2021
Annual Report & Accounts

Contents

Cover image:
Redcliff Quarter, Bristol

Our annual highlights

Deliver customer-led services for residents and communities

Protect and grow our business

83%
customer satisfaction, against a target of 82%

4.6
customer effort score, against a target of <5.2 and a national benchmark of <4.9 across all sectors

G1/V2
regulatory rating

Fitch A
credit rating

£9m
social value achieved through community investment projects, against a target of £7m

99%+
customer complaints resolved without escalation to the Housing Ombudsman

86%
employee engagement rate, against a target of 83%

Gold
level Investors in People accreditation since 2011

Provide high-quality new homes and places

Effectively manage our existing homes and places

754
new homes completed

589
starts on site, 89 above target

88%
satisfaction with responsive repairs services, above our target of 85% and higher than 87% reported last year

3.11%
rent arrears, against a target of 3.21%

5,000+
homes in development pipeline and a target of 5,453 new homes for delivery over next five years

95%
of new home customers surveyed said they would recommend us to others

25 days
void turnaround, against a target of 30

186
homes reviewed, against a target of 157 to optimise performance of our property assets

£400m
estate services framework to facilitate safety, remedial and improvement works for A2Dominion and our partners, including public sector organisations

Chair's statement

Welcome to A2Dominion's Annual Report & Accounts 2021.

For many of us the last year has been like no other in living memory.

However, when I look back over this period, the prevailing emotion I feel is pride. I am proud of the way our staff members have risen to the myriad challenges they have faced due to the pandemic. I am proud of the way they have adapted to the vastly different world of work they have found themselves inhabiting. And I am especially proud of the way they have acted with great humanity and compassion towards those in our properties and communities who have faced great hardship over the past year.

We have always taken the duty of care we have to our customers very seriously. Clearly our colleagues' ability to perform this duty has been stretched to the limit over the past 12 months and I'm delighted to say they have passed that test with flying colours.

We have been one of only a handful of major housing associations to run an uninterrupted repairs service, despite the challenges posed by numerous lockdowns, and our customer satisfaction rating has also remained at an impressively high level.

We have also continued to roll out vital new services. One standout example is the Places of Safety programme, offering self-contained accommodation for individuals and families fleeing domestic abuse in Oxfordshire. It's this innovation and commitment that has led to A2Dominion being awarded a contract extension by Oxford City Council to provide domestic abuse services for at least a further two years – a wonderful achievement for all involved.

For all of these efforts, and for the simple act of showing kindness in the face of personal challenges, I would like to offer my sincere thanks to everyone for all they have done over the past year.

Image:
Carlton House, Wandsworth

Our new five-year Corporate Strategy was launched in 2020 and gives us clear objectives which we can focus on to strengthen our business. Despite the disruption we have witnessed since its inception, we are already making good progress towards meeting those objectives – namely, achieving high customer satisfaction, putting in place a solid strategy to support our customers in tall and complex buildings, adding social value through our community investment projects, and building new, high-quality homes.

Despite all of this, we must be realistic about the scale of the challenges we face in the short, medium and long term, including the significant impact that the coronavirus (Covid-19) pandemic has had on our financial performance.

Over the past year, our build programmes have been extended to allow us to work safely and in line with Government guidance. This has led to delays in handing over new homes and has therefore resulted in a reduction in both our sales and rental income.

We also incurred significant expenditure on additional building safety improvements, as well as general repairs and maintenance costs, all of which has contributed towards a lower surplus.

However, A2Dominion remains financially strong with good operational performance and high credit and governance ratings, making us well placed to withstand the many challenges ahead. This includes the ongoing national housing shortage, changes to the way people are living and working as well as a more complex regulatory environment. Set alongside this are new and emerging priorities around sustainability, building safety and the implementation of the Social Housing White Paper recommendations.

This year we have made three exciting new appointments to our Group Board, welcoming Ozzie Clarke-Binns, Andrew Kirkman and Louise Wilson to their new roles as non-executive directors, as well as Alex Roth as a new independent committee member. They bring a wealth of diverse experience and talent with them. I am looking forward to working with them all during my final year with A2Dominion, as my nine-year maximum term as a Board member comes to an end. During the forthcoming year, I will be supporting the transition to a new Chair to ensure a smooth and effective handover.

I feel we have achieved a great deal over the past year and I would like to thank the executive team, Group Board and committees and our people for their unwavering commitment to delivering high-quality homes and services for our customers.

Finally, I would like to thank everyone across all parts of the organisation. To return briefly to my opening remarks, it is not by chance that we find ourselves in such a strong position to continue to deliver our ambitions. It is down to the hard work and resilience of every one of our employees. For that, I remain eternally grateful.

Ian Cox
Chair

Image:
Heatherwell Place, Guildford

Chief Executive's Q&A

Chief Executive Darrell Mercer answers key questions about our response to Covid-19, our financial performance and the direction of travel for our business.

Q. Covid-19 has disrupted the entire industry. How have you responded?

A. It will come as no surprise that Covid-19 has had a significant impact on our business this year.

As an organisation that provides essential services, our immediate priority was to find ways to continue to operate, while ensuring the safety of our customers and employees. Despite the circumstances, we maintained a strong level of service throughout the year, which is testament to the hard work of all our teams.

This was of particular importance for our extra care schemes, where residents really depend upon our frontline care workers. I am pleased to say that at an inspection this year, the Care Quality Commission (CQC) highly commended us on the plans we put in place to deliver these vital services during the pandemic.

We also managed to maintain a safe, uninterrupted repairs service for our customers throughout the year. We felt it was extremely important to keep these frontline services running and we know not all housing providers have managed to achieve this.

For our office-based employees we moved to effective home working within a matter of days and were able to keep our customer contact centre fully operational, thanks to technology delivered by our Fit for the Future change programme.

In addition to our usual services, one of the most important aspects of our work this year was the efforts we made to help customers in greatest need of support due to the pandemic.

We redeployed employees, who would otherwise have been furloughed, to work with our housing teams to make thousands of wellbeing calls to our customers. As well as contacting those who were shielding, we also included our residents under 30, who are some of the hardest hit by the economic fallout and more likely to fall into arrears. In many cases, people said they really appreciated just having someone to talk to and the Housing Associations Charitable Trust (HACT) praised the vital support we provided.

The positive external recognition for our customer-focused delivery was mirrored internally by our strong performance against a new key performance indicator (KPI) we introduced this year to measure the success of our delivery against our customer-led objective.

We ask our customers to rate how easy it is to work with us to produce a Customer Effort Score (CES). The clear correlation between low customer effort and high customer satisfaction led to us adopting the measurement as one of the Group's key KPIs. This year, our CES was 4.6 out of 10 (10 being the highest effort) against a target of customer effort below 5.2 out of 10.

The common theme throughout the year has been the dedication of our employees, who have made it possible to keep our essential services going. They have been remarkably flexible in adapting to the changing situation and this kind of resilience will continue to stand us in good stead as we consider what the next few years might bring.

Q. What is your view of the Group's financial performance this year?

A. Like others in our sector, this has been a challenging year for us, achieving a net surplus of £6.4 million, down from £24.2 million last year. We estimate that around £20 million of our surplus was lost due to the pandemic (see page 45).

Our rental and sales income were both impacted by delays to our build programmes. While we were able to reopen our construction sites quickly and safely, social distancing slowed down work and longer build times delayed the completion of homes for both rent and sale, which inevitably reduced our revenue. We also saw our rental income impacted by lower occupancy rates in our student and key worker accommodation due to access restrictions.

However, overall, income collection was really strong with our social lettings delivering a 29% margin which compares well against our benchmark group. Throughout the year, we provided additional support to those customers in greatest need, including advising them on how to access financial support to help pay their rent.

In the wake of the Grenfell tragedy, we are doing everything we can to keep our customers safe and have increased investment in our building safety programme as well as in our planned and major maintenance programmes, spending a combined total of £42.1 million compared to £31.1 million last year.

Following a comprehensive review of our development schemes, we took the decision this year to exit from a number of these that no longer meet our investment criteria in order to help to protect the future financial position of the Group.

Despite the challenging year, we remain financially strong with significant reserves, high credit and governance ratings and banking covenants that we have met comfortably.

Q. Fire safety is perhaps the most challenging issue the housing sector has ever faced. What are you doing to manage the safety of your buildings?

A. Fire safety is the biggest issue affecting the housing sector today. It impacts an estimated 3.5 million people across the country and could cost a total £10 billion to rectify. Across the country, building inspections have raised issues not only about fire safety but also general quality and standards.

The safety of our customers is our number one priority and we have put in place a dedicated fire safety project team which is managing the programme of inspections and remediation work. We have also brought our fire risk assessments and electrical safety testing in-house, so that we can retain complete control over this vital safety work.

We are also doing all we can to explore alternative sources of funding for any essential remediation work, including the Building Safety Fund, and will only pass on costs as a last resort. In the meantime, we continue to work with our partners in the sector to make the case for appropriate Government support to help us ensure the safety of all of our residents' homes.

Q. How are you responding to the sustainability issues facing the organisation?

A. We are already doing a lot of work across Environmental, Social and Governance (ESG) areas through our equality, diversity and inclusion action plan, engagement with employees and communities, and business partnerships.

Our new Sustainability Strategy focuses on four key areas of our work where we can have the most beneficial impact on environment. These comprise reducing carbon emissions, tackling fuel poverty, improving stock performance and minimising waste.

We have signed up to be an early adopter of ESG reporting, allowing us to provide the level of transparency that our existing and potential investors seek. We have also established reporting mechanisms for Streamlined Energy and Carbon Reporting (SECR), the Energy Savings Opportunity Scheme (ESOS) and the SHIFT sustainability standard.

These help us to understand the full environmental impact of our activities and provide a baseline for improvement.

Q. What is the outlook for the year?

A. Our top priority remains the safety of all of our residents. Like other housing associations, we will continue to invest in our building safety programme, undertaking further fire safety investigations and remediation works as required.

As a customer-led organisation, we will continue to listen to what our customers are telling us so we can deliver the best possible service. We will use improved insights and data to better understand our customers and make informed decisions.

We will continue to drive our customer-first ethos through our new Customer Commitments and Core Values, while our new customer effort metric will be central to measuring our success against our customer-led strategic objective.

In anticipation of the new social housing regulations, as set out in the Government's Social Housing White Paper, we have already launched a working group to understand and identify any improvements we will need to make.

We are also reviewing our strategic property portfolio to ensure it is aligned with local priorities and we will also focus on accelerating the number of completions and sales in order to provide new homes more quickly.

Internally, we will continue our shift to a more blended way of working to support our customers in a way that works for them.

Image:
Westvale Park, Reigate & Banstead

Strategic report

Our business at a glance

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 more new homes and supporting the communities where we work.

38,000+
homes owned or managed

5,000+
homes in development

67,000+
customers

100%
profits reinvested

£961m
total reserves

Fitch A
credit rating

G15
member, a group of London's largest housing associations

Our structure

Group structure
A2Dominion Housing Group Limited, as the parent association, provides strategic direction for the organisation, along with central, financial and development services.

A2Dominion Housing Group Limited
(non-asset holding charitable registered provider)

- **A2Dominion South** (charitable registered provider)
- **A2Dominion Residential** (property investment vehicle)
- **A2Dominion Homes** (charitable registered provider)
- **A2Dominion Developments** (development vehicle)
- **A2Dominion Housing Options** (non-charitable registered provider)

What we do

At A2Dominion Group, we provide high-quality, sustainable homes and services through our three main brands:

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

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.

Property maintenance

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

Care & Support

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

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 & 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.

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

We provide a range of property asset management services for our own portfolio of more than 38,000 properties with aspirations to do the same for others in the private, public and not-for-profit sectors. Our core services include general maintenance, responsive repairs, voids management, facilities management, fire risk assessment actions, electrical safety testing, as well as a 24-hour emergency repair service.

How we do it

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.

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.

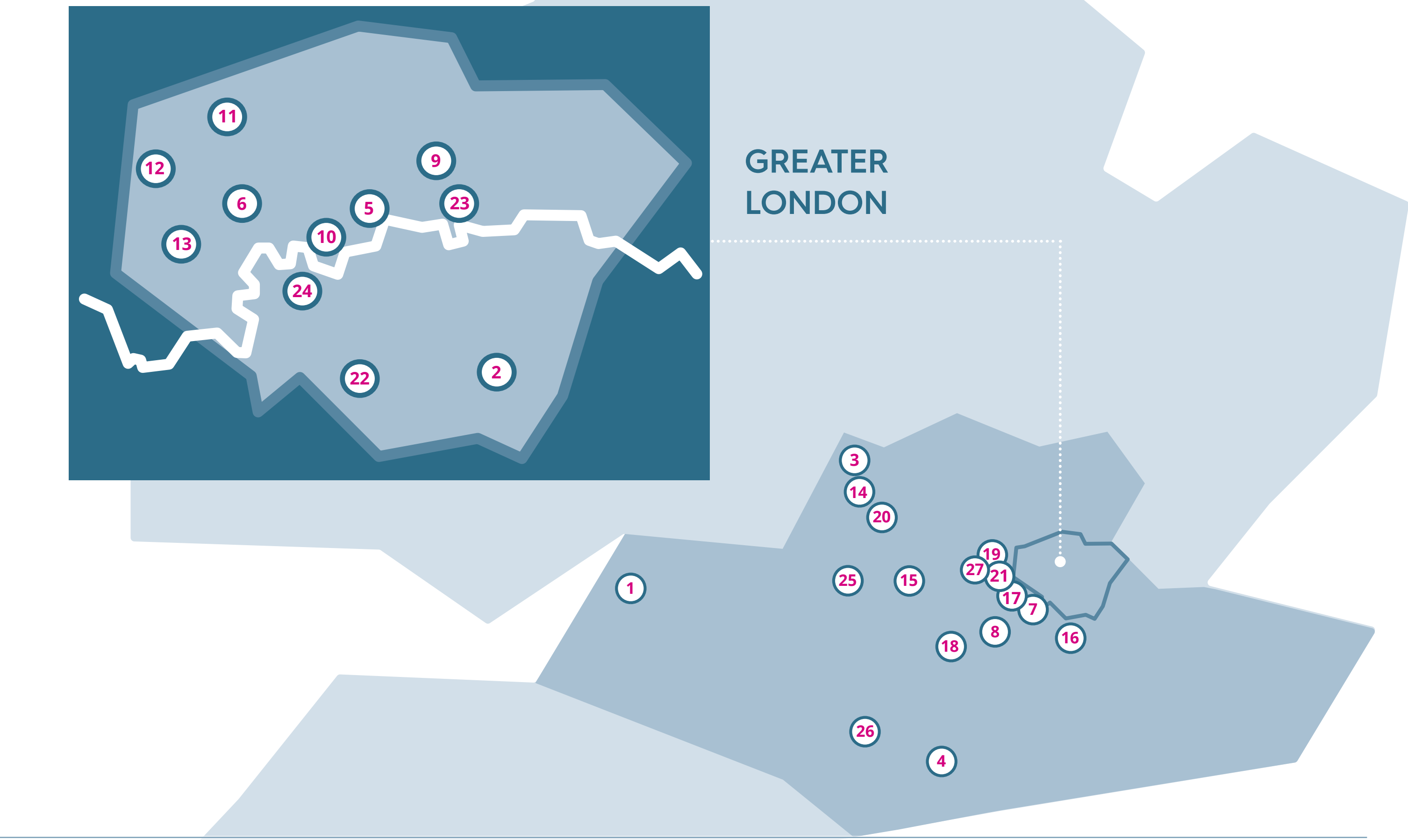
	Local Authority	Properties in Management	Properties in Development**
1	Bristol	969	0
2	Bromley	1,222	0
3	Cherwell	540	153
4	Chichester	559	0
5	City of Westminster	1,344	0
6	Ealing	3,634	876
7	Elmbridge	505	452
8	Guildford	521	127
9	Hackney	417	0
10	Hammersmith & Fulham	1,269	249
11	Harrow	944	0
12	Hillingdon	2,086	400
13	Hounslow	2,788	303
14	Oxford City	2,774	601

**Other indicates local authorities where homes in management is lower than 300.*

***We have 5,009 homes in development, and a target of 5,453 for the next five years.*

Where we do it

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

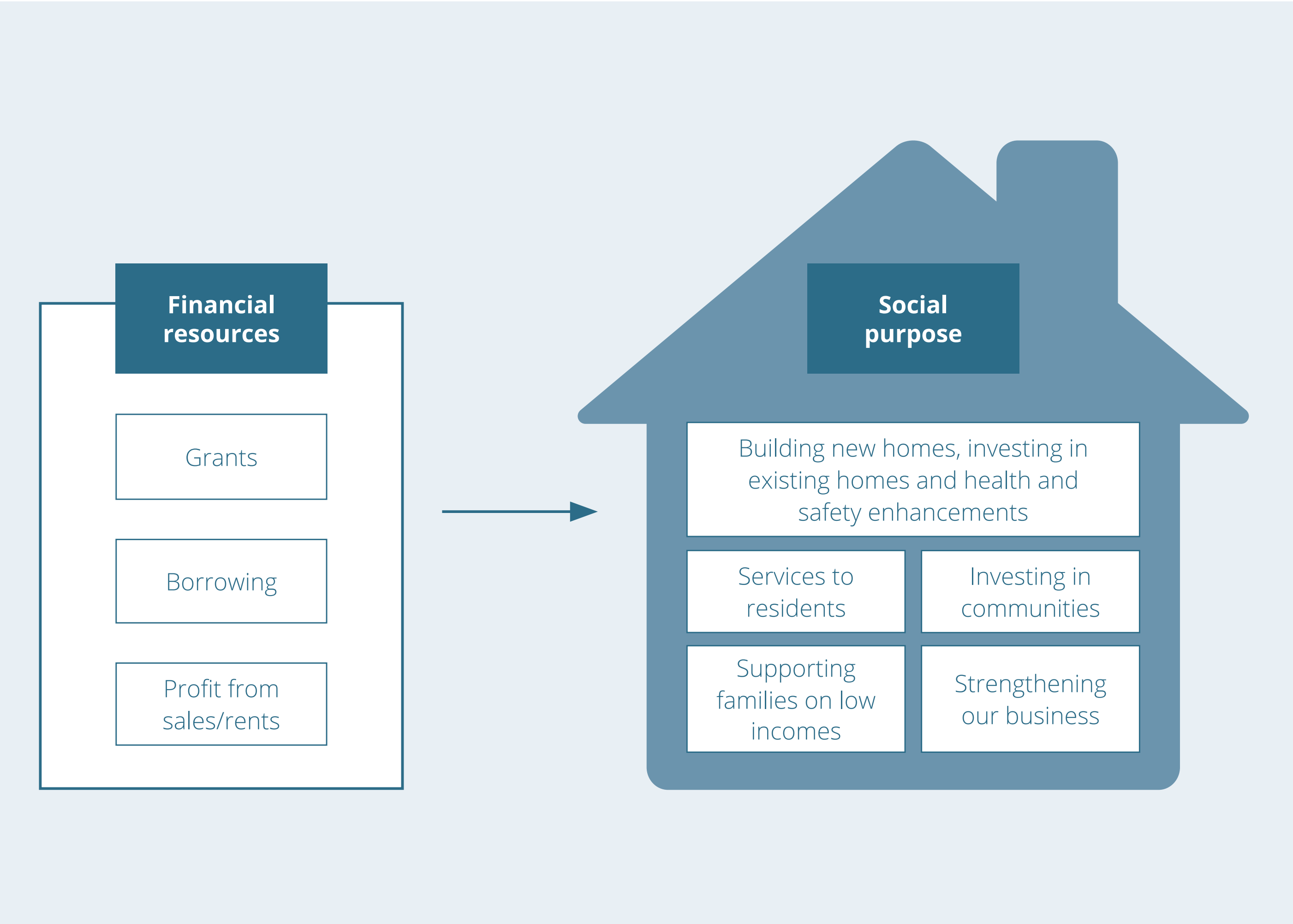


Local Authority	Properties in Management	Properties in Development**
15 Reading	547	0
16 Reigate & Banstead	364	200
17 Runnymede	640	46
18 Rushmoor	368	0
19 Slough	952	0
20 South Oxfordshire	317	0
21 Spelthorne	7,471	255
22 Sutton	346	6
23 Tower Hamlets	502	0
24 Wandsworth	542	0
25 West Berkshire	633	0
26 Winchester	1,150	0
27 Windsor & Maidenhead	382	0
Other*	4,609	1,341
Total	**38,395**	**5,009**

As at 31 March 2021

Our business model

Profits for a social purpose



Our purpose is to provide as many high-quality homes as we can at a price people can afford.

This is why we:

- Have at the core our work as a traditional housing association, providing homes at social rent for families on low incomes, accommodation for students and key workers, and getting people onto the housing ladder through shared ownership
- Have augmented our offer to develop more homes for private rent and sale

Private developments enable 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

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

Financial resources:

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)

Image:
Elmsbrook, Cherwell

Spending on our social purpose

80%	20%

Around 80% of the profits we make help support the delivery of around 900 new homes a year across all tenures. This includes:

- Providing affordable rented housing, where we fund over half of the build cost (60%) through our own surpluses and accessing external grants and borrowing
- Building shared ownership homes, helping prospective new homeowners get onto the property ladder
- Meeting the growing demand for privately rented homes

We use the remainder of our profits (20%) we receive 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
- Improving existing homes and services
- Investing in improving our effectiveness and underpinning services for customers

Our customers

Who we support

Our more than 67,000 customers are diverse and have a wide range of housing and support needs and aspirations. We make a long-term commitment to the communities where we provide homes, investing in the local environment, community resources and programmes.

As the housing crisis continues to grow, more and more people need the support of our homes and services. We build and manage affordable, private and social rented homes, student, key worker and temporary accommodation, as well as supported housing and homes for older people.

From the types of homes we offer to the range and quality of services we provide, we are committed to becoming truly customer-led.

Our Customer Commitments

Our customers regularly tell us what matters to them. We have used their feedback to develop three Customer Commitments that apply to everyone, regardless of the type of home they in tenure or service they use.

These align with our new core organisational values and are being embedded into everything we do. The Customer Commitments help raise awareness of our customers' needs and, along with our Customer-First training programme, help to develop a customer-led culture across all of our teams.

We will achieve this by:

- Thinking of our customers first
- Listening and anticipating their needs
- Keeping our promises
- Being there for them when and how they need us
- Continually improving and letting them know how we are performing

How we engage with our customers

We strive to make our customers' lives as easy as possible. We want them to feel listened to, informed, respected and fairly treated, embracing those who are vulnerable, struggling or digitally excluded.

Day-to-day

On a day-to-day basis, we offer customers a range of ways to engage with us. This includes virtual and face-to-face meetings, telephone and live chat, as well as our website and online customer portal, My Account.

We keep our customers up to date with news and service information using our Home magazine, email and social media. Our Customer Annual Report keeps our customers informed about how we are doing and holds us to account for the services we provide. We also offer accessible communication formats such as translation, large print, braille, text relay and audio to ensure equal and fair access to our services.

We are using our Fit for the Future change programme to facilitate our digital-first approach. This allows our customers to self-serve their queries and requests quickly and at a time that works for them; though we will continue to provide offline channels for those who need them. We also encourage customers to use channels that reduce effort for them, such as chat, webforms and phone.

New and existing homes

We use independent companies to collect consumer reviews of our new homes. In-house Research conducts in-depth telephone interviews with buyers six weeks after moving in. Through the independent online platform Homeviews, renters and buyers can review their properties.

In addition, our own Customer Insights team follows up with customers moving into an existing home and after vacating a home. It also gathers customer feedback on an annual basis. All this helps us to benchmark and improve our services and offers market comparisons to prospective customers.

Care & Support services

We tailor customers' care and support packages to take into account individual needs and aspirations. We survey residents during and after coming into our services as well as holding residents' meetings to ensure they have a say in what happens at the schemes where they live. In 2020/21, eight residents sat on our Donations Fund Panel and helped to allocate £29,512 of charitable donations to improve people's surroundings and wellbeing.

Local service standards and charges

Our service standards are agreed in consultation with our residents and service users. Our residents recently helped to shape the specification for our £40 million environmental service contract; as well as the frequency and cost of gardening and cleaning services where they live.

Creating communities together

Our residents get involved in a range of improvement activities across the communities where we work. This includes panels for approving Neighbourhood Improvement Funds, an Anti-social Behaviour Improvement Group, as well as area-based projects including regeneration, Great Places to Live and other community initiatives.

Listening to our customers

Each year, we receive between 20,000 and 30,000 customer responses to a comprehensive range of surveys to help us understand how easy we are to deal with. Customers have an opportunity to respond through a wide range of channels to ensure that everyone has an equal opportunity to take part. We consider complaints to be an important part of business learning, ensuring we can continuously improve our services.

Listening to customers enables us to spot and escalate urgent issues, learn, agree improvement priorities and allocate resources. We also track the uptake of our services to ensure people have fair access to them.

Customer Service Committee

Our new Customer Service Committee (CSC), formerly our Customer Advisory Panel, became a formal committee this year to help the link between customer engagement and the Group Board. It ensures that we meet the regulatory consumer standards and oversees the development and delivery of our Customer Experience Strategy.

The CSC comprises two independent industry experts, two Group Board members and three A2Dominion resident members. Together, they offer expertise in customer services, housing and other specialist business experience, as well as the voice of the customer.

Thinking for tomorrow

Our ongoing drive to deliver customer-led services for residents and communities means we already seek ways to continually improve our services. Our customer insights and data show us where we need to focus our efforts, as well as the areas in which things are working well.

Often, it is the simplest of interactions that can have the greatest impact. Simply treating our customers with respect and communicating in a personable and friendly way goes a long way to engendering trust and credibility.

Our people

Our success comes from our people. We therefore need to attract, retain and develop individuals with the right skills for now and the future, who are representative of the communities in which we work and who share our values.

Our culture

We asked our colleagues why they like working for A2Dominion. The responses that stood out highlighted our strong social purpose, our caring and compassionate nature and our people.

Their feedback helped us to shape our new core organisational values which guide the behaviours and culture we need to successfully achieve our Corporate Strategy 2020-25. Our values, which are at the core of way we work and interact with customers and each other, are: caring by nature, working better together and thinking for tomorrow.

Colleague feedback has also fed into ongoing work around our employee value proposition – the way we set ourselves out to prospective and current employees – to support our Talent Strategy, ensuring we continue to attract the right people.

Employee engagement

We are proud of our high employee engagement levels. We achieved an overall engagement score of 86% this year, up from 83% last year and well ahead of the UK benchmark of 70%.

We also retained our Investors in People Gold level accreditation for the fourth consecutive review period (since 2011), demonstrating, our strong investment in our employees through a range of wellbeing options and new learning and development opportunities.

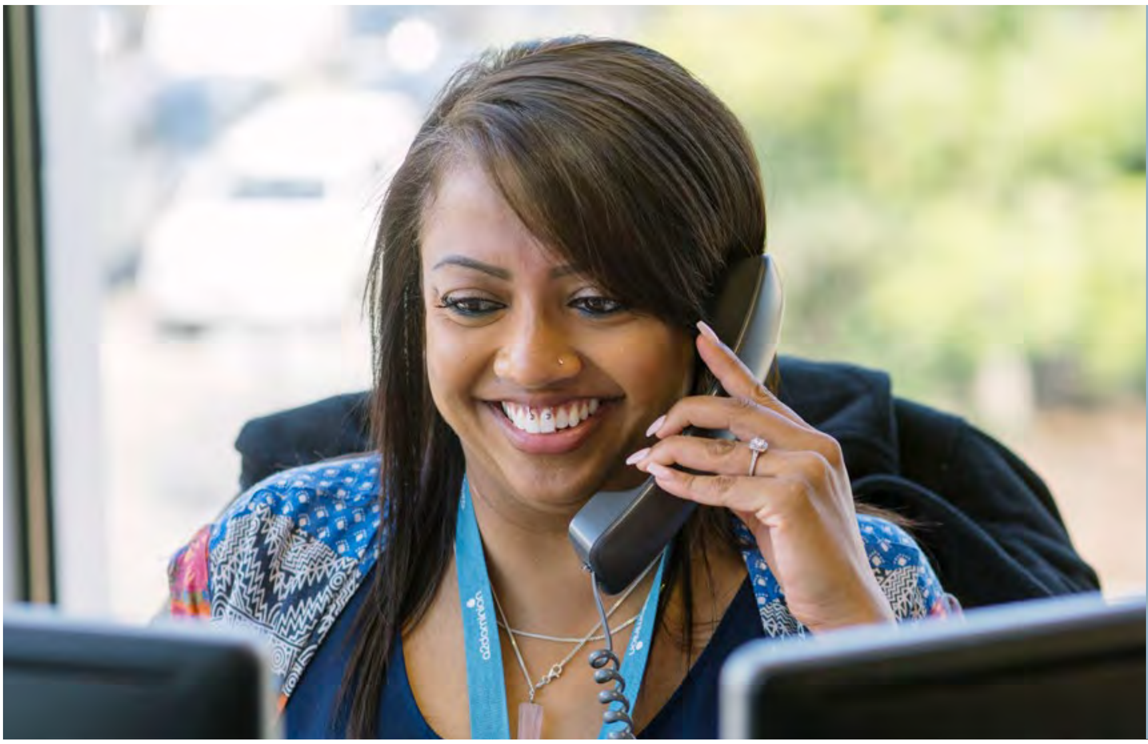
We encourage open and effective two-way communications across the Group, providing clarity on our shared purpose and strategic direction.

Wellbeing

We are committed to providing a positive work environment where every individual, whatever their role, feels empowered, engaged, healthy and productive. Retaining our Investors in People Health and Wellbeing Good Practice Award this year reflects our continuing focus on this important area.

While wellbeing has always been central to what we do, the Covid-19 pandemic increased our wellbeing efforts, starting with helping employees to adapt and acclimatise to remote working. The results from two pulse surveys and our employee engagement survey confirm that we responded very well to that challenge.

Our new three-year Wellbeing Strategy focuses on all four areas of employee wellbeing: psychological, physical, financial and social. In January, we launched our Wellbeing Matters Forum comprising mental health first aiders who can provide frontline support and guidance to colleagues; and ambassadors from different areas of the business who promote all areas of wellbeing.



Learning and development (L&D)

We know that personal growth is different for every individual, so when it comes to our people's development we encourage everyone to stretch their knowledge and skills in a way that works for them.

Our L&D programme supports the employee journey, from onboarding and induction through to engagement and development. We offer a comprehensive induction programme; skills development through our business partnering, leadership and customer-first training programmes; bespoke training; and an opportunity to apply for our professional qualification scheme. Our online Academy supports learning for people at all levels of the business, which is more important than ever in our new virtual working environment.

We are moving to a more digitally focused L&D offer to reflect people's changing needs and ways of working. How we deliver L&D in the future will depend on both employee preference and the most effective way to deliver each particular piece of training.

Managing performance

The shift to a more blended way of working is placing ever-greater emphasis on the need for our managers to have strong performance management skills. We must empower our people to deliver and hold them to account for their outcomes.

We are building our managers' capabilities to ensure that they feel well connected to the overall direction of the business and supported to help empower their teams; build social cohesion and shared trust; and deliver performance improvement.

EQUALITY & DIVERSITY CIH CHARTER FOR HOUSING

disability confident EMPLOYER

Investors in People | Health & Wellbeing Award

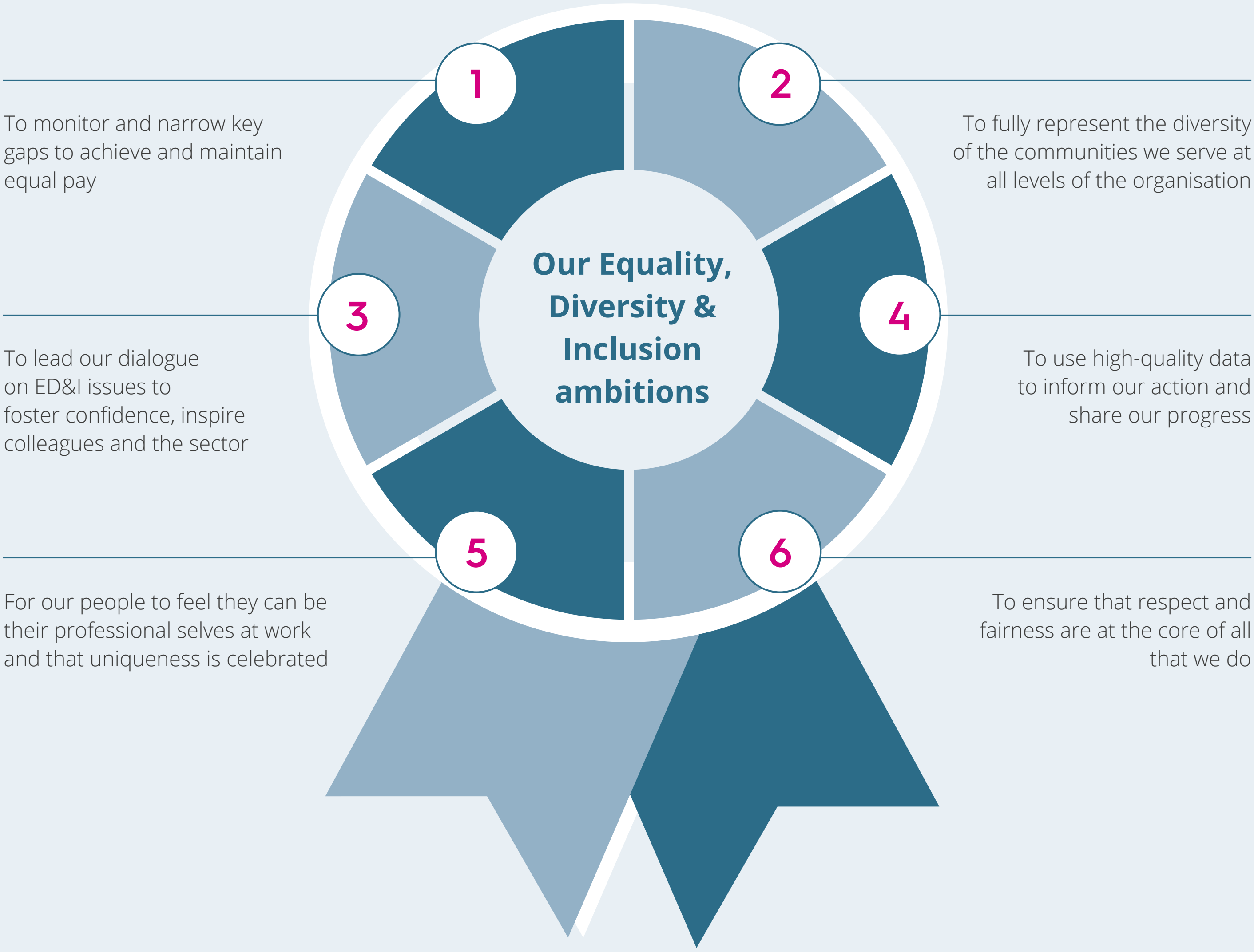
INVESTORS IN PEOPLE We invest in people Gold

Equality, diversity & inclusion (ED&I)

We know that ED&I make us better. With inclusivity comes fresh ideas, creativity and the experience needed to innovate and improve.

We are committed to creating an inclusive environment in which everyone has an opportunity to achieve their full potential and feel like they belong.

Our new ED&I Strategy sets out our six ambitions for the next five years. Each member of the Executive Management Team sponsors one ambition, demonstrating our commitment to ED&I. Each ambition has an individual activity and engagement plan for the coming year. These plans are part of a wider learning and engagement programme being rolled out across the Group.



Our ED&I Steering Board, chaired by the Chief Executive, ensures that we meet all of the objectives set out in our ED&I Strategy and Action Plan. Our ED&I Network (EDIN) is empowered to deliver events and activities locally as a way to make improvements and raise the profile of our ED&I work.

In April 2020, our Chief Executive signed up to a pledge, alongside his G15 counterparts, to encourage more diversity at senior management and board level across the sector. In support of this pledge, six talented A2Dominion managers were selected to take part in a new 18-month G15 Accelerate Chartered Management Institute leadership development programme to support black, Asian and minority ethnic (BAME) employees to advance their careers.

We also signed up to Leadership 2025, an intensive nine-month leadership development programme, available exclusively to people from BAME backgrounds working in the housing sector.

In January, we announced the appointment of three new non-executive directors to our Group Board. All are leaders in their fields and bring diverse experience and insights to our Board.

While we are making progress with equality, our focus is on inclusivity more broadly.

During the year, we rolled out unconscious bias training for all employees and introduced additional targeted questions to our employee engagement survey to further improve our data. The training was also rolled out to our Group Board members.

Over the next year, we will be supporting our hiring managers with an inclusive resourcing toolkit and coaching them to challenge their own biases at every stage in the recruitment process. The aim is to increase the likelihood of appointing candidates from more diverse backgrounds, improve gender balance and that of minority groups.

We will also be rolling out training to help managers engage confidently with employees about inclusion generally.

Our Group performance

Strategic objective:
Deliver customer-led services for residents and communities

During challenging times we have maintained contact with and provided high levels of service to our customers, finding new and safe ways to respond to their needs. We have provided investment and support, with a particular focus on the most vulnerable people in our homes and communities.

Our ambition

During the period to 2025 we have set out our ambition to deliver against our customer-led strategic objectives. This is supported by our new Customer Commitments, whereby we want our customers to:

- **Live in a safe, good-quality home**
- **Feel a sense of belonging**
- **Enjoy flexible and fair access to services**

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

- **We are a customer-led organisation**
  Our decisions and initiatives are designed to make things easier for the customer. They are also informed by customer feedback and other customer insights. Finally, they represent good value for money, both for residents and A2Dominion.
- **We are easy to deal with**
  We strive to make things simple for customers, teams and contractors. Interacting with us is straightforward, efficient and effective. Customers feel listened to, respected and fairly treated, including those who are vulnerable, struggling or digitally excluded.
- **We offer channel choice**
  Our digital-first approach means our customers can self-serve their queries and requests 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 encourage customers to use channels that reduce effort for them, such as chat, webforms and phone.
- **We deliver 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 residents can hold us to account.
- **Our customers have a sense of home, safety and security**
  Our residents 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.

83%

customer satisfaction, against a target of 82%

£9m

social value achieved through community investment projects, against a target of £7m

WEST LONDON BUSINESS AWARDS 2021 Celebrating resilience

named Socially Responsible Corporate of the Year

Image:
White Hart Meadows, Guildford

Our progress in 2020/21

There for our customers

Our customers not only needed us to maintain a strong level of service this year. They needed us to enhance our provision and adapt effectively to the unusual circumstances, anticipating their needs and going above and beyond. The safety of our customers continued to be a top priority.

Customer service ratings remained high

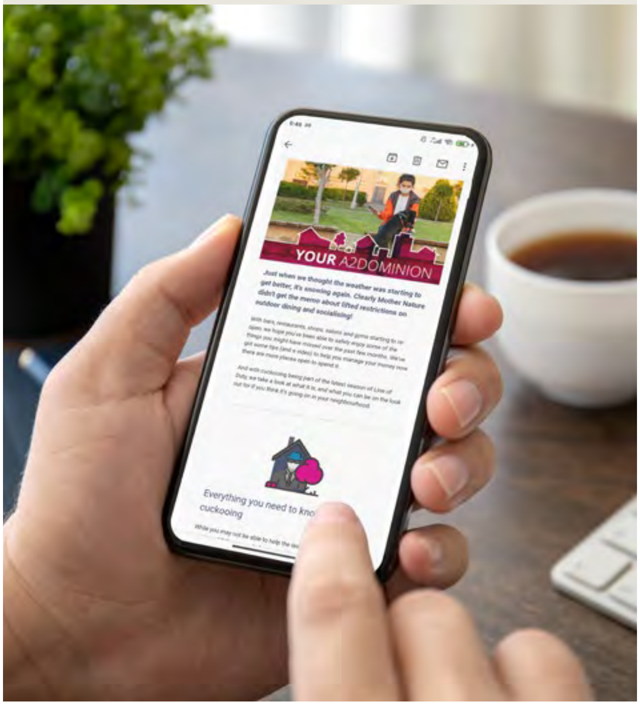
This year, we achieved customer satisfaction levels of 83%, above our target of 82%. This score combines our customers' satisfaction with complaints, repairs and our customer contact centre services.

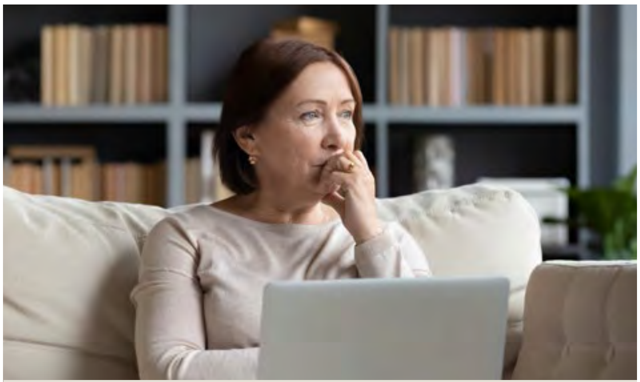
This achievement can, in large part, be attributed to the additional focus and resource we placed on customer service during the pandemic, including calling customers with the greatest needs and providing reassurance and guidance about our services. We also maintained a full repair service throughout, keeping customers' homes safe and running smoothly.

Keeping things simple is important to us, so we have introduced a new metric to measure how easy customers find working with us. This is a rating from 1 (easiest) to 10 (most difficult). We exceeded our target this year, achieving 4.6 against our target of <5.2.

While things do not always go to plan, fewer than 1% of customer complaints were escalated to the Housing Ombudsman, well below our target of <5%. Some 84% of those making a complaint said that they were satisfied with the way we resolved their issues, compared with 86% last year. During the year we assessed ourselves against the new Housing Ombudsman code and were able to confirm compliance.

Our under-30s wellbeing pilot aimed to change the way we communicate with our under-30s residents. This included recruiting a dedicated under-30s Tenancy Sustainment Officer.





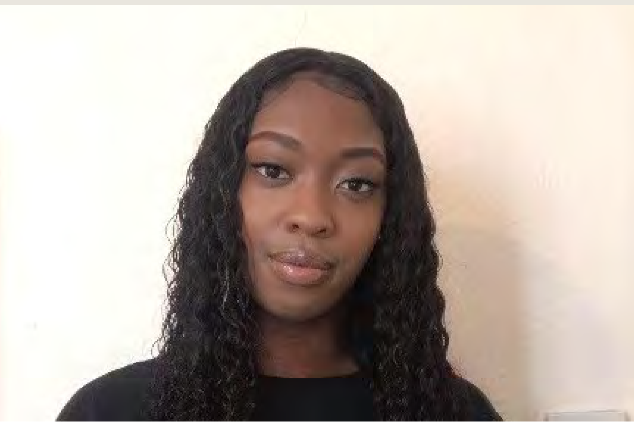
We have joined forces with Spelthorne Borough Council to introduce a pilot to deliver a one-stop shop of services, including access to support on financial health and legal matters, as well as incorporating measures to tackle homelessness.

Our Employment & Enterprise team provided 327 A2Dominion customers with employability support and helped 108 people into jobs.

"This service was absolutely fantastic. My adviser Yasmeen was very helpful and helped me with my job search. In less than two weeks I was able to get a job.

"She helped me fix up my CV and gave me useful tips, including interview tips which helped me a lot. I would recommend this service to everyone, especially during these hard times!"

Rebekar Oluyadi, an A2Dominion customer



Investing in our communities

We remained committed throughout the year to investing in our communities, although social distancing inevitably limited the ways we could work locally with our customers.

At the start of the year, we mobilised our teams to proactively engage with our most vulnerable customers and adapted our approach to continue to deliver our support services.

We still managed to deliver £9 million in social value through our various community initiatives, exceeding our annual target of £7 million. Some £2.75 million of social value was produced by our work tackling health inequalities, including new services to provide emotional wellbeing support which helps people maintain their tenancies.

We made an investment of £1.8 million into community activities and secured an additional £756,000 external funding for future delivery of projects, some of which will run over more than one year.

Highlights of our community work included:

- Making more than 9,000 wellbeing calls and providing over 700 customers with hands-on support, such as access to food, medicines, employability support and financial advice
- Supporting 327 customers with employability support and 108 into jobs against targets of 300 and 90, respectively
- Providing digital inclusion support to 123 customers to help get them online
- Providing 79 young people support to continue their studies through our bursary programme, against a target of 40
- Supporting more than 900 residents over Christmas when they were socially isolated and lonely – paid for through £12,000 of external sponsorship
- Launching a mental health and wellbeing pilot for our under-30s residents

Our strong customer focus led to us being named Socially Responsible Corporate of the Year at the West London Business Awards for the second year running.

Caring for the most vulnerable

Recognising that everyone has different needs and preferences is key to building a service that engenders trust and loyalty.

Our Care & Support teams worked tirelessly over the past year to support the 2,600 vulnerable people in our care and the Care Quality Commission published a report in July 2020 which commended us on how we managed our care services during the pandemic.

Demand for our domestic abuse services increased. Our service in Oxford and West Berkshire received over 6,000 calls this year, similar to the previous year in volume, but of greater complexity.

We provided ongoing support to 1,757 victims of domestic abuse throughout the year and we continued our three-year Children in Need programme to help young people affected by domestic abuse. We also introduced two 'Places of Safety' for Oxfordshire residents fleeing domestic abuse, providing specialist support and accommodation.

Over £270,000 worth of additional funding was secured for a black, Asian, minority ethnic diverse outreach worker in Oxfordshire, Ealing homelessness services and a mental health and wellbeing service in Spelthorne, enabling us to reach out and support hard-to-reach communities. We also established Spelthorne's over 50s and Winchester City Council Young People's services.

Our housing teams made more than 9,000 wellbeing calls to our most vulnerable customers.

"Leah from A2Dominion has helped me a lot. I've lived on my own for 20 years and seldom see or speak with anyone.

"When she came along it was like a new breath of life. She's a really good listener and I can't praise her enough. Having someone in your corner makes such a huge difference."

John Penton,
an A2Dominion customer

Looking ahead

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

Building safety and intensive housing management changes

Rolling out our new delivery model to provide specialist support for those living in tall and complex buildings.

Thinking customer first

Tackling the biggest cause of customer dissatisfaction by listening, keeping people updated, acting on their feedback and learning from it when things go wrong.

Quality assurance

Ensuring we consistently deliver against our promises.

Customer Insight Programme

Better understanding what our customers think, using their feedback to shape improvements.

Community investment

Working locally, where it's needed most, to build cohesive neighbourhoods.

Procurement and improvement projects

Enhancing the quality of our services for customers including our Out of Hours, Environmental and Leasehold services.

Customer Experience communications

Promoting our Customer Commitments, culture and outcomes.

Customer-First Training

Building knowledge and expertise across the Group and our partners.

White Paper Working Party

Developing our service standards, governance, resident engagement and reporting frameworks to meet changing regulatory requirements.

Customer Communications Framework

Ensuring communications and the customer journey is of the highest quality and we are providing the right messages at the right time using the right channels.

Our Group performance

Strategic objective:
Protect and grow our business

Our financial and regulatory strength, combined with compliance, provides a sustainable basis for all our work. It enables access to the funding we need to develop homes, creating the assurance our regulators need. This is underpinned by an efficient operating structure to provide effective, high-quality services. Despite lower than usual financial performance this year, we remain strong and resilient.

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
- Improve the financial performance of the Group
- Maintain adequate funding and safeguard and maintain the confidence of our regulator, stakeholders and partners
- Ensure that we have the investment, resources and organisational excellence required to protect the organisation

86%

employee engagement score, against a target of 83%

G1/V2

regulatory rating

Fitch A

Credit rating

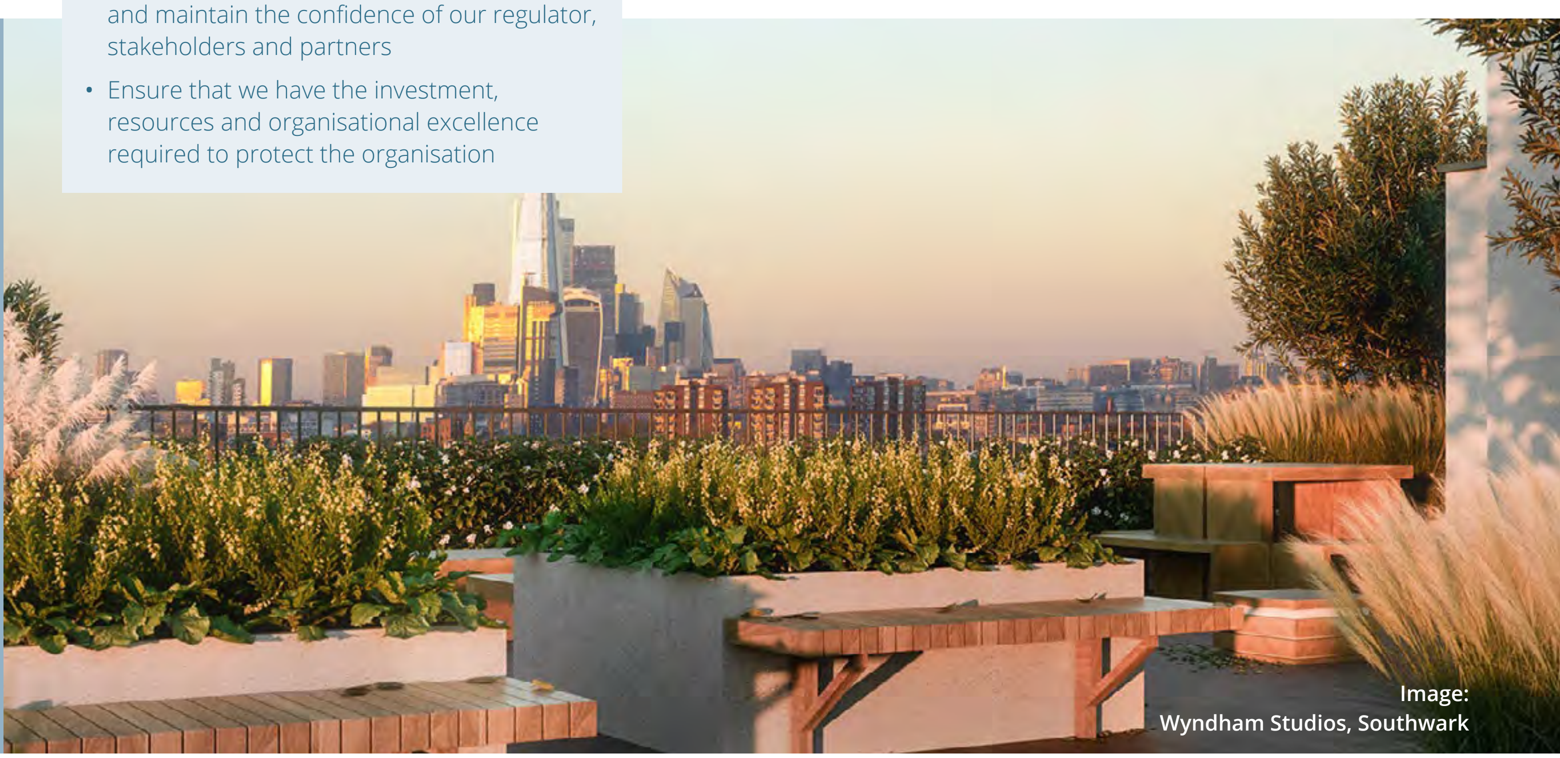


Image:
Wyndham Studios, Southwark

Our progress in 2020/21

Adaptability and resilience of our people

The continuing adaptability and resilience of our people in a year dominated by Covid-19 has been a pervading theme of the year's performance. Our investment in technology through our Fit for the Future change programme, allowed us to move seamlessly to remote working, while continuing to provide essential services to our customers.

We redeployed employees who would have been subject to furlough into customer support functions, to give us additional resource to support those in greatest need, for example, calling vulnerable residents.

Internally, we took time to equip employees with the necessary tools to stay connected with each other and with our customers to keep services running as smoothly as possible. We also increased our wellbeing efforts, helping people to cope in a year in which being apart from colleagues and customers became the new normal.

The results of this focus are reflected in our above-average employee engagement score of 86% and our success in retaining our Investors in People (IiP) Gold accreditation and Health and Wellbeing Good Practice Award for the fourth consecutive review period (since 2011).

Improving our housing services

This year, we focused on Phase 3 of our Fit for the Future change programme. Phase 3 will deliver improvements to how we manage our housing, property and residential services for our customers across all tenures. It will ensure 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.

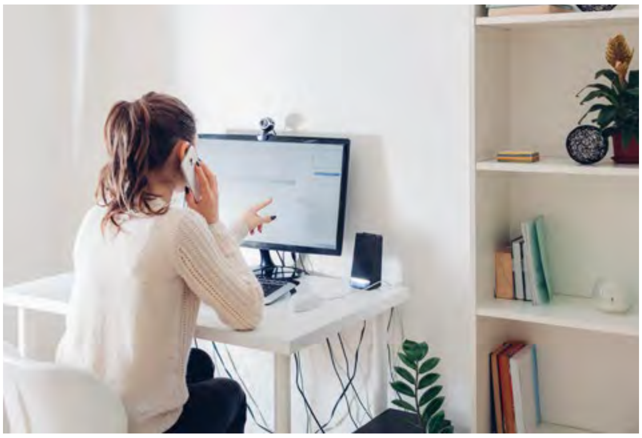
During the year, we undertook a major review of Phase 3 to ensure that our approach reflects the current climate and industry standards. This confirmed that our scope and timelines remain achievable and, crucially, ensured our customer-facing products and portal deliver genuine value.

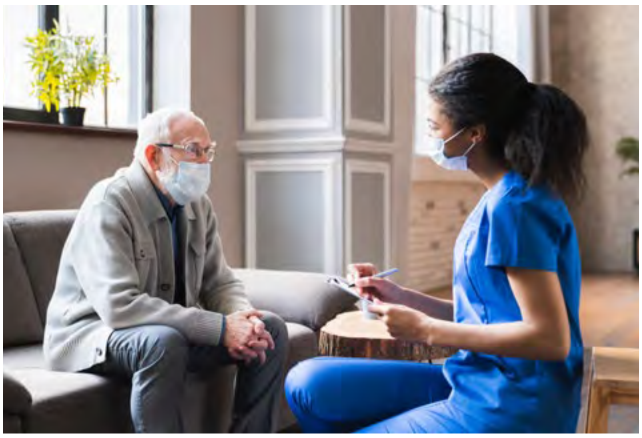
Strong external funding and liquidity

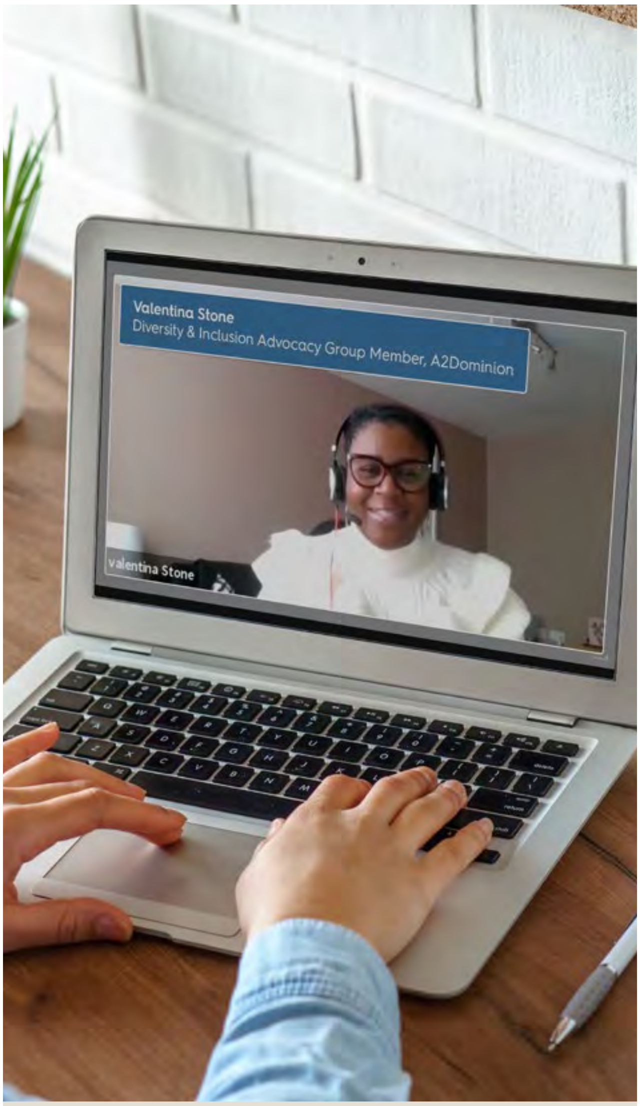
Throughout the year, the Group maintained high levels of liquidity. At the end of March 2021, the Group had £425.7 million of secured undrawn revolving credit facilities.

In November 2020, following our annual assessment, our credit rating from Fitch changed from A+ to A, bringing us in line with other similar housing associations. This is a strong rating, just below that of most high street banks. It allows us to borrow at the best possible rates and demonstrates the security of the Group as an investment.

Our people working on site, at home and on the frontline, demonstrating their resilience and ability to effectively adapt to a flexible working environment and to continue delivering much-needed services to our customers throughout the pandemic.







Our Equality, Diversity & Inclusion network organised a number of events, including hosting a series of podcasts with influential black people in the housing sector to celebrate Black History Month.

Tackling equality, diversity & inclusion (ED&I)

In addition to the new ED&I Strategy, we have an ED&I Steering Board. Chaired by the Chief Executive, the Board ensures that we meet all of the objectives set out in our ED&I Strategy and Action Plan.

Our ED&I Network group (EDIN) is empowered to deliver events and activities locally as a way to make improvements and raise the profile of our ED&I work. It has achieved considerable engagement this year, organising events and activities to promote International Women's Day, mental health awareness and Black History Month.

Across the Group, including two of our subsidiaries, we reduced the mean gender pay gap from 16.07% to 15.88% (the gap within our parent company reduced from 25.39% to 24.51%). We have agreed targets in areas where we identified lower numbers of women in senior roles.

Strengthening our governance and processes

During the year, we introduced an ethical and sustainable procurement policy to embed good practice throughout the supply chain. We continued with our ongoing commitment to tackling modern day slavery and introduced mandatory training to help colleagues understand and act on concerns around this issue.

We set up a new legal services framework, and adopted a new risk management framework, allowing us to focus on our strategic risks and associated levels of assurance. Finally, changes to our governance structure helped to ensure the right oversight and decision making across aspects of delivery and management.

New values created by and for the organisation

We were proud to launch new Core Values for the organisation, alongside our new Customer Commitments. These will provide the bedrock for the way we work and behave, helping us achieve our ambition to put the customer at the heart of all we do. These were developed in consultation with people from across the organisation and are designed to support our customer-led ambition.

"A2Dominion has done a fantastic job of supporting, nurturing and enabling its people to give their best during an exceptional time of personal stress, anxiety and concern.

"[They are] a great example of how a strong and clear ethos enables swift decision-making. This was also helped enormously by the fact that the technology had been developing 'in the background' toward enabling flexible ways of working."

Investors in People

INVESTORS IN PEOPLE®
We invest in people Gold

Investors in People | Health & Wellbeing Award

Looking ahead

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

Ways of working

Continuing our shift to a more blended way of working as the Government continues to ease its Covid-19 restrictions. We will promote a culture of flexibility, collaboration and connectedness, ensuring that we are there for our customers where and how they need us.

Fit for the Future

The Fit for the Future change programme will go through a three-to-four-month design phase, followed by an implementation phase aimed at improving our housing and residential services.

Financial planning

Continuing our long-term financial planning, ensuring we maintain our funding levels and safeguard and maintain the confidence of our regulator, stakeholders and partners.

ESG reporting

Publishing our first Environmental, Social and Governance (ESG) report for investors to provide confidence and clarity on our contribution to the sustainability reporting agenda.

ED&I

Implementing our ED&I Strategy, including new toolkits to help managers engage confidently with employees about inclusion generally; and support inclusive resourcing, giving us the best chance to attract and promote a wider pool of talent.

Embed customer led

Continuing to embed our Core Values and Customer Commitments across the Group to support our ambition to become a truly customer-led organisation.

People Plan

Implementing our People Plan with a refresh of our Employee Value Proposition, managing performance framework and Talent programme.

Our Group performance

Strategic objective: Provide new high-quality homes and places

Developing new homes provides funding to support our social and affordable housing and contributes to meeting the demand for new fit-for-purpose homes in London and the South. Our build programme has been delayed and limited by the pandemic, but we handed over more than 700 new homes and started work on a further 589. We have over 5,000 homes in our development pipeline and to deliver 5,453 new homes over the next five years.[1]

[1] Our annual pipeline figures are internal targets and are subject to change depending on business and market conditions.

754
new homes completed

589
starts on site, 89 above target

95%
of new home customers surveyed said they would recommend us to others

Our ambition

During the period to 2025 our ambition is to:

- **Deliver high-quality new homes:** meet a range of needs and to provide great places to live for our customers, with a strong sense of community
- **Generate profit for a social purpose:** use private development to help fund new affordable housing
- **Quality control:** deliver good quality at every stage, with minimal defects at handover and any issues resolved quickly
- **Take part in more joint working:** with landowners, developers, local authorities and public bodies, to share risk and reward and increase home supply

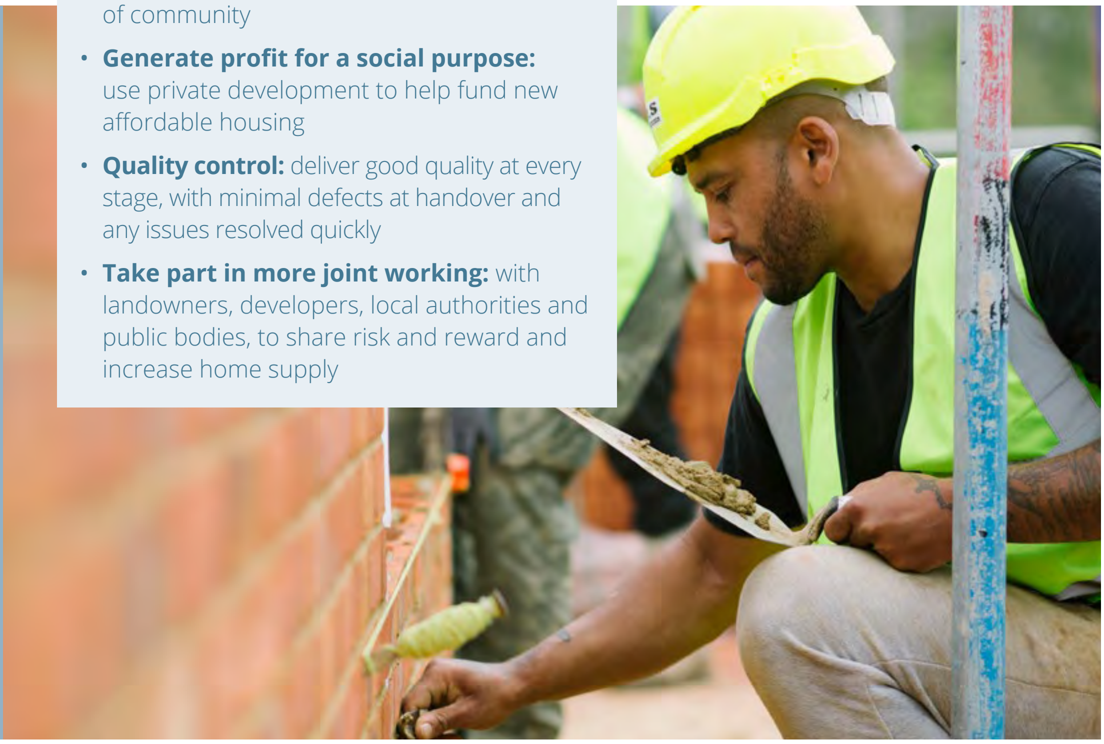


Image:
Heatherwell Place, Guildford

Our progress in 2020/21

Safe working

We took decisive action to ensure the health and safety of our employees and partners from the outset of the Covid-19 pandemic. We risk assessed all of our sites and modified our activities to ensure work was only undertaken if we were able to comply fully with the hygiene and social distancing guidelines.

As a result, we were able to reopen our construction sites quickly, maintaining a high standard of safety at all times. We successfully introduced new site operating procedures in line with Government guidelines across our 25 live sites and worked with our joint venture partners to ensure we were working safely together.

Creating new homes

We successfully completed 754 new homes this year against a target of 1,041, despite the challenges presented by the pandemic and Brexit. We estimate that the combination of social distancing, planning delays and supply chain issues delayed our build programmes by up to five months.

While the stamp duty holiday and extension of the Help-to-Buy scheme bolstered the sector, it also caused a backlog in building materials as suppliers were unable to keep up with demand. The fallout from Brexit also exacerbated supply problems. To help mitigate supply issues, we undertake early planning to ensure materials are available through our call-off contracts at the agreed price and timescale. At the same time, we are identifying alternative suppliers as back-up to our call-off suppliers.

Nevertheless, we achieved 72% of our target and while last year was expected to be a lower output year, we completed 82% more homes than in 2019 (415). These 754 homes comprised 153 shared ownership and affordable rent, 311 private sale (125 in joint ventures) and 290 private rent homes.

Starts on site above target

As of 31 March, we achieved 589 starts on site, which is 89 above target. Just under 100 of these are joint venture schemes, while we are directly developing the rest.

We secured detailed planning permission for 1,168 homes across seven locations and have sites secured for over 5,000 homes in our development pipeline over the next five years and beyond.

Boosting affordable homes

Though affordable housing comprised 20% of the homes we handed over this year, more than half of our development pipeline is allocated for affordable housing and social rent. One of our key sites handed over this year was the redevelopment of Rydens School in Elmbridge for housing, of which 21 of the 47 units handed over were affordable housing.

West King Street, Hammersmith & Fulham

The western end of King Street in Hammersmith will be revitalised by the refurbishment of the Town Hall, development of new homes, and creation of new community facilities. In partnership with the London Borough of Hammersmith & Fulham, the redevelopment will include 204 new homes, of which 52% will be affordable. This will include a new cinema, corporate offices, shops, restaurants and cafes, as well as community art and event spaces for public use. The scheme won the People's Choice award at the 2020 New London Awards.

Brooklands, Spelthorne

Brooklands is a regeneration scheme in Ashford, Spelthorne, which has created 357 one-, two- and three-bedroom homes alongside a new town square. The scheme has delivered 48 affordable rent home for applicants on the Spelthorne Borough Council's housing register, alongside a further 236 shared ownership homes. In addition to the town square, the scheme houses a new commercial unit, children's play area, and an education space for the nearby Brooklands College campus.

Boston Road, Ealing

In partnership with Higgins, we will deliver 360 homes for affordable rent, shared ownership and private sale, just 10 minutes' walk from Hanwell train station. Affordable housing is a large part of the Boston Road scheme, making up 35% of the total apartments. The scheme offers a wide range of studios and one-to-four-bedroom apartments. Amenities such as garden terraces, play spaces for children and rooftop gardens are dotted throughout the design. The creation of a ground-floor 'village square' and commercial space will also bring retail frontage and flexible workspace for start-ups and small-to-medium-sized businesses.

Knowle Park, Waverley

Knowle Park is a new-build scheme in Cranleigh, Surrey, which will provide 265 houses and apartments. Each home is modern and contemporary in design, while still representing Cranleigh. The first phase of 73 new homes is scheduled for completion in Spring 2022, with nine homes already occupied. A2Dominion is also creating a 60-acre country park which will transform the surrounding fields to create a new public greenspace. Once completed, the park will be managed and maintained by the Knowle Park Trust.

Funding

This year we secured £25 million of Help-to-Buy funding for 181 first-time buyers, over £2 million more than last year. We also received an extra £2.9 million of grant top-up from our strategic partnership with the Greater London Authority for our West King Street Civic Campus in Hammersmith for 69 London affordable rent homes. This brings the total funding secured from London's Affordable Homes Programme to £120.5 million, up from £117.5 million last year, for which we are committed to deliver 2,158 unit starts on site by March 2023.

Sales on track, helped by virtual viewings

Completed sales were £44.5 million, below our £77.7 million target. This is testament to the adaptability and determination of our sales teams, which moved to virtual viewings. Our sales margin from the 109 homes we completed was 17.3%, reflecting the additional work and costs of achieving sales against a backdrop of Covid-19 restrictions.

Despite these challenges, satisfaction among new home customers remained high, with 95% of our customers saying in an independent In-house research survey that they would recommend us to others; for customers in London, this figure was 100%.

Our net promoter score, which reports on whether new home purchasers would recommend us to friends or family, was 55, down from 63 last year. This reflects the delays in handing over new homes to our customers as a result of the impact Covid-19 had on our build programme.

Joint working

We continued to build on our joint venture partnerships, which allow us to share expertise and risk when developing new schemes. During the year we entered into two new joint venture partnerships: at Boston Road, Ealing with Higgins Construction (229 units) and at Knowle Park, Cranleigh with Nicholas King Homes (115 units). This brings our total of joint ventures to 12 developing a total 1,900 homes.

As well as these new relationships, we are working with Hammersmith & Fulham Council, to develop its West King Street Civic Campus. It will regenerate the high street, provide a new hub and civic centre and includes 204 new homes, of which 52% will be affordable. The scheme won the People's Choice award at the 2020 New London Awards and is our first joint venture with a local authority.

Strategic land bank growth provides a firm footing for future development

We continued to review our strategic property portfolio to ensure it is aligned with local priorities and where we can deliver the high-quality homes our customers need, while achieving the greatest value. This year we added 2,000 new plots to our strategic land bank, providing opportunities for future development and growth. Our strategic land bank is now 4,100 plots, compared with 3,000 last year.

Westvale Park, Reigate and Banstead

Westvale Park will deliver 286 one- and two-bedroom homes. Working as part of a consortium of developers including Crest Nicholson, Taylor Wimpey and Charles Church, a major new community, on the site formerly known as Meath Green, will be created to include a neighbourhood centre, primary school, public space and play facilities.

The Boulevard, Crawley

Situated in the heart of Crawley's town centre, The Boulevard delivers affordable housing to the area through a collection of one- and two-bedroom homes, alongside 33 shared ownership apartments. The development offers light-filled spaces with quality interior fittings and fixtures – providing style and affordability in an increasingly popular part of West Sussex.

Redcliff Quarter, Bristol

With its second phase of development now completed, Redcliff Quarter is our largest scheme in the South West. In Spring 2021, 118 private rent apartments were delivered, in addition to 128 homes already delivered in November 2018. The scheme is set on 2.3 acres of previously derelict land, situated a short walk from Bristol Temple Meads railway station.

Lavender Gardens, Hammersmith & Fulham

A collection of 45 one- and two-bedroom shared ownership and affordable rent apartments in Shepherd's Bush, west London. Based in the bustling hub of White City, the red brick development hosts a spacious central courtyard, individual private balconies and rear gardens. The development is a mere 15 minutes from Westfield London shopping complex and White City underground station.

Looking ahead

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

Sites underway

Continuing to develop the sites underway and fulfil our programme of development with a target of 953 new homes next year:

- 42% private sale
- 58% affordable rent, private rent and shared ownership.

New sites

Building on our progress to develop 11 new sites launched this year despite Covid-19 restrictions.

Joint ventures

Continuing to develop our 12 joint venture schemes.

Sales target

Continuing to work towards our sales target, building on the 40% advance sales already secured at 31 March 2021 (188 private sales and shared ownership homes).

Our Group performance

Strategic objective:
Effectively manage our existing homes and places

Determined to maintain our services to customers throughout the pandemic, we continued our inspections, repairs and maintenance services, ensuring work was undertaken safely. Our fire safety and tall buildings remediation work is our key priority and will continue to be so into 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
- Ensure our homes are safe and meet all new fire safety requirements
- Use data to be proactive and shape decisions, helping us to decide when homes should be refurbished, redeveloped or sold
- Build and manage homes which are energy efficient, affordable to run and meet new performance standards. Uphold our environmental responsibilities to residents and communities

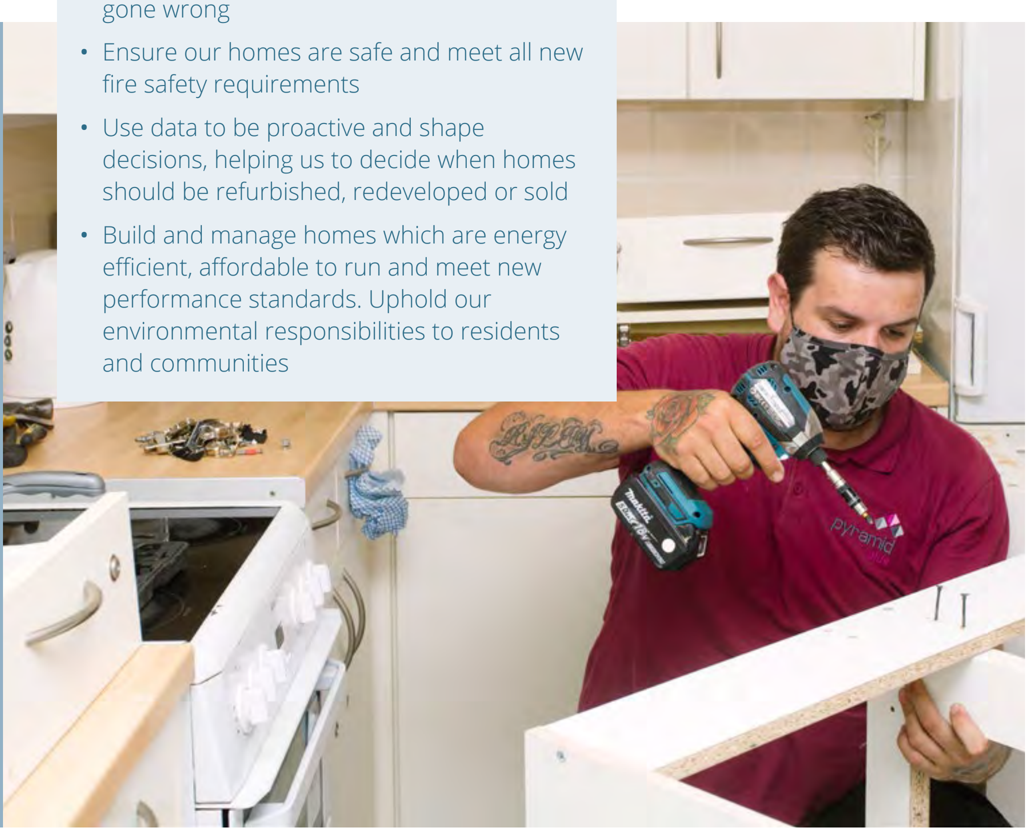


Image:
Gill Avenue, Guildford

88%

satisfaction with responsive repairs services, above our target of 85% and higher than 87% reported last year

3.11%

rent arrears against a target of 3.21%

£400m

estate services framework to facilitate safety, remedial and improvement works

Our progress in 2020/21

Keeping our services running

Despite Covid-19-related challenges over the past year, we continued to safely deliver uninterrupted frontline services to our customers. Even with delayed access to materials and labour and the understandable reluctance of some customers to allow us to access their homes, we still managed to successfully undertake a high percentage of compliance checks, repairs and planned property improvements and push forward with our building safety programme.

Building safety remains the top priority

We increased our investment this year in our building safety programme. Our main focus will continue to be on undertaking fire safety investigations at our 450 tall and complex buildings, putting in place interim safety measures where necessary until we are in a position to undertake remediation work.

We established a dedicated fire safety project team comprising fire safety experts and brought our fire risk assessments actions, such as repairs, and electrical safety testing in-house, so that we can improve the quality and retain complete control over this vital safety work.

We answered over 2,000 customer enquiries about fire safety, compared with fewer than 200 last year and undertook over 330 surveys of our buildings in relation to these fire safety queries; twice the number from the previous year. We now have a dedicated communications specialist to further improve how we engage with affected residents.

Our routine building safety activities continued uninterrupted throughout the year, though Covid-19 caused some delays to work. Despite this, we managed to complete 97% of our fire risk assessments within 12 months of the last assessment, which is slightly below our target of 100%, but in line with last year when it was 97.48%.

The percentage of our homes with a valid gas safety record remains high at 99.85%, very close to the target of 100%, which was achieved last year. Access issues prevented us from inspecting properties where residents were self-isolating or uncomfortable allowing engineers to enter their homes. Work is underway to complete the remaining inspections.

Maintaining the quality of our homes

Our repairs and planned maintenance activities experienced a level of disruption, but we still managed to achieve a high level of customer satisfaction. The average time taken to complete repairs rose to 17 days against a target of 15 days, compared to 10 days in the previous year. Customer satisfaction with our responsive repairs services was 88%, above our target of 85% and higher than 87% reported the previous year.

We were one of only a handful of major housing associations to run an uninterrupted repairs service, despite the challenges posed by numerous lockdowns.

Sharon moved into one of our Spelthorne properties just as the country was locking down in March. Having recently been made redundant, she was struggling to afford life's essentials and was in desperate need of furniture for her new flat.

Thomas from our Tenancy Sustainment team reached out to Sharon, linking her with a local food bank and contacting a charity which helped furnish her flat with donated items.

Recognising she was out of work, Thomas referred her to Vanessa, an employment adviser at A2Dominion, who helped her to update her CV, hone her interview skills and who stayed in regular contact as they began to search online for jobs.

After several months of applying, Sharon's was offered three roles – two of which were with A2Dominion. In August, she accepted the role of Kitchen Assistant at Beechwood Court, one of our extra care housing schemes for older people.

"I can't thank A2Dominion enough for all they've done for me, especially Vanessa who has been there for me every step of the way and who I could not have gotten my life back on track without."

Sharon Fitzhenry,
an A2Dominion resident

This level of satisfaction is no doubt due in part to our ability to maintain a safe, uninterrupted repairs service throughout the year, while most of the sector reduced or stopped services. We achieved this through strong relationships with our partners and communicating effectively with our customers at all times.

We completed 96% of our planned property maintenance and improvement, which includes installing kitchens, bathrooms and other replacements. This is higher than our target of 81%, but below the 101% achieved the previous year.

We have exceeded our target to undertake 157 asset performance reviews, completing a total 186. Reviews involve assessing the financial and non-financial performance of our housing stock and taking action to optimise them to meet both our customers' needs and to ensure the viability of the assets. These reviews were achieved as they are less dependent on physical access to homes.

In all, through our planned and major maintenance programmes we have spent £42.1 million on maintaining and upgrading our homes, compared with £31.1 million the previous year.

Rental income and resilience

Our rental income underpins our financial strength and maintaining this revenue stream is an important aspect of our operations. This year, our rent arrears were 3.11%, slightly above our target of 3% or below, and higher than the previous year's achievement of 2.89%.

Our student rental income was particularly impacted this year, in part because of fewer overseas students attending UK universities. It was also a result of our decision to offer financial support and adjustments in some instances where students were unable to live in their accommodation due to Government restrictions.

The situation was similar for key workers, such as doctors and nurses, who live in housing provided by us near hospitals. In light of the difficult situation faced by our customers, we have done all we can to limit the financial impact on them. This inevitably reduced our income.

Despite this disparity, the variance from target represents around 0.1% of our annual rent income, which is a strong achievement in such a challenging environment.

Our Tenancy Sustainment team helped 2,750 residents claim over £8.3m of financial support, giving them greater security and, fundamentally, the means to remain in their homes.

Our yield from private rented properties was 3.7% which is higher than our target of 3.5% but slightly below the previous year's result of 4.0%.

We have taken longer to fill properties between tenancies with an average of 25 days, which is well within our target of

30 days, but longer than the previous year's achievement of 23 days. Turnaround times have been impacted by the need to leave properties empty for 72 hours before works can start and accommodating customer delays, for example, when they have been shielding.

We have introduced new ways of working, providing virtual viewings for new tenants and adapting listings to provide information on outdoor space, which has become increasingly important for customers.

New sustainability budget targets carbon reduction

Our new Sustainability Strategy aims to reduce carbon emissions, tackle fuel poverty and minimise waste. It focuses on the area where we can have the biggest impact: the properties we build and manage.

A new sustainability budget was introduced this year to target our older housing stock. The funding allowed us to install loft and cavity wall insulation in around 200 of our properties, nearly 700 new Band A boilers, more than 300 double-glazed windows and almost 500 new, low-energy lights. These improvements will reduce carbon emissions and reduce energy bills for our customers.

We also established a working group to help embed sustainability across the Group. One of its first successes was recommending a Sustainability and Ethical Procurement Strategy, which allowed us to include waste reduction performance targets in our new waste management contract.

Our new sustainability budget helped us to improve our existing housing stock, including installing loft and cavity insulation in hundreds of homes, in turn reducing carbon emissions and energy bills for our customers.

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, interim safety measures and subsequent remediation.

Fit for the Future change programme

Completing Phase 3 of our Fit for the Future programme 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.

Asset management

Using our asset management programme data to help inform how we can manage our housing stock more efficiently going forward.

Sustainability Strategy

Embedding our Sustainability Strategy to improve the energy performance of our homes, reduce carbon emissions, address fuel poverty for our residents and minimise waste.

Risk management

During 2020 the Group, led by the Audit, Risk & Assurance Committee, undertook a Risk Review to re-evaluate the risk environment, the risk events and their relative probability and impact. As a result of the review, the Group agreed to separate its strategic and operational risks into separate risk registers.

The Group's definition of risk is "the combination of the probability of an event and its consequence"; events which would hinder the Group from achieving its strategic objectives.

As a result of these changes, each register sets out the description of the key risks, including the events that may trigger them and how they might impact the Group. It also sets out the assessed current risk exposure based on an evaluation of the controls in place. Specifically, the Board's desired target risk exposure, its appetite for the risk and the actions identified to improve controls to ensure the risk is within the Board's exposure.

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 Board has also approved an Assurance Framework mapping out how it 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:

1 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 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

2 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

3 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

4 A risk management process that adds value to the business

- Action plans against agreed timescales monitored by committee
- Opportunities identified with risk assessments embedded
- Annual review of the Risk Management Policy

Image:
Packham Mews, Hounslow

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

As a result of its growth plans and the rapidly changing environment in which it operates, effective risk management is a Group priority. In order to grow and improve services, the Group recognises it needs 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 action plans are established. 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 11 strategic risks that could, if not managed effectively, have a significant effect on the Group and its ability to meet its corporate strategic objectives.

The Group tests its financial resilience to risk by running a range of multi-variate stress-testing scenarios against its 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 a specific scenario's potential financial impact.

Through the Group's established risk management and reporting arrangements, we continue to monitor the ongoing Covid-19 situation and its potential impact on our operations.

The following table shows the key strategic risks which the Group considers pose a threat to its delivery of its strategic objectives as at 31 March 2021:

Key risk area	Key controls in place	Actions and plans for 2021/22
Deliver customer-led services for residents and communities		
Failure to deliver customer-led services in line with customer expectations	• 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 • Monitoring of customer satisfaction • Complaints reported to Executive Management Team and Customer Services Committee • Updated customer website and portal to enable customer feedback to be captured • Quarterly independent compliance testing of complaints • Annual review of employee skills matrix	• Roll out new Customer-First training; programme currently in development (including new vulnerable residents' module) • Great Places to Live programme to trial incremental improvements in selected areas • Provide single-user interface, including complaints handling and improved survey • Improve back-end processes with digital and mobile service delivery • Invest in systems, tools and new ways of working
Inability to deliver the Fit for the Future change programme to time, cost, anticipated benefits and quality	• Established Programme Governance structure • 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	• Executive Management Team review phases 3 and 4 of the Way-Forward Programme • Board sign-off of Way-Forward phases 3 and 4 • Group Board review of new timeline and budget for Programme cycle • Introduction of 'One-Team' approach • Restructure FFP Delivery team, recruit to revised structure • Implement revised governance arrangements for reporting of Programme status following lessons learnt • Obtain regular feedback from our India-based partner over Delta coronavirus outbreak. Consider any implications for Programme delivery • Weekly meetings with our partner's senior staff

Image:
Westvale Park, Reigate & Banstead

Image:
Redcliff Quarter, Bristol

Key risk area	Key controls in place	Actions and plans for 2021/22
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 new 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 to inform emerging risks • Working group in place to develop response to Social Housing White Paper • Board has identified skills matrix and recruitment needs aligned to matrix 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 • Restricted level of investment for new developments • Implement new policy framework and monitoring approach • Evaluate Care Quality Commission controls compliance • Undertake renewed business fraud risk assessment
Failure to have in place a diverse and robust workforce and governance succession plan to retain, attract, grow and develop high-quality employees and Board Members	• Annual Appraisal Process for Board and Executives reported to Board • Skills and succession planning for Group Board • Board and Member effectiveness review • Formal job evaluation process against external benchmarks • Governance & Remuneration Committee set Reward Scheme parameters • Equality, Diversity & Inclusion Steering Group • Biannual Your View engagement surveys • Gender pay gap reporting • Executive Management Team monitoring of all employee relations cases involving discrimination • 12-month Equality, Diversity & Inclusion Strategy Action Plan • Board Member Skills Strategy in place and audited at Governance & Remuneration Committee	• Refresh and review external website for careers content • Engage with external consultancy to review current Reward Strategy, including scoping of critical roles needed for future • Human Resources team to work with senior management teams to establish local diversity action plans • Review of Equality, Diversity & Inclusion Strategy as part of Corporate Priorities for 2020-25 • Deliver the Equality, Diversity & Inclusion Strategy and Action Plan • Employee Value Proposition and refreshed values to support planning for future skills gaps • Review and refresh recruitment approach • Complete talent for the future planning • Recruit new Board members as part of succession plan

Key risk area	Key controls in place	Actions and plans for 2021/22
Protect and grow our business		
Insufficiently robust arrangements for securing data and systems from external attack	• Quarterly review of intelligence gathering and privacy risks • Data Quality Strategy established • Data Governance Group managing data governance and quality within applications • 24/7 network scanning and remediation service in place • Minimised number of Internet-facing devices • All laptops are encrypted and protected with Multi Factor Authentication • Automatic flagging of emails containing sensitive data • Annual Assurance Statement • Escalation reporting for cyber security breaches • Annual Penetration Testing by external partner/organisation • Cyber Essentials Plus certification independently reviewed software in place 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 for 2021 • Build on the Cyber Essentials Certification by implementing suitable controls based on industry standards • Complete three-phase action plan arising from Identity and Access Management Strategy • Roll-out data, loss and prevention software • Processes for removal of leavers from IT systems to be reviewed as part of Fit for the Future change programme • Information Governance Group Terms of Reference to be reviewed • Review process for ensuring timely review of Data Impact Assessments for Fit for the Future change programme
Insufficient understanding and lack of mitigation measures to address the impact of external factors on the financial viability of the Group	• Management accounts produced for Board and lenders • Management key performance indicator reports • Testing of impact of interest rate changes on the Group • Regular sales reports against projections • Contract monitoring meetings with care and support commissioners • Monthly monitoring of financial covenants • Annual joint venture risk assessment review • Stress Tested Business Plan with mitigation strategies in place • 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 • Annual budget approved by the Board ahead of Long-Term Financial Plan • Regulatory reporting to Care and Quality Commission • Annual business continuity report to Audit, Risk & Assurance Committee • Regular internal audits of key financial planning and response activity • External advisor team retained for market information and advice • Dun & Bradstreet monitoring of joint venture partners	• Finance Committee review of approach to scenario testing by reviewing asset and liability index, making revisions, additions or removals of scenarios to run • Board approval of the scenario tests to run • Full results of scenario planning review of actions already being taken, assessing any further development of mitigations and risk triggers • New limits and targets embedded within budget and Long-Term Financial Forecast process

Key risk area	Key controls in place	Actions and plans for 2021/22
Protect and grow our business		
Insufficient understanding and compliance with health and safety obligations in respect of customers, employees 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 for high priority work • Crisis management plan for serious health and safety incidents • Staff awareness and training of health and safety issues including at induction • Health and Safety Manager working within asset management and development • Accident management system • Serious incident investigations including lessons learnt • Stock condition surveys and maintenance programmes • Building Safety Manager appointed • Building safety works co-ordinated by dedicated project group • Public and employer liability insurance • Health and safety compliance audits, including in care and support homes • Health and safety training matrix • Assurance obtained to confirm contractors working practices are aligned to A2Dominion during procurement • Insurance team review of health and safety incidents	• Develop and embed Health and Safety Strategy aligned to Corporate Plan and strategic risks • Improve reporting of incidents (accidents, hazards, fire and flood) to the health and safety and insurance teams • Ongoing delivery of agreed actions in the Health and Safety Strategy • 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 • Facilitate a review of the suitability of training provision
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 • Review of compliance performance • Annual Internal Audit Plan • Annual review of regulatory compliance • Periodic fraud and compliance briefings • 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 • Breach and incident logs including trend analysis • Annual Assurance Statement approved by Board • Programme of deep dives for compliance by Audit, Risk & Assurance Committee • Monthly internal audit monitoring • Reporting on emerging risks and key considerations • Board and Committee-approved policies for compliance • Review of compliance with relevant legislation	• Enhance Executive Management Team monitoring of audit recommendations • Review approach to monitoring compliance with consumer regulatory standards

Key risk area	Key controls in place	Actions and plans for 2021/22
Provide new high-quality homes and places		
Inadequate oversight of refinancing risk, liquidity and capital structures leading to poor cash-flow and funding not being available when required to: i) achieve strategic and operational targets and; ii) improve financial performance	• Maintain up-to-date knowledge of key economic indicators including trigger indicators • Management performance reports • Impact of interest rate changes on the Group tested by Financial Planning team • Regular sales reports against projections • Approval of Long-Term Financial Forecast at Group Board • Regulatory reporting to Care Quality Commission • Annual business continuity report to Audit, Risk & Assurance Committee • Regular internal audits of key financial planning and response activity • External advisor team retained for market information and advice • Dun & Bradstreet monitoring of joint-venture partners • Regular advice from external experts and tracking market indices • Annual business continuity report to Audit, Risk & Assurance Committee • Monthly update to Executive Management Team on grant funding • Reporting to Group Board on annual audits by Greater London Authority and Homes England • Annual pension update to Group Board • Report to Group Board if insufficient facilities over the next 18 months to cope with a 12-month sales delay throughout that period • Fitch rating review • Internal audit reports	• Monthly monitoring of the Group's five-year net debt requirements to ensure compliance with Board key performance indicators looking forward 18 months • Monthly monitoring of the Group's forecast key financial metrics • Monitor compliance with Development Gateways • Establish and monitor revised regime of compliance with development hurdle rates • Reporting and monitoring of development schemes by Strategic Development & Asset Committee • Ongoing monitoring of Annual Budget by Executive Management Team and Finance Committee

Image:
St Martin's Court,
Spelthorne

Image:
Centenary Quay,
Southampton

Key risk area	Key controls in place	Actions and plans for 2021/22
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 Long-Term Financial Forecast • Asset Management Strategy • Annual plans for planned and cyclical maintenance • Independently produced stock condition survey data • Works programme based on stock condition survey data • Component lifecycle planning assumptions • Additional resources for managing issues associated with tall and complex buildings • Sustainability Strategy	• Develop improved asset performance standard reporting including development of key performance indicators • Deliver Fit for the Future change programme workstream • Review process of handover of new homes • Develop action plan to deliver sustainability targets • Consult Customer Service Committee and Strategic Development & Asset Committee over refreshed Asset Management Strategy • Investigate potential solutions to landlord compliance
Failure to comply with the latest Government guidance/obligations relating to tall buildings (over 18 metres/6 storeys) and does not have the time, resources and access to funding in order to minimise business and leaseholder costs	• Project team in place to deliver remediation programme • Programme to scrutinise tall building of blocks where A2Dominion is not the responsible body • Monthly meetings for key workstreams to monitor progress • External legal advisers appointed • Funding from Government's Building Safety Fund • Development of Fire Safety Remediation Framework • Approved Asset Management Strategy • Tall and Complex Buildings Project Risk Register • Weekly and monthly compliance dashboards • Monitoring of complaints/dissatisfaction • Monthly tracking of project plan	• Quality assurance process currently being drafted by consultant for fire engineer approval • Implement evolving quality assurance approach into remediation programme through consultants and fire engineers • Complete asset data cleanse projects which, on completion, will allow data to be transferred to new IT solution • Deliver Annual Remediation Programme 2021-22 • Prepare fire engineer approved quality assurance process • Complete asset data cleanse projects for migration to new systems • Deliver Annual Remediation Programme 2021-22 • Annual Review of budget to ensure sufficient resources to deliver the approved Annual Remediation Programme • Annual oversight of income opportunities to minimise costs to A2Dominion and shared ownership owners • Ongoing monitoring of delivery of the Tall Buildings with Remediation Project by Executive Management Team and Strategic Development & Asset Committee

Financial performance summary

Our underlying surplus of £6.4 million has been impacted by the effects of the coronavirus pandemic on our business. We estimate that we lost approximately £20.0 million of anticipated surplus as a result of this, with reductions in our rental and sales income due to delays in our build programmes caused by the need to socially distance on sites. Our operating surplus has reduced by 12.3% from the previous year, driven by a reduction in turnover alongside increased operating costs from fire safety improvement actions and routine maintenance work.

Despite our projections through the year that our turnover would be lower, continuing to invest in the provision of services to our customers was important to us and the expenditure relating to this was not reduced. Compared to the previous year, we invested an additional £15.0 million into routine maintenance and planned and major repairs programmes, including fire safety. A total of £65.2 million was spent of which £23.3 million was capitalised.

Group statement of comprehensive income and expenditure	2021 £m	2020 restated[1] £m
Turnover	303.3	320.4
Cost of sales	(44.1)	(57.0)
Operating costs	(207.2)	(192.1)
Surplus on sale of fixed assets	7.3	9.4
Share of jointly controlled entity operating profit	19.1	8.7
Operating surplus	**78.4**	**89.4**
Operating margin	***25.8%***	***27.9%***
Net interest charges	(64.8)	(62.6)
Surplus after interest charges	**13.6**	**26.8**
Change in fair value of investments	0.8	0.5
Movement in fair value of financial instruments	2.3	(0.1)
Movement in fair value of investment properties	(9.4)	(3.9)
Tax on surplus on ordinary activities	0.7	2.0
Non-controlling interest	(1.6)	(1.1)
Surplus for the financial year	**6.4**	**24.2**

[1] *The prior year restatement is detailed in note 3.*

Images:
Elmsbrook, Cherwell

The Group's outturn has been below its targeted position.

	Actual 2021 £m	Revised target 2021 £m	Initial target 2021 £m
Operating surplus	78.4	80.5	108.5
Operating margin	25.8%	25.4%	27.0%
Surplus after interest charges	**13.6**	**30.8**	**54.3**

Our initial target for this year was established in February 2020, before the full implications of the pandemic were understood within the country. We therefore revised our anticipated outcome as we became aware of the impact on our business. Despite this, our actual performance was £17.2 million lower than this revised surplus of £30.8 million. Key factors for this are:

- Write-down of £9.5 million in the value of three development schemes that are being sold
- Net negative impact of £3.0 million for the change in accounting policy reflecting the decision taken to not capitalise interest costs on our private sales schemes from this year
- Higher expenditure of £3.0 million on managing and maintaining our homes

While we have, like many organisations, faced challenges this year, our core business achieved a strong result with our social housing lettings delivering a 29.0% margin which, although down on the previous year, still compares well with our benchmark group (see page 53). The Group forecast shows that we are well placed to improve financial performance over the next few years, and are in a good position to be able to cope with any future unforeseen challenges.

Group statement of financial position	2021 £m	2020 £m
Other fixed assets and investments	3,587.5	3,575.6
Current assets	434.9	452.8
Total creditors including grant, loans and borrowings	(3,061.9)	(3,065.8)
Non-controlling interest	(1.6)	(1.2)
Total reserves	**958.9**	**961.4**

We continue to have a robust balance sheet and are strongly funded to help us meet the ambitions of our 2020-25 strategy.

In preparing the financial statements key judgements have been made as detailed in note 2.

Operational performance summary

One of the mechanisms in place to ensure we deliver our strategic objectives is our A2Dominion performance management framework. A number of key performance indicators are used to monitor our achievement of the Group's strategic objectives. These are reported and reviewed on a monthly basis by our senior management and on a quarterly basis by the Board aligning to the Group's four business objectives.

Operational performance area	Performance indicator	Target performance 2021	Actual performance 2021	Actual performance 2020
Deliver customer-led services for residents and communities	Overall satisfaction with service received from the customer service centre	>82.0%	82.8%	81.5%
	Overall satisfaction with responsive repairs service	>85.0%	88.0%	87.0%
	Median repair days	<15	17	10
	Rental arrears: general needs homes	<3.0%	3.1%	2.9%
	Void turnaround times	<30 days	25 days	23 days

Overall customer satisfaction is better than target and up on the previous year with overall customer satisfaction of the responsive repairs service also above target. Being able to offer a full customer contact service and successfully maintaining an uninterrupted service for responsive repairs throughout the pandemic have been key contributors to our outturn. While it took longer for us to be able to complete some repairs, as shown by our median repair days being above target this did not affect our customers' satisfaction with their repair. Our communications with our customers about working safely helped explain why some repairs would take longer to complete.

Rental arrears are marginally below than target but given the challenges our customers have faced this year, this is a good result. We increased our tenancy sustainment activities and support for our vulnerable customers. This helped us work proactively with our customers affected by the pandemic to enable them to continue paying their rent. Void turnaround days are better than target and only slightly higher than the prior year. We introduced a time lag of 72 hours before entering a property after becoming void to ensure we were working in line with Government guidance, which didn't exist in the prior year.

Operational performance area	Performance indicator	Target performance 2021	Actual performance 2021	Actual performance 2020
Protect and grow our business	Interest cover (excluding sales and surplus from joint venture)	>110.0%	146.4%	169.3%
	Results vs. budget – net surplus	> £54.3m	£6.4m	£30.6m
	Staff turnover	<13.0%	7.7%	15.1%
	Staff sickness levels	<6.0 days	4.9 days	5.3 days

Despite our lower surplus, explained on page 45, our key measure of interest cover performed strongly. This is our key financial viability measure and the target reflects the most onerous of our loan covenant calculations. Staff sickness levels and turnover are both better than target and when compared with the previous year. The reason for this for both indicators is believed to be from the benefits of working from home. We have seen a reduction in typical short-term illnesses and stress absence. Our increased support for the wellbeing of our staff during the previous year has helped our people manage the different challenges they have had.

Operational performance area	Performance indicator	Target performance 2021	Actual performance 2021	Actual performance 2020
Provide new high-quality homes and places	Sales receipts against projection	£77.7m	£44.5m	£63.2m
	No of units in development forecast to complete in the next two years	2,400	2,271	2,489
	New homes completed over past two years (including joint venture units)	1,800	1,169	1,290

Sales receipts are below target as referenced in the financial performance summary. This is the result of delays in the build completion of the homes. Our forward sold position, homes that are reserved or exchanged for sale, at the year-end remained strong. A total of 754 homes were completed in the current year below our target of 1,041, but up on the 415 homes that were completed in the last financial year resulting in a two-year total of 1,169 homes. This is below our two-year target, but the previous year was forecast to be a lower output year and delivery in 2020/21 has been impacted by Covid-19. Some 953 units are forecast for next year, which will start to bring us closer to target. Subsequent years also show increased output.

Operational performance area	Performance indicator	Target performance 2021	Actual performance 2021	Actual performance 2020
Effectively manage our existing homes and places	No. of planned works	4,894	4,722	4,679
	Decent Homes compliance	100.0%	99.9%	99.8%
	No. of homes with a valid gas safety record	100.0%	99.9%	99.9%

The number of planned works fell below the target for the year. The impact of Covid-19 has been felt mostly in the kitchen and bathroom and external redecoration programmes with both achieving outturns lower than forecast.

We were able to deliver more of our windows, doors and roof programmes as we focussed on external works where internal works had to be paused due to our customers isolating. As a result, we delivered 96% of the original forecast units. Decent Homes compliance fell just short of target. We have 23 units (compared with 54 the previous year) that are not compliant. All of these homes are scheduled for improvement works or sale in the first half of 2021/22. Gas safety compliance also fell just short of our 100% target. This was mainly due to engineers struggling to gain access to properties where residents were self-isolating or uncomfortable allowing them into their homes. Work is underway to complete the remaining inspections and in each case our gas safety policy is being followed ensuring we are fully compliant with our legal responsibilities.

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 rather 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. The challenges of this year meant that our focus has been on delivering much-needed services and support to our customers. This has had income and cost implications which have affected the performance of our efficiency indicators.

Image:
Canterbury House, Oxford

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:

- Working with customers and other stakeholders to prioritise investment in services and communities
- Maximising income and the use of the Group's assets and resources
- Maintaining quality and minimising cost through a range of procurement and partnership approaches
- Ensuring reliability and predictability from our commercial activities
- 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
- Ensuring efficiency and simplicity across all business activity
- 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:

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.

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 to enable our social purpose activities:

- Effective rent collection (target: 3.0% for arrears)
  - We achieved rent arrears of 3.1%, only 0.1% below our rental income target
- Support and advice for residents in accessing benefits and grants
  - Our Tenancy Sustainment team helped 2,750 residents claim over £8.3 million of financial support, giving them greater security and, fundamentally, the means to remain in their homes. We increased resourcing within our Tenancy Sustainment team, providing assistance to our residents who were heavily impacted by the pandemic
- Recovery of service costs
  - Introduction of booklets which are more transparent, easier to manage, and customer friendly
  - Continuous improvement 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
- Extend services to other organisations.
  - We prioritised bringing some services in-house with the intention of creating levels of service excellence as the first step to extending services to other organisations
  - We have created service supplier frameworks that can be used by others in the housing sector

Proactive asset and capital management:

- Reinvestment in poorer performing assets, funded via sales from assets that are uneconomical to retain
  - We disposed of 364 units generating £28.4 million to invest in retained stock with £5.5 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 moved our electrical testing programme from a 10-year cycle to 5-year cycle for our homes
- We put in place a four-year £400 million estate services framework to facilitate repairs, replacements and improvement works, such as building safety and structural work for A2Dominion and our partner agencies, including public sector organisations. We actively manage planned and major repair requirements, phasing where appropriate
  - 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 £42.1 million in our programme for 2020/21
- Ensure that energy and sustainability is embedded across the organisation building homes which are energy efficient, affordable and meet new performance standards
  - Reviewed 186 existing homes against a target of 157, to optimise the financial and non-financial performance of our property assets
  - Our electricity contracts renewed during the year provide electricity from purely green supplies at no additional cost
  - We have signed up to be an early adopter of environmental, social and governance (ESG) reporting, allowing us to provide the level of transparency that our existing and potential investors seek. We have also established reporting mechanisms for Streamlined Energy and Carbon Reporting (SECR), the Energy Savings Opportunity Scheme (ESOS) and the SHIFT sustainability standard
- Assess the return on investment on our proposed development activity using hurdle rates to inform decision making
  - A review of our hurdle rates commenced during the year and will complete in 2021/22
  - We introduced a gateway assessment process allowing investment decisions to be made at key stages during each development's cycle
  - £19.1 million of land and development sales were approved during the year relating to schemes where forecast return on investment had fallen

Image:
Heatherwell Place, Guildford

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

- Target a 1% annual increase to our core business margin each year (target: 26.8%)
  - This target was not achieved during this year. Our income levels were lower due to delays in handing over properties into rent as a result of build programmes being impacted by Covid-19. This, compounded with the growing investment needed in our stock (fire safety and sustainability), resulted in our core business margin being 23.8%. In light of the growing investment needs in our homes, this target is being reviewed for future years
- Target for our headline social housing cost per unit to remain within the median level of our G15 peer group (target: below £5,000)
  - While this target was achieved for 2019/20 with £4,781 cost per unit compared to a peer median of £5,034 per unit, our cost per unit for this year is £5,590 per unit. The median level for our G15 peer group for this year is not yet available
  - 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 average for future years
- To improve our sales margin by targeting increases each year using our 2019 Long-Term Financial Forecast as a base
  - The sales margin achieved for this year was 17.3%, 9.3% above our 2019 Long-Term Financial Forecast of 8%. The budget for 2021/22 is targeted to achieve a 13.5% which is 3.5% above our 2020/21 target
  - The sales margin hurdle rates for new schemes were increased in February 2020 to protect from the downward pressure on margins from cost movements and longer build programmes. It will, however, take several years for this to impact as it will only manifest itself when any future schemes purchased provide completions
- 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 were reviewed in September 2020 and these benefits are still targeted to achieve £4.6 million per annum by 2023/24

To provide services our customers need, to our service standards and deliver social value:

- Use customer feedback to review quality of service provision
  - We received around 30,000 customer responses through a comprehensive range of surveys telling us how easy we are to deal with
  - We prioritised maintaining our responsive repair service throughout the periods of lockdown and 87% 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
  - We brought our Customer Advisory Panel into our governance structure creating a Customer Service Committee that considers activities based on outcomes for our customers
  - Investment business cases set out both the implications and benefits to our customers
  - Customer feedback was used to shape the requirements of our estate services contracts

Image:
Elmsbrook, Cherwell

How we compare efficiency indicators:

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 2019/20 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 2021	A2Dominion 2020	G15 median 2020
Operating margin overall[1]	17.2%	19.4%	20.5%
EBITDA MRI interest cover	63.6%	92.7%	104.0%
Social housing margin	29.0%	34.0%	27.0%

[1] *Calculation excludes surplus on sale of fixed assets and surplus from jointly controlled entities.*

Current performance:

Our operating margin and EBITDA MRI interest cover have fallen when compared to our 2019/20 result and the corresponding G15 median. These two metrics have been impacted by decisions made to sell some of our development schemes and a lower social housing lettings surplus. The impact on net realisable value is in the main due to extended build programmes and the costs associated with development sites remaining in the construction phases for longer as a result of Covid-safe working practices. The social housing lettings margin is down on the previous year's result due to increased investment in fire and safety works and higher responsive repair costs.

Future performance:

There will be continued pressure on these metrics with low margin schemes coming through the development pipeline as well as the ongoing investment in maintaining schemes; in particular, on fire and safety works. The operating margin will remain low in 2021/22, resulting from the impact of higher construction costs but will increase year on year from then on through to 2024/25. This measure is set to be in line with the 2019/20 performance for 2021/22, with steady improvement through to 2024/25. Over the next couple of years, additional overhead costs for the Group's change programme will reduce social margin. By 2023/24, however, this investment will begin to be repaid and the Group's overheads will reduce over time by £4.6 million, contributing to an overall margin increase from then on.

Development capacity

Indicators	A2Dominion 2021	A2Dominion 2020	G15 median 2020
New supply delivered (absolute)	754	415	788
New supply delivered social housing units (absolute)	153	98	688
New supply delivered non-social housing units (absolute)	601	317	267
New supply delivered: social housing units (as a % of social units owned)	0.5%	0.3%	1.4%
New supply delivered: non-social housing units (as a % of units owned)	2.0%	0.9%	0.8%
Gearing	59.0%	59.1%	46.0%

Current performance:

The measures relating to units in development and units developed as a percentage of homes owned reflect our forecast outturn. We delivered 754 units, below our completion target of 1,041 units. This is as a result of the impact of Covid-19, as mentioned in the current performance for the business health metrics. Gearing has remained steady compared to the Group's prior year result but remains higher than our peers, although the G15 median is rising. This metric reflects our continued high level of investment in development schemes to provide the future housing supply set out in our strategy. This measure will also be impacted by the accounting method used among our peers along with the age profile of the units.

Future performance:

Units delivered for social housing will begin to increase again as per our development pipeline from 2021/22 onwards, achieving a new supply delivered average of 2% of existing social units by 2024/25. Non-social delivery will be maintained at similar levels as produced in 2021/22 over the same period. The Group is expecting to deliver up to 1,200 new homes per year over the 2020-25 period, but this will continue to be under constant review by the Board and will factor in the effects of Covid-19 and any lasting impact that may have on the market. The Group's private rented investment has led to higher gearing levels than our peers who may have less activity in this area. 2021/22 will see a gearing level similar to this financial year but is expected to fall through to 2024/25 in line with the level of new private rented investment.

Outcomes delivered

Indicators	A2Dominion 2021	A2Dominion 2020	G15 median 2020
Customer satisfaction	83%	82%	78.5%
Reinvestment	4.3%	4.3%	6.0%
Investment in communities (absolute)	£4.2m	£3.8m	£2.0m

Current performance:

The customer satisfaction measure of 83% is above our target of 82%. The £4.2 million investment in communities is an increase on 2019/20 and above the median of our peers and this has helped support us to deliver £9 million of social value during the year (target of £7 million). The Group's sustained level of investment highlights our continued commitment to our communities and customers. This was achieved against a backdrop of significant challenges as a result of Covid-19 in many of our business as usual programmes within communities. The reinvestment result of 4.3% in line with the prior year but remains below our peers as we continue to have a higher proportion of investment within current asset work-in-progress and this result reflects the volume coming through our development pipeline.

Future performance:

The Group has developed a customer effort measure which provides a more focussed method to capture our customers' feedback. The Group will continue to support the level of investment necessary in funding the delivery of its community investment projects and is targeting this to deliver up to £12.0 million of social value by 2025. Reinvestment reflects our development delivery activity. Once the schemes that are currently accounted for in work-in-progress are complete and moved they will be included within this metric. With higher development pipelines for social housing stock through to 2024/25, this metric will improve.

[1] *This has been externally benchmarked against customer effort scores for UK housing associations (5.7), local public services (5.2) and UK all sectors (4.9).*

Effective asset management

Indicators	A2Dominion 2021	A2Dominion 2020	G15 median 2020
Ratio of responsive repairs to planned maintenance	54.9%	61.6%	60.0%
ROCE	2.1%	2.1%	2.6%
Occupancy	99.6%	99.6%	98.8%

Current performance:

The return on capital employed (ROCE) measure indicates how well we are using our capital and debt to generate a financial return. The result for 2020/21 is consistent with the previous year but remains below our peers' 2019/20 median and is a direct result of our lower surpluses and is reflective of the reasons outlined in business health and current performance. The movement in the ratio of responsive to planned repairs of 54.9% has decreased and remains below our peers. We have increased investment in both responsive and planned maintenance compared to the previous year. Occupancy has remained in line with the previous year's performance and is above our peer's median result for 2019/20.

Future performance:

The group will see ROCE levels rise from 2021/22 onwards, reflecting increases in operating surpluses as a result of our sales activities, to be in line with the G15 median by 2024/25. The ratio of responsive to planned repairs will vary 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 initiative. 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. Responsive repair volumes remain consistent and we have yet to see an impact of our planned programmes in this area. The occupancy metric is linked to void turnaround times and is monitored and reviewed through monthly operational KPI's to ensure it is maintained at its maximum level.

[1] *Externally benchmarked against customer effort scores for UK housing associations (5.7), local public services (5.2) and UK all sectors (4.9).*

Operational efficiencies

Indicators	A2Dominion		G15 median
	2021	2020	2020
Overall social housing cost per unit (£)	5,590	4,781	5,034
Management cost per unit (£)	1,745	1,602	1,322
Service charge cost per unit (£)	835	819	853
Responsive maintenance cost per unit (£)	831	692	1,140
Planned & major repairs cost per unit (£)	1,515	1,125	1,007
Other social housing costs per unit (£)	664	543	667
Rent collected*	99.9%	101.2%	99.7%
Overheads as % of turnover	12.3%	11.7%	9.9%

** The rent collected percentage exceeds 100% in 2019/20 as the indicator is based on all the collection amounts received in the period for general needs properties and will include payments which have been collected in advance.*

Current performance:

Our overall cost per unit for social housing activities has increased compared to the previous year and has risen above the 2019/20 median peer group result. The main driver for the increase is our investment in planned and major repairs and responsive maintenance costs. Planned maintenance has increased partly due to our increased investment in fire and safety works as part of our building safety programme. Rent collected, although slightly down on the previous year, is in line with our peers. This is despite the impact of Covid-19 being felt for the entire financial year. Overheads as a percentage of turnover are impacted by growing IT costs relating to investment made in both enhanced cyber security measures and the Group's Fit for the Future change programme as we move into phases 3 and 4 of the programme.

Future performance:

Our current target is to perform below median cost compared to our peer group for the overall headline social housing cost, and we have embedded specific targets to be better than the median peer group performance within our performance framework, particularly in relation to the largest expenditure areas of planned and major repairs and management costs. This target is being used internally via a three-year rolling average to reduce the distortion from one-off in year spikes. Strategic procurement remains a key element of the Group achieving value for money through delivery of contract savings. Longer-term, the financial benefits from the Group's Fit for the Future change programme will help to bring this management cost per unit down from 2023/24 onwards as well as overheads as a percentage of turnover.

Future VfM actions

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

- Asset disposals of homes uneconomical to maintain. This is included in our VfM statement under our VfM priority proactive asset and capital management and we are targeting £10.4 million of these asset disposals in 2021/22
- Review of geographic areas of operation and consider rationalisation where homes may be more effectively managed by local providers. This is also included in our VfM statement under our VfM priority proactive asset and capital management
- Self-funding business cases demonstrating a return on investment, with focus given to the benefits for our customers
- Procurement – ensure all contracts offer real VfM and are robustly appraised. Two significant procurements undertaken this year (legal services and estate services) will result in combined savings of £500k from next year
- Corporate structure – ensure the structure is fit for purpose and our resources are used efficiently and effectively
- Review our cost drivers and refresh our internal targets to ascertain whether they are still appropriate; our benchmarking results show that our social housing operations, for instance, are performing well financially, with our social housing margin this year at 29%. Given the growing investment needs in our housing stock we will consider whether the 1% increase in core business margin is still an appropriate target. Other options being considered are whether to maintain an appropriate benchmark level among our peers or to target cost areas that are not linked to our asset investment decisions

Treasury review

The Group has a formal treasury management policy, which is regularly reviewed and was last approved by the Group's Treasury Committee in November 2020. 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 147).

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 two funding vehicles, A2Dominion Housing Finance Limited and A2Dominion Treasury Limited, both 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 2021 can be summarised as follows:

	Arranged £m	Drawn £m
A2Dominion Homes Limited[1]	901.2	618.8
A2Dominion South Limited	829.1	665.7
A2Dominion Housing Options Limited	95.4	95.4
A2Dominion Developments Limited	28.7	28.7
A2Dominion Residential Limited	279.6	279.6
Unallocated[2]	75.0	-
	2,209.0	**1,688.2**
Fair value adjustment of loans arising on consolidation		13.4
Loan issue costs		(8.3)
Bond discounts		(1.3)
Net debt (note 27)		**1,692.0**

[1] £20.1 million of arranged committed facilities require security to be put in place before they can be drawn.

[2] The Group has arranged a forward agreement which will be advanced in March 2022 (£75.0 million).

Image: Beechwood Grove, Reading

As at 31 March 2021 the percentage of fixed and index linked loans to variable was as follows:

	Fixed or index linked %
A2Dominion Homes Limited	77.8
A2Dominion South Limited	93.6
A2Dominion Residential Limited	100.0
Average for Group	**90.2**

Image:
Knowle Park, Waverley

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 2021 were £52.1 million (2020: £121.5 million). Net current assets were £238.6 million (2020 restated: £260.0 million). Additionally, as at 31 March 2021, the Group had facilities in place to borrow a further £425.7 million (2020: £443.3 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 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 101 to 111.

I Cox
Chair

D Coates
Board member

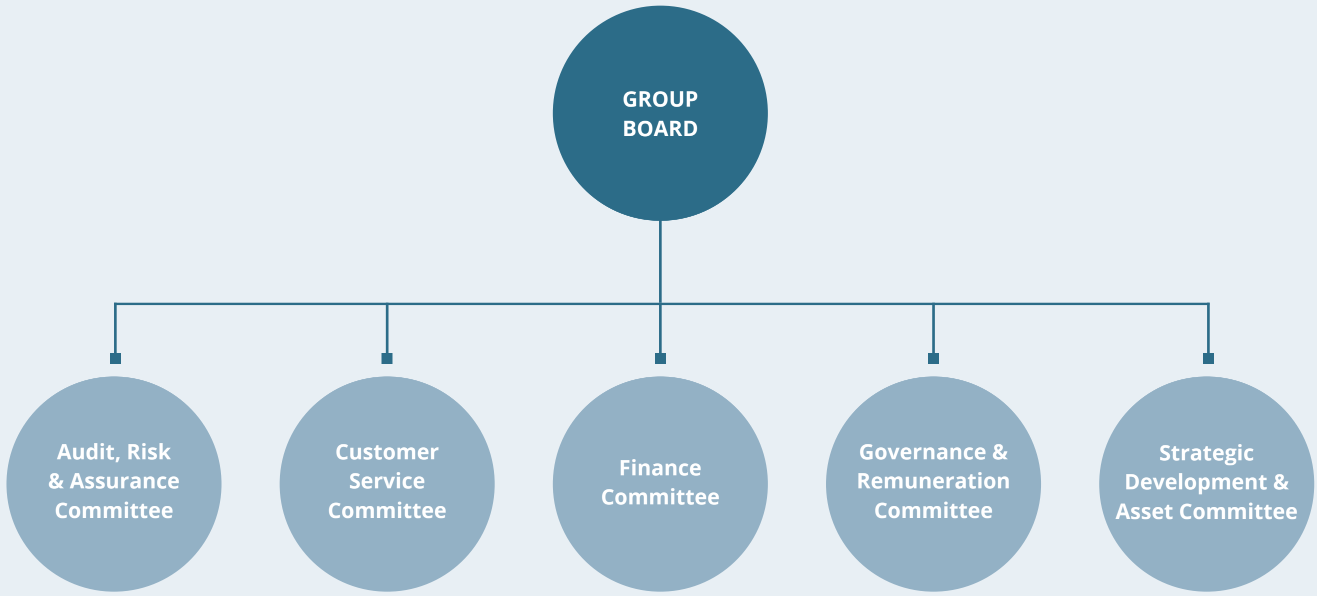
I Hill
Secretary

Image:
Heatherwell Place, Guildford

Governance

Board and committee structure

The Group's governance structure, revised this year, is set out below. All of our committees are made up of Board members and independent committee members.



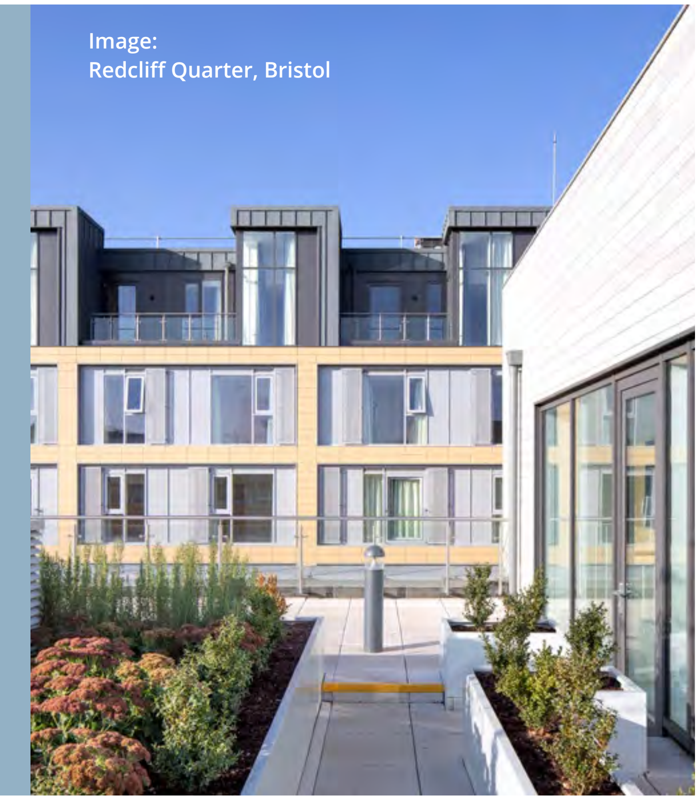


Image:
Redcliff Quarter, Bristol

Following an independent review of the Group's governance arrangements, conducted in late 2019 and early 2020 by Campbell Tickell, the Group Board appointed a governance working group to implement the review's recommendations.

As a result of this review, the Board approved a revised governance structure in September 2020 and revised Terms of Reference for the Board and each of its committees in December 2020. The Customer Advisory Panel and the Development & Property Panel have both been converted to formal committees. The Treasury Committee has also both had its remit extended to encompass a wider range of financial matters and has been renamed the Finance Committee.

The changes to the Customer Service Committee (formerly Customer Advisory Panel) and Finance Committee took effect from 1 January 2021. The changes to create the Strategic Development and Asset Committee (formerly Development and Property Panel) took effect on 1 April 2021.

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.

	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 their 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 coronavirus with support from all committees including analysing the Group's financial position against a range of scenarios • 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
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, in particular, is: *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 *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	• Oversaw the Group's response to Coronavirus • Approved the annual Board risk scenarios for the Long-Term Financial Forecast in September 2020 • Monitored implementation of internal audit recommendations • Provided oversight of health and safety performance and compliance action plans • Reviewed the Committee's Terms of Reference as part of the Governance Review • Approved a new Risk Management Framework in February 2021 • Approved a change in accounting policy in March 2021 • Approved Internal Audit Assurance Framework and Map and Operational Internal Audit Plan 2021–22 in March 2021 • Approved the external audit scope and strategy in March 2021

	Remit	Key areas of work completed during the year
Finance Committee with effect from **1 January 2021,** formerly Treasury 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, in particular, is: *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 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 *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 Committee and its predecessor: • Reviewed of the updated base Long-Term Financial Forecast • Reviewed EBITDA financial metrics • Carried out a financial risks shallow dive • Approved that central overhead costs should no longer be allocated to A2Dominion Developments while it remained in deficit (March 2021) • Approved a recommendation to the Group Board that the existing stock disposal programme be increased to support delivery of the Land and Development Enabling Plan • Approved a recommendation to the Group Board that the Group's net debt limit and stressed net debt limit be revised downward to £1.7bn and £2.0bn, respectively • Reviewed the Group's Tax Strategy • Reviewed the areas for improvement and targets for Value for Money • Reviewed proposals to adopt the Sustainability Reporting Standard for Social Housing
Governance & Remuneration Committee	The Governance & 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	• Approved a transfer of pension schemes from the Social Housing Pension Scheme following a detailed review • Oversaw the work of the Governance Working Group • Managed the recruitment of new Board and Committee Members • Oversaw a review of Board and Committee Member remuneration • Discussed Executive Management Team and Board succession planning

	Remit	Key areas of work completed during the year
Strategic Development & Asset Committee formerly Development & Property Panel	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 development schemes, variations to agreed schemes, projects or programmes and disposals above the range established within the Group's RACI matrix • Validating that development, asset management and disposal programmes meet required standards and performance measures *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 Committee and its predecessor: • Approved a new Land and Development Enabling Plan • Oversaw delivery of the Group's development programme • Ensured safe reopening of development sites during Covid pandemic. • Approved an Option Agreement for the land to the east of Clay Lane, Storrington • Approved a Deed of Variations to convert Bell Road to an affordable tenure scheme with 93 shared ownership and 34 rented units • Approved the disposal of three major schemes with a value of £60m
Customer Service Committee formerly Customer Advisory Panel	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 *Accountable for:* • Monitoring achievement against agreed customer performance indicators	The Committee and its predecessor in the year: • Recommended definition of customer-led which was subsequently approved the Board • Agreed sustainability agenda through a spotlight session • Reviewed employee engagement • Completed customer detriment and income matrices which had been successfully trialled during the first part of Phase 3 of the Fit for the Future change programme • Completed spotlight sessions on operating model • Reviewed Leaseholder Satisfaction initial plans and progress and recommended for oversight in 2021/22 • Established external communications programme for 'you said we did' • Monitored the customer engagement programme through progress updates and strategy review.

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. The Executive Management Team is collectively responsible for the operational management and control of the Group and its assets, resources and achievement of performance targets.

Board members and Executive officers

Ian Cox
Chair

Ozzie Clarke-Binns

Andrew Boyes

David Coates

Sara Dickinson

Nick Hutchings

Andrew Kirkman

Darrell Mercer

Michael Reece

Caroline Tiller

Caroline Tolhurst

Dean Tufts

Peter Walker

Anne Waterhouse

Louise Wilson

Ian Hill

Key:
- B Board member
- E Executive officer
- S Secretary

Ian Cox, Chair

B

Ian has worked in the property industry for over 40 years, holding Director level roles in several house building, construction, development and regeneration PLCs. He is Managing Partner and shareholder of his own development Company, carrying out low energy mixed-use projects in partnership with landowners and local authorities. He is consultant Managing Director to a Garden Village project in Surrey and Non-executive Chair of Treveth LLP, a development and investment company owned by Cornwall County Council.

Ozzie Clarke-Binns

B

Ozzie has spent the last 17 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, currently leading People Operations for education technology start-up, Aula. Previously, he was Head of Innovation and Consultancy at University College London. Today, Ozzie is a Trustee at the Royal National Institute of Blind People and a One Young World Ambassador.

(Appointed 1 January 2021)

Andrew Boyes

E

Executive Director
(Change and 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 and IT) in 2014.

David Coates

B

David has worked as a finance and treasury professional in the retail sector for over 25 years, holding a number of finance director roles at companies including Sainsbury's and Debenhams. He was also Group Finance Director at New Look. He currently manages his own property portfolio and is the Chair of our Audit Risk & Assurance Committee.

Sara Dickinson

B

Sara has worked in financial roles for the past 20 years and is Chair of our Finance Committee. She has previously worked as Group Financial Controller for Sage Group Plc, and as Vice-President and Finance Director of eBookers Group, a pan-European online travel agency. She is currently CFO for Expedia Affiliate Network, a business within the Expedia Inc. Group.

Nick Hutchings

E

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.

Andrew Kirkman

B

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.

(Appointed 1 January 2021)

Darrell Mercer

B E

Chief Executive Officer

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.

Michael Reece

E

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.

Caroline Tiller
B

Caroline has worked in the housing industry for over 30 years and she is Chair of our Customer Service Committee. 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 Tolhurst
B

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 New River Retail. She is now on the Board of Wynnstay Properties Plc, Kinovo Plc and LocatED Properties Limited. Caroline currently sits as Chair of our Strategic Development & Assets Committee and Governance & Remuneration Committee.

Dean Tufts
E

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.

Peter Walker
B

Peter has over 40 years' experience in the finance sector, with private and public sector board-level experience centred on change, growth and service delivery. He was previously deputy CEO of The Pension Protection Fund and COO at Smart Pension and is currently a trustee director for the Natwest Group Pension Fund. He sits on the Group's Audit, Risk & Assurance and Finance committees and is the Group Board lead for A2Dominion's business change programme, Fit for the Future.

Anne Waterhouse
B E

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

Anne is a chartered accountant with over 20 years' finance experience. Prior to her current role, Anne was Deputy Group Finance Director at Dominion Housing Group, and then Executive Director (Financial Services) at A2Dominion. She is a member of the Chartered Institute of Management Accountants and has also worked as a finance director within the housebuilding industry.

Louise Wilson
B

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).

(Appointed 1 January 2021)

Image:
Brooklands, Spelthorne

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

Image:
Bath Road, Hounslow

Report of the Board

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

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 itself. The subsidiaries of the Group are listed in note 18 to the financial statements and their activities detailed within the Strategic Report on page 9.

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 14 to 18 to the financial statements.

Reserves

After transfer of the surplus for the year of £6.4 million (2020 restated: £24.2 million) and other movements in reserves, the Group's year-end reserves amounted to £960.5 million (2020 restated: £962.6 million).

Donations

A2Dominion Housing Group Limited made no charitable donations during the year (2020: nil) and made no political donations (2019: nil). Entities within the Group donated £84,002 to charitable organisations (2020: £62,644).

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 residents and 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 representing the communities we serve and encouraging an inclusive workforce where everyone can achieve their full potential. In February 2021, the EMT approved a new Equality, Diversity & Inclusion Strategy that sets out its six ambitions for the next five years (see page 20).

Health and safety

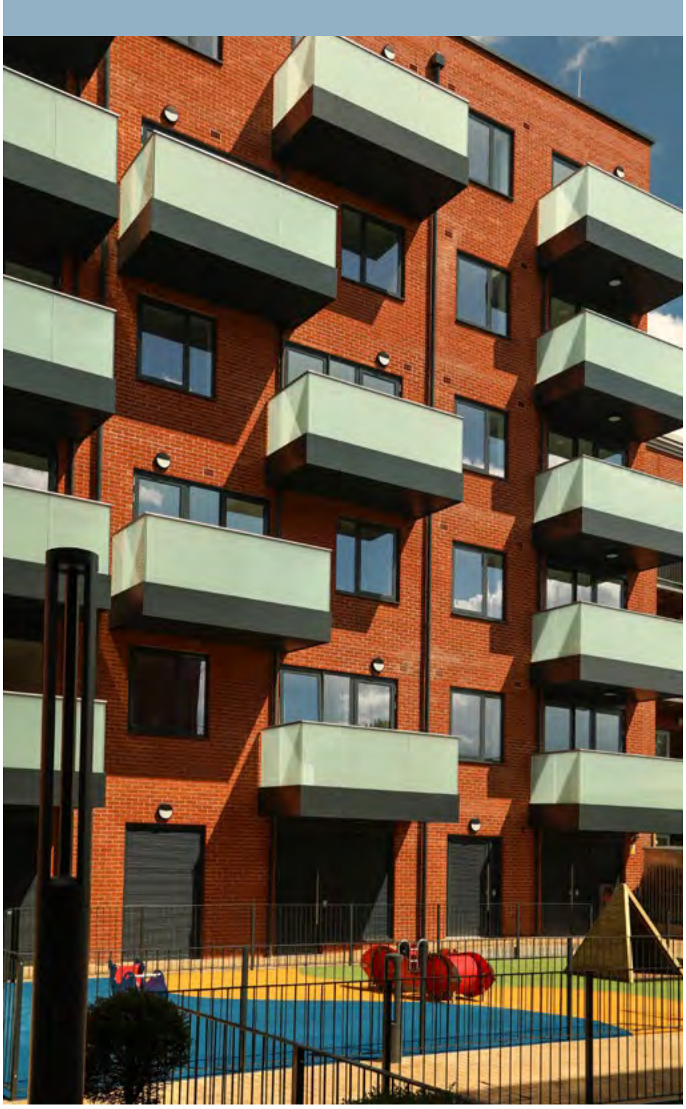
The Board is aware of its responsibilities on all matters relating to health and safety. Members of the Board, together with the executive officers, have undertaken external accredited health and safety training appropriate to their role. The Group operates a Health & Safety Executive Committee which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

Board members and executive officers

The Board and the executive officers of the Group are set out on pages 65 to 67. The Board is drawn from a wide background bringing together professional, sector and commercial experience. The executive officers are the Chief Executive and the other members of the Group's Executive Management Team.


Image:
Westvale Park, Reigate & Banstead

Image:
Lavender Gardens,
Hammersmith & Fulham



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 similar terms and conditions as other staff, save that their notice periods are between six and 12 months.

Pensions

The Group transferred out of the Social Housing Pension Scheme on 31 January 2021 into a standalone pension scheme, the A2Dominion Benefit Scheme. The executive officers are eligible for the A2Dominion Benefit Scheme's defined contribution section. 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 health care insurance. Details of their total remuneration are included in note 8 to the financial statements.

Governance

The regulatory judgement rating for A2Dominion Housing Group is G1/V2. This rating was effective from 2 December 2020 following a Stability Check by the Regulator of Social Housing (RSH). Both gradings are unchanged from those issued on 28 August 2019 following an in-depth assessment.

The Group's financial viability grading recognises that the Group meets the RSH's viability requirements and that it has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance. The judgement in 2019 identified that the Group's financial plans are consistent with, and support, its financial strategy. It has an adequately funded business plan, sufficient security and is forecast to continue to meet its financial covenants.

As a consequence of a large and diverse development programme, A2Dominion continues to face a range of risks and a high level of exposure to the private sale market. A2Dominion currently retains capacity to deal with downside risk aimed at ensuring its long-term viability.

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

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

The Board has carried out its annual assessment of compliance against the RSH's regulatory framework for registered providers and reports full compliance throughout the year and up to 28 July 2021.

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 2015. The Board fully complies with the Code.

In November 2020, the National Housing Federation published a revised Code of Governance. In September 2021, the Group will review whether to adopt this revised Code or an alternative Code of Governance.

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 organisation's governance framework is strong.

Resident involvement

The Group actively encourages residents' involvement providing feedback and informing decision making through active resident groupings which promote resident involvement led by the Group's Customer Experience team. There are clear reporting arrangements between the resident groups and the Board and committees.

The Group's Customer Advisory Panel (CAP), operational from 1 April 2018, was established to provide clear resident and customer feedback on enhancements to services being provided. On 1 January 2021, the CAP was converted to a formal Committee to further strengthen the link between customer feedback and the Board. It was renamed the Customer Service Committee (CSC).

The Committee consists of residents, industry experts from other customer-facing organisations, along with two Board members who provide the direct link back to the Board.

Complaints

The Group has a clear, accessible complaints policy that has been designed to enable residents 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 on-going and has been in place throughout the period commencing 1 April 2020 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
- Standing Orders including a RACI matrix
- A scheme of delegations to the Chief Executive
- Terms of Reference for each Committee identifying responsibilities and accountabilities
- Delegated powers detailing responsibilities for expenditure and authorisation of payments
- Written policies and procedures
- Risk management framework
- Job descriptions and appraisal system
- Internal audit programme linked to risk
- Annual external audit
- Monitoring implementation and audit recommendations at Audit, Risk & Assurance Committee
- Annual budget agreed before beginning of financial year
- Long-term financial forecasts tested against a range of stresses
- Monthly management information to budget holders
- Monthly and quarterly cashflow forecasting
- Quarterly reports to the Board on KPI performance
- Reports to the Board on any fraudulent activity
- Codes of Conduct and registers for hospitality and declarations of interest
- Treasury management policy and regular reports on performance
- Reports of proceeding or minutes from committees considered by the Board
- An annual report provided to the Audit, Risk and Assurance Committee by internal and external auditors and regular progress updates

The Audit, Risk & Assurance Committee oversees the Group's performance for its landlord services, 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 has 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 2019. 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 irregularity.

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.

Image:
Knowle Park, Waverley

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).

Image:
Lavender Gardens, Hammersmith & Fulham

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

1

Scope 1: activities for which the Group is responsible involving the combustion of gas, or consumption of fuel for the purposes of transport.

2

Scope 2: the purchase of electricity by the Group for its own use, including for the purpose of transport.

3

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 second year of reporting our energy and carbon data, marking the first year of comparable data. The statement covers the year 1 April 2020 to 31 March 2021. The scope of emissions included in the report are natural gas, diesel (gas oil) and electricity.

The variance in natural gas consumption on the previous year is due to a combination of factors. These include: an increase in the number of energy centres which use gas to provide heating and hot water to domestic properties; additional homes being added to the network; and more people staying at home due to Covid-19 restrictions which was compounded by a particularly cold winter.

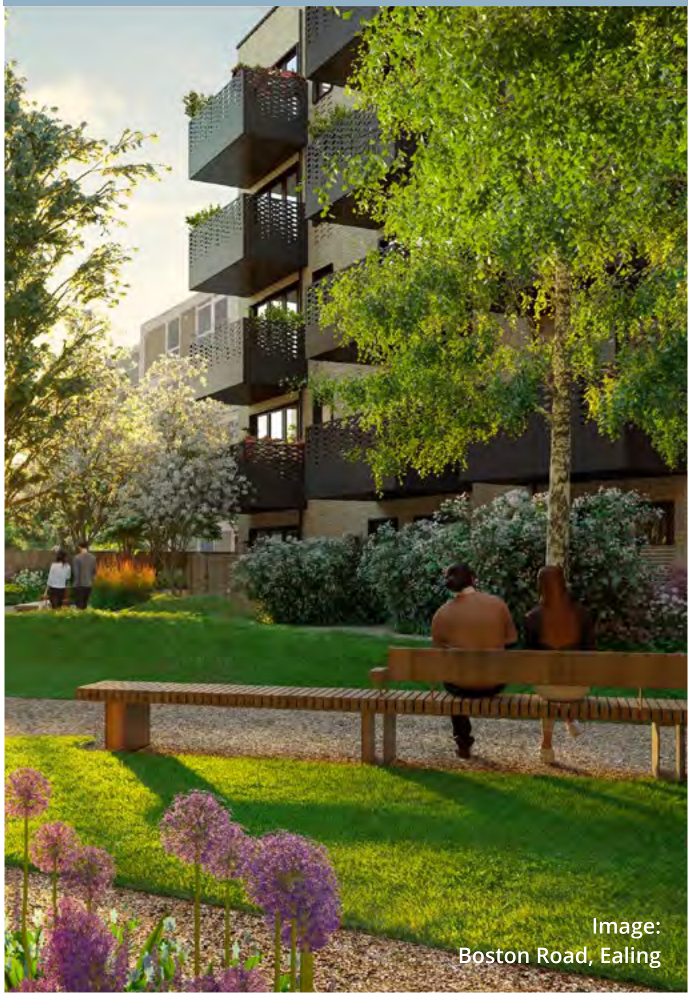


Image:
Boston Road, Ealing

Energy Consumption		2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Transport (kWh)	304,024	871,792	-65%
	LPG (kWh)	1,603	-	n/a
	Natural Gas (kWh)	14,047,660	9,270,617	52%
	Red Diesel (kWh)	121,799	341,921	-64%
	Total Scope 1 Energy (kWh)	**14,475,086**	**10,484,330**	**38%**
Scope 2: Electricity Purchased	Total Electricity (kWh)	1,767,784	3,197,393	-45%
Total Scope 1 & 2 Energy Consumption (kWh)		**16,242,870**	**13,681,723**	**19%**

Emissions Assessment		2021	2020	Variance
Scope 1: Combustion of fuel and operation of facilities	Natural Gas (tCO2e)	2,583	1,704	52%
	Transport +LPG + Red Diesel (tCO2e)	105	301	-65%
	Total Scope 1 – kWh	**2,688**	**2,005**	**34%**
Scope 2: Electricity purchased and heat and steam generated	Location Based (LB) (tCO2e)	412	817	-50%
	Market Based (MB) (tCO2e)	-	-	0%
Location Based	**Total Scope 1 & 2 Emissions (tCO2e)**	**3,100**	**2,822**	**10%**
Market Based	**Total Scope 1 & 2 Emissions (tCO2e)**	**2,688**	**2,005**	**34%**

Definitions:

tCO_2e: 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 CO_2. It is calculated by multiplying the greenhouse gas's emissions by its 100-year global warming potential.

LB: 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.

MB: 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.

T&D losses: Transmission and distribution losses.


Image:
Queen's Wharf, Hammersmith & Fulham

Image: Redcliff Quarter, Bristol

Intensity ratios

Our intensity ratios have been calculated applying our three key drivers of energy and carbon usage: namely the number of employees, the number of homes we manage and the number of homes that we have in development.

From April 2020 to March 2021 the Intensity Ratios based on total scope 1 and 2 emissions were:

Intensity ratio	Formula	2021	2020	Variance
IR1	tCO_2e/employee	16.4	19.7	-17%
IR2	tCO_2e/1000 Completed units in management	82.8	74.0	12%
IR3	tCO_2e/No of Units in development	4.1	6.8	-39%

This information will be used to help inform the setting of targets for our emission performance over our 2020-25 strategy period.

Energy efficiency action taken by the Group during 2020/21

- Introduced a new sustainability budget for the first time this year to fund the installation of loft and cavity wall insulation in hundreds of our properties
- Procured a new waste management contract that incorporates waste reduction targets as part of the performance requirements
- All electricity has been purchased from a supplier who sources it from 100% renewables

Going concern and viability

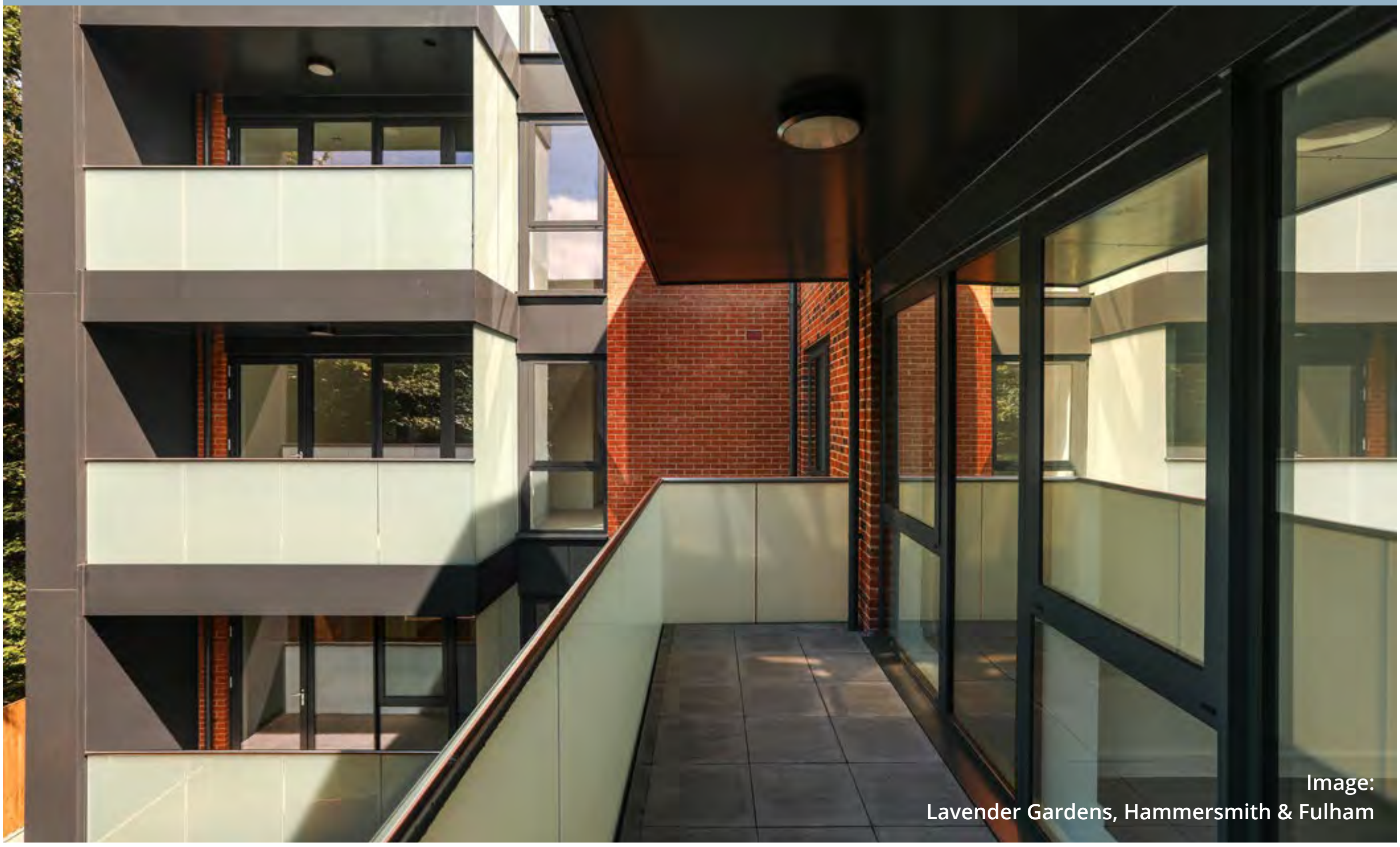
As part of the Board's going concern assessment the Group updated its long-term financial forecast with a conservative base case and a stress test variant which was approved by Board in June 2021. The prudent stress test assumptions included a one-off cash cost in year one and delays and reductions in sales of properties. The Group has considered the impact of Covid-19 and has taken this into account within the financial forecast. The Group monitors and manages this by continually updating the forecast to reflect all updated information (including Covid-19, Brexit, fire safety remedial works and sustainability costs) on the development programme and other key assumptions.

The long-term financial forecast and stress test variant demonstrate that the Group could sustain the impact of the prudent stress test assumptions and is able to continue to operate, with adequate cash resources available and comply with all banking covenants. 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.

The period over which the Board considers it appropriate to report on the Group's viability, is the period to 31 March 2025. This is in line with the Group's latest Corporate Strategy which covers the five years from 2020 to 2025. Having considered the forecast cashflows and the impact of the modelled scenarios in combination, the Board confirms that it has reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for this period. The principal risks that could affect this strategy are discussed in the Strategic Report on pages 37 to 44.

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.

Image:
Knowle Park, Waverley



Annual General Meeting

The Annual General Meeting has been held on 28 July 2021.

Disclosure of information to auditor

At the date of making this report each of the Group's Board members, 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; and
- 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 28 July 2021 and signed on its behalf by:

I Cox **Chair**	D Coates **Board member**	I Hill **Secretary**

Independent auditor's report

Opinion

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 2021 and of the Group's and the Association's surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 2019

We have audited the financial statements of A2Dominion Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 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 cash flow statement 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 committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board on 20 November 2018 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 13 years, covering the years ending 31 March 2009 to 31 March 2021.

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 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:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions
- We assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing
- We reviewed the wording of the going concern disclosures and assessed 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 [entity's] ability to continue as a going concern for a period of at least 12 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.

Overview

Coverage	*100% (2020: 100%) of Group revenue* *99% (2020: 98%) of Group total assets*		
Key audit matters		**2021**	**2020**
	Net realisable value of housing properties developed for sale	☐	☐
	Carrying value of investments in jointly controlled entities	☐	
	Going concern		☐
	Valuation of investment properties		☐
	Implementation of new accounting system		☐
	Going concern is no longer considered to be a key audit matter because the level of uncertainty associated with forecasting has decreased this year and the impacts of the Covid-19 pandemic and associated lockdowns is more understood. Valuation of investment property is no longer considered to be a key audit matter as the Group's property valuations are no longer reported on the basis of material valuation uncertainty following the return of transaction volumes and comparable market evidence in the year. Implementation of new accounting system is no longer considered to be a key audit matter as this event took place in the previous financial year.		
Materiality	Group financial statements as a whole: £5.9m (2020: £60.6m) based on 5% (2020: 1.5% of total assets) of adjusted operating surplus.		

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.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting component in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

A full scope statutory audit was carried out by the Group engagement team for each subsidiary that we considered to be a significant component of the group, with the exception of A2D Funding Plc and A2D Funding II Plc which were subject to a full scope audit by a separate BDO UK component audit team.

Of the Group's 10 active jointly controlled entities, nine were determined to be significant components. Of these, two were subject to full scope audit procedures by the group audit team, six were subject to full scope audit procedures by separate BDO UK component audit teams and one component was subject to specific procedures performed by the group audit team.

Image:
Knowle Park, Waverley

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

The group audit team controlled and directed the work of the component audit teams. This included providing detailed audit instructions and setting of component materiality. The group audit team maintained an open dialogue with component audit teams throughout the audit and performed reviews of the component audit teams working papers.

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
Net realisable value of housing properties developed for sale This relates to items included in note 19 of the financial statements This area also represents a key area of estimation uncertainty made by management as described on page 112	As explained in the accounting policies, properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £310.9 million. For completed properties at the balance sheet date, an assessment is needed of an anticipated selling price. For properties in development at the balance sheet date, an assessment is needed of both an anticipated selling price and a determination of the expected costs to complete.	**Our response included the following:** • We assessed management's controls over the review of development projects and identification of projects at risk of impairment and tested the operating effectiveness of these controls • Having obtained management's assessment of the net realisable value of housing properties developed for sale we selected a sample on which to perform detailed testing. Samples were chosen from the populations of items that represented both developments under construction as well as completed developments at year-end • For the selected completed properties, agreeing the amounts involved to supporting documentation where the property was sold post year-end. Where the property was not yet sold we compared the anticipated proceeds to similar developments in the same locality to confirm that properties were held at the lower of cost and net realisable value • For the selected properties under development, obtaining details of the expected costs to complete from the scheme budget for that development and agreeing the budgeted contracted cost of the development to the latest contract documentation. We examined supporting documentation for anticipated sales proceeds and we compared the incurred expenditure at the balance sheet date to the estimated amount at that date • Considering the impact of sensitivities in management's forecasts from decreases in sales prices and increases in build costs on the net realisable value of properties developed for sale. For the sample of properties tested above, we performed a sensitivity analysis which considered both a reduction in projected sales values based on available market data and increases in projected build costs to complete based on available market forecasts **Key observations:** • Based on the evidence obtained we did not identify any indications that the assessments of the recoverable amount made by management were inappropriate

Image:
Boston Road, Ealing

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of investments in jointly controlled entities This relates to items included in note 18 of the financial statements.	As explained in the 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 £19.1 million for the year ended 31 March 2021. 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 £58.9 million as at 31 March 2021. 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.	**Our response included the following:** • For components subject to full scope procedures or specific procedures by the Group audit team we obtained management's assessment of the net realisable value of housing properties developed for sale for each entity. We agreed the amounts involved to supporting documentation where the property was sold post year-end. Where the property was not yet sold we compared the anticipated proceeds to similar developments in the same locality to confirm that properties were held at the lower of cost and net realisable value. We obtained details of the expected costs to complete from the scheme budget for that development and agreeing the budgeted contracted cost of the development to the latest contract documentation. We examined supporting documentation for anticipated sales proceeds and we compared the incurred expenditure at the balance sheet date to the estimated amount at that date • For components subject to full scope audit procedures by separate BDO UK component audit teams we have 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 the evidence obtained we did not identify any indications that the amounts recognised as the Group's share of surplus or share of net assets from jointly controlled entities were inappropriate

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	
	2021 £	**2020 £**	**2021 £**	**2020 £**
Materiality	5,900,000	60,600,000	1,500,000	1,060,000
Basis for determining materiality	5% of adjusted operating surplus	1.5% of total assets	2.5% of turnover	2% of turnover
Performance materiality	4,130,000	42,420,000	1,050,000	742,000
Basis for determining performance materiality	70%	70%	70%	70%

Rationale for the benchmark applied

For the current year we have used 5% of adjusted operating surplus as the basis of materiality. The adjustments to operating surplus are to add back depreciation, impairment, Government grant amortisation, major repairs reserve transfers and any profit or loss on the sale of fixed assets which is inline with the Group's strictest loan covenant definition. We have used this benchmark as we considered items affecting the adjusted operating surplus to be the area of financial statements with the greatest interest to the principle users and the area with the greatest impact on investor and lender decisions. In the prior year we used 1.5% of total assets as we considered this to be the area of financial statements with the greatest interest to the principle users.

Specific materiality

In the prior year we also determined that for all items comprising adjusted operating profit (including related disclosures), a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on % of adjusted operating profit. We further applied a performance materiality level of 70% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Component materiality

We set materiality for each component of the Group based on a percentage of between 0.1% and 76.3% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £3,000 to £4,500,000. 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 committee that we would report to them all individual audit differences in excess of £118,000 (2020: £115,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Board is 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 including the Report of the Board and the Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or 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 set out on page 72, 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 intends to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Image:
Heatherwell Place, Guildford

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 of the Group and Association and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be 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 2019. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Group and Association are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, Financial Conduct Authority ("FCA") regulations, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

In our assessment the areas of the financial statements most susceptible to material misstatement (either from fraud or error) we determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates, due high degree of management judgment and accounting estimation required in such areas. The responsible individual specifically reviewed the individuals allocated to work on these sections to ensure that they have the requisite competence to perform this work and to ensure they would identify any applicable non-compliance with laws and regulations.

Audit procedures performed by the engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Regulator of Social Housing
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the net realisable value of properties developed for sale, the valuation of investment properties, the value of defined benefit pension liabilities and the valuation of derivative financial instruments
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, journals posted and journals posted after the year end

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 for the audit of the financial statements is located 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.

EKulczycki

Elizabeth Kulczycki,
Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
28 July 2021

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

Image:
West King Street Campus, Hammersmith & Fulham

Image:
Boston Road, Ealing

Financial Statements

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Turnover	4	**303.3**	**320.4**
Cost of sales	4	(44.1)	(57.0)
Operating costs	4	(207.2)	(192.1)
Surplus on sale of fixed assets	4,10	7.3	9.4
Share of jointly controlled entity operating profit	4,18	19.1	8.7
Operating surplus	4,6	**78.4**	**89.4**
Interest receivable and other income	11	0.7	2.1
Interest payable and similar charges	12	(65.1)	(63.9)
Other finance costs	30	(0.4)	(0.8)
Change in fair value of investments	18	0.8	0.5
Movement in fair value of financial instruments		2.3	(0.1)
Movement in fair value of investment properties	16	(9.4)	(3.9)
Surplus on ordinary activities before taxation		**7.3**	**23.3**
Tax on surplus on ordinary activities	13	0.7	2.0
Surplus on ordinary activities after taxation		**8.0**	**25.3**
Non-controlling interest		(1.6)	(1.1)
Surplus for the financial year		**6.4**	**24.2**
Actuarial (losses)/gains on defined benefit pension scheme	30	(24.3)	14.9
Movement in fair value of hedged financial instrument		15.8	(12.9)
Movement in deferred tax		(0.4)	0.4
Total comprehensive (loss)/income for year		**(2.5)**	**26.6**
Surplus for the year attributable to:			
Non-controlling interest		1.6	1.1
Parent association		6.4	24.2
		8.0	**25.3**
Total comprehensive income attributable to:			
Non-controlling interest		1.6	1.1
Parent association		(4.1)	25.5
		(2.5)	**26.6**

All amounts relate to continuing activities.

[1] The prior year restatement is detailed in note 3.

The notes on page 101 to 161 form part of these financial statements.

Association statement of comprehensive income

For the year ended
31 March 2021

	Note	2021 £m	2020 £m
Turnover	4	**60.7**	**53.4**
Operating costs	4	(61.9)	(55.4)
Operating deficit	4, 6	**(1.2)**	**(2.0)**
Interest receivable and other income	11	24.0	19.9
Interest payable and similar charges	12	(23.2)	(18.4)
Other finance costs	30	(0.3)	(0.7)
Deficit on ordinary activities before taxation		**(0.7)**	**(1.2)**
Tax on deficit on ordinary activities	13	-	-
Deficit for the financial year		**(0.7)**	**(1.2)**
Actuarial (losses)/gains on defined benefit pension scheme	30	(23.1)	13.0
Total comprehensive (loss)/income for the year		**(23.8)**	**11.8**

All amounts relate to continuing activities.

The notes on page 101 to 161 form part of these financial statements.

Consolidated statement of financial position

At 31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Fixed assets			
Tangible fixed assets – housing properties	14	2,779.8	2,701.7
Tangible fixed assets – other	15	24.5	25.5
Intangible fixed assets – other	15	18.1	12.8
Investment properties	16	678.7	718.6
Investments – Homebuy loans	17	2.4	2.5
Investments – other	18	25.1	21.8
Investments – jointly controlled entities	18	58.9	92.7
		3,587.5	**3,575.6**
Current assets			
Properties for sale	19	310.9	261.0
Debtors receivable within one year	20	68.9	55.2
Debtors receivable after one year	20	3.0	15.1
Cash and cash equivalents	21	52.1	121.5
		434.9	**452.8**
Creditors: Amounts falling due within one year	22	(196.3)	(192.8)
Net current assets		**238.6**	**260.0**
Total assets less current liabilities		**3,826.1**	**3,835.6**
Creditors: Amounts falling due after more than one year	23	(2,808.7)	(2,837.6)
Provision for liabilities and charges	29	(19.0)	(19.0)
Net assets excluding pension liability		**998.4**	**979.0**
Pension liability	30	(37.9)	(16.4)
Net assets		**960.5**	**962.6**

Consolidated statement of financial position (continued)

At 31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Capital and reserves			
Non-equity share capital		-	-
Cash flow hedge reserve		(35.2)	(51.0)
Restricted reserve		0.5	0.5
Income and expenditure reserve		946.4	968.4
Designated reserve		47.2	43.5
Total income and expenditure reserves		**993.6**	**1,011.9**
Consolidated funds		**958.9**	**961.4**
Non-controlling interest		1.6	1.2
		960.5	**962.6**

[1] *The prior year restatement is detailed in note 3.*

Co-operative and Community Benefit Society (FCA) 28985R.

The notes on pages 101 to 161 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 28 July 2021 and signed on its behalf by:

I Cox,
Chair

D Coates,
Board member

I Hill,
Secretary

Association statement of financial position

At 31 March 2021

	Note	2021 £m	2020 £m
Fixed assets			
Tangible fixed assets: other	15	2.5	2.7
Intangible fixed assets: other	15	18.1	12.8
		20.6	**15.5**
Current assets			
Debtors receivable within one year	20	134.9	97.1
Debtors receivable after one year	20	620.6	627.5
Cash and cash equivalents	21	25.2	73.0
		780.7	797.6
Creditors: Amounts falling due within one year	22	(199.4)	(201.4)
Net current assets		**581.3**	**596.2**
Total assets less current liabilities		**601.9**	**611.7**
Creditors: Amounts falling due after more than one year	23	(617.9)	(624.5)
Provision for liabilities and charges	29	(3.8)	(3.6)
Net liabilities excluding pension liability		**(19.8)**	**(16.4)**
Pension liability	30	(34.1)	(13.7)
Net liabilities		**(53.9)**	**(30.1)**

Association statement of financial position (continued)

At 31 March 2021

	Note	2021 £m	2020 £m
Capital and reserves			
Non-equity share capital		-	-
Revenue reserve		(53.9)	(30.1)
Association's deficit		**(53.9)**	**(30.1)**

Co-operative and Community Benefit Society (FCA) 28985R.

The financial statements were approved by the Board and authorised for issue on 28 July 2021 and signed on its behalf by:

I Cox,
Chair

D Coates,
Board member

I Hill,
Secretary

The notes on pages 101 to 161 form part of these financial statements.

Consolidated statement of changes in equity

	Income and expenditure reserve £m	Designated reserve £m	Total income and expenditure reserves £m	Restricted reserve £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: restated[1]	**968.4**	**43.5**	**1,011.9**	**0.5**	**(51.0)**	**961.4**	**1.2**	**962.6**
Surplus for the year	**6.4**	**-**	**6.4**	**-**	**-**	**6.4**	**1.6**	**8.0**
Other comprehensive income:								
Actuarial loss on defined benefit pension schemes	(24.3)	-	(24.3)	-	-	(24.3)	-	(24.3)
Movement in fair value of hedged financial instrument	-	-	-	-	15.8	15.8	-	15.8
Movement in deferred tax	(0.4)	-	(0.4)	-	-	(0.4)	-	(0.4)
Other comprehensive income for the year	**(24.7)**	**-**	**(24.7)**	**-**	**15.8**	**(8.9)**	**-**	**(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	**946.4**	**47.2**	**993.6**	**0.5**	**(35.2)**	**958.9**	**1.6**	**960.5**

[1] *The prior year restatement is detailed in note 3.*

The notes on pages 101 to 161 form part of these financial statements.

Consolidated statement of changes in equity (continued)

	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 2019: restated[1]	**931.9**	**40.5**	**972.4**	**0.5**	**(38.1)**	**934.8**	**1.2**	**936.0**
Surplus for the year	**24.2**	**-**	**24.2**	**-**	**-**	**24.2**	**1.1**	**25.3**
Other comprehensive income:								
Actuarial gains on defined benefit pension scheme	14.9	-	14.9	-	-	14.9	-	14.9
Movement in fair value of hedged financial instrument	-	-	-	-	(12.9)	(12.9)	-	(12.9)
Movement in deferred tax	0.4	-	0.4	-	-	0.4	-	0.4
Other comprehensive income for the year	**15.3**	**-**	**15.3**	**-**	**(12.9)**	**2.4**	**-**	**2.4**
Reserves transfers:								
Capital contribution and distributions	-	-	-	-	-	-	(1.1)	(1.1)
Transfer of designated expenditure from income and expenditure reserve	(9.8)	9.8	-	-	-	-	-	-
Transfer of designated expenditure to income and expenditure reserve	6.8	(6.8)	-	-	-	-	-	-
Balance at 31 March 2020	**968.4**	**43.5**	**1,011.9**	**0.5**	**(51.0)**	**961.4**	**1.2**	**962.6**

[1] The prior year restatement is detailed in note 3.

The notes on pages 101 to 161 form part of these financial statements.

Association statement of changes in equity

For the year ended
31 March 2021

	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 scheme	(23.1)
Other comprehensive income for the year	**(23.1)**
Balance at 31 March 2021	**(53.9)**

Association statement of changes in equity (continued)

For the year ended
31 March 2020

	Income and expenditure reserve £m
Balance at 1 April 2019	**(41.9)**
Deficit for the year	**(1.2)**
Other comprehensive income:	
Actuarial gain on defined benefit pension scheme	13.0
Other comprehensive income for the year	**13.0**
Balance at 31 March 2020	**(30.1)**

The notes on pages 101 to 161 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Cash flows from operating activities			
Operating surplus (excluding joint venture surplus) for the financial year		**59.3**	**80.7**
Adjustments for:			
Depreciation of fixed assets – housing properties		31.2	31.0
Depreciation of fixed assets – other		4.0	2.7
Accelerated depreciation on replaced components		2.9	1.7
Impairment of fixed assets – housing properties		1.0	1.9
Amortised grant		(15.5)	(16.2)
Cost element of housing property sales in operating surplus		15.0	14.5
Cost element of fixed asset investment properties		27.7	1.2
Difference between net pension expense and cash contribution		(2.8)	(2.1)
Decrease/(increase) in trade and other debtors		0.2	(18.5)
(Increase)/decrease in stocks		(35.2)	7.0
Increase in creditors		12.8	15.0
Decrease in provisions		(0.1)	(4.9)
Cash from operations		**100.5**	**114.0**
Tax paid		-	-
Net cash generated from operating activities		**100.5**	**114.0**

Consolidated statement of cash flows (continued)

For the year ended
31 March 2021

	Note	2021 £m	2020 Restated[1] £m
Cash flows from investing activities			
Purchase of fixed assets – housing properties		(100.2)	(106.0)
Purchase of fixed assets – other		(8.4)	(11.7)
Purchase of fixed asset investments		(24.0)	(71.1)
Receipt of grant		14.8	3.0
Investment in jointly controlled entities		(11.2)	(16.7)
Repayment of jointly controlled entities capital		46.8	0.7
Distribution of jointly controlled entities profits		17.3	1.1
Loans payment (to)/by jointly controlled entities		(3.2)	10.3
Interest received		0.7	2.1
Net cash from investing activities		**(67.4)**	**(188.3)**
Cash flows used in financing activities			
Interest paid		(76.4)	(73.0)
New loans – bank		-	83.1
New loans – other		-	209.7
Repayment of loans – bank		(22.9)	(180.3)
Repayment of loans – other		(3.2)	(3.2)
Net cash from financing activities		**(102.5)**	**36.3**
Net decrease in cash and cash equivalents	36	**(69.4)**	**(38.0)**
Cash and cash equivalents at the beginning of year		121.5	159.5
Cash and cash equivalents at end of year		**52.1**	**121.5**

[1] *The prior year restatement is detailed in note 3.*

The notes on pages 101 to 161 form part of these financial statements.

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 68. 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, the Accounting Direction for Private Registered Providers of Social Housing 2019.

These financial statements are the prepared under FRS102. During the year, the Group adopted the "Interest Rate Benchmark Reform" amendments to FRS 102. As well as certain additional disclosures, the amendments provide relief in applying the requirements of FRS 102 to the Group's hedges, including allowing the Group to assume that LIBOR will not be altered as a result of interest rate benchmark reform. Consequently, hedging relationships that may otherwise have been impacted by interest rate benchmark reform have remained in place and no additional ineffective portion of the hedges has been recognised.

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

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 2021/22 in March 2021 and the thirty-year Long-Term Financial Forecast in June 2021. The review included a prudent base case and a stress test variant of the financial forecast in assessing the Group's resilience. The assumptions modelled in the stress test variant included a reduction in rent collection in year one and where relevant delays and reductions in sales of properties. The results of the stress test indicated that the Group could sustain the impact of the prudent stress test assumptions and is able to continue to operate, with adequate cash resources available and comply with all banking covenants. 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; and
- 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 FRS102 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, non-controlling 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.

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.

Notes to the financial statements

2. Accounting policies (continued)

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 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 4 and as part of the analysis of housing properties in note 14.


Image: Carlton House, Wandsworth

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 14, classified between general housing and shared ownership.

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.

Image:
Beechwood Grove,
Reading

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.

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

Notes to the financial statements

2. Accounting policies (continued)

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.

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 and 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

FRS102 requires finance costs to be charged to the profit or loss 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 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 Group's defined contribution pension schemes are charged to the statement of comprehensive income in the year in which they become payable. The Group participates in two funded multi-employer defined benefit schemes, the Surrey County Council Scheme and the Oxfordshire County Council Scheme. The Group transferred out of the multi-employer defined benefit Social Housing Pension Scheme on 31 January 2021 into its own scheme, the A2Dominion Benefit Scheme.

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.

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 properties 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.

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 following annual rates:

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

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the annual 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.

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.

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.

Furniture, fixtures and fittings	20%-25% per annum
Freehold offices	2% per annum
Freehold alterations	10% per annum
Leasehold offices	Length of the lease
Computers, office equipment and motor vehicles	Between 14⅓% and 33⅓% per annum

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

Other 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 on page 107).

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 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.

Notes to the financial statements

2. Accounting policies (continued)

Investment properties

Investment properties consist of commercial, student accommodation and market rent properties not held for social benefit or for use in the business. 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.

Investment properties under construction are carried at cost.

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.

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.

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. 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.

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.

Notes to the financial statements

2. Accounting policies (continued)

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.

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.

Image:
Queen's Wharf,
Hammersmith & Fulham

Judgements in applying accounting policies and key sources of estimation uncertainty

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 members 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

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 14 and 15)

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 16)

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: 7.0%-8.25%
- Average cost per unit per annum (% of the gross rental income): 23.0%-30.0%
- Exit yield: 4.15%-5.0%

Recovery of properties developed for sale (see note 19)

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 28)

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 30)

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 assumptions.

Notes to the financial statements

3. Change in accounting policy for borrowing costs

During the year, there was change in accounting policy relating to properties under construction for outright sales, whereby interest was no longer capitalised but expensed in year. This change in policy aligns and simplifies our accounting treatment with many of our private developer peers. It also provides more relevant information to the user of the accounts by way of sales margin and KPI comparison and aligns accounting treatment of borrowing costs with corporation tax treatment. This requires a prior year adjustment for a reduction of £4.5 million in properties for sale, and £9.1 million in cost of sales, increased interest costs of £4.4 million. This prior year adjustment had an overall impact of £4.5 million reduction in equity.

Below is a summary of the impact of change in policy and the prior year adjustment recognised in the Group financial statements. The change in accounting policy did not have any impact on the Association.

Group	Properties for sale As at 31 March 2020 £m	Cost of sale For the year ended 31 March 2020 £m	Interest payable For the year ended 31 March 2020 £m	Reserves As at 31 March 2020 £m	Reserves As at 31 March 2019 £m
As previously stated	265.5	66.1	59.5	972.9	941.1
Prior year adjustment	(4.5)	(9.1)	4.4	(4.5)	(9.2)
As restated	**261.0**	**57.0**	**63.9**	**968.4**	**931.9**

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

Group	Turnover £m	Cost of sales £m	Operating costs £m	Other operating items £m	Operating surplus/ (deficit) £m
					2021
Social housing lettings	212.6	-	(150.8)	-	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)**
Non-social housing activities					
Lettings	30.1	-	(15.1)	-	15.0
Developments for sale	37.5	(31.0)	-	-	6.5
Development costs not capitalised	-	-	(8.7)	-	(8.7)
Share of jointly controlled entity operating profit	-	-	-	19.1	19.1
Pension provision	-	-	(0.4)	-	(0.4)
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	-	0.1	-	2.6
	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

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

Group	Turnover	Cost of sales	Restated[1] operating costs	Other operating items	Operating surplus/ (deficit)
					2020
	£m	£m	£m	£m	£m
Social housing lettings	**209.8**	**-**	**(138.6)**	**-**	**71.2**
Other social housing activities					
Supporting people	1.9	-	(2.2)	-	(0.3)
Management services	1.4	-	(1.9)	-	(0.5)
First tranche sales	6.0	(4.1)	-	-	1.9
Buyback sales	0.1	(0.3)			(0.2)
Development costs not capitalised	-	-	(4.6)	-	(4.6)
Surplus on sale of fixed assets	-	-	-	9.4	9.4
Leasehold property services	6.9	-	(8.1)	-	(1.2)
Community investments	0.4	-	(3.8)	-	(3.4)
Impairment	-	-	(1.9)	-	(1.9)
Other	2.2	-	(2.4)	-	(0.2)
	18.9	**(4.4)**	**(24.9)**	**9.4**	**(1.0)**
Non-social housing activities					
Lettings	32.8	-	(12.1)	-	20.7
Developments for sale	54.9	(43.2)	-	-	11.7
Development costs not capitalised	-	-	(14.5)	-	(14.5)
Share of jointly controlled entity operating profit	-	-	-	8.7	8.7
Pension provision	-	-	(0.9)	-	(0.9)
Reduction in net realisable value of development schemes	-	(7.8)	-	-	(7.8)
Strategic land abortive costs	-	-	(1.1)	-	(1.1)
Private care retirement sales	2.3	(1.6)	-	-	0.7
Other	1.7	-	-	-	1.7
	91.7	**(52.6)**	**(28.6)**	**8.7**	**19.2**
	320.4	**(57.0)**	**(192.1)**	**18.1**	**89.4**

[1] *The prior year restatement is detailed in note 3.*

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

Group **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**	**2021 Total £m**	**2020 Total £m**
Turnover from social housing lettings							
Rent receivable net of identifiable service charges	122.6	9.8	10.3	17.1	16.3	176.1	173.3
Service charges income	7.9	5.3	0.1	1.0	4.6	18.9	17.9
Amortised Government grants	12.5	0.8	0.1	0.4	1.5	15.3	16.2
Net rental income	**143.0**	**15.9**	**10.5**	**18.5**	**22.4**	**210.3**	**207.4**
Nomination fees	-	-	0.4	-	-	0.4	0.4
Other income	0.7	0.6	-	0.1	0.5	1.9	2.0
Turnover from social housing lettings	**143.7**	**16.5**	**10.9**	**18.6**	**22.9**	**212.6**	**209.8**
Expenditure on social housing lettings							
Management	(22.5)	(15.0)	(1.4)	(6.4)	(3.4)	(48.7)	(44.6)
Service charge costs	(14.2)	(4.3)	-	(1.0)	(3.8)	(23.3)	(22.8)
Routine maintenance	(17.0)	(2.8)	(0.9)	(1.5)	(0.9)	(23.1)	(19.3)
Planned maintenance and major repairs expenditure	(13.9)	(1.5)	(0.2)	(0.9)	(2.3)	(18.8)	(15.7)
Bad debts	(0.6)	(0.1)	-	-	(0.1)	(0.8)	(1.6)
Property lease charges	(0.1)	-	(1.9)	-	-	(2.0)	(1.9)
Depreciation of housing properties	(25.9)	(2.4)	(0.6)	(2.3)	-	(31.2)	(31.0)
Accelerated depreciation on replaced components	(0.7)	(1.8)	-	(0.4)	-	(2.9)	(1.7)
Operating costs on social housing lettings	**(94.9)**	**(27.9)**	**(5.0)**	**(12.5)**	**(10.5)**	**(150.8)**	**(138.6)**
Operating surplus/(deficit) on social housing lettings	**48.8**	**(11.4)**	**5.9**	**6.1**	**12.4**	**61.8**	**71.2**
Void losses	(0.8)	(0.7)	(0.3)	(1.6)	-	(3.4)	(2.5)

Notes to the financial statements

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

Group

Particulars of turnover from non-social housing lettings	2021 £m	2020 £m
Market rental	20.9	21.4
Student accommodation	8.4	9.9
Other	0.8	1.5
	30.1	32.8

Association	2021 Turnover £m	2021 Operating costs £m	2021 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)

	2020 Turnover £m	2020 Operating costs £m	2020 Operating surplus/(deficit) £m
Other social housing activities			
Management services	51.0	(55.4)	(4.4)
Other	2.4	-	2.4
	53.4	(55.4)	(2.0)

5. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

Group	2020 No.	Additions No.	Disposals No.	Reclassifications No.	2021 No.
Social housing					
General needs housing	17,518	-	(2)	(11)	17,505
Affordable housing	1,103	127	-	22	1,252
Supported housing and housing for older people	2,206	45	(7)	6	2,250
Shared ownership	3,660	18	-	(99)	3,579
Key worker accommodation	2,708	1	(8)	-	2,701
Temporary accommodation	429	-	-	(2)	427
Other (includes garages, offices and community centres)	1,141	-	(76)	-	1,065
Total owned	**28,765**	**191**	**(93)**	**(84)**	**28,779**
Accommodation managed for others					
Supported housing and housing for older people	10	2	-	(1)	11
General needs housing	1	-	-	-	1
Leasehold	4,863	92	(121)	63	4,897
Freehold	1,348	96	(5)	36	1,475
Temporary accommodation	150	2	(2)	-	150
Market rent	2	-	-	-	2
Other	3	-	-	-	3
Total managed for others	**6,377**	**192**	**(128)**	**98**	**6,539**
Total owned and managed	**35,142**	**383**	**(221)**	**14**	**35,318**
Non-social housing					
Student accommodation	1,456	-	-	(5)	1,451
Market rent	1,425	351	(241)	(10)	1,525
Other (commercial)	101	3	(4)	1	101
Total owned	**2,982**	**354**	**(245)**	**(14)**	**3,077**
Overall					
Total owned	**31,747**	**545**	**(338)**	**(98)**	**31,856**
Total managed for others	**6,377**	**192**	**(128)**	**98**	**6,539**
Total owned and managed	**38,124**	**737**	**(466)**	**-**	**38,395**
Accommodation in development	**6,392**				**5,009**

Notes to the financial statements

6. Operating surplus

This is arrived at after charging/(crediting):

	Group		Association	
	2021 £m	2020 £m	2021 £m	2020 £m
Depreciation of housing properties	31.2	31.0	-	-
Accelerated depreciation on replaced components	2.9	1.7	-	-
Depreciation of other tangible fixed assets	1.7	1.7	0.9	1.0
Depreciation of other intangible fixed assets	2.3	1.0	2.3	0.9
Impairment of housing properties	1.0	1.9	-	-
Operating lease rentals				
• land and buildings	5.2	4.2	2.2	1.6
• office equipment, computers and vehicles	0.2	0.3	0.2	0.3
Auditor's remuneration (exclusive of VAT)				
• fees payable for the audit of the group's accounts	0.2	0.2	-	-

7. Employees

Average monthly number of employees expressed in full time equivalents:

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

	Group		Association	
	2021 No.	2020 No.	2021 No.	2020 No.
Administration	301	287	256	239
Development and sales	107	96	107	96
Housing, support and care	789	694	625	581
	1,197	1,077	988	916

	Group		Association	
Employee costs	2021 £m	2020 £m	2021 £m	2020 £m
Wages and salaries	50.7	44.7	43.7	39.3
Social security costs	5.4	4.7	4.7	4.2
Pension costs	2.9	2.6	2.6	2.3
Pension deficit payments	3.0	2.9	3.0	2.9
Pension provision[1]	0.2	0.2	0.2	0.2
	62.2	55.1	54.2	48.9
Pension costs recognised in other comprehensive income				
Actuarial (losses)/gains on defined pension scheme	(24.3)	14.9	(23.1)	13.0

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

Notes to the financial statements

8. Directors and senior executive remuneration

	Group	
	2021 £'000	2020 £'000
Salary and other benefits	1,377	1,349
Pension contributions, or pay in lieu thereof, in respect of services as Directors	91	91
Total remuneration paid to executive officers	1,468	1,440
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)	276	279

[1]The chief executive is not a member of a pension scheme and received a payment in lieu of £21,219 (2020: £20,456), the equivalent of the employer's contribution.

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).

Salary Banding	2021 No.	2020 No.
£60,000 to £70,000	52	38
£70,001 to £80,000	26	20
£80,001 to £90,000	31	23
£90,001 to £100,000	11	13
£100,001 to £110,000	14	10
£110,001 to £120,000	7	5
£120,001 to £130,000	6	3
£130,001 to £140,000	1	1
£140,001 to £150,000	6	8
£150,001 to £160,000	2	3
£160,001 to £170,000	-	2
£170,001 to £180,000	3	-
£190,001 to £200,000	2	1
£200,001 to £210,000	1	-
£210,001 to £220,000	1	2
£230,001 to £240,000	2	-
£240,001 to £250,000	1	2
£290,001 to £300,000	1	1
	167	132

9. Board members

Fees of £157,230 (2020: £134,000) were paid to non-executive Board members during the year. Taxable travel allowances paid during the year to Board members amounted to £8,923 (2020: £11,500). Non-executive Board members during the year ended 31 March 2021 were paid as follows:

Board/ Committee Member	Membership pay	Audit, Risk & Assurance Committee	Customer Service Committee	Strategic Development & Asset Committee	Finance Committee	Governance & Remuneration Committee	Group Board
Peter Braithwaite[1]	7,688			✓			
Rachel Barber[1]	4,375		✓				
Jane Clarke[1]	4,375		✓				
Ozzie Clarke-Binns[2]	3,375						✓
David Coates	16,438	✓	✓				✓
Ian Cox (Chair)	26,125					✓	✓
Sara Dickinson	14,937				✓	✓	✓
Mark Gallagher[1]	9,875	✓		✓			
Martin Huckerby[1]	6,563	✓			✓		
Andrew Kirkman[2]	3,375						✓
Pauline McMichael[1]	4,375		✓				
Aftab Rafiq[1]	6,292			✓			
Alex Roth[1,2]	2,062	✓	✓				
Ingrid Temmerman	1,000		✓				
Caroline Tiller	14,938	✓	✓				✓
Caroline Tolhurst	16,437			✓		✓	✓
Peter Walker	11,625	✓			✓		✓
Louise Wilson[2]	3,375						✓

[1] Committee members

[2] Appointed on 1 January 2021

Notes to the financial statements

10. Surplus on sale of fixed assets

Group	Shared ownership £m	Investment properties £m	Other housing properties £m	Homebuy & equity loans £m	2021 Total £m	2020 Total £m
Disposal proceeds	17.1	28.9	3.2	0.4	49.6	23.9
Cost of disposals	(9.4)	(28.5)	(2.5)	(0.3)	(40.7)	(13.7)
Selling costs	(0.2)	(0.4)	-	-	(0.6)	(0.1)
Grant recycled	(0.5)	-	(0.5)	-	(1.0)	(0.7)
Surplus on sale of fixed assets	7.0	-	0.2	0.1	7.3	9.4

11. Interest receivable

	Group 2021 £m	Group 2020 £m	Association 2021 £m	Association 2020 £m
Interest receivable and similar income	0.7	2.1	-	0.3
Received from other Group entities	-	-	24.0	19.6
	0.7	2.1	24.0	19.9

12. Interest payable and similar charges

	Group		Association	
	2021	2020 Restated[1]	2021	2020
	£m	£m	£m	£m
Loans and bank overdrafts (on liabilities at amortised cost)	73.4	69.1	23.1	18.3
Finance related costs	3.1	3.4	0.1	0.1
Recycled capital grant fund/disposal proceeds fund	0.1	0.1	-	-
	76.6	72.6	23.2	18.4
Interest payable capitalised on housing properties under construction	(11.5)	(8.7)	-	-
	65.1	63.9	23.2	18.4
Capitalisation rates used to determine the finance costs capitalised during the year	4.2%-4.8%	4.8%-5.4%	-	-
Other financing costs through other comprehensive income				
Gain/(loss) on fair value of hedged derivative instruments	15.8	(12.9)	-	-

[1] *The prior year restatement is detailed in note 3.*

Notes to the financial statements

13. Tax on surplus on ordinary activities

	Group		Association	
	2021 £m	2020 £m	2021 £m	2020 £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	0.6	0.2	-	-
Adjustment in respect of prior periods	(0.9)	-	-	-
Origination and reversal of timing differences	-	(2.2)	-	-
Total deferred tax (credit)	(0.3)	(2.0)	**-**	**-**
Total (credit) in the year	(0.3)	(2.0)	**-**	**-**
Movement in deferred tax charge				
Provision at start of year	(0.1)	2.3	-	-
Deferred tax charged in the income and expenditure account for the year	(0.7)	(2.0)	-	-
Deferred tax charged in the statement of equity	0.4	(0.4)	-	-
Provision at end of year	(0.4)	(0.1)	**-**	**-**

13. 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	
	2021 £m	2020 £m	2021 £m	2020 £m
Surplus on ordinary activities before tax	7.4	23.3	(0.8)	(1.2)
UK corporation tax at 19% (2020: 19%)	1.4	4.4	(0.1)	(0.2)
Effects of:				
Other tax adjustments, reliefs and transfers	(3.6)	(0.3)	-	-
Deferred tax not recognised	6.1	2.0	-	-
Timing differences	(1.5)	(1.3)	-	-
Capital losses	-	(0.9)	-	-
Expenses not deductible for tax purposes	11.9	12.1	0.1	0.2
Income not taxable for tax purposes	(5.6)	(2.0)	-	-
Permanent differences	(9.3)	(16.1)	-	-
Fixed asset differences	(0.1)	0.1	-	-
Current tax (credit)/charge for year	(0.7)	(2.0)	**-**	**-**

Notes to the financial statements

14. Tangible Fixed Assets: properties

Group Housing properties	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 2020	2,426.3	138.7	303.1	88.6	129.6	-	3,086.3
Reclassification	(4.7)	1.0	(0.3)	(0.6)	2.8	-	(1.8)
Additions at cost							
Construction works	-	57.4	-	36.7	-	0.8	94.9
Works to existing properties	21.3	-	-	-	2.0	-	23.3
Transfer (to)/from investment properties	(0.4)	11.1	-	-	-	-	10.7
Transfer to current assets	-	(0.4)	-	(3.9)	-	-	(4.3)
Schemes completed	43.4	(43.4)	4.5	(4.5)	-	-	-
Disposals							
Planned disposals	(0.8)	-	-	-	-	-	(0.8)
Replaced components	(6.7)	-	-	-	(0.9)	-	(7.6)
Staircasing sales	-	-	(9.4)	-	-	-	(9.4)
At 31 March 2021	**2,478.4**	**164.4**	**297.9**	**116.3**	**133.5**	**0.8**	**3,191.3**
Depreciation and impairment							
At 1 April 2020	352.8	2.5	0.4	1.7	27.2	-	384.6
Charge for the year	28.8	-	-	-	2.4	-	31.2
Impairment	-	1.1	-	(0.1)	-	-	1.0
Transfer to investment properties	(0.6)	-	-	-	-	-	(0.6)
Disposals							
Planned disposals	(0.1)	-	-	-	-	-	(0.1)
Replaced components	(4.1)	-	-	-	(0.5)	-	(4.6)
At 31 March 2021	**376.8**	**3.6**	**0.4**	**1.6**	**29.1**	-	**411.5**

14. Tangible Fixed Assets: properties (continued)

Group Housing properties	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
Net book value							
At 31 March 2021	**2,101.6**	**160.8**	**297.5**	**114.7**	**104.4**	**0.8**	**2,779.8**
At 31 March 2020	2,073.5	136.2	302.7	86.9	102.4	-	2,701.7

The amount of cumulative interest capitalised in housing properties since 2009 is £64.6 million (2020: £54.3 million). Reclassifications represent the reapportionment between base costs between tenures. Prior to the adoption of FRS 102 Social Housing grant was classified within fixed assets; under those accounting rules Social Housing and Keyworker accumulated depreciation would have been £249.6 million.

Housing properties book value, net of depreciation comprises:

	2021 £m	2020 £m
Freehold land and buildings	1,956.3	1,871.5
Long leasehold land and buildings	759.4	767.3
Short leasehold land and buildings	64.1	62.9
	2,779.8	2,701.7

Notes to the financial statements

14. Tangible Fixed Assets: properties (continued)

Expenditure on works to existing properties	2021 £m	2020 £m
Amounts capitalised	23.3	15.4
Amounts charged to income and expenditure account	18.8	15.7
Total	42.1	31.1

The amount of assets given as security (existing use value (EUV) basis of valuation) as at 31 March 2021 is £1.9 billion (2020: £1.8 billion).

Valuation for disclosure only	2021 £m
Completed housing properties at valuation	**3,363.1**

The completed housing properties at valuation disclosed above includes housing properties held as investment properties (note 16).

For information purposes only, completed housing properties are valued at 31 March 2021 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)	5.0%-8.0%
Discount rate (sales)	7.75%-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 nominations agreements

15. Tangible Fixed Assets: other

Group	Other tangible fixed assets					Other 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 2020	6.1	0.8	2.6	22.8	**32.3**	15.5	**15.5**
Additions	0.2	-	0.5	-	**0.7**	7.6	**7.6**
At 31 March 2021	6.3	0.8	3.1	22.8	**33.0**	23.1	**23.1**
Depreciation							
At 1 April 2020	3.2	0.3	1.7	1.6	**6.8**	2.7	**2.7**
Charged in year	0.8	-	0.6	0.3	**1.7**	2.3	**2.3**
At 31 March 2021	4.0	0.3	2.3	1.9	**8.5**	5.0	**5.0**
Net book value							
At 31 March 2021	**2.3**	**0.5**	**0.8**	**20.9**	**24.5**	**18.1**	**18.1**
At 31 March 2020	2.9	0.5	0.9	21.2	25.5	12.8	12.8

Notes to the financial statements

15. Tangible Fixed Assets: other (continued)

Association	Other tangible fixed assets				Other intangible fixed assets	
	Furniture, fixtures and fittings	Leasehold offices	Computers, office equipment and motor vehicles	Total tangible assets	Computer software & IT project	Total intangible assets
	£m	£m	£m	£m	£m	£m
Cost						
At 1 April 2020	2.7	0.8	2.6	**6.1**	15.5	**15.5**
Additions	0.1	-	0.6	**0.7**	7.6	**7.6**
At 31 March 2021	2.8	0.8	3.2	**6.8**	23.1	**23.1**
Depreciation						
At 1 April 2020	1.4	0.3	1.7	**3.4**	2.7	**2.7**
Charged in year	0.3	0.1	0.5	**0.9**	2.3	**2.3**
At 31 March 2021	1.7	0.4	2.2	**4.3**	5.0	**5.0**
Net book value						
At 31 March 2021	**1.1**	**0.4**	**1.0**	**2.5**	**18.1**	**18.1**
At 31 March 2020	1.3	0.5	0.9	2.7	12.8	12.8

16. Investment properties

Group	Student accommodation £m	Market rent £m	Commercial £m	Properties under construction at cost £m	Total £m
At 1 April 2020	124.5	452.3	17.6	124.2	718.6
Additions	-	-	0.1	23.8	23.9
Disposals	-	(25.0)	(2.3)	-	(27.3)
Schemes completed	-	119.4	-	(119.4)	-
Transfer to current assets	-	-	-	(10.4)	(10.4)
Transfer to fixed asset properties	(0.6)	(2.8)	0.1	(8.1)	(11.4)
Transfer to fixed asset investments	-	-	-	(5.3)	(5.3)
Revaluation	0.8	(10.7)	0.5	-	(9.4)
At 31 March 2021	124.7	533.2	16.0	4.8	678.7

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).

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

Discount rate	6.75%-8.25%
Level of long-term annual rent increase	3.00%-3.50%

Full vacant possession value for the market rent properties at 31 March 2021 is £646.9 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.

Notes to the financial statements

16. Investment properties (continued)

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

Group	Student accommodation £m	Market rent £m	Commercial £m	2021 £m	2020 £m
Historic cost	71.9	477.2	9.0	558.1	470.3
Accumulated depreciation	(14.4)	(9.0)	(1.1)	(24.5)	(23.0)
	57.5	468.2	7.9	533.6	447.3

17. Investments: Homebuy loans

Group	2021 £m	2020 £m
At 1 April	2.5	2.6
Loans redeemed	(0.1)	(0.1)
At 31 March	2.4	2.5

18. Fixed asset investments

			Group	Association
	Equity loans £m	Other £m	Total £m	Investment in subsidiaries £m
At 1 April 2020	4.8	17.0	21.8	-
Additions	-	-	-	3.8
Transfer from investment properties	-	5.3	5.3	-
Disposal/redeemed	(0.2)	(2.6)	(2.8)	-
Movement in fair value	-	0.8	0.8	-
Impairment of investment	-	-	-	(3.8)
At 31 March 2021	4.6	20.5	25.1	-

18. Fixed asset investments (continued)

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

	2021		2020	
	Cost £m	Market value £m	Cost £m	Market value £m
Investments listed on a recognised stock exchange	1.0	1.8	1.0	0.8
British Government securities	3.2	4.9	3.2	6.3
Cash and similar investments	13.2	13.3	9.3	9.5
Other	0.2	0.5	0.2	0.4
	17.6	**20.5**	**13.7**	**17.0**

Group	Jointly controlled entities £m
Cost	
At 1 April 2020	92.1
Additions	11.1
Disposal/redeemed	(46.8)
At 31 March 2021	**56.4**
Share of retained profits	
At 1 April 2020	0.6
Profit for the year	19.1
Distributions	(17.2)
At 31 March 2021	**2.5**
Net book value	
At 31 March 2021	**58.9**
At 31 March 2020	92.7

There was no premium on acquisition relating to the jointly controlled entities.

Notes to the financial statements

18. Fixed asset investments (continued)

The Group holds an interest in 13 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 sell properties	Limited Liability Partnership
Green Man Lane LLP	England	Real (Ealing) Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
Queen's Wharf Riverside LLP	England	Hammersmith Developments Holdco Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
Keybridge House LLP	England	Mount Anvil (Keybridge House) Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
Crest A2D (Walton Court) LLP	England	Crest Nicholson Operations Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
Keybridge House 2 LLP	England	Mount Anvil (Keybridge House 2) Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
New Cross Gate Phase 1 LLP	England	Mount Anvil (New Cross Gate 1) Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
New Cross Gate Phase 2 LLP	England	Mount Anvil (New Cross Gate 2) Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
New Cross Gate Phase 3 LLP	England	Mount Anvil (New Cross Gate 3) Limited	50%	50%	Develops and sell properties	Limited Liability Partnership
A2D NK Homes LLP	England	Nicholas King Homes PLC	80%	50%	Develops and sell properties	Limited Liability Partnership
A2D NKH Chinnor LLP	England	Nicholas King Homes PLC	80%	50%	Develops and sell properties	Limited Liability Partnership
West King Street Renewal LLP	England	London Borough of Hammersmith and Fulham	50%	50%	Develops and sell properties	Limited Liability Partnership
A2DD-HP Boston Road LLP	England	Higgins Construction PLC	50%	50%	Develops and sell properties	Limited Liability Partnership

18. Fixed asset investments (continued)

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

	A2D NK Homes LLP £m	A2D NK Homes (Chinnor) LLP £m	Green Man Lane LLP £m	Queen's Wharf Riverside LLP £m	Keybridge House LLP £m	Keybridge House 2 LLP £m	Crest A2D (Walton Court) LLP £m	Elmsbrook (Crest A2D) LLP £m	A2DD-HP Boston Road LLP £m	West King Street Renewal LLP £m	Total £m
Turnover	5.6	8.7	4.3	-	49.0	37.5	3.2	8.5	-	-	116.8
Cost of sales and administration expenses	(5.2)	(7.0)	(4.3)	0.1	(42.7)	(28.8)	(3.0)	(6.8)	-		(97.7)
Surplus for the year	0.4	1.7	-	0.1	6.3	8.7	0.2	1.7	-	-	19.1
Share of:											
Current assets	3.4	3.1	4.9	-	15.0	12.0	26.0	6.1	8.5	10.9	89.9
Liabilities due within one year	(3.1)	-	(5.2)	-	(4.4)	(3.2)	(9.4)	(1.2)	(3.5)	(1.0)	(31.0)
Net assets	0.3	3.1	(0.3)	-	10.6	8.8	16.6	4.9	5.0	9.9	58.9
Share of capital commitments	19.1	-	17.4	-	-	1.2	27.5	11.0	13.8	66.8	156.8

During the year Keybridge House LLP sold 89 units, Keybridge House 2 LLP 100 units, Elmsbrook (Crest A2D) LLP 38 units, A2D NK Homes (Chinnor) LLP 22 units and A2D NK Homes LLP 17 units.

Notes to the financial statements

18. Fixed asset investments (continued)

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

Company	Country of incorporation or registration	Group's share of 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
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.*

19. Properties for sale

Group	2021 £m	2020 Restated[1] £m
Open market sale: completed properties	15.0	23.9
Open market sale: under construction	234.7	195.4
Shared ownership: completed properties	2.2	0.4
Shared ownership: under construction	59.0	41.3
	310.9	261.0

[1]The prior year restatement is detailed in note 3.

Capitalised interest included in the stock balances is £9.9 million (2020 restated[1]: £3.0 million).

Notes to the financial statements

20. Debtors

	Group		Association	
	2021 £m	2020 £m	2021 £m	2020 £m
Due within one year				
Rent and service charges receivable	10.3	9.1	-	-
Less: Provision for bad and doubtful debts	(3.8)	(3.2)	-	-
Net arrears	6.5	5.9	-	-
Trade debtors	0.3	0.4	0.3	0.4
Other debtors	24.2	27.6	2.8	3.6
VAT recoverable	1.2	-	1.2	-
Fire safety recovery	2.9	-	-	-
Prepayments and accrued income	17.8	13.3	2.5	1.4
Loans due from joint venture	9.9	-	-	-
Amounts due from Group entities	-	-	128.1	91.7
Capital and agency debtors	6.1	8.0	-	-
	68.9	55.2	134.9	97.1
Due after more than one year				
Loans due from subsidiary undertakings under on-lending arrangements	-	-	620.6	627.5
Loans due from joint venture	0.2	6.9	-	-
Interest rate swap collateral	-	6.5	-	-
Other debtors	2.4	1.6	-	-
Deferred tax (note 31)	0.4	0.1	-	-
	3.0	15.1	620.6	627.5
	71.9	70.3	755.5	724.6

21. Cash at bank and in hand

	Group		Association	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash at bank	37.1	107.6	21.4	69.2
Cash held in charge account[1]	3.8	3.8	3.8	3.8
Cash held in relation to sinking funds	11.2	10.1	-	-
	52.1	121.5	25.2	73.0

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

22. Creditors: amounts due in less than one year

	Group		Association	
	2021 £m	2020 £m	2021 £m	2020 £m
Loans and borrowings (note 27)	27.9	27.2	7.0	6.7
Trade creditors	13.6	13.2	6.3	5.8
Rent and service charges received in advance	14.6	14.1	-	-
Deferred capital grant (note 24)	28.9	46.0	-	-
Interest rate swap: cash flow hedge	-	-	-	-
Recycled capital grant fund (note 25)	3.8	5.9	-	-
Amounts owed to Group entities	-	-	170.5	173.0
Other taxation and social security	1.4	3.0	1.2	1.5
Other creditors	7.7	7.0	2.8	2.5
Loan due to joint venture	15.4	-	-	-
Accruals and deferred income	55.2	57.6	11.6	11.9
Interest accrued	5.2	5.2	-	-
Capital creditors	22.6	13.6	-	-
	196.3	192.8	199.4	201.4

Notes to the financial statements

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

	Group		Association	
	2021	2020	2021	2020
	£m	£m	£m	£m
Loans and borrowings (note 27)	1,664.1	1,690.9	617.9	624.5
Deferred capital grant (note 24)	1,052.4	1,035.6	-	-
Interest rate SWAP: cash flow hedge	67.8	86.0	-	-
Recycled capital grant fund (note 25)	9.1	8.0	-	-
Sinking funds	11.3	10.3	-	-
Capital creditors	4.0	6.8	-	-
	2,808.7	2,837.6	617.9	624.5

24. Deferred capital grant

Group			2021			2020
	Housing property £m	Homebuy £m	Total £m	Housing property £m	Homebuy £m	Total £m
At 1 April	1,079.1	2.5	1,081.6	1,086.8	2.6	1,089.4
Grants received during the year:						
Housing properties	14.8	-	14.8	3.0	-	3.0
Recycled capital grant fund	5.8	-	5.8	7.6	-	7.6
Disposal proceeds fund	-	-	-	1.3	-	1.3
Grants recycled during the year:						
Recycled capital grant fund	(3.6)	(0.1)	(3.7)	(3.4)	(0.1)	(3.5)
Disposal proceeds fund	-	-	-	-	-	-
Amortised grant	(15.8)	-	(15.8)	(16.2)	-	(16.2)
Grants written off during the year	(1.4)	-	(1.4)	-	-	-
At 31 March	1,078.9	2.4	1,081.3	1,079.1	2.5	1,081.6
Due within one year	28.9	-	28.9	46.0	-	46.0
Due in more than one year	1,050.0	2.4	1,052.4	1,033.1	2.5	1,035.6

Without the amortisation of grant introduced under FRS 102, the amount of grant as at 31 March 2021 would have been £1,320.5 million (2020: £1,306.5 million).

		Group
	2021 £m	2020 £m
Work in progress grant	128.9	98.9
Completed grant	1,191.6	1,207.6
	1,320.5	1,306.5

Notes to the financial statements

25. Recycled capital grant fund

Group	2021 HE £m	2021 GLA £m	2021 Total £m	2020 HE £m	2020 GLA £m	2020 Total £m
At 1 April	**3.3**	**10.6**	**13.9**	**3.7**	**13.5**	**17.2**
Inputs to fund:						
Grants recycled from deferred capital grants	1.3	2.4	**3.7**	0.7	2.8	**3.5**
Grants recycled from statement of comprehensive income	0.5	0.5	1.0	0.2	0.5	0.7
Transfer from disposal proceeds fund	-	-	**-**	-	-	**-**
Interest accrued	-	0.1	**0.1**	-	0.1	**0.1**
Recycling of grant:						
New build properties	(0.9)	(4.9)	(5.8)	(1.9)	(5.7)	**(7.6)**
In year adjustment to funding bodies classification	-	-	**-**	0.6	(0.6)	**-**
At 31 March	**4.2**	**8.7**	**12.9**	**3.3**	**10.6**	**13.9**
Due within one year	1.2	2.6	3.8	1.0	4.9	5.9
Due in more than one year	3.0	6.1	9.1	2.3	5.7	8.0

Withdrawals from the recycled capital grant fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

There are no amounts of three years or older where payment may be required (HE: Homes England, GLA: Greater London Authority).

26. Disposal proceeds fund

Group	2021 HE £m	2021 GLA £m	2021 Total £m	2020 HE £m	2020 GLA £m	2020 Total £m
At 1 April	**-**	**-**	**-**	**0.4**	**0.9**	**1.3**
Inputs to fund:						
New build properties	-	-	-	(0.4)	(0.9)	(1.3)
At 31 March	**-**	**-**	**-**	**-**	**-**	**-**

27. Loans and borrowings

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	
	2021 £m	2020 £m	2021 £m	2020 £m
Due within one year				
Bank loans	24.4	23.9	7.0	6.7
Other loans	3.5	3.3	-	-
	27.9	27.2	7.0	6.7
Due after more than one year				
Bank loans	652.4	676.8	100.6	107.5
Other loans	1,020.0	1,023.4	518.7	518.6
Loan issue costs	(8.3)	(9.3)	(1.4)	(1.6)
	1,664.1	1,690.9	617.9	624.5

	Group		Association	
	2021 £m	2020 £m	2021 £m	2020 £m
Within one year	27.9	27.2	7.0	6.7
Between one and two years	186.7	45.2	7.2	7.0
Between two and five years	118.4	269.2	24.1	22.3
After five years	1,367.3	1,385.8	588.0	596.8
Loan issue costs	(8.3)	(9.3)	(1.4)	(1.6)
	1,692.0	1,718.1	624.9	631.2

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.

Notes to the financial statements

27. Loans and borrowings (continued)

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.

			Interest Rate			Margin	
	Loan balance £m	Premium/ (discount) £m	Lowest	Highest	Weighted average	Lowest	Highest
Loans on floating rates	160.4	-	LIBOR	LIBOR	LIBOR	0.25%	1.75%
Floating rate loans hedged with interest rate swaps	147.8	-	4.04%	4.76%	4.56%	0.35%	1.35%
Non-cancellable floating rate loans hedged with embedded fixes	463.1	-	4.08%	5.97%	4.78%	0.25%	0.75%
Index linked loans	1.2	-	4.50%	5.50%	5.47%	0.00%	0.00%
Bond and private placements	900.3	(1.3)	1.96%	11.3%	4.28%	0.00%	0.00%
Unmatched standalone swap	15.5	-	4.46%	4.46%	4.46%	0.00%	0.00%
Total	1688.3	(1.3)					

27. 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 0.33% (LIBOR + margin) to 11.33%. The final instalments fall to be repaid in the period 2021 to 2045 as tabulated below:

	Interest rate maturity ladder[1]	Loan repayment bullet	Loan repayment instalment
	£m	£m	£m
Within 1 year	164.7	-	26.6
2 to 5 years	175.4	150.0	149.8
6 to 10 years	610.8	618.8	242.1
11 to 15 years	292.6	56.1	203.2
16 to 20 years	255.2	80.0	119.4
21 to 25 years	188.3	-	41.0
Total	1,687.0	904.9	782.1

[1]The interest rate maturity ladder indicates the timeline of when periods of fixed interest rates within the Group's loan portfolio end which is not necessarily the same timeline as the underlying borrowing.

At 31 March 2021 the Group had undrawn loan facilities of £425.7 million (2020: £443.3 million) which carry margins between 0.3% and 1.4%. As at 31 March 2021, debtors include £1.1 million cash (2020: £1.1 million) charged to lenders.

Loan Security

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

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 187.5%. As at 31 March 2021, the overall charged value of properties was £2.7 billion, with an equivalent EUV-SH value of £1.9 billion.

As at 31 March 2021, unencumbered assets consist of:

	Valuation basis	£m	Unsecured asset cover
Development work in progress	Cost	649.7	
Fixed asset investments	FV/MV	610.0	
Social housing properties	EUV-SH	914.8	
		2,174.5	283%

All completed properties are revalued annually by Jones Lang LaSalle LLP using the appropriate accounting valuation method. As at 31 March 2021, the accounting value of all completed stock was £3.4 billion, compared with an open market value of £8.8 billion.

Notes to the financial statements

28. Financial instruments

	Group	
	2021	2020
	£m	£m
Financial assets		
Financial assets that are debt instruments measured at fair value: Fixed asset investments	20.5	17.0
Total financial assets	20.5	17.0
Financial liabilities		
Derivative financial instruments designated as standalone interest rate swaps without options measured at fair value	67.8	86.0
Total financial liabilities	67.8	86.0

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.

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	LIBOR basis
A2Dominion South	Bullet	35.0	4.570%	30/05/2013	30/11/2037	Quarterly	3 Month
A2Dominion South	Bullet	25.0	4.450%	01/04/2009	01/07/2035	Quarterly	3 Month
A2Dominion South	Bullet	25.0	4.520%	21/05/2013	21/05/2038	Quarterly	3 Month
A2Dominion South	Amortising	40.0	4.760%	30/06/2011	05/09/2030	Quarterly	3 Month
A2Dominion South	Amortising	6.8	4.250%	30/06/2011	30/12/2022	Quarterly	3 Month
A2Dominion Homes	Bullet	16.0	4.040%	01/01/2009	22/09/2036	Quarterly	3 Month
A2Dominion Housing Options	Bullet	15.5	4.460%	01/07/2005	02/07/2035	Quarterly	3 Month

During the year the change in fair value of the interest rate swaps was a £18.1 million profit (2020: £13.0 million loss). Of the total notional value, £46.8 million is amortising in line with the underlying debt.

The floating rate loans and interest rate derivatives are contractually linked to LIBOR, a market rate which is expected to become unavailable from the end of 2021. Management is working with the Group's lenders and derivate counterparties to transition to an alternative benchmark rate, currently expected to be Sterling Overnight Index Average ("SONIA"), The transition is not expected to have a material impact on the results or financial positions of the Group.

29. Provisions

Group	Pension £m	Major works and defects £m	Fire safety provision £m	Legal and contractual £m	Holiday pay £m	Total £m
At 1 April 2020	2.9	3.6	11.6	0.6	0.3	19.0
Additions	0.2	0.1	6.4	-	-	6.7
Utilised in the year	-	(0.7)	(6.0)	-	-	(6.7)
At 31 March 2021	**3.1**	**3.0**	**12.0**	**0.6**	**0.3**	**19.0**

Association	Pension £m	Contractual £m	Holiday pay £m	Total £m
At 1 April 2020	2.9	0.4	0.3	3.6
Additions	0.2	-	-	0.2
Utilised in the year	-	-	-	-
At 31 March 2021	**3.1**	**0.4**	**0.3**	**3.8**

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 fire stopping and insulation totalling £12.0 million. 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

30. Pensions

A2Dominion Housing Group Limited participated in both the Social Housing Pension Scheme (SHPS) defined benefit scheme (DB) a multi-employer scheme, which closed to future accrual on 1 July 2019, and defined contribution scheme (DC) in 2019/20. Both sections were part of a bulk transfer out of SHPS on the 31 January 2021 into the Group's own standalone scheme, the A2Dominion Benefit Scheme (A2BS).

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

A2Dominion Benefit Scheme (Group and Association)

A2BS DB section is closed to new entrants.

The projected unit method to calculate the Scheme liabilities has been used for the period to 31 January 2021, the results have been obtained from the Social Housing Pension Scheme ("SHPS") Defined Benefit Accounting Tool using the central default assumptions as at 31 January 2021. The results as at 31 March 2021 have been produced by rolling forward the accounting results obtained from the SHPS Defined Benefit Accounting Tool as at 31 January 2021. The projected unit method results have been adjusted according to the FRS 102 financial and demographic assumptions applicable at 31 March 2021. The liability calculations have made allowance for the payment of benefits and actual inflation over the year for the period to 31 March 2021.

The Scheme is currently awaiting a final payment in relation to its bulk transfer from SHPS as at 31 January 2021. In order to estimate an asset value for the FRS102 disclosure, an approximate Share of Fund calculation has been undertaken as at 31 January 2021 based a roll forward of the SHPS preliminary valuation results as at 30 September 2020. This calculation gives an estimated share of fund as at 31 January 2021 of £100.1 million.

The invested asset value for the Scheme at 31 March 2021 was provided by TPT Retirement Solutions in-house Finance Team. 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 the investment held in the Scheme has been taken as £78.8 million.

An initial payment of £82.4 million was made to the Scheme on 1 February 2021 in respect of the bulk transfer and the difference between the estimated assets allocated to the Scheme and the initial payment (i.e. £17.8 million) has been projected to 31 March 2021 using the actual return on assets invested in SHPS.

This invested asset value has been combined with the remaining assets held in SHPS to give a final estimated value as at 31 March 2021 of £96.1 million.

For the purposes of the disclosure, the assets held within SHPS have been allocated between the various asset classes shown in line with the actual investment held by the Scheme

The first full actuarial valuation for the A2Dominion Benefit Scheme DB section will take place on the 30 September 2021.

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 2021. 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 six 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 2021. The employer's contributions to the OCCLGPS by the Group for the year ended 31 March 2021 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. The Group also provides retirees with at least five years of service and who are at least 55 with other post-retirement benefits which include life insurance. This scheme is closed to new entrants.

Reconciliation of present value liabilities

	2021				2020			
	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	SHPS DB £m	SCCPF £m	OCCLGPS £m	Total £m
At the beginning of the year	(104.1)	(8.7)	(12.3)	**(125.1)**	(120.7)	(10.3)	(14.7)	**(145.7)**
Current service cost	-	(0.1)	(0.1)	**(0.2)**	(0.3)	(0.1)	(0.1)	**(0.5)**
Contributions by plan participants	-	-	-	**-**	(0.2)	-	-	**(0.2)**
Interest cost	(2.4)	(0.2)	(0.3)	**(2.9)**	(2.9)	(0.2)	(0.3)	**(3.4)**
Actuarial (losses)/gains	(25.8)	(1.3)	(3.2)	**(30.3)**	17.4	1.5	2.5	**21.4**
Benefits paid	2.7	0.4	0.3	**3.4**	2.6	0.4	0.3	**3.3**
At the end of the year	(129.6)	(9.9)	(15.6)	**(155.1)**	(104.1)	(8.7)	(12.3)	**(125.1)**

Reconciliation of fair value of plan assets

	2021				2020			
	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	SHPS DB £m	SCCPF £m	OCCLGPS £m	Total £m
At the beginning of the year	91.7	7.4	9.6	**108.7**	93.0	8.9	10.3	**112.2**
Interest income on plan assets	2.1	0.2	0.2	**2.5**	2.3	0.2	0.2	**2.7**
Actuarial gains/(losses)	2.1	1.9	2.0	**6.0**	(4.4)	(1.5)	(0.6)	**(6.5)**
Contributions by Group	3.0	0.1	0.3	**3.4**	3.3	0.2	0.1	**3.6**
Benefits paid	(2.8)	(0.3)	(0.3)	**(3.4)**	(2.5)	(0.4)	(0.4)	**(3.3)**
At the end of the year	96.1	9.3	11.8	**117.2**	91.7	7.4	9.6	**108.7**

Notes to the financial statements

30. Pensions (continued)

	2021				2020			
	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	SHPS DB £m	SCCPF £m	OCCLGPS £m	Total £m
Fair value of plan assets	96.1	9.3	11.8	**117.2**	91.7	7.4	9.6	**108.7**
Present value of plan liabilities	(129.6)	(9.9)	(15.6)	**(155.1)**	(104.1)	(8.7)	(12.3)	**(125.1)**
Net pension scheme liability	(33.5)	(0.6)	(3.8)	**(37.9)**	(12.4)	(1.3)	(2.7)	**(16.4)**

Amounts recognised in income and expenditure are as follows:

	2021				2020			
	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	SHPS DB £m	SCCPF £m	OCCLGPS £m	Total £m
Included in administrative expenses:								
Current service cost	-	-	(0.1)	**(0.1)**	(0.3)	(0.1)	(0.1)	**(0.5)**
Expenses	-	-	-	**-**	-	-	-	**-**
	-	-	(0.1)	**(0.1)**	(0.3)	(0.1)	(0.1)	**(0.5)**
Amounts included in other finance costs	(0.3)	-	(0.1)	**(0.4)**	(0.7)	-	(0.1)	**(0.8)**
Net interest cost	(0.3)	-	(0.1)	**(0.4)**	(0.7)	-	(0.1)	**(0.8)**

30. Pensions (continued)

Analysis of actuarial (loss)/gain recognised in other comprehensive income

	2021				2020			
	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	SHPS DB £m	SCCPF £m	OCCLGPS £m	Total £m
Actual return less interest income included in net interest income	(1.2)	1.9	2.0	**2.7**	(4.4)	(1.5)	(0.6)	**(6.5)**
Experience gains and losses arising on the scheme liabilities	2.1	0.1	-	**2.2**	10.8	1.1	1.3	**13.2**
Changes in assumptions underlying the present value of the scheme liabilities	(24.6)	(1.4)	(3.2)	**(29.2)**	6.6	0.4	1.2	**8.2**
	(23.7)	0.6	(1.2)	**(24.3)**	13.0	-	1.9	**14.9**

Composition of plan assets

	2021				2020			
	A2BS DB £m	SCCPF £m	OCCLGPS £m	Total £m	SHPS DB £m	SCCPF £m	OCCLGPS £m	Total £m
Equities	15.0	7.0	8.4	**30.4**	13.5	5.5	6.5	**25.5**
Bonds and gilts	43.6	1.5	2.2	**47.3**	5.2	1.3	2.1	**8.6**
Property	3.8	0.6	0.7	**5.1**	2.0	0.5	0.7	**3.2**
Cash	0.8	0.2	0.5	**1.5**	-	0.1	0.3	**0.4**
Other	32.9	-	-	**32.9**	71.0	-	-	**71.0**
Total plan assets	96.1	9.3	11.8	**117.2**	91.7	7.4	9.6	**108.7**

Notes to the financial statements

30. Pensions (continued)

Principal actuarial assumptions used at the balance sheet date

	2021			2020		
	A2BS DB %	SCCPF %	OCCLGPS %	SHPS DB %	SCCPF %	OCCLGPS %
Discount rates	2.1	2.3	2.0	2.4	2.3	2.4
Future salary increases	2.9	2.9	2.9	2.6	2.9	3.8
Future pension increases	2.8	2.0	2.9	2.6	2.0	2.5
Inflation assumption	2.9	2.0	2.9	1.6	2.0	2.5
Mortality rates	**Years**	**Years**	**Years**	**Years**	**Years**	**Years**
For a male aged 65 now	21.5	22.3	22.4	21.5	22.1	22.2
At 65 for a male member aged 45 now	22.8	23.4	23.4	22.9	22.9	22.9
For a female aged 65 now	23.4	24.7	24.7	23.3	24.3	24.3
At 65 for a female member aged 45 now	25.0	26.4	26.3	24.5	25.7	25.6

31. Deferred tax

	Group	
	2021 £m	2020 £m
Deferred tax (assets)/liabilities		
Investment property revaluations	(0.4)	(0.1)
	(0.4)	(0.1)

The net reversal of deferred tax assets and liabilities expected in 2021 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.

32. Non-equity share capital

Association	2021 £	2020 £
Shares of £1 each issued and fully paid		
At 1 April	6	5
Issued during the year	3	1
At 31 March	9	6

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.

33. Contingent liabilities

The Group receives grant from Homes England and from the Greater London Authority, which is 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 2021, the value of grant amortised in respect of these properties that had not been disposed of was £240.5 million (2020: £226.1 million).

As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

Notes to the financial statements

34. Operating leases

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

	Group		Association	
	2021 £m	**2020 £m**	**2021 £m**	**2020 £m**
Land and buildings				
Within one year	4.1	4.4	2.2	2.2
Two to five years	10.6	12.9	7.3	8.5
Over five years	2.0	4.4	0.7	2.6
	16.7	21.7	10.2	13.3
Vehicles and other equipment				
Within one year	0.1	0.2	0.1	0.2
Two to five years	-	0.1	-	0.1
	0.1	0.3	0.1	0.3

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

	2021 £m	**2020 £m**
Amounts receivable as lessor:		
Not later than one year	23.2	22.2
Later than 1 year and not later than 5 years	35.0	37.2
Later than 5 years	90.6	97.3
	148.8	156.7

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

35. Capital commitments

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

Group	2021 £m	2020 £m
Capital expenditure:		
Expenditure contracted for but not provided in the financial statements	309.1	315.2
Expenditure authorised by the Board, but not contracted	373.9	532.3
Maintenance expenditure contracted and authorised by the Board	32.4	37.5
	715.4	885.0

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

- Undrawn loan facilities totalling £425.7 million (2020: £443.3 million)
- Social housing grants and projected proceeds from first tranche sales of shared ownership dwellings and build for sale properties of £799.9 million (2020: £985.4 million)

36. Analysis of net debt

Group	1 April 2020 £m	Cash flow £m	Non-cash changes £m	31 March 2021 £m
Cash at bank and in hand	121.5	(69.4)	-	52.1
Loans due within 1 year	(27.2)	27.2	(27.9)	(27.9)
Loans due after more than 1 year	(1,690.9)	(1.1)	27.9	(1,664.1)
Derivatives due after more than 1 year	(86.0)	-	18.2	(67.8)
Net debt	(1,682.6)	(43.3)	18.2	(1,707.7)

Notes to the financial statements

37. 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 18. The Group also has interests in 13 joint ventures detailed in note 18.

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 £58.5 million (2020: £51.0 million). At 31 March 2021 A2Dominion Housing Group owed £42.4 million to its subsidiaries (2020: £81.3 million). This was in relation to working capital balances and management services.

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 (2020: £0.4 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 £1.1 million (2020: £0.8 million) relates to MPS Housing Limited's 30% share of the LLP's profit.

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

	2021 £m	2020 £m
A2Dominion South Limited	21.0	15.7
A2Dominion Homes Limited	25.5	22.2
A2Dominion Housing Options Limited	6.4	4.1
A2Dominion Residential Limited	0.6	0.6
A2Dominion Developments Limited	3.8	7.2
Pyramid Plus London LLP	0.6	0.6
Pyramid Plus South LLP	0.6	0.6
	58.5	51.0

37. 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:

2021	Services provided	Qualifying charitable donations	Loan interest		Loans		Other	
			payable	receivable	creditors	debtors	creditors	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	-
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

Notes to the financial statements

37. 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 Libor + 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 2020 the LLP has utilised £19.8 million (A2Dominion Developments Limited: £9.9 million and Rydon Construction Limited: £9.9 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.

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 2021, £8.7 million has been 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. As at 31 March 2021, £8.2 million has been paid to Rydon Construction Limited with a balance of £2.3 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.

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 interest – bearing loan facility of £20.0 million on tranche 2. As at 31 March 2021, the LLP has utilised £19.4 million (A2Dominion Developments Limited: £9.7 million and London Borough of Hammersmith & Fulham: £9.7 million) of the tranche 1 facility. During the year, A2Dominion Developments has incurred pre-contract costs of £22.0 million on behalf of the LLP and £6.6 million related to the refurbishment of the Town Hall on behalf of London Borough of Hammersmith & Fulham.

A2Dominion Developments Limited is a 50% joint venture partner of Crest A2D (Walton Court) LLP. During the year, capital repayments of £4.0 million (2020: Nil) were made by Crest A2D (Walton Court) LLP. During the year no capital contribution was made (2020: £7.1 million) to Crest A2D (Walton Court) LLP.

A2Dominion Developments Limited is a 50% joint venture partner of Keybridge House 2 LLP. During the year capital contributions of £1.5 million (2020: £3.7 million) were made to Keybridge House 2 LLP. During the year capital repayments of £8.2 million (2020: Nil) were made by Keybridge House 2 LLP.

37. Related party transactions (continued)

A2Dominion Developments Limited is a 50% joint venture partner of Elmsbrook (Crest A2D) LLP. During the year capital contributions of £0.1 million (2020: Nil) were made to Elmsbrook (Crest A2D) LLP. During the year, capital repayments of £5.2 million (2020: £0.5 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 £0.1 million (2020: £1.4 million capital contribution) 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 A2D NK Homes LLP with 80% interest. During the year a capital repayment of £0.6 million (2020: Nil) was made by A2D NKH (Pitsone) Limited, a wholly owned subsidiary of A2D NK Homes LLP. During the year no capital contribution (2020: £0.6 million) was made to A2D NKH (Pitsone) Limited.

A2Dominion Developments Limited is a 50% joint venture partner of A2DD-HP Boston Road LLP. During the year, a capital contribution of £5.0 million (2020: Nil) 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 2021, £150.0 million (2020: £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 (2020: £150.0 million).

A2Dominion Treasury Limited has been provided with a loan facility of £150.0 million (2020: £150.0 million) by A2D Funding II PLC. As at 31 March 2021, £150.0 million (2020: £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 2021, A2Dominion Residential Limited owed A2Dominion Treasury Limited £104.7 million (2020: £121.8 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 £10.0 million (2020: £8.7 million). As at the 31 March 2021 £1.0 million (2020: £1.7 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 £9.3 million (2020: £8.1 million). As at the 31 March 2021 £1.6 million (2020: £1.0 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 2021, outstanding loan receivable balance from A2D NKH (Mytchett) Limited is £24.9 million (2020: Nil). The interest and similar income receivable on this loan during the year was £0.1 million (2020: Nil).

Notes to the financial statements

37. Related party transactions (continued)

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries for the year ended 31 March 2020 are summarised as follows:

2020	Services provided	Qualifying charitable donations	Loan interest		Loans		Other	
			payable	receivable	creditors	debtors	creditors	debtors
	£m	£m	£m	£m	£m	£m	£m	£m
A2Dominion Developments Limited								
A2Dominion Homes Limited	14.3	-	(10.4)	-	(176.6)	-	-	16.4
A2Dominion South Limited	14.5	-	(10.4)	-	(176.6)	-	-	13.0
A2Dominion Treasury Limited								
A2Dominion Homes Limited	-	-	-	0.6	-	27.3	-	-
A2Dominion South Limited	-	-	-	-	-	0.9	-	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	(7.5)	-
A2Dominion Housing Finance Limited								
A2Dominion South Limited	-	-	-	0.3	-	25.0	(15.0)	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	-	15.0
A2Dominion Residential Limited								
A2Dominion Homes Limited	-	(3.2)	-	-	-	-	(0.7)	-
A2Dominion South Limited	-	-	-	-	-	-	(0.2)	-
Pyramid Plus London LLP								
A2Dominion Housing Group Limited	12.6	-	-	-	-	-	-	0.7
Pyramid Plus South LLP								
A2Dominion Housing Group Limited	15.1	-	-	-	-	-	-	0.9

Notes

a2dominion group

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