Standardised Tenant Satisfaction survey and is a requirement of the TSA. Accent Nene remains in the top performance quartile.

Operating and Financial Review (cont...)

Repairs and Maintenance (TSA Standard of Home)

Decent Homes	2010/11	2009/10	Number of homes made "Decent"
Accent Foundation Limited	89.3%	86.9%	1,811
Accent Nene Limited	100.0%	99.6%	20
Accent Peerless Limited	100.0%	100.0%	10

Accent Nene and Accent Peerless maintained their full compliance with this indicator. Accent Foundation made 1,811 properties Decent having invested £9.9m in planned maintenance programmes. There is a plan to complete the decent homes programme at Accent Foundation by investing in those properties currently not meeting decent homes. Properties located in Manningham, Bradford and Easington, County Durham are the subject of a three year investment programme planned to be completed during 2013/14.

Routine Repairs	Average time to complete all repairs		Fixed on first attempt	Appointments kept
	2010/11	2009/10	2010/11	2010/11
Accent Foundation Limited	11.6 days	10.1 days	76.9%	89.6%
Accent Nene Limited	8.9 days	8.8 days	77.1%	96.1%
Accent Peerless Limited	6.1 days	n/a	90.5%	96.5%

We have introduced new indicators to measure the effectiveness of our responsive repairs service. Performance was similar to the previous year but the overall satisfaction with the service improved, including by 12% in Accent Foundation.

Housing Management (TSA Standards of Tenancy and Neighbourhood and Community)

Utilisation of Properties	Percentage of empty properties at year end		Percentage of properties having a change of tenant	
	2010/11	2009/10	2010/11	2009/10
Accent Foundation Limited	2.9%	2.3%	15.4%	15.4%
Accent Nene Limited	0.4%	0.5%	7.4%	10.4%
Accent Peerless Limited	0.5%	0.6%	5.7%	6.2%

Accent Nene and Accent Peerless have both exceeded their target performance and demonstrate an improving trend in both the percentage of empty homes at year end and the percentage of properties having a change of tenant. Accent Foundation performance has not met its target of 2.2%. The high turnover at Accent Foundation is a feature of the number of properties which remain on our planned maintenance programme. It is anticipated decent homes compliance will reduce turnover and the number of empty properties.

Operating and Financial Review (cont...)

Housing Management (TSA Standards of Tenancy and Neighbourhood and Community) (cont...)

Re-Let Times	General Needs Properties		Sheltered, Supported, Housing for Older People Properties	
	2010/11 Days	2009/10 Days	2010/11 Days	2009/10 Days
Accent Foundation Limited	35.2	32.6	38.0	45.5
Accent Nene Limited	19.3	20.9	30.6	37.0
Accent Peerless Limited	19.2	19.0	97.7	108.0

Accent Foundation had a slight increase in re-let times, however when all three registered providers are combined a slight improvement in performance overall was achieved. The average improvement was by 5 days.

Current Rent Arrears (as a percentage of gross annual rent debit):	2010/11	2009/10
Accent Foundation Limited	3.9%	3.8%
Accent Nene Limited	3.1%	3.4%
Accent Peerless Limited	5.7%	4.6%

Accent Nene improved their performance and Accent Foundation had only a marginal increase in the level of arrears whilst Accent Peerless exceeded their target of 5%. This is a good result given the recession and is a reflection of the hard work undertaken to recover rent arrears.

Anti-Social Behaviour	2010/11 Reports	2009/10 Reports	Number per 1,000 properties (2010/11)
Accent Foundation Limited	608	597	52.8
Accent Nene Limited	115	91	26.3
Accent Peerless Limited	126	249	31.5

Reports of anti-social behaviour were at similar levels to the previous year. Our residents have identified ASB as a key area of concern. The number of cases is significantly lower than the sector average and satisfaction with the handling of cases is improving.

Development Activity

Review

The Group continues to lead a development consortium comprising 14 partner organisations working across a number of Homes and Communities Agency operating areas. In 2010/11, which represents the final year of the current programme, the consortium secured HCA grant totalling £37.2m, completed 1,197 new homes and started a further 614 new homes. During the five years the consortium has been operating we have secured £200m of HCA grant funding to develop 6,100 new homes for social rent, shared ownership, older persons housing, supported housing and rural housing.

During 2010/11 Accent Foundation, Accent Nene and Accent Peerless have continued to develop new homes, of the consortium total the three businesses have secured £8.6m in HCA grant, completed 293 new homes and have started a further 171 new homes.

All three businesses have a good track record of delivery and engagement with Local Authorities and other agencies. At a local level they have engaged with the new housing agenda through the emergence of the Local Investment Plan and Local Enterprise Partnership process. The businesses continue to have healthy dialogue with key local authority partners and the Homes and Communities Agency.

Operating and Financial Review (cont...)

Development Activity (cont...)

Affordable Rent

Since the comprehensive spending review and the subsequent proposals by Government to introduce an Affordable Rent Programme we have been evaluating the opportunities, threats and challenges for Accent in continuing to meet our corporate objectives within this new regime.

Group and subsidiary Boards have held a series of meetings to ensure there is a clear understanding of the implications of participating in the Affordable Rent regime on our neighbourhoods and communities and the financial impact on the Group.

Group and subsidiary Boards agreed to the submission of a consortia lead 'offer' by the Accent Group in May 2011. The Consortium now consists of 12 partners including Accent Foundation, Accent Nene and Accent Peerless. The outcome of the consortium offer is anticipated in late July 2011.

Co-Regulation: Tenant Satisfaction and Involvement

On 1 April 2010, the Tenant Services Authority made one of the biggest changes in social housing history when it launched its new standards, drawn up with residents and landlords across the country. The standards changed the way in which we needed to demonstrate how we empowered and involved our residents, and how we dealt

with repairs and maintenance, complaints and anti-social behaviour. They also set out the right for residents to expect a better quality of home. Although the TSA will not remain in its current form, the standards will.

The new standards embedded the principle of co-regulation. It means they expect us to have robust self-regulation by our Boards, including effective resident scrutiny. We need a range of scrutiny activities to challenge performance, the Board and senior staff. Scrutiny can be done in different ways - it's about impact and 'teeth'. It is also central to our governance and is a challenge.

Scrutiny

All our resident involvement structures include a range of activities which perform a scrutiny role to different extents, for example:

- Resident inspectors.
- Surveys.
- Mystery shoppers.
- Complaints forums/review groups.
- Residents panels.
- Value for Money groups.
- Scheme walkabouts by residents.

By involving residents, we are seeking their views and inviting them to be involved in decision making.

In order to focus on scrutiny and challenge Accent Nene is setting up a panel of 12 people which will be made up of five residents from existing formal groups, and seven new members from a recruitment drive. They are not including existing resident Board members to avoid potential conflicts of interest. The Group will draw up their own terms of reference, but their overall aim and purpose will be to scrutinise performance of service areas.

Accent Peerless has a panel of 12 residents who have been drawn from existing formal groups. They will be involved in developing the annual residents' report and monitoring performance against local offers. They have drawn up their terms of reference.

Accent Foundation is in the process of setting up a Scrutiny Panel which will include up to 12 involved and non-involved residents. The panel's aim is to check progress against the targets published in our annual report to residents. Local scrutiny arrangements have been agreed as part of the local offer. Local performance reports will be issued each year, and meetings with residents will be held so that they can discuss and feedback on the reports.

Annual Performance Reports

The standards require us to publish an annual performance report to residents. We worked closely with our residents to develop our first report against the standards, holding a number of local events to discuss content and format with residents throughout its production. Over 80% of residents found our first report useful.

Operating and Financial Review (cont...)

Financial review

The Group income and expenditure account and balance sheet are summarised on page 10. The year to 31 March 2011 has resulted in a surplus before tax of £4.1m (2010: £4.5m). The underlying core business of providing affordable housing in all three Registered Providers within the Group has produced a financial result in line with expectations. The principal reasons for the surplus are as follows:

- The Group's core affordable housing business made an operating surplus of £14.7m (2010: £16.0m), whilst the other activities made an operating surplus of £1.8m (2010: £2.4m). The core housing businesses invested £14m (2010: £10.7m) in planned maintenance to improve decency across the group. This reflects the continued focus of the Group on improving our existing homes.
- A profit of £1.4m was realised on the disposal of the entire shareholding in both Bradford & Airedale Care Partnerships Ltd and Care Partnerships 25 Ltd.
- Due to changes in the assumptions underpinning our defined benefit pension schemes, arising from the Government's decision to tie future revaluation to CPI instead of RPI, a credit of £1,180k (2010: £nil) has been recognised in the Consolidated Income and Expenditure Account.
- Property sales generated a surplus of £0.5m (2010: £2.7m) which was in line with expectations. The Group continues to adopt a prudent approach to property disposals in its planning treating these surpluses as additional income in the year rather than budgeting to receive this income.
- The Group's interest payable on its bank loans reduced to £16.4m (2010: £18.6m). This was partly as a result of reducing levels of debt with the disposal of the shares and loan notes in Bradford & Airedale Care Partnerships Ltd and Care Partnerships 25 Ltd during 2010 and the Group taking advantage of prevailing low interest rates.
- In light of the economic conditions, the Group has reviewed the value at which it is carrying certain property assets in its balance sheet. This review has resulted in an impairment of £1.2m (2010: £1.4m) for one development being recognised in the Consolidated Income and Expenditure Account.
- The housing assets continue to be valued at Economic Useful Valuation – Social Housing use (EUV-SH). At the year end the assets of one subsidiary were re-valued resulting in a revaluation deficit of £2.7m. The housing asset values at other subsidiaries were considered to remain appropriate.
- During the year housing properties amounting to £52.7m (2010: £78.4m) were completed reflecting the Group's continued focus on developing homes; and
- The Group drew down a further £40.4m (2010: £25.9m) from its existing facilities. These funds were placed in new money market funds to secure low risk investment income and will be used in future years to deliver decency and to fund further development.

Operating and Financial Review (cont...)

Five year Summary Information

	2011	2010	2009	2008*	2007
	£m	£m	£m	£m	£m
Income and Expenditure Account					
Total turnover	100	100	99	104	86
Income from lettings	77	73	68	64	58
Operating surplus / (deficit) for the year	16	18	6	(10)	10
	===	===	===	===	===
Balance Sheet					
Intangible and tangible fixed assets at valuation or cost net of depreciation and grants	615	686	652	604	548
Positive goodwill	-	-	-	7	7
Net current assets	60	20	51	25	17
	-----	-----	-----	-----	-----
	675	706	703	636	572
	===	===	===	===	===
Loans and long term creditors (due over one year)	383	414	407	383	323
Pension liability	8	13	9	4	5
Provision for liabilities	4	4	4	3	4
	-----	-----	-----	-----	-----
	395	431	420	390	332
	-----	-----	-----	-----	-----
Reserves:					
revaluation	186	191	201	166	156
accumulated surplus	34	23	20	18	21
negative goodwill	60	61	62	62	63
	-----	-----	-----	-----	-----
Total reserves	280	275	283	246	240
	-----	-----	-----	-----	-----
* 2008 restated to reflect SORP 2008	675	706	703	636	572
	===	===	===	===	===
Accommodation (dwellings at 31 st March):					
	No.	No.	No.	No.	No.
Social housing	17,855	17,233	17,055	16,828	16,719
Shared ownerships & leasehold	1,531	1,517	1,433	1,350	1,129
Supported housing	564	547	518	516	515
Non-social housing	330	331	331	980	980
	-----	-----	-----	-----	-----
	20,280	19,628	19,337	19,674	19,343
	=====	=====	=====	=====	=====
Statistics					
	2011	2010	2009	2008	2007
Operating surplus for the year as a % of turnover	16.0%	18.0%	6.1%	8.7%	11.6%
Social Housing operating surplus as a % of turnover before grant relating to social housing lettings	19.2%	22.0%	24.1%	23.7%	21.9%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.2%	1.7%	1.7%	2.7%	3.0%
Rent arrears (net arrears as % of rent and service charges receivable)	3.7%	3.8%	3.2%	4.0%	4.3%
Liquidity (current assets divided by current liabilities)	2.8	1.4	2.1	1.6	1.4
Gearing (total loans as % of capital grants loans & reserves)	36.3%	39.0%	39.0%	39.0%	35.8%
Total reserves per Accent dwelling	£15k	£16k	£15k	£14k	£14k

Report of the Board.

The Board presents its report and the financial statements for the year ended 31 March 2011.

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

Principal Activities

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

Business Review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review on page 4.

On 9 December 2010 the Group sold its entire shareholding and the subordinated loan notes in Bradford & Airedale Care Partnerships Ltd and Care Partnerships 25 Ltd. The construction and facilities management contracts were also disposed of and novated to the respective acquirer of the shares. The total amount of consideration received in cash was £8,137,051. The terms of the disposal of the shares provide for additional consideration of up to £499,678 (Bradford & Airedale Care Partnerships Ltd - £447,651 and Care Partnerships 23 Ltd - £52,027) to become payable on the occasion of either business securing a future tranche of development work. These amounts have not been reflected within these financial statements as they are regarded as a contingent asset.

Included within the results of the Group during the year is turnover in relation to discontinued LIFT activities amounting to £8,498k (2010: £9,572k) and operating costs amounting to £5,740k (2010: £6,613k). Also included within the results of the Group during the year is turnover in relation to other discontinued activities amounting to £898k (2010: £2,139k) and operating costs amounting to £891k (2010: £1,614k).

Board Members and Executive Directors

The Board Members and the Executive Directors of the Group are set out on page 1. The Board Members are drawn from a wide background bringing together professional, commercial and housing management experience. The Executive Directors are the Group Chief Executive and the other members of the Group's senior management team, they hold no interest in the Society's shares and act as executives within the authority delegated by the Board. Group insurance policies indemnify Board Members and officers against liability when acting for the Group.

The Governance & Remuneration Committee is responsible for setting the Group's remuneration policy. It agrees the appointment of non-executive directors, Board Members of subsidiaries and Executive Directors and their remuneration, as well as the brief within which the Chief Executive can negotiate staff salaries. Neither the Group CEO, Executive Team nor Non-executive Directors received any bonus during the year.

The Group Chief Executive and other Executive Directors are employed on the same terms as other staff, their notice periods being three months. The Executive Directors are members of either the Accent Group Pension Scheme or the Social Housing Pension Scheme. They participate in the schemes on the same terms as all other eligible staff. Details of the Board's remuneration are included in note 4 to the audited financial statements.

Corporate Governance

The Board confirms that the Group has adopted and complied with the recommendations of the National Housing Federation's Code of Governance (revised 2010.)

The Board

The Board, currently comprising eight non-executive directors including the Chairs of the three registered providers together with the co-opted Group Chief Executive, is responsible for the policy and strategic direction of the Group and holds at least six meetings each year. Three Group Board directors are members of the three registered provider Boards. This arrangement delivers good communications around the Group.

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

Report of the Board (cont...)

Committees

The Board has three committees:

- The Audit Committee (AC) which is responsible for overseeing management's financial reporting responsibilities and maintenance of an appropriate system of risk management. The Committee meets annually with the external auditors to discuss the financial statements, the adequacy of the Group's internal control framework and makes formal recommendations as required.
- Group Asset Management & Development Committee (GAMDC) which meets to consider and provide a Group overview of investment decisions taken by respective subsidiary Boards.
- The Governance & Remuneration Committee (GRC) supports the development of strong governance structures and arrangements across the Group, overseeing strategic planning, development of standards and policy and decision making across the Group. The committee also reviews, at least on an annual basis, the terms and conditions including remuneration policies for staff across the Group.

Internal controls assurance

Under the Housing and Regeneration Act 2008, the TSA has decided to establish six standards for social housing providers and has provided guidance on how these standards will be regulated. The approach to social housing regulation is built around 'co-regulation'. The TSA expect robust self-regulation by the Boards who govern the delivery of housing services. Good governance is a universal principle and is essential to the quality of service delivery, financial robustness and value for money. Independent validation, audit and benchmarking of performance are encouraged as a basis for continuous improvement.

The strength of the progress made this year on internal controls is our response to the new regulatory environment and the establishment of our own Co-regulation Team (Regulation, Governance and Business Assurance) has assisted this. During the past year, we have developed an "Internal Controls Framework" which provides advice and guidance to Boards and staff on our approach to control and assurance. It is built upon our four basic principles of internal control: Objectives, Risks, Controls, and Assurance and includes our approach to performance management and the Accent on Management Charter.

Co-regulation has been an enabler to a more holistic approach to internal controls which includes:

- Effective management of the uncertain economic environment. Both rental income and sales of properties for sale / shared ownership were maintained.
- Commercial business risks have almost been eliminated through the sale of LIFT and wind-down of commercial property management.
- Financial controls improvements through increasing transparency and understanding of the financial risks faced. It is now over a year since we implemented a new financial ICT system and we are beginning to leverage the benefits.
- Strengthening our resident involvement which includes a National "Group" Residents Panel and fundamental reviews of structure and scrutiny at local provider level.
- Improvement in the application of the processes and procedures for managing risk.

The Group Strategic Plan (GSP) is the high-level plan of vision, aims and objectives. It provides a summary of the key strategic issues, milestones and targets. All other plans, strategies and policies support the GSP. The essential functions of the Board include duties to "seeing and ensuring compliance with the values, vision, mission and strategic objectives of the organisation, ensuring its long-term success". This year we consulted widely with all of our stakeholders on the appropriateness of our objectives in the light of an unstable external environment. Our new GSP is focussed upon our core housing functions and we have adjusted our risk profile through the disposal of commercial enterprises.

Risk Management

It is the responsibility of the Group Board to oversee the risk management framework and this is delegated to the Audit Committee. A strategic risk map is reviewed regularly and subsidiaries maintain their own operational risk maps. We have delivered on last year's proposals to introduce a successful Group Co-Regulation Team to strengthen our regulatory compliance and to facilitate policy development and business assurance. There are no risks on our current strategic risk map which we define as "high risk".

Controls

The National Housing Federation' code on Excellence in governance states that "every organisation must have effective internal controls". We have a range of controls which have been identified during the assessment of risks. These include:

- Regulatory controls – we have responded to reports and requests from our regulators (e.g. TSA, HCA, OfSTED, Charity Commission, Housing Ombudsman). We have not received any adverse reports from regulators during this year.

Report of the Board (cont...)

Internal controls assurance (cont...)

- Board and committee reports prepared by managers which are scrutinised, challenged and determined by non-executive Board members.
- Policies and procedures – we have agreed a framework of required policies and strategies and during this next year we will focus on a programme of reviewing all our corporate policies and procedures. Our plans for this year include the codification of these arrangements through our framework of Standard Operating Policies and Procedures. We will also consult with subsidiaries on a strategic proposal for an externally accredited quality management system for implementation during 2012/13.
- System controls – these include ICT and manual based systems which result in the command, direction or regulation of the behaviour of people, devices or systems.
- Performance management (including people management) – business plans, action plans, budget management, benchmarking, key performance indicator monitoring and many other management led activities. A performance management framework provides advice and guidance to managers and their staff on managing performance. This includes Personal Performance Plans.
- Customer / resident involvement – Co-regulation embodies activities which allow customers to directly scrutinise performance and outcomes and we have in place a range of activities and forums which involve residents. These include resident panels, scrutiny committees, resident inspectors, complaints panels and our annual report to residents.

Assurance

We seek independent assurance that our controls are adequate and effective, including an independent external audit. Grant Thornton (UK) will provide audit services until 2014.

Accent's internal audit function is embedded within the Business Assurance Team. An annual Business Assurance Programme of assignments is agreed with Executive Team and Audit Committee. RP's have been consulted on priorities for the forthcoming year's programme.

During the year we have also commissioned external consultants to assist us as follows:

- In depth review of treasury management processes
- Sale of commercial operations
- Valuation of assets
- Set-up of new ICT systems
- Fire risk assessments
- Legal advice in the case of two employment tribunals

The evidence provided by these assurances demonstrates a growing strength of control. It also concludes that there have not been any fundamental breakdowns in internal controls in the period. The weaknesses identified by internal and external audit are procedural in nature and are being robustly addressed by improved management control and increased Board scrutiny.

Employees, Diversity and Inclusion

The Group's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the quality of contribution from all its employees. The Group continues to provide information on its objectives, progress and activities through regular office and departmental meetings.

The Group is an equal opportunity employer and complies with all current legislation with regard to equal opportunities irrespective of race, ethnic origin, gender, disability, sexuality, religion, belief or age. The Group monitors its performance in respect of these obligations.

Tenant Involvement

Residents from across the Group meet through the National Residents' Panel, which provides a forum for residents to discuss and challenge the service we provide. The Panel has discussed repairs, Respect agenda, ASB and resident involvement during the year.

Health and Safety

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

Report of the Board (cont...)

Environment

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

Donations

The Group made grants and awards of £0.3m (2010: £0.3m) to individuals and groups based in the communities in which we work. No donations were made to political parties during the year.

Accounting Policies

The Group's principal accounting policies are set out on pages 22 to 26 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties, including the valuation and depreciation of housing properties and the capitalisation of interest. The Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008 has been applied by the Group in preparing these financial statements.

Statement of Board responsibilities for the report and financial statements

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

Industrial and Provident Societies legislation in the United Kingdom requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Society at the end of the year and of the surplus or deficit of the Group for the year then ended.

In preparing those financial statements the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable United Kingdom Accounting Standards; and
- prepare the financial statements on a going concern basis.

The Board is responsible for keeping and maintaining a satisfactory system of control over proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Society and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. It is also responsible safeguarding the assets of the Group and the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

After reviewing the Group's budget for 2011/2012 and beyond and the borrowing facilities currently available, the Board is confident that the Group has sufficient resources to continue trading for the foreseeable future. For this reason the Group has adopted the going concern basis in its financial statements.

Disclosure of information to auditors

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

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

External Auditors

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

Annual General Meeting

The Annual General Meeting (AGM) will be held on 27 July 2011.

Approval

The report of the Board was approved by the Board on 27 July 2011 and signed on its behalf by:-

Matthew Sugden

Secretary
27 July 2011

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

We have audited the financial statements of Accent Group Limited (the Society) for the year ended 31 March 2011 which comprise the Consolidated income and expenditure account, the Consolidated statement of total recognised surpluses and deficits, the Consolidated note of historical cost surpluses and deficits, the Consolidated reconciliation of funds, the Consolidated balance sheet, the Consolidated Cash flow statement, the Society Income and Expenditure account, the Society balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 14 the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Society's affairs as at 31 March 2011 and of the Group and Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
27 July 2011

Consolidated Income and Expenditure Account for the year ended 31 March 2011

	Notes	2011		2010	
		£'000	£'000	£'000	£'000
Turnover					
Continuing operations		90,833		88,781	
Discontinued operations		9,396		11,711	
		-----		-----	
	2		100,229		100,492
Operating costs					
Continuing operations		(77,100)		(73,823)	
Discontinued operations		(6,631)		(8,227)	
		-----		-----	
	2		(83,731)		(82,050)
			-----		-----
OPERATING SURPLUS					
Continuing operations		13,733		14,958	
Discontinued operations		2,765		3,484	
		-----		-----	
	2		16,498		18,442
(Loss)/income from interest in joint ventures			(2)		9
Surplus on disposal of discontinued operations	6		1,402		-
Surplus on disposal of property	7		468		2,726
Interest receivable	8		636		2,585
Interest payable and similar charges	9		(16,449)		(18,563)
Other finance income	24		1,180		-
Other finance income/(costs)	24		389		(713)
			-----		-----
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	11		4,122		4,486
Taxation on surplus on ordinary activities	12		(62)		(82)
Minority interest (all equity)	10		6		53
			-----		-----
SURPLUS FOR THE YEAR AFTER TAXATION AND MINORITY INTEREST			4,066		4,457
			=====		=====

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

Consolidated statement of total recognised surpluses and deficits for the year ended 31 March 2011

	2011 £'000	2010 £'000
Surplus for the year after taxation	4,066	4,457
Unrealised deficit on revaluation of properties	(2,733)	(6,542)
Actuarial gain/(loss) relating to pension scheme	4,155	(4,616)
Recognition of (decrease)/ increase in deferred tax asset re pension scheme	(834)	393
Total recognised surplus/(deficit) since the last report	=====	=====

Consolidated note of historical cost surpluses and deficits for the year ended 31 March 2011

	2011 £'000	2010 £'000
Reported surplus on ordinary activities before taxation	4,122	4,486
Realisation of property revaluation gains	180	1,273
Excess of actual depreciation charge over historical cost depreciation	2,187	2,275
Historical cost surplus on ordinary activities before taxation	=====	=====

Consolidated reconciliation of funds for the year ended 31 March 2011

	2011 £'000	2010 £'000
Opening funds at 1 April	275,470	282,588
Total recognised surplus/(deficit) for the year	4,654	(6,308)
Negative goodwill amortisation	(810)	(810)
Closing total funds at 31 March	=====	=====

Consolidated Balance Sheet as at 31 March 2011

	Notes	2011 £'000	2010 £'000
Intangible fixed assets			
Goodwill	13	86	91
Other intangible assets	13	-	203
		-----	-----
		86	294
Tangible fixed assets			
Housing properties	14	595,978	590,085
Other tangible fixed assets	14	18,667	95,396
		-----	-----
		614,645	685,481
Interest in associated undertakings			
Investments in joint ventures:			
Share of gross assets		179	186
Share of gross liabilities		(120)	(137)
		-----	-----
		59	49
		-----	-----
		614,790	685,824
		=====	=====
Current assets			
Current asset investments	15	63,792	29,404
Properties held for sale	16	5,451	5,664
Stocks	17	246	1,027
Debtors: Amounts falling due:			
Within one year	18	9,792	12,654
After one year	18	4,727	5,204
Cash at bank and in hand		8,776	16,549
Cash held on constructive trusts		94	233
		-----	-----
		92,878	70,735
Current liabilities			
Creditors: Amounts falling due within one year	19	(32,931)	(50,301)
		-----	-----
Net current assets		59,947	20,434
		-----	-----
Total assets less current liabilities		674,737	706,258
		=====	=====
Creditors: Amounts falling due after more than one year	20	383,131	413,571
Provisions for liabilities	23	3,884	4,244
Net pension liability	24	8,408	13,294
		-----	-----
		395,423	431,109
		-----	-----
Capital & reserves			
Share capital	26	-	-
Accumulated surplus	25	33,446	23,721
Insurance reserve	25	153	124
Revaluation reserve	25	185,762	190,862
Negative goodwill	13, 25	59,953	60,763
		-----	-----
		279,314	275,470
Minority interest	10	-	(321)
		-----	-----
Group's funds		279,314	275,149
		-----	-----
		674,737	706,258
		=====	=====

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

The financial statements were approved by the Board on 27 July 2011 and were signed on its behalf by:-

Allan Smith
Chairman

Timothy Walton
Member

Matthew Sugden
Secretary

Consolidated Cashflow Statement

for the year ended 31 March 2011

	2011		2010	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities		26,973		43,495
Returns on investments and servicing of finance				
Interest received	636		2,585	
Interest paid	(16,667)		(19,576)	
Minority interest	-		53	
	-----		-----	
Net cash outflow from returns on investments and servicing of finance		(16,031)		(16,938)
Taxation				
Corporation tax paid	(10)		(338)	
	-----		-----	
		(10)		(338)
Capital expenditure and financial investment				
Purchase and construction of housing properties	(30,688)		(76,549)	
Social Housing Grant received	9,216		25,623	
Sales of housing properties	1,957		8,906	
Purchase of other tangible fixed assets	(7,553)		(1,833)	
Disposal of other tangible fixed assets	-		52	
Decrease of other fixed asset investments	-		29	
	-----		-----	
Net cash outflow from capital expenditure and financial investment		(27,068)		(43,772)
Acquisitions and disposals				
Disposal of discontinued operations	8,458		-	
	-----		-----	
Net cash inflow from acquisitions and disposals		8,458		-
Management of liquid resources				
Movement in cash held on deposit accounts	(34,388)		1,466	
Movement in cash held on Constructive Trust	139		24	
	-----		-----	
Net cash (outflow)/ inflow from management of liquid resources		(34,249)		1,490
		-----		-----
Net cash outflow before financing		(41,927)		(16,063)
Financing				
Loans received	40,413		25,855	
Loan principal repayments	(5,787)		(12,688)	
Loan principal payments on redemption	-		(2,295)	
	-----		-----	
Net cash inflow from financing		34,626		10,872
		-----		-----
Decrease in cash		(7,301)		(5,191)
		=====		=====

Consolidated Cashflow Statement (cont...)

for the year ended 31 March 2011

Reconciliation of operating surplus to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating surplus	16,498	18,442
Depreciation charges	7,634	7,171
Impairment	1,392	1,419
Investment income	(2)	9
Goodwill amortisation	(602)	(771)
Finance pension costs	1,569	(713)
Increase in stock & properties for sale	307	18,183
Increase/(decrease) in debtors	5,058	(1,637)
(Increase)/decrease in creditors	(4,521)	1,049
(Increase)/decrease in provisions	(360)	343
	-----	-----
Net cash inflow from operating activities	26,973	43,495
	=====	=====

Reconciliation of net cash flow to movement in net debt

	2011 £'000	2010 £'000
Decrease in cash during the year	(7,301)	(5,191)
Movement in liquid resources	34,249	(1,490)
Increase/(decrease) in loans	37,072	(10,394)
	-----	-----
Change in net debt	64,020	(17,075)
Net debt at 1 April	(376,711)	(359,636)
	-----	-----
Net debt at 31 March	(312,691)	(376,711)
	=====	=====

Analysis of changes in net debt

	1 April 2010 £'000	Cash flows £'000	31 March 2011 £'000
Cash at bank and in hand	16,549	(7,773)	8,776
Bank overdraft	(1,790)	472	(1,318)
	-----	-----	-----
Changes in cash	14,759	(7,301)	7,458
	-----	-----	-----
Cash held in constructive trust	233	(139)	94
Current asset investments	29,404	34,388	63,792
	-----	-----	-----
Changes in liquid resources	29,637	34,249	63,886
	-----	-----	-----
Loans	(415,654)	31,619	(384,035)
Deferred income	(5,453)	5,453	-
	-----	-----	-----
Changes in debt	(421,107)	37,072	(384,035)
	-----	-----	-----
Changes in net debt	(376,711)	64,020	(312,691)
	=====	=====	=====

Society Income and Expenditure Account for the year ended 31 March 2011

During the year the Society undertook no transactions. The Society was therefore dormant for the year ended 31 March 2011. The Society has not traded since its incorporation on 1 April 2008.

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

Society Balance Sheet

As at 31 March 2011

	Notes	2011 £	2010 £
Current assets			
Debtors – intercompany		8 =====	9 =====
Capital and reserves			
Share capital	26	8 =====	9 =====

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

The financial statements were approved by the Board on 27 July 2011 and signed on its behalf by:-

Allan Smith
Chairman

Timothy Walton
Member

Matthew Sugden
Secretary

Legislative provisions

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

1. Principal accounting policies

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

Basis of accounting

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

Basis of consolidation

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

Turnover

Turnover represents rental and service charge income receivable, first tranche shared ownership sales, finance lease income receivable, revenue grant receivable, management charges, subscriptions and the value of goods and services supplied within the year.

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

- Rent and service charge income is included in turnover for the period that the residents are in occupation of the property during the accounting period, as opposed to date on which the rent is charged.
- Finance lease income is included for the period that the lessor has use of the building during the accounting period.
- Management charges, subscriptions and charges for services are included in income over the period for which the service is provided during the accounting period.
- Long and short term contract work in progress is recognised on the value of work completed in the accounting period.
- Income from first tranche shared ownership sales is recognised at the point of legal completion of the sale.

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

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

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

Discontinued operations

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

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

1. Principal accounting policies (cont...)

Discontinued operations (cont...)

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

Taxation

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

Deferred taxation

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

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

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

Value added tax

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

Revenue grants

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

Leases

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

Supported housing projects managed by agencies

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

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

Where the agency carries the majority of the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Group. Other income and expenditure of projects in this category is excluded from the income and expenditure account. All income and expenditure of projects in this category is shown by way of note (see note 3).

Where the Group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Group's income and expenditure accounts (see note 2).

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

1. Principal accounting policies (cont...)

Tangible fixed assets and depreciation

Housing properties and other properties held for letting

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

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

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

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

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

Accent Foundation Limited

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

Accent Nene Limited

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

Accent Peerless Limited

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

Housing Properties with a useful economic life of more than 50 years are subject to an annual impairment review. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses.

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

Donated land

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

Other tangible fixed assets

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

Freehold offices	2% pa straight line
Leasehold offices	over the life of the lease
Plant, vehicles, equipment and computers	10%-33% pa on either a straight line or reducing balance basis, whichever is appropriate for the particular type of asset
Leased equipment	over the life of the lease

1. Principal accounting policies (cont...)

Other tangible fixed assets (cont...)

Investment properties are included in the balance sheet at valuation in accordance with SSAP 19. Depreciation is not provided.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is charged on a straight line basis over 10 years. Where there is evidence of impairment, intangible assets are written down to their recoverable amount. Any such write down would be charged to operating surplus.

Goodwill

Negative goodwill is written back to the consolidated Income and Expenditure account over the estimated remaining life of the non-monetary assets of 80 years. Positive goodwill is written off to the consolidated Income and Expenditure account over a 20 year period. Where there is evidence of impairment, goodwill is written down to its recoverable amount.

Capital grants

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

Overheads

Direct overheads associated with new development or improvements are capitalised.

Capitalisation of interest

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

Where schemes are not financed by specific facilities an appropriate proportion of the interest charged on the Group's overall borrowing is allocated to the cost of the scheme up to the date of practical completion.

Capitalisation of works to existing properties

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

- demonstrates a saving in future maintenance expenditure.
- Increase the net rental stream.
- significantly lengthens economic useful life.

Properties for sale

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

Stocks and work in progress

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

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

1. Principal accounting policies (cont...)

Stocks and work in progress (cont...)

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

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

Finance lease assets

Finance lease assets are stated at the gross amount receivable under the lease less related unearned income, and are included in debtors. Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Pension costs

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

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

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

Pension scheme assets (Group and SCCPF) are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full and presented on the face of balance sheet. The movement in the scheme deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Liquid resources

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

Provisions

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

Designated reserves

Revaluation reserve

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

Insurance reserve

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

Indexation costs

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

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

Group 2011	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	76,613	(61,880)	14,733
Other social housing activities			
Regeneration and community development	2,647	(3,045)	(398)
Supporting People contract income	607	(1,195)	(588)
First tranche shared ownership sales	5,206	(4,819)	387
Development services	157	(1,002)	(845)
Other	117	(120)	(3)
	8,734	(10,181)	(1,447)
Non social housing activities			
Lettings	129	(110)	19
Facilities management - PFI	-	(56)	(56)
Rural regeneration and development	281	(435)	(154)
Management services - LIFT	7,994	(5,236)	2,758
Management and development services - housing	1,827	(1,810)	17
Finance leases	565	-	565
Garage lettings	286	(173)	113
Property sales	1,701	(1,448)	253
Other construction	2,099	(2,104)	(5)
Other	-	(298)	(298)
	14,882	(11,670)	3,212
Total	100,229	(83,731)	16,498
Group 2010			
	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	72,924	(56,899)	16,025
Other social housing activities			
Regeneration and community development	2,036	(2,422)	(386)
Development for partners	26	(26)	-
Supporting People contract income	547	(1,295)	(748)
First tranche shared ownership sales	5,086	(5,038)	48
Development services	294	(780)	(486)
Other	-	(11)	(11)
	7,989	(9,572)	(1,583)
Non social housing activities			
Lettings	128	(181)	(53)
Facilities management - PFI	-	(67)	(67)
Rural regeneration and development	1,685	(2,264)	(579)
Management services - LIFT	9,572	(6,613)	2,959
Management and development services - housing	2,645	(2,153)	492
New business development	-	-	-
Finance leases	686	2	688
Garage lettings	337	(165)	172
Other construction	4,477	(4,549)	(72)
Other	49	411	460
	19,579	(15,579)	4,000
Total	100,492	(82,050)	18,442

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

Group	2011				Total £'000	2010 Total £'000
	General Housing £'000	Supported Housing £'000	Shared Ownership £'000	Key worker Accommodation £'000		
Turnover from social housing lettings						
Rent receivable net of identifiable service charges	65,410	1,394	1,881	684	69,369	66,270
Charges for support services	717	15	2	-	734	674
Service charges receivable	5,200	692	537	29	6,458	5,861
	-----	-----	-----	-----	-----	-----
Net rental income	71,327	2,101	2,420	713	76,561	72,805
Supporting people contract income	27	-	-	-	27	-
Other Housing Corporation revenue grants	25	-	-	-	25	119
	-----	-----	-----	-----	-----	-----
Turnover from social housing lettings	71,379	2,101	2,420	713	76,613	72,924
	-----	-----	-----	-----	-----	-----
Expenditure on social housing lettings						
Management	(12,695)	(465)	(546)	(12)	(13,718)	(17,063)
Services	(6,228)	(551)	(320)	(29)	(7,128)	(6,788)
Support costs	(597)	(4)	(9)	-	(610)	(677)
Routine maintenance	(13,198)	(135)	(294)	(135)	(13,762)	(11,065)
Planned maintenance	(13,301)	(690)	(45)	(4)	(14,040)	(10,658)
Major repairs expenditure	(3,697)	-	-	-	(3,697)	(2,542)
Bad debts	(529)	(10)	26	(6)	(519)	(315)
Negative goodwill amortisation	810	-	-	-	810	810
Depreciation of housing properties	(4,894)	(94)	(383)	(54)	(5,425)	(5,216)
Impairment	(1,392)	-	-	-	(1,392)	(1,367)
Other costs	(2,149)	(87)	(110)	(53)	(2,399)	(2,018)
	-----	-----	-----	-----	-----	-----
Operating costs on social housing lettings	(57,870)	(2,036)	(1,681)	(293)	(61,880)	(56,899)
	-----	-----	-----	-----	-----	-----
Operating surplus on social housing lettings	13,509	65	739	420	14,733	16,025
	=====	=====	=====	=====	=====	=====
Voids - rent lost through dwellings being vacant	1,001	69	102	10	1,182	926
	=====	=====	=====	=====	=====	=====

Details of turnover and operating costs arising from discontinued operations are described in note 6.

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

<u>Group</u>	2011	2010
	£'000	£'000
Lettings		
Medical staff accommodation	81	95
Commercial lettings	48	33
	-----	-----
	129	128
	=====	=====

3. Supported housing - Group

Where the managing agent carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility. The Group owns 152 supported housing units (2010: 152) that are managed on its behalf, under a management agreement, by managing agents who contract with The Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

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

	Number of Units		Accent Management & Mortgage Charge	
	2011	2010	2011	2010
	No.	No.	£'000	£'000
People with mental health problems	43	43	43	44
People with learning difficulties	26	26	27	27
Ex-offenders and those at risk of offending	19	19	19	20
Women at risk of domestic violence	37	37	28	28
Homeless families with support needs	27	27	13	14
	-----	-----	-----	-----
	152	152	130	133
	=====	=====	=====	=====

4. Board Members and Directors Emoluments - Group

Aggregate emoluments paid during the year		
	2011	2010
	£'000	£'000
Executive directors	1,187	1,276
Non executive directors	195	239
	=====	=====
Emoluments of the highest paid director during the year excluding pension contributions	147	158
	=====	=====
Aggregate amount of compensation payable to directors during the year in respect of loss of office	-	49
	=====	=====

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

The Chief Executive is a member of Accent Group Pension Scheme, which is a defined benefit scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The organisation does not make any further contributions to an individual pension arrangement for the Chief Executive. During the year to 31 March 2011 the Chief Executive received a salary of £140,000 (2010: £140,000). A salary sacrifice scheme is operated by the Society in order to mitigate national insurance costs, which lead to the reduction in the Chief Executive's salary amount disclosed above. No bonus was paid or accrued to the Directors during the year to 31 March 2011 (2010: £nil).

5. Employee information - Group

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

	2011	2010
	No.	No.
Administration	185	167
Development	33	47
Housing Support Care	477	462
	-----	-----
	695	676
	-----	-----
Full time equivalent		
Administration	168	155
Development	33	44
Housing Support Care	423	425
	-----	-----
	624	624
	=====	=====
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	16,342	15,425
Social security costs	1,491	1,445
Other pension costs*	1,542	1,480
	-----	-----
	19,375	18,350
	=====	=====

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

6. Surplus on disposal of discontinued operations - Group

	2011	2010
	£'000	£'000
Surplus on sale of LIFT	1,439	-
Deficit on sale of other activities	(37)	-
	-----	-----
Total surplus	1,402	-
	=====	=====

On 9 December 2010 the Group sold its entire shareholding and the subordinated loan notes in Bradford & Airedale Care Partnerships Ltd and Care Partnerships 25 Ltd. The construction and facilities management contracts were also disposed of and novated to the respective acquirer of the shares. The total amount of consideration received in cash was £8,137,051. The terms of the disposal of the shares provide for additional consideration of up to £499,678 (Bradford & Airedale Care Partnerships Ltd - £447,651 and Care Partnerships 23 Ltd - £52,027) to become payable on the occasion of either business securing a future tranche of development work. These amounts have not been reflected within these financial statements as they are regarded as a contingent asset.

Included within the results of the Group during the year is turnover in relation to discontinued LIFT activities amounting to £8,498k (2010: £9,572k) and operating costs amounting to £5,740k (2010: £6,613k). Also included within the results of the Group during the year is turnover in relation to other discontinued activities amounting to £898k (2010: £2,139k) and operating costs amounting to £891k (2010: £1,614k).

7. Surplus on disposal of property - Group

	2011	2010
	£'000	£'000
Proceeds of disposal	1,930	8,993
Cost of sales	(1,462)	(6,267)
	-----	-----
Total surplus	468	2,726
	=====	=====

8. Interest receivable - Group

	2011	2010
	£'000	£'000
Interest receivable and similar income	488	2,585
Other	148	-
	-----	-----
	636	2,585
	=====	=====

9. Interest payable and similar charges - Group

	2011	2010
	£'000	£'000
On bank loans and overdrafts:		
Interest payable	16,863	20,696
Indexation	-	(21)
Issue costs on capital instruments	56	56
	-----	-----
	16,919	20,731
Less: Capitalised interest	(470)	(2,168)
	-----	-----
	16,449	18,563
	=====	=====

Capitalisation rate used to determine the finance costs capitalised during the period	3.5%	3.2%
---	------	------

10. Minority interest - Group

Equity minority interest represents the share of the surpluses less deficits on ordinary activities attributable to the interest of equity shareholders in subsidiaries which are not wholly owned by the Group (see note 28). Results have been included up until the point of sale completion.

During the year the Group sold its entire shareholding in Bradford & Airedale Care Partnerships Ltd and Care Partnerships 25 Ltd and reduced its shareholding in Procurement For All Limited (for £nil consideration) from 66.67% to 16.67%. These transactions led to the minority interest on the Consolidated Balance Sheet to reduce to £nil at 31 March 2011 (2010: £321k).

11. Surplus on ordinary activities before taxation - Group

	2011	2010
	£'000	£'000
Surplus on ordinary activities before taxation is stated after (charging)/crediting:		
Depreciation:		
Tangible owned fixed assets	(7,634)	(7,171)
Amortisation of intangible assets	(34)	(39)
Amortisation of negative goodwill	810	810
Amortisation of positive goodwill	(5)	(5)
Auditors' remuneration:		
In their capacity as auditors	(135)	(126)
In respect of tax services	(28)	(31)
In respect of other services	(8)	(12)
Impairment of properties held in fixed assets	(1,234)	(1,419)
Impairment of investment properties	(158)	-
Write down of properties held in current assets	(63)	(127)
Impairment of intangible assets	(169)	-
Bad debts:		
Current residents	(81)	72
Former residents	(329)	(314)
Other debtors	(330)	(269)
Operating lease charges	(30)	(30)
	=====	=====

12. Taxation on surplus on ordinary activities - Group

	2011	2010
	£'000	£'000
Analysis of charge in year		
Current tax		
UK corporation tax on surplus for the year on ordinary activities		
Group	-	36
Joint ventures	-	3
	-----	-----
	-	39
Adjustments in respect of prior periods		
Group	(30)	(172)
	-----	-----
Total current tax	(30)	(133)
	-----	-----
Deferred tax		
Group	92	215
	-----	-----
Total deferred tax	92	215
	-----	-----
Tax charge/(credit) on surplus on ordinary activities	62	82
	=====	=====

Factors affecting tax charge for period

The tax assessed is lower than the standard rate of corporation tax in the UK 28% (2010: 28%). The differences are explained below:-

	2011	2010
	£'000	£'000
Surplus on ordinary activities before tax	4,122	4,486
Adjustments in respect of charitable activities	(1,765)	(3,825)
	-----	-----
Surplus on ordinary activities subject to tax	2,357	661
	=====	=====
Surplus on ordinary activities subject to tax multiplied by the standard rate of corporation tax in the UK of 28% (2010: 28%)	660	185
Effects of:		
Tax losses not utilised	(165)	950
Expenses not deductible for tax purposes	102	224
Income not chargeable for tax purposes	(433)	(154)
Capital allowances greater than depreciation	(126)	(415)
Interest allowed greater than interest charged	-	(361)
Taxation on lease premium	-	86
Capitalised arrangement fee	-	(476)
Short term timing differences	9	-
Charge on income	(47)	-
Prior year adjustment	(30)	(172)
	-----	-----
Current tax charge for year	(30)	(133)
	=====	=====

Factors that may affect future tax charges

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

13. Intangible fixed assets

Other intangible assets - Group

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

	Intellectual property rights £'000
Cost at 1 April 2010 and 31 March 2011	334 =====
Amortised	
At 1 April 2010	(131)
Amortised in year	(34)
Impairment	(169)

At 31 March 2011	(334) =====
Net book value at 31 March 2011	Nil =====
Net book value at 31 March 2010	203 =====

During the year the Directors considered the carrying value of the Intellectual Property Rights and decided that it was appropriate given prospects for the activities to impair the value to nil.

Goodwill - Group

	Positive Goodwill £'000	Negative Goodwill £'000
Cost		
As at 1 April 2010	8,312	(64,383)
	-----	-----
At 31 March 2011	8,312	(64,383)
	=====	=====
Amortisation		
As at 1 April 2010	(8,221)	3,620
Amortisation	(5)	810
	-----	-----
At 31 March 2011	(8,226)	4,430
	=====	=====
Net book value		
As at 31 March 2011	86	(59,953)
	=====	=====
As at 31 March 2010	91	(60,763)
	=====	=====

The negative goodwill arises on the acquisition of Nene Housing Society Limited on 1 January 2005 and Peerless Housing Society Limited on 3 July 2006. It is amortised over the estimated remaining life of the assets which is 80 years. The remaining positive goodwill relates to the acquisition of G&P Holdings Limited on 17 May 2007.

14. Tangible Fixed Assets

Group	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Supported housing £'000	Total housing properties £'000	Other tangible fixed assets				
						Lift projects £'000	Investment properties £'000	Freehold offices £'000	Plant vehicles and equipment £'000	Total £'000
Cost or valuation										
At 1 April 2010	515,037	52,626	44,219	15,118	627,000	78,670	1,918	11,807	16,995	736,390
Transfer between category	(617)	727	77	-	187	-	-	(227)	-	(40)
Transfer to properties held for sale	-	-	-	-	-	-	-	(342)	-	(342)
Schemes completed	40,597	(52,727)	6,590	5,540	-	-	-	-	-	-
Additions	4,463	29,468	214	-	34,145	5,103	-	19	2,303	41,570
Disposals	(343)	(592)	(1,309)	-	(2,244)	(83,773)	-	-	(120)	(86,137)
Revaluation movement	(19,096)	-	2,305	-	(16,791)	-	(158)	-	-	(16,949)
At 31 March 2011	540,041	29,502	52,096	20,658	642,297	-	1,760	11,257	19,178	674,492
Depreciation										
At 1 April 2010	(3,482)	(2,014)	(1,837)	(1,301)	(8,634)	(1,810)	-	(1,085)	(11,099)	(22,628)
Transfer between category	-	-	-	-	-	-	-	40	-	40
Transfer to properties held for sale	-	-	-	-	-	-	-	50	-	50
Impairment	(1,234)	-	-	-	(1,234)	-	-	-	-	(1,234)
Charge for year	(4,996)	-	(386)	(85)	(5,467)	(620)	-	(167)	(1,380)	(7,634)
On disposals	3	-	31	-	34	2,430	-	-	113	2,577
Schemes completed	(2,014)	2,014	-	-	-	-	-	-	-	-
Revaluation movement	5,047	-	132	-	5,179	-	-	-	-	5,179
At 31 March 2011	(6,676)	-	(2,060)	(1,386)	(10,122)	-	-	(1,162)	(12,366)	(23,650)
Cost or valuation less depreciation										
At 31 March 2011	533,365	29,502	50,036	19,272	632,175	-	1,760	10,095	6,812	650,842
At 31 March 2010	511,555	50,612	42,382	13,817	618,366	76,860	1,918	10,722	5,896	713,762
Social Housing Grant and other capital subsidies										
At 1 April 2010	(4,913)	(13,216)	(405)	(9,747)	(28,281)	-	-	-	-	(28,281)
Receivable in year	(30)	(17,264)	-	-	(17,294)	-	-	-	-	(17,294)
Schemes completed	(16,304)	19,482	(2,210)	(968)	-	-	-	-	-	-
Disposals	182	-	317	-	499	-	-	-	-	499
Revaluation movement	8,629	-	250	-	8,879	-	-	-	-	8,879
At 31 March 2011	(12,436)	(10,998)	(2,048)	(10,715)	(36,197)	-	-	-	-	(36,197)
Net book value at 31 March 2011	520,929	18,504	47,988	8,557	595,978	-	1,760	10,095	6,812	614,645
Net book value at 31 March 2010	506,642	37,396	41,977	4,070	590,085	76,860	1,918	10,722	5,896	685,481

Included in the above are finance costs capitalised in the year of £470k (2010: £2,168k).

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

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

	2011	2010
	£'000	£'000
Historical cost	778,299	731,301
Social housing grant	(395,773)	(375,941)
Depreciation and impairment	(37,369)	(30,877)
	-----	-----
	345,157	324,483
	=====	=====

Expenditure on works to existing properties

	2011	2010
	£'000	£'000
Amounts capitalised	5,204	3,669
Amounts charged to income and expenditure account	6,702	3,841
	-----	-----
Total	11,906	7,510
	=====	=====

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

	2011	2010
	£'000	£'000
Freehold land and buildings	594,336	588,440
Long leasehold land and buildings	1,608	1,611
Short leasehold land and buildings	34	34
	-----	-----
	595,978	590,085
	=====	=====

Properties are professionally valued by Savill's (chartered surveyors) and are undertaken in accordance with the RICS Appraisal and Valuation Standard (The Red Book) and in accordance with the current Guidance for Accounts Valuations for Registered Social Landlords contained in the SORP. The SORP recommends that Housing Associations should value their assets for accounts purposes on the Existing Use Value - Social Housing (EUV-SH) basis. In determining this valuation, the valuer has made use of discounted cash flow methodology and key assumptions were made concerning the levels of future rents, the rate of turnover of existing residents, the level of right to buy sales and the real discount rate.

The assumed real discount rate was between 5.00% and 6.00% for housing property. Rental income was assumed to grow at a rate in line with the rent restructuring regime. This limits rent increases to RPI + ½% + £2 per week. Changes in RPI have been assumed to range between 5% to 3% between 2011/12 and 2013/14 and 2.5% thereafter. For shared ownership property the assumed discount rate is between 4.75% and 6% real for rental income and 6.5% real for staircasing and default income. The Group would not be able to sell all the properties without repaying SHG from the proceeds of the sale, but SHG would be subordinated in favour of any deemed private loans charged on these properties.

Dates of revaluation:-

- Accent Foundation Limited – 31 March 2009 (full valuation).
- Accent Nene Limited – 31 March 2010 (full valuation).
- Accent Peerless Limited – 31 March 2011 (full valuation).

The valuations relating to Accent Foundation and Accent Nene are considered to be not materially different from the current value.

Impairment

An impairment provision of £1,234k (2010: £1,419k) was made during the year to 31 March 2011 to reduce the carrying value of certain properties within the Group to their value in use, being the estimated recoverable amount, this charge wholly relates to a single scheme. Of the £1,234k £nil (2010: £52k) relates to the impairment of assets held within current assets.

15. Investments - Group

Current asset investments

	2011	2010
	£'000	£'000
Housing loans security deposit	5	5
London Borough of Bromley security deposit	1,067	768
Cash held in Escrow	1,402	-
Other deposits	61,318	28,631
	-----	-----
	63,792	29,404
	=====	=====

The investment of £1,067,000 is security against a loan from the Local Authority as shown in note 19. The investment's interest rate is equal to that charged on the loan.

16. Properties held for sale - Group

	2011	2010
	£'000	£'000
Shared ownership properties	509	2,496
Properties under construction	1,137	1,464
Properties held for sale	3,805	1,704
	-----	-----
	5,451	5,664
	=====	=====

17. Stocks - Group

	2011	2010
	£'000	£'000
Long term contract balances net cost less foreseeable losses	211	1,027
Work in progress	35	-
	-----	-----
	246	1,027
	=====	=====

18. Debtors - Group

	2011	2010
	£'000	£'000
<u>Amounts falling due within one year:</u>		
Rent and service charges receivable	4,456	4,449
Provision for doubtful debts	(1,629)	(1,684)
	-----	-----
	2,827	2,765
Net investment in finance leases	713	679
VAT	88	151
Social Housing Grant receivable	2,262	475
Prepayments and accrued income	1,954	3,790
Corporation tax	24	-
Other debtors	1,924	4,794
	-----	-----
	9,792	12,654
	=====	=====

18. Debtors - Group (cont...)

<u>Amounts falling due after one year:</u>	2011 £'000	2010 £'000
Deferred taxation	121	213
Net investment in finance leases	4,266	4,427
Other long term debtors	340	564
	-----	-----
	4,727	5,204
	=====	=====
	2011	2010
	£'000	£'000
Debtor analysis		
In one year or less	9,792	12,654
Between one and two years	870	950
Between two and five years	2,165	2,208
After more than five years	1,692	2,046
	-----	-----
	14,519	17,858
	=====	=====

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

The underlying cost of the net investment in finance leases is £4,978,867 (2010: £5,106,196).

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

	2011 £'000	2010 £'000
Bank loans (note 20)	1,743	10,226
Social Housing Grant received in advance	2,766	8,074
Social Housing Grant held on behalf of partners	-	885
Recycled Capital Grant fund	1,077	1,481
Disposal proceeds fund	247	610
Bank overdraft	1,318	1,790
Trade creditors	5,969	4,079
Corporation Tax	-	39
VAT	-	78
Other taxation and social security payable	329	547
Accruals	13,039	13,173
Deferred income	722	1,669
Other creditors	5,662	7,617
Deferred Grant	59	33
	-----	-----
	32,931	50,301
	=====	=====

Bank loans includes an unutilised balance on a loan from the London Borough of Bromley amounting to £957,592 (2010: £679,752). This element of the loan is matched by specific investment balances, which serve as security for the loan shown in note 15 and bear an interest rate equal to that earned on the investments.

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

	2011	2010
	£'000	£'000
Bank loans	382,292	405,428
Other creditors	1,802	4,108
Deferred income	-	5,453
Disposal proceeds fund	231	231
Social housing grant recycled	932	687
	-----	-----
	385,257	415,907
Capital instrument issue costs	(2,126)	(2,336)
	-----	-----
	383,131	413,571
	=====	=====
<u>Bank loans analysis</u>		
	2011	2010
	£'000	£'000
Due after more than one year		
Housing loans	377,412	330,110
Loans financing lease debtors	4,880	4,969
LIFT loans	-	70,349
	-----	-----
	382,292	405,428
	=====	=====
	2011	2010
	£'000	£'000
Total loans repayable as follows:		
Within one year	1,743	10,226
Between one and two years	4,958	1,819
Between two and five years	15,699	24,802
After five years	361,635	378,807
	-----	-----
	384,035	415,654
	=====	=====

At 31 March 2011 the Group had a facility with Nationwide Building Society of £210m of which £30m was unutilised.

At 31 March 2011 the Group had a facility with Royal Bank of Scotland of £81.174m, which was fully utilised.

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

Both loans are a mixture of fixed and variable rates. Fixed plus a margin and variable being LIBOR (London Inter Bank Offer Rate) plus a margin ranging from 0.38% to 0.45%.

At 31 March 2011 Accent Peerless had a facility with Lloyds Bank of £125m of which £40.75m was unutilised.

The borrowings are secured by fixed charges on individual properties and other assets and are repayable at varying rates of interest between c 0.8% and c 7.9% with repayment commencing in 2013.

21. Recycled capital grant fund - Group

	2011	2010
	£'000	£'000
At 1 April	2,168	2,593
Grants recycled	446	493
Interest accrued	10	19
Purchase/development of properties	(615)	(937)
	-----	-----
Balance at 31 March	2,009	2,168
	=====	=====

No grant is due for repayment.

22. Disposal proceeds fund - Group

	2011	2010
	£'000	£'000
At 1 April	841	835
Interest accrued	5	6
Purchase & redevelopment of properties	(368)	-
	-----	-----
Balance at 31 March	478	841
	=====	=====

No grant is due for repayment.

23. Provisions for liabilities - Group

	Self insurance £'000	Cyclical maintenance £'000	Replacement of on-site equipment £'000	Major repairs £'000	Other £'000	Total £'000
At 1 April 2010	379	453	689	1,896	827	4,244
Transferred from income and expenditure account	120	39	62	129	-	350
Disposal	-	-	-	-	(130)	(130)
Utilised in the year	(89)	(8)	(20)	(40)	(423)	(580)
	-----	-----	-----	-----	-----	-----
At 31 March 2011	410	484	731	1,985	274	3,884
	=====	=====	=====	=====	=====	=====

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

Deferred Tax	2011	2010
	£'000	£'000
Accelerated capital allowances	(91)	1,980
Short term timing differences	(30)	1,325
Tax losses	-	(3,518)
	-----	-----
Undiscounted deferred tax asset	(121)	(213)
	=====	=====
Asset at start of year	(213)	(428)
Charge/(credit) in income and expenditure account	92	215
	-----	-----
Asset at end of year	(121)	(213)
	=====	=====

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

24. Pension obligations

Accent Group Pension Scheme

A funded defined benefit scheme was established on 1 July 1992 to provide death and retirement benefits for employees of Accent Group Limited and certain subsidiary undertakings and their specified dependants, this is known as the Accent Group Pension Scheme. The most recent actuarial valuation of the scheme as at 6 April 2008 has been updated by Bluefin Corporate Consulting Limited to 31 March 2011 to take account of the requirements of FRS17. This indicated that there was a deficit before deferred tax liability of £8,136,000 (2010: £11,114,000) when comparing the actuarial value of the scheme with the value of its liabilities. The valuation was conducted using a Projected Unit method.

The Group has paid to the scheme contributions of £1,197,089 (2010: £1,163,954) being 16% (2010: 16%) of pensionable salaries during the accounting period. Employees' contributions were 9% of pensionable salaries. Employers' contributions payable for the year are charged to management expenses.

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

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

The liabilities set out in this note have been calculated by an independent actuary based on preliminary actuarial valuation results at 5 April 2008, updated to 31 March 2011. The assumptions adopted for FRS17 purposes and the results of the calculations are shown below.

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

Key financial assumptions

	31 March 2011 % pa	31 March 2010 % pa
Discount rate	5.6	5.6
Inflation	3.7	3.8
Expected return of assets	6.7	7.4

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

	31 March 2011 % pa	31 March 2010 % pa
Equities	7.7	8.0
Corporate Bonds	5.6	5.6
Gilts	4.2	4.4
Other	0.5	2.0

Pensions in payment in respect of service from 6 April 1997 to 5 April 2005, and deferred pensions subject to statutory revaluation, have been assumed to increase at 3.7% pa. Pensions in payment in respect of service after 5 April 2005 have been assumed to increase at 2.5% pa.

24. Pension obligations (cont...)

The mortality assumption adopted for the purposes of the calculations as at 31 March 2011 (and at 31 March 2010) is as follows:-

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

Average life expectancies	31 March 2011 Years	31 March 2010 years
Male age 65 at reporting date	22.2	22.1
Male age 65 at reporting date +20 years	23.2	23.2
Female age 65 at reporting date	25.1	25.0
Female age 65 at reporting date +20 years	26.0	25.9

Active members are assumed to retire at age 62 and deferred members at 60, or immediately in the case of such members already older than these ages. No allowance is included for members commuting their benefits at retirement.

Amounts recognised in the income and expenditure account	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Current service cost	971	676
Interest cost	2,132	1,697
Expected return of Scheme assets	(1,877)	(1,079)
	-----	-----
Total recognised in profit and loss account before deduction of tax	1,226	1,294
	=====	=====

Reconciliation of defined benefit obligation	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Defined benefit obligation at beginning of year	37,686	26,624
Current service cost	971	676
Interest cost	2,132	1,697
Contributions by Scheme members	483	653
Actuarial (gains)/losses	(2,569)	8,739
Benefits paid	(614)	(703)
	-----	-----
Defined benefit obligation at end of year	38,089	37,686
	=====	=====

Reconciliation of fair value of Scheme assets	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Fair value of Scheme assets at beginning of year	26,572	17,562
Expected return on assets	1,877	1,079
Actuarial (losses)/gains	(71)	6,647
Contributions by the employer	1,706	1,334
Contributions by Scheme members	483	653
Benefits paid	(614)	(703)
	-----	-----
Fair value of Scheme assets at end of year	29,953	26,572
	=====	=====

24. Pension obligations (cont...)

Reconciliation in the balance sheet

	As at 31 March 2011 £'000	As at 31 March 2010 £'000
Fair value of Scheme assets	29,953	26,572
Actuarial value of Scheme liabilities	(38,089)	(37,686)
	-----	-----
Deficit in the Scheme	(8,136)	(11,114)
Deferred tax	2,278	3,112
	-----	-----
Net pension liability	(5,858)	(8,002)
	=====	=====

Analysis of assets

	As at 31 March 2011 £'000	As at 31 March 2010 £'000
Equities	18,571	21,342
Gilts	2,995	1,322
Corporate Bonds	5,991	3,671
Other	2,396	237
	-----	-----
	29,953	26,572
	=====	=====

Analysis of return on assets

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Expected return on assets	1,877	1,079
Actuarial (losses)/gains	(71)	6,647
	-----	-----
Actual return on assets	1,806	7,726
	=====	=====

History of experience gains and losses

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Loss/(gain) on Scheme assets	71	(6,647)
Experience gain on Scheme liabilities	(4)	-
(Gain)/loss on change in assumptions (financial and demographic)	(2,565)	8,739
	-----	-----
Total actuarial (gain)/loss recognised in STRSD	(2,498)	2,092
	=====	=====

The cumulative amount of actuarial losses recognised in the statement of the total recognised gains and losses since the adoption of FRS 17 is £5.054m (2010: £7.552m). Due to changes in the assumptions underpinning our defined benefit pension schemes, arising from the Governments' decision to tie future revaluation to CPI instead of RPI, a credit of £616k (2010: £nil) has been recognised in the Consolidated Statement of Total Recognised Surpluses and Deficits (STRSD).

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of defined benefit obligation	38,089	37,686	26,624	25,121	25,455
Fair value of scheme assets	29,953	26,572	17,562	21,567	20,855
Deficit on scheme	(8,136)	(11,114)	(9,062)	(3,554)	(4,600)
Experience (losses)/gains on assets	(71)	6,647	(6,519)	(1,913)	102
Experience gains/(losses) on liabilities	4	-	(1,129)	-	(76)

24. Pension obligations (cont...)

Surrey Pension Fund – Accent Peerless Limited

The majority of Accent Peerless employees are members of the Surrey Pension Fund; alternatively Accent Peerless Limited makes contributions to a money purchase group personal pension plan. The Surrey Pension Fund is an independently administered pension scheme. It is a defined benefits scheme based on final pensionable salary. As at 31 March 2011 there were 13 employees participating in the scheme. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary, using the projected accrued benefit method, and is not materially different from that arising from the current employer's contribution rate.

The pension contributions payable by Accent Peerless Limited for the year ended 31 March 2011 were £129,000 (2010: £219,000) at a contribution rate of 25.2% of pensionable salary; as recommended by the actuary until the next funding valuation at 31 March 2013.

The most recent formal valuation was carried out as at 31 March 2011, and has been updated by independent actuaries to the Surrey Pension Fund to take account of the requirements of FRS17 in order to assess the assets and liabilities of the Fund as at 31 March 2011. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. Accent Peerless Limited contributes to the Surrey Pension Fund at a common rate applicable to a group of employers, which is set having regard to the assets and liabilities of the Group as a whole.

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

Statistical assumptions

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

	2011	2010
	No. of years	No. of years
Current Pensioners		
Males	21.9	22.7
Females	24.0	26.1
Future Pensioners		
Males	23.9	24.8
Females	25.9	28.3

Financial assumptions

	2011	2010
	% pa	% pa
Discount rate	5.5	5.5
Rate of increase in salaries	5.1	5.3
Rate of increase in pensions in payment	2.8	3.8
Rate of increase in deferred pensions	2.8	3.8
Rate of inflation	2.8	3.8
Expected return on assets	6.9	7.2

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

	2011	2010
	% pa	% pa
Equities	7.5	7.8
Bonds	4.9	5.0
Property	5.5	5.8
Cash	4.6	4.8

24. Pension obligations (cont...)

Amounts recognised in the balance sheet:

	2011	2010
	£'000	£'000
Fair value of plan assets	6,532	7,261
Present value of funded obligations	(8,948)	(12,397)
Present value of unfunded liabilities	(134)	(156)
	-----	-----
Accent Peerless Limited's net liability	(2,550)	(5,292)
	=====	=====

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

	2011	2010
	£'000	£'000
Current service cost	101	92
Expected return on pension fund assets	(515)	(331)
Interest on pension fund liabilities	634	532
Past service gain	(1,180)	-
Loss on curtailments and settlements	-	21
	-----	-----
Total operating (credit) / charge	(960)	314
	=====	=====

Due to changes in the assumptions underpinning our defined benefit pension schemes, arising from the Government's decision to tie future revaluation to CPI instead of RPI, a credit of £1,180k (2010: £nil) has been recognised in the Consolidated Income and Expenditure Account.

Reconciliation of defined benefit obligation:

	2011	2010
	£'000	£'000
Opening defined benefit obligation	(12,553)	(7,751)
Current service cost	(101)	(92)
Interest cost	(634)	(532)
Contributions by members	(29)	(49)
Actuarial gains/(losses)	2,691	(4,347)
Past service gain	1,180	-
Losses on curtailments	-	(21)
Estimated unfunded benefits paid	7	7
Estimated benefits paid	357	232
	-----	-----
Closing defined benefit obligation	(9,082)	(12,553)
	=====	=====

Reconciliation of fair value of employer assets

	2011	2010
	£'000	£'000
Opening Fair Value of Employer Assets	7,261	5,078
Expected Return on Assets	515	331
Contributions by Members	29	49
Contributions by the Employer	122	212
Contributions in respect of Unfunded Benefits	7	7
Actuarial (losses)/gains	(1,038)	1,823
Unfunded Benefits Paid	(7)	(7)
Benefits Paid	(357)	(232)
	-----	-----
Closing Fair Value of Employer Assets	6,532	7,261
	=====	=====

24. Pension obligations (cont...)

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

	2011	2010
	%	%
Equities	76	75
Bonds	16	17
Property	5	6
Cash	3	2

Actual return on plan assets:

	2011	2010
	£'000	£'000
Actual return on plan assets	640	2,155
	=====	=====

History of experience gains and losses

	Year ended	Year ended
	31 March	31 March
	2011	2010
	£'000	£'000
(Gain)/loss on Scheme assets	(1,876)	4,348
Experience gain on Scheme liabilities	(815)	(1)
Loss/(gain) on change in assumptions (financial and demographic)	1,038	(1,823)
	-----	-----
Total actuarial (gain)/loss recognised in STRSD	(1,653)	2,524
	=====	=====

The cumulative amount of actuarial losses recognised in the statement of the total recognised gains and losses since the adoption of FRS 17 is £1.105m (2010: £2.758m.)

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

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(9,082)	(12,553)	(7,751)	(7,876)	(8,729)
Fair value of scheme assets	6,532	7,261	5,078	6,584	6,616
Deficit on scheme	(2,550)	(5,292)	(2,673)	(1,292)	(2,113)
Experience gains/(losses) on assets	(1,038)	1,823	(2,046)	(447)	-
Experience gains/(losses) on liabilities	815	1	(1)	(138)	6

Social Housing Pension Scheme – Accent Nene Limited

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

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

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

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

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

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

24. Pension obligations (cont...)

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns. During the accounting period Accent Nene Limited paid contributions at the rate of 5.8% to 7.8%. Member contributions were 14.7%. As at the balance sheet date there were 46 active members of the Scheme employed by Accent Nene Limited. The annual pensionable payroll in respect of these members was £1,367,166. Accent Nene Limited continues to offer membership of the Scheme to its employees.

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

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

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

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

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

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

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

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

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

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

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

24. Pension obligations (cont...)

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2011 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

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

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

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

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

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

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

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

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

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

25. Reserves - Group

	Revaluation reserve £'000	Insurance reserve £'000	Negative Goodwill £'000	Accumulated surplus £'000	Total £'000
At 1 April 2010	190,862	124	60,763	23,721	275,470
Surplus for the year	-	-	-	4,066	4,066
Deficit on revaluation of housing properties	(2,733)	-	-	-	(2,733)
Actuarial gain relating to pension scheme	-	-	-	4,155	4,155
Deferred tax movement on net pension asset	-	-	-	(834)	(834)
Amortisation of negative goodwill	-	-	(810)	-	(810)
Transfers to income and expenditure account	(2,367)	29	-	2,338	-
	-----	-----	-----	-----	-----
At 31 March 2011	185,762	153	59,953	33,446	279,314
	=====	=====	=====	=====	=====

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

26. Non-equity share capital

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

	Society 2011 £
Allotted, issued and fully paid	
At 1 April	9
Issued	1
Forfeited	(2)

At 31 March	8
	=====

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

27. Capital commitments - Group

	2011 £'000	2010 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	26,401	44,375
Capital expenditure that has been authorised by the Board but has not yet been contracted for	32,057	18,357
	-----	-----
	58,458	62,732
	=====	=====
The above commitments are expected to generate Social Housing and other grants totalling:		
In relation to expenditure contracted for but not provided for	6,703	11,794
In relation to expenditure authorised by the Board but not yet contracted for	70	5,710
	-----	-----
	6,773	17,504
	=====	=====

The remaining commitments of £52m (2010: £45m) are capable of being fully financed by banks and building societies. As at 31 March 2011 the Group had £70.9m on deposit to meet these commitments and had agreed unused facilities of £70.75m, with further facilities on offer.

Operating leases

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

	2011 £'000	2010 £'000
Land and buildings leases expiring		
Within one year	-	53
One to five years	86	73
Beyond five years	541	54
	-----	-----
	627	180
	=====	=====
Vehicles, office equipment and computers expiring		
Within one year	-	-
One to five years	352	285
Beyond five years	3	-
	-----	-----
	355	285
	=====	=====

28. Subsidiary, joint venture and associate undertakings

	Percentage Owned %	Accent Group Limited and Subsidiaries hold 100% of the share capital	Industrial and Provident Society controlled by Accent Group Limited
At 31 March 2011 the subsidiary, joint venture and associate undertakings were:-			
Subsidiaries:			
Accent Amalgamated Limited	100		x
Accent Assets Limited (which in turn holds 100% of G&P Holdings Limited)	100	x	
Accent Commercial Innovations Limited	100	x	
Accent Corporate Services Limited	100	x	x
Accent Regeneration & Community Partnerships Limited (formerly Accent Community Partnerships Limited)	100		x
Accent Foundation Limited (which in turn owns 50% of Accent Corporate Services Limited) (which in turn holds 93.35% of RS (Skipton) Limited (formerly Rural Solutions Limited))	100	x	x
Accent Nene Limited (which in turn holds 100% of Nene Homes Limited)	100		x
Accent Peerless Limited	100		x
Accent Project Solutions Limited	100		x
Accent Property Solutions Limited	100	x	
Accent Regeneration Limited	100		x
Accent South Limited	100	x	
Diamond Square Limited (which in turn holds 6.65% of RS (Skipton) Limited)	100	x	
Domus Services Limited	100	Note A	
Heritage and Rural Limited	100	x	
PAN English Development Company Limited	100	x	
Repair Co Limited	100	x	
Joint Ventures:			
Network Accent Alliance Limited	50		
Firebird (JVC) Limited (project management company)	20		
Associates:			
Procurement For All Limited (joint procurement company)	16.7		
NLG Housing Limited (project management company)	14		

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

28. Subsidiary, joint venture and associate undertakings (cont...)

Note A

Accent Group Limited does not hold any shares in Domus Services Limited. However, it has effective control as the managing body is made up almost exclusively of either members of the Board of Management of Accent Group Limited or executive directors/employees of Accent Group Limited undertakings.

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

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

Accent Corporate Services Limited

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

Accent Foundation Limited

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

Accent Nene Limited

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

Accent Peerless Limited

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

29. Housing stock - Group

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

	Homes in management	
	2011	2010
<u>Social Housing</u>		
General housing accommodation for letting	17,691	17,071
Shared ownership	965	919
Key worker	15	16
Leasehold schemes for the elderly and shared equity	566	598
<u>Non Social Housing</u>		
Hostels	54	54
Market rented	95	92
	-----	-----
	19,386	18,750
	=====	=====

29. Housing stock – Group (cont ...)

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

	Bedspace in management	
	2011	2010
<u>Social Housing</u>		
Supported housing	564	547
<u>Non Social Housing</u>		
Student/hospital staff accommodation	330	331
	-----	-----
	894	878
	=====	=====

30. Related parties

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

K Aziz, J Kidd, P A Chadwick, W J Dyer, A W MacGregor, S Appleford, K J Tompkins, L R Walters and M S Khan.

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

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