a2dominion group

Annual Report & Accounts

2022

Contents

Front cover image:
Brooklands Park,
Ashford, Surrey

Our annual performance highlights

Deliver customer-led services for residents and communities

81.9%
Customer satisfaction against a target of 81.5%

Easy to deal with
Customers told us we continue to be easy to deal with, giving us a customer effort score of 3.8 against a target of less than 3.9

£11m
Generated in social value, 37% higher than our target of £8m

Tpas award
We won a Tpas award for 'Excellence in Engagement in Support and Care' for our supported living scheme, Bramlings House

Protect and grow our business

G1/V2
Maintained our regulatory rating following an In-Depth Assessment

Fitch A
Maintained our A credit rating with Fitch

81%
Employee engagement

ESG
Launched our first Environmental, Social and Governance report

Provide new high-quality homes and places

971
New homes completed

540
Homes started on site

3,300
Homes in the development pipeline

87%
Of new home customers would recommend us to others

GLA
Chosen as a partner to help deliver the Greater London Authority's (GLA) Affordable Homes Programme

Effectively manage our existing homes and places

88%
Satisfaction with responsive repairs services, above our target of 85%

3.3%
Low rent arrears

£960,000
Allocated to reduce carbon pollution – to be increased to £1.7m in 2022/23

80,000+
Responsive repairs carried out through our contractors and our joint venture partnerships

Chair's statement

Welcome to A2Dominion's Annual Report 2022, which I'm delighted to introduce as its new Chair.

I'd like to start by thanking our outgoing Chair, Ian Cox, who stepped down in March 2022 having reached his maximum term in office. I'm excited to have joined A2Dominion at this time of innovation, growth and potential for even further improvement.

Looking back over the last year, there have been many challenges facing the housing sector, as well as some new opportunities from which A2Dominion is well placed to benefit.

During recent discussions with our refreshed Group Board, we resolved that A2Dominion should focus on our core social mission: providing affordable housing for those left behind by the housing market. When I look back over the evolution of A2Dominion's mission as is stated in previous reports and accounts, I believe it's vital that we reaffirm our status as a housing charity. We have an important social purpose to provide safe, affordable homes for people who need them most and we are committed to investing in our local communities.

Since joining A2Dominion, I've been pleased to see how the organisation is progressing its ways of serving its customers through the delivery of wide-ranging improvement programmes. This includes the introduction of specialist health and safety systems to enable us to better monitor, report and deliver our health and safety obligations, as well as the ongoing work to improve our business services, technology and digital experience for our customers.

This all sits alongside our existing programme of continuous improvement in the quality of our homes, customer service and support.

We are adjusting to new ways of working and ramping up our ability to maintain and improve our existing homes, as well as focusing on the delivery of our development programme. Our customers, investors and communities can be confident in our financial strength, robustly tested through our risk assessments and mitigations built into our corporate plan. We have the expertise to provide support services for them, as well as quality, affordable homes to renters and owners.

We care about improving our existing customers' homes and neighbourhoods, ensuring that they are safe and secure. So we have a major programme of works in place for the year ahead and have committed to the long-term enrichment of our living environments and buildings, covering everything from safety to environmental sustainability and energy efficiency. These works were impacted during the pandemic, but we have managed these issues well and will continue to accelerate our programme of works where we can, to ensure that repairs and improvements are made as a priority.

Clearly then, our focus is on our customers, supporting them through the tough times we all find ourselves in. Challenges resulting from the pandemic and geo-political upheaval, including the Russian invasion of Ukraine, have contributed towards high inflation, rising energy costs, and disruption of supply chains. Notwithstanding government support, this will be a difficult year ahead. Our customer-facing teams are already dealing with increasing requests for support and I have every confidence in their ability and professionalism.

As part of our commitment to being a customer-first organisation, we have appointed two new customer representatives to our Customer Services Committee. Together, they help us to work collaboratively so that our front-line services are kept as relevant and effective as possible.

Following an In-Depth Assessment earlier this year, the Regulator of Social Housing confirmed that we have retained the highest grade for governance and are confident of our resilience to effectively manage any adverse impact, whilst ensuring continued compliance with their standards.

Our thanks go to Darrell Mercer, our outgoing CEO, for his outstanding contribution in building A2Dominion over the past 30 years to become the tremendous organisation it is. On behalf of A2Dominion, I wish to extend our thanks and best wishes for his retirement and ongoing recovery.

My thanks also go to Anne Waterhouse for her impeccable leadership and skill as our Interim CEO, stepping up during these challenging times.

I would also like to thank everyone who works at A2Dominion. Their ability to thrive while dealing with challenges and uncertainty is testament to their commitment, and I look forward to working with my colleagues to build upon our success.

Finally, I'm excited to welcome Ian Wardle as our new CEO. Following an extensive search with a very high calibre of candidates, Ian will be joining us from the Thirteen Group, where he has been CEO since 2016. His passion for customers, their housing, and their communities will assist our in-house teams in delivering the services that turn properties into secure and safe homes.

Alan Collett,
Chair

Interim Chief Executive Officer's statement

2021/22 was a year of change; one our colleagues met with resilience while continuing to support our customers and deliver new homes. I'd like to thank all our colleagues and partners for their commitment to our values and customers.

Despite the global pressures on supply chains and other factors that impacted the housing sector in the last year, the financial health of our business remains very positive. The business has continued to operate within budget and to improve its results from 12 months ago. This year we have delivered a surplus of £42.1 million, a £35.7 million increase on last year.

We have also maintained our G1/V2 regulatory rating, as well as our A credit rating with Fitch, which enables investors to have confidence in the ongoing strength of the organisation.

Nothing is more important to us than the safety and wellbeing of our customers, so we have continued to be fully committed to meeting our targets and obligations across all aspects of building safety and compliance. This requires real partnership working between our colleagues and our specialist service providers. We've created dedicated resources to oversee the delivery of our building safety programme for our customers, working hard to utilise government funding where we can.

Keeping our customers safe and secure and being responsive to their needs is also part of our overall safety and wellbeing agenda, and this last year saw a customer satisfaction score of 81.9%, exceeding our target. We also monitor the effort for our customers in interacting with us and are pleased that this remains low at 3.8, which is better than our target, the latest benchmark from the Institute of Customer Service (5.2 as at January 2022) and in line with the previous year (3.7).

This year we completed 971 new homes against a target of 953 – despite the challenges in construction, materials, and labour shortages. We also exceeded our target of 500 new homes starting construction in the last year.

We have continued to demonstrate financial resilience, which acts as an enabler to attract and utilise the investment we need to support the delivery of our property maintenance programmes for our homes, alongside our new homes programmes. The current external economic environment creates challenges for our organisation and our customers, so our focus on this financial resilience for the coming year remains key to us.

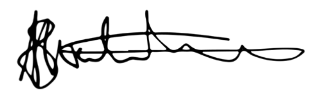
As a company with a social purpose to empower communities we have achieved £11 million in social value against a target of £8 million (and up from £9 million last year). The publication of our first Environmental, Social and Governance (ESG) report for investors has also provided clarity on our contribution to the sustainability reporting agenda and the further impact we intend to deliver.

Our internal Equality, Diversity and Inclusion Network has worked to find opportunities to help everyone feel empowered to reach their full potential and able to bring their whole self to work.

Customers also show increasing diversity compared with the previous year and so feedback on our services by key demographic groups has enabled us to identify, understand and make positive changes where they matter most.

We all remain committed to ensuring our homes are safe and secure for our customers and responding to the feedback we receive from our customers through our engagement activities.

I've welcomed the opportunity to lead the organisation over the last year, supporting colleagues and stakeholders through a period of significant change whilst navigating the external challenges. The effort and commitment from all our A2Dominion colleagues is the key foundation in enabling our business to continue to thrive. I'd like to thank all my colleagues at A2Dominion for their support and hard work.



Anne Waterhouse,
Interim Chief Executive

Strategic report

Our business at a glance

Our purpose

To provide as many high-quality homes as we can at a price people can afford.

Our vision

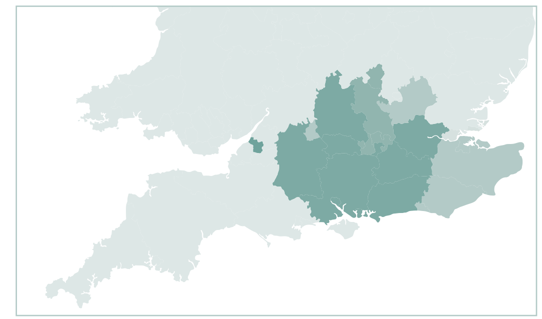
To improve people's lives through high-quality homes and services.

Who we are

We are a leading UK housing association and residential property group with a social purpose. While we take a commercial approach to housebuilding, we reinvest all of our profits into building new homes and supporting the communities where we work.

Where we operate

We work with customers and communities across London and southern England.



Full stock profile shown on page 12

39,000+

Homes owned or managed

69,000+

Customers who live in our homes

100%

Profits reinvested

G15 member

A group of London's largest housing associations

Image:
Canterbury House, Oxford
Student accommodation

Our services

Residential management services

We provide lettings and residential management services to customers across a diverse range of tenures, including affordable and private rented homes, student, NHS and temporary accommodation.

Care and support

From retirement and supported housing developments to homelessness provision and domestic abuse refuges, we provide a range of services and homes to help people live safe, happy and independent lives.

Property maintenance

We offer property maintenance services, planned repairs and estate services, and reinvest millions of pounds each year into upgrading and improving the homes we manage.

Community investment

We provide community events, wellbeing programmes, social activities and services including employment skills, finance, and digital support to help improve people's lives and their communities.

Land and development

We buy and develop land to provide hundreds of new, high-quality and sustainable homes each year across all tenures. We aim to deliver one third of all new homes in partnership with others, sharing risk, reward, experience and expertise.

Our brands

a2dominion

A2Dominion is our brand for a wide range of homes for rent and resale and day-to-day property management, as well as care and support, and community investment services.

FABRICA by A2Dominion

FABRICA by A2Dominion is our brand for our new, award-winning homes. We work in partnership with designers, architects and our current and future customers to provide high-quality homes for private sale and shared ownership.

pyramid plus

Pyramid Plus is the shared name of our joint venture asset management companies that provide repairs and maintenance services to our customers.

Our strategic objectives

Our four strategic objectives focus our activities to help us deliver our Corporate Strategy to 2025:

1 Deliver customer-led services

2 Protect and grow our business

3 Provide new high-quality homes and places

4 Effectively manage our existing homes and places

Our values

Caring by nature

We put people at the heart of everything we do. We treat everyone as individuals and always seek to do the right thing.

Working better together

We collaborate, creating opportunities to innovate and improve. We empower people to achieve great results together and we take responsibility for our actions.

Thinking for tomorrow

We understand and anticipate people's long-term needs and expectations. We take care to manage the lasting impact we have on everything around us.

Our approach

Our homes are funded through

Grants

Borrowing
(bank loans and bond finance)

Profit
(from selling the homes we build and rental income from the properties we manage)

Profits for a social purpose

Our responsibilities as a housing association are the very core of our work. We provide homes at social and affordable rent for customers on low incomes, accommodation for students and key workers, and help people onto the housing ladder through shared ownership.

We ensure we can continue to fund our core work by developing more homes for private sale and rent. Selling homes enables us to bridge the diverging subsidy gap resulting from reduced government grant levels, as well as helping people of all incomes to live and work in a place of their choosing. By creating more homes, we're contributing towards ending the housing crisis.

Our business model is supported by robust risk management and a strong asset base, which enables us to attract and retain funding from investors.

Reinvesting profits into our homes and communities

The profits we make help support the delivery of around 800 new homes a year across all tenures.

This includes:

- Providing affordable rented housing, where we fund over a third of their cost through our own surpluses and accessing the balance through external grants and borrowings
- Building shared ownership homes, helping prospective new homeowners get onto the property ladder
- Meeting the growing demand for privately rented homes

As well as the rent we receive, we use the remainder of our surpluses to support and maintain our existing properties, offer care and support services and help local communities where we work.

This includes:

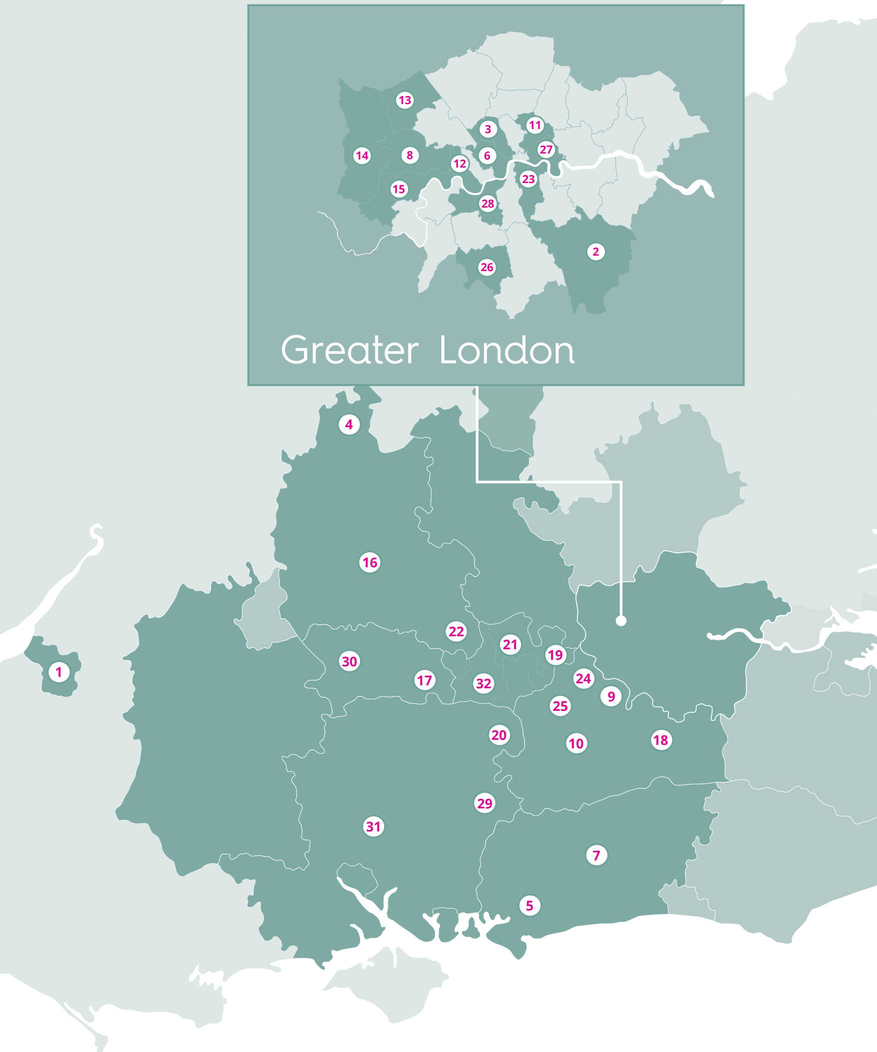
- Helping families on low incomes and vulnerable people
- Creating, nurturing and fostering local communities
- Maintaining and improving existing homes and services
- Investing in improving our effectiveness and underpinning services for customers

Stock profile

Local authority	Homes in management	Homes in development	Total
1 Bristol	969		969
2 Bromley	1,222		1,222
3 Camden		86	86
4 Cherwell	589	108	697
5 Chichester	558		558
6 City of Westminster	1,340		1,340
7 Crawley		121	121
8 Ealing	3,753	507	4,260
9 Elmbridge	638	257	895
10 Guildford	550	92	642
11 Hackney	413		413
12 Hammersmith & Fulham	1,280	204	1,484
13 Harrow	942		942
14 Hillingdon	2,084		2,084
15 Hounslow	2,794	275	3,069
16 Oxford City	2,772	601	3,373
17 Reading	541		541

*Indicates local authorities where stock in management is less than 300

Local authority	Homes in management	Homes in development	Total
18 Reigate & Banstead	402	99	501
19 Runnymede	641	46	687
20 Rushmoor	368		368
21 Slough	952		952
22 South Oxfordshire	316		316
23 Southwark		451	451
24 Spelthorne	7,555	109	7,664
25 Surrey Heath		141	141
26 Sutton	352		352
27 Tower Hamlets	502		502
28 Wandsworth	606		606
29 Waverley		232	232
30 West Berkshire	633		633
31 Winchester	1,150		1,150
32 Windsor & Maidenhead	382		382
Other*	4,989		4,989
Total	**39,293**	**3,329**	**42,622**



Number of properties in management and development:

1,000+ 500-999 0-499 No activity at present

Our Group performance

Deliver customer-led services for residents and communities

We have continued to provide high levels of service to our customers and prioritise customer safety and support, despite the challenges faced during this difficult period. In the last year we have also made improvements to our services and ways of working to ensure they are fit for purpose in this post-pandemic world.

£11m

Social value achieved through community investment activities, against a target of £8m

81.9%

Customer satisfaction score in 2021/22, exceeding our target (81.5%)[1]

3.8 score

Customers told us we continue to be easy to deal with, giving us a customer effort score of 3.8 against a target of less than 3.9[2]

£6.3m

Our Tenancy Sustainment team helped 2,314 customers claim over £6.3m in financial support

[1] Customer satisfaction scores are calculated using satisfaction with the Customer Contact Centre, responsive repairs and complaints. The complaints element has not been available during 2021/22 and is excluded from this score and the target. This will be re-introduced for the coming year.

[2] Customer effort scores are calculated using data on repairs, contact, complaints, and new homes. For part of 2020/21 and all of 2021/22, the complaints element has not been available. The 3.8 score for 2020/21 and 2021/22 (and the target for 2021/22) shows the score without complaints.

Our ambition

During the period to 2025 we have set out our ambition to deliver against our customer-led strategic objective.

This will be achieved through delivering the objectives in our Customer Experience Plan:

We are a customer-led organisation

Every decision we make as an organisation is done with the best interests of our customers in mind. We ensure customers are involved in the decision-making process through a variety of activities, including customer surveys, focus groups and formal customer representation on our Customer Services Committee.

We are easy to deal with

We always aim to make things simple for customers, teams and contractors. It is important that our communication is straightforward and effective, so that customers feel listened to, respected, and fairly treated, including those who are vulnerable, struggling or digitally excluded.

We offer channel choice

Our digitally-focused approach means customers can self-serve their queries quickly and at the right time for them. We will always be at the end of the phone or able to visit our communities when it is easier to talk things through. We also encourage customers to use channels that reduce effort for them, such as chat and online forms.

We deliver on our promises

Our customers can rely on us, and trust us, to do what we say we will. We also promise to recognise where we are failing to meet expectations and to put things right. We publish performance and cost information so customers can hold us to account.

Sheila, from Sunbury suffered from the lack of social interaction during and in the aftermath of the pandemic and she welcomed the home calls she received from our Health and Wellbeing team. From the thousands of calls with our customers, it became clear many wanted a place to go so they could meet up with others in the community.

As a result, four kickstart events were created across the Surrey area. They included an Afternoon Tea session, a weekly Book Club at the Greeno Centre in Shepperton, a weekly Coffee Morning at Kingdom Café and a weekly Community Lunch in Sunbury.

"It's been amazing because I am meeting new people and it's been wonderful and full of ideas."

Sheila, a resident (pictured right)

Sandra, from Shepperton said: "It has been fantastic, I have met other people, I am not sitting indoors looking at four brick walls."

Leah Campbell, Health & Wellbeing Project Coordinator, said: "Through my conversations with our customers it was evident that they wanted an opportunity to meet up in person and socialise with their neighbours.

"We want to inspire people who live in our communities to be the start of something new or to develop a project that they are already involved in. To kick-start the ideas we organised this Afternoon Tea event to encourage customers to get involved in current services or to set up their own clubs in the community with support from us."

Our customers have a sense of home, safety and security

They feel safe, secure and proud of where they live, and are considerate of their neighbours and local environment. Our community investment work makes a real difference in our customers' lives.

Image:
Sandra, a Shepperton resident

Our progress in 2021/22

Strategic KPI	2021/22 achieved	2021/22 target	2020/21
Deliver customer promise: customer effort score (weighted from Customer Contact Centre and repairs)	3.8	=<3.9	3.7
Deliver social impact: social value through community work and investment	£11m	£8m	£9m

Delivering a consistently high-quality service

We have continued to offer a high-quality repairs and maintenance service, despite external factors having an impact on global supply chains. The sector has faced difficulty sourcing materials from overseas, but the determination of our partners to keep our customers safe has helped us to ensure that the number of routine repairs and maintenance work carried out has remained on target and above the industry average.

Our out-of-hours service for customers has improved, including a change of provider. We also increased the number of posts in our Customer Contact Centre and Complaints & Resolution team to help manage demand.

This year, we achieved a customer satisfaction score of 81.9%, ahead of our target of 81.5%. The rating combines our customers' satisfaction with repairs and our Customer Contact Centre services. We set ourselves a target of resolving at least 96% of complaints at the first stage. We are pleased to have resolved 95% of them without needing further investigation, during a continuing global pandemic where the sector received unprecedented numbers of complaints. Our team aim to make an intervention at the earliest stage possible and this is demonstrated by less than 1% of complaints being escalated to the Ombudsman – again comfortably below the target of <3%.

Maha Qureshi, Contact Centre Apprentice at A2Dominion

Maha joined A2Dominion as a Contact Centre Apprentice in December 2021 after attending one of our Love London Working events.

The apprenticeship enabled Maha to take her first steps into full-time employment and the role puts her at the heart of customer relations. She has gained vital on-the-job experience and developed skills in relation to administration, working on key projects and communicating with various stakeholders.

Her two-year apprenticeship towards a Level 3 Business Administration qualification is being run by our dedicated Customer Experience managers and they have also guided Maha on her career beyond the programme.

"There is a lot of interest, not just in what I am doing currently, but on what I would like to do in the future as well. So it is quite inspiring and motivational just to work with different people and get an insight into what they do as well."

Maha Qureshi, Apprentice

She added: "They are quite attentive and supportive with not just gaining your qualification but helping you to gain those other skills you need in work life in general, so I would recommend it to anyone who wants to apply for it."

Improving our services

Over the last year we have:

- Improved our initial communication with customers, reducing repeat contact and improving our customer experience. During 2021/22 we continued to deliver 'Customer First' training across our Customer Experience and Operations teams, including our repairs contractors
- Invested in fixing the causes of complaints. We set up a dedicated project team to analyse and address key issues that drive complaints in the first place and ensure we handle them effectively
- Introduced dedicated champions to be single points of responsibility across our organisation for responding to complaints. This ensures a better customer experience with our complaints service and that we handle complaints consistently.

Investing in our communities

We continued to invest in the communities we operate in throughout another challenging year. Coming out of the latest phase of the pandemic in the spring of 2021, our teams went above and beyond in delivering vital support services for our customers. We generated a remarkable £11 million in social value through various community projects, exceeding our target for 2021/22 of £8 million[1].

Highlights of our community work included:

- Our Neighbourhood Awards recognised the contribution our residents make to the local community
- A new community forest school was opened in our Elmsbrook eco-town
- In Spelthorne, 60% of clients referred to our Over 50s project said it had improved their overall financial wellbeing

[1]Social value is a way to measure the impact of our projects and services. We follow a method used by the housing sector (developed by the Housing Associations' Charitable Trust) to quantify services that do not have a monetary value (such as wellbeing and mental health) and their impact. This estimates the unseen financial value to the people and communities who benefit from these services and their impacts.

- 50% of referrals to our Under 30 scheme in Spelthorne received coordinated interventions from a range of support teams
- Five customers secured a combined £15,000 in business funding through our Enterprise Programme
- Our Community Support projects in Spelthorne generated a direct social value of £436,718, according to a report by the Housing Associations Charitable Trust (HACT).

Our care and support service continues to grow

We have successfully grown and retained several important care and support service contracts this year through a competitive tendering process, including our longstanding young person's services in Surrey. Here we were re-commissioned to continue delivering housing and support to young parents for the next five years. This further cements our position as a leading Young Persons and Young Parents support provider.

We also won several important new contracts across all client groups and local authorities. One of these contracts is the Oxfordshire Housing First Project where we were the preferred bidder to deliver 20 units of Housing First Accommodation for people impacted by long term homelessness and complex needs.

Our A2Dominion Domestic Abuse Services (ADAS) has seen additional growth too, with a new domestic abuse service commissioned through tendering in Buckinghamshire, a new partner local authority for us. Alongside this we secured additional funding to grow our current domestic abuse provision in West Berkshire and Oxfordshire.

The combined annual contract value of all bids won this year totals over £1 million in funding for essential care and support services, with over £800,000 of that in the growth in new contracts and opportunities.

We launched a new Care & Support strategy (2021-2026), which highlights key strategic aims, and sets out our approach to working with partners, customers, and stakeholders for the next five years.

Three extra care schemes in Surrey have all received 'Good' ratings from the Care Quality Commission (CQC) in a recent round of inspections.

Image:
Sandra,
a Shepperton resident

The CQC also carried out inspections on our four extra care schemes in Reading in 2021 and gave them 'Good' ratings across the board. The report praised the services for having "respect for privacy and dignity at the heart of their culture and values".

Listening to and strengthening the customer voice

We strive to empower our customers and have increased resident membership of our formal governance structure. We now have three residents along with Group Board members and independent industry experts on the Customer Services Committee. The Committee oversees the development and implementation of our Customer Experience strategies and policies, as well as oversight of our customer services.

The Committee successfully argued for more front-line staff and training and commissioned analysis of equality and inclusion issues, resulting in a review of good practice. They also helped to shape policies and practice around digital communications and communications for those digitally excluded. This included the oversight of our vulnerable persons policy and plan, which created a new 'risk algorithm' to increase safeguarding of our customers.

As an organisation we welcomed the recommendations put forward in the Social Housing White Paper. The proposals will help to improve the safety of customers across the sector and give them a greater voice. We also recognise the importance of greater accountability and transparency for the way landlords operate.

We have prioritised customer engagement in:

Anti-social behaviour

We created a new resident involvement group and action plan to raise awareness of the issue and provide information around useful organisations to contact.

Fire safety

We have increased communication for residents impacted by fire safety issues. This has included the use of compliance inspections, webinars and a dedicated health and wellbeing service.

Stigma

A one-year research pilot *In It Together* is underway to understand issues experienced by customers living in our social housing.

Leaseholder services

We set up a survey to track and improve leaseholder satisfaction with contact and increased follow up calls.

Keyworkers and students

We have started trialling Zoom and new feedback surveys via QR codes to help us increase communication and responsiveness.

Looking ahead

Keeping our customers safe

Over the next year we'll focus on continuing to deliver our fire and building safety programme. We're also reviewing our approach to dealing with damp and mould in our homes and will be making changes to our services to improve them for our customers.

Simplifying and improving our services

Our priorities for improving our services to customers include:

- Simplifying customer contact, particularly for repairs. We'll look to make sure we minimise disruption for customers as we transform our systems and processes
- A sustained focus on value for money – flexing staff and other resources to where it's needed most
- Ensuring we keep our promises to customers, in particular through good customer service and effective complaint resolution.

Doing all we can to alleviate fuel poverty

We will continue to help our customers cope with the rising cost of household bills, including gas and electricity. Our dedicated Tenancy Sustainment Officers can refer clients to apply for the winter fuel discount and other benefits they may be entitled to. We also act on behalf of customers and deal directly with energy suppliers to look at repayment schemes and grants available to assist. In addition, our customers have been put in contact with a company called Connect for Help, which is financed by the major three energy suppliers to assist those having problems with paying bills, energy efficiency and smart/token meters and swapping.

Hardship fund

Our customers can gain access to a Tenancy Sustainment Fund (Hardship fund). The aim of the fund is not just to ease a particular financial hardship. It is also to ensure that the applicant has a clear path to follow on how they can get advice and support. In 2021/22 just over £32,000 was spent to support 110 residents facing financial difficulty in their day-to-day life. This ranged from supplementing moving costs to allow customers to downsize, household essential appliances such as cookers, and fridge freezers, bus passes to allow clients to get to work and help towards school uniforms.

Launching our new Springboard fund

This year we launched our new Springboard fund, which initially came from a legacy donation from one of our customers. The fund offers grants of £500-£5,000 per year towards higher education, qualification, training and any related expenses.

Image:
Paradise Street,
Oxford

Protect and grow our business

We have built our business model upon a position of financial and regulatory strength, paving the way for organic and sustainable growth. These elements provide assurance to our regulators and have allowed us to access the funding required to build new homes and improve existing communities. Strong financial performance in the past year has also allowed us to continue to provide an efficient and high-quality service to all our customers.

Our ambition

During the period to 2025 our ambition is to:

- Transform the way our organisation works, enabling greater customer satisfaction, business growth and improvement
- Maintain adequate funding, and safeguard and maintain the confidence of our regulator, stakeholders and partners
- Improve the financial performance of the Group
- Ensure that we have the investment, resources and organisational excellence required to protect the organisation.

G1/V2
regulatory rating

Fitch A
credit rating

81%
employee engagement score

Image:
100% affordable scheme
Gibbs Crescent, Oxford

Our progress in 2021/22

Strategic KPI	2021/22 achieved	2021/22 target	2020/21
Transform the way our organisation works: implement Fit for the Future Programme and deliver defined benefits	100% of refreshed project plan	100% of milestones	40% of agreed milestones
Improve our financial performance: core business margin (excluding sales)	20.2%	>=27.8%	21.8%
Private sales margin (including joint ventures)	14%	15.7%	11%
Safeguard / maintain confidence of our regulator, stakeholders and shareholders: credit rating	A	A	A
Regulatory rating	G1/V2	G1/V2	G1/V2
Ensure we have the investment, resources and excellence to protect the organisation: colleague engagement	81%	83%	86%

Improving financial performance against a backdrop of continuing challenge

The financial health of the business remains positive despite the continued challenges thrown up by external factors around the world. Careful planning and the ability to react has helped to mitigate the risk to the business caused by Covid-19, Brexit, the rising cost of living and other factors. The levels of liquidity and debt of the business remain in line with target despite the sector facing further cash flow uncertainties. The increased strain on supplies, especially for building materials, has resulted in delays and costs being driven up. However, the business has continued to outperform many of its results from 12 months ago.

Strong external funding and liquidity

The Group maintained high levels of liquidity. At the end of March 2022, we had £388 million of secured undrawn revolving credit facilities, a figure falling within target.

Fitch has also maintained our A credit rating. This is a strong score and puts us just below that of most high street banks. It allows the business to borrow at the best possible rates and demonstrates the security of the Group for lenders and bond investors.

Financial planning for the future

A long-term vision of the financial state of the business has ensured funding levels remain healthy for all departments. This approach has safeguarded the organisation and maintained the confidence of the regulator, stakeholders and partners. The publication of our first Environmental, Social and Governance (ESG) report for investors also provided clarity on our contribution to the sustainability reporting agenda. Through our financial stress testing and use of scenarios we have identified further mitigating actions to help protect from the impact of external economic conditions.

At every stage steps were taken to mitigate risk, but in some instances these steps were not sufficient, as demonstrated by an estimated £8.0 million reduction in surplus through delayed handovers of some schemes, as well as higher voids of £1.6 million due to some student and key worker properties being unoccupied during the Covid-19 pandemic.

Diverting resources to building safety and growing our own talent

We allocated additional funds to building safety in the past year, including recruiting a dedicated Building Safety team, with many colleagues coming from other areas of the organisation, providing valuable experience and development opportunities. We carried out full inspections on all our tall and mid-rise buildings and have also put aside additional funds as the sector awaits further clarity on the changes to the law in relation to cladding on high-rise buildings.

Adaptability and resilience of our people

Our employees have continued to show adaptability and resilience throughout another uncertain 12 months. Investment in technology through our Fit for the Future change programme has enabled a large proportion of our people to remain working remotely, while still providing essential services to our customers. Internally, we made a sustained effort to equip employees with the necessary tools to stay connected with each other and with our customers to ensure services kept running as smoothly as possible. As a result, employment engagement scores remained high at 81%, just short of the 83% target and above the external benchmark.

Image:
Matilda House, Oxford

Procurement accelerating

Many contracts were rolled over in year one of the Covid-19 pandemic and others are being renewed, for example planned and cyclical works and managed terms contracts, with a better contract register in place.

Contract management training was also run across the organisation with positive feedback. Our Procurement team is now planning a step change exercise to further improve its value proposition in the upcoming year.

Fit for the Future

The Fit for the Future (FFP) multi-year programme aims to significantly improve the way we work as an organisation and the services we provide to customers. The programme will ensure we have the processes, technology and skills required to be as efficient an organisation as possible. These measures will continue to help the business achieve its value for money efficiency targets. During 2021/22 we reset and refreshed the programme and Phase 3 is set to be delivered during the autumn of 2022.

Digital transformation and cyber security

Customers will be given the opportunity to embrace technology further and complete more transactions online through our new and improved digital channels. We continue to invest hundreds of thousands of pounds into cyber security, and to best protect our customers we have an independently audited security standard and receive external accreditation for our security.

Making our ED&I ambition a reality

We have supported our Equality, Diversity and Inclusion Network (EDIN) made up of representatives from across A2Dominion. Their role is to positively identify, celebrate and promote equality, diversity and inclusion, so everyone feels empowered to reach their full potential. Through the year, EDIN has provided engagement and celebration of diversity events and key topics (for example Black History Month, Mental Health Awareness Week, International Women's Day, Vaisakhi and Eid) to celebrate diversity and showcase how people can bring their whole selves to work.

"I am working with some fantastic colleagues; being part of EDIN, we want to constantly challenge ourselves and learn new skills. In the last year, we have focused on delivering events and blogs that colleagues suggested. During Carers Week it was great to hear the stories of our colleagues, and it was empowering to understand their points of view. Our goal is to be inclusive; we want to empower people and bring their ideas to life. I'm looking forward to the next year of events."

Marisa Fletcher-Patrick, Partnership and Fundraising Project Manager

Our customers show higher diversity compared with the previous year (2020/21) the proportion of people from diverse ethnic groups, those with a disability, LGBT+ groups, and people who have had gender reassignment has increased. Our bi-annual analysis of issues with services and satisfaction/use of services by key demographic groups, allows us to identify, understand and address areas of concern.

We recently launched a new LGBTQ+ Network for our colleagues. This aims to create a safe space for everyone and to improve awareness and understanding of the LGBTQ+ community.

Niki Fisher, Head of Technical (London), said: “The LGBTQ+ Network is run by employees for employees; this means that people can reach out across the organisation and collaborate with others, tap into their creativity and skills to better the way we all work, while improving outcomes and inclusivity.

“This helps to create a strong sense of community, trust and empowerment within A2Dominion. The Network is both for existing and new employees whether they identify as LGBTQ+ or are keen allies, and should help us attract and retain future talent.”

Our 2022 gender pay gap report shows an improving position, with a smaller gap compared with the national average and with the 2021 result. Our headline reported gender pay gap, including our subsidiaries is 14.3%, down from 16.8%, the UK benchmark is 15.4%. We have a range of initiatives in place to work towards closing the gap even further. These include:

- Introducing our inclusive resourcing toolkit for managers, which includes initiatives such as broadening our job boards to encourage more representation from minority groups and diversifying interview panels
- Appointing executive search firms based on their ability to provide diverse pools of candidates
- Using a wide range of search boards and using gender neutral language in our adverts
- Continuing to monitor and narrow key pay gaps and maintain equal pay.

Looking ahead

Finding our new normal

Going forward we will permanently switch to a hybrid working system to best suit the needs of the business and our customers. A large proportion of our workforce has worked remotely since the Covid-19 pandemic and in a hybrid way since lockdown restrictions eased. The new working environment offers flexibility to employees but also allows the business to cast its recruitment net further across the UK, where appropriate, in order to hire the best possible candidates.

ESG reporting

The second Environmental, Social and Governance (ESG) report will be published for investors to provide confidence and clarity on our contribution to the sustainability reporting agenda.

Fit for the Future

Our Fit for Future programme (FFP) will provide one core platform for customers so they will be able to manage their accounts more effectively. Phase 3 is scheduled to go live in the autumn and a working group has been formed to oversee its delivery.

Image:
Elmsbrook, Cherwell, NW Bicester

Provide new high-quality homes and places

The development of new high-quality homes provides funding to support our social and affordable housing programmes. Our sustainable business model makes a vital contribution to society by helping to meet the ever-growing demand for properties across London and southern England.

Our ambition

During the period to 2025 our ambition is to:

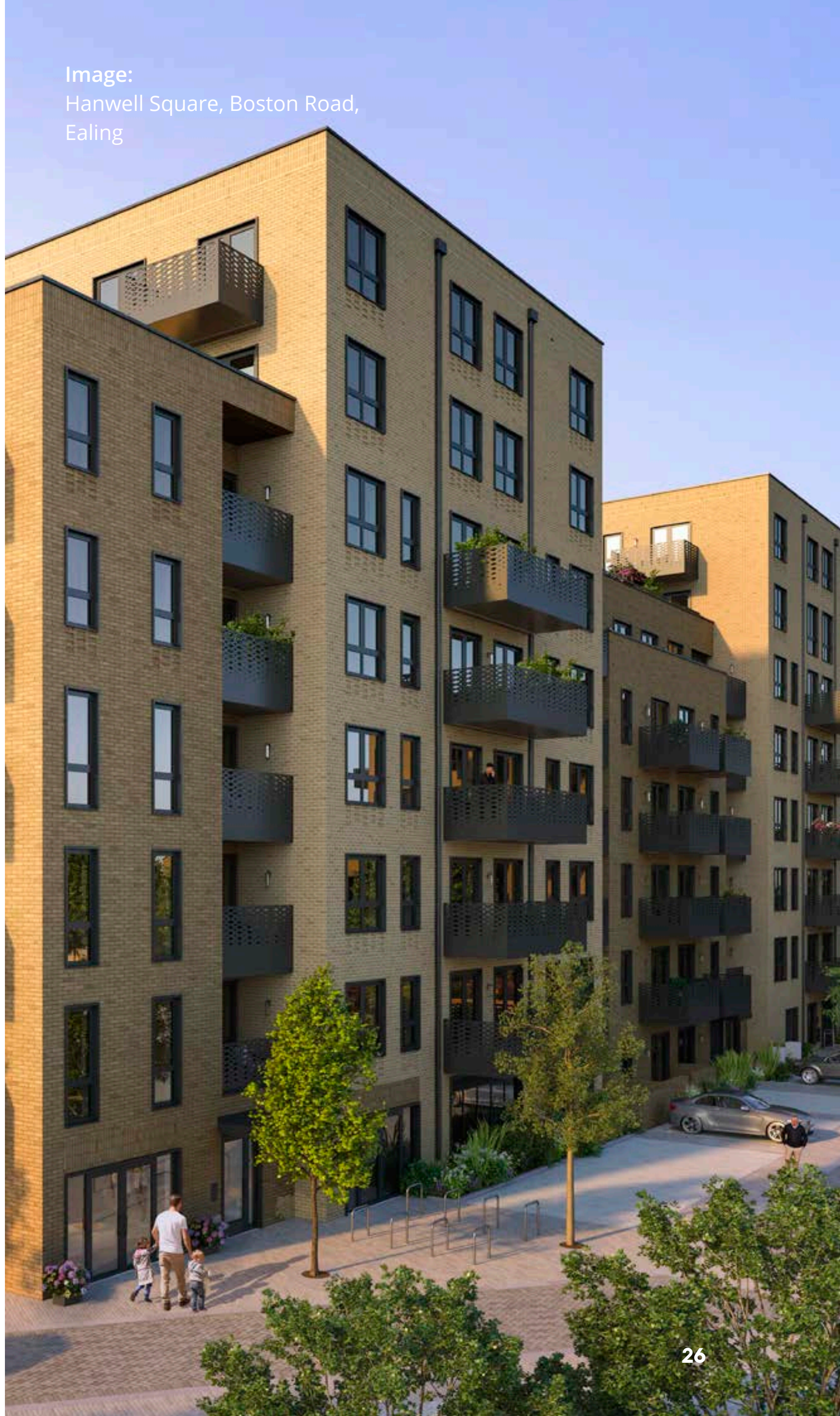
- Deliver high-quality new homes where our customers can live and create a strong community in the areas we operate
- Maintain quality at every stage of the operation right until handover and react to any issues with minimal disruption
- Use all profits generated for a social purpose and use private development to help fund new affordable housing
- Participate in more collaborative work with partners, including landowners, developers, local authorities and public bodies, to share risk and reward and increase home supply.

971
new homes completed

540
starts on site,
40 above target

3,300
homes in our development pipeline

Image:
Hanwell Square, Boston Road, Ealing



Cavendish Gardens, Bath Road, West London

Located in the London Borough of Hounslow, this former supermarket site has been designed for a much needed fully affordable scheme totalling 176 units, of which 93 are shared ownership and 83 are affordable rent. This seven storey scheme is located directly opposite Hounslow West station within an area that is actively being regenerated to include Hounslow West Tube station car park. Cavendish Gardens is a great addition to Hounslow, delivering residential, outdoor, and retail space to the area.

Our progress in 2021/22

Strategic KPI	2021/22 achieved	2021/22 target	2020/21
Deliver high quality new homes to meet a range of needs, helping fund new affordable homes: new homes handed over	971	953	754

Still building homes, in the face of continuing challenging circumstances

We have successfully completed 971 homes this year – 18 more than the annual target of 953, and 217 (29%) more homes than last year. This achievement demonstrates our return to full strength and a determination to help ease the housing crisis in the UK. We managed to exceed target in the face of growing national and global challenges, including the Covid-19 pandemic, Brexit and strained global supply chains. These external factors have most recently been exacerbated by the conflict in Ukraine. The situation has meant the business has needed to be more flexible than ever to meet the expectations of stakeholders.

This year we developed 560 affordable homes, 58% of our total (971). These were made up of shared ownership and homes for affordable rent. The remainder of our completed homes were for private sale (410, with 78 in joint ventures), with one home for private rent.

Amber Parkside, Cranleigh, Surrey

Amber Parkside is an exciting scheme consisting of 265 two to five-bedroom houses and one and two-bedroom apartments in Cranleigh, Surrey.

As part of this development, we are also delivering a new 56-acre Country Park, which will provide public green space for Cranleigh and the surrounding areas. Once built, the park will be managed and maintained by the Knowle Park Trust.

Strong sales

In 2021/22 we completed the sale of 505 units worth £141.0 million. This fell short of the target to sell 579 units for £161.1 million. However, this was a large improvement on the £44.5 million we achieved in 2020/21, which was heavily impacted by the pandemic.

The strong performance comes amid increased activity in the housing market, which was caused by the stamp duty holiday. The number of sales could have been higher if builds had not been delayed by issues in the global supply chain, which delayed raw materials and produced labour shortages, pushing completion dates back. The profit from the sales is used along with our debt funding and social housing grant to enable us to fund new affordable housing.

Starts on site above target

We achieved 540 starts on site as of 31 March 2022, which is 40 above target. Just under 90 of those were joint venture schemes, while we are directly developing the rest. We have secured grant of planning for 405 new homes across seven locations and have sites secured for 3,300 homes in our development pipeline over the next five years and beyond.

Land market

Our focus remains on the land and assets we already control. The long-term vision of the business has meant we are beginning to see the rewards of the land we have secured or purchased during the last five to eight years. We continue to plan ahead and remain active in the land market for new sites across Berkshire, Buckinghamshire, Hampshire, London, Oxfordshire, Surrey and West Sussex, with a strong focus on strategic land opportunities.

Brooklands Park, Ashford, Surrey

A2Dominion has played a huge part in making this exceptional housing development accessible for those looking to take their first step onto the housing ladder.

When we purchased this site, we undertook extensive research into local needs and quickly identified that it would lend itself to an affordable rent, shared ownership, and market rent development. As a result, 236 properties (66%) are now being offered for shared ownership, which is a great way for people to enter the world of home ownership, even under today's challenging circumstances.

Hanwell Square, Boston Road, Ealing

Hanwell Square is a two-phase project with a total of 360 units, bringing forward a new West London community where apartments, shops and businesses come together, centred around a beautifully designed village square and landscaped courtyards. We have entered a joint venture with Higgins to deliver this development. Once complete A2Dominion will retain the freehold and manage the estate. Hanwell Square offers a wide range of studios and one, two and three-bedroom apartments and there are generous amenity spaces throughout the scheme.

Paradise Street, Oxford

Paradise Street is a purpose-built private rent development of 30 apartments located in the heart of Oxford City Centre. The development is just a short walk away from the main shopping centre and Oxford railway station.

The site is also located in one of the most historic locations in Oxford backing onto the former prison. There is a mixture of one and two bedroom apartments available and it forms part of a plan for another 170 new homes in the area.

Rejuvenating our existing homes

We are investing in our existing homes in line with the latest carbon and Energy Performance Certificate (EPC) standards. We are also embracing innovative architectural methods to make our homes and estates more effective. We take pride in the communities in which we operate and so far this year our panel has approved more than £140,000 in grants through the Neighbourhood Improvement Fund (NIF). The grant was set up to improve the places and spaces where our customers live. Applications were made across Chichester, Ealing, Elmbridge, Oxford, Reading, Spelthorne, Southampton and Winchester.

Looking ahead

Sites underway

We will continue to develop the sites underway and fulfil our programme of development with a target of 775 new homes to be handed over next year. We also have 3,300 units currently in our development pipeline (i.e. schemes that we plan to develop), of which:

- 25% will be for private sale
- 75% will be affordable rent, private rent and shared ownership

These units are part of our overall ambition to develop and handover 4,375 new homes over the next five years, including those in our development pipeline and other projects under evaluation.

During the year ahead, we will focus on delivering the following key activities:

New sites

We are building on our progress to develop five new sites comprising 436 units. This forms part of our five-year plan which will be based on starting 1,875 homes.

Sales target

We are continuing to work towards our sales target, building on the 64 advance sales already secured (as at 31 March 2022).

Jigsaw, West Ealing

Also known as Green Man Lane Regeneration project, this scheme is part of our long term investment at the former Green Man Lane estate. A2Dominion in partnership with Real Group were successful in their bid to regenerate the area in collaboration with the London Borough of Ealing. In total, there are six phases of regeneration, with four now completed. The residential mixed-use developments provide homes for private sale, shared ownership and affordable rent. The fifth element of the regeneration saw the building of a new school. The next phase is for 23 private houses and additional privately owned apartments.

This is part of Ealing Council’s commitment to improving the local area with the 50-year £400m investment into building 1,500 more homes, which means the community can welcome new shops, businesses and employment opportunities.

Effectively manage our existing homes and places

We remain committed to ensuring our existing homes and places are at the highest standard possible for our customers. Routine inspections, repairs and maintenance services have continued to be carried out in the safest manner possible despite the challenges that remain due to Covid-19. Fire safety and tall buildings remediation work is a top priority for us and the sector as a whole, with work ongoing and further plans are being drawn up for the future.

Our ambition

During the period to 2025 our ambition is to:

- Provide safe, secure and well-maintained homes for our customers, predicting and resolving issues before they become problems and minimising the need for customers to tell us something has gone wrong
- Build and manage homes which are energy efficient, affordable to run and meet new performance standards
- Use data to be proactive and shape decisions, helping us to decide when homes should be refurbished, redeveloped, or sold. Where we do refurbish or redevelop homes we will seek to improve quality and energy efficiency
- Ensure our homes are safe and meet all new fire safety requirements
- Uphold our environmental responsibilities to our customers and communities.

88%

Satisfaction with responsive repairs services, above our target of 85% and in line with the result last year (also 88%)

£960,000

We allocated £960,000 to reduce carbon pollution and this will be increased to £1.7 million in 2022/23

80,000

We carried out over 80,000 responsive repairs through our contractors and our joint venture partnerships with Pyramid Plus London and Pyramid Plus South

Our progress in 2021/22

Strategic KPI	2021/22 achieved	2021/22 target	2020/21
Provide safe, secure and well-maintained homes: median repair days	13 days	=<15 days	17 days
Cumulative planned maintenance	87%	100%	96%
Environment and carbon reduction (tonnes of carbon produced per employee)	33.61:1	<37.5:1	37.17:1

Building safety is our number one priority

We have set up a dedicated Building Safety team and recruited specialised staff, including project managers, building safety managers and resident liaison officers. Full inspections were carried out on all our tall buildings and we identified which ones were at a higher risk and needed remediation works. So far more than £6.7 million has been spent on temporary fire safety measures, including waking watches and fire alarms. To date, these costs have not been passed to our customers.

Highlights:

- Completed three-stage inspections of 140 buildings (over 18 metres) we are responsible for
- Received compliance information for our customers in 77 buildings where responsibility lies with other landlords. 46 buildings are compliant, 7 have completed remedial works, 12 buildings are currently in the remediation process and 12 buildings are still to be remediated
- Submitted applications to the Building Safety Fund (BSF) for over £31 million worth of funding. Funding has been approved for five buildings to the value of £7.4 million, we're awaiting outcome for nine (£24.3 million).
- Responded to more than 5,500 customer enquiries.

A free wellbeing, legal and emotional support programme has been set up for customers impacted by our cladding inspection and remediation programme. We continue to stay abreast of changing government guidance and what this means for our customers, including the implementation of the Building Safety Act that gives greater protections and new legal rights to leaseholders.

Heatherwell Place, Guildford, Surrey

Located west of Guildford, this development is close to some of Surrey's most picturesque countryside. This new community combines well-connected and modern living with charming areas of planting, trees, and plenty of green space.

With a choice of two, three and four-bedroom homes, all finished to a luxury specification Heatherwell Place has been designed to be the ideal place to call home.

Enhancing our reporting and monitoring of health and safety compliance

We've made significant progress in ensuring our buildings are compliant with the latest safety regulations. We are improving our quality assurance and data integrity with a system called True Compliance, which amalgamates all our compliance information into one system. This will mean all checks, including on gas, fire safety, water hygiene, and asbestos will be streamed into one system to enable greater scrutiny. We have also commissioned an independent health check to provide more assurance against the policies and procedures.

Carrying on our services

We have continued to provide the best possible service to our customers and in the past 12 months, we have averaged more than 2,000 daily interactions with our customers to help us to track performance and allocate resources where they are needed most.

On average, our repairs were completed within 13 days this year (calculated by taking the median number). This is within our target of 15 days and much improved from the previous year's result of 17 days.

We worked with our repair partners to increase their direct labour, reducing reliance on sub-contractors and helping to improve stability. Our maintenance and improvement work has seen 273 kitchen and 150 bathroom units completed in 2021/22.

Decent Homes compliance fell just short of our 100% target. Out of over 39,000 homes we have 18 that are not compliant. All of these homes are scheduled for improvement works or sale in 2022/23. This metric is influenced to a large extent by the planned improvement works in homes. In the last year Covid-19 had an understandable impact on our customers' willingness to open up their homes to our works teams. We mitigated this through strict safety standards for contractors entering homes and continue to work with our customers to get access. Of the 18 non-compliant properties, we have had no access to 10 properties and another five were customer refusals.

Income collection and helping customers to manage

Our rental income underpins our financial strength and maintaining this revenue stream is a vital aspect of our operations. This year, our rental arrears were 3.3%, slightly outside our target of 3% or below. The knock-on effect of Covid-19 restrictions, particularly on international students and other key workers, placed some limitations on our ability to draw income from those specialist properties. However, as of the end of the third financial quarter, we had the lowest arrears of any member of our G15 peer group.

The figures demonstrate our finances are in line with the forecasts but we are fully aware of the challenges that lie ahead as the cost of living squeeze takes its toll on households throughout 2022 – and we will endeavour to support our affected customers as much as possible.

Elmsbrook, Bicester

Elmsbrook delivers a collection of two, three, four and five-bedroom homes in an award-winning eco-town in Oxfordshire. The 393 home residential development is the first and only development built in the UK to meet original principles of the government's Planning Policy Statement 1 (PPS1) for eco-towns and the largest true-zero carbon development in the UK. It has allowed residents to use 55% less energy and 29% less electricity than an average Bicester home. Each home now uses 74% less C02 than an average new build.

These homes have been designed with the future in mind, with triple glazing, rainwater harvesting and solar panels, among the many other eco-features that offer a new standard in sustainable living. Every material used within the development is assessed on the amount of embedded carbon it contains and then compared against other similar products to ensure where possible we are using the most sustainable products available.

As part of this new community, this year we completed the design and build of a new community forest school. The Elmsbrook Community Forest School provides the opportunity for children, young people and community groups to have a hands-on learning experience in a natural environment.

A2Dominion secured funding from the Ministry of Housing, Communities and Local Government in 2020 for the forest school, in partnership with the active local community group, Elmsbrook Community Organisation (ECO).

Meanwhile, our yield from private rented properties was 3.5%, slightly ahead of our target, however the figure is a slight deterioration on last year's result of 3.7%.

Looking at our relets across our main business streams, we have taken longer to fill properties between tenancies, with an average of 36 days - slightly above our void turnaround target of 30 days. The overall indicator for re-lets was impacted by a long-term void let on one of our retirement living properties.
We expect the start of 2022/23 will continue to be a testing period for letting.

Our Tenancy Sustainment team helped 2,314 residents claim over £6.3 million in financial support, giving them greater security and helping many to remain in their homes. We measure the work by the number of outcomes per referrals and this has increased again in the year, so now 60% of referrals had four or more outcomes. We also introduced a triage system that has helped to halve the time for average first contact to 24 hours.

Health and housing

To align with the NHS long term plan for integrated care services we are working to contribute to health outcomes for our customers and communities, through social prescribing in our wellbeing team and discharge to asset services. These services help safe discharges from hospitals to avoid re-admissions.

In 2021/22 we offered support to 164 patients and 74% of people reported an improvement in wellbeing.

"Mel has supported me with reading my mail, sourcing and ordering me a washing machine. Mel goes onto Search Moves weekly and will bid on a property that we think may be suitable."

James, a resident

James, who suffers from a visual impairment, received support through our Over 50s service to improve his existing accommodation and help to find a more suitable home to meet his complex needs.

James received a referral from a Neighbourhood Officer who completed an initial risk assessment. It became apparent that James was struggling to complete everyday tasks and did not have anyone to turn to.

Since the intervention was made, James receives regular calls and a weekly visit from Melanie in our Care & Support team. Melanie has facilitated repairs and organised for food parcels to be delivered to James. She even taught him how to use Amazon's Alexa voice control to find out things such as the time, weather, play music and listen to audio books.

James feels more comfortable in his home but continues to receive support to find a new property through Search Moves. James said: "Mel has supported me with reading my mail, sourcing and ordering me a washing machine.
Mel goes onto Search Moves weekly and will bid on a property that we think may be suitable."

He added: "The support provided by Mel has been life changing and extremely positive and helpful. Without this support my life would be difficult as I couldn't cope with all the correspondence that comes in."

Sandra Axten lives in an A2Dominion home in Shepperton

"The book club and the people that I have met through the pandemic like Leah [Health & Wellbeing Project Co-ordinator at A2Dominion] and Jenny, the Age UK befriender that Leah arranged for me, have been the best thing that has happened to me for a long time."

Sandra, a resident

Sandra was supported by our Health and Wellbeing team to set up a Book Club at the Greeno Centre in Shepperton. The idea was sparked after Sandra spoke about her passion for reading while attending one of our Afternoon Tea sessions run by volunteers.

After finding out there were no such clubs in the local area we helped Sandra create one in the community. Kickstart funding helped to pay for the first two books and now the weekly get-together has expanded to include coffee, exercise, lunch and even choir sessions.

"The book club is progressing; everyone is so lovely and friendly and now we are looking at having an outing as a group."

We retained our Good Practice Health and Wellbeing Award. A dedicated health and wellbeing programme has also been offered to all our customers impacted by building safety. This is being promoted widely on our customer website, emails, telephone calls and letters. We will continue to offer this free service to customers in 2022.

Environmental progress

Our sustainability budget is well established and continues to fund measures to decarbonise our existing stock. We increased our sustainability budget to tackle carbon reduction in our properties. In 2021/22 we allocated £960,000 to reduce carbon emissions and this will be increased to £1.7 million in 2022/23. Around our homes, we encourage all landscape improvements to include native wildflower and edible hedgerows to encourage native birds to nest.

The Streamlined Energy and Carbon Reporting for this year, which covers development activity, shows a reduction in our carbon footprint compared with the previous year.

Looking at our existing stock and all employees, we aimed to produce less than 37.5 tonnes of carbon for every employee. We have actually produced 33.61 tonnes per employee.

A net zero carbon risk has been added to our corporate risk registers to ensure strategic oversight of this issue.

Looking ahead

During the year ahead we will focus on delivering the following key activities:

Building safety programme

Delivering our building safety programme, with an emphasis on fire risk assessments and cladding.

Fit for the Future

Completing Phase 3 of our Fit for the Future programme (FFP) and ensuring we have a single source of data for each of our homes and customers, which can be accessed by all of our operational teams, providing a more joined-up experience when people contact us.

Regeneration opportunities and asset performance

We are assessing schemes where a programme of maintenance works is required to evaluate the potential to upgrade or redevelop to improve their effectiveness, environment performance, density and quality for residents.

We will also focus on our existing asset performance, including widening the assessment of our investment performance in our non-social homes.

> We are part of a new community solar project at our Beethoven community centre. We have partnered with Queen's Park Community Council and Repower London to deliver the project, which aims to deliver significant carbon reductions and community benefits through a community solar company.

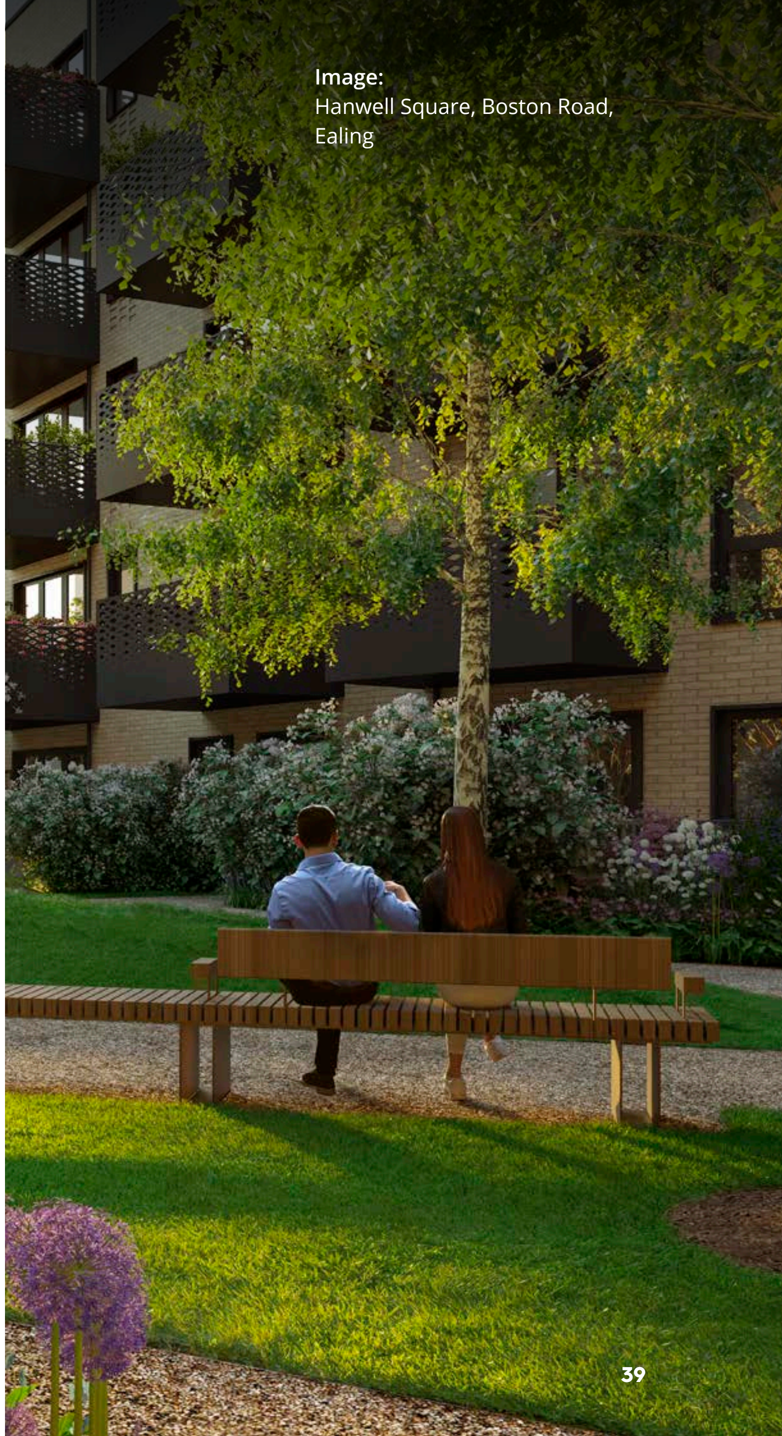


Image:
Hanwell Square, Boston Road, Ealing

Risk management

The Group's definition of a risk is an event which could hinder the Group from achieving its strategic objectives. We use a system of risk scoring which reflects a combination of the probability of an event occurring and its consequences.

The strategic and operational risk registers set out the description of the key risks, including the events that may trigger them and how they might impact the Group. They also set out the assessed current risk exposure based on an evaluation of the controls in place, the Board's desired target risk exposure, its appetite for the risk and the actions identified to improve controls to ensure each risk is within the Board's expectations.

These controls are assessed against three lines of defence and the Board has agreed that its definition of risk appetite is "the amount of risk A2Dominion is prepared to accept, tolerate, or be exposed to at any point in time based upon current risk exposure".

The Group has also approved an Assurance Framework mapping out how the Board receives assurance based upon a range of independent reviews and audits of key areas of activity.

The Group's approach to risk management rests on four principles:

Principle	How this is achieved
Effectively identifying and mitigating key business risks to support the continued viability and success of the Group	• Annual review of the Long-Term Financial Forecast by the Executive Management Team and the Board • Monthly review of risk registers by the Executive Management Team • Identifying risks within the context of the sector risk profile and global outlooks • Quarterly review of the Strategic Risk Register by the Audit, Risk & Assurance Committee and the Board • Quarterly reviews of assigned operational risks by each Committee • Action plans for each risk to ensure risk exposure matches Board targets • Quarterly compliance audits of key areas of business operations • Deep dives of risks at each Audit, Risk & Assurance Committee meeting • Internal audit programme linked to risks • Risk exposure assessed against controls in place.
Embedding risk management throughout the organisation by keeping it real for managers	• Separate strategic and operational risk registers in place • All risks directly linked to corporate objectives • Each risk has an owner and sponsoring committee • Key Performance Indicators and compliance programme in place

Image:
Stanwell, Staines-upon-Thames

Principle	How this is achieved
A simple and efficient risk management process that is proportionate to the needs of the business and easy for managers and the Board to operate	• Register applies across entire Group • Feedback from managers on use of risk assessment process • Monthly reporting against risk trigger measures • Variation in risk exposure presented to Audit, Risk & Assurance Committee.
A risk management process that adds value to the business	• Action plans against agreed timescales monitored by Committee • Opportunities identified with risk assessments embedded • Review Risk Management policy annually.

Risk management supports the achievement of business objectives by:

- Enhancing the quality of decision-making, planning and prioritisation
- Contributing to effective allocation of resources
- Protecting and enhancing the Group's financial viability, assets and reputation.

Effective risk management is a Group priority. In order to grow and improve services, we recognise we need to take some risks, but these must be well-managed and have appropriate controls and mitigations in place. The Board reviews its risk appetite annually.

Where risks fall outside of the Board's target risk exposure, we establish action plans. The Audit, Risk & Assurance Committee receives updates on actions at each meeting and provides constructive challenge to executives where targets are not met.

The Group Board has agreed there are 10 strategic risks that could, if not managed effectively, have a significant effect on the Group and its ability to meet its corporate strategic objectives. We test our financial resilience to risk by running a range of multi-variate stress-testing scenarios against our Long-Term Financial Forecast. These test among other things, liquidity, covenant compliance and adherence to the Board's limits for borrowing. These tests help to provide assurance that the Group has robust arrangements in place to protect its social housing assets. This leads to a review of the financial mitigations to ensure they remain appropriate to manage the financial impact that the scenarios may cause.

The Group also has an Emerging Issues Log which derives from horizon scanning and analysis of issues affecting A2Dominion and the wider economy and housing sector. Through this the Board, its Committees and the Executive Management Team are able to monitor and evaluate actions prior to risks crystallising.

The table on the next page shows the key strategic risks which the Group considers to pose a threat to its delivery of its strategic objectives as at 31 March 2022.

Key risk area	Key controls, policies and procedures in place	Actions and plans
DELIVER CUSTOMER-LED SERVICES FOR RESIDENTS AND COMMUNITIES		
Failure to deliver customer-led services in line with customer expectations	• Annual review of staff skills matrix • Customer Experience strategy • Bi-annual review of Customer Experience plan and strategy • Customer Experience Communications plan • Policies aligned to National Housing Federation 'Together with Tenants' initiative • Revised complaints policy in place • Customer Insights and Involvement framework (Resident Involvement framework) • Customer journey monitored through satisfaction surveys • Complaints reported to Executive Management Team and Committee • Updated customer website and portal to enable customer feedback to be captured • Deep dive at Audit, Risk & Assurance Committee • Quarterly independent compliance testing of complaints.	• Provide single-user interface, including complaints handling and improved survey handling • Undertake an assessment for the Financial Year 2021/22 of A2Dominion's Compliance with the Consumer Standard • Develop Great Places to Live Training Programme 2022-23 and roll out across the business.
Inability to deliver the Fit for the Future Programme (FFP) to time, cost, anticipated benefits and quality	• Established programme governance structure including Project Sponsor, Project Team, recognised project methodology, project workstreams, resource plan, design workshops, testing pre 'go-live', RAID Log, escalation process, Change Management Team involvement and business-wide communications • Approved Business Case and budget • Programme Risk Register • Reporting to Change Management Team, Executive Management Team, Audit, Risk & Assurance Committee and Group Board • Independent quarterly compliance reviews • Deep dive of programme by Audit, Risk & Assurance Committee. • Programme Director and Head of Fit for the Future Business Partnering in place.	• Monitoring of progress through dedicated Fit for the Future Programme Working Group.

Key risk area	Key controls, policies and procedures in place	Actions and plans
DELIVER CUSTOMER-LED SERVICES FOR RESIDENTS AND COMMUNITIES		
Failure to respond to changes in government legislation, policy, the operating environment and political change and uncertainty	• In-house legal team and framework of external solicitors • Scheme appraisal, cash-flow monitoring and Key Performance Indicator monitoring in place • Treasury Management strategy and policy reviewed annually • Regular reviews of covenant compliance • Use of National Housing Federation policy insights • Working group in place to develop response to Social Housing White Paper • Identified skills matrix and recruitment needs to ensure skilled, experienced, and qualified Board • Long-Term Financial Forecast risk scenarios and plan approved by Group Board • Independent internal audit of finance and treasury activity • External audit of accounts.	• Update stress-testing scenarios using emerging issues log • Identify and deliver actions identified from In-Depth Assessment feedback.

Key risk area	Key controls, policies and procedures in place	Actions and plans
DELIVER CUSTOMER-LED SERVICES FOR RESIDENTS AND COMMUNITIES		
Failure to have in place a diverse and robust workforce and governance succession plan to retrain, attract, grow and develop high-quality employees and Board Members	• Annual appraisal process for Board and Executives • Skills and succession planning for Group Board • Board and member effectiveness review • Differentiated reward schemes for different segments of the workforce • Formal job evaluation process • HR Business Partners advise on recruitment options • Governance & Remuneration Committee set Reward Scheme parameters • Employee Value Proposition and refreshed values to support planning for future skills gaps • Quarterly reporting to Reward Scheme participants • Monthly reports to HR Director • Equality, Diversity & Inclusion Steering Group established • Biannual Your View employee engagement surveys • Gender Pay Gap reporting • Monitoring of Employee Relations cases involving discrimination at Executive Management Team • 12-month Equality, Diversity & Inclusion Strategy Action Plan established • Skills strategy and audit at Governance & Remuneration Committee • Results of the Board and Committee Annual Appraisal to Governance & Remuneration Committee • Quarterly reporting to Executive Management Team • Annual report to Governance & Remuneration Committee on Reward Schemes • External benchmarking for role evaluation.	• Deliver the Equality, Diversity & Inclusion strategy 2020 – 2025 action plan • Implement new pay framework which ensures equal pay • Roll out of Inclusive Resources framework • Deliver Governance & Remuneration Committee Succession action plan.

Key risk area	Key controls, policies and procedures in place	Actions and plans
PROTECT AND GROW OUR BUSINESS		
Insufficiently robust arrangements for securing data and systems from external attack	• Quarterly review of intelligence gathering and privacy risks • Reporting on emerging risks and key considerations • Data Quality strategy • Data Governance Group managing data governance and quality within applications, including data ownership and stewardship • Development and tracking of data quality business rules using and industry standard data governance and data quality tool • Data access security managed by a dedicated Identity and Access Manager within the Applications Support team • 24/7 network scanning / alert / remediation service in place with Redscan to protect against possible attack. Monthly service review to continuously improve security • Policies in place for information security, patch management, network security, physical security, use of computers, internet and email at work • High risk and monthly patching processes are in place, and the number of internet-facing devices has been minimised • All laptops are encrypted and protected with Multi Factor Authentication (MFA) • Emails containing sensitive data are automatically flagged to users and a confirmation required (using Egress) • Annual Assurance Statement • Escalation reporting for cyber security breaches to Executive Management Team (if breach occurs) • Annual penetration testing by Redscan • Cyber Essentials Plus certification is independently reviewed and issued by CREST Security Services • KnowBe4 software has been installed to provide regular cyber training and awareness campaigns to users.	• Carry out any required security improvement work to ensure the organisation retains its Cyber Essentials Plus certification • Build on the Cyber Essentials Certification by implementing suitable controls based on the NIST standards, using a risk-based approach • Access Manager to complete three-phase action plan arising from Identity and Access Management strategy • Processes for removal of leavers from IT systems to be reviewed as part of Fit for the Future Programme Phase 4 • Review process for ensuring timely review of Data Impact Assessments for Fit for the Future Programme by Data Protection Manager / Information Governance Group members.

Key risk area	Key controls, policies and procedures in place	Actions and plans
PROTECT AND GROW OUR BUSINESS		
Insufficient understanding and lack of mitigation measures to address the impact of external factors on the financial viability of the Group	• Management accounts produced by the Treasury/Finance teams • Maintain up-to-date knowledge of key economic indicators including trigger indicators • Management KPI reports • Impact of interest rate changes on the Group tested by Financial Planning Team • Regular sales reports against projections • Contract monitoring meetings with commissioners • Monthly monitoring of financial covenants • Annual joint venture risk assessment review • Stress tested Business Plan with mitigation strategies in place • Bi-monthly review of Private Rented Sector strategy • Annual Long-Term Financial risk scenario planning exercise presented to Group Board • Annual review of market rent portfolio and target yield at Group Board • Interest cover headroom report • Treasury Management strategy and policy and procedures in place • Annual budget approved by the Board ahead of the Long-term Financial Plan • Approval of Long-Term Financial Forecast at Group Board • Regulatory reporting to CQC • Annual business continuity report to Audit, Risk & Assurance Committee • Regular internal audits of key financial planning and response activity • External advisor team retained to provide market information review and advice on specific projects • Dunn & Bradstreet monitoring of joint venture partners • Quarterly management accounts reporting to lenders • Regular advice from external experts and tracking market indices.	• Present review report produced by Centrus and Devonshires regarding governance / legal structure of A2Dominion, specifically in relation to the subsidiaries of 'Homes' and 'South' and their ability to undertake 'Onward lending' • Deliver improvement actions identified from In-Depth Assessment feedback.

Key risk area	Key controls, policies and procedures in place	Actions and plans
PROTECT AND GROW OUR BUSINESS		
Insufficient understanding and compliance with health and safety obligations in respect of customers, staff and contractors leading to loss of life, serious incident, injury or harm and property damage	• Policies, procedures, risk assessments and management action plans in place • Issues escalation process in place – P1 register • Crisis management plan for serious health and safety incidents (including Gold, Silver and Bronze Groups when required) • Employee awareness and training of Health and Safety issues including at induction • Health and Safety Manager working within asset management and development • Inspection regime in place across the business for operations and development • Accident management system (customers and employee reporting) and tracker • Serious incident investigations including lessons learnt process and reporting • Decent Homes Standard including monitoring and reporting • Stock condition surveys and maintenance programmes in place • Building Safety Manager appointed • Building Safety Works project group (Development, Residential Services, Property Services and Health and Safety) • Public liability and Employer Liability insurance in place • Health and Safety compliance audits including in care and support homes and over care and support contractors • Health and Safety training matrix • Assurance obtained to confirm contractors working practices are aligned to A2Dominion during procurement • Insurance team review and produce trend analysis of Health & Safety-related incidents.	• Annual audit of training records to be undertaken by Health and Safety team to ensure that all mandatory training is allocated to the relevant roles and is completed in a timely period and this can be evidenced. This will also facilitate a check over the suitability of the training allocated • Deliver all actions detailed in the Fire management action plan • Implement all recommendations detailed in the Fire Safety Internal Audit Report June 2021 • Commission and deliver full review of Landlord Compliance function required within A2Dominion to encompass all main compliance areas, to give strategic overview of service area (including policy, procedure and process, data management, monitoring and reporting, assurance, and resources • Establish Landlord Compliance improvement plan based upon recommendations for improvement emerging from whole-service Landlord Compliance review and proceed to implementation • Form a central register of equipment for Portable Appliance Testing equipment utilising True Compliance.

Key risk area	Key controls, policies and procedures in place	Actions and plans
PROTECT AND GROW OUR BUSINESS		
Insufficiently robust arrangements in place to ensure compliance with key regulatory requirements	• Quarterly review of intelligence gathering and privacy risks • Probity register • In-house teams with specialism in key areas of compliance including audit, risk, data protection, health and safety and property and development • Review of compliance performance including safety information • Annual internal audit plan • Annual review of Regulator of Social Housing (RSH) compliance • Periodic fraud and compliance briefings • Group-wide mandatory training in data and safeguarding • Data breach incident log • Data controller log of Group-wide processing activities • Data protection impact and legitimate interest assessments conducted for high-risk processing and to confirm legal basis for processing • Breach and incident logs updated to enable better trend analysis and to record and track any related actions • Quarterly Information Governance Group meeting • Annual Assurance Statement • Programme of deep dives for compliance and other issues through Audit, Risk & Assurance Committee • Monthly internal audit monitoring • Reporting on emerging risks and key considerations • Board and Committee-approved policies for compliance with regular reviews in place • Review of compliance with relevant legislation • Impact Assessment by design conducted to highlight and mitigate data protection risks • Fit for the Future programme considers privacy and data protection issues during implementation process.	• Annual audit of training records to be undertaken by Health and Safety team to ensure that all mandatory training is allocated to the relevant roles and is completed in a timely period, and this can be evidenced • Review data controller log of Group-wide processing activities to ensure complete • Review process for completing Data Impact Assessment by design – ensure completed in advance of IT build. Establish timetable for future assessments arising from Fit for the Future Programme • Undertake assessment of the business fraud risk assessment.

Key risk area	Key controls, policies and procedures in place	Actions and plans
EFFECTIVELY MANAGE OUR EXISTING HOMES AND PLACES		
Failure to have an integrated and strategic approach to sustainable property asset management	• Financial assumptions for repairs and maintenance included in the Long-Term Financial Forecast • Asset Management strategy 2016-2021 • Annual asset work programmes for planned Committee and cyclical maintenance • Stock condition surveys and stock condition programme • Property component lifecycle assumptions • Additional resources for managing issues associated with tall and complex buildings • Works programmes derived from Lifespan Housing software based on stock condition survey data • Sustainability strategy • Stock condition surveys carried out by independent surveyors.	• Delivery of Fit for the Future Programme Phase 4 including IT Solution to comply with the future Buildings Safety Bill • On-going monitoring of government legislation and policy in respect of Building safety works and building safety • Implement True Compliance system to improve property services compliance assurance • Increase number of stock condition surveys undertaken in 2022/23 by 20% and again in 2023/24 • Produce a detailed action plan to support the delivery of the new Asset Management strategy.
A2Dominion does not comply with the latest government guidance/obligations relating to tall buildings (over 18 metres/storeys) and does not have the time, resources and access to funding in order to minimise business and leaseholder costs	• Dedicated project team in place to deliver remediation programme • Key control documents created • Managing agent project linked to tall buildings project to enable scrutiny of blocks where A2Dominion is not the responsible person • Monthly meetings for key workstreams to monitor progress • External legal advisers appointed • Application has been made to the Building Safety Fund seeking over £31 million of funding • Development of Fire Safety Remediation framework for future proof of compliance • Approved Asset Management strategy 2016-2021 • Tall and Complex Buildings project risk register • Weekly and monthly compliance dashboards • Monitoring of complaints/dissatisfaction • Monthly tracking of project plan, reporting to Executive Management Team and Audit, Risk & Assurance Committee • Quarterly meetings with Programme sponsor • Audit, Risk & Assurance Committee deep dive review – Tall and Complex Buildings project.	• Complete asset data cleanse projects which on completion will allow data to be transferred to new IT solution arising from Fit for the Future Programme. Projects to consider BIM or other evidentiary requirements • Establish a programme of high-rise fire remediation works including a date when all work will be completed, and milestones for the assessment and survey of midrise blocks. The forecast is to be reviewed on a quarterly basis thereafter.

Financial performance summary

We delivered a strong financial performance, achieving a healthy surplus of £42.1 million for the year and maintaining a robust balance sheet. Even through the ongoing challenges of economic uncertainty, the pandemic and supply and labour pressures we have been able to increase both our turnover and our surplus. This continues to put us in a strong position to deliver our Corporate Strategy ambitions to 2025.

Group statement of comprehensive income and expenditure	2022	2021
	£m	£m
Turnover	465.8	303.3
Cost of sales	(181.6)	(44.1)
Operating costs	(213.0)	(207.2)
Surplus on sale of fixed assets	13.3	7.3
Share of jointly controlled entity operating profit	9.2	19.1
Operating surplus	**93.7**	**78.4**
Operating margin	20.1%	25.8%
Net interest charges	(65.5)	(64.8)
Surplus after interest charges	**28.2**	**13.6**
Change in fair value of investments	8.4	0.8
Movement in fair value of financial instruments	2.7	2.3
Movement in fair value of investment properties	10.7	(9.4)
Tax on surplus on ordinary activities	(6.4)	0.7
Non-controlling interest	(1.5)	(1.6)
Surplus for the financial year	**42.1**	**6.4**

This year's surplus of £42.1 million is an increase of £35.7 million from 2021, with our operating surplus increasing by 19.5% to £93.7 million. The increase in operating surplus is largely due to an increased level of sales activity, selling 505 homes (2021: 337) and a higher surplus from sale of further tranches of shared ownership properties that were held as fixed assets. Rental income has increased but has been matched by increases in service charge costs, routine maintenance and planned and major repairs costs. Our share of joint venture surplus was down year on year simply due to lower activity in this area and the timing of when the associated schemes are due to be completed. The performance of our joint ventures remains strong and in line with our targets. During the year we have spent £64.6 million on maintaining our homes, which includes £39.6 million on planned and major work and £25.0 million on responsive services. Part of that includes spend of £9.5 million on fire safety and where we continue to invest in improving our safety standards.

Net finance costs (our interest charges) remained consistent with the prior year with cash received being reinvested resulting in our overall borrowing level being maintained. The overall surplus has been positively impacted by movements in the values of our investment properties, other investments and financial instruments, totalling £21.8m.

	Actual 2022 £m	Budget 2022 £m
Operating Surplus	93.7	100.7
Operating margin	20.1%	22.3%
Surplus after interest charges	28.2	34.5

The Group fell short of budgeted operating surplus and given the ongoing operating environment challenges this again is a strong result. We have been able to determine that the impact of these challenges resulted in circa £8.0 million of anticipated surplus not being achieved: a direct result of our development build programmes extending resulting in a delay in receiving sales and rental income against budget. Our operating margin has been depressed due to a higher number of development land sales being made during the year which were sold at cost generating no margin.

Group statement of financial position	2022 £m	2021 restated £m
Fixed assets and investments	3,643.9	3,600.8
Current assets	420.9	434.9
Total creditors including loans and borrowings	(3,023.4)	(3,061.9)
Non-controlling interest	(1.7)	(1.6)
Net reserves	**1,039.7**	**972.2**

The Group's balance sheet remains healthy, and we continue to be strongly funded to help meet the ambitions in our corporate strategy and deliver our property maintenance and new homes programmes. Net reserves have increased by 6.9%, even after investing £64.6 million in our homes. Current assets largely represent our homes for sale (shared ownership and private). For those that are due to be completed during the year we have a strong forward sold position (homes reserved or exchanged with customers). The Group has the resilience to withstand the challenges the current external environment creates.

In preparing the financial statements key judgements have been made as detailed on pages 124 to 126.

Value for money performance

Delivering Value for Money (VfM) is a core goal for the Group. Our business success is strengthened by our ability to achieve our VfM objectives, from our central and operational services through to our commercial activities. VfM is not about minimising cost but achieving more from our activities and investments, enabling the Group to provide and manage homes that meet a wide range of needs and delivering great service to our customers and the communities where we work.

Our focus is on delivering much-needed services and support to our customers and despite the many challenges for the housing sector over this past year this has remained our focus. These challenges have had income and cost implications which have affected the performance of our efficiency indicators.

Image:
Westvale Park, Horley, Surrey

Approach

VfM is an integral part of the delivery of our Corporate Strategy 2020-25. Our strategic objectives incorporate VfM within our protect and grow objective, articulated by a clear statement about VfM which ensures the Group achieves VfM by and through:

1. Working with customers and other stakeholders to prioritise investment in services and communities
2. Maximising income and the use of the Group's assets and resources
3. Maintaining quality and minimising cost through a range of procurement and partnership approaches
4. Ensuring reliability and predictability from our commercial activities
5. Ensuring managers understand and are accountable for delivering return on investment and that the Group has a well-developed culture for achieving and demonstrating VfM
6. Ensuring efficiency and simplicity across all business activity
7. Reviewing how we compare against similar organisations.

To achieve these outcomes, our VfM statement sets out four VfM priorities and it is through the delivery of these priorities that we will demonstrate performance in relation to our VfM outcomes.

Our four VfM priorities are:

- To maximise A2Dominion's income
- Proactive asset and capital management
- To provide services that our customers need, to our service standards, set using customer feedback, as well as delivering social value
- To improve our core business margin and maintain our social housing costs in line with the median of our peer group

While these VfM priorities are reviewed annually as part of the Group's annual strategy review activities, our performance in relation to VfM will still be reported separately, ensuring that we are transparent to our key stakeholders and ourselves about our outcomes and our goals for continuous improvement.

Image:
Cavendish Gardens, Bath Road, West London

Performance overview

We continuously review and assess our performance and appropriateness of targets in order to improve on our track record of achieving our overall VfM performance priorities.

To maximise our income

Effective rent collection (target: maximum 3.2% for arrears)

- Rent arrears were 3.3%, 0.1% outside our maximum target. We continue to have the lowest level amongst our peer group

Support and advice for customers in accessing benefits and grants

- Our Tenancy Sustainment team helped 2,314 customers claim over £6.3 million in financial support
- Our customers can gain access to a Tenancy Sustainment Fund (Hardship fund)
- Launched the Springboard Fund offering grants of £500 – £5,000 per year towards higher education, qualification, training and any related expenses.

Recovery of service costs

- Work continued on improving recovery by working with contract managers and property managers to gain better understanding of contracts, resulting in increased accuracy of budgeting for servicing and compliance costs as well as introducing booklets which are more transparent, easier to manage, and customer friendly.

Image:
Wyndham Studios, Camberwell, London

Extend services to other organisations

- Our commercial contractor framework was launched in 2021 for four years. This framework can be accessed by eligible external contracting authorities, on payment of an access fee.
- During 2021/22 there have been seven call offs from the framework, for internal schemes and from local authorities and other housing associations. There is continued interest in the framework from London boroughs in particular.

Proactive asset and capital management

Reinvestment in poorer performing assets, funded via sales from assets that are uneconomical to retain

- We disposed of 94 homes generating £19.2 million to invest in retained stock with £2.3 million invested in refurbishments of retained stock this year

Reinvestment in assets to ensure homes are safe for our customers and comply with all legislative requirements

- We have invested £6.7 million in temporary fire and safety measures, including Waking Watches and Heat Detection Systems to help keep our customers safe
- We have so far secured £7.4 million of grant from the Building Safety Fund for work on five buildings which require cladding replacement, with total remedial works of £14.3 million. In addition we are waiting for approval for a further £24.3 million in grants for works on nine other buildings (with total remedial works worth £32.9 million).

Actively manage planned and major repair requirements, phasing where appropriate

- We worked with our repair partners to increase their direct labour, reducing reliance on sub-contractors and helping to improve stability
- We actively manage our planned and major repairs programme in line with asset life cycles and priority areas like fire and safety and electrical works. We invested £39.6 million in our programme for 2021/22.

Ensure that energy and sustainability is embedded across the organisation building homes which are energy efficient, affordable and meet new performance standards

- The publication of our first Environmental, Social and Governance (ESG) report for investors in November 2021 has also provided clarity on our contribution to the sustainability reporting agenda and the further impact we intend to deliver
- During the year we allocated £960,000 to reduce carbon pollution and this will be increased to £1.7 million in 2022/23.

Assess the return on investment on our proposed development activity using hurdle rates to inform decision making

- Land sales during the year relating to schemes where the forecast return on investment had fallen below our hurdle rates achieved £55.1 million
- Introduced a new gateway approach, appraising development schemes at these four key stages; conditional acquisition, planning application, planning approval followed by unconditional acquisition and start on site.

To improve our core business margin and maintain our social housing costs in line with the median of our peer group

Target a 1% annual increase to our core business margin each year (target: 27.8%)

- This target was not achieved during this year. This continues to be impacted by, the growing investment needed in our stock (fire safety and sustainability) and rising costs, and has resulted in our core business margin being 20.2%
- In light of the growing investment needs in our homes, (linked to building safety and sustainability) this target is being replaced for future years with a target operating margin in line with our long-term financial plan, as well as introducing a social lettings margin target of 30% and non-social lettings margin target of 50%.

Target for our headline social housing cost per unit to remain within the median level of our G15 peer group (target: below £5,000)

- Our result for 2022 was £5,684 per unit. This measure is impacted by the same pressures as core business margin. For 2021 we achieved a result of £5,590 against a G15 median of £5,096
- To take account of fluctuations in costs within specific years this target has been made more appropriate by being set at a three-year G15 peer median average for 2022/23 onwards.

To improve our sales margin by targeting increases each year using our 2019 long-term financial plan as a base

- The sales margin achieved for this year was 13.3%, 1.1% above our 2019 long-term financial plan of 12.2%
- The target for future years will align with the private and shared ownerships profits in the long-term financial plan.

To deliver the targeted benefits from the Fit for the Future change programme (per annum target: £4.6 million from 2023)

- The benefits anticipated from our change programme are targeted to achieve £4.6 million per annum by 2024/25.

Further additional targets have been agreed for future years starting in 2022/23; overheads as a percentage of adjusted turnover of 10.6% and EBITDA interest cover greater than 90%.

To meet customer need using customer feedback delivering service standards and social value

Use customer feedback to review quality of service provision

- During 2021/22, we received over 20,000 customer responses through a comprehensive range of surveys covering satisfaction and how easy we are to deal with
- We prioritised maintaining our responsive repair service throughout the periods of lockdown and 88% of our customers accessing this service were satisfied with their outcome (target: 85%).

Introduce an investment rationale that puts our customer focus at the heart of decision making

- Improved our initial communication with customers, reducing repeat contact and improved our customer experience
- A dedicated project team introduced to address key issues that drive complaints to ensure they are handled effectively
- Dedicated complaints champions introduced across the Group to be single point of responsibility for responding to complaints.

How we compare: Efficiency indicators

As well as setting our own targets as part of our VfM priorities we use a sector-wide efficiency scorecard that has been developed to allow for consistent measures to be used to highlight how an organisation is performing against key efficiency measures. These include the nine measures contained within the VfM Standard set by the Regulator of Social Housing. These indicators provide an overview of the Group's efficiency in relation to business health, development capacity, outcomes delivered, effective and active asset management and operating efficiencies against 2020/21 results for ourselves and the median of the G15 peer group (source: G15 internal benchmarking report). The metrics used in the sector scorecard are as defined by the Regulator of Social Housing and do not in all cases match our own covenant or internal metrics disclosed elsewhere in the annual report.

Business health indicators	A2Dominion actuals		G15 median
	2022	2021	2021
Operating margin overall[1]	15.3%	17.2%	22.5%
EBITDA MRI interest cover	107.2%	63.6%	133.5%
Social housing margin	26.9%	29.0%	29.5%

[1]Excludes share of jointly controlled entities and surplus on sale of fixed assets.

Current performance: The operating margin and social housing margin are lower when compared to the G15 median and our prior year result, this is due to a lower social housing lettings surplus with increases in service charge costs and maintenance. The operating margin has also been impacted by land sales sold at cost, without these included our operating margin would have been 17.3%. EBITDA MRI interest cover although still below our peers has significantly increased due to the increase in operating surplus and our interest costs being only marginally higher than last year.

Future performance: There will be increased pressure on these metrics with increased investment in fire and safety works over the next few years particularly in 2023/24 in addition to the effect of other external economic pressures. The metrics will start to improve again from 2024/25 when our efficiency programme starts to deliver.

Development capacity indicators	A2Dominion actuals		G15 median
	2022	2021	2021
New supply delivered (absolute)	971	754	687
New supply delivered social housing units (absolute)	560	153	561
New supply delivered non-social housing units (absolute)	411	601	146
New supply delivered: social housing units (as a % of social units owned)	1.8%	0.5%	1.4%
New supply delivered: non-social housing units (as a % of units owned)	1.2%	2.0%	0.3%
Gearing	56.1%	59.0%	47.0%

Current performance: The delivery of 971 homes is better than the G15 median and our prior year result exceeding our target delivery of 953 homes. This was a good result given the challenges with supply chains and labour shortages. The delivery of social housing was forecast to increase this year with our result now in line with our peers and far in excess of the prior year. Gearing has fallen year on year although still higher than our peers. This measure is impacted by the accounting method used among our peers along with the age profile of the units and continues to show our ongoing investment in our housing stock and development schemes.

Future performance: The future delivery is forecast to be at a similar level for the next few years with a similar proportion of social housing homes being produced. Gearing will continue to reduce over the next few years but will remain above the current level of the peer group. This is in part due to the higher number and cost of investment (non-social) properties that we hold. Our gearing continues to be forecast well within our lending covenant levels.

Outcomes delivered indicators	A2Dominion actuals		G15 median
	2022	2021	2021
Customer satisfaction	81.9%	82.0%	76.0%
Reinvestment	2.4%	4.3%	5.0%
Investment in communities (absolute)	£4.2m	£4.2m	£3.1m

Current performance: The customer satisfaction measure is in line with the prior year and above our target of 81.5% and the G15 median. This reflects our improved out of hours service for customers and a strong satisfaction with our repairs service experienced by our customers. The Group delivered £11.0 million in social value for 2022 against a target of £8.0 million. The reinvestment metric reflects our investment in new properties as well as in maintaining and improving existing properties. This result has fallen year on year and is below the median of our peers and reflects the level of development works in the current year. The Group has sustained its investment in its communities in line with the prior year and above the median of our peers.

Future performance: We are targeting to increase our customer satisfaction further and to accompany this use a customer effort measure which is externally benchmarked. The Group will continue to support and provide sustained funding to its community investment projects. The reinvestment metric reflects the Group's level of development delivery activity in a given year, as schemes are completed they will contribute to this measure. The level of reinvestment will increase in line with development pipeline and investment in maintaining our properties.

Effective asset management indicators	A2Dominion actuals		G15
	2022	2021	median
Ratio of responsive repairs to planned maintenance	63.2%	54.9%	61.5%
Return on capital employed (ROCE)	2.5%	2.1%	2.7%
Occupancy	99.3%	99.6%	99.1%

Current performance: The ratio of responsive repairs to planned maintenance has increased above the median of the G15 and our prior year result due to increased costs and investment in responsive repairs and a lower level of planned and major repairs in the current year. Since the pandemic we have seen increased volumes of responsive repair requests from our customers. Our ROCE has improved year on year and although still below the peer median for 2021, it reflects our improved operating surplus. The occupancy metric has shown a slight decrease year on year reflecting the increase in our void turnaround times particularly within our care and support areas.

Future performance: Our ROCE is expected to continue rising from 2023/24 onwards, moving above the current peer median, reflecting the forecast increases in the Group's surplus. The ratio of responsive to planned repairs varies each year, driven by the programme of planned works due to be delivered. The Group's planned and major repairs programmes reflect the work required to be done in order to ensure compliance with the Decent Homes standard. This means that in some years there may be more work required than in others due to the timing of the replacement of a property's components based on its lifecycle. The occupancy metric is linked to void turnaround times and a review is underway to reduce this turnaround time which will enable us to improve our 2022/23 outturn.

Operating efficiencies indicators	A2Dominion actuals		G15
	2022	2021	median
Overall social housing cost per unit (£)	5,684	5,590	5,096
Management cost per unit (£)	1,685	1.745	1,365
Service charge cost per unit (£)	942	835	838
Maintenance cost per unit (£)[1]	1,247	1,151	1,275
Major repairs cost per unit (£)[1]	1,042	1,195	973
Other social housing costs per unit (£)	768	664	507
Rent collected	99.3%	99.9%	99.7%
Overheads as % of adjusted turnover[1]	12.0%	13.0%	11.0%

[1] prior year restated

Current performance: Our overall cost per unit for social housing has increased compared to the previous year and is above our peer group median. This is a result of the previously mentioned increased costs in responsive maintenance, planned and major repairs and service charge costs. The increase in service charge costs is the result of increases in managing agent charges that we have less ability to influence. Overheads as a percentage of adjusted turnover has improved, whilst it falls below last year's result it is still higher than our peer group. Rent collected has decreased and is indicative of the slight increase we had in rental arrears.

Future performance: Our internal target for overall social housing cost per unit has been revised to achieve an overall cost per unit below the median of the three-year rolling average of the G15 peer group. This metric will be under continued pressure over the next couple of years with rising costs through inflation, rising energy prices and our continued increased investment into our housing properties particularly building safety. These are all factors that will impact our peers. Overheads as a percentage of adjusted turnover is one of our specific internal targets with a target set at our peers' median three-year average, currently 10.6%. This metric will reduce over the next few years as we deliver our targeted efficiencies falling below our target by 2024/25.

Future actions

Our actions that will help support the Group improving VfM performance where we remain an outlier are:

- Assessing housing schemes where a programme of works is required to evaluate the potential to upgrade or redevelop to improve performance, density and quality for residents
- Simplifying customer contact and review of resourcing including flexing staff and other resources to areas where they are most needed
- Delivery of phase 3 of the Fit for Future change programme providing a core platform for customers to manage their accounts more effectively
- A permanent switch to a hybrid working system to best meet the needs of employees and customers
- Ensuring all contracts offer real VfM and are robustly appraised. Procurement is undertaking a step change exercise to further improve its value proposition
- A review of our corporate structure to ensure the structure is fit for purpose and our resources are used efficiently, effectively and economically
- To continue to review our geographic areas of operation and consider rationalisation where homes may be more effectively managed by local providers and asset disposals of homes uneconomical to maintain. This is included in our VfM statement under our VfM priority pro-active asset and capital management where we are targeting £36.2 million of these asset disposals in 2022/23.

Treasury review

The Group has a formal treasury management policy, which is regularly reviewed and was last approved by the Group's Finance Committee in March 2022. The purpose of the policy is to establish the framework within which the Group seeks to protect and control risk and exposure in respect of its borrowings and cash holdings. The treasury policy addresses funding and liquidity risk, covenant compliance and interest rate management. The Group holds floating rate loans which expose it to interest rate risk. To mitigate this risk the Group uses interest rate swaps (see page 164).

The Group has five active borrowers: A2Dominion Homes Limited, A2Dominion South Limited, A2Dominion Residential Limited, A2Dominion Developments Limited and A2Dominion Housing Options Limited. The Group has four funding vehicles, A2Dominion Housing Finance Limited, A2Dominion Treasury Limited, A2D Funding PLC and A2D Funding II PLC, all of which on-lend to the above borrowers. In addition, the Group's parent company, A2Dominion Housing Group Limited, has loan facilities and has issued bonds, the proceeds of which are on-lent to the above borrowers.

Borrowings and arranged facilities as at 31 March 2022 can be summarised as follows:

Development capacity indicators	Arranged £m	Drawn £m
A2Dominion Homes Limited[1]	876.3	549.9
A2Dominion South Limited[1]	869.9	720.2
A2Dominion Housing Options Limited	108.9	108.9
A2Dominion Residential Limited	285.6	285.6
A2Dominion Developments Limited	19.4	19.4
	2,160.1	1,684.0
Fair value adjustment of loans arising on consolidation		11.9
Loan issue costs		(7.1)
Bond discounts		(1.1)
Net debt (note 25)		**1,687.7**

[1]£88.3 million of arranged committed facilities were unavailable to immediately draw down. Some require additional security to be put in place before they can be drawn: A2Dominion Homes Limited £49.6 million (available from July 2022), A2Dominion Homes Limited £26.3 million (additional security required) and A2Dominion South Limited £12.4 million (additional security required).

As at 31 March 2022 the percentage of fixed and index linked loans to variable was as follows:

	Fixed or index linked %
A2Dominion Homes Limited	84.7
A2Dominion South Limited	95.0
A2Dominion Housing Options Limited	100.0
A2Dominion Residential Limited	100.0
A2Dominion Developments Limited	100.0
Average for Group	**95.9**

Current liquidity

It is the Group's normal policy not to hold significant cash balances but to ensure that loan facilities are in place to fund future liquidity requirements. Any excess cash is invested with a number of counterparties at competitive rates of interest. This is until the funds are required to meet the commitments within the Group's development programme.

Cash and bank balances at 31 March 2022 were £118.0 million (2021: £52.1 million). This was unusually high as a consequence of a £75.0 million bond issue from our European Medium Term Note (EMTN) programme in mid-March 2022. However, these proceeds were used to part-prepay an earlier bond issue a month later in April 2022, so reducing cash held.

Net current assets were £60.9 million (2021: £238.6 million). Additionally, as at 31 March 2022, the Group had available facilities in place to borrow a further £387.8 million (2021: £425.7 million). The Group's liquidity therefore remains strong and is the cornerstone of the Group's risk management strategy to ensure that the Group remains liquid in a potential market downturn.

Loan covenants are primarily based on interest cover and gearing ratios. Interest cover is after adding back housing property depreciation and impairment on housing properties and includes surpluses from sales but excludes capitalised interest. Interest cover and gearing covenants only apply to the two largest Group entities, A2Dominion Homes Limited and A2Dominion South Limited and these were comfortably met throughout the year. Both companies derive most of their income from rented social housing. There are no other Group entities with either interest or gearing covenants, nor are there any Group level interest or gearing covenants.

The Group's loan covenants are all structured in line with FRS 102 apart from one which is yet to be migrated and contains a frozen UK GAAP clause.

Accounting policies

The principal accounting policies of the Group are set out on pages 109 to 126.

A Collett
Chair

R Bowden
Board Member

I Hill
Secretary

Image:
Heatherwell Place, Guildford, Surrey

Governance

Board and committee structure

The Group's governance structure is set out below. The Board operates five Standing Committees within a structure approved in September 2020, following an independent review of the Group's governance arrangements by Campbell Tickell.

In December 2020, the Board also approved revised Standing Orders, supported by a new delegation framework and Responsibility, Accountability, Consulted and Informed (RACI) matrix, along with a range of flowcharts to provide greater clarity on decision making.

All of our committees are made up of Board members and independent committee members.

Group Board

- Audit, Risk & Assurance Committee
- Customer Service Committee
- Finance Committee
- Governance & Remuneration Committee
- Strategic Development & Asset Committee

	Remit	Key areas of work completed during the year
Group Board	Leads the Group, oversees its activities and sets the Group's vision, strategies, plans and resources and directs its business. The Board's primary responsibility is the protection of the Group's assets, ensuring they are used to fulfil the organisation's objectives. The Board exercises effective control across the Group to enable it to achieve its objectives and ensure that it acts lawfully and in accordance with generally accepted standards of governance, performance and probity. The Group Board oversees the work of each Committee and is responsible for establishing each one's terms of reference. In accordance with the adopted Code of Governance, the Board has a number of matters reserved to it. While it may delegate review of these to other bodies, only the Board may approve decisions. The Board approves the strategy and supporting plans in which its Committees operate. Anything that falls outside a Board-approved strategy is brought back to the Board to approve or reject.	**This year, in particular the Board has:** • Undertaken a thorough review of the Group's governance arrangements • Developed a revised Land and Development Enabling Plan • Introduced a revised risk framework and reviewed the Group's strategic risks • Overseen the Group's response to Covid with support from all Committees including analysing the Group's financial position against a range of scenarios. The Board has also reviewed the Corporate Strategy and Plan regularly throughout the year and led on the development of A2Dominion's joint ventures and delivery of the Group's objectives and oversight of the Group's risk management portfolio for strategic, operational and financial matters.

	Remit	Key areas of work completed during the year
Audit, Risk & Assurance Committee	The Audit, Risk & Assurance Committee has been established by the Group Board to undertake the detailed examination and review of matters set out in its Terms of Reference and either make recommendations to the Board or, on delegated matters, to approve recommendations made to it. **The Committee is, in particular, responsible for:** • The scrutiny of the Group's Statutory Accounts prior to consideration by the Group Board • The review of appointment, terms of reference, conduct and performance of the External Auditors and the Internal Auditors • Ensuring there is an overall process for an effective internal control system • Having in place and maintaining an effective system in relation to the Group's risk identification and management • Ensuring that the Group has in place appropriate controls to safeguard assets • Ensuring the Group complies with the Governance and Financial Viability, Rent and Value For Money Standards established by the Regulator of Social Housing. **The Committee is accountable for:** • Ensuring that the Group has in place an appropriate Confidential Reporting ("whistle blowing") policy which allows staff, in confidence, to raise concerns about possible impropriety in matters of financial reporting, financial control or any other matter relating to the Group's activities • The provision of internal audit services for the Group • The Group's compliance with the requirements of legislation and regulatory requirements in respect of health and safety matters • Ensuring that the Committee receives adequate financial and business management reports to scrutinise performance.	**The key achievements of the Committee in the year include:** • An in-depth discussion around the Group's new ways of working • Reviewing the Workforce Risk • Approving a revised data protection policy • Reviewing the identified strategic priority areas for the Committee at Group Board • Developing and following an Internal Audit Assurance Framework and Map and Operational Internal Audit Plan 2022 – 2023 • Approving the external audit scope and strategy.

	Remit	Key areas of work completed during the year
Customer Service Committee	The Customer Service Committee has been established by the Group Board to undertake the detailed examination and review of matters set out in its Terms of Reference. The Committee takes the lead on all customer matters across all tenures, including customer satisfaction, performance against customer measures – for example neighbourhood satisfaction and complaints monitoring. It challenges the Group's decisions and decision-making processes to ensure A2Dominion is a customer-led business and that services are designed to make it easy for the customer to transact and access them. The Committee's decisions are informed by customer insight. **The Committee is, in particular, responsible for:** • Ensuring the Group complies with the Home, Customer Involvement and Empowerment, Home and Tenancy Standards established by the Regulator of Social Housing and Care Quality Commission standards • Scrutinising proposals for customer performance indicators and targets for performance measures • Oversight of compliance with and performance against the Housing Ombudsman Complaints Code. **The Committee is accountable for:** • Monitoring achievement against agreed customer performance indicators.	**The key achievements of the Committee in the year include:** • Influencing, approving, and launching corporate values • Group Board adoption of customer-led decision making, and commitment to review our target customers and the customer offer • EMT approval of the continued roll-out of Customer First training across operations • Customer First Culture Programme now integrates elements of Every Comms Counts and Great Places to Live training to support wider roll-out across the organisation • White Paper Working Party formed in 2021. In the first instance complete our self-assessment of standards and review tenant satisfaction measures for consultation • Reviewing and strengthening our resident engagement framework to support multi-channel and proportionate demographic approach.

	Remit	Key areas of work completed during the year

Finance Committee	The Finance Committee has been established by the Group Board to undertake the detailed examination and review of matters set out in its Terms of Reference.
	
	The Committee is, in particular, responsible for:
	• Examination of draft budgets prior to consideration by the Group Board
	• Examination and review of the Group's Tax Strategy prior to recommendation to the Board
	• Review of the Group's Treasury Strategy and Treasury Policy
	• Review of the Long-term Financial Forecast prior to submission to the Board
	• Review of the results of stress-testing and annual scenario planning prior to submission to the Board
	
	The Committee is accountable for:
	• The scrutiny of the Group's financial performance indicators
	• Consideration and approval of the Group's borrowing and loan arrangements
	• Consideration and approval of the Group's investments
	• The Committee also acts as the Board for A2Dominion Housing Finance Limited and A2Dominion Treasury Limited
		The key achievements of the Committee in the year include:
		• Approval of the 2021 base LTFF and Board's 'must survive' scenario work
		• A recommendation that the current moratorium on land purchases of new sites not identified in the LTFF should remain in place for at least the next year (and be reviewed annually).
		• Approval of new risk triggers:
		  • A2Dominion Developments must return to positive reserves within five years (unstressed)
		  • A2Dominion Developments must return to positive reserves within eight years (stressed)
		• Considering options to change the Group structure to make A2Dominion Developments a fully owned subsidiary of the group parent, and to refinance A2Dominion Developments' debt with 6% Public Business Entity loans issued by the Group Parent.
		• Approving budget assumptions for the 2022/23 Group Budget
		• The recommendation to the Group Board that the sales-stressed net debt limit should be lowered to £1.9 billion until March 2024 (and then be increased back to the current £2.0 billion limit)
		• Approving the proposed sources of economic assumptions and also the inflation assumptions noted in the report
		• Approving the updated Treasury Management policy 2022
		• The recommendation of the Development Appraisal Assumptions to Group Board for approval.

	Remit	Key areas of work completed during the year
Governance and Remuneration Committee	The Governance and Remuneration Committee has been established by the Group Board to undertake detailed examination and review of the matters set out in its Terms of Reference. **The Committee is, in particular responsible for:** • Ensuring that appointments to the Board are in accordance with the Group's recruitment policies and procedures • That remuneration to Board Members and Executive Directors is considered fairly, transparently and regularly • The Group has sufficient arrangements for Board and Executive succession • That amendments to the Group's governance documents are scrutinised • That the Group has adequate arrangements for providing assurance of compliance with the adopted Code of Governance	**The key achievements of the Committee in the year include:** • Approving a transfer of one of the Group's pension schemes from the Social Housing Pension Scheme following a detailed review • Overseeing the work of the Governance Working Group • Managing recruitment of new Board and Committee Members • Overseeing a review of Board and Committee Member remuneration • Discussing Executive Management Team and Board succession planning • Discussing revised pay strategy in advance of formal proposals.

Strategic Development and Asset Committee	The Strategic Development and Asset Committee has been established by the Group Board to undertake the detailed examination and review of matters set out in its Terms of Reference.
	
	The Committee is, in particular responsible for:
	• Ensuring the Group has in place and achieves the requirements of:
	  • A Land and Enabling Strategy supported by an Annual Development Programme
	  • A Group Asset Management Strategy supported by an Asset Management and Investment Rolling Programme
	  • A clear approach to disposal of assets within agreed criteria
	• Scrutinising variations to agreed schemes, projects or programmes above the range established within the Group's RACI matrix are fully considered
	• Validating that development, asset management and disposal programmes meet required standards and performance measures
	
	The Committee is accountable for:
	• Approving variations to agreed schemes, projects or programmes within the range established within the Group's RACI matrix
	The Committee also acts as the Board for A2Dominion Developments Limited
		The key achievements of the Committee and its predecessor in the year include:
		• Approving four major disposals with a combined value of £70.7 million
		• Recommending that A2Dominion Developments enter into a development agreement with the Department for Education for the development of a school
		• Recommending the Asset Management Strategy to the Group Board for approval.
		• Approving development led KPIs for 2022/23
		• Working jointly with the Finance Committee, recommended a suite of scheme hurdles to the Group Board for approval
		• Approving the blue sky assumptions to be used in the 2022 Long Term Financial Forecast
		• Reviewing and recommending approval of the Property Services investment Budget.

Board of management

The Group Board steers and directs the activities of the organisation. Members of the Board are chosen to ensure a broad cross section of skills and experience from across the housing sector.

Alan Collett, Chair

Alan has an extensive background in private sector housing development, investment and valuation. He was President of the Royal Institution of Chartered Surveyors (RICS) for 2012/13, and recently completed a 9-year term as Non-Executive Director of the Hyde Group, where he was Chair for the last three years. Previous non-executive roles include being a Board Member at the Empty Homes Agency, and Chairman of the British Property Federation Residential Committee. He is currently a director of M&G Residential Limited Partnership, an Honorary Fellow of the University College of Estate Management, an adviser to Hearthstone Investments and the home investor fund. With a strong interest in providing new homes, Alan was also a member of the National House Building Council for 9 years.

Appointed to the Board 1 December 2021 and Chair from 23 March 2022

Rachel Bowden

Rachel is the Founder and Director of ThinkingAudit Ltd, providing governance and assurance support to a diverse range of organisations from local authorities to large corporate businesses. She is a Chartered Internal Auditor and is a volunteer member of the global Professional Certifications Board for the internal auditing profession. Rachel has previous board-level and audit committee experience in the housing sector. Rachel is our Chair of the Audit Risk and Assurance Committee.

From 1 December 2021 and Chair of the Audit and Risk Assurance Committee from 23 March 2022

Ozzie Clarke-Binns

Ozzie has spent over 15 years as an independent advisor for various organisations, including the London 2012 Organising Committee and Business in the Community. He is a people and culture specialist and was previously Head of Innovation and Consultancy at University College London. Today, Ozzie leads People Operations at Aula, is a Trustee at the Royal National Institute of Blind People and a One Young World Ambassador. Ozzie is a member of our Customer Service Committee.

Board of management

Andrew Kirkman

Andrew is Chief Financial Officer of CLS Holdings PLC, a FTSE 250 property investment company. Previously, he was Finance Director at Harworth Group PLC and Finance Director at Viridor, as well as Chief Financial Officer at Balfour Beatty Capital and Global Head of Corporate Finance at Bovis Lend Lease. Andrew is a Fellow of the Institute of Chartered Accountants and has an MA (Oxon) in Politics, Philosophy and Economics. Andrew is a member of our Finance Committee.

Alex Roth

Alex has worked in the technology and digital space for over 20 years across a range of industries and organisations. He is a specialist in digital transformation both from a technology and organisational change perspective. Alex was the Global Head of Digital delivery for British American Tobacco before taking up the role of Chief Information officer for Landsec. He is currently Chief Digital Officer at Informa. Alex is a co-optee on A2Dominion's Customer Services Committee and a member of the Audit, Risk & Assurance Committee.

Appointed 1 May 2022

Caroline Tiller

Caroline has over 30 years' housing experience and is Chair of our Customer Advisory Panel. Caroline was Chief Executive of Central and Cecil Housing Trust, a post she held for six years. Prior to this, Caroline held a number of director-level positions in large and medium sized housing associations, with a focus on customer-facing operations. Caroline chairs our Customer Service Committee and is a member of our Governance and Remuneration Committee.

Board of management

Caroline Tolhurst

Caroline has over 30 years' experience in the property and investment management sectors as a surveyor and compliance officer and was previously Company Secretary at Grosvenor and NewRiver Retail. She is now on the board of Wynnstay Properties PLC and LocatED Properties Limited. Caroline is Chair of our Strategic Development and Asset Committee.

Nigel Turner

Nigel has worked in the development and investment sector for over 30 years having previously been Chief Operating Officer at McCarthy Stone and Executive Director for Developments, Property and Business Services at Kier Group. He is a chartered surveyor, with extensive experience in development and regeneration and a particular focus on operational excellence, quality and customers. Nigel is a member of our Strategic Development and Assets Committee and our Audit, Risk & Assurance Committee.

Appointed 1 May 2022

Peter Walker

Peter has over 35 years' experience in the finance sector, with private and public sector board-level experience centred on change, growth and service delivery. He was previously Chief Operating Officer of Kleinwort Benson Private Bank and of The Pension Protection Fund. Peter is our Senior Independent Director, chairs our Finance Committee and is a member of our Governance and Remuneration Committee.

Board of management

Anne Waterhouse

Anne is a chartered accountant with over 25 years' finance experience. Prior to her current role as Interim Chief Executive, Anne was Executive Director of Central & Financial Services and Deputy Group Finance Director of Dominion Housing Group. She is a member of the Chartered Institute of Management Accountants and has also worked as a finance director within the housebuilding industry. Anne is also the Chair of Audit & Risk Committee and a Board member of Hornsey Housing Trust.

Dennis Watson

Dennis has over 35 years' experience in the banking sector. His last role at Barclays was Managing Director and Head of Real Estate, leading teams that serviced the bank's UK commercial and residential property companies. He has also run teams focussed on structuring funding solutions for the Housing Association, Local Authority, Education and Project Finance sectors. Dennis is a member of Strategic Development and Assets Committee and our Finance Committee.

Appointed 1 May 2022

Louise Wilson

Louise is a highly experienced people professional who has led the people functions at high street retailers including The Body Shop and Clarks shoes. She now advises on organisational transformation and is currently supporting Natura the international group that includes Natura, Avon, The Body Shop and Aesop. Louise is a supporter of the arts and is a trustee of two art-focused charities, and is also on the Board of Thames Reach (a charity for people experiencing homelessness). Louise chairs our Governance and Remuneration Committee.

Ian Cox (Chair) retired 31 March 2022
David Coates retired 28 February 2022
Sara Dickinson retired 28 July 2021
Darrell Mercer retired 30 April 2022

Executive Officers

Anne Waterhouse

Interim Chief Executive and Executive Director (Central & Financial Services)

See previous page

Andrew Boyes

Executive Director (Change & IT)

Andrew has over 30 years' experience in IT, working across a broad range of business sectors including housing, insurance, retail and distribution. Andrew has been an IT Director since 1998, holding three IT Director roles before he joined A2Dominion in 2009 as Group Director of IT. He became Executive Director (Change & IT) in 2014.

Nick Hutchings

Executive Director (Managing Director, Commercial)

Nick has over 30 years' experience in the housebuilding industry and formerly worked at the Berkeley Group, one of the most respected housebuilding brands in the industry, where he held senior management posts including Land Director and Managing Director of St George Central London.

Michael Reece

Executive Director (Operations)

Michael has over 30 years' experience in the housing sector and has worked for housing associations, contractors and consultants. Michael joined A2Dominion from Savills, one of the most respected consultants in the sector. Prior to this he was Group Operations Director at Aster Group, where he worked for just under 12 years. Michael has a law degree and an MBA.

Executive Officers

Dean Tufts

Executive Director (Finance & Strategy)

Dean is a chartered accountant and has worked in the housing industry for over 30 years. Dean was Group Finance Director of Dominion Housing Group for four years. Prior to that he was Finance Director of its forerunner, Acton Housing Association for 11 years, joining the association from McCarthy & Stone Plc. Dean is an Associate of the Institute of Chartered Accountants in England and Wales.

Darrell Mercer

Group Chief Executive

Darrell has over 40 years' experience in the housing sector and was previously Assistant Director of Housing for the London Borough of Islington. He is the former Chief Executive of Acton Housing Association and the Dominion Housing Group. He is also a non-executive Board member for Your Housing Group and Zen Housing Group.

Darrell was on long-term leave for health reasons since August 2021 and retired in August 2022.

Ian Hill

Group Company Secretary and Director of Governance & Compliance

Advisors and bankers

Registered office

The Point
37 North Wharf Road
London W2 1BD

Bankers

Barclays Bank PLC
Floor 28
1 Churchill Place
London E14 5HP

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London SE1 9BB

Devonshires Solicitors LLP

30 Finsbury Circus
London EC2M 7DT

Report of the Board

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2022.

Principal activities

A2Dominion Housing Group Limited is a social landlord administered by a board of directors with a broad range of expertise and experience. It is also the parent entity of the A2Dominion Group ("the Group") and all further references to the Group refer to the consolidated Group rather than the Association. The subsidiaries of the Group are listed in note 17 to the financial statements.

Business review

Details of the Group's performance for the year and its future plans are set out in the Strategic Report.

Housing property and other fixed assets

Details of changes to the Group's fixed assets are shown in notes 13 to 17 to the financial statements.

Reserves

After transfer of the surplus for the year of £42.1 million (2021: £6.4 million) and other movements in reserves, the Group's year-end reserves amounted to £1,041.4 million (2021: £973.8 million).

Donations

A2Dominion Housing Group Limited made no charitable donations during the year (2021: nil) and made no political donations (2021: nil). Entities within the Group donated £20,597 to charitable organisations (2021: £84,002).

Post balance sheet events

The present Board members ("the Board") consider that there have been no events since the year end that have had a significant effect on the Group's financial position.

Financial instruments

The Group's approach to financial risk management is outlined in the Strategic Report.

Employees

A key strength of the Group lies in the quality of its employees. In particular, it is their contribution that gives the Group the ability to meet its objectives and commitments to customers in an efficient and effective manner.

The Group shares information on its objectives, progress and activities through regular briefings, seminars and meetings involving Board members, the senior management team and our people.

The Group is committed to equal opportunities, and in particular, supporting the employment of people with disabilities, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. Members of the Board, together with the executive officers, have undertaken external and accredited health and safety training appropriate to their role. The Group operates a Health and Safety Executive Committee which is responsible for monitoring all health and safety activities and reporting on these through the Audit, Risk and Assurance Committee to the Board. The Group has in place detailed health and safety policies and provides training and education on health and safety matters.

Image:
City Wharf, Hackney, London

Board members and executive officers

The Board and the executive officers of the Group are set out on pages 70 to 75. The Board is drawn from a wide background bringing together professional, sector and commercial experience. The executive officers are the Chief Executive Officer and the other members of the Group's Executive Management Team.

The executive officers hold no interest in the Group's shares and act as executives within the authority delegated by the Board. Group insurance policies indemnify the Board and officers against liability when acting for the Group.

Service contracts

Executive officers are employed on the same terms and conditions as all our people, save that their notice periods are between six and 12 months.

Pensions

Executive officers are members of the A2Dominion Benefit Scheme, which is a defined contribution pension scheme. They participate in the scheme on the same terms as all other eligible staff and the Group contributes to the scheme on behalf of its employees.

Other benefits

Executive officers are entitled to other benefits such as healthcare insurance. Details of their total remuneration are included in note 7 to the financial statements.

Image:
Cavendish Gardens, Bath Road,
West London

Governance

The regulatory judgement rating for A2Dominion Housing Group is G1/V2. This rating was effective from 29 June 2022 following an In Depth Assessment by the Regulator of Social Housing (RSH).

Based on evidence gained from an In Depth Assessment (IDA), the regulator has assurance that A2Dominion Housing Group Limited (A2Dominion) continues to comply with the financial viability elements of the Governance and Financial Viability Standard. A2Dominion has an adequately funded business plan, sufficient security in place, and is forecast to continue to meet its financial covenants under a reasonable range of scenarios.

The regulator identified that A2Dominion's large and diverse development and sales programme gives rise to risks and exposures which the provider needs to manage, including exposure to housing market volatility and potential reductions in income.

This judgement covers A2Dominion Housing Group Limited, A2Dominion Homes Limited, A2Dominion Housing Options Limited, and A2Dominion South Limited.

The Group gains assurance on its long-term viability by running a range of stress testing scenarios against its Long-Term Financial Forecast.

The Board has carried out its annual assessment of compliance against the Regulator of Social Housing's (RSH) regulatory framework for registered providers and reports full compliance throughout the year and up to 22 September 2022.

The Board has also reviewed its governance arrangements for compliance against its adopted code of governance, the National Housing Federation Code of Governance, published in 2020. The Board adopted this Code with effect from 1 January 2021 and fully complies with the Code.

The Board is confident that the regulatory judgement from the RSH, together with its self-assessments against the regulatory framework and code of governance, provide assurance that the governance framework across the organisation is strong.

Customer involvement

The Group actively encourages residents' involvement in providing feedback and informing decision making through active customer groupings which promote customer involvement, led by the Group's Customer Experience team. There are clear reporting arrangements between the customer groups and the Board and committees. Operational from 1 January 2021 has been the Group's Customer Service Committee (CSC). It was established to provide clear customer feedback on enhancements to services being provided. The Committee consists of three customers, industry experts from other customer-facing organisations, along with two Board members who provide the direct link back to the Board. We have also appointed two customers to act as scrutineers to help review our policies, standards and compliance.

Complaints

The Group has a clear, accessible complaints policy for its customers that has been designed to enable customers to follow a simple process.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the Annual Report and Financial Statements.

Key elements of the control framework during the year included:

- Rules and Memoranda and Articles of Association
- Annual budget agreed before beginning of financial year
- Standing Orders including a RACI matrix
- Long-term financial forecasts tested against a range of stresses
- A scheme of delegations to the Chief Executive Officer
- Monthly management information to budget holders
- Terms of Reference for each Committee, identifying responsibilities and accountabilities
- Monthly and quarterly cashflow forecasting
- Delegated powers detailing responsibilities for expenditure and authorisation of payments
- Quarterly reports to the Board on KPI performance
- Written policies and procedures
- Reports to the Board on any fraudulent activity
- Risk management framework
- Codes of Conduct and registers for hospitality and declarations of interest

- Job descriptions and appraisal system.
- Treasury management policy and regular reports on performance
- Internal audit programme linked to risk
- Reports of proceeding or minutes from committees considered by the Board
- Annual external audit
- An annual report provided to the Audit, Risk & Assurance Committee by internal and external auditors and regular progress updates
- Monitoring implementation and audit recommendations at Audit, Risk & Assurance Committee.

The Audit, Risk & Assurance Committee oversees the Group's compliance with landlord health and safety, the management of risk and health and safety reporting and compliance.

The Board cannot delegate accountability for the system of internal control, but it can, and has, delegated authority to the Audit, Risk & Assurance Committee to regularly review the effectiveness of the systems in place.

The Audit, Risk & Assurance Committee reviews the Group Risk Register at each meeting to ensure all risks are fully assessed, with mitigation actions identified against the identified risk appetite. In addition, each of the Group's committees reviews risks and actions specific to its areas of responsibility. The Audit, Risk & Assurance Committee regularly reviews the fraud register. Any control weaknesses or fraud identified during the year are reported to and monitored by the Audit, Risk & Assurance Committee, which reviews the mitigating actions and the timescales for their completion.

The Audit, Risk & Assurance Committee and the Board have received the Chief Executive Officer's annual review of the effectiveness of the system of internal control for the Group and the annual report of the internal auditor.

The Board has reviewed and evaluated the effectiveness of the internal controls as well as the fraud register and the annual report of the internal auditor as reported to them by the Audit, Risk & Assurance Committee. In reviewing the internal auditor's report the Board has noted a need to ensure recommendations arising from internal audits are completed on time having noted that several were delayed during the year.

In line with the Financial Reporting Council Guidance on Audit Committees, the Audit, Risk & Assurance Committee carried out a separate exercise to review its independence, performance and effectiveness, and agreed and implemented actions to further improve its effectiveness.

Board members' responsibilities

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

Co-operative and Community Benefit Society and social housing legislation require the Board to prepare financial statements for each financial year for the Group and Association in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable the Board to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Board is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Board. The Board's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Going concern

As part of the going concern assessment the Board has considered various factors affecting the economy that could impact the business. These include the continued effect of the pandemic and Brexit as well as the more recent impacts of high inflation rates and the war in Ukraine. The Board feels that although these have and will have further potential to impact the business, they are not considered to have a material effect on any going concern assessment however these factors will continue to be monitored closely.

The Board reviewed an updated long-term financial plan in June 2022 which considers various economic factors including the increase in inflation, and the impact of modelled scenarios in combination, together with any mitigations that could be taken. The modelling confirmed that the Group could survive these scenarios and still be able to continue to operate within all banking covenants, with adequate cash resources available. The Board therefore confirms that it has reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The principal risks that could affect this strategy are discussed in the Strategic Report on pages 42 to 49.

On this basis the Board has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the Financial Statements. The Board is therefore of the opinion that the going concern basis adopted in the preparation of the Financial Statements is appropriate.

Annual General Meeting

The Annual General Meeting was held on 15 September 2021 and the next will be held on 14 December 2022.

Disclosure of information to auditor

At the date of making this report each of the Group's Board members, as set out on page 70 to 73, confirm the following:

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

External auditors

BDO LLP has indicated their willingness to continue in office and a resolution to re-appoint them for the coming year is proposed at the Annual General Meeting.

The Report of the Board was approved by the Board on 19 October 2022 and signed on its behalf by:

A Collett
Chair

R Bowden
Board Member

I Hill
Secretary

Streamlined energy and carbon reporting

The Group is required to report the emissions from qualifying subsidiaries under the Streamlined Energy and Carbon Reporting (SECR) framework, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

A2Dominion Residential Limited and A2Dominion Developments Limited, are the two entities in the Group that meet SECR qualification criteria and the data is therefore for these two entities alone. The data included below covers the reporting requirements detailed in the SECR regulations.

This summary has been compiled on the best available data at the time of production, in accordance with the baseline compliance SECR criteria for unquoted businesses with an annual energy consumption below 40 MWh, as it includes the total UK energy use of electricity, natural gas and direct transport (company-owned vehicles).

This includes UK energy use, and the associated Greenhouse Gas (GHG) emissions, which are classified as:

Scope 1:

Activities for which the Group is responsible involving the combustion of gas, or consumption of fuel for the purposes of transport.

Scope 2:

The purchase of electricity by the Group for its own use, including for the purpose of transport.

Scope 3:

Emissions associated with third party logistics providers which occur at sources which A2Dominion does not own or control. Although not mandatory for inclusion in the SECR summary, Scope 3 emissions have been considered for well to tank of natural gas and diesel fuels and also for the transmission and distribution losses (T&D) element of delivered electricity.

SECR Annual Report Statement

This is the third year of reporting our energy and carbon data and the statement covers the year 1 April 2021 to 31 March 2022. The scope of emissions included in the report are natural gas, diesel (gas oil) and electricity.

Where office space is shared with other parts of the business, the energy usage in these areas has been allocated on a pro-rata basis.

Energy consumption		2022	2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (kWh)	10,201,798	14,047,660	9,270,617	10%
	LPG (Kwh)	2,577	1,603	0	
	Plant and machinery diesel (Kwh)	303,491	121,799	341,921	-11%
	Total Scope 1 Energy (kWh)	**10,507,866**	**14,171,062**	**9,612,538**	**9%**
Scope 2: Electricity purchased	Total electricity (kWh)	2,018,674	1,767,784	3,197,393	-37%
Scope 3: Indirect transport	Grey Fleet transport (kWh)	826,185	304,024	871,792	-5%
Total Scope 1,2 and 3 energy consumption (kWh)		**13,352,725**	**16,242,870**	**13,681,723**	**-2%**

Emissions assessment		2022	2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural gas (tCO2e)	1,868.6	2,583.0	1,704.0	10%
	LPG (tCO2e)	0.6	0.3	-	-
	Plant and machinery diesel (tCO2e)	71.9	31.3	88.0	-18%
	Total Scope 1 (tCO2e)	**1,941.1**	**2,614.6**	**1,792.2**	**8%**
Scope 2: Electricity purchased and heat and steam generated	Location based (LB) (tCO2e)	428.6	412.0	817.3	-48%
	Market based (MB) (tCO2e)	114.7	-	-	-
Location based	**Total Scope 1 and 2 emissions (tCO2e)**	**2,369.7**	**3,026.6**	**2,609.5**	**-9%**
Market based	**Total Scope 1 and 2 emissions (tCO2e)**	**2,055.8**	**2,614.6**	**1,792.2**	**15%**
Scope 3: Indirect transport	Grey Fleet transport emissions (tCO2e)	207.1	73.1	213.2	-3%
Location based	**Total Scope 1, 2 and 3 emissions (tCO2e)**	**2,576.8**	**3,099.7**	**2,822.7**	**-9%**
Market based	**Total Scope 1, 2 and 3 emissions (tCO2e)**	**2,262.9**	**2,687.7**	**2,005.4**	**13%**

Definitions:

tCO2e

Tonnes of carbon dioxide equivalent, which is a measure that allows you to compare the emissions of other greenhouse gases relative to one unit of CO2. It is calculated by multiplying the greenhouse gas emissions by its 100-year global warming potential.

Location based

Organisations are encouraged to use location-based grid average emission factors to report the emissions from electricity, including those consumed from the grid. Where available, time specific (e.g. hour-by-hour) grid average emission factors should be used in order to accurately reflect the timing of consumption and the carbon-intensity of the grid.

Market based

Market based: Where organisations have entered into contractual arrangements for renewable electricity, e.g. through Power Purchase Agreements or the separate purchase of Renewable Energy Guarantees of Origin (REGOs), or consumed renewable heat or transport certified through a Government Scheme and wish to reflect a reduced emission figure based on its purchase, this can be presented in the relevant report using a "market-based" reporting approach.

Intensity ratio	Formula	2022	2021	2020	Variance
1	tCO2e (Location based)/ Number of employees	15.43	16.47	19.74	-22%
2	tCO2e (Location based)/ Units in management	0.07	0.08	0.07	-6%
3	tCO2e (Location based)/ Completed units	2.65	4.13	6.79	-61%

Image:
Fellows Square,
Cricklewood, North London

Independent auditor's report to the Members of A2Dominion Housing Group Limited

Opinion on the financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's surplus and the Association's result for the year then ended
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- The financial statements have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of A2Dominion Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022, which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit, Risk & Assurance Committee.

Independence

Following the recommendation of the Audit, Risk & Assurance Committee, we were first appointed by the Board to audit the financial statements for the period ended 31 March 2009. The period of total uninterrupted engagement including retenders and reappointments is 14 years, covering the period ended 31 March 2009 through to year ended 31 March 2022.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern
- Considering the appropriateness of management's forecasts by testing their mechanical accuracy, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis
- Obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions
- Assessing the facility and covenant headroom calculations, and assessing the adequacy and re-performing sensitivities on management's base case and stressed case scenarios
- Reviewing the wording of the going concern disclosures, and assessing its consistency with management's forecasts.

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

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Image:
Canons Gate, Bristol

Overview

		2022	2021
Coverage	100% (2021:100%) of Group revenue before tax 99% (2021:99%) of Group total assets		
Key audit matters	The recoverable amount of property developed for sale is materially misstated	✓	✓
	Carrying value of investments in jointly controlled entities	✓	✓
Materiality	**Group financial statements as a whole** £8.7m (2021: £5.9m) based on 7.5% (2021:5%) of adjusted operating surplus. This is an increase from the prior year from 5%. The level was reassessed following a period of stable performance and headroom in covenants.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Audit work on all components, apart from one, was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. We identified 8 components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components.

A2Dominion Housing Group Limited, A2Dominion South Limited, A2Dominion Homes Limited, A2Dominion Housing Options Limited, A2Dominion Developments Limited, A2Dominion Funding Plc, A2Dominion Funding II Plc, A2D NKH (Mytchett) Limited, Green Man Lane LLP, Crest A2D (Walton Court) LLP, A2D NKH Cranleigh LLP and A2DD HP Boston Road LLP were identified as significant components due to their size and risk characteristics.

The BDO UK Group audit team directly audits A2Dominion Housing Group Limited, A2Dominion South Limited, A2Dominion Homes Limited, A2Dominion Housing Options Limited, A2Dominion Developments Limited, A2D NKH (Mytchett) Limited and Green Man Lane LLP. Two separate BDO UK audit teams audit the financial information of A2Dominion Funding Plc, A2Dominion Funding II Plc, Crest A2D (Walton Court) LLP and A2D NKH Cranleigh LLP and report to the Group audit team in accordance with Group reporting instructions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
The recoverable amount of property developed for sale is materially misstated As described in Note 1 (Accounting Policies), the Group carries property developed for sale at the lower of cost and net realisable value. As at 31 March 2022, the Group held property for sale of £191.5m (Note 18). This area is also considered a key estimation uncertainty by management, as described in Note 1.	For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount using external valuations, including an assessment of the actual costs incurred against budget and costs to complete. Due to the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk and therefore a key audit matter.	Having obtained management's assessment of the net realisable value of property developed for sale, we selected a sample on which to perform detailed testing. Our samples were chosen from the populations of items that represented both property under construction and completed property at year-end. **1. For sales price we:** • Compared anticipated selling prices with sales prices achieved after the year end, sales prices achieved for similar units in the year, valuation of properties for marketing purposes and selling prices of similar properties in the locality. • Assessed the sensitivity of sales values. **2. For costs to complete we:** • Obtained the latest valuers report and reviewed the construction costs against the total contract value taking into account contract variations • Obtained details of the expected costs to complete from the scheme budget for that development and agree the budgeted contracted cost of the development to the latest contract documentation • Considered Commercial Strategic Review Committee minutes and made enquiries of key finance personnel with responsibility for Capital Accounting for indications of cost overruns, contractor disputes or solvency issues in relation to the schemes tested • Compared the incurred expenditure (including costs incurred after the reporting date) to the estimated amount to ensure that the cost to complete estimate reflects actual costs • Assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year • Assessed the sensitivity of costs. **Key observations** Based on our procedures we noted no exceptions.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of investments in jointly controlled entities As explained in Note 1 (Accounting Policies), interests in jointly controlled entities are accounted for using the equity method of accounting. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group, recognising a share of surplus of £9.2m for the year ended 31 March 2022 (Note 17). In the consolidated statement of financial position, the interests in jointly controlled entity undertakings are shown as the Group's share of the identifiable net assets, recognising a share of net assets of £71.2m as at 31 March 2022.	All of the Group's jointly controlled entities are residential development vehicles undertaking the development of single schemes with the purpose of selling properties to generate profits. As a result, the majority of assets held by these entities represent properties under development for sale, measured at the lower of cost and net realisable value. Should these properties be held at an amount in excess of their net realisable value this could result in a material error in the share of surplus and net assets recognised from jointly controlled entities. Due to the inherent estimation uncertainty in determining the recoverable amount, we considered there to be a significant risk and therefore a key audit matter.	**Our response included the following:** • For components subject to specific procedures by the Group audit team we obtained management's assessment of the net realisable value of properties developed for sale for each entity. We agreed the amounts involved to supporting documentation where the property was sold post year-end. We performed the procedures listed above in the key audit matter addressing the recoverable amount of property developed for sale as should these properties be held at an amount in excess of their net realisable value this could result in a material error in the share of surplus and net assets recognised from jointly controlled entities. • For components subject to full scope audit procedures by separate BDO UK component audit teams we have provided the component auditors with group instructions and performed a review of the working papers related to the review of the net realisable value of properties developed for sale and the appropriateness of conclusions reached from this testing. • We obtained draft financial statements for each of the Group's jointly controlled entities and recalculated the share of surplus for the year and share of net assets included in the consolidated statement of comprehensive income and consolidated statement of financial position. **Key observations:** Based on our procedures we noted no exceptions.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Association financial statements	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	8.7	5.9	1.8	1.5
Basis for determining materiality	7.5% (2021: 5%) of adjusted operating surplus as defined by the entities lending covenants		3% (2021: 2.5%) of turnover	
Rationale for the benchmark applied	Management reports its performance to key stakeholders and monitors the business based on adjusted operating surplus as defined by the loan covenants. It is therefore appropriate to adjust materiality in order to respond to the risk of covenant breach. The adjustments to operating surplus are to add back depreciation, impairment and grant amortisation and to deduct interest receivable, surplus on first tranche sales and gift aid receipts, which is in line with the Group's strictest loan covenant definition.		The Parent Association provides management services to the wider Group hence the level of income generated from these activities is considered to be the most appropriate benchmark for materiality.	
Performance materiality	6.1	4.1	1.3	1.1
Basis for determining performance materiality	70% (2021: 70%) of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements.			

Component materiality

We set materiality for each component of the Group based on a percentage up to 69% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £5k to £6.0m. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Risk & Assurance Committee that we would report to them all individual audit differences in excess of £174k. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- The information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements
- Adequate accounting records have not been kept by the Association
- A satisfactory system of control has not been maintained over transactions
- The Association financial statements are not in agreement with the accounting records and returns
- We have not received all the information and explanations we require for our audit.

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements.

We gained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to fire safety, environmental, occupational health and safety and data protection.

All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Our audit procedures included:

- Agreement of the financial statement disclosures to underlying supporting documentation
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership, recoverable amount of properties developed for sale (see key audit matter above), profit recognition via cost apportionment between first tranche and the retained equity on shared ownership plots sold, the valuation of derivative financial instruments, the valuation of the building safety provision and defined benefit pension scheme obligations
- Identifying and testing journal entries to supporting documentation, in particular any journal entries posted with unusual account combinations and specific user postings
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Review of minutes of Board meetings and papers provided to the Group Audit, Risk & Assurance Committee throughout the period and to the date of approval of the financial statements for instances of non-compliance with laws and regulation and fraud
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Group Audit, Risk & Assurance Committee and any correspondence received from regulatory bodies.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Paula Willock
Senior Statutory Auditor
BDO LLP, Statutory Auditor

Gatwick

Date: 19 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Image:
Westvale Park, Horley. Surrey

Financial Statements

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Turnover	**3**	**465.8**	**303.3**
Cost of sales	3	(181.6)	(44.1)
Operating costs	3	(213.0)	(207.2)
Surplus on sale of fixed assets	3, 9	13.3	7.3
Share of jointly controlled entity operating profit	3, 17	9.2	19.1
Operating surplus	**3, 5**	**93.7**	**78.4**
Interest receivable and other income	10	1.5	0.7
Interest payable and similar charges	11	(66.2)	(65.1)
Other finance costs	28	(0.8)	(0.4)
Change in fair value of investments	17	8.4	0.8
Movement in fair value of financial instruments		2.7	2.3
Movement in fair value of investment properties	15	10.7	(9.4)
Surplus on ordinary activities before taxation		**50.0**	**7.3**
Tax on surplus on ordinary activities	12	(6.4)	0.7
Surplus on ordinary activities after taxation		**43.6**	**8.0**
Non-controlling interest		(1.5)	(1.6)
Surplus for the financial year		**42.1**	**6.4**

	Note	2022 £m	2021 £m
Surplus for the financial year		**42.1**	**6.4**
Actuarial gains/(losses) on defined benefit pension scheme	28	8.4	(24.3)
Movement in fair value of hedging instruments	11	17.1	15.8
Movement in deferred tax	12	(0.1)	(0.4)
Total comprehensive income / (loss) for year		**67.5**	**(2.5)**
Surplus for the year attributable to:			
Non-controlling interest		1.5	1.6
Parent association		42.1	6.4
		43.6	**8.0**
Total comprehensive income / (loss) attributable to:			
Non-controlling interest		1.5	1.6
Parent association		66.0	(4.1)
		67.5	**(2.5)**

All amounts relate to continuing activities.

The notes on pages 109 to 185 form part of these financial statements.

Association statement of comprehensive income

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Turnover	3	60.6	60.7
Operating costs	3	(60.6)	(61.9)
Operating deficit	3, 5	**0.0**	**(1.2)**
Interest receivable and other income	10	23.6	24.0
Interest payable and similar charges	11	(22.9)	(23.2)
Other finance costs	28	(0.7)	(0.3)
Deficit on ordinary activities before taxation		**0.0**	**(0.7)**
Tax on deficit on ordinary activities	12	-	-
Deficit for the financial year		**0.0**	**(0.7)**
Actuarial gains / (losses) on defined benefit pension schemes	28	6.4	(23.1)
Total comprehensive income / (loss) for the year		**6.4**	**(23.8)**

All amounts relate to continuing activities.

The notes on pages 109 to 185 form part of these financial statements.

Consolidated statement of financial position

At 31 March

	Note	2022 £m	2021 restated £m
Fixed assets			
Tangible fixed assets – housing properties	13	2,797.7	2,779.8
Tangible fixed assets – other	14	24.1	24.5
Intangible fixed assets – other	14	23.4	18.1
Investment properties	15	685.2	678.7
Investments – Homebuy loans	16	2.3	2.4
Investments – other	17	40.0	25.1
Investments – jointly controlled entities	17	71.2	72.2
		3,643.9	**3,600.8**
Current assets			
Properties for sale	18	191.5	310.9
Debtors receivable within one year	19	108.4	68.9
Debtors receivable after one year	19	3.0	3.0
Cash and cash equivalents	20	118.0	52.1
		420.9	**434.9**
Creditors: Amounts falling due within one year	21	360.0	196.3
Net current assets		**60.9**	**238.6**
Total assets less current liabilities		**3,704.8**	**3,839.4**

The notes on pages 109 to 185 form part of these financial statements.

	Note	2022 £m	2021 restated £m
Creditors: Amounts falling due after more than one year	22	(2,626.0)	(2,808.7)
Provision for liabilities and charges	27	(12.9)	(19.0)
Net assets excluding pension liability		**1,065.9**	**1,011.7**
Pension liability	28	(24.5)	(37.9)
Net assets		**1,041.4**	**973.8**
Capital and reserves			
Non-equity share capital		-	-
Cash flow hedge reserve		(18.1)	(35.2)
Restricted reserve		0.5	0.5
Income and expenditure reserve		1,011.6	959.7
Designated reserve		45.7	47.2
Total income and expenditure reserves		**1,057.3**	**1,006.9**
Consolidated funds		1,039.7	972.2
Non-controlling interest		1.7	1.6
		1,041.4	**973.8**

The financial statements were approved by the Board and authorised for issue on 22 September 2022 and signed on its behalf by:

A Collett
Chair

R Bowden
Board Member

I Hill
Secretary

Association statement of financial position

At 31 March

	Note	2022 £m	2021 £m
Fixed assets			
Tangible fixed assets – other	14	2.5	2.5
Intangible fixed assets – other	14	23.4	18.1
		25.9	20.6
Current assets			
Debtors receivable within one year	19	172.8	134.9
Debtors receivable after one year	19	688.4	620.6
Cash and cash equivalents	20	80.2	25.2
		941.4	780.7
Creditors: Amounts falling due within one year	21	(302.2)	(199.4)
Net current assets		**639.2**	**581.3**
Total assets less current liabilities		**665.1**	**601.9**

The notes on pages 109 to 185 form part of these financial statements.

	Note	2022 £m	2021 £m
Creditors: Amounts falling due after more than one year	22	(686.0)	(617.9)
Provision for liabilities and charges	27	(4.0)	(3.8)
Net liabilities excluding pension liability		**(24.9)**	**(19.8)**
Pension liability	28	(22.6)	(34.1)
Net liabilities		**(47.5)**	**(53.9)**
Capital and reserves			
Non-equity share capital		-	-
Revenue reserve		(47.5)	(53.9)
Association's deficit		**(47.5)**	**(53.9)**

The financial statements were approved by the Board and authorised for issue on 22 September 2022 and signed on its behalf by:

A Collett
Chair

R Bowden
Board Member

I Hill
Secretary

Consolidated statement of changes in equity

	Income and expenditure reserve	Designated and restricted reserve	Total income and expenditure reserves	Restricted reserves	Cash flow hedge reserve	Total excluding non-controlling interests	Non-controlling interests	Total including non-controlling interests
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2021 – restated	959.7	47.2	1,006.9	0.5	(35.2)	972.2	1.6	973.8
Surplus for the year	**42.1**	**0.0**	**42.1**	**0.0**	**0.0**	**42.1**	**1.5**	**43.6**
Other comprehensive income:								
Actuarial gains on defined benefit pension scheme	8.4	-	8.4	-	-	8.4	-	8.4
Movement in fair value of hedging instrument	-	-	-	-	10.0	10.0	-	10.0
Cash flow hedge reserve recycled to surplus or deficit	-	-	-	-	7.1	7.1	-	7.1
Movement in deferred tax	(0.1)	-	(0.1)	-	-	(0.1)	-	(0.1)
Other comprehensive income for the year	**8.3**	**0.0**	**8.3**	**0.0**	**17.1**	**25.4**	**0.0**	**25.4**
Reserves transfers:								
Capital contribution and distributions	-	-	-	-	-	-	(1.4)	(1.4)
Transfer of designated expenditure from income and expenditure reserve	(10.8)	10.8	-	-	-	-	-	-
Transfer of designated expenditure to income and expenditure reserve	12.3	(12.3)	-	-	-	-	-	-
Balance at 31 March 2022	**1,011.6**	**45.7**	**1,057.3**	**0.5**	**(18.1)**	**1,039.7**	**1.7**	**1,041.4**

Consolidated statement of changes in equity

	Income and expenditure reserve £m	Designated and restricted reserve £m	Total income and expenditure reserves £m	Restricted reserves £m	Cash flow hedge reserve £m	Total excluding non-controlling interests £m	Non-controlling interests £m	Total including non-controlling interests £m
Balance at 1 April 2020 as previously stated	968.4	43.5	1,011.9	0.5	(51.0)	961.4	1.2	962.6
Prior year adjustment (note 31)	13.3	-	13.3	-	-	13.3	-	13.3
Balance at 1 April 2020 – restated	981.7	43.5	1,025.2	0.5	(51.0)	974.7	1.2	975.9
Surplus for the year	**6.4**	**0.0**	**6.4**	**0.0**	**0.0**	**6.4**	**1.6**	**8.0**
Other comprehensive income:								
Actuarial gains on defined benefit pension scheme	(24.3)	-	(24.3)	-	-	(24.3)	-	(24.3)
Movement in fair value of hedging instrument	-	-	-	-	8.6	8.6	-	8.6
Cash flow hedge reserve recycled to surplus or deficit	-	-	-	-	7.2	7.2	-	7.2
Movement in deferred tax	(0.4)	-	(0.4)	-	-	(0.4)	-	(0.4)
Other comprehensive income for the year	**(24.7)**	**0.0**	**(24.7)**	**0.0**	**15.8**	**(8.9)**	**0.0**	**(8.9)**
Reserves transfers:								
Capital contribution and distributions	-	-	-	-	-	-	(1.2)	(1.2)
Transfer of designated expenditure from income and expenditure reserve	(12.6)	12.6	-	-	-	-	-	-
Transfer of designated expenditure to income and expenditure reserve	8.9	(8.9)	-	-	-	-	-	-
Balance at 31 March 2021	**959.7**	**47.2**	**1,006.9**	**0.5**	**(35.2)**	**972.2**	**1.6**	**973.8**

Association statement of changes in equity

	Income and expenditure reserve £m
Balance at 1 April 2021	(53.9)
Deficit for the year	-
Other comprehensive income:	
Actuarial gain on defined benefit pension schemes	6.4
Other comprehensive income for the year	**6.4**
Balance at 31 March 2022	**(47.5)**

	Income and expenditure reserve £m
Balance at 1 April 2020	(30.1)
Deficit for the year	(0.7)
Other comprehensive income:	
Actuarial loss on defined benefit pension schemes	(23.1)
Other comprehensive income for the year	**(23.1)**
Balance at 31 March 2021	**(53.9)**

Consolidated statement of cash flows

For the year ended 31 March 2022	2022 £m	2021 £m
Cash flows from operating activities		
Operating surplus for the financial year	93.7	78.4
Adjustments for:		
Depreciation of fixed assets – housing properties	32.5	31.2
Depreciation of fixed assets - other	4.2	4.0
Accelerated depreciation on replaced components	2.4	2.9
Impairment of fixed assets – housing properties	(3.3)	1.0
Amortised grant	(15.6)	(15.5)
Share of jointly controlled entity operating surplus	(9.2)	(19.1)
Cost element of housing property sales in operating surplus	16.1	15.0
Cost element of fixed asset investment properties	17.0	27.7
Difference between net pension expense and cash contribution	(5.0)	(2.8)
(Increase) / decrease in trade and other debtors	(27.7)	0.2
Decrease / (increase) in stocks	118.9	(35.2)
Increase in creditors	6.0	12.8
Decrease in provisions	(6.1)	(0.1)
Cash from operations	**223.9**	**100.5**
Tax paid	-	-
Net cash generated from operating activities	**223.9**	**100.5**

For the year ended 31 March 2022	2022 £m	2021 £m
Cash flows from investing activities		
Purchase of fixed assets – housing properties	(51.5)	(100.2)
Purchase of fixed assets – other	(9.0)	(8.4)
Purchase of fixed asset investments	(20.7)	(24.0)
Receipt of grant	4.5	14.8
Investment in jointly controlled entities	(19.5)	(11.2)
Repayment of jointly controlled entities capital	7.6	46.8
Distribution of jointly controlled entities profits	22.1	17.3
Loans payment (to) / by jointly controlled entities	(14.4)	(3.2)
Interest received	1.5	0.7
Net cash from investing activities	**(79.4)**	**(67.4)**
Cash flows used in financing activities		
Interest paid	(74.1)	(76.4)
New loans – bank	10.0	-
New loans – other	75.0	-
Repayment of loans – bank	(70.8)	(22.9)
Repayment of loans – other	(18.7)	(3.2)
Net cash from financing activities	**(78.6)**	**(102.5)**
Net increase / (decrease) in cash and cash equivalents	**65.9**	**(69.4)**
Cash and cash equivalents at the beginning of year	52.1	121.5
Cash and cash equivalents at the end of year	**118.0**	**52.1**

Notes to the financial statements

1. Legal status

The Association is registered in England with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) in England as a social landlord. The registered address is stated on page 75. The Association is a Public Benefit Entity.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Group includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

These financial statements are prepared under FRS102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Image:
Chroma Buildings, Southwark, London

Notes to the financial statements

2. Accounting policies (continued)

Going concern

The Group and Association's financial statements have been prepared on the going concern basis. The Board reviewed and approved the budget for 2022/23 in March 2022 and the thirty-year Long-Term Financial Forecast in June 2022. The review included the base case and a stress test variant of the financial forecast in assessing the Group's resilience. The stress test variant calculated the maximum one-off cash cost that the registered providers could suffer before breaching lender covenants, assuming a permanent and significant reduction in sales proceeds together with a sales delay. The modelling confirmed that the registered providers could sustain a significant one-off cash cost and sales price reduction and still be able to continue to operate within all banking covenants, with adequate cash resources available. Mitigating actions which could be taken at the Group's discretion include property disposals, delaying uncommitted expenditure and reviewing costs with a view to achieving further savings. Therefore, the Board has a reasonable expectation the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

The Association has net liabilities and is supported by its asset owning subsidiaries. A2Dominion Housing Group Limited's Board has effective control over these subsidiaries and their assets. These subsidiaries provide ongoing support to their parent which will continue to allow A2Dominion Housing Group Limited to meet its liabilities as they fall due.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent association would be identical
- No cash flow statement has been presented for the parent association
- No disclosure has been given for the aggregate remuneration of the key management personnel of the association as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

As required by the Statement of Recommended Practice: Accounting by registered social housing providers 2018, the Group has prepared consolidated financial statements. The Group consolidated financial statements present the results of the Association and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

As required by FRS 102 section 9 paragraph 11 Special Purpose Entities (SPE) are fully consolidated in the Group's financial statements where the Group controls that entity. An entity is controlled by the Group where the Group retains the risks, receives the majority of the benefits, has ultimate decision-making powers and the activities of the SPE are being conducted on behalf of the Group

In the consolidated financial statements, the items of subsidiaries are recognised in full. On initial recognition, noncontrolling interests are measured at the proportionate share of the acquired business' identified assets and liabilities. The minority interests' proportionate shares of the subsidiaries' results and equity are recognised separately in the statement of comprehensive income and statement of financial position, respectively.

Notes to the financial statements

2. Accounting policies (continued)

Jointly controlled entities

An entity is treated as a jointly controlled entity where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the jointly controlled entities. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated statement of financial position, the interests in jointly controlled entity undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Turnover

Turnover comprises rental income receivable in the year, income from property developed for sale including shared ownership first tranche sales, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year, donations received and revenue grants receivable in the year. Rental income is recognised at the point properties become available for letting and income from first tranche sales and developed for sale properties are recognised at the point of legal completion. Other income is recognised in the period it is receivable.

Operating segments

There are publicly traded securities within the Group and therefore a requirement to disclose information about the Group operating segments under IFRS 8. For the purposes of segmental reporting the Chief Operating Decision Makers (CODM) have been identified as the Executive Management Team (EMT) and the Board. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the group rather than geographical location. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the group operates. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 13.

EMT and the Board review the Group's internal reporting to assess performance and allocate resources. Management has determined the operating segments as social housing lettings, other social housing activities and non-social housing activities. Other social housing activities include supporting people services, management services, leasehold services, community investment and social housing property sales. Non-social housing activities includes non-social housing lettings, joint controlled entity operating profits and housing developed for sale. Assets and liabilities are not reported by operating segment or tenure other than housing properties, which are shown in note 13, classified between general housing and shared ownership.

Notes to the financial statements

2. Accounting policies (continued)

Long-term contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Income earned from such contracts is stated at the amount appropriate to their stage of completion calculated using the percentage of completion method plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the statement of comprehensive income, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Supporting people income and expenditure

Income receivable and costs incurred from contracts are recognised in the period they relate to on a receivable basis and included within other social housing activities in the statement of comprehensive income. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Image:
Cavendish Gardens,
Bath Road,
West London

Notes to the financial statements

2. Accounting policies (continued)

Supported housing managed by agencies

Social Housing Grants and other revenue grants for supported housing claimed by the Group are included in the statement of comprehensive income. The treatment of other income and expenditure in respect of supported housing depends on whether the Group or its partner carries the financial risk. Where the Group carries the financial risk, all the supported housing schemes' income and expenditure is included in the statement of comprehensive income.

Service charges

Service charges receivable are recognised in turnover. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable. The Group adopts the variable method for calculating and charging service charges to its leaseholders and shared owners. Tenants are charged a fixed service charge.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements

2. Accounting policies (continued)

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 statement of comprehensive income includes VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue & Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset in the statement of financial position.

Finance costs

FRS 102 requires finance costs to be charged to the statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount after initially recognising issue costs as a reduction in the proceeds of the associated capital instrument.

Interest is capitalised on borrowings to finance developments, apart from private sale, to the extent that it accrues in respect of the period of development if it represents either:

- Interest on borrowings, specifically financing the development programme after deduction of interest on Social Housing Grant (SHG) in advance
- Interest on borrowings of the Group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

Pensions

Contributions to the A2Dominion Benefit Scheme, the Association's defined contribution pension scheme, are charged to the statement of comprehensive income in the year in which they become payable. The Association participates in one funded multi-employer defined benefit scheme, the Surrey County Council Scheme with another Group entity participating in the Oxfordshire County Council Scheme both of which are closed to new entrants. The Association's A2Dominion Benefit Scheme's defined benefit section is closed with no active members with the Group continuing to pay deficit reduction payments (Note 28).

Under defined benefit accounting the Scheme's assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs and any other changes in fair value of the assets and liabilities are recognised in the accounting period in which they arise. The operating costs and finance costs with any actuarial gains and losses are recognised in the consolidated statement of comprehensive income. The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities are recognised in the Group's statement of financial position.

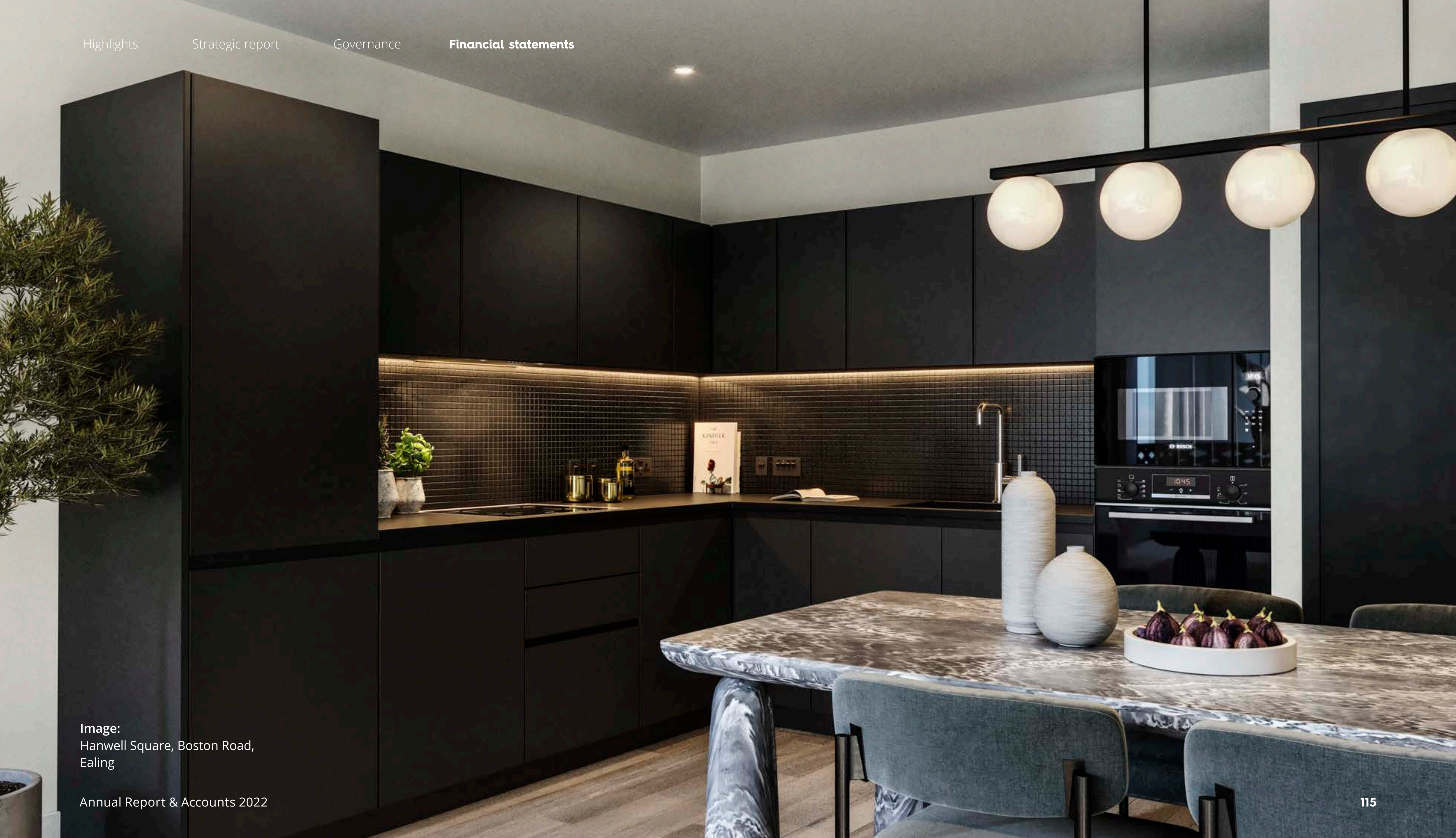


Image:
Hanwell Square, Boston Road,
Ealing

Notes to the financial statements

2. Accounting policies (continued)

Holiday pay accrual

A liability is provided for to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement at the balance sheet date.

Housing properties

Housing properties are principally properties available for rent and shared ownership. Housing properties under construction are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

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 a fixed asset and included in housing properties at cost, less any provisions needed for impairment.

General needs housing properties for rent are split between their land and structure costs and a specific set of major components which require periodic replacement. On replacement the new major works component is capitalised with the related net book value of replaced components expensed through the statement of comprehensive income as accelerated depreciation. Component accounting is not applicable to shared ownership housing properties.

Improvements to existing properties which are outside the normal capitalisation policy of component additions, are works which result in an increase in the net rental income, such as a housing property's reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business and that provide an enhancement to the economic benefits in excess of the standard of performance anticipated when the asset was first acquired, constructed or last replaced.

Only the directly attributable overhead costs associated with new developments or improvements are capitalised.

Notes to the financial statements

2. Accounting policies (continued)

Depreciation of housing properties

Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold housing properties other than freehold land to their estimated residual value on a straight-line basis over their estimated useful economic lives at the annual rates shown on the right.

The portion of shared ownership property expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount or the actual expected depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Donated land

Land donated by local authorities and others is added to cost at the fair value of the land at the time of the donation, taking into account any restrictions on the use of the land.

Land options

The premium payable on an option to acquire land at a future date is amortised over the life of the option. The options are regularly reviewed to assess the likelihood of the option being exercised and at the early stages the majority of the associated expenses are charged to the statement of comprehensive income.

Major components

Building 75 years	Kitchens 20 years
Bathrooms 30 years	Heating 15 years
Roofs 50 years	Windows and doors 30 years
Lifts 20 years	Electrical 30 years

Image:
Brooklands Park, Ashford, Surrey

Notes to the financial statements

2. Accounting policies (continued)

Shared ownership and staircasing

Under shared ownership arrangements, the Group disposes of a long lease of shared ownership housing units to persons who occupy them, for an amount of between 25% and 75% of the open market value (the "first tranche"). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ("staircasing"). A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by the Group, which is recorded as a fixed asset in the same manner as for general needs housing properties.

Proceeds of sale of first tranches are accounted for as turnover in the statement of comprehensive income, with the apportioned cost being shown within operating results as the cost of sale.

Subsequent tranches sold ("staircasing sales") are disclosed in the statement of comprehensive income as a surplus or deficit on sale of fixed assets. Such staircasing sales may result in capital grant being recycled, deferred or abated and this is credited in the statement of comprehensive income in arriving at the surplus or deficit.

Mixed tenure developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on appropriateness for each scheme.

Notes to the financial statements

2. Accounting policies (continued)

Other tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The values for other tangible fixed assets are shown on the right.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Intangible fixed assets

Intangible fixed assets are recognised for IT projects and computer software including employee costs directly incurred in development.

Amortisation is provided evenly on the cost of other intangible fixed assets to write them down to their estimated residual values over three years or their expected useful lives.

Social Housing Grant (SHG)

Grant received in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the SORP for Registered Social Housing Providers 2018. Grant is carried as deferred income in the statement of financial position and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with SORP for Registered Social Housing Providers 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives above).

Other tangible fixed assets

Furniture, fixtures and fittings

20% – 25%

per annum

Freehold offices

2%

per annum

Freehold alternations

10%

per annum

Computers, office equipment and motor vehicles

14.3% – 33.3%

per annum

Leasehold offices

Length of the lease

Notes to the financial statements

2. Accounting policies (continued)

Where SHG funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a qualifying new development and moved to work in progress. When the new development is completed the SHG is moved back into deferred income and amortised. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the statement of comprehensive income.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are carried as deferred income in the statement of financial position and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. Grants in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Recycled Capital Grant Fund

Following certain relevant events, primarily the sale of dwellings, the Regulator of Social Housing (RSH) can direct the Group to recycle the capital grant (SHG) or to repay the recoverable capital grant back to the RSH. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

Sales under Right to Buy

Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are included within surplus on sale of fixed assets on the face of the statement of comprehensive income. The surpluses or deficits are calculated by reference to the carrying value of the properties. On the occurrence of a sale of properties that were originally transferred to Spelthorne Housing Association (now owned by A2Dominion South Limited), a relevant proportion of the proceeds is payable back to Spelthorne Borough Council.

Investment properties

Investment properties consist of commercial, student accommodation and market rent properties not held for social benefit. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised as part of the surplus for the year.

Valuation of investments

Investments in subsidiaries are measured at cost, less any provision for impairment.
Cash and unlisted investments classified as fixed asset investments are measured at cost.
Listed investments classified as fixed asset investments are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised as part of the surplus for the year.

Image:
Stanwell, Spelthorne, Surrey

Notes to the financial statements

2. Accounting policies (continued)

Impairment

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Properties for sale

Housing properties that are built with the intention that they are to be transferred to another association are dealt with in current assets and are carried at cost and described as agency schemes for sale.

Shared ownership first tranche and commercial outright sale developments, both completed and under construction, are carried on the statement of financial position at the lower of cost and net realisable value. Cost comprises materials, direct labour, interest charges incurred during the development period and direct development overheads. Net realisable value is based on estimated sales price obtained from independent valuers and after allowing for all further costs of completion and disposal.

Notes to the financial statements

2. Accounting policies (continued)

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in operating costs.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor based on the age profile of the debt, historical collection rates and the class of debt.

Concessionary loans

Concessionary loans are those loans made or received by the Group that are made:

- To further its public benefit objectives
- At a rate of interest which is below the prevailing market rate of interest
- Not repayable on demand

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed. The Group has a number of arrangements that are considered concessionary loans.

Equity loans, Homebuy loans and grant

Under these arrangements the Group receives Social Housing Grant (Homebuy only) representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer.

The buyer meets the balance of the purchase price from a combination of personal mortgage and savings. Loans advanced by the Group under these arrangements are disclosed in the investments section of the statement of financial position.

In the event that the property is sold on, the Group recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid and the amount of grant to be recycled is capped at the amount received when the loan was first advanced. If there is a fall in the value of the property, the shortfall of proceeds is offset against the recycled grant. There are no circumstances in which the Group will suffer any capital loss.

Loans

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. Applied the practical expedient in the amendment of FRS 102 paragraph 11.20C. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), and subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits and short-term investments with an original maturity date of three months or less.

Notes to the financial statements

2. Accounting policies (continued)

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk, to mitigate against this risk the Group uses interest rate swaps. These instruments are measured at fair value (mark-to-market) at each reporting date. Each instrument's mark-to-market value is calculated with reference to mid-market rates. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. Hedge effectiveness is assessed using the hypothetical derivative method. To the extent the hedge is effective movements in fair value adjustments (other than adjustments for Group or counter party credit risk) are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

Leased assets

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

Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors with the related cash held in designated bank accounts (note 20).

Provisions

The Group recognises provisions for liabilities of uncertain timing or amounts. Provision is made for specific and quantifiable liabilities, measured at the best estimate of expenditure required to settle a legal or constructive obligation at the balance sheet date.

Where the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as finance cost in the statement of comprehensive income in the year it arises.

Contingent liabilities

A contingent liability is disclosed for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. This includes a contingent liability reflecting the potential future obligation to repay SHG where properties are disposed of.

Designated reserves

Designated reserves are held to provide reserves in respect of future major repairs spend. The Group maintains a reserve that covers the next three years, forecasted major repairs expenditure. Annually a transfer from designated reserves directly to the income and expenditure reserve is made for the value of the repairs expenditure incurred during that year.

Restricted funds

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the Group. Restrictions arise when specified by a donor or grant maker or when funds are raised for particular restricted purposes.

Notes to the financial statements

2. Accounting policies (continued)

Qualifying charitable donations

Entities within A2Dominion Group make qualifying charitable donations to other group members to ensure that each entity has sufficient funding for their needs. All donations are initially treated as if they are distributions, made to the direct parent of that entity, and recorded in the statement of equity /reserves at of the point there is a legal obligation to make the payment. Qualifying charitable donations received from a subsidiary are treated as income and recognised at the point of legal entitlement.

In some cases the distribution may be made to the parent with the intention that it be transferred to another group member. Where that donation is transferred from the parent to another group member the payment is treated as an investment by the parent in the recipient. As the investment is made with no expectation of return, it is immediately impaired, and the impairment charge is recorded in the statement of comprehensive income. The substance of these transactions is that the receipt of the distribution and subsequent investment do not form part of the activities of the parent so these transactions are netted off in the statement of comprehensive income.

Judgements in applying accounting policies and key sources

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group’s tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset
- The categorisation of financial instruments as basic or other
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Notes to the financial statements

2. Accounting policies (continued)

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 13 and 14)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as economic conditions are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties (see note 15)

Market Rent investment properties are professionally valued annually using a discounted cash flow method, in nominal terms, in line with the traditional approach used by private investors when appraising an opportunity. In each case, a 10-year holding period has been used, with reversion of an exit value defined by the type of asset. Appropriate assumptions have been used as set out below and have had regard for the investors' target rates of return and appropriate costs of servicing the buildings and tenancies.

In each model the assumption for rent and house price growth is either 3.5% (in London) or 3.0% (everywhere else).

- Discount rate – 6.75% - 8.25%
- Average cost per unit per annum (% of the gross rental income) – 23.0% - 30.0%
- Exit yield – 4.5% - 5.0%
- Sale rate – 0.0%

Judgements in applying accounting policies and key sources of estimation uncertainty

Recovery of properties developed for sale (see note 18)

Properties developed for sale are carried on the statement of financial position at the lower of cost or net realisable value. Cost is taken as the production cost which includes an appropriate proportion of attributable overheads. Net realisable value is based on estimated sale proceeds after allowing for further costs to completion and selling costs.

Fair value measurement of derivatives (see note 26)

These instruments are measured at fair value (mark-to-market) at each reporting date. Each instrument's mark-to-market is calculated with reference to mid-market rates.

A2Dominion Benefit Scheme (see note 28)

The A2Dominion Benefit Pension Scheme defined benefit valuation liability is calculated based on proposed actuarial assumptions by The Pensions Trust. The Group has used these proposed default assumptions apart from those related to mortality outlined below. These were chosen to provide consistency with the prior year and to be more aligned with market practice.

Assumption	Chosen value
Mortality base table	100%
Mortality improvement allowance	1.25% for females and males
Initial addition parameter	0%

Notes to the financial statements

2. Accounting policies (continued)

Conflict in Ukraine

On 24 February 2022, Russian forces entered Ukraine and conflict ensued. At the time of this report, the extent of the conflict and its longer-term impact is unknown.

This conflict caused immediate volatility in global stock markets and consequences are anticipated in relation to the cost and availability of energy and natural resources, particularly in Europe. There is a risk that the conflict could escalate and directly involve NATO countries. Sanctions have been imposed against Russia.

The impact on the property market outside the immediate area affected by the conflict is as at unknown and at, this stage, there is no evidence that transaction activity and the sentiment of buyers and sellers has changed. The market can therefore still be described as functioning, albeit still in the aftermath of the COVID-19 crisis.

Accordingly – and for the avoidance of doubt, property valuations are not being reported as being subject to "material valuation uncertainty" as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global standards.

Image:
Elmsbrook, Cherwell, Bicester

Notes to the financial statements

3. Turnover, cost of sales, operating costs and operating surplus

2022					
Group	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus / (deficit)
	£m	£m	£m	£m	£m
Social housing lettings	**218.1**	**0.0**	**(159.5)**	**0.0**	**58.6**
Other social housing activities					
Supporting people	2.5	-	(2.5)	-	-
Management services	1.1	-	(0.8)	-	0.3
First tranche sales	38.4	(33.8)	-	-	4.6
Buyback sales	-	-	-	-	-
Development costs not capitalised	-	-	(8.4)	-	(8.4)
Surplus on sale of fixed assets	-	-	-	13.3	13.3
Leasehold property services	7.6	-	(7.9)	-	(0.3)
Community investments	0.5	-	(4.2)	-	(3.7)
Impairment	-	-	-	-	-
Other	3.4	-	(3.9)	-	(0.5)
	53.5	**(33.8)**	**(27.7)**	**13.3**	**5.3**

2022					
Group	Turnover	Cost of sales	Operating costs	Other operating items	Operating surplus / (deficit)
	£m	£m	£m	£m	£m
Non-social housing activities					
Lettings	34.5	-	(15.5)	-	19.0
Development for sale	100.6	(86.9)	-	-	13.7
Land sales	55.1	(55.5)	-	-	(0.4)
Development costs not capitalised	-	-	(9.2)	-	(9.2)
Share of jointly controlled entity operating profit	-	-	-	9.2	9.2
Reduction in net realisable value of development schemes	-	(3.8)	-	-	(3.8)
Strategic land abortive costs	-	-	(1.2)	-	(1.2)
Private care retirement sales	2.0	(1.6)	-	-	0.4
Other	2.0	-	0.1	-	2.1
	194.2	**(147.8)**	**(25.8)**	**9.2**	**29.8**
	465.8	**(181.6)**	**(213.0)**	**22.5**	**93.7**

Notes to the financial statements

3. Turnover, cost of sales, operating costs and operating surplus (continued)

2021					
Group	Turnover £m	Cost of sales £m	Operating costs £m	Other operating items £m	Operating surplus / (deficit) £m
Social housing lettings	**212.6**	**0.0**	**(150.8)**	**0.0**	**61.8**
Other social housing activities					
Supporting people	1.9	-	(2.1)	-	(0.2)
Management services	1.4	-	(1.6)	-	(0.2)
First tranche sales	3.1	(2.8)	-	-	0.3
Buyback sales	0.2	(0.2)	-	-	-
Development costs not capitalised	-	-	(7.1)	-	(7.1)
Surplus on sale of fixed assets	-	-	-	7.3	7.3
Leasehold property services	7.0	-	(9.1)	-	(2.1)
Community investments	0.5	-	(4.2)	-	(3.7)
Impairment	-	-	(1.0)	-	(1.0)
Other	2.6	-	(4.8)	-	(2.2)
	16.7	**(3.0)**	**(29.9)**	**7.3**	**(8.9)**

2021					
Group	Turnover £m	Cost of sales £m	Operating costs £m	Other operating items £m	Operating surplus / (deficit) £m
Non-social housing activities					
Lettings	30.1	-	(15.1)	-	15.0
Development for sale	37.5	(31.0)	-	-	6.5
Land sales	-	-	-	-	-
Development costs not capitalised	-	-	(8.7)	-	(8.7)
Share of jointly controlled entity operating profit	-	-	-	19.1	19.1
Reduction in net realisable value of development schemes	-	(7.1)	-	-	(7.1)
Strategic land abortive costs	-	-	(2.4)	-	(2.4)
Private care retirement sales	3.9	(3.0)	-	-	0.9
Other	2.5	-	0.3	-	2.2
	74.0	**(41.1)**	**(26.5)**	**19.1**	**25.5**
	303.3	**(44.1)**	**(207.2)**	**26.4**	**78.4**

Notes to the financial statements (continued)

3. Turnover, cost of sales, operating costs and operating surplus (continued)

Group						2022	2021
Particulars of income and expenditure from social housing lettings	General needs housing £m	Supported housing £m	Temporary housing £m	Key worker £m	Low cost home ownership £m	Total £m	Total £m
Turnover from social housing lettings							
Rent receivable net of identifiable service charges	126.7	10.4	9.8	17.0	16.6	**180.5**	176.1
Service charges income	8.1	5.7	-	1.1	4.5	**19.4**	18.9
Amortised government grants	12.3	1.2	0.2	0.4	1.6	**15.7**	15.3
Net rental income	**147.1**	**17.3**	**10.0**	**18.5**	**22.7**	**215.6**	**210.3**
Nomination fees	-	-	0.4	-	-	**0.4**	0.4
Other income	1.4	0.1	0.1	0.1	0.4	**2.1**	1.9
Turnover from social housing lettings	**148.5**	**17.4**	**10.5**	**18.6**	**23.1**	**218.1**	**212.6**
Expenditure on social housing lettings							
Management	(23.0)	(14.0)	(1.5)	(6.3)	(2.8)	**(47.6)**	(48.7)
Service charge costs	(16.6)	(4.6)	-	(1.0)	(4.4)	**(26.6)**	(23.3)
Routine maintenance	(18.4)	(3.0)	(1.2)	(1.5)	(0.9)	**(25.0)**	(23.1)

Notes to the financial statements (continued)

3. Turnover, cost of sales, operating costs and operating surplus (continued)

Group						2022	2021
Particulars of income and expenditure from social housing lettings	**General needs housing**	**Supported housing**	**Temporary housing**	**Key worker**	**Low cost home ownership**	**Total**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Major repairs	(8.2)	(1.4)	(0.1)	(1.7)	(2.9)	**(14.3)**	(9.9)
Planned maintenance	(9.1)	(0.2)	(0.1)	(0.6)	(0.2)	**(10.2)**	(8.9)
Bad debts	(0.8)	(0.2)	-	(0.1)	-	**(1.1)**	(0.8)
Property lease charges	(0.2)	(0.2)	(1.9)	-	-	**(2.3)**	(2.0)
Depreciation of housing properties	(27.3)	(2.2)	(0.6)	(2.4)	-	**(32.5)**	(31.2)
Accelerated depreciation on replaced components	(1.5)	(0.2)	(0.2)	(0.5)	-	**(2.4)**	(2.9)
Housing impairment reversal	1.7	-	-	-	0.8	**2.5**	-
Operating costs on social housing lettings	**(103.4)**	**(26.0)**	**(5.6)**	**(14.1)**	**(10.4)**	**(159.5)**	**(150.8)**
Operating surplus/(deficit) on social housing lettings	**45.1**	**(8.6)**	**4.9**	**4.5**	**12.7**	**58.6**	**61.8**
Void losses	(1.2)	(0.7)	(0.5)	(1.0)	(0.1)	**(3.5)**	(3.4)

Notes to the financial statements (continued)

3. Turnover, cost of sales, operating costs and operating surplus (continued)

Group

Particulars of turnover from non-social housing lettings	2022 £m	2021 £m
Market rental	22.3	20.9
Student accommodation	10.5	8.4
Other	1.7	0.8
	34.5	**30.1**

Association 2022	Turnover £m	Operating costs £m	Operating surplus /(deficit) £m
Other social housing activities			
Management services	59.2	(60.6)	(1.4)
Other	1.4	-	1.4
	60.6	**(60.6)**	**-**

Association 2021	Turnover £m	Operating costs £m	Operating surplus / (deficit) £m
Other social housing activities			
Management services	58.5	(61.9)	(3.4)
Other	2.2	-	2.2
	60.7	**(61.9)**	**(1.2)**

Notes to the financial statements

4. Accommodation in management and development

Group	2021 No.	Additions No.	Disposals No.	Reclassifications No.	2022 No.
Social housing					
General needs housing	17,505	51	(2)	(9)	17,545
Affordable housing	1,252	171	-	4	1,427
Supported housing and retirement living	2,250	4	(15)	4	2,243
Shared ownership	3,579	346	-	(135)	3,790
Key worker accommodation	2,701	-	(45)	(4)	2,652
Temporary accommodation	427	-	(3)	-	424
Other (includes garages, offices, and community centres)	1,065	61	-	-	1,126
Total owned	**28,779**	**633**	**(65)**	**(140)**	**29,207**

Group	2021 No.	Additions No.	Disposals No.	Reclassifications No.	2022 No.
Accommodation managed for others					
Supported housing and retirement living	11	2	-	-	13
General needs housing	1	-	(1)	-	-
Keyworker	-	24	-	-	24
Leasehold	4,897	322	-	123	5,342
Freehold	1,475	132	(2)	17	1,622
Temporary accommodation	150	2	(39)	-	113
Market rent	2	1	(1)	-	2
Other	3	-	-	-	3
Total managed for others	**6,539**	**483**	**(43)**	**140**	**7,119**
Total owned and managed	**35,318**	**1,116**	**(108)**	**0**	**36,326**
Non-social housing					
Student accommodation	1,451	-	-	-	1,451
Market rent	1,525	14	(129)	-	1,410
Other (commercial)	101	7	(2)	-	106
Total owned	**3,077**	**21**	**(131)**	**0**	**2,967**
Overall					
Total owned	31,856	654	(196)	(140)	32,174
Total managed for others	6,539	483	(43)	140	7,119
Total owned and managed	**38,395**	**1,137**	**(239)**	**0**	**39,293**
Accommodation in development	**5,009**				**3,329**

Notes to the financial statements

5. Operating surplus

This is arrived at after charging / (crediting)

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Depreciation of housing properties	32.5	31.2	-	-
Accelerated depreciation on replaced components	2.4	2.9	-	-
Depreciation of other tangible fixed assets	1.7	1.7	1.0	0.9
Depreciation of other intangible fixed assets	2.5	2.3	2.5	2.3
Impairment of housing properties	(3.3)	1.0		-
Impairment of current assets	0.8	-	-	-
Operating lease rental				
Land and buildings	5.2	5.2	2.2	2.2
Office equipment, computer and vehicles	0.1	0.1	0.1	0.1
Auditor's remuneration (exclusive of VAT)				
Fees payable for the audit of the group's accounts	0.2	0.2	-	-

Notes to the financial statements

6. Employees

Average monthly number of employees expressed in full time equivalents:

A full-time equivalent is based on a 35-hour week.

	Group		Association	
	2022 £m	**2021 £m**	**2022 £m**	**2021 £m**
Administration	252	257	251	256
Development and sales	103	107	103	107
Housing, support and care	634	630	630	625
Housing, support and care	215	203	-	-
	1,204	**1,197**	**984**	**988**

Employee costs	Group		Association	
	2022 £m	**2021 £m**	**2022 £m**	**2021 £m**
Wages and salaries	52.8	50.7	44.8	43.7
Social security costs	5.7	5.4	4.8	4.7
Pension costs	2.9	2.9	2.6	2.6
Pension provision[1]	0.2	0.2	0.2	0.2
	61.6	**59.2**	**52.4**	**51.2**

Pension costs recognised in other comprehensive income				
Actuarial gains / (losses) on defined pension scheme	8.4	(24.3)	6.4	(23.1)

[1] *Provision for the local government pension schemes.*

Notes to the financial statements

7. Directors and senior executive remuneration

Salary banding for all employees earning over £60,000 (includes salary, performance related pay, compensation for loss of office, benefits in kind and pension contributions paid by the Group).

Group	2022 £'000	2021 £'000
Salary and other benefits	1,356	1,377
Pension contributions, or pay in lieu thereof, in respect of services as directors	90	91
Total remuneration paid to executive directors	**1,446**	**1,468**
Emoluments of the highest paid executive officer (excluding pension contributions and pay in lieu thereof[1] but including performance related pay and benefits in kind)	278	276

[1] The chief executive is not a member of the pension scheme and received a payment in lieu of £21,219 (2021: £21,219) the equivalent of the employer's contribution.

Salary Banding	2022 No.	2021 No.
£60,000 to £70,000	50	52
£70,001 to £80,000	35	26
£80,001 to £90,000	25	31
£90,001 to £100,000	17	11
£100,001 to £110,000	17	14
£110,001 to £120,000	2	7
£120,001 to £130,000	6	6
£130,001 to £140,000	1	1
£140,001 to £150,000	10	6
£150,001 to £160,000	-	2

Salary Banding	2022 No.	2021 No.
£160,001 to £170,000	2	-
£170,001 to £180,000	2	3
£180,001 to £190,000	1	-
£190,001 to £200,000	1	2
£200,001 to £210,000	-	1
£210,001 to £220,000	1	1
£230,001 to £240,000	1	2
£260,001 to £270,000	1	1
£290,001 to £300,000	1	1
	173	**167**

Notes to the financial statements

8. Board members

Fees of £226,691 (2021: £157,230) were paid to non-executive Board members during the year. Taxable travel allowances paid during the year to Board members amounted to nil (2021: £8,923). Non-executive Board members during the year ended 31 March 2022 were paid as follows:

		Member of					
Board / Committee Member	**Members pay**	**Audit, Risk & Assurance Committee**	**Customer Service Committee**	**Finance Committee**	**Governance & Remuneration Committee**	**Strategic Development & Asset Committee**	**Group Board**
Peter Braithwaite	£8,250					✓	
Rachael Barber	£5,500		✓				
Jane Clarke	£5,500		✓				
Ozzie Clarke-Binns	£13,500		✓				✓
Mark Gallagher	£11,000	✓				✓	
Fatai Haruna	£3,667		✓				
Martin Huckerby	£8,250	✓		✓			
Andrew Kirkman	£13,500			✓			✓
Pauline McMichael	£5,500		✓				
Aftab Rafiq	£8,250					✓	
Alex Roth	£8,250	✓	✓				
Caroline Tiller	£17,750	✓	✓		✓		✓
Caroline Tolhurst	£17,750				✓	✓	✓
Peter Walker	£17,167			✓	✓		✓
Louise Wilson	£14,208				✓		✓

Notes to the financial statements

8. Board members (continued)

		Member of					
Board / Committee Member	**Members pay**	**Audit, Risk & Assurance Committee**	**Customer Service Committee**	**Finance Committee**	**Governance & Remuneration Committee**	**Strategic Development & Asset Committee**	**Group Board**
Appointed during the year							
Rachael Bowden	£4,843	✓					✓
Alan Collett	£6,274				✓		✓
Helene Griffin	£1,375		✓				
Coretta Scott	£1,375		✓				
Resigned during the year							
David Coates	£16,366	✓					✓
Ian Cox	£32,500				✓	✓	✓
Sara Dickinson	£5,916			✓	✓		✓

Notes to the financial statements

9. Surplus on sale of fixed assets

Group	Shared ownership	Investment properties	Other housing properties	Homebuy & equity loans	2022 Total	2021 Total
	£m	£m	£m	£m	£m	£m
Disposal proceeds	25.8	16.9	4.4	0.4	47.5	49.6
Cost of disposals	(13.6)	(16.8)	(2.4)	(0.1)	(32.9)	(40.7)
Selling costs	-	(0.3)	-	-	(0.3)	(0.6)
Grant recycled	(0.8)	-	(0.1)	(0.1)	(1.0)	(1.0)
	11.4	**(0.2)**	**1.9**	**0.2**	**13.3**	**7.3**

10. Interest receivable

	Group		Association	
	2022	2021	2022	2021
	£m	£m	£m	£m
Interest receivable and similar income	1.5	0.7	-	-
Received from other Group entities	-	-	23.6	24.0
	1.5	**0.7**	**23.6**	**24.0**

Notes to the financial statements

11. Interest payable and similar charges

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Loans and bank overdrafts (on liabilities at amortised cost)	71.5	73.4	22.4	23.1
Finance related costs	3.2	3.1	0.5	0.1
Recycled capital grant fund / disposal proceeds fund	0.1	0.1	-	-
	74.8	**76.6**	**22.9**	**23.2**
Interest payable capitalised on housing properties under construction	(8.2)	(11.5)	(8.2)	(11.5)
Interest payable capitalised on investment housing properties under construction	(0.4)	-	-	-
	66.2	**65.1**	**22.9**	**23.2**
Capitalisation rates used to determine the finance costs capitalised during the year	3.7% - 4.7%	4.2% - 4.8%	-	-
Other financing costs through other comprehensive income				
Gain on fair value of hedged derivative instruments	17.1	15.8	-	-

During the year, all loans and standalone swaps transitioned from LIBOR to SONIA. As a backward looking reference rate, these borrowings are rolled-over without knowing exactly what the interest charge will be. However, the portfolio is largely fixed and therefore the impact of this exposure is relatively small. As the hedged loans and swaps transitioned at similar terms, there is no impact on the hedge accounting as a result of this transition, the hedges remain effective.

Notes to the financial statements

12. Tax on surplus on ordinary activities

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Current tax	-	-	-	-
UK corporation tax on surplus for the year	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
Total current tax charge	-	-	-	-
Deferred tax				
Effect of tax rate change on opening balances	0.3	0.6	-	-
Adjustment in respect of prior periods	1.3	(1.3)	-	-
Origination and reversal of timing differences	4.8	-	-	-
Total deferred tax charge / (credit)	**6.4**	**(0.7)**	-	-
Total charge / (credit) in the year	**6.4**	**(0.7)**	**-**	**-**
Movement in deferred tax charge				
Provision at start of year	(0.4)	(0.1)	-	-
Deferred tax charged in the statement of comprehensive	6.4	(0.7)	-	-
Deferred tax charged in the statement of equity	0.1	0.4	-	-
Provision at end of year	**6.1**	**(0.4)**	-	-

Notes to the financial statements

12. Tax on surplus on ordinary activities (continued)

A reconciliation of the tax charge to the surplus on ordinary activities before tax is provided below:

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Surplus on ordinary activities before tax	50.0	7.3	-	(0.7)
UK corporation tax at 19%	**9.5**	**1.4**	**0.0**	**(0.1)**
Effects of:				
Other tax adjustments, reliefs, and transfers	(9.2)	(8.1)	-	0.1
Deferred tax adjustments	6.0	6.1	-	-
Fixed asset differences	0.1	0.1	-	-
Current tax charge/(credit) for year	**6.4**	**(0.7)**	**0.0**	**0.0**

The tax charge relates to deferred tax generated from the movement in unrealised value of our investment properties, assessed at an effective rate of 25% (2021: 19%).

Notes to the financial statements

13. Tangible Fixed Assets: properties

Group	Social housing completed £m	Social housing under construction £m	Shared ownership completed £m	Shared ownership under construction £m	Keyworker completed £m	Keyworker under construction £m	Total £m
Cost or valuation							
At 1 April 2021	2,478.4	164.4	297.9	116.3	133.5	0.8	**3,191.3**
Reclassification	(2.1)	0.8	-	0.9	(0.2)	-	**(0.6)**
Additions at cost							
Construction works	-	26.9	-	5.6	-	6.5	**39.0**
Capitalised interest	-	4.9	-	3.1	-	0.2	**8.2**
Works to existing properties	8.8	-	-	-	6.3	-	**15.1**
Transfer (to) / from investment properties	-	(0.3)	-	0.6	-	-	**0.3**
Transfer from investment other	-	0.3	-	-	-	-	**0.3**
Transfer from current assets	-	1.8	-	-	-	-	**1.8**
Schemes completed	52.6	(52.6)	49.9	(49.9)	-	-	**-**
Disposals							
Replaced components	(10.0)	-	-	-	(0.9)	-	**(10.9)**
Staircasing sales	-	-	(13.6)	-	-	-	**(13.6)**
Other disposals	(1.9)	-	-	-	-	-	**(1.9)**
At 31 March 2022	**2,525.8**	**146.2**	**334.2**	**76.6**	**138.7**	**7.5**	**3,229.0**

Notes to the financial statements

13. Tangible Fixed Assets: properties (continued)

Group	Social housing completed	Social housing under construction	Shared ownership completed	Shared ownership under construction	Keyworker completed	Keyworker under construction	Total
	£m	£m	£m	£m	£m	£m	£m
Depreciation and impairment							
At 1 April 2021	376.8	3.6	0.4	1.6	29.1	-	**411.5**
Reclassification	(0.7)	-	-	-	0.1		**(0.6)**
Charge for the year	30.1	-	-	-	2.4	-	**32.5**
Impairment	-	(1.7)	-	(1.6)	-	-	**(3.3)**
Disposals							
Replaced components	(8.1)	-	-	-	(0.4)	-	**(8.5)**
Other disposals	(0.3)	-	-	-	-	-	**(0.3)**
At 31 March 2022	**397.8**	**1.9**	**0.4**	**0.0**	**31.2**	**0.0**	**431.3**
Net book value							
At 31 March 2022	**2,128.0**	**144.3**	**333.8**	**76.6**	**107.5**	**7.5**	**2,797.7**
At 31 March 2021	2,101.6	160.8	297.5	114.7	104.4	0.8	**2,779.8**

Notes to the financial statements

13. Tangible Fixed Assets: properties (continued)

Housing properties book value, net of depreciation comprises:

Group	2022 £m	2021 £m
Freehold land and buildings	1,942.9	1,956.3
Long leasehold land and buildings	789.6	759.4
Short leasehold land and buildings	65.2	64.1
	2,797.7	**2,779.8**

Expenditure on works to existing properties

Group	2022 £m	2021 £m
Amounts capitalised	15.1	23.3
Amounts charged to income and expenditure account	24.5	18.8
Total	**39.6**	**42.1**

The amount of assets given as security (existing use value (EUV) basis of valuation) as at 31 March 2022 is £1.7 billion (2021: £1.9 billion).

Notes to the financial statements

13. Tangible Fixed Assets: other

Group	
Valuation for disclosure only	**2022 £m**
Completed housing properties at valuation	**3,526.8**

The completed housing properties at valuation disclosed above includes housing properties held as investment properties (note 15).

For information purposes only, completed housing properties are valued at 31 March 2022 by Jones Lang LaSalle Limited and Savills (L&P), qualified professional independent external valuers.

The valuation of the social housing and shared ownership properties was undertaken in accordance with the Royal Institute of Chartered Surveyors (RICS) Red Book. Properties are valued either at EUV for Social Housing (EUV=SH), or Market Value subject to Tenancies (MV-T) for temporary accommodation.

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

Social housing and shared ownership only	
Discount rate (income)	4.75% - 6.75%
Discount rate (sales)	5.0% - 10.0%
Rent assumptions	
Social rented (including supported housing and housing for older people)	Current rent plus CPI+1.0% per annum
Shared ownership	RPI+0.5%
Other rents	RPI+1.0% or in accordance with any relevant lease or nomination agreements

Impairment

The Group considers an individual scheme to represent separate cash generating units when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. During the current year, the Group has recognised impairment reversals of £3.3 million mainly due to an increase in sales values for a shared ownership scheme and an increase in rental value for a general needs stock which had previously been impaired.

Notes to the financial statements

14. Other Fixed Assets

Group	Tangible fixed assets					Intangible fixed assets	
	Furniture fixtures and fittings	Leasehold offices	Computers, office equipment and motor vehicles	Freehold offices	Total tangible assets	Computer software & IT project	Total intangible assets
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 April 2021	6.3	0.8	3.1	22.8	**33.0**	23.1	**23.1**
Additions	0.4	-	0.9	-	**1.3**	7.8	**7.8**
At 31 March 2022	6.7	0.8	4.0	22.8	**34.3**	30.9	**30.9**
Depreciation							
At 1 April 2021	4.0	0.3	2.3	1.9	**8.5**	5.0	**5.0**
Charged in year	0.8	0.1	0.6	0.2	**1.7**	2.5	**2.5**
At 31 March 2022	4.8	0.4	2.9	2.1	**10.2**	7.5	**7.5**
Net book value							
At 31 March 2022	**1.9**	**0.4**	**1.1**	**20.7**	**24.1**	**23.4**	**23.4**
Net book value							
At 31 March 2021	2.3	0.5	0.8	20.9	**24.5**	18.1	**18.1**

Notes to the financial statements

14. Other Fixed Assets (continued)

Association	Tangible fixed assets				Intangible fixed assets	
	Furniture fixtures and fittings £m	Leasehold offices £m	Computers, office equipment and motor vehicles £m	Total tangible assets £m	Computer software & IT project £m	Total intangible assets £m
Cost						
At 1 April 2021	2.8	0.8	3.2	**6.8**	23.1	**23.1**
Reclassification	-	0.1	(0.1)	-	-	-
Additions	0.1	-	0.9	**1.0**	7.8	**7.8**
At 31 March 2022	2.9	0.9	4.0	**7.8**	30.9	**30.9**
Depreciation						
At 1 April 2021	1.7	0.4	2.2	**4.3**	5.0	**5.0**
Reclassification	-	(0.1)	0.1	**-**	-	**-**
Charged in year	0.3	0.1	0.6	**1.0**	2.5	**2.5**
At 31 March 2022	2.0	0.4	2.9	**5.3**	7.5	**7.5**
Net book value						
At 31 March 2022	**0.9**	**0.5**	**1.1**	**2.5**	**23.4**	**23.4**
Net book value						
At 31 March 2021	1.1	0.4	1.0	**2.5**	18.1	**18.1**

Notes to the financial statements

15. Investment properties

Group	Student accommodation £m	Market rent £m	Commercial £m	Properties under construction at cost £m	Total £m
At 1 April 2021	124.7	533.2	16.0	4.8	**678.7**
Reclassification	(0.2)	(3.8)	0.2	3.8	**-**
Additions	-	0.5	-	11.7	**12.2**
Capitalised interest	-	-	-	0.4	**0.4**
Disposals	-	(16.8)	-	-	**(16.8)**
Schemes completed	-	1.0	7.9	(8.9)	**-**
Transfer to current assets	-	-	-	(1.3)	**(1.3)**
Transfer to fixed asset properties	-	-	-	(0.3)	**(0.3)**
Transfer to fixed asset investments	-	-	-	1.6	**1.6**
Revaluation	(7.6)	19.2	(0.9)	-	**10.7**
At 31 March 2022	**116.9**	**533.3**	**23.2**	**11.8**	**685.2**

The Group's investment properties are valued annually as at 31 March by Jones Lang LaSalle Limited, qualified professional independent external valuers. The valuations were undertaken in accordance with the RICS Red Book. Market rent units are valued at Market Value (MV) while student accommodation and commercial assets are valued at Fair Value (FV).

Notes to the financial statements

15. Investment properties (continued)

In valuing the market rent properties, a discounted cash flow methodology was adopted with the following key assumptions:

Discount rate	5.75% - 7.0%
Level of long-term annual rent increase	2.5%

Full vacant possession value for the market rent properties at 31 March 2022 is £566.9 million. This gives an indication of the worth of these if they were to be sold individually in the open property market.

Commercial properties have been valued using a rent capitalisation methodology (i.e. rent and yield approach). For the majority of our income producing assets a Net Initial Yield has been used to capitalise the current rental income into perpetuity.

Student accommodation has been valued using a discounted cash flow methodology, where each scheme has been valued on an individual basis.

The gain on revaluation of investment property of £10.7 million (2021: £9.4 million loss) has been credited to the statement of comprehensive income for the year.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

Group	Student accommodation	Market rent	Commercial	2022	2021
	£m	£m	£m	£m	£m
Historic cost	71.9	462.2	16.9	551.0	558.1
Accumulated depreciation	(15.0)	(10.0)	(1.2)	(26.2)	(24.5)
	56.9	**452.2**	**15.7**	**524.8**	**533.6**

16. Investments: Homebuy loans

Group	2022	2021
	£m	£m
At 1 April	2.4	2.5
Loans redeemed	(0.1)	(0.1)
At 31 March	**2.3**	**2.4**

Investments in Homebuy loans represent an equity stake in third party properties purchased under the Homebuy scheme. Security for the loans is based on the assets the loans relate to. Terms of repayment for all loans are on redemption.

Notes to the financial statements

17. Fixed asset investments

Group	Equity loans £m	Other £m	Total £m	Association Investment in subsidiaries £m
At 1 April 2021	4.6	20.5	**25.1**	-
Additions	-	8.5	**8.5**	3.8
Disposals / redeemed	(0.1)	-	**(0.1)**	-
Transfer to investment properties	-	(1.6)	**(1.6)**	-
Transfer to fixed asset housing properties	-	(0.3)	**(0.3)**	-
Movement in fair value	-	8.4	**8.4**	-
Impairment of investment	-	-	**-**	(3.8)
At 31 March 2022	**4.5**	**35.5**	**40.0**	**0.0**

Investments in equity loans represent an equity stake in third party properties purchased under the equity loan scheme. Security for the loans is based on the assets the loans relate to. Terms of repayment for all loans are on the sale of the property.

	31 March 2022		31 March 2021	
Group	Cost £m	Market value £m	Cost £m	Market value £m
Investments listed on a recognised stock exchange	1.0	1.9	1.0	1.8
British government securities	3.2	4.6	3.2	4.9
Cash and utilised investments	5.8	5.5	5.0	5.4
Freehold investments	14.9	23.5	8.4	8.4
	24.9	**35.5**	**17.6**	**20.5**

Other investments relate to the following, representing fair value remeasurements:

Investments are measured at the quoted market price on a recognised stock exchange as at the 31 March 2022. Freehold investments are valued at Market Value determined by Savills Limited, qualified external valuers. This is based on the present value of future income streams with yields applied between 3.31% - 7% depending on ground rent review terms.

Notes to the financial statements

17. Fixed asset investments (continued)

Group	Jointly controlled entities restated[1] £m
Cost	
At 1 April 2021	52.6
Additions	19.5
Disposal / redeemed	(7.6)
At 31 March 2022	**64.5**
Share of retained profits	
At 1 April 2021	19.6
Profit for the year	9.2
Distributions	(22.1)
At 31 March 2022	**6.7**
Net book value	
At 31 March 2022	**71.2**
At 31 March 2021	72.2

[1] *The restatement is detailed in Note 31.*

Notes to the financial statements

17. Fixed asset investments (continued)

The Group holds an interest in 14 jointly controlled entities through A2Dominion Developments Limited:

Company	Country of incorporation or registration	Partner	Group interest	Group voting rights	Nature of business	Nature of entity
Elmsbrook (Crest A2D) LLP	England	Crest Nicholson Operations Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
Green Man Lane LLP	England	Real (Ealing) Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
Keybridge House LLP	England	Mount Anvil (Keybridge House) Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
Keybridge House 2 LLP	England	Mount Anvil (Keybridge House 2) Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
Crest A2D (Walton Court) LLP	England	Crest Nicholson Operations Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
A2D NK Homes LLP	England	Nicholas King Homes PLC	80%	50%	Develops and sells properties	Limited Liability Partnership
A2D NKH Chinnor LLP	England	Nicholas King Homes PLC	80%	50%	Develops and sells properties	Limited Liability Partnership
A2D NKH Cranleigh LLP	England	Nicholas King Homes PLC	80%	50%	Develops and sells properties	Limited Liability Partnership
West King Street Renewal LLP	England	London Borough of Hammersmith & Fulham	50%	50%	Develops and sells properties	Limited Liability Partnership
A2DD-HP Boston Road LLP	England	Higgins Construction PLC	50%	50%	Develops and sells properties	Limited Liability Partnership
Queen's Wharf Riverside LLP[1]	England	Hammersmith Developments Holdco Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
New Cross Gate Phase 1 LLP[1]	England	Mount Anvil (New Cross Gate 1) Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
New Cross Gate Phase 2 LLP[1]	England	Mount Anvil (New Cross Gate 2) Limited	50%	50%	Develops and sells properties	Limited Liability Partnership
New Cross Gate Phase 3 LLP[1]	England	Mount Anvil (New Cross Gate 3) Limited	50%	50%	Develops and sells properties	Limited Liability Partnership

[1]*These jointly controlled entities are in the process of being liquidated.*

Notes to the financial statements

17. Fixed asset investments (continued)

The amount included in respect of jointly controlled entities includes the following:

Group	A2D NK Homes LLP	A2D NKH Cranleigh LLP	A2D NK Homes (Chinnor) LLP	Green Man Lane LLP	Keybridge House LLP	Keybridge House 2 LLP	Crest A2D (Walton Court) LLP	Elmsbrook (Crest A2D) LLP	A2DD-HP Boston Road LLP	West King Street Renewal	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover	2.3	-	-	12.1	17.8	6.7	6.7	7.6	-	2.8	**56.0**
Cost of sales and administration expenses	(1.9)	-	-	(11.6)	(14.1)	(4.2)	(6.2)	(6.0)	-	(2.8)	**(46.8)**
Surplus for the year	**0.4**	**0.0**	**0.0**	**0.5**	**3.7**	**2.5**	**0.5**	**1.6**	**0.0**	**0.0**	**9.2**
Share of:											
Current assets	0.2	0.1	22.3	8.0	1.5	0.5	37.0	25.0	26.5	18.3	**139.4**
Liabilities due within one year	-	(0.1)	(21.2)	(3.5)	(1.3)	(0.6)	(16.5)	(20.9)	(1.1)	(3.0)	**(68.2)**
Net assets	**0.2**	**0.0**	**1.1**	**4.5**	**0.2**	**(0.1)**	**20.5**	**4.1**	**25.4**	**15.3**	**71.2**
Share of capital commitments	-	3.6	-	40.2	-	-	15.9	2.6	3.2	18.5	**84.0**

Notes to the financial statements

17. Fixed asset investments (continued)

The principal undertakings in which the Association has an interest are as follows:

Company	Country of incorporation or registration	Group voting rights	Nature of business	Nature of entity
A2Dominion Homes Limited	England	100%	Rents properties for social housing	Registered provider of social housing
A2Dominion South Limited	England	100%	Rents properties for social housing	Registered provider of social housing
A2Dominion Housing Options Limited	England	100%	Rents properties for affordable housing	Non-charitable registered provider of social housing
A2Dominion Residential Limited	England	100%	Rents properties at market rents	Incorporated Company
A2Dominion Developments Limited	England	100%	Develops and sells properties	Incorporated Company
A2D NKH (Mytchett) Limited	England	100%	Develops and sells properties	Incorporated Company
Beresford Developments Limited	England	100%	Develops and sells properties	Incorporated Company
A2Dominion Housing Finance Limited	England	100%	Raise funds for the operational business	Non-charitable Co-operative and Benefit Society
A2Dominion Treasury Limited	England	100%	Raise funds for the operational business	Incorporated Company

Company	Country of incorporation or registration	Group voting rights	Nature of business	Nature of entity
Pyramid Plus London LLP	England	70%	Property maintenance services	Limited Liability Partnership
Pyramid Plus South LLP	England	70%	Property maintenance services	Limited Liability Partnership
A2D Funding PLC[1]	England	-	Issue retail bonds and lend proceeds	Public Limited Company
A2D Funding II PLC[1]	England	-	Issue retail bonds and lend proceeds	Public Limited Company
A2Dominion Enterprises Limited	England	100%	Dormant Company	Incorporated Company
A2Dominion Investments Limited	England	100%	Dormant Company	Incorporated Company
Affordable Property Management Limited	England	100%	Dormant Company	Incorporated Company
Home Farm Exemplar Limited	England	100%	Non-Trading	Incorporated Company
Westland Close Management Limited	England	100%	Dormant Company	Incorporated Company
Kingsbridge Residential Limited	England	100%	Dormant Company	Incorporated Company
Upper Richmond Buildings Limited	England	100%	Non-Trading	Incorporated Company

[1]The Group guarantees the bond issue principal and interest within A2D Funding PLC and A2D Funding II PLC.

Notes to the financial statements

18. Properties for sale

Group	2022 £m	2021 £m
Open market sale: completed properties	5.2	15.0
Open market sale: under construction	134.7	234.7
Shared ownership: completed properties	7.9	2.2
Shared ownership: under construction	43.7	59.0
	191.5	**310.9**

19. Debtors

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Due within one year				
Rent and service charges receivable	10.6	10.3	-	-
Less: Provision for bad and doubtful debts	(3.3)	(3.8)	-	-
Net arrears	**7.3**	**6.5**	**0.0**	**0.0**
Trade debtors	0.6	0.3	0.3	0.3
Other debtors	50.3	24.2	2.7	2.8
VAT recoverable	0.2	1.2	0.2	1.2
Fire safety recovery	0.8	2.9	-	-
Prepayment and accrued income	20.5	17.8	1.6	2.5
Loans due from joint venture	24.6	9.9	-	-
Loans due from Group entities	-	-	7.2	-
Amounts due from Group entities	-	-	160.8	128.1
Capital and agency debtors	4.1	6.1	-	-
	108.4	**68.9**	**172.8**	**134.9**
Due after more than one year				
Loans due from subsidiary undertakings under on-lending arrangements	-	-	688.4	620.6
Loans due from joint venture	-	0.2	-	-
Other debtors	3.0	2.4	-	-
Deferred tax (note 29)	-	0.4	-	-
	3.0	**3.0**	**688.4**	**620.6**
	111.4	**71.9**	**861.2**	**755.5**

Notes to the financial statements

20. Cash at bank and in hand

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash at bank	102.1	37.1	76.4	21.4
Cash held in charge account[1]	3.8	3.8	3.8	3.8
Cash held in relation to sinking funds	12.1	11.2	-	-
	118.0	**52.1**	**80.2**	**25.2**

[1] *This cash is held as security for the Surrey County Council Government Pension Scheme.*

Notes to the financial statements

21. Creditors: amounts due in less than one year

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Loans and borrowings (note 25)	183.7	27.9	7.2	7.0
Trade creditors	10.4	13.6	8.8	6.3
Rent and service charges received in advance	15.8	14.6	-	-
Deferred capital grant (note 23)	27.6	28.9	-	-
Recycled capital grant fund (note 24)	3.4	3.8	-	-
Amounts owed to Group entities	-	-	270.3	170.5
Other taxation and social security	9.0	1.4	1.2	1.2
Other creditors	7.7	7.7	2.6	2.8
Loan due to joint venture	12.7	15.4	-	-
Accruals and deferred income	59.5	55.2	12.1	11.6
Interest accrued	5.8	5.2	-	-
Capital creditors	24.4	22.6	-	-
	360.0	**196.3**	**302.2**	**199.4**

Notes to the financial statements

22. Creditors: amounts falling due after more than one year

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Loans and borrowings (note 25)	1,504.0	1,664.1	686.0	617.9
Deferred capital grant (note 23)	1,043.2	1,052.4	-	-
Interest rate swap – cash flow hedge	48.2	67.8	-	-
Recycled capital grant fund (note 24)	9.9	9.1	-	-
Deferred tax (note 29)	6.1	-	-	-
Sinking funds	12.2	11.3	-	-
Capital creditors	2.4	4.0	-	-
	2,626.0	**2,808.7**	**686.0**	**617.9**

Notes to the financial statements

23. Deferred capital grant

Group	2022 Housing property £m	2022 Homebuy £m	2022 Total £m	2021 Housing property £m	2021 Homebuy £m	2021 Total £m
At 1 April	1,078.9	2.4	**1,081.3**	1,079.1	2.5	**1,081.6**
Grants received during the year:						
Housing properties	4.5	-	**4.5**	14.8	-	**14.8**
Recycled capital grant fund	5.3	-	**5.3**	5.8	-	**5.8**
Grants recycled during the year:						
Recycled capital grant fund	(4.5)	(0.1)	**(4.6)**	(3.6)	(0.1)	**(3.7)**
Amortised grant	(15.6)	-	**(15.6)**	(15.8)	-	**(15.8)**
Grants written off during the year	(0.1)	-	**(0.1)**	(1.4)	-	**(1.4)**
At 31 March	**1,068.5**	**2.3**	**1,070.8**	**1,078.9**	**2.4**	**1,081.3**
Due within one year	27.6	-	**27.6**	28.9	-	**28.9**
Due in more than one year	1,040.9	2.3	**1,043.2**	1,050.0	2.4	**1,052.4**

Without the amortisation of grant introduced under FRS 102, the amount of grant as at 31 March 2022 would have been £1,323.8 million (2021: £1,320.5 million).

Group	2022 £m	2021 £m
Work in progress	107.2	128.9
Completed grant	1,216.6	1,191.6
	1,323.8	**1,320.5**

Notes to the financial statements

24. Recycled capital grant fund

Group	2022 Homes England £m	2022 Greater London Authority £m	2022 Total £m	2021 Homes England £m	2021 Greater London Authority £m	2021 Total £m
At 1 April	4.2	8.7	12.9	3.3	10.6	13.9
Inputs to fund:						
Grants recycled from deferred capital grants	0.9	3.7	4.6	1.3	2.4	3.7
Grants recycled from statement of comprehensive income	0.3	0.7	1.0	0.5	0.5	1.0
Interest accrued	-	0.1	0.1	-	0.1	0.1
Recycling of grant:						
New build properties	(1.9)	(3.4)	(5.3)	(0.9)	(4.9)	(5.8)
At 31 March	**3.5**	**9.8**	**13.3**	**4.2**	**8.7**	**12.9**
Due within one year	0.3	3.1	3.4	1.2	2.6	3.8
Due in more than one year	3.2	6.7	9.9	3.0	6.1	9.1

Notes to the financial statements

25. Loans and borrowings

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Due within one year				
Bank loans	31.9	24.4	7.2	7.0
Bonds	150.0	-	-	-
Other loans	151.8	3.5	-	-
	183.7	**27.9**	**7.2**	**7.0**

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Due after more than one year				
Bank loans	582.9	652.4	93.3	100.6
Bonds	633.9	708.7	483.9	408.7
Other loans	294.3	311.3	110.0	110.0
Loans issue costs	(7.1)	(8.3)	(1.2)	(1.4)
	1,504.0	**1,664.1**	**686.0**	**617.9**

Loans and borrowings consist of bank loans secured by fixed charges on individual properties and the proceeds from retail, wholesale bonds and floating rate notes.

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Within one year	183.7	27.9	7.2	7.0
Between one and two years	34.4	186.7	7.4	7.2
Between two and five years	267.8	118.4	26.3	24.1
After five years	1,208.9	1,367.3	653.5	588.0
Loan issue costs	(7.1)	(8.3)	(1.2)	(1.4)
	1,687.7	**1,692.0**	**693.2**	**624.9**

Notes to the financial statements

25. Loans and borrowings (continued)

			Interest rate			Margin	
Group	**Loan balance**	**Premium/ (discount)**	**Lowest**	**Highest**	**Weighted average**	**Lowest**	**Highest**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Loans on floating rates	104.9	-	SONIA + CAS	SONIA + CAS	SONIA + CAS	0.30%	1.75%
Floating rate loans hedged with interest rate swaps	143.5	-	4.04%	4.76%	4.54%	0.35%	1.04%
Non-cancellable floating rate loans hedged with embedded fixes	448.9	-	4.08%	5.97%	4.78%	0.25%	1.75%
Index linked loans	0.9	-	4.50%	5.50%	5.5%	-	-
Bond and private placements	970.3	(1.1)	1.96%	11.3%	4.24%	-	-
Unmatched standalone swap	15.5	-	4.46%	4.46%	4.46%	-	-
Total	**1,684.0**	**(1.1)**					

Notes to the financial statements

25. Loans and borrowings (continued)

The bank and other loans are repaid by bullet payments or in half-yearly and quarterly instalments and carry fixed and variable rates of interest ranging from 0.61% (SONIA + CAS) to 11.33%. The final instalments fall to be repaid in the period 2023 to 2045 as tabulated below:

		Loan repayment	
Group	**Interest rate maturity ladder**	**Bullet**	**Instalment**
	£m	**£m**	**£m**
Within 1 year	263.1	150.0	32.5
2 to 5 years	188.3	150.0	146.9
6 to 10 years	496.2	468.9	232.5
11 to 15 years	240.4	56.1	163.1
16 to 20 years	383.4	155.0	102.3
21 to 25 years	111.5	-	25.6
Total	**1,682.9**	**980.0**	**702.9**

At 31 March 2022 the Group had undrawn loan facilities of £387.8 million (2021: £425.7 million) which carry margins between 0.3% and 1.0%.

As at 31 March 2022, debtors include £0.7 million cash (2021: £1.1 million) charged to lenders.

Loan Security

Borrowings consist of secured loan and club bond facilities totalling £839.0 million (2021: £918.2 million) and unsecured retail and wholesale bonds and floating rate notes totalling £844.0 million (net of discount) (2021: £768.7million).

Loan facilities are secured by fixed charges over properties. Properties are charged to lenders on the basis of either Market Value – Tenanted (MV-T) or Existing Use Value – Social Housing (EUV-SH), with asset cover ratios ranging between 105% to 150%. As at 31 March 2022, the overall charged value of properties was £2.4 billion, with an equivalent EUV-SH value of £1.7 billion.

Retail and wholesale bonds, while unsecured carry a pledge to bond holders to retain unencumbered assets to the value of 130% of all unsecured borrowings. As at 31 March 2022, unencumbered assets consist of:

Group	**Valuation basis**	**£m**	**Unsecured asset cover**
Development work in progress	Cost	499.6	
Fixed asset investments	Fair Value	627.3	
Social housing properties	EUV-SH	1,259.2	
		2,386.1	**283%**

All completed properties are revalued annually by Jones Lang LaSalle LLP using the appropriate accounting valuation method; EUV-SH for social housing stock and fair value for fixed asset investments. As at 31 March 2022, the accounting value of all completed stock was £3.5 billion, compared with an open market value of £9.5 billion.

Notes to the financial statements

26. Financial instruments

Group	2022 £m	2021 £m
Financial assets		
Financial assets that are debt instruments measured at fair value:		
Fixed asset investments	12.0	12.1
Total financial assets	**12.0**	**12.1**
Financial liabilities		
Derivative financial instruments designated as standalone interest rate swaps without options measured at fair value	48.2	67.8
Total financial liabilities	**48.2**	**67.8**

The measurement of the financial instruments held at fair value, in accordance with FRS102 paragraph 34.22, are categorised as Level Two: Inputs that are observable for the asset or liability, either directly or indirectly.

The Board has considered the sensitivity for the interest rate risk it is exposed to and have determined that there is no material impact on the surplus for the year or the reserves.

Notes to the financial statements

26. Financial instruments (continued)

The Group holds floating rate loans which expose it to interest rate risk, which is mitigated by interest rate swaps. These are interest rate swaps without options to receive floating/pay fixed rates for a fixed period:

Entity	Profile	Notional £m	Swap fixed rate	Start date	End date	Payments	SONIA basis
A2Dominion South	Bullet	35.0	4.57%	30/05/2013	30/11/2037	Quarterly	3 Month
A2Dominion South	Bullet	25.0	4.45%	01/04/2009	01/07/2035	Quarterly	3 Month
A2Dominion South	Bullet	25.0	4.52%	21/05/2013	21/05/2038	Quarterly	3 Month
A2Dominion South	Amortising	40.0	4.76%	30/06/2011	05/09/2030	Quarterly	3 Month
A2Dominion South	Amortising	2.5	4.25%	30/06/2011	30/12/2022	Quarterly	3 Month
A2Dominion Homes	Bullet	16.0	4.04%	01/01/2009	22/09/2036	Quarterly	3 Month
A2Dominion Housing Options	Bullet	15.5	4.46%	01/07/2005	02/07/2035	Quarterly	3 Month

During the year the change in fair value of the interest rate swaps was a £19.8 million profit (2021: £18.1 million). Of the total notional value, £42.5 million is amortising in line with the underlying debt.

Notes to the financial statements

27. Provisions

Group	Pension	Major works and defects	Fire safety provision	Legal and contractual	Holiday pay	Total
	£m	£m	£m	£m	£m	£m
At 1 April 2021	3.1	3.0	12.0	0.6	0.3	**19.0**
Additions	0.2	1.4	-	-	-	**1.6**
Utilised in the year	-	(1.3)	(6.4)	-	-	**(7.7)**
At 31 March 2022	**3.3**	**3.1**	**5.6**	**0.6**	**0.3**	**12.9**

Association	Pension	Contractual	Holiday pay	Total
	£m	£m	£m	£m
At 1 April 2021	3.1	0.4	0.3	**3.8**
Additions	0.2	-	-	**0.2**
At 31 March 2022	**3.3**	**0.4**	**0.3**	**4.0**

The pension provision relates to the provision for any future cessation events of the Oxford and Surrey LGPS schemes.

The major works and defects provision reflects the latent defect work contractually required by the company but yet to be completed. The provision relates to a number of schemes with work expected to be completed within three years and reflects the total cost the company expects to incur on its contractual liability.

The fire safety provision is a result of providing for works to its properties in order to fulfil its responsibilities with regards to fire safety. Following completion of a review of its tall buildings which included independent intrusive surveys, it was identified that the Group needs to complete works relating to external wall systems including cladding, remediation of balconies and other external features.

A programme of works has been identified and communicated to residents, thereby creating a constructive obligation. In some cases, these costs can be recovered from third parties, e.g. the original construction contractor. Where costs cannot be recovered the Group has provided for the estimated liability.

The legal and contractual provision relates to an ongoing dispute and future contractual obligations.

Notes to the financial statements

28. Pensions

The Group's employees are members of the A2Dominion Benefit Scheme (A2BS) or the Surrey and Oxfordshire County Council Schemes or the Scottish Widows schemes. Further information on the defined benefit schemes is given below. Only the defined contribution (DC) section within A2BS is open to all new employees apart from the employees of the two property maintenance subsidiaries who are only eligible for the Scottish Widows DC scheme.

A2Dominion Benefit Scheme (Association)

This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A2BS DB section is closed to new entrants. The first full actuarial valuation for the A2Dominion Benefit Scheme DB section is currently underway as at 30 September 2021and the preliminary results have been updated to 31 March 2022 by a qualified actuary, independent of the scheme's sponsoring employer.

The projected unit method has been used to calculate the Scheme liabilities at 31 March 2022 by rolling forward the preliminary results of the triennial valuation as at 30 September 2021. The projected unit method results have been adjusted according to the FRS 102 financial and demographic assumptions applicable at 31 March 2022. The liability calculations have made allowance for the payment of benefits and actual inflation over the year for the period to 31 March 2022.

The asset values at 31 March 2022 were provided by the Scheme's administrators. As required under FRS 102 the bid market value of the assets is generally used for the calculations in the disclosures and the market value of investment holdings has been taken as £100.8m.

Local Government Pension Schemes

The Group participates in two local government pension schemes: Surrey County Council Pension Fund and Oxfordshire County Council Local Government Pension Fund.

Surrey County Council Pension Fund (SCCPF) (Association)

The SCCPF is a multi-employer scheme, administered by Surrey County Council under regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed on 31 March 2022. The employer's contributions to the SCCPF by the Association for the year ended 31 March 2021 were £0.1million in deficit contributions and a contribution rate of 33.3% of pensionable salaries, set until the next funding valuation. This scheme has 1 member still employed by the Group and a number of past employees and is closed to new entrants.

Oxfordshire County Council Local Government Pension Scheme (OCCLGPS) (Group)

The Group also has five employees who participate in OCCLGPS. The scheme is a defined benefit scheme based on final salary. The most recent formal actuarial valuation was completed on 31 March 2022. The employer's contributions to the OCCLGPS by the Group for the year ended 31 March 2022 were a contribution rate of 16.3% of pensionable salaries, set until the next funding valuation. Pension benefits depend generally upon age, length of service and salary level. This scheme is closed to new entrants.

Notes to the financial statements

28. Pensions (continued)

	2022				2021			
Reconciliation of present value liabilities	**A2BSDB**	**SCCPF**	**OCCLGPS**	**Total**	**A2BSDB**	**SCCPF**	**OCCLGPS**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At the beginning of the year	(129.6)	(9.9)	(15.6)	**(155.1)**	(104.1)	(8.7)	(12.3)	**(125.1)**
Current service cost	-	(0.1)	(0.1)	**(0.2)**	-	(0.1)	(0.1)	**(0.2)**
Contribution by plan participants	-	-	-	**-**	-	-	-	**-**
Interest cost	(2.7)	(0.2)	(0.3)	**(3.2)**	(2.4)	(0.2)	(0.3)	**(2.9)**
Actuarial gains/ (losses)	4.6	0.4	1.0	**6.0**	(25.8)	(1.3)	(3.2)	**(30.3)**
Benefits paid	4.5	0.4	0.3	**5.2**	2.7	0.4	0.3	**3.4**
At the end of the year	**(123.2)**	**(9.4)**	**(14.7)**	**(147.3)**	**(129.6)**	**(9.9)**	**(15.6)**	**(155.1)**

Notes to the financial statements

28. Pensions (continued)

	2022				2021			
Reconciliation of fair value of plan assets	**A2BS DB**	**SCCPF**	**OCCLGPS**	**Total**	**A2BS DB**	**SCCPF**	**OCCLGPS**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At the beginning of the year	96.1	9.3	11.8	**117.2**	91.7	7.4	9.6	**108.7**
Interest income on plan assets	2.1	0.2	0.2	**2.5**	2.1	0.2	0.2	**2.5**
Expenses	(0.1)	-	-	**(0.1)**	-	-	-	**-**
Actuarial gains	1.4	-	1.0	**2.4**	2.1	1.9	2.0	**6.0**
Contributions by Group	5.8	0.1	0.1	**6.0**	3.0	0.1	0.3	**3.4**
Benefits paid	(4.5)	(0.4)	(0.3)	**(5.2)**	(2.8)	(0.3)	(0.3)	**(3.4)**
At the end of the year	**100.8**	**9.2**	**12.8**	**122.8**	**96.1**	**9.3**	**11.8**	**117.2**

	2022				2021			
Net pension scheme liability	**A2BS DB**	**SCCPF**	**OCCLGPS**	**Total**	**A2BS DB**	**SCCPF**	**OCCLGPS**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Fair value of plan assets	100.8	9.2	12.8	**122.8**	96.1	9.3	11.8	**117.2**
Present value of plan liabilities	(123.2)	(9.4)	(14.7)	**(147.3)**	(129.6)	(9.9)	(15.6)	**(155.1)**
Net pension scheme liability	**(22.4)**	**(0.2)**	**(1.9)**	**(24.5)**	**(33.5)**	**(0.6)**	**(3.8)**	**(37.9)**

Notes to the financial statements

28. Pensions (continued)

	2022				2021			
Amounts recognised in income and expenditure	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m
Included in administrative expenses:								
Current service cost	-	(0.1)	(0.1)	**(0.2)**	-	-	(0.1)	**(0.1)**
Expenses	(0.1)	-	-	**(0.1)**				
	(0.1)	**(0.1)**	**(0.1)**	**(0.3)**	**0.0**	**0.0**	**(0.1)**	**(0.1)**
Amounts included in other finance costs	(0.7)	-	(0.1)	**(0.8)**	(0.3)	-	(0.1)	**(0.4)**
Net interest cost	**(0.7)**	**0.0**	**(0.1)**	**(0.8)**	**(0.3)**	**0.0**	**(0.1)**	**(0.4)**

Notes to the financial statements

28. Pensions (continued)

	2022				2021			
Analysis of actuarial gain / (loss) recognised in other comprehensive income	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m
Actual return less interest income included in net interest income	1.4	-	1.0	**2.4**	(1.2)	1.9	2.0	**2.7**
Experience gains and losses arising on the scheme liabilities	0.8	-	-	**0.8**	2.1	0.1	-	**2.2**
Changes in assumptions underlying the present value of the scheme liabilities	3.8	0.4	1.0	**5.2**	(24.6)	(1.4)	(3.2)	**(29.2)**
	6.0	**0.4**	**2.0**	**8.4**	**(23.7)**	**0.6**	**(1.2)**	**(24.3)**

Notes to the financial statements

28. Pensions (continued)

	2022				2021			
Composition of plan assets	**A2BS DB £m**	**SCCPF £m**	**OCCLGPS £m**	**Total £m**	**A2BS DB £m**	**SCCPF £m**	**OCCLGPS £m**	**Total £m**
Equities	19.0	5.9	9.3	**34.2**	15.0	7.0	8.4	**30.4**
Bonds and gilts	3.2	2.4	2.2	**7.8**	43.6	1.5	2.2	**47.3**
Property	3.1	0.7	1.0	**4.8**	3.8	0.6	0.7	**5.1**
Cash	1.9	0.2	0.3	**2.4**	0.8	0.2	0.5	**1.5**
Other[1]	34.6	-	-	**34.6**	32.9	-	-	**32.9**
Liability driven investment strategy[2]	39.0	-	-	**39.0**	-	-	-	**-**
Total plan assets	**100.8**	**9.2**	**12.8**	**122.8**	**96.1**	**9.3**	**11.8**	**117.2**

[1]*Other includes the following asset types, infrastructure, alternative growth, private debt and renewables.*
[2]*The underlying assets are gilts (Government Bonds) that are used for interest/inflation rate hedging strategy.*

Notes to the financial statements

28. Pensions (continued)

Principal actuarial assumptions used at the balance sheet date

	2022			2021		
	A2BS DB	SCCPF	OCCLGPS	A2BS DB	SCCPF	OCCLGPS
	%	%	%	%	%	%
Discount rate	2.8	2.7	2.7	2.1	2.3	2.0
Future salary increases	3.2	4.2	3.2	2.9	2.9	2.9
Future pension increases	3.1	3.3	3.2	2.8	2.0	2.9
Inflation assumption	3.2	3.3	3.2	2.9	2.0	2.9

	2022			2021		
	A2BS DB	SCCPF	OCCLGPS	A2BS DB	SCCPF	OCCLGPS
Mortality rates	**Years**	**Years**	**Years**	**Years**	**Years**	**Years**
For a male aged 65 now	21.9	22.1	22.2	21.5	22.3	22.4
At 65 for a male aged 45 now	23.2	23.1	23.1	22.8	23.4	23.4
For a female aged 65 now	24.3	24.5	24.5	23.4	24.7	24.7
At 65 for a female aged 45 now	25.7	26.2	26.1	25.0	26.4	26.3

Notes to the financial statements

29. Deferred tax

Group	2022 £m	2021 £m
Deferred tax assets		
Investment property revaluations	6.1	(0.4)
	6.1	**(0.4)**

The net reversal of deferred tax assets and liabilities expected in 2022 is not possible to estimate. Further reversals or increases in deferred tax balance may arise as a result of revaluations of investment property and financial instruments. As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate any further future reversals.

30. Non-equity share capital

Group	2022 No.	2021 No.
Shares of £1 each issued and fully paid		
At 1 April	9	6
Issued during the year	-	3
Surrendered during the year	(1)	-
At 31 March	**8**	**9**

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.

Notes to the financial statements

31. Prior year adjustment

The table is a summary of the impact of the prior year adjustment recognised in the Group financial statements. Where the accounting policies of jointly controlled entities are not consistent with that of the Group adjustments are made on consolidation to align those policies to that of the Group. In the year ended 31 March 2021 the Group changed its accounting policy in relation to capitalising interest on properties developed for sale. In preparing the financial statements for the year ended 31 March 2022 an error was noted in relation to past consolidation adjustments where entries were made to align accounting policies in relation to capitalised interest which were not needed following the change in Group policy. The comparative numbers have been amended to reverse the entries made. The reversal does not affect the results for the year ended 31 March 2021 The prior year adjustment did not have any impact on the Association.

Group	Investment in jointly controlled entities for the year ended 31 March 2020 £m	Reserves as at 31 March 2020 £m
As previously stated	92.7	946.4
Prior year adjustment	13.3	13.3
As restated	**106.0**	**959.7**

32. Contingent Liabilities

The Group receives grants from Homes England and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2022, the value of grant amortised in respect of these properties that had not been disposed of was £254.3 million (2021: £240.5 million). As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

The Developer Pledge announced by government in April 2022, whilst still subject to contract finalisation, intends to protect leaseholders from paying for fire remediation works in medium or high-rise properties and means that it is possible that some or all costs will be incurred by the Group. The Group will attempt to recover the cost from the original contractors where possible and will be seeking financial support from government. At this stage the scope and cost of the work that will fall to the Group cannot be qualified.

Notes to the financial statements

33. Operating leases

The payments which the Group and Association are committed to make under operating leases are as follows:

	Group		Association	
	2022 £m	2021 £m	2022 £m	2021 £m
Land and buildings				
Within in on year	4.0	4.1	2.3	2.2
Two to five years	9.1	10.6	6.1	7.3
Over five years	1.6	2.0	0.7	0.7
	14.7	**16.7**	**9.1**	**10.2**
Vehicles and other equipment				
Within one year	0.1	0.1	0.1	0.1
	0.1	**0.1**	**0.1**	**0.1**

The Group had lease receivables under non-cancellable operating leases as set out below:

Group	2022 £m	2021 £m
Amounts receivable as lessor		
Not later than one year	24.5	23.2
Later than 1 year and not later than 5 years	31.6	35.0
Later than five years	80.7	90.6
Total financial assets	**136.8**	**148.8**

Amounts receivable as a lessor include only non-cancellable leases and exclude any lease that can be cancelled within a month by either party.

Notes to the financial statements

34. Capital commitments

Group	2022 £m	2021 £m
Capital expenditure		
Expenditure contracted for but not provided in the financial statements	250.9	309.1
Expenditure authorised by the Board, but not contracted	223.9	373.9
Maintenance expenditure contracted and authorised by the Board	49.1	32.4
	523.9	**715.4**

The Group expects to meet the above commitments from the following sources:

- Undrawn loan facilities totalling £387.8 million (2021: £425.7 million)
- Social housing grants and projected proceeds from first tranche sales of shared ownership dwellings and build for sale properties of £480.4 million (2021: £799.9 million)

35. Analysis of net debt

Group	1 April 2021 £m	Cashflow £m	Non-cash changes £m	31 March 2022 £m
Cash at bank and in hand	52.1	65.9	-	**118.0**
Loans due within 1 year	(27.9)	27.9	(183.5)	**(183.7)**
Loans due after more than 1 year	(1,664.1)	(23.6)	183.5	**(1,504.0)**
Derivatives due after more than 1 year	(67.8)	-	19.6	**(48.2)**
Net Debt	**(1,707.7)**	**70.2**	**19.6**	**(1,617.9)**

Notes to the financial statements

36. Related party transactions

The ultimate controlling party of the Group is A2Dominion Housing Group Limited. There is no ultimate controlling party of A2Dominion Housing Group Limited.

A2Dominion Housing Group consists of the companies listed in note 17. The Group also has interests in 14 joint ventures detailed in note 17.

A2Dominion Housing Group Limited provides management and administration services to the companies within the Group. The most significant element of this is staff costs as the subsidiaries within the Group do not have their own employees apart from A2Dominion Homes Limited which has a small number of employees. The management costs are apportioned on a salary basis. During the year A2Dominion Housing Group Limited provided management services to other Group entities and charged £57.2 million (2021: £58.5 million). At 31 March 2022 A2Dominion Housing Group owed £109.5 million to its subsidiaries (2021: £42.4 million). This was in relation to working capital balances.

Pyramid Plus London LLP and Pyramid Plus South LLP are apportioned management and administration services costs based on agreed values representing actual services provided.

The Group owns a 70% share in Pyramid Plus London LLP. The remaining 30% share is owned by Breyer Group PLC. The minority share of £0.5 million (2021: £0.5 million) relates to Breyer Group PLC's 30% share of the LLP's profit.

The Group owns a 70% share in Pyramid Plus South LLP. The remaining 30% share is owned by MPS Housing Limited. The minority share of £1.0 million (2021: £1.1 million) relates to MPS Housing Limited's 30% share of the LLP's profit.

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The total management and administration costs apportioned in the year were:

Association	2022 £m	2021 £m
A2Dominion South Limited	21.2	21.0
A2Dominion Homes Limited	25.8	25.5
A2Dominion Housing Options Limited	5.4	6.4
A2Dominion Residential Limited	1.1	0.6
A2Dominion Developments Limited	2.5	3.8
Pyramid Plus London LLP	0.6	0.6
Pyramid Plus South LLP	0.6	0.6
	57.2	**58.5**

Notes to the financial statements

36. Related party transactions (continued)

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries for the year ended 31 March 2022 are summarised as follows:

	Services provided £m	Qualifying charitable donations £m	Loan interest payable £m	Loan interest receivable £m	Loans – creditors £m	Loans - debtors £m	Other creditors £m	Other debtors £m
A2Dominion Developments limited								
A2Dominion Homes Limited	13.7	-	(9.1)	-	(116.4)	-	(0.8)	-
A2Dominion South Limited	1.7	-	(9.1)	-	(116.4)	-	-	2.3
A2Dominion Housing Group Limited	-	-	(1.6)	-	(19.4)	-	(45.1)	-
A2Dominion Treasury Limited								
A2Dominion Homes Limited	-	-	-	1.2	-	26.5	-	-
A2Dominion South Limited	-	-	-	1.2	-	18.8	-	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	(4.0)	-
A2Dominion Housing Finance Limited								
A2Dominion South Limited	-	-	-	0.2	-	35.0	(0.1)	-

Notes to the financial statements

36. Related party transactions (continued)

	Services provided £m	Qualifying charitable donations £m	Loan interest payable £m	Loan interest receivable £m	Loans – creditors £m	Loans - debtors £m	Other creditors £m	Other debtors £m
A2Dominion Residential Limited								
A2Dominion Homes Limited	-	3.8	-	-	-	-	(4.2)	-
A2Dominion South Limited	-	-	-	-	-	-	(2.4)	-
A2Dominion Housing Group Limited	-	-	(1.0)	-	(39.4)	-	-	18.5
Pyramid Plus London LLP								
A2Dominion Housing Group Limited	17.6	-	-	-	-	-	-	1.4
Pyramid Plus South LLP								
A2Dominion Housing Group Limited	20.6	-	-	-	-	-	-	1.7

Notes to the financial statements

36. Related party transactions (continued)

A2Dominion Homes Limited and A2Dominion South Limited lend to A2Dominion Developments Limited at a fixed rate of 6% on a three-year revolving facility. The loans are secured with floating charges.

A2Dominion Housing Finance Limited lends to A2Dominion South Limited at SONIA + CAS + 0.4% - the facility is revolving until 2022 thereafter the drawn loan balance converts to term and is payable by instalments until 2033.

A2Dominion Treasury Limited lends to A2Dominion Homes Limited and A2Dominion South Limited at an all-in rate of 4.5875%. These are the proceeds of retail bond 2 which matures in 2026 and must be repaid in full on that date. Any company may repay any part of their loan prior to that date, in such a case another company in the group must borrow the funds to ensure that £150.0 million remains due to A2Dominion Treasury Limited at all times. The loans are not secured.

Transactions between Group entities and other related parties are summarised as follows:

A2Dominion Developments Limited is a 50% joint venture partner of Green Man Lane LLP. For Phase 3, the LLP is funded by way of a loan facility of £30.0 million signed on the 31 August 2018 with A2Dominion Developments Limited and Rydon Construction Limited. At 31 March 2022 the LLP has utilised £7.4 million (A2Dominion Developments Limited: £3.7 million and Rydon Construction Limited: £3.7 million) of this facility. Interest is charged at 6.16% per annum. The capital and interest payment are due to be repaid when the loan matures.

For Phase 6a, the LLP was funded by way of a loan facility of £15.4m signed on 21 February 2022 with A2Dominion Developments Limited and Real Places Limited. At 31 March 2022 the LLP has utilised £0.6m (A2Dominion Developments Limited: £0.3m and Real Places Limited: £0.3m) of this facility. Interest is charged at 6.16% per annum. The capital and interest payment are due to be repaid by 21 February 2027 when the loan matures.

Green Man Lane LLP entered into a lease variation agreement in September 2019 with A2Dominion Homes Limited for the lease of blocks at a premium of £10.1 million. The contractual term of the lease is 250 years and the premium for each lease is to be paid in 32 monthly instalments until paid in full. As at 31 March 2022, the premium has been fully paid.

Green Man Lane LLP and A2Dominion Homes entered into a joint arrangement on 29 August 2018 with Rydon Constructions Limited to provide construction services, with the LLP's share of contract being to the value of £20.5 million. During the financial year ending 31 March 2022 the LLP paid Rydon Construction Ltd £2.4 million with a balance of £0.4 million due in the next financial year.

Green Man Lane LLP leased a ground floor office at Sinclair House London W13 from A2Dominion Homes at a rent of £50,814 per annum. The contract ended on 24 June 2020. At that point the lease was renewed for the further five years at a rent of £54,000 per annum.

Green Man Lane LLP entered into an agreement with Real LSE Ltd to provide construction services for 23 houses for Phase 6a for a contract value of £9.4 million. During the financial year ending 31 March 2022 the LLP paid Real LSE Ltd £nil.

A2Dominion Developments Limited is a 50% joint venture partner of West King Street Renewal LLP. The LLP is funded by way of an equity loan facility of £50.0 million with A2Dominion Developments Limited and London Borough of Hammersmith & Fulham on tranche 1 and an interest bearing loan facility of £20.0 million on tranche 2, interest rate is 6%. As at 31 March 2022, the LLP has utilised £30.8 million (A2Dominion Developments Limited: £15.4 million and London Borough of Hammersmith & Fulham: £15.4 million) of the tranche 1 facility. H & F Housing Developments Limited is funding the design and construction by West King Street Renewal LLP of commercial units on land which has been leased by the London Borough of Hammersmith & Fulham to the LLP. A total of £12.8 million has been recharged as at 31 March 2022.

Notes to the financial statements

36. Related party transactions (continued)

A2Dominion Developments Limited is a 50% joint venture partner of Crest A2D (Walton Court) LLP. During the year, no capital repayments were made (2021: £4.0 million) by Crest A2D (Walton Court) LLP. During the year capital contribution of £2.9 million was made (2021: nil) to Crest A2D (Walton Court) LLP.

A2Dominion Developments Limited is a 50% joint venture partner of Keybridge House 2 LLP. During the year no capital contributions were made (2021: £1.5 million) were made to Keybridge House 2 LLP. During the year there were no capital repayments (2021: £8.2 million) made by Keybridge House 2 LLP.

A2Dominion Developments Limited is a 50% joint venture partner of Elmsbrook (Crest A2D) LLP. During the year there were no capital contributions (2021: £0.1 million) made to Elmsbrook (Crest A2D) LLP. During the year, capital repayments of £3.6 million (2021: £5.2 million) were made by Elmsbrook (Crest A2D) LLP.

A2Dominion Developments Limited is a 50% joint venture partner of A2D NK Homes LLP with 80% interest. During the year a capital repayment of £1.0 million (2021: £0.1 million) was made to A2D NKH (Rowlands Castle) Limited, a wholly owned subsidiary of A2D NK Homes LLP.

A2Dominion Developments Limited is a 50% joint venture partner of A2DD-HP Boston Road LLP. During the year, a capital contribution of £9.8 million (2021: £5.0 million) was made to A2DD-HP Boston Road LLP.

A2Dominion Treasury Limited has been provided with a loan facility of £150.0 million (2020: £150.0 million) by A2D Funding PLC. As at 31 March 2022, £150.0 million (2021: £150.0 million) was owed by A2Dominion Treasury Limited. A2Dominion Treasury Limited on-lends these monies to A2Dominion Residential Limited. At 31 March 2021, A2Dominion Residential Limited owed A2Dominion Treasury Limited £150.0 million (2021: £150.0 million).

A2Dominion Treasury Limited has been provided with a loan facility of £150.0 million (2021: £150.0 million) by A2D Funding II PLC. As at 31 March 2022, £150.0 million (2021: £150.0 million) was owed by A2Dominion Treasury Limited. A2Dominion Treasury Limited on-lends these monies to registered providers and A2Dominion Residential Limited. At 31 March 2022, A2Dominion Residential Limited owed A2Dominion Treasury Limited £96.2 million (2021: £104.7 million).

A2Dominion Housing Group guarantees both bond issues principal and interest in A2D Funding PLC and A2DFunding II PLC.

Pyramid Plus South LLP received services during the year from MPS Housing Limited with a value of £11.2 million (2021: £10.0 million). As at the 31 March 2022 £2.2 million (2021: £1.0 million) was owed by Pyramid Plus South LLP.

Pyramid Plus London LLP received services during the year from Breyer Group PLC with a value of £11.0 million (2021: £9.3 million). As at the 31 March 2022 £2.0 million (2021: £1.6 million) was owed by Pyramid Plus London LLP.

A2Dominion Residential Limited has entered into a funding agreement with A2D NKH (Mytchett) Limited, a wholly owned subsidiary of A2Dominion Homes Limited. As at 31 March 2022, outstanding loan receivable balance from A2D NKH (Mytchett) Limited is £19.1 million (2021: 24.9 million). The interest and similar income receivable on this loan during the year was £0.7 million (2021: £0.1 million).

Notes to the financial statements

36. Related party transactions (continued)

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries for the year ended 31 March 2021 are summarised as follows:

	Services provided	Qualifying charitable donations	Loan interest payable	Loan interest receivable	Loans – creditors	Loans - debtors	Other creditors	Other debtors
	£m	£m	£m	£m	£m	£m	£m	£m
A2Dominion Developments Limited								
A2Dominion Homes Limited	9.2	-	(10.4)	-	(167.3)	-	-	19.1
A2Dominion South Limited	2.3	-	(10.4)	-	(167.3)	-	-	7.0
A2Dominion Housing Group Limited	-	-	(1.7)	-	(28.7)	-	(59.8)	-
A2Dominion Treasury Limited								
A2Dominion Homes Limited	-	-	-	1.3	-	26.5	-	-
A2Dominion South Limited	-	-	-	0.5	-	18.8	-	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	(4.1)	-
A2Dominion Housing Finance Limited								
A2Dominion South Limited	-	-	-	0.2	-	25.0	-	0.1

Notes to the financial statements

36. Related party transactions (continued)

	Services provided	Qualifying charitable donations	Loan interest payable	Loan interest receivable	Loans – creditors	Loans - debtors	Other creditors	Other debtors
	£m	£m	£m	£m	£m	£m	£m	£m
A2Dominion Residential Limited								
A2Dominion Homes Limited	-	-	-	-	-	-	(3.6)	-
A2Dominion South Limited	-	-	-	-	-	-	(1.8)	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	-	25.3
Pyramid Plus London LLP								
A2Dominion Housing Group Limited	15.7	-	-	-	-	-	-	0.7
Pyramid Plus South LLP								
A2Dominion Housing Group Limited	18.7	-	-	-	-	-	-	1.8

37. Post balance sheet event

£75.0 million, half of the redemption amount of a £150.0 million retail bond that existed at the 31 March 2022 and was disclosed under current liabilities was repaid on 12 April 2022 ahead of it maturing on the 18 October 2022.

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