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Regulator of Social Housing number L4240

A2Dominion Housing Group Limited

Annual Report and Financial Statements

Year ended: 31 March 2023

A2Dominion Housing Group Limited
31 March 2023

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Introduction

Chair's statement

This last year has been an exceptionally difficult one for many of our customers due to rising inflation and mounting energy prices. Unfortunately, it is people in vulnerable circumstances that have been the hardest hit as they spend proportionately more of their income on heating than anyone else in society. In recognition of this challenging environment, our plans focus on improving the safety, warmth and efficiency of our homes and supporting our customers.

This is why we supported setting the social housing rent cap in the recent government consultation. We did it despite the impact this lower cap would have on our business, as high costs continue to put pressure on our finances.

In my first year as Chair I have seen just how dedicated our teams are, how hard they work to support our customers, and how dismayed they are when things go wrong. The majority of our repairs and services are carried out to a high standard, but improvements are needed, and we're committed to getting things right. A lot of work is going into identifying and rectifying where we may have let people down, making sure we reduce the risk of this happening again as far as humanly possible. We also know from feedback that our customer services aren't as responsive as they should be in some cases which is why we are also making improvements in this area, so colleagues have the resources and tools to be able to better assist customers.

Whilst A2Dominion continues to find ways to improve and to deliver, I recognise that we are not always delivering to the high standards we set ourselves and that our customers expect. For this and where we have made mistakes I, on behalf of the Board, our new CEO Ian Wardle, and our colleagues, would like to apologise to customers who have been adversely affected.

These improvements will only be possible with the continued support and dedication of our colleagues. Moving forward, new ways of working, and much needed new systems, mean that our colleagues whether working from home, in our offices or on site, will ensure that we maintain accessibility for all our customers whilst providing flexibility for employees. We're building a culture that empowers colleagues to make decisions and opens direct communication between our teams and our communities.

I'm happy to say the Board has renewed focus on our core social objectives. This means the provision of good quality, well maintained social housing and providing as many new social rented homes as we can. To achieve this, in some cases we will look at streamlining where we work, especially if our customers would be better served by a different, more local provider. As a housing charity, we should, and will be focusing on our core charitable objectives.

The Board and I are committed to continuing and expanding the work we do to support communities in need. We illustrated this commitment recently when we secured the contract to deliver a variety of community support services including refuge accommodation, domestic abuse outreach, and places of safety within Oxfordshire.

Introduction

I welcome the fact that central government, the Regulator, and the Ombudsman are instructing our sector to raise standards. The Board acknowledges our management team's aspirations, echoed by central government, to make faster progress on the issue of damp and mould. We are concentrating on this area and have dedicated resources to tackle the issues head on.

Going forward, we will work with our communities to identify how best to redevelop estates, and improve the safety and security of our homes, and help our customers to reduce their energy bills. We will focus on providing more homes on land we already have but recognise the need to build additional homes for private sale and rent in order to fund our redevelopment work.

Only benchmarking ourselves against our peers in the housing sector has meant that we haven't always pushed hard enough to improve our service offerings. We will now look outside our own sector to compare our service levels with the best in class at customer service, aiming as high as we can. We need to be agile and adaptable to the changes that will inevitably come from financial and political pressures in the coming years.

We are committed to the sites we have in development and will look to deepen and extend our working partnerships with house builders, pension fund investors and other developers to achieve our aims and make a greater impact. Our focus will start to move from new sites to regeneration of estates and land that we already own.

In terms of our financial performance, last year was another tough one for the housing industry, and the wider UK economy. We faced stronger headwinds than we had anticipated, which resulted in rapid increases in operational costs across the board. Tougher markets also contributed to a drop in sales, a greater emphasis on spending to improve our homes, and compliance with new regulations has severely reduced our surpluses. We now have a new corporate strategy in place, and we've identified a series of actions we will take to improve our offering and performance. The wide range of improvements we want to see will take time, but we do have the financial capacity and plans in place to deliver for our customers.

This year we also recruited three highly experienced members to the Board, in Dennis Watson, Nigel Turner, and Alex Roth. They are already adding to our Board capability to address specific challenges we face in an ever-evolving housing landscape.

My thanks and those of the Board go to Ian Wardle, for re-invigorating our leadership. We welcome his desire to get out and meet customers and colleagues, see our properties for himself, and to help guide our purpose into the future.

Who we are

We are a charitable housing association with a strong history going back eight decades, having grown, and diversified to meet the increasing needs of our customers.

We provide:

- Social and affordable housing
- Key worker, student, intermediate and homebuying offers to help people in different situations and life stages
- Market sale homes
- Community projects to help customers improve their health, wellbeing, and finances
- Supported housing and services
- Temporary accommodation.

Our purpose

To be a trusted housing association providing safe, high-quality homes and services

Our vision

To provide homes people love to live in

Where we operate

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

- From around 8,000 homes in 1980, over 38,000 homes and 70,000 customers today
- 100% of profits reinvested
- Over the past 10 years we have developed over 7,000 new homes.

Our services

Residential management services

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

Supported housing and services

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

Property maintenance

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

Community investment

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

Land and development

We buy and develop land to provide high-quality new homes across all tenures. We aim to deliver one third of our future pipeline in joint venture partnerships, sharing expertise to encourage new, vibrant communities. The remainder of new homes will be delivered from redevelopment of our own assets and via strategic land.

Our brands

A2Dominion is our brand for a wide range of homes for rent and resale, as well as day-to-day property management. It also covers specialist housing, and community investment services.

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

Pyramid Plus is the brand for our joint ventures that provides repairs and maintenance services for our customers.

Stock profile

	Local authority	Homes in management	Homes in development	Total
1	Bristol	968		968
2	Bromley	1,191		1,191
3	Camden		86	86
4	Cherwell	578	77	655
5	Chichester	544		544
6	City of Westminster	1,288		1,288
7	Crawley		121	121
8	Ealing	3,792	495	4,287
9	Elmbridge	636	184	820
10	Guildford	588	54	642
11	Hackney	400		400
12	Hammersmith & Fulham	1,273	204	1,477
13	Harrow	940		940
14	Hillingdon	2,041		2,041
15	Hounslow	2,935	127	3,062
16	Oxford City	2,587	510	3,097
17	Reading	538		538
18	Reigate & Banstead	457	45	502
19	Runnymede	638	46	684
20	Rushmoor	368		368
21	Slough	951		951
22	South Oxfordshire	315		315
23	Southwark		451	451
24	Spelthorne	6,897	28	6,925
25	Surrey Heath		96	96
26	Sutton	335		335
27	Tower Hamlets	501		501
28	Wandsworth	439		439
29	Waverley		209	209
30	West Berkshire	631		631
31	Winchester	1,129		1,129
32	Windsor & Maidenhead	382		382
	Other[1]	4,902		4,902
	Total	**38,244**	**2,733**	**40,977**

[1] Indicates local authorities where stock in management is less than 300.

Our plans for the future

Our priorities

Our job is to provide people with good homes. Moving forward, we will invest even greater resources into redevelopment and improvements for our existing customers' homes.

We have taken stock of our operating and financial performance, the urgent need to address safety and building quality issues and the needs of our core customers. We are prioritising our activities, to get back to basics and get them right.

Our customers come from many different backgrounds and circumstances, and our vision is to provide homes people love to live in. We know that it will take time to achieve this for all our customers, but this is our aspiration for the future.

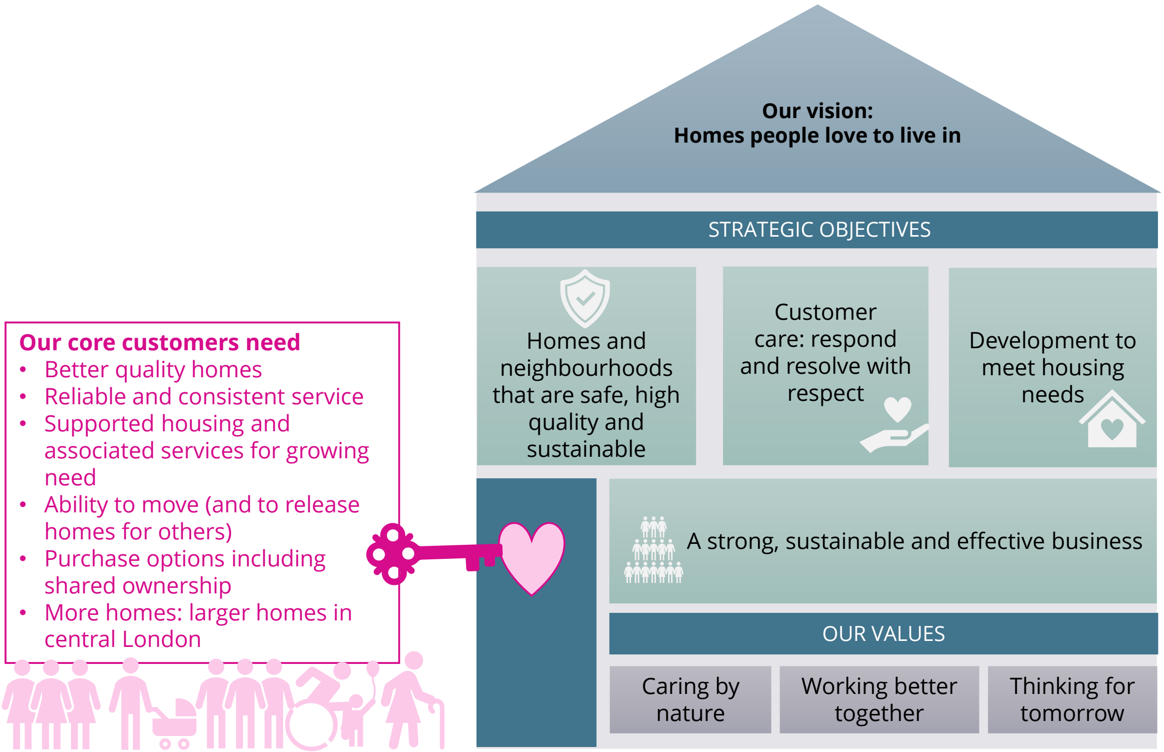
Our new strategic priorities will help us to meet the needs of our customers, satisfy new and emerging regulatory requirements and be an effective and sustainable organisation.

Our strategic priorities:

1. Homes and neighbourhoods that are safe, high quality and sustainable
2. Customer care: respond and resolve with respect
3. Development to meet housing needs
4. A strong, sustainable, and effective organisation

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.



Investing in our homes and communities

As a charity, all our profits are reinvested back into our social purpose, which is to provide homes and services for the people who need them most. This underpins our operation, although current operating challenges have reduced surpluses available and require us to concentrate more on our customers.

Our financial plan is designed to build and protect our resilience for the long term, providing funding for improved customer services, safe and sustainable homes, and more homes where they are needed most.

We use the rent we receive, as well as the other revenues we generate to support and maintain our existing properties, offer support services, and help local communities where we work.

This includes:

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

Strategic report

Highlights

This has been a particularly challenging year for our customers, the business, and the wider economy. Our emphasis has been on delivering the basics right, and better management of our services. We've made significant progress to ensure our tall buildings are compliant with the latest safety regulations and created a new task force to tackle damp and mould.

We know when issues arise, they need to be resolved more efficiently. That's why we've created more specialist teams and empowered colleagues on the frontline to respond quicker. Like our customers and fellow housing associations, we've felt the impact of the rising cost of living. Higher interest rates, utility bills, and the introduction of a rent cap across the sector has put strain on finances. But we've managed our priorities and mitigated some of these risks by focusing on existing homes and reviewing future developments.

Key highlights:

- **86% (2022/23) customer satisfaction** with responsive repairs services
- **85,000+** responsive repairs
- Created a new Damp & Mould team and Enhanced Housing Management team
- **£11.2 million** generated in social value[1]
- **2,200+** customers claimed over **£7 million** in financial support
- **745** new homes completed
- **340** homes started on site
- **1,748** homes to be built in our two-year development pipeline
- **Fitch A** credit rating
- **82%** employee engagement score

This year it was important for us to take a step back and reassess our priorities. We consulted our customers, colleagues, Board, and committee members, as well as our external stakeholders to find ways to better serve people's needs. We listened and this helped shape our immediate and long-term focus. We strive to be a trusted housing association that provides homes our customers love to live in.

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

Strategic report

Our Group Board and committees have analysed our performance and investigated the opportunities and threats ahead. The key principles from this review are:

- To focus on providing social, affordable homes and services that are aligned to our charitable objectives
- To deliver services that support our objectives, for example our community investment work and specialist housing
- To evaluate and change work that does not support our charitable objectives but that costs us to deliver.

Our Group performance

Homes and neighbourhoods that are safe, high quality and sustainable

Our customers are our number one priority. We are committed to ensuring their homes are safe. We want customers to trust us, know they are being listened to, and that we will always do the right thing. To achieve this, we'll comply with and exceed the latest building regulations, attain high standards of repairs, and proactively redevelop existing homes.

We recognise more progress is needed. We've begun taking steps in the right direction and have prioritised the risks posed from fire, and damp and mould. We'll also continue to improve our sustainability measures, making homes more efficient and cheaper for our customers to live in.

Overview:

- **86%** customer satisfaction with responsive repairs services
- **85,000+ responsive repairs**
- **100%** fire risk assessments completed in 2022/23
- **338** kitchens and **276** bathrooms have been replaced

Our ambition:

We want to be a trusted housing association where people love to live in their homes. We're delivering a continuous programme of improvement to our existing homes to meet regulatory standards and our own commitments, so that our customers are safe and affordably warm.

Going forward we will:

- **Improve and extend our inspections**, information gathering, and assurance to give us a full picture, to prioritise action, ensure that we maintain homes and address disrepair, damp and mould and any systemic building issues
- **Improve our asset data and systems** to provide a full picture of the quality and effectiveness of customers' homes
- **Continue to deliver planned and cyclical investment**, particularly kitchens, bathrooms, and decoration to keep homes fresh and working well, along with an effective responsive repairs programme
- **Accelerate the redevelopment of homes and estates** where they are not economically sustainable, considering investment needs and decarbonisation. This will ensure we deliver value for money and can invest wisely to improve customers' homes and the environment they live in.

Our progress in 2022/23

Strategic KPI	2022/23 achieved	2022/23 target	2021/22 achieved
Median repair days	20 days	=<15 days	13 days
Cumulative planned maintenance	80%	100%	87%
Environment and carbon reduction (average level of annual carbon production per home)	2.05 tonnes CO2	2.024 tonnes CO2	New measure
Satisfaction with repairs	86%	85%	88%
Combined landlord health and safety compliance measure	99%	97%	New measure

Building safety

Over the past year we've enhanced our reporting and monitoring of compliance measures. Our building safety team has responded to more than 6,500 customer enquiries and **completed three-stage inspections of 140 buildings** (over 11 metres) where we are responsible. Of these buildings, 95 were already compliant, and 9 more had remedial work completed by 31 March 2023 and the remaining 36 buildings are due to be remediated. We have completed fire safety inspections in 100% of buildings over 18m and 87% of buildings between 11 and 18 metres. There is also a free wellbeing, legal and emotional support programme available for customers impacted by our cladding inspection and remediation programme.

Highlights:

- We've submitted **12 applications to the Building Safety Fund (BSF) worth around £26 million**
- Funding has been approved for six buildings to the value of **£8.3 million**, we're awaiting outcome for six applications worth an additional **£17.5 million**
- We received **compliance information for our customers in 72 buildings** where responsibility lies with other landlords
- Of these buildings, 42 were already compliant and 18 more had completed remedial work by 31 March 2023. Two buildings were in the remediation process and the remaining 10 were still to be remediated at that date.

Fire safety

- 100% compliance for all properties due a Fire Risk Assessment survey
- 9,347 Fire Risk Assessment actions completed 93% achieved against a target of 85%
- 231 mid and high-rise blocks inspected as per Fire Safety Act (monthly and quarterly inspections)
- 96.2% compliance for planned preventative maintenance servicing (emergency lighting, fire panels, automated opening vents, etc.)
- Planned programme of circa 3,000 actions built and mobilised (currently being delivered over next 3-4 years).

Enhanced Housing Management team

Following changes to the Fire Safety Bill and Building Safety Act, we established a new Enhanced Housing Management team to focus on our tall and high-risk buildings. This decision came following a review identifying that some of our existing resources and systems were not quite ready to meet new requirements.

We have 150 high-rise buildings and 450 mid-rise buildings that are impacted by the new legislation. The team will focus on homes, which are predominately mixed tenure and owned by us. These homes were chosen using a RAG (Red, Amber, Green) matrix looking at building height; equipment complexity within the buildings; repair history; and resident complaints. The other homes remain within our operations and existing housing models.

The Enhanced Housing Management team aims to**:**

- Reduce risk – ensure building and fire safety compliance
- Provide intensive management - property and safety managers will manage a smaller number of homes. This will enable them to respond more efficiently and focus on implementing new legislation
- Improve customer experience - respond to all enquiries faster (within 3 days) and have a greater presence on site (at least once a week) to meet with customers
- Improve processes to make things easier – increase our understanding of why a problem is occurring and then simplify processes for everyone
- Develop a proven model that can be rolled out to the remaining buildings affected by legislation changes.

Paul Slade, Enhanced Housing Team Manager, said: "We're looking to give customers a single point of contact for all the help they need.

"We're providing a much more visible presence on site, so we can strengthen relationships with residents and also comply with the requirements of the new Building Safety Act."

Damp and mould

We want all our homes to be free from damp and mould, and we welcome the new government legislation to address this across the social housing sector. In the past year, we've created a specialist team to tackle the problem.

We have developed robust plans to diagnose and remedy cases, including:

- Accelerating our repairs programme
- Improving processes and data, such as getting more information from customers the first time they contact us. This allows us to better assess their problem and respond quickly and effectively with inspections, cleaning, and repairs
- Providing better information to customers. We've launched a campaign to encourage customers to let us know of any damp and mould in their homes as soon as possible.
- Increasing customer support. We understand the cost-of-living crisis is impacting people's ability to heat and ventilate their homes, so we've raised awareness on the support available to customers via our tenancy sustainment team.

Jane Clarges, Customer Liaison Manager, helped to form the new damp and mould team from talented colleagues across the business and explains why this has been so important.

She said: “Having a dedicated team helps us take the right approach to resolving damp and mould in a customer’s home. It also reassures our customers that we are taking all reports very seriously and are working hard to look at future proofing our properties.”

Responsive repairs

We’ve experienced a surge in requests for repairs in the past 12 months. This has partly been driven by positive intervention from the government, Regulator and Ombudsman to drive up standards across the sector, especially in relation to damp and mould.

More than **85,000 responsive repairs** have been carried out by Pyramid Plus and our external contractors in 2022/23. We weren’t initially prepared for the high volume of requests we received, resulting in a slower response time than we would have liked. On average, repairs were completed within 20 days. This is outside our target of 15 days and longer than the 13-day average we managed to achieve in 2021/22.

We know we need to find solutions quicker. We’ve taken significant steps in the right direction to make sure repairs are completed faster, fixed first time, with clear information along the way. We’ve also made it easier for customers to get in contact with us and empowered colleagues closer to the frontline to respond quicker.

Lifts

Lift servicing has been an issue this year for us and many other housing associations due to a shortage of lift engineers and supply chain challenges for lift parts. 82% of our domestic lifts hold a current Lifting Operations and Lifting Equipment Regulations (LOLER) examination, compared to 85.6% in 2021/22, which falls short of our 100% target. This remains a priority area for us, and we’re carrying out a review to improve the way we manage this vital work.

Planned maintenance

We want to continuously improve our customers’ homes. In 2022/23 we spent £6.9 million on cyclical repairs on more than 3,000 properties and carried out 1,100 inspections. These works achieved a 95% customer satisfaction score.

Highlights:

- 578 doors replaced
- 486 windows replaced
- 84 roofs replaced

In the past 12 months we completed 80% of planned maintenance repairs against budget, including kitchens, bathrooms, windows, doors, and decorations. This falls short of the 87% achieved in 2021/22 and against a target of 100%, due to issues including shortages of materials and labour. We installed **338 kitchens** (273 in 2021/22) **and 276 bathrooms** (150 in 2021/22), having increased resources to meet demand.

Our **decent homes compliance** figure for 2022/23 was 99.9%. There are 26 outstanding homes, which are either in progress, or our customer has declined to have work carried out.

We completed a fire risk assessment for every single home we manage. This is up from 97.6% in 2021/22. We've also carried out 93.2% of fire risk actions within date, against a target of 85%.

Mr Khosla from Ealing was very happy with his kitchen and bathroom renovation and thanked one of our project managers, Emily.

He said: "It is very rare that you get to meet someone who is so helpful. Emily has really helped make this process easy. My wife and I are going into our seventies so it's quite daunting to do all this now. If it wasn't for Emily's kindness - we would have struggled."

Anti-social behaviour (ASB)

Everyone deserves to feel safe in their homes and communities. We're working with our customers where anti-social behaviour (ASB) is an issue and have created a resident involvement group and action plan to raise awareness and provide useful organisations to contact. We aim to accelerate our response, address the causes, and take preventative action.

Last year, we investigated 549 cases of anti-social behaviour. On average, we resolved complaints of ASB within 83 days, quicker than our target of 90 days. Complex cases of ASB, such as those involving legal action, can often take longer than 90 days to get a resolution.

Looking ahead

Our priorities for strategy period to 2030:

- Deliver our continuous programme of improving homes, based on our assessment of what we need to invest and deliver to meet legal standards as well as our own commitments, so that our customers are safe and affordably warm
- Complete building safety cases and action plans for tall buildings to meet the requirements of the Building Safety Act, for buildings over 18 metres (and extending to those over 11 metres as and when the remit extends)
- Accelerate the redevelopment of homes and estates, considering investment needs and decarbonisation
- Achieve our target for all new homes to be Energy Performance Certificate (EPC) rated C and above by 2030. We have a Standard Assessment Procedure (SAP) band for all our properties. The SAP band targets are all SAPC by 2035 in line with government expectation.

Customer care: respond and resolve with respect

We're committed to building strong relationships with our customers and delivering a high level of service to them. Our responsibility is to ensure they're better informed, receive a more efficient service and know they are being listened to.

Overview:

- 80% **customer satisfaction score** (combined feedback on repairs complaints and contact centre, 82% in 2021/22)
- **How easy we are to deal with:** Score of 4.1 slightly outside our target of 4.0 and behind our performance in the previous year (3.8 in 2021/22) (lower score means lower effort, which is what we aim for)
- **Social value:** £11.2 million achieved through community investment activities
- More than 2,200 customers claimed over £7 million in financial support in 2022/23.

Our ambition:

We will listen to our customers, use our data and insight to drive improvements, especially for repairs, maintenance, and leaseholder services. Our new housing management software will improve how easy it is to deal with us, help us to achieve zero repeats and we'll promote self-serve through our digital channels. We've set ourselves high standards and will also meet those set by the Regulator and Ombudsman. We've introduced a customer engagement framework, so our customers have stronger involvement in our work, better visibility and oversight of our performance, and a louder voice to influence what we do.

Across our customer service we will improve our:

1. Speed
2. Responsiveness
3. Quality
4. Consistency
5. Use of feedback

Strategic KPI	2022/23 achieved	2022/23 target	2021/22 achieved
Deliver customer promise: customer effort score (weighted average of customer contact centre, repairs and complaint handling)[1]	4.1	<4.0	3.8
Deliver social impact: social value through community work and investment	£11.2m	£9.0m	£11.0m
Complaints – % escalated to the Ombudsman	1.2%	<1.0%	1.0%

[1] Due to survey issues, the 2021/22 score did not include satisfaction with complaint handling, so the two years are not entirely comparable.

Customers need us more than ever

We know we need to do more to meet the needs of our customers. This year we have taken stock and placed an emphasis on doing the basics right. The challenging economic environment means now more than ever we need to deliver value for money.

We welcomed the government's 'Make Things Right' campaign encouraging customers to raise complaints with their landlord. We've also reached out to our customers and made it easier for them to report any issues. As a result, we saw an increase in complaints and this higher volume meant it took longer for us to respond than we would have liked.

We want to do things right the first time and know our customers get frustrated if this doesn't happen. In 2022/23, we resolved **93% of complaints without needing any further investigation**. Two thirds (66%) of complaints related to responsive repairs, mechanical, electrical and gas issues including waiting times and quality of work. Others related to service standards and how well we keep customers informed.

We recorded a **customer satisfaction score** of 80%, against a target of 82%. This rating combines our customer satisfaction with repairs (86%), complaints (81%) and our customer contact centre (75%).

We responded to 73% of complaints within a 10 day response time, which falls short of our target of 90%. This was caused by several factors, including higher than expected numbers of complaints and we are working hard to improve. We take all complaints very seriously and just **1.2% were escalated to the Ombudsman**. This is slightly above the 1.0% we achieved in 2021/22 and above our 1.0% target. Providing a high-quality service to customers remains a high priority and so we have raised our target to respond to 100% of complaints within our target timescales and are working to make sure our complaint performance handling is more visible.

We've introduced a monthly forum for Heads of Service and Directors to progress solutions for longer standing complaints. The government has also introduced new **tenancy satisfaction measures** that can be used to draw comparisons with other housing associations, and we will be using these customer responses to improve our ways of working.

Social impact and community work

We continue to invest in the communities we operate in, despite the challenging economic environment. We generated £11.2 million in social value in 2022/23 through various community projects, exceeding our target of £9 million.

Highlights:

- 5,800 customers accessed financial and wellbeing support
- 2,668 customers participated in community projects
- £524,000 of external funding secured
- Over £300,000 in grant funding distributed to over 28 community organisations
- Shortlisted for Best Supported Housing Landlord at the UK Housing Awards
- £12,800 in food and household energy help distributed in the past six months through

our partnership with charity Charis

- Nominated for Digital Housing Digital Award, for our Springboard Grant.

Our Pathways Programme is helping customers like Dawn to progress with their career
Dawn McWhinney, a customer in south-west London, was helped to secure a new job as a HR Coordinator after enrolling onto our Pathways Programme. Our employment advisors create personalised plans for customers, including help with CVs and access to training.
Dawn said: "What I've really appreciated was being encouraged, but mostly, it was having someone who believed in me and didn't limit my expectations."

Seven customers split more than £14,000 to fund their business dreams
Seven customers secured a combined £14,272 in business funding after reaching the final of our Enterprise Programme, including workshops and help with business plans.
Jo Evans, Director of Specialist Housing, who was on the judging panel, said:
"We were really impressed by the quality and professionalism of the finalists, and their determination to succeed. It was an absolute joy to be part of a programme that can help each of them towards their business dreams."

Care and Support services meeting best practice criteria at internal audit
An internal audit found 95% of our Specialist Housing services met the best practice criteria. This is an increase of 4% from last quarter and matched our 95% target. Standard assessments are undertaken in all operational areas – support, care, intensive housing management, housing management and catering.

New tenders secured for Specialist Housing
We've successfully grown and retained several important support service contracts in 2022/23. The combined annual contract value of bids won this year totals more than £1 million in funding for our essential support services.

We secured a tender to remain the key provider of domestic abuse services in Oxfordshire for the next three years. The opportunity, worth £688,200 per year, will deliver key services, including 16 supported refuge units, place of safety accommodation and support.

Raising awareness of domestic abuse against men
Our Domestic Outreach team in Buckinghamshire has been raising awareness of domestic abuse against men. The initiative forms part of a wider campaign supporting those at risk, and we are joining the Domestic Abuse Housing Alliance (DAHA).

Nikki Burnham, one of our Domestic Outreach Officers said: "We've got a new division in Buckinghamshire, and we are working with communities that are harder to reach. We are with clients every step of the way, helping them into places of safety."

Case study: Shajaat Hussain, Operations Manager
Shajaat recently managed our domestic abuse services helping people in vulnerable circumstances. He said: "I have a great interest in this area having a background in law and knowledge around honour-based violence. I went out to the refuges and have seen the hard work the team do to support people who come through the service."

Tender to deliver social inclusion support and housing in Winchester City

Specialist Housing colleagues will deliver supported accommodation and 24-hour intensive support for adults who are homeless or imminently at risk of homelessness in partnership with Hampshire County Council and Winchester City Council.

The opportunity, worth £326,000 per year, delivers an award-winning approach to social inclusion. This includes implementing a Psychologically Informed Environment (PIE) model to help identify the strengths and talents of people in vulnerable circumstances and give them the best opportunity to thrive. The Westview scheme in Winchester City provides intensive support for 25 adults looking to move on to independent accommodation.

Jacob, 22, is turning his life around with the support of colleagues at Matilda House

Jacob, 22, moved into Matilda House - a supported housing scheme in Oxford for those who have experienced homelessness. He has completed alcohol detox and cleared his debts. He's full of praise for our colleagues and is now looking forward to the future.

Jacob said: "Matilda House is very important for the community, helping people who live on the streets. Now I'm looking to get my own place, and college courses too."

Young mother thanks colleagues for the support they have shown her

Chloe, 20, moved into Bramlings House in Newbury - a specialist scheme for young people and parents aged 16-24. At the time, she was pregnant with her first child and had unfortunately experienced a family breakdown – at times she found herself sofa-surfing.

Chloe and her son now have a safe place to call home. She said: "The staff are very welcoming, it's easy to get along in here. It's a nice community to be a part of. My support worker Geanette is lovely, so easy to talk to."

Donations fund

Our donations fund has provided **£44,395 to our customers** for a variety of purposes including TVs for communal areas, garden furniture, art supplies, barbeques, and events such as the King's Coronation.

Applications **increased by 118% in 2022/23** and the funding awarded rose by 52%. This year's fund generated £220,000 in social value.

UASC Service (Unaccompanied Asylum-Seeking Children project in Oxford)

Our Specialist Housing team launched a new scheme to help asylum seeking children and the service has expanded to include 18 units of accommodation.

Housing Officer Faheem Chudry works closely with the UASC Service.

He said: "I cover a large patch of different services, from Salisbury into London, out to Banbury and Wokingham. I work with the unaccompanied asylum seekers' service, domestic abuse service, young people, young parents, the rough sleepers' initiative, and complex needs."

As part of the UASC service, supported accommodation units have opened in places including Oxford and Reading.

Empty properties

We've taken longer to fill properties between tenancies in 2022/23 with an average of 38 days. This is slightly above our target of 30 days. Many factors contributed to this, including employee shortages and external factors such as a continued backlog following Covid-19, delays with local authorities providing nominations and a high level of property refusals.

We began to see vast improvements from November 2022 onwards after employee levels returned to normal. We upskilled colleagues from across the business to help drive down the turnaround times and new processes were implemented to better manage and prioritise customers. The hard work and dedication of colleagues was demonstrated in March 2023, when we set a record of 13 days.

Tenancy sustainment

The rising cost of living meant it was more important than ever to help our customers pay their bills. We saw referrals for 'money management' assistance increase by 57% from 2021/22. As a result of the many support schemes on offer, rent arrears remained relatively low at **3.6%**, marginally higher than the 3.4% target. This is among the lowest in the G15 group of London's largest housing associations.

Our Tenancy Sustainment team helped more than **2,200 customers** claim more than **£7 million** in financial support in 2022/23. Through these referrals our customers were assisted with a range of services, including utility bills discounts and Universal Credit applications.

We also accessed over **£115,000 in charitable grants** for funding, including 135 successful applications to our **Tenancy Sustainment Fund**. The funding has helped our customers in many ways, including purchasing white goods, school uniforms, and clearing debts. In December 2022, energy and food vouchers were made available to customers who found themselves with no means of topping up electric/gas meters or buying food. From December to the end of March, 166 energy vouchers and 117 supermarket vouchers were issued.

Customer helped to secure £18,000 from the Department of Work and Pensions

Tenancy Sustainment Officer Raycyne helped one of our customers to secure more than £18,000 in welfare benefits and become more financially secure in her home.

Raycyne began supporting Jane (not her real name) with her Personal Independence Payment (PIP) application in November 2020. She was on hand through a series of unsuccessful tribunal hearings. But this did not deter Raycyne who wanted to make sure Jane received the funds she was entitled to.

Finally in March 2023, Jane received a backdated payment of £18,500 from the DWP along with an ongoing monthly award of £748.58.

Jane said: "Raycyne has been my biggest supporter. I suffer with anxiety and find new situations overwhelming; she has helped me settle in, guiding me with finances, understanding utility bills and even securing some funding for household essentials like carpet! Nothing has been too much trouble, and I am forever grateful for the support I've received."

Looking ahead

Going forward we will:

- Complete and embed measurement and reporting for the new Tenant Satisfaction Measures
- Continue to improve our complaints handling and response processes, to resolve complaints faster and more effectively, with a new customer scrutiny group to oversee our approach
- Provide a digital roadmap to solve standard questions and transactions through digital means quickly and easily for customers, while providing telephone and in person responses to more complex queries and for customers who do not use digital channels
- Undertake focused work to improve the customer experience, including leasehold customers, where satisfaction tends to be lower.

Development to meet housing needs

We're committed to building high-quality affordable and social homes for people who need them most in the areas with greatest need. To help fund this commitment and meet the growing demand for housing, we also build homes for social and private sale through our FABRICA marketing brand. All our profits are reinvested into building more affordable homes and providing services for the communities we operate in.

Our ambition:

- Deliver new and redeveloped homes where they are needed the most
- Build homes for social and private sale – with profits reinvested into providing more homes for affordable and social rent
- Use our pipeline and strategic land bank to ensure we can grow our housing and placemaking offer and increase our joint venture working
- Meet our sustainability and carbon targets
- Mitigate economic pressures by reviewing our long-term partnerships and find ways to share opportunities, control costs, protect margins and minimise risks.

Overview:

- New homes completed: 745
- New homes started on site: 340
- Homes in our two-year development pipeline: 1,748

New homes	2022/23 achieved	2022/23 target	2021/22 achieved
New homes handed over	745	775	971
New homes starting on site	340	375	540
Sales (number of homes and sales income)[1]	346 units £100.4m	416 units £121.8m	505 £141.0m

[1] Sales information excludes joint ventures

Building homes in the face of continuing challenges

We have successfully **completed 745 homes this year**. This figure is 4% below our target of 775 and 226 fewer than last year. These included **477 (64%) affordable homes**, including shared ownership, keyworker accommodation and homes for affordable rent. The remaining 268 homes were developed for private sale (52 of these developed through joint ventures), not all of these had been sold by year end. This made us re-assess the viability of planned schemes and resulted in some development opportunities being shelved.

Churchill Drive (Spencer Court) Oxford

This much needed development is made up of fully furnished apartments for 91 hospital employees. The new homes are within walking distance of Churchill Hospital and provide NHS keyworkers with more affordable rents, helping with recruitment and retention. The apartments form part of a wider project to deliver more affordable homes to Oxford University

Hospital staff.

Boston Road, Hanwell, West London
Hanwell will offer 360 quality homes for affordable rent, shared ownership, and sale, close to the train station. Affordable housing makes up 37.6% of the development. Homes all have access to garden terraces, play spaces for children and rooftop gardens.

Cranleigh, Amber Parkside in Surrey
Amber Parkside is a self-build scheme providing 73 homes, including 10 units for shared ownership and 6 units for affordable rent. We will manage and contribute to a new park and amphitheatre, creating a public green space which will be managed by the Knowle Park Trust.

Elmsbrook, Bicester
Work continues at our Bicester scheme, one of the UK's first eco-towns and the only true zero carbon development of its size, with 397 homes all offering sustainable living, including 93 affordable rent and 23 shared ownership homes. Professor Chris Whitty, England's Chief Medical Officer, visited in November 2022 as part of an initiative to create sustainable, thriving communities, supporting people to live healthier lives.

Mytchett with Nicholas King Homes
This scenic development with 248 homes includes 155 homes for private sale, 47 for shared ownership and 46 for affordable rent. The aim is to create a growing lakeside community of energy efficient new homes, with three, four and five-bedroom properties. Located on six hectares of land, the development has 2.3km of circular walking and cycling paths.

Sales
In 2022/23, we completed the sale of **346 units worth £100.4 million**. Shared ownership and private sales remained strong despite challenging market conditions. However, overall sales fell short of our target of **416 units** (**£121.8 million**) and were affected by building delays, completions being pushed back into the next financial year and a lower number of customer enquiries. External factors also contributed to this outcome, including rising inflation, higher interest rates and continued issues with global supply chains. The profits from these sales are used, along with our debt funding and social housing grant, to fund new affordable housing.

Starts on site
We achieved **340 starts on site** as of 31 March 2023, against a target of 375, with construction delays and increased costs impacting the timescales for these building projects. We will continue to develop the sites we already have underway and fulfil our programme of development, with a target of **719 new homes** to be handed over next year.

Change in focus
While we are committed to building more affordable and social housing, the current economic climate has meant we've had to put more emphasis on our existing homes and assets. Going forward we're placing more emphasis on redevelopment, with a focus on quality and safety.

Looking ahead

Starting in 2023/24, we will:

- Deliver our existing build programme
- Create a refreshed plan for land buying, development, and asset management across our business
- Evaluate, model and plan for recession and other challenging scenarios to protect our development pipeline and adjust for economic shocks
- Commission an independent annual review of hurdle rates and appraisal assumptions which provide the thresholds for our schemes, so we enter at the right levels and achieve the returns that we need
- Investigate new ways of funding and partnerships.

New sites:

We have **1,748 units in our development pipeline** over the next two years of which:
- 50% will be for private sale
- 50% will be affordable rent, private rent, and shared ownership.

Sales target:

We are continuing to work towards our sales target, building on the 56 advance sales already secured (as at 31 March 2023).

A strong, sustainable and effective organisation

To deliver value for money for our customers and meet the growing housing demand we have to ensure our business is financially sustainable and secure. We want to maintain and wherever possible exceed governance, compliance, and regulatory requirements to provide assurances for all our stakeholders. We take our responsibility seriously around our environmental impact and this remains at the forefront of our decision-making.

Overview:

- Fitch A credit rating
- 82% employee engagement score

Our ambition

- We will manage our cost base to sustain our service delivery and help withstand external shocks
- We will provide a value for money service, maximise our social impact and look at new income streams to grow
- We will use benchmarking to understand potential to improve, and business intelligence to target our resources
- We will take our responsibility seriously around our environmental impact and will improve our performance and reduce carbon emissions.

Strategic KPI achieved	2022/23 achieved	2022/23 target	2021/22 achieved
Transform the way our organisation works: implement Fit for the Future Programme and deliver defined benefits	User Acceptance Testing underway	100% of milestones	100% of refreshed project plan
Improve our financial performance: operating margin	11.2%	17.7%	20.1%
Sales margin (including joint venture sales)	11.5%	16.1%	14.0%
Safeguard / maintain confidence of our lenders, stakeholders, and shareholders: credit rating	A	A	A
Regulatory rating	G1/V2 (under review)	G1/V2	G1/V2
Ensure we have the investment, resources, and excellence to protect the organisation: colleague engagement	82%	83%	81%

Our financial performance against a backdrop of continuing challenge

This year has seen a marked fall in our surplus, and we are reporting a deficit for 2022/23 of £12.8 million, which is a reduction year on year of £53.2 million. This has come at a time when we have been increasing our investment in our existing homes, while being impacted by huge increases in operational costs, and a fall in our property sales.

Operating margin

We achieved an **operating margin of 11.2%** in 2022/23. This is lower than the 20.1% achieved in 2021/22.

External funding and liquidity

We continue to enjoy good access to funds via banks and capital markets. We repaid in full a £150m retail bond that was issued in 2013 and are reviewing a number of initiatives to reduce our average cost of funds.

Financial planning for the future

Our priority is to safeguard the organisation for the benefit of our customers. We have taken action to help protect the organisation from the impact of external economic conditions in future. We also have a commitment to protect our customers' homes and the services we offer them, so we will be investing in these as a priority.

Regulatory ratings

Fitch maintained our A credit rating in October 2022. This allows the business to borrow at the best possible rates and demonstrates the security of the Group for lenders and bond investors.

Colleague engagement

Colleagues have continued to show adaptability and resilience throughout the past 12 months. Internally, we made a sustained effort to equip colleagues with the necessary tools to stay connected with each other as we continue to operate a hybrid working model, with colleagues working in the office, remotely and onsite. This year our employee engagement score was 82%. This represents a 1% rise from 12 months ago but falls short of our 83% target. However, this remains 5% higher than the external benchmark.

Increased transparency

To become a more effective organisation we've reached out to our customers and other stakeholders, including MPs and local councillors, to find out what they really think of us and how we can do better. This feedback helped to inform our new corporate strategy and we'll continue to partner with our stakeholders as we work to improve our services.

Equality, Diversity & Inclusion

We've continued to take steps to improve Equality, Diversity & Inclusion (ED&I):

- We launched our ED&I reverse mentoring programme with our CEO, Ian Wardle. Ian attends meetings with members of our diverse ethnic minority community to discuss their experiences and this helps to shape our agenda for 2023/24.
- The ED&I theme of our employee survey scored 80%, in relation to fairness, respect and being myself at work.

- We also launched our first LGBTQ+ community which is a safe and confidential support group and held our first transgender awareness webinar.
- Secured Greater London Authority funding in recognition of our commitment to ED&I.

Fit for the Future

The Fit for the Future (FFP) multi-year programme aims to significantly improve the way we work and the services we provide to customers. The programme will provide a single version of the truth across our key data and automate how we capture information for all routine customer transactions.

We're currently working on phase 3 of the project, and we know this has taken a long time to get where it is today. This is partly due to continuous changing needs of our workforce, working remotely, in offices and directly with our customers.

We want to ensure that FFP is the best it can possibly be, so we are not rushing ahead. We are now confident that we will be able to find a solution that will work for everyone.

Environmental, Social and Governance (ESG) reporting

We published our second (ESG) report in 2022. In 2020/21, we were early adopters of ESG reporting amongst our peers, reflecting our clear social purpose and commitment to sustainability.

Digital transformation and cyber security

We continue to invest in cyber security and as part of this we completed a cyber business continuity test. This ensures our business and customer data are protected from online threats.

Looking ahead

From 2023/24 and in the years ahead, we will:

- Update our target operating model to enhance our ways of working and processes
- Drive efficiency to manage down costs in proportion to our income
- Ensure our Fit for the Future programme provides maximum benefit of our customers
- Continue our equality, diversity, and inclusion (ED&I) plan
- Refresh our financial strategy to support the delivery of our new corporate plan
- Be more accessible and responsive for our customers.

Risk management

The Group's definition of risk is an event which could hinder the Group from achieving its strategic priorities.

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

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

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

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

Principle	How this is achieved
Effectively identifying and mitigating key business risks to support the continued viability and success of the Group.	• Annual review of the Long-Term Financial Forecast by the Executive Management team and the Board • Monthly review of risk registers by the Executive Management team • Identifying risks within the context of the sector risk profile and global outlooks • Quarterly review of the Strategic Risk Register by the Audit, Risk and Assurance Committee and the Board • Quarterly reviews of assigned 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 and Assurance Committee meeting • Internal audit programme linked to risks • Risk exposure assessed against controls in place • Identifying causes and consequences for each risk.
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.

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

Risk management supports the achievement of business objectives by:

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

As a result of the rapidly changing environment in which it operates and the challenges of maintaining financial strength and regulatory compliance, 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 and 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 13 strategic risks that could, if not managed effectively, have a significant effect on the Group and its ability to meet its strategic priorities. Two of these risks, data quality and Board succession, are under development for inclusion in the Group's risk register.

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 the financial impact that the scenarios may cause.

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

The table below shows the key strategic risks which the Group considers pose a threat to its delivery of its strategic priorities as at 31 March 2023:

Key risk area	Key controls in place	Board identified risk appetite
HOMES AND NEIGHBOURHOODS THAT ARE SAFE, HIGH QUALITY AND SUSTAINABLE		
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, and management action plans developed in response to changes in legislation • Risk Assessments in place for key Health and Safety Risks including those related to property services • Issues escalation process in place related to P1 register, reviewed quarterly by Health and Safety Executive • Crisis management plan for serious health and safety incidents (including Gold, Silver and Bronze Groups when required) • Employee awareness and training of health and safety issues including at induction • Approved Health and Safety strategy, policy, and action plan in place aligned to corporate plan • Quarterly compliance testing via internal audit on landlord health and safety areas • Internal audit programme covering key areas of health and safety compliance.	Averse

Key risk area	Key controls in place	Board identified risk appetite
CUSTOMER CARE: RESPOND AND RESOLVE WITH RESPECT		
Failure to deliver customer-led services in line with customer expectations	• Skills matrix for all employees with gaps identified • Customer experience plan and strategy 2020-25 in place • Service Level Agreement for repairs joint ventures managed through contract management meetings and escalated to joint venture partnership boards as necessary • Survey programme including service satisfaction Key Performance Indicators (KPIs) in place (including a customer effort KPI) for all key service areas • Updated customer website and portal to enable customer feedback to be captured • Approved Complaints Policy, escalation procedure and compensation policy in place • Approved Knowledge Management Strategy • Mazars Quarterly Compliance Testing of Complaints.	Minimal
DEVELOPMENT TO MEET HOUSING NEEDS		
Insufficient financial planning arrangements that ensure the Group's financial viability is not adversely affected by external factors	• Maintain up-to-date knowledge of key economic indicators including trigger KPIs • Cash-flow monitoring report • Movement in house prices and sales performance is modelled to identify long-term trends • Stress tested business plan with mitigation strategies in place • Monthly monitoring of financial covenant compliance	Averse

Key risk area	Key controls in place	Board identified risk appetite
	• Board approved Treasury Management Strategy and policy and procedures in place • Use of Brix financial modelling system to inform Long-Term Financial Forecast • Internal audits of key financial planning and response activity included in audit plan • External advisor team retained to provide market information review and advice on specific projects • Regular advice from external experts and tracking market indices.	
A STRONG, SUSTAINABLE AND EFFECTIVE ORGANISATION		
Insufficiently robust arrangements for securing data and systems from external attack	• Emails containing sensitive data are automatically flagged to users and a confirmation required (using Egress) • Quarterly review of intelligence gathering and privacy risks • Management review reporting on emerging risks and key considerations • Documented and verified security requirements within the data mapping and transformation elements of data migration process • 24/7 network scanning, alert and remediation service in place with Redscan to protect against possible attack • Monthly service review to continuously improve security • User access and changes controlled by a starters, leavers and movers process.	Minimal

Key risk area	Key controls in place	Board identified risk appetite
	• Policies in place for information security, patch management, network security, physical security, use of computers internet, and email at work. • All laptops are encrypted and protected with multi factor authentication (MFA). • Data, loss, and prevention software (Egress) rolled out. • Cyber Essentials Plus Certification for 2022/23 achieved. • KnowBe4 software has been installed, to provide regular cyber training and awareness campaigns to users, including regular phishing testing and training are carried out. • Quarterly internal audit compliance checks of starters, leavers and movers process.	
Failure to have an IT strategy and investment that meet requirements and policy	• Fit for the Future programme governance - project sponsor, project team, recognised project methodology, project workstreams, resource plan, design workshops, testing pre go-live, redundant array of independent disks (RAID) log, escalation process, business-wide communications. • Agreed programme business cases. • Approved budgets from Group Board. • Programme Risk Register. • Business Risk Register regarding failure to deliver Fit for the Future programme. • Validation and identification of gaps within programmes.	Minimal

Key risk area	Key controls in place	Board identified risk appetite
	• Programme Director weekly meeting with system provider. • Revised and embedded procedure for assessing delivery (contract and quality). • Reporting to Executive Management team, working group, Audit, Risk and Assurance Committee, and Board. • Executive Management team review and approval of gap analysis and way forward. • Governance arrangements for reporting of programme status. • Board Fit for the Future working group established with Board approved terms of reference. • Mazars quarterly compliance reviews.	
Failure to have in place a diverse and resilient workforce to deliver the corporate strategy	• New reward scheme approved by Governance and Remuneration Committee. • Formal job evaluation process. • HR Business Partners and talent acquisition team advise on recruitment options. • Governance and Remuneration Committee set reward scheme parameters. • Monthly reports to Executive Management team on turnover and absence. • Diversity and Inclusion Steering Group established. • Annual employee engagement surveys. • Monitoring of employee relation cases.	Averse

Key risk area	Key controls in place	Board identified risk appetite
	• Employee engagement survey analysis and briefing at Executive Management team and reported to Governance and Remuneration Committee. • Gender Pay Gap reporting to Executive Management team and Governance and Remuneration Committee. • Six-monthly report to Governance and Remuneration Committee on reward schemes. • Board approved Reward Policy in place. • Investors in People (IIP) accreditation and review. • External analysis of 'Your View' employee engagement survey results.	
Failure to respond to changes in the operating environment arising from government legislation, policy, or political change	• Covenant thresholds reported in the management accounts. • Management accounts produced by the Treasury/ Finance teams. • Annual budget approved by the Board ahead of the long-term financial plan. • Monitoring (undertaken by subject matter experts) of future legislation including consumer, fire safety, tall buildings, de-carbonisation and First Homes. • Statement of Internal Control to Executive Management team, Audit, Risk and Assurance Committee and the Board. • Annual Long-Term Financial risk scenario planning exercise presented to Audit, Risk and Assurance Committee, Finance Committee, and Group Board. • Approved Treasury Management Strategy.	Averse

Key risk area	Key controls in place	Board identified risk appetite
	• Mazars internal audit reviews. • External audit of accounts.	
Insufficiently robust arrangements in place to ensure compliance with key regulatory requirements	• Health and safety compliance, audit, and training programmes • Group-wide policies and mandatory training in data and safeguarding. • Approved declaration of interest, fraud, money laundering and whistleblowing registers. • In-house teams with specialism in key areas of compliance including audit, risk, data protection, health and safety, property, and development. • Review of compliance performance including safety information at Board, Committee and Executive Management team. • Annual review of Regulator of Social Housing (RSH) compliance. • Triennial review of Pension Regulator compliance. • Periodic fraud and compliance briefings to enhance reporting of incidents. • Approved data protection strategy and policies in place, including logs and processes for managing data processing activities. • Regular dialogue with regulator. • Annual Assurance Statement. • Annual internal audit plan with quarterly reporting to Audit, Risk and Assurance Committee.	Averse

Key risk area	Key controls in place	Board identified risk appetite
	• Programme of deep dives for compliance and other issues through Audit, Risk and Assurance Committee. • Regular oversight of internal audit recommendation implementation by Executive Management team and Audit, Risk and Assurance. Committee. • Consent process to obtain personal data from customers/ stakeholders. • External audit highlights report.	
Inadequate oversight of refinancing risk, liquidity and capital structures leading to poor cash-flow and funding not being available when required to achieve strategic and operational targets and to improve financial performance	• Pamwin software for cash-flow forecasting and monitoring. • Monitoring of key performance indicators (KPIs), cash-flow and KPI triggers quarterly including covenants. • Impact of interest rate changes on the Group tested by Financial Planning Team. • Annual joint venture risk assessment review. • Budget assumptions for pension contributions and performance reported to Board. • On-going management compliance (including monitoring) with development gateways and development hurdles. • Triennial valuation of A2Dominion Benefit Scheme results and benefit options reviewed by Group Board. • Monitoring of loan facilities over the next 18 months to cope with a 12-month sales delay. • Cashflow reporting to Strategic Asset and Development Committee.	Averse

Key risk area	Key controls in place	Board identified risk appetite
	• Monitoring of the Group's five-year net debt requirements to ensure compliance with Board KPIs looking forward 18 months. • Monitoring of the Group's forecast key financial metrics to ensure compliance with Board KPIs looking forward five years. • Executive Management team monitoring of annual budget and cash flow. • Finance Committee monitoring of annual budget and cash flow. • Reporting to, and monitoring, of development schemes by Strategic Development and Assets Committee. • Fitch rating review. • Internal audit reports. • Annual audits by GLA and Homes England.	
EFFECTIVELY MANAGE OUR EXISTING HOMES AND PLACES		
Failure to have an integrated and strategic approach to sustainable property asset management	• Approved Asset Management Strategy 2021-25. • Approved stock condition surveys and work programme. • Approved Sustainability Strategy and associated action plan. • Monitoring of legislation and associated guidance. • Financial assumptions for repairs and maintenance included in the Long-Term Financial Forecast. • Asset options appraisal considers financial and non-financial aspects of performance. • Lifespan system in place to hold property asset data and to develop and monitor works programmes based on stock condition surveys.	Averse

Key risk area	Key controls in place	Board identified risk appetite
	• Development handover to Property Services process. • Register of statutory requirements in place. • Stock condition surveys carried out by independent surveyors.	
Non-compliance with the latest government guidance/ obligations relating to tall buildings (over 18 metres/ storeys) and lack of time, resources and access to funding in order to minimise business and leaseholder costs	• Dedicated project team in place to deliver remediation programme. • Key control documents created. • Managing agent project linked to tall buildings project to enable scrutiny of blocks where A2Dominion is not the responsible person. • Monthly meetings for key workstreams to monitor progress. • External legal advisers appointed. • Initial application made to Building Safety Fund for 17 blocks seeking £26.9m funding on behalf of leaseholders. • Development of Fire Safety Remediation Framework for future proof compliance. • Approved Asset Management Strategy 2021-2025. • Tall and Complex Buildings Project risk register. • Weekly and monthly compliance dashboards. • Monitoring of complaints/dissatisfaction. • Monthly tracking of project plan, reporting to Executive Management team and Audit, Risk and Assurance Committee. • Quarterly meetings with programme sponsor. • Audit, Risk and Assurance Committee deep dive review.	Averse

Following the end of the financial year the Board has also identified new risks relating to data quality and ensuring the Board is able to attract, retain and develop Board and Committee Members. Controls and appetite for these are in development at the time of signing the financial statements.

Financial performance summary

The Group has had a particularly challenging year, with our financial position impacted by the tough economic environment that the sector and wider economy have been facing. The Group has seen significant increases in operational costs, a decrease in sales, and has continued to increase spending to ensure our homes are safe and comply with new regulations. The result for the year was further impacted by impairments on schemes in development and costs of aborting potential developments as we continue to assess schemes' feasibility given the current economic conditions.

Group statement of comprehensive income and expenditure	2023 £m	2022 £m Restated[1]
Turnover	389.1	465.8
Cost of sales	(96.1)	(181.6)
Operating costs	(270.7)	(213.0)
Surplus on sale of fixed assets	14.4	13.3
Share of jointly controlled entity operating profit	6.7	9.2
Operating surplus	**43.4**	**93.7**
Operating margin	11.2%	20.1%
Net interest charges	(66.9)	(65.5)
(Deficit)/Surplus after interest charges	**(23.5)**	**28.2**
Change in fair value of investments	(0.8)	8.4
Movement in fair value of financial instruments	4.7	2.7
Movement in fair value of investment properties	0.6	9.0
Tax on surplus on ordinary activities	7.1	(6.4)
Non-controlling interest	(0.9)	(1.5)
(Deficit)/Surplus for the financial year	**(12.8)**	**40.4**

[1] The restatement is detailed in Note 31.

Turnover for the year is down 16.5%, with the largest impact from no land sales in 2022/23 versus £55.1 million in 2021/22. In addition, property sales fell by £40.6 million year on year, which was a larger reduction than had been anticipated in the budget (£23.7 million) with the completion of some schemes delayed until 2023/24.

Overall, the result for the year was a deficit of £12.8 million with operating costs increasing by £57.7 million, a 27.1% increase year on year. In assessing the viability of schemes, in the light of the current economic environment, there were a number of potential development schemes aborted costing £7.9 million as well as scheme impairments of £16.9 million. Cost of sales includes £7.6 million in scheme write downs and when combined with the drop in sales contributed a reduction in surplus of £10.6 million. Over and above the impacts from development activities, operating costs were also affected by inflation with increases in management costs of £9.3 million and service charge costs of £3.4 million, the largest impact in both of these areas coming from higher utility costs of £7.0 million. Leasehold costs were also affected by the same cost drivers, up by £7.6 million. Responsive repair costs rose by £6.4 million, from inflation increases and a higher volume of works than anticipated. We continued to increase our investment in our stock (£15.1 million) through our planned and major works programmes, with £13.1 million capitalised.

Net interest charges were up on last year by £1.4 million despite our overall loans and borrowings reducing year on year by £106.7 million. This is due to a lower level of capitalisation of interest on properties under construction compared to the previous year and higher interest rates.

Group statement of financial position	**2023** **£m**	**2022** **Restated**[1] **£m**
Fixed assets and investments	3,600.2	3,624.0
Current assets	275.3	420.9
Total creditors including loans and borrowings	(2,834.3)	(3,023.4)
Non-controlling interest	(1.4)	(1.7)
Net reserves	**1,039.8**	**1,019.8**

[1] The restatement is detailed in Note 31.

The Group's reserves have increased in 2022/23 despite the deficit for the year due largely to a £29.3 million movement in fair value of hedging instruments.

Fixed assets and investments are slightly down year on year, due to the sale of one fixed asset investment property scheme partially offset by an increase year on year of construction work and works to existing properties, highlighting our ongoing investment in development of new schemes and maintenance of existing stock. The additions to fixed asset housing properties were reduced by impairments totalling £16.9 million.

Current assets have reduced reflecting lower work in progress, other debtors, loans due to joint ventures and cash.

Total creditors are lower year on year reflecting the repayment of a £150.0 million bond.

The balance sheet of the Group continues to remain strong enabling it to weather the current and any future challenges the economic environment is likely to present.

Value for money performance

Delivering Value for Money (VfM) is a core goal for the Group. VfM is not only about minimising cost but achieving more from our activities and investments, enabling the Group to provide and manage homes and services that meet a wide range of needs.

Our approach has continued to focus on delivering quality services and support to our customers in spite of the many challenges for the housing sector over this past year. The challenges have had income and cost implications that affected the performance of our efficiency indicators. We remain committed to ensuring our costs are reasonable and that we provide the best value for our customers.

Looking ahead

Our new corporate strategy runs from 2023 to 2030 and has VfM at its core. The new strategic priorities (page 9) form the basis of our new corporate strategy within which VfM is embedded. The VfM statement which supports the corporate strategy will be reviewed and updated in 2023/24 detailing an approach that provides transparency, accountability and a framework for the ongoing evaluation of our services.

Approach

Our strategic priorities will ensure the Group achieves VfM by and through:

- Working with customers and other stakeholders to prioritise investment in services and communities
- Ensuring there is understanding and accountability from managers for delivering a return on investment and that the Group has a well-developed culture for achieving and demonstrating VfM
- Ensuring there is efficiency and simplicity across all business processes and activities
- Maximising income and the efficient effective use of the Group's assets and resources
- Ensuring reliability and predictability from our commercial activities
- Maintaining quality and minimising cost through a range of procurement and partnership approaches
- Reviewing and evaluating how we compare against similar organisations.

The following table aligns the new strategic priorities with the supporting priority actions over the life of the new corporate strategy as outlined in the strategic report. These priority actions will contribute to improving the Group's performance highlighted under the VfM metrics below.

New strategic priorities	Priority actions
Homes and neighbourhoods that are safe, high quality and sustainable.	• Deliver our continuous programme of improving homes. • Complete building safety cases and action plans for tall buildings. • Accelerate redevelopment of homes and estates that are not economically viable. • Improve our asset data and systems to provide a full actionable view of the quality and effectiveness of customers' homes. • All homes to be Energy Performance Certificate (EPC) rated C and above.
Customer care: respond and resolve with respect	• A new approach to get more customers involved in the design and oversight of the aspects of our work that matter most to them. • Introduce measurement and reporting for the new Tenant Satisfaction Measures and Consumer Standards. • Improve our complaints handling and response processes. • Provide a digital roadmap so that we can solve standard questions and transactions through digital means quickly and easily for customers. • Undertake focused work to improve the customer experience for leasehold customers.
Development to meet housing need.	• Create a refreshed plan for land buying, development, regeneration and asset management. • Accelerate the redevelopment/regeneration of homes and estates where they are not economically sustainable, considering investment needs and decarbonisation. • Investigate new ways of funding and building, including alternative sources of capital and modular and offsite manufacturing in construction.
A strong, sustainable and effective organisation	• Update business planning and long-term financial planning. • Update our target operating model to provide clarity on our structure and processes.

New strategic priorities	Priority actions
	• Drive and embed organisational efficiency to manage down costs in proportion to our income. • Improve financial systems effectiveness to get faster information to inform decision making and oversight of delivery. • Undertake focused work on colleague wellbeing to improve resilience, particularly for those on the front line, using training, support, and network groups.

How we compare: efficiency indicators

As well as setting our own targets as part of our VfM priorities we use a sector-wide efficiency scorecard that has been developed to allow for consistent measures to 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 2021/22 results for ourselves and the median of the G15 peer group (source: G15 internal benchmarking report). The metrics used in the sector scorecard are as defined by the Regulator of Social Housing and do not in all cases match our own covenant or internal metrics disclosed elsewhere in the annual report.

Business health indicators	A2Dominion actuals		G15 median
	2023	2022	
Operating margin overall[1]	5.7%	15.3%	20.0%
EBITDA MRI interest cover[1]	29.6%	107.2%	99.0%
Social housing margin	12.1%	26.9%	27.0%

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

Current performance: The operating margin, social housing margin and EBITDA MRI interest cover are significantly lower when compared to the G15 median and our prior year result, this reflects our increased operating costs; with increases in utility costs affecting service charge and housing management costs, increases in maintenance spend in both routine and planned repairs and a lower sales volume compared to 2022. These metrics are also impacted by development abortive costs and scheme write downs.

Future performance: As in the prior year there will continue to be further pressure on these metrics with increased investment in fire and safety works over the next few years in addition to the effect of other external economic factors. The metrics are forecast to start to improve again from 2024/25 when our efficiency programme starts to deliver.

Development capacity indicators	A2Dominion actuals		G15 median
	2023	2022	
New supply delivered (absolute)[1]	693	971	621
New supply delivered social housing units (absolute)	477	560	539
New supply delivered non-social housing units (absolute)	216	411	145
New supply delivered: social housing units (as a % of social units owned)	1.5%	1.8%	1.1%
New supply delivered: non-social housing units (as a % of units owned)	0.6%	1.2%	0.2%
Gearing	54.2%	56.1%	47.0%

[1] Excludes 52 units produced through joint ventures.

Current performance: The delivery of 693 homes is better than the G15 median but below our prior year result. The year was forecast to be lower volume, although delays meant some units were pushed into 2023/24. Gearing has again fallen year on year although still remains higher than our peers. This measure is impacted by the accounting method used among our peers (use of deemed cost on transition to FRS102) along with the age profile of the units and continues to show our ongoing investment in our homes and development schemes.

Future performance: The future absolute delivery is forecast to be at a similar level for the next couple of years with 1748 homes in the development pipeline over the next two years. Gearing will continue to reduce over the next few years to the current level of the peer group. Our gearing continues to be forecast well within our lending covenant levels.

Outcomes delivered indicators	A2Dominion actuals		G15 median
	2023	2022	
Customer satisfaction	80.1%	81.9%	73.0%
Reinvestment	3.1%	2.2%	6.0%
Investment in communities (absolute)	£3.7m	£4.2m	£2.7m

Current performance: The customer satisfaction measure is below the prior year and below our target of 82% but above the peer group median. The score was impacted by a drop in the percentage of complaints responded to within 10 days. The reinvestment metric reflects our investment in new properties as well as in maintaining and improving existing homes. This result has increased year on year although it remains below the median of our peers and reflects the level of development and maintenance works in the current year. Although there has been a drop in the investment in communities measure it remains well above the median of our peers.

Future performance: For complaints our focus will be driving compliance by ensuring we are able to write to customers with either a promise of action or resolution on time. Our compliance target has been raised to 100% and increased visibility of complaint performance handling has been developed, ensuring we're providing a high-quality service to customers. The Group will continue to support and provide sustained funding to its community investment projects. The reinvestment metric reflects the Group's level of development delivery activity in a given year, as schemes are completed, they will contribute to this measure. The level of reinvestment will increase in line with the development pipeline and investment in maintaining our properties.

Effective asset management indicators	**A2Dominion actuals**		**G15 median**
	2023	**2022**	
Ratio of responsive repairs to planned maintenance	57.4%	63.2%	61.0%
Return on capital employed (ROCE)	1.2%	2.5%	2.5%
Occupancy	99.5%	99.3%	99.0%

Current performance: The ratio of responsive repairs to planned maintenance has fallen below the median of the G15 and our prior year result. This is in spite of increased costs in responsive repairs with the level of increase in investment in planned and major repairs being higher. Our ROCE has fallen year on year remaining below the peer median for 2022 and reflects the impact of the overall rise of costs on our operating surplus. The occupancy metric has shown a slight increase year on year and is reflective of empty property turnaround.

Future performance: The ratio of responsive to planned repairs varies each year, driven by the programme of planned works due to be delivered. The Group's planned and major repairs programmes reflect the work required to be done in order to ensure compliance with the Decent Homes standard. This means that in some years there may be more work required than in others due to the timing of the replacement of a property's components based on its lifecycle. Our ROCE is expected to continue rising from 2023/24 onwards, moving above the current peer median in the following years, reflecting the forecast increases in the Group's surplus.

Operating efficiencies indicators	A2Dominion actuals		G15 median
	2023	2022	
Overall social housing cost per unit (£)	6,997	5,684	5,191
Management cost per unit (£)	2,011	1,685	1,422
Service charge cost per unit (£)	1,061	942	884
Maintenance cost per unit (£)	1,410	1,247	1,440
Major repairs cost per unit (£)	1,630	1,042	1,042
Other social housing costs per unit (£)	886	768	698
Rent collected	99.4%	99.3%	99.9%
Overheads as % of adjusted turnover	12.6%	12.0%	11.4%

Current performance: Our overall cost per unit for social housing has increased significantly compared to the previous year and is well above the 2022 peer group median. This is a result of the previously mentioned increased costs in responsive maintenance, planned and major repairs, housing management and service charge costs. The service charge and housing management costs have been impacted by rising energy costs. Overheads as a percentage of adjusted turnover have increased and remains higher than our peer group. Rent collected has remained steady compared to 2022.

Future performance: These metrics will be under continued pressure over the next couple of years from inflation, energy prices and our continued investment into our properties, particularly regarding building safety. These are all factors that will impact our peers. The metrics are forecast to improve from 2024/25 as we deliver our targeted efficiencies.

Treasury review

The Group has a formal treasury management policy, which is regularly reviewed and approved biennially by the Group's Finance Committee (last approved in March 2022) The purpose of the policy is to establish the framework within which the Group seeks to protect and control risk and exposure in respect of its borrowings and cash holdings. The treasury policy addresses funding and liquidity risk, covenant compliance and interest rate management. The Group holds floating rate loans which expose it to interest rate risk. To mitigate this risk the Group uses interest rate swaps (see page 137).

During the year the Group repaid a £150 million retail bond issued by A2D Funding I PLC, half of the redemption amount was repaid early on the 12 April 2022 with the remaining half paid on maturity on 18 October 2022.

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 active funding vehicles, A2Dominion Housing Finance Limited, which on-lends a £50m loan directly to A2Dominion South, and A2D Funding II PLC, which lends a retail bond issue of £150 million to the Group's parent company A2Dominion Housing Group Limited. A2Dominion Housing Group 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 2023 can be summarised as follows:

	Arranged £m	Drawn £m
A2Dominion Homes Limited[2]	666.9	424.7
A2Dominion South Limited[2]	604.1	460.3
A2Dominion Housing Options Limited	111.5	111.5
A2Dominion Residential Limited	266.5	266.5
A2Dominion Developments Limited	234.1	234.2
A2Dominion Housing Group Limited	80.6	80.6
	1,963.7	1,577.8
Fair value adjustment of loans arising on consolidation		10.6
Loan issue costs		(6.5)
Bond discounts		(0.9)
Net debt (note 25)		**1,581.0**

[2] £3.5 million of arranged committed facilities were unavailable to immediately draw down. Some require additional security to be put in place before they can be drawn: A2Dominion Homes Limited £1.6 million (additional security required) and A2Dominion South Limited £1.9 million (additional security required).

As at 31 March 2023 the percentage of fixed and index linked loans to variable was as follows:

	Fixed or index linked %
A2Dominion Homes Limited	71.0
A2Dominion South Limited	98.0
A2Dominion Housing Options Limited	100.0
A2Dominion Residential Limited	100.0
A2Dominion Developments Limited	100.0
Average for Group	**92.2**

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 2023 were £56.0 million (2022: £118.0 million).

Net current assets were £77.7 million (2022: £60.9 million). Additionally, as at 31 March 2023, the Group had available facilities in place to borrow a further £382.5 million (2022: £387.8 million). The Group's liquidity therefore remains strong and is the cornerstone of the Group's risk management strategy to ensure that the Group remains liquid in a potential market downturn.

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

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

Accounting policies

The principal accounting policies of the Group are set out on pages 97 to 109.

Governance

Board and committee structure

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

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

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

Group Board				
Audit, Risk and Assurance Committee	Customer Service Committee	Finance Committee	Governance and Remuneration Committee	Strategic Development and Asset Committee

	Remit	Key areas of work completed during the year
Group Board	Leads the Group, oversees its activities and sets the Group's vision, strategies, plans and resources and directs its business. The Board's primary responsibility is the protection of the Group's assets, ensuring they are used to fulfil the organisation's objectives. The Board exercises effective control across the Group to enable it to achieve its objectives and ensure that it acts lawfully and in accordance with generally accepted standards of governance, performance and probity. The Group Board oversees the work of each Committee and is responsible for establishing each one's terms of reference. In accordance with the adopted Code of Governance, the Board has a	This year, in particular the Board has: • Developed and agreed a new Corporate Strategy and Plan including a new key performance indicator framework with a clear focus on the Group's core customers and developing financial resilience • Overseen successful delivery of the In-Depth Assessment Action Plan • Identified ways to provide support to customers needing financial help with the increased costs of rent and utilities • Managed completion of the first Board succession programme begun in 2020.

	Remit	Key areas of work completed during the year
	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.	
Audit, Risk and Assurance Committee	The Audit, Risk and 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	The key achievements of the Committee in the year include: • Monitored progress against the Health and Safety Action Plan and Pennington review and carried out a deep dive into health and safety compliance • Following an open and transparent tender exercise appointed Mazars as the Group's internal auditors for a period of three years commencing 1 April 2023 • Overseen tendering arrangements for a one-year extension of insurance contracts and tendering of a three-year renewal contract • Managed the delivery of the audit plan for the year ensuring that actions are monitored and delivered.

	Remit	Key areas of work completed during the year
	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.	
Customer Service Committee	The Customer Service Committee has been established by the Group Board to undertake the detailed examination and review of matters set out in its Terms of Reference. The Committee takes the lead on all customer matters across all tenures, including customer satisfaction, performance against customer measures – for example neighbourhood satisfaction and complaints monitoring. It challenges the Group's decisions and decision- making processes to ensure A2Dominion is a customer-led business and that services are designed to make it easy for the customer to transact and access them.	The key achievements of the Committee in the year include: • Approved and launched the Prioritisation Policy to tackle vulnerable terminology which could lead to stigmatisation and labelling • Reviewed the Complaints and Resolution Service annual report noting the higher volume of complaints received • Received and reviewed the customer communications – reputational risk report • Ensured that residents were considered through the rising inflation and living costs by

	Remit	Key areas of work completed during the year
	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.	approving an extension to the Income Team's resources and funding to support customers at risk of immediate hardship and with no access to food and/or fuel • Reviewed Care and Support arrangements to: o begin a soft exit of the care service through natural contract turnover, where possible o undertake further analysis to understand the financial impact of exiting care on the rest of the business in particular to ensure that opportunities for wider cost reduction are fully understood o undertake further analysis on the financial parameters and agreed overhead contribution of future support contracts • Assisted in providing feedback and recommendations for the Digital Experience Strategy Refresh • Reviewed and endorsed the proposed Customer Engagement Framework comprising Resident Inspectors, Resident Quality Assurance, Policy Panel Review, Customer Review Groups and Funding Groups

	Remit	Key areas of work completed during the year
		• Guaranteed that the Customer remains a priority by requesting that the Responsive Repairs policy, Damp and Mould policy and Building Safety Policy were reviewed by tenants prior to their publication.
Finance Committee	The Finance Committee has been established by the Group Board to undertake the detailed examination and review of matters set out in its Terms of Reference. The Committee is, in particular: *Responsible for*: • examination of draft budgets prior to consideration by the Group Board • examination and review of the Group's Tax Strategy prior to recommendation to the Board • review of the Group's Treasury Strategy and Treasury Policy • review 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 key achievements of the Committee in the year include: • The approval of the 2022 base LTFF to be used as the basis of the 2022 Financial Forecast Return • Adopting a new template on lending agreement • Approval of the conversion of a £16m bilateral loan from Barclays to A2Dominion Homes Ltd from a term loan to Revolving Credit Facility for a period of five years • Reviewing the Group's borrowing cap • Leading the movement of A2Dominion Developments Limited and A2Dominion Residential Limited to become direct subsidiaries of the Group • Establishing a Group Charge to enable the Group to build positive reserves • Reviewing the budget assumptions for the 2023/24 Group Budget to the Group Board • The completion of actions identified as part of the IDA around:

	Remit	Key areas of work completed during the year
		◦ Stress testing ◦ A2D Structure Review ◦ Cashflow reporting ◦ Intra-Group Lending ◦ Financial Planning timescale and stress testing • Reviewed the Value for Money performance benchmarking • Reviewed revised development appraisal hurdles • Reviewed the Annual Treasury Strategy 2023/24 for approval by Group Board • Approval of extensions of loans from A2D Residential to A2D NKH (Mytchett) Ltd for a reduced amount of up to £15m • Approval of the restructuring of four Santander loans, from term loans to Revolving Credit Facilities • Approval of a £50m revolving credit facility from HSBC to A2Dominion South • Approval of the loan agreement between A2D Funding II plc and A2D Housing Group Ltd • Reviewing the Tax Strategy for 23/24 to the Group Board for approval • The approval of the financial and economic assumptions to be applied in the 2023 LTFF • Approval of an £8.4m Senior Loan Agreement between A2D Developments (A2DD) as senior lender and Green Man Lane LLP

<table>
<tr><th></th><th>Remit</th><th>Key areas of work completed during the year</th></tr>
<tr><td></td><td></td><td>(LLP) as borrower (the Senior Loan Agreement) to fund Phase 6a of the Green Man Lane joint venture
Approval to extend Revolving Credit Facilities with First Abu Dhabi Bank P.J.S.C (FAB) and National Australia Bank Ltd.</td></tr>
<tr><td>Governance and Remuneration Committee</td><td>The Governance and Remuneration Committee has been established by the Group Board to undertake detailed examination and review of the matters set out in its Terms of Reference.
The Committee is, in particular:
Responsible for:
ensuring that appointments to the Board are in accordance with the Group's recruitment policies and procedures
that remuneration to Board Members and Executive Directors is considered fairly, transparently and regularly
the Group has sufficient arrangements for Board and Executive succession
that amendments to the Group's governance documents are scrutinised
that the Group has adequate arrangements for providing assurance of compliance with the adopted Code of Governance.</td><td>The key achievements of the Committee in the year include:
Revisions of Board and Committee Recruitment to enhance diversity
Commencement of a review of culture
A review of flexible benefits.
Commissioning and delivery of a governance review.</td></tr>
<tr><td>Strategic Development and Asset Committee</td><td>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:</td><td>The key achievements of the Committee in the year include:
Approved the winding up of Beresford Developments</td></tr>
</table>

<table>
<tr><th></th><th>Remit</th><th>Key areas of work completed during the year</th></tr>
<tr><td></td><td>Responsible for:
• ensuring the Group has in place and achieves the requirements of:
○ a Land and Enabling Strategy supported by an Annual Development Programme
○ a Group Asset Management Strategy supported by an Asset Management and Investment Rolling Programme
○ a clear approach to disposal of assets within agreed criteria
• scrutinising variations to agreed schemes, projects or programmes above the range established within the Group’s RACI matrix are fully considered
• validating that development, asset management and disposal programmes meet required standards and performance measures.
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</td><td>• Reviewed the Greater London Authority Compliance Audit Report
• Approved the exploration of stock disposal to a for profit registered provider
• Endorsed the proposed performance review templates for individual PRS schemes for all our investment blocks.</td></tr>
</table>

Board of management

Alan Collett, Chair

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

Rachel Bowden

Rachel is a Chartered Internal Auditor and the Founder and Director of Thinking Audit Ltd, providing governance and assurance support to a diverse range of organisations from local authorities to FTSE100 businesses. Rachel is our Chair of the Audit, Risk and Assurance Committee.

Ozzie Clarke-Binns

Ozzie has spent over two decades as an independent advisor and board member for various organisations, including the London 2012 Organising Committee, the Metropolitan Police and the Royal National Institute of Blind People. Ozzie specialises in people and culture change, having worked for companies from Channel 4 to University College London. Currently, he is People Director at Otta and an advisor on mayoral appointments for the Mayor of London. Ozzie is a member of our Customer Service Committee.

Andrew Kirkman

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

Alex Roth (Appointed 1 May 2022)

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

Caroline Tiller
Caroline has over 30 years' housing experience and was an active member of the National Housing Federation (NHF) Regional Committee and the NHF Small Housing Associations Committee. Caroline is a Trustee of Basingstoke Almshouse Charity. Caroline chairs our Customer Service Committee and is a member of our Governance and Remuneration Committee.

Nigel Turner (Appointed 1 May 2022)
Nigel has worked in the development and investment sector for over 30 years having previously been COO at McCarthy Stone and Executive Director for Developments, Property and Business Services at Kier Group. He is a chartered surveyor, with extensive experience in development and regeneration and a particular focus on operational excellence, quality and customers. Nigel is Chair of our Strategic Development and Assets Committee. He is also on our Audit, Risk and Assurance Committee.

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

Ian Wardle, Group Chief Executive (Appointed 5 October 2022)
Ian joined A2Dominion in September 2022, having previously been Chief Executive at Thirteen Group since 2016. Prior to this, Ian was Managing Director of Reading Borough Council, Director of Regeneration Services at Redcar & Cleveland Borough Council, Project Director for the Sunniside Regeneration Project in Sunderland, and Development Director at Taylor Wimpey.

Dennis Watson (Appointed 1 May 2022)
Dennis has over 35 years' experience in the banking sector. His last role at Barclays was Managing Director and Head of Real Estate, leading teams that serviced the bank's UK commercial and residential property companies. He has also run teams focussed on structuring funding solutions for the Housing Association, Local Authority, Education and Project Finance sectors. Dennis is a member of our Strategic Development and Assets Committee and our Finance Committee.

Louise Wilson
Louise is a highly experienced people professional who has led the global people functions at high street retailers The Body Shop and Clarks the shoe company. She now works as an advisor, mentor and leadership facilitator for various organisations. Louise is a supporter of the arts and is a Trustee on an arts-focused charity. She also sits on the board and is Chair of the Remuneration Committee of Suffolk Group Holdings (Trading as Vertas Group), and sits on the board, Services and People committees of Thames Reach (a charity for people experiencing homelessness). Louise Chairs our Governance and Remuneration Committee.

Executive Officers

Ian Wardle, Group Chief Executive (Appointed 5 September 2022)
Ian joined A2Dominion in September 2022, having previously been Chief Executive at Thirteen Group since 2016. Prior to this, Ian was Managing Director of Reading Borough Council, Director of Regeneration Services at Redcar & Cleveland Borough Council, Project Director for the Sunniside Regeneration Project in Sunderland, and Development Director at Taylor Wimpey.

Tracey Barnes, Executive Director (Central & Financial Services) (Appointed 1 April 2023)
Tracey Barnes has over 35 years' experience in finance roles, including as a Director at Board level with experience in the social housing, consumer products and manufacturing sectors across four continents. Tracey previously worked at Sovereign Housing Association, where she was Chief Finance Officer. Prior to this, she worked at Diageo for 20 years, holding a number of roles including Chief Finance Officer of East African Breweries Ltd, Chief Finance Officer of Diageo Ireland and Managing Director of Diageo Business Services India.

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

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

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

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

Advisors and bankers

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Report of the Board

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2023.

Principal activities

A2Dominion Housing Group Limited is a social landlord administered by a board of directors with a broad range of expertise and experience. It is also the parent entity of the A2Dominion Group ("the Group") and all further references to the Group refer to the consolidated Group rather than the Association. The subsidiaries of the Group are listed in note 17 to the financial statements and their activities detailed within the Strategic Report on pages 6 and 7.

Business review

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

Housing property and other fixed assets

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

Reserves

After transfer of the deficit for the year of £12.8 million (2022: restated surplus £40.4 million) and other movements in reserves, the Group's year-end reserves amounted to £1,039.8 million (2022 restated: £1,019.8 million).

Donations

A2Dominion Housing Group Limited made no charitable donations during the year (2022: nil) and made no political donations (2022: nil). Entities within the Group donated £60,024 to charitable organisations (2022: £20,597).

Post balance sheet events

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

Financial instruments

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

Employees

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

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

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

Health and safety

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

Board members and executive officers

The Board and the executive officers of the Group are set out on pages 61 to 63. The Board is drawn from a wide background bringing together professional, sector and commercial experience. The executive officers are the Chief Executive Officer and the other members of the Group's Executive Management team.

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

Service contracts

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

Pensions

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

Other benefits

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

Governance

The regulatory judgement rating for A2Dominion Housing Group is G1/V2. This judgement rating was effective from 14 December 2022 following the annual stability check by the Regulator of Social Housing (RSH) which reconfirmed the highest grade for governance and a grade of V2 for financial viability.

Governance

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

Following ongoing discussions with the Regulator of Social Housing, the Group's grading is under review while the Regulator investigates matters which may impact on the Group's compliance with the Governance and Financial Viability Standard.

The Board has carried out its annual assessment of compliance against the RSH's regulatory framework for registered providers and reports that, whilst overall, there is reasonable assurance that the Group has sufficiently robust controls to confirm that it complies with the Regulatory Standards, this must be qualified in two areas:

It does not currently comply with aspects of the Rent Standard in relation to a number of properties where rent has been charged in excess of the rent cap. This has been notified to the Regulator.

With regards to the Home Standard A2Dominion has areas in which compliance may fall short of the requirements of the Standard to: provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and getting improvements right first time. This has also been shared with the Regulator of Social Housing and an action plan is in place to monitor improvements in this area.

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

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

Customer 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 operates a Customer Services Committee (CSC). It was established to provide clear resident and customer feedback on enhancements to services being provided. 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 for its residents that has been designed to enable residents to follow a simple process.

The Group has conducted a self-assessment against the Housing Ombudsman's complaints code and identified two areas in which it is non-compliant relating to responding to complaints within prescribed timescales.

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 2022 up to the date of approval of the Annual Report and Financial Statements.

Key elements of the control framework during the year included:

• Rules and Memoranda and Articles of Association	• Annual budget agreed before beginning of financial year
• Standing Orders including a RACI matrix	• Long-term financial forecasts tested against a range of stresses
• A scheme of delegations to the Chief Executive	• Monthly management information to budget holders
• Terms of Reference for each Committee identifying responsibilities and accountabilities	• Monthly and quarterly cashflow forecasting
• Delegated powers detailing responsibilities for expenditure and authorisation of payments	• Quarterly reports to the Board on KPI performance
• Written policies and procedures	• Reports to the Board on any fraudulent activity
• Risk management framework	• Codes of Conduct and registers for hospitality and declarations of interest
• Job descriptions and appraisal system	• Treasury management policy and regular reports on performance
• Internal audit programme linked to risk	• Reports of proceedings or minutes from committees considered by the Board
• Annual external audit	• An annual report provided to the Audit, Risk and Assurance Committee by internal and external auditors and regular progress updates
• Monitoring implementation and audit recommendations at Audit, Risk and Assurance Committee	

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

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

The Audit, Risk and Assurance Committee reviews the Group Risk Register at each meeting to ensure all risks are fully assessed, with mitigation actions identified against the approved risk appetite. In addition, each of the Group's committees reviews risks and actions specific to its areas of responsibility. The Audit, Risk and 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 and Assurance Committee, which reviews the mitigating actions and the timescales for their completion.

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

The Board has reviewed and evaluated the effectiveness of the internal controls as well as the fraud register and the annual report of the internal auditor as reported to them by the Audit, Risk and 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. The internal audit focus in the year has been ensuring that reports help understand the root causes of issues along with ensuring clear and measurable management responses and actions are in place.

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

Board members’ responsibilities

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

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

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

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

presume that the Association will continue in business.

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

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

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

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

Going concern

These financial statements are prepared on a going concern basis. As part of a rigorous going concern assessment the Board has considered a range of factors affecting the economy that could impact the business. The assessment has considered high inflation and rising interest rates as well as any continued effect of the pandemic and Brexit. The Board feels that although these have and will have further potential to impact the business, they are not considered to have a material effect on any going concern assessment however these factors will continue to be monitored closely.

As part of the assessment the Board reviewed an updated long-term financial plan in June 2023 which considers various economic factors including the increase in inflation and interest rates, and the impact of modelled scenarios in combination, together with any mitigations that could be taken. The modelling confirmed that the Group and Association could survive these scenarios and still be able to continue to operate within all banking covenants, with adequate cash resources available.

The Association has net liabilities and is supported by its asset owning subsidiaries. A2Dominion Housing Group Limited's Board has control over these subsidiaries and their assets. These subsidiaries provide ongoing support to the parent which will continue to allow A2Dominion Housing Group Limited to meet its liabilities as they fall due. The Group Board has determined the Association will be able to return to positive reserves within five years which is supported by the modelling in the long-term financial plan.

The principal risks that could affect this strategy are discussed in the Strategic Report on pages 32 to 41.

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

Annual General Meeting

The Annual General Meeting was held on 14 December 2022 and the next will be held on 10 October 2023.

Disclosure of information to auditor

At the date of making this report each of the Group's Board members, as set out on page 61 to 61, confirm the following:

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

External auditors

Following an open tender, in July the Board approved a recommendation to the Annual Meeting that BDO is reappointed as the Group's auditors.

The Report of the Board was approved by the Board on 11 September 2023 and signed on its behalf by:

A Collett	R Bowden	I Hill
Chair	**Board Member**	**Secretary**

Streamlined energy and carbon reporting

A2Dominion is required to report the emissions from qualifying subsidiaries under the Streamlined Energy and Carbon Reporting (SECR) framework, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

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

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

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

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

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

SECR Annual Report Statement

This statement covers the year 1 April 2022 to 31 March 2023. The scope of emissions included in the report are natural gas, diesel (gas oil) and electricity.

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

The variance to the base year and prior year is due to a reduction in the number of properties owned by either A2Dominion Residential Limited or A2Dominion Developments Limited in 2022/23.

Energy consumption		**2023**	**2022**	**Baseline (2020)**	**Variance**
Scope 1: Combustion of fuel and operation of facilities	Natural gas (kWh)	2,942,762	9,786,759	9,270,617	(68%)
	LPG (Kwh)	0	2,577	0	
	Plant and machinery diesel (Kwh)	401,114	303,491	341,921	17%
	Total Scope 1 Energy (kWh)	**3,343,876**	**10,092,827**	**9,612,538**	**(65%)**
Scope 2: Electricity purchased	Total electricity (kWh)	481,039	1,263,991	3,197,393	(85%)
Scope 3: Indirect transport	Employee owned vehicles (kWh)	744,203	826,185	871,792	(15%)
Total Scope 1,2 and 3 energy consumption (kWh)		**4,569,118**	**12,183,003**	**13,681,723**	**(67%)**

Emissions assessment		**2023**	**2022**	**Baseline (2020)**	**Variance**
Scope 1: Combustion of fuel and operation of facilities	Natural gas (tCO_2e)	537	1,793	1,704	(68%)
	LPG (tCO_2e)	0	1	0	
	Plant and machinery diesel (tCO_2e)	97	72	88	10%
	Total Scope 1 (tCO_2e)	**634**	**1,866**	**1,792**	**(65%)**
Scope 2: Electricity purchased and heat and steam generated	Location based (LB) (tCO_2e)	93	268	817	(89%)
	Market based (MB) (tCO_2e)	15	93	0	
Scope 3: Indirect transport	Employee owned vehicles (tCO_2e)	190	207	213	(11%)
Location based	**Total Scope 1 and 2 emissions (tCO_2e)**	**727**	**2,134**	**2,609**	**(72%)**
Market based	**Total Scope 1, 2 and 3 emissions (tCO_2e)**	**839**	**2,166**	**2,005**	**(58%)**

Definitions:

tCO2e: Tonnes of carbon dioxide equivalent, which is a measure that allows you to compare the emissions of other greenhouse gases relative to one unit of CO_2. It is calculated by multiplying the greenhouse gas's emissions by its 100-year global warming potential.

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

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

Intensity ratios

Intensity ratio	Formula	2023	2022	Baseline (2020)	Variance
1	tCO2e (Location based)/ Number of employees	5.20	14.01	19.74	(74%)
2	tCO2e (Location based)/ Units in management	0.03	0.06	0.07	(57%)
3	tCO2e (Location based)/ Completed units	1.35	2.41	6.79	(80%)

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and the Association's deficit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of A2Dominion Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023, which comprise the consolidated statement of comprehensive income, the Association statement of comprehensive income, the consolidated statement of financial position, the Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the Audit, Risk and Assurance Committee, we were appointed by the board to audit the financial statements for the year ending 31 March 2009 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 15 years, covering the years ending 31 March 2009 to 31 March 2023.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

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

- 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 considered the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis
- We challenged management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions.
- 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
- 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 Group and the Parent Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	*98% (2022: 100%) of Group revenue* *97% (2022: 99%) of Group total assets*		
Key audit matters		2023	2022
	The recoverable amount of property developed for sale	✓	✓
	Carrying value of investments in jointly controlled entities	✓	✓
	Social housing assets may be impaired	✓	x
Materiality	*Group financial statements as a whole* £6.4m (2022: £8.7m) based on 7.5% (2022: 7.5%) 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.

We identified 9 components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components: A2Dominion Housing Group Limited, A2Dominion South Limited, A2Dominion Homes Limited, A2Dominion Housing Options Limited, A2Dominion Residential Limited, A2Dominion Developments Limited, A2D NKH (Mytchett) Limited, Green Man Lane LLP and West King Street Renewal LLP. These components are all audited by the Group engagement team.

We identified 3 components which, in our view required specified procedures due to significant risk characteristics and were therefore considered to be significant components. These entities are A2Dominion Funding II Plc, Elmsbrook (Crest A2D) LLP and Crest A2D (Walton Court) LLP and are audited by separate BDO UK audit teams, who report to the Group audit team in accordance with Group reporting instructions.

Specified audit procedures were performed by the group engagement team on 2 further components: A2D NKH Cranleigh LLP and A2DD HP Boston Road LLP.

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
The recoverable amount of property developed for sale This relates to items included in note 18 of the financial statements. This area also represents a key area of estimation uncertainty for management, as described on page 109.	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 £145.3m. For completed properties at the balance sheet date an assessment is needed of the expected selling price. For properties in development at the balance sheet date, an assessment is needed of both an expected selling price and a determination of the expected costs to complete and sell. Due to the volume of properties under	Having obtained management's assessment of the net realisable value of properties developed for sale, we selected a sample on which to perform detailed testing. Our samples were chosen from the populations of items that represented both developments under construction and completed developments at year-end. 1. For forecast sales price: • Completed units sold after the year end – agreed to completion statement. • Completed units not sold after year end and work in progress – obtained one or more of: evidence of sales reservations on the property; third party formal valuation of the property; sales prices achieved for similar units in the year; valuation of properties for marketing purposes. We enquired and considered management plans for unsold properties. We considered the length of time the properties have remained unsold. We considered whether the work in progress has been marketed 'off plan' and whether this suggests any issues with demand. Finally, we considered macro-economic factors and observed house price movements and management's consideration of this in respect of valuations and changes since they were performed, that may be indicative of

Key audit matter		**How the scope of our audit addressed the key audit matter**
	construction and the level of judgement involved in estimating both selling price and costs to complete, we considered there to be a significant risk that the carrying amount of properties developed for sale is misstated and this was therefore a key audit matter.	conditions that existed at the balance sheet date. • For land bank – we obtained one or more of: third party formal valuation of the property; sales prices achieved or paid for land in the year; other management valuation (corroboration required). We also enquired and considered what management plans are for the site. 2. For costs to complete (one of or a combination of the following): • Obtained the latest cost consultant report or build contractor's invoice and compared construction costs against total contract value considering latest contract variations. • Obtained details of the expected costs to complete from the scheme budget and agreed the budgeted contract costs of the development to the latest contract documentation and considered the appropriateness of any estimates used. • Assessed the accuracy of cost forecasting by looking at the outturn of costs compared to budget on schemes completed in the year. • For the schemes selected we reviewed invoices and valuation certificates recorded after the year end in order to assess completeness of expenditure and reasonableness compared to spend forecast. (This was performed even for completed units to confirm completeness of cost and the 'completed' status) • For development schemes in progress, we attended the management meeting where any cost issues relating to price inflation, contractor solvency and variations, including contractor requests to increase the price of a fixed price contract are discussed and corroborated as required. 3. For costs to sell – reviewed computations of selling costs and compared against known selling costs that have been incurred in the year.

Key audit matter		How the scope of our audit addressed the key audit matter
		4. Obtained an understanding of the reason for an item that has a net realisable value less than cost and confirmed that appropriate adjustments to the carrying amounts were recorded. **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.
Carrying value of investments in jointly controlled entities As explained in Note 2 (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 £6.7m for the year ended 31 March 2023 (Note 17).	All of the Group's jointly controlled entities are residential development vehicles undertaking the development of single schemes with the purpose of selling properties to generate profits. As a result, the majority of assets held by these entities represent properties under development for sale, measured at the lower of cost and net realisable value. Should these properties be held at an amount in excess of their net realisable value this could result in a material error in the share of surplus and net assets recognised from jointly controlled entities. Due to the inherent estimation uncertainty in determining the recoverable amount, we considered there to be a significant risk and	Our response included the following: • For components subject to specific procedures by the Group audit team we obtained management's assessment of the net realisable value of properties developed for sale for each entity. We agreed the amounts involved to supporting documentation where the property was sold post year-end. We performed the procedures listed above in the key audit matter addressing the recoverable amount of property developed for sale • For components subject to full scope audit procedures by separate BDO UK component audit teams we have provided the component auditors with group instructions and performed a review of the working papers related to the review of the net realisable value of properties developed for sale and the appropriateness of conclusions reached from this testing. • We obtained draft financial statements for each of the Group's jointly controlled entities and recalculated the share of surplus for the year and share of net assets included in the consolidated statement of comprehensive income and consolidated statement of financial position. **Key observations:** Based on our procedures we noted no exceptions.

Independent auditor's report

Key audit matter		How the scope of our audit addressed the key audit matter
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 £85.4m as at 31 March 2023.	therefore a key audit matter.	
Social housing assets may be impaired As described in Note 2 (Accounting Policies), the Group annually assesses housing properties for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. As these assets are held for service potential, judgement is required in determining the appropriate method for calculating the value in use. This area is also considered by	Assets are required to be reviewed for indicators of impairment annually. If such indicators exist, an impairment assessment and estimate of the recoverable amount must be performed. Assessing indicators of impairment involves a number of judgments including how assets are grouped into cash generating units and the indicators that performance will be assessed against. For assets with indicators of impairment there is then inherent estimation uncertainty in determining the recoverable amount. Given the level of judgment and estimation required we considered there to be a significant risk of material	Having obtained management's assessment of indicators of impairment, we have: • Confirmed that management had included all asset groups (including all tenure types) in their consideration of impairment • considered whether management had clearly documented the asset groups, the consideration of indicators and the conclusion for each asset group as to whether a detailed review is required • confirmed that the population reviewed was complete and accurate. We ensured that the basis of the impairment assessment is in line with sector norms and SORP requirements. When reviewing the indicators that management have considered in their assessment, we checked whether they had included the following, as a minimum: • are all schemes under construction on target to complete on time and in line with the original budget, • Contractor or development contract pricing issues • are there any operating losses in any class or geographical area (consider how results are reported in the management accounts)

Key audit matter		**How the scope of our audit addressed the key audit matter**
management a key estimation uncertainty as described in Note 2.	misstatement and this to be a key audit matter.	• are there any changes in the use of assets (i.e., shared ownership changing to general needs) • physical damage to the properties • decrease in market values of the properties • significant increase in the level of voids. Where an indicator of potential impairment exists, we obtained management's detailed impairment review, including: • the basis of defining 'cash generating units' (CGU) and whether this is appropriate in light of sector norms, the management of those assets and the nature of the properties. • how management calculated Recoverable amount for each CGU; and • how management calculated Value in Use (this may include a calculation of 'Depreciated Replacement Cost') for each CGU. We obtained evidence to support and challenge the basis of management calculations of Value in Use, whilst considering whether the basis of the calculation was appropriate given our understanding of the organisation, its strategic objectives, the properties and external factors. We obtained evidence to support and challenge the use of all key assumptions as appropriate. **Key observations** Our work identified no misstatements or inappropriate application of judgement or estimation. Based on our procedures we noted no exceptions and found management's key assumptions to be reasonable.

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**	
	2023	2022	2023	2022
Materiality	£6.4m	£8.7m	£1.3m	£1.8m
Basis for determining materiality	7.5% (2022: 7.5%) of adjusted operating surplus as defined by the entities lending covenants		3% (2022:3%) of turnover	
Performance materiality	£4.5m	£6.1m	£0.9m	£1.3m
Basis for determining performance materiality	70% (2022: 70%) of materiality			

Rationale for the benchmark applied

The benchmark used for determining materiality is adjusted operating surplus. Operating surplus is adjusted for the deduction of surplus on first tranche sales, grant amortisation and gift aid and the add back of depreciation of housing assets, impairment and interest receivable.

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 principal users and the area with the greatest impact on investor and lender decisions.

We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified partially offset by the number areas of the financial statements subject to significant estimation uncertainty.

Independent auditor's report

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of up to 95% (2022: 69%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Significant component materiality ranged from £151,000 to £6,080,000 (2022: £123,000 to £6,000,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 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 £128,000 (2022: £174,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations 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 2022.

Independent auditor's report

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law, Financial Conduct Authority ("FCA") regulations, the Regulator of Social Housing's Regulatory Standards, tax, data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations
- Review of financial statement disclosures and agreeing to supporting documentation
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance and internal audit reports for any known or suspected instances of fraud
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through accounting estimates and inappropriate journal entries and the cut-off of property sales.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation
- Testing cut off of property sales around the year end
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the net realisable value of properties developed for sale, impairment of housing assets, Carrying value of investments in jointly controlled entities (see Key Audit Matters), the value of defined benefit pension liabilities, the valuation of the building safety provision, fair value measurement of

investment properties, cost apportionment on mixed tenure developments, proportion of shared ownership properties sold as a first tranche and the valuation of derivative financial instruments.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

EKulczycki

Elizabeth Kulczycki (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

12 September 2023

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

Financial Statements: consolidated statement of comprehensive income

For the year ended 31 March 2023

	Note	2023 £m	2022 restated £m
Turnover	3	389.1	465.8
Cost of sales	3	(96.1)	(181.6)
Operating costs	3	(270.7)	(213.0)
Surplus on sale of fixed assets	3, 9	14.4	13.3
Share of jointly controlled entity operating profit	3, 17	6.7	9.2
Operating surplus	**3, 5**	**43.4**	**93.7**
Interest receivable and other income	10	2.8	1.5
Interest payable and similar charges	11	(69.1)	(66.2)
Other finance costs	28	(0.6)	(0.8)
Change in fair value of investments	17	(0.8)	8.4
Movement in fair value of financial instruments		4.7	2.7
Movement in fair value of investment properties	15	0.6	9.0
(Deficit)/Surplus on ordinary activities before taxation		**(19.0)**	**48.3**
Tax on surplus on ordinary activities	12	7.1	(6.4)
(Deficit)/Surplus on ordinary activities after taxation		**(11.9)**	**41.9**
Non-controlling interest		(0.9)	(1.5)
(Deficit)/Surplus for the financial year		**(12.8)**	**40.4**
Actuarial gains on defined pension schemes	28	4.3	8.4
Movement in fair value of hedging instruments	11	29.3	17.1
Movement in deferred tax	12	(0.8)	(0.1)
Total comprehensive income for year		**20.0**	**65.8**
(Deficit)/Surplus for the year attributable to:			
Non-controlling interest		0.9	1.5
Parent association		(12.8)	40.4
		(11.9)	41.9
Total comprehensive income attributable to:			
Non-controlling interest		0.9	1.5
Parent association		19.1	64.3
		20.0	65.8
All amounts relate to continuing activities			

The notes on pages 97 to 151 form part of these financial statements.

Association statement of comprehensive income

For the year ended 31 March 2023

	Note	2023 £m	2022 £m
Turnover	3	75.5	60.6
Operating costs	3	(105.9)	(60.6)
Operating deficit	3, 5	**(30.4)**	-
Interest receivable and other income	10	27.0	23.6
Interest payable and similar charges	11	(28.0)	(22.9)
Other finance costs	28	(0.6)	(0.7)
Deficit on ordinary activities before taxation		**(32.0)**	-
Tax on deficit on ordinary activities	12	-	-
Deficit for the financial year		**(32.0)**	-
Actuarial gains on defined benefit pension schemes	28	1.7	6.4
Total comprehensive (loss)/income for the year		**(30.3)**	**6.4**
All amounts relate to continuing activities.			

The notes on pages 97 to 151 form part of these financial statements.

Consolidated statement of financial position

	Note	2023 £m	2022 £m restated
Fixed assets			
Tangible fixed assets – housing properties	13	2,813.5	2,797.7
Tangible fixed assets – other	14	23.3	24.1
Intangible fixed assets	14	28.3	23.4
Investment properties	15	608.8	665.3
Investments – Homebuy loans	16	2.2	2.3
Investments – other	17	38.7	40.0
Investments – jointly controlled entities	17	85.4	71.2
		3,600.2	**3,624.0**
Current assets			
Properties for sale	18	145.3	191.5
Debtors receivable within one year	19	60.1	108.4
Debtors receivable after one year	19	13.9	3.0
Cash and cash equivalents	20	56.0	118.0
		275.3	**420.9**
Creditors: Amounts falling due within one year	21	(197.6)	(360.0)
Net current assets		**77.7**	**60.9**
Total assets less current liabilities		**3,677.9**	**3,684.9**
Creditors: Amounts falling due after more than one year	22	(2,608.5)	(2,626.0)
Provision for liabilities and charges	27	(12.3)	(12.9)
Net assets excluding pension liabilities		**1,057.1**	**1,046.0**
Pension liabilities	28	(15.9)	(24.5)
Net assets		**1,041.2**	**1,021.5**
Capital and reserves			
Non-equity share capital	30	-	-
Cash flow hedge reserve		**(9.5)**	**(38.8)**
Restricted reserve		**0.5**	**0.5**
Income and expenditure reserve		999.3	1,012.4
Designated reserve		49.5	45.7
Total income and expenditure reserves		**1,048.8**	**1,058.1**
Consolidated funds		1,039.8	1,019.8
Non-controlling interest		1.4	1.7
		1,041.2	**1,021.5**

The financial statements were approved by the Board and authorised for issue on 11 September2023 and signed on its behalf by:

A Collett	R Bowden	I Hill
Chair	**Board Member**	**Secretary**

The notes on pages 97 to 151 form part of these financial statements.

Association statement of financial position

	Note	2023 £m	2022 £m
Fixed assets			
Tangible fixed assets – other	14	2.2	2.5
Intangible fixed assets – other	14	28.3	23.4
Investments in subsidiaries	17	80.6	-
		111.1	25.9
Current assets			
Debtors receivable within one year	19	216.5	172.8
Debtors receivable after one year	19	710.3	688.4
Cash and cash equivalents	20	26.7	80.2
		953.5	941.4
Creditors: Amounts falling due within one year	21	(293.1)	(302.2)
Net current assets		**660.4**	**639.2**
Total assets less current liabilities		**771.5**	**665.1**
Creditors: Amounts falling due after more than one year	22	(828.5)	(686.0)
Provision for liabilities and charges	27	(4.2)	(4.0)
Net liabilities excluding pension liabilities		**(61.2)**	**(24.9)**
Pension liabilities	28	(16.6)	(22.6)
Net liabilities		**(77.8)**	**(47.5)**
Capital and reserves			
Non-equity share capital		-	-
Revenue reserve		(77.8)	(47.5)
Association's deficit		**(77.8)**	**(47.5)**

The financial statements were approved by the Board and authorised for issue on 11 September 2023 and signed on its behalf by:

A Collett	R Bowden	I Hill
Chair	**Board Member**	**Secretary**

The notes on pages 97 to 151 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 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 2022 restated	1,012.4	45.7	1,058.1	0.5	(38.8)	1,019.8	1.7	1,021.5
(Deficit)/ surplus for the year	(12.8)	-	(12.8)	-	-	(12.8)	0.9	(11.9)
Other comprehensive income:								
Actuarial gains on defined benefit pension scheme	4.3	-	4.3	-	-	4.3	-	4.3
Movement in fair value of hedging instrument	-	-	-	-	26.1	26.1	-	26.1
Cash flow hedge reserve recycled to surplus or deficit	-	-	-	-	3.2	3.2	-	3.2
Movement in deferred tax	(0.8)	-	(0.8)	-	-	(0.8)	-	(0.8)
Other comprehensive income for the year	3.5	-	3.5	-	29.3	32.8	-	32.8
Reserves transfers								
Capital contribution and distributions	-	-	-	-	-	-	(1.2)	(1.2)
Transfer of designated expenditure from income and expenditure reserve	(14.2)	14.2	-	-	-	-	-	-
Transfer of designated expenditure to income and expenditure reserve	10.4	(10.4)	-	-	-	-	-	-
Balance at 31 March 2023	999.3	49.5	1,048.8	0.5	(9.5)	1,039.8	1.4	1,041.2

Consolidated statement of changes in equity

	Income and expenditure reserve £m	Designated 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 2021	959.7	47.2	1,006.9	0.5	(35.2)	972.2	1.6	973.8
Prior year adjustment (Note 31)	2.5	-	2.5	-	(20.7)	(18.2)	-	(18.2)
Balance at 1 April 2021 restated	962.2	47.2	1,009.4	0.5	(55.9)	954.0	1.6	955.6
Surplus for the year	40.4	-	40.4	-	-	40.4	1.5	41.9
Other comprehensive income:								
Actuarial gains on defined benefit pension scheme	8.4	-	8.4	-	-	8.4	-	8.4
Movement in fair value of hedging instrument	-	-	-	-	10.0	10.0	-	10.0
Cash flow hedge reserve recycled to surplus or deficit	-	-	-	-	7.1	7.1	-	7.1
Movement in deferred tax	(0.1)	-	(0.1)	-	-	(0.1)	-	(0.1)
Other comprehensive income for the year	8.3	-	8.3	-	17.1	25.4	-	25.4
Reserves transfers								
Capital contribution and distributions	-	-	-	-	-	-	(1.4)	(1.4)
Transfer of designated expenditure from income and expenditure reserve	(10.8)	10.8	-	-	-	-	-	-
Transfer of designated expenditure to income and expenditure reserve	12.3	(12.3)	-	-	-	-	-	-
Balance at 31 March 2022 restated	1,012.4	45.7	1,058.1	0.5	(38.8)	1,019.8	1.7	1,021.5

Association statement of changes in equity

	Income and expenditure reserve £m
Balance at 1 April 2022	(47.5)
Deficit for the year	(32.0)
Other comprehensive income:	
Actuarial gain on defined benefit pension schemes	1.7
Other comprehensive income for the year	**1.7**
Balance at 31 March 2023	**(77.8)**

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

Consolidated statement of cash flows

For the year ended 31 March 2022	2023 £m	2022 £m
Cash flows from operating activities		
Operating surplus for the financial year	**43.4**	**93.7**
Adjustments for:		
Depreciation of fixed assets – housing properties	37.3	32.5
Depreciation of fixed assets – other	4.7	4.2
Accelerated depreciation on replaced components	2.2	2.4
Impairment of fixed assets – housing properties	16.9	(3.3)
Amortised grant	(18.9)	(15.6)
Share of jointly controlled entity operating surplus	(6.7)	(9.2)
Cost element of housing property sales in operating surplus	17.1	16.1
Cost element of fixed asset investments	62.8	17.0
Difference between net pension expense and cash contribution	(4.3)	(5.0)
Decrease/ (increase) in trade and other debtors	27.5	(27.7)
Decrease in stocks	46.5	118.9
(Decrease)/ increase in creditors	(6.0)	6.0
Decrease in provisions	(0.6)	(6.1)
Cash from operations	**221.9**	**223.9**
Tax paid	-	-
Net cash generated from operating activities	**221.9**	**223.9**
Cash flows from investing activities		
Purchase of fixed assets – housing properties	(86.4)	(51.5)
Purchase of fixed assets – other	(8.8)	(9.0)
Purchase of fixed asset investments	(5.9)	(20.7)
Receipt of grant	5.9	4.5
Repayment of grant	(9.3)	-
Investment in jointly controlled entities	(19.3)	(19.5)
Repayment of jointly controlled entities capital	9.2	7.6
Distribution of jointly controlled entities profits	2.6	22.1
Loans payment by/(to) jointly controlled entities	9.0	(14.4)
Interest received	2.8	1.5
Net cash from investing activities	**(100.2)**	**(79.4)**
Cash flows used in financing activities		
Interest paid	(77.5)	(74.1)
New loans – bank	145.9	10.0
New loans – other	-	75.0
Repayment of loans – bank	(102.1)	(70.8)
Repayment of loans – other	(150.0)	(18.7)
Net cash from financing activities	**(183.7)**	**(78.6)**
Net increase/ (decrease) in cash and cash equivalents	**(62.0)**	**65.9**
Cash and cash equivalents at the beginning of year	118.0	52.1
Cash and cash equivalents at the end of year	**56.0**	**118.0**

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 64. The Association is a Public Benefit Entity.

2 Accounting policies

Basis of accounting

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

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

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 2023/24 in March 2023 and the thirty-year long-term financial plan in June 2023. The review included the base case and a stress test variant to assess the Group's resilience. The stress test variant calculated the maximum one-off cash cost that the Group's registered providers could suffer before breaching lender covenants, assuming a permanent and significant reduction in sales proceeds together with a sales delay. The covenants are only in A2Dominion Homes Limited and A2Dominion South Limited. The modelling confirmed that the registered providers could sustain a significant one-off cash cost and sales price reduction and still be able to continue to operate within all banking covenants, with adequate cash resources available. Mitigating actions which could be taken 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 control over these subsidiaries and their assets. These subsidiaries provide ongoing support to the parent which will continue to allow A2Dominion Housing Group Limited to meet its liabilities as they fall due. The Group Board has determined the Association will be able to return to positive reserves within five years which is supported by the modelling in the long-term financial plan.

2 Accounting policies (continued)

Parent company disclosure exemptions

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

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

Basis of consolidation

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

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

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

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.

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

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

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.

2 Accounting policies (continued)

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. Any over or under recovery is adjusted for in the following year to reflect actual costs incurred. 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

2 Accounting policies (continued)

- where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

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

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

Value added tax
The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The statement of comprehensive income includes VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue & Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset in the statement of financial position.

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

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

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

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

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

2 Accounting policies (continued)

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.

2 Accounting policies (continued)

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

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

Depreciation of housing properties
Freehold land is not depreciated. Depreciation is charged 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	Kitchens	20 years
Bathrooms	30 years	Heating	15 years
Roofs	50 years	Windows and doors	30 years
Lifts	20 years	Electrical	30 years

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

Assets during 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, considering 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 most of the associated expenses are charged to the statement of comprehensive income.

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 14.3% and 33.3% 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.

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 ten years for new systems and three years for improvements to existing systems.

2 Accounting policies (continued)

Social Housing Grant (SHG)

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

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

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

Other grants

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

Recycled Capital Grant Fund

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

Sales under Right to Buy

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

2 Accounting policies (continued)

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

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

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. 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
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.

2 Accounting policies (continued)

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

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

Concessionary loans

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

- to further its public benefit objectives
- at a rate of interest which is below the prevailing market rate of interest
- not repayable on demand.

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

Equity loans, Homebuy loans and grant

Under these arrangements the Group receives Social Housing Grant (Homebuy only) representing a maximum of 30% of the open market purchase price of a property 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.

2 Accounting policies (continued)

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

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

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

Leasehold sinking funds

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

Provisions
The Group recognises provisions for liabilities of uncertain timing or amounts. Provision is made for specific and quantifiable liabilities, measured at the best estimate of expenditure required to settle a legal or constructive obligation at the balance sheet date. Where the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as finance cost in the statement of comprehensive income in the year it arises.

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

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

2 Accounting policies (continued)

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 the point there is a legal obligation to make the payment. Qualifying charitable donations received from a subsidiary are treated as income and recognised at the point of legal entitlement.

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

Judgements in applying accounting policies and key sources 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 Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset
- the categorisation of financial instruments as basic or other
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

- Tangible fixed assets (see notes 13 and 14)

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

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

- Investment properties (see note 15)

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

- Discount rate – 6.0%-7.0%
- Average cost per unit per annum (% of the gross rental income) – 29.0%
- Exit yield – 3.7%-5.0%
- Rental growth 2.5%
- Sale rate – 0.0%

Judgements in applying accounting policies and key sources of estimation uncertainty

- Recovery of properties developed for sale (see note 18)

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

- Fair value measurement of derivatives (see note 26)

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

- A2Dominion Benefit Scheme (see note 28)

The A2Dominion Benefit Pension Scheme's defined benefit valuation liability is calculated based on proposed actuarial assumptions by The Pensions Trust. In adopting these assumptions, the Group reviewed them and determined that they fell within expected market range.

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

Group	Turnover	Cost of sales	2023 Operating costs	Other operating items	Operating surplus/ (deficit)
	£m	£m	£m	£m	£m
Social housing lettings	**232.8**	**-**	**(204.7)**	**-**	**28.1**
Other social housing activities					
Supporting people	2.8	-	(2.4)	-	0.4
Management services	1.6	-	(0.2)	-	1.4
First tranche sales[1]	29.8	(29.7)		-	0.1
Development costs	-	-	(9.0)	-	(9.0)
Abortive costs	-	-	(5.6)	-	(5.6)
Surplus on sale of fixed assets	-	-	-	14.4	14.4
Leasehold property services	10.7	-	(15.5)	-	(4.8)
Community investments	0.5	-	(3.7)	-	(3.2)
Other	3.6	-	(2.5)	-	1.1
	49.0	**(29.7)**	**(38.9)**	**14.4**	**(5.2)**
Non-social housing activities					
Lettings	34.8	-	(17.3)	-	17.5
Development for sale[2]	69.2	(65.3)	-	-	3.9
Land sales	-	-	-	-	-
Development costs	-	-	(7.5)	-	(7.5)
Strategic land abortive costs	-	-	(2.3)	-	(2.3)
Share of jointly controlled entity operating profit	-	-	-	6.7	6.7
Reduction in net realisable value of development schemes	-	-	-	-	-
Private care retirement sales	1.4	(1.1)	-	-	0.3
Other	1.9	-	-	-	1.9
	107.3	**(66.4)**	**(27.1)**	**6.7**	**20.5**
	389.1	**(96.1)**	**(270.7)**	**21.1**	**43.4**

[1] First tranche cost of sales includes impairment of £2.0 million.
[2] Development for sale cost of sales includes impairment of £5.6 million.

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

Group	Turnover	Cost of sales	2022 Operating costs	Other operating items	Operating surplus/ (deficit)
	£m	£m	£m	£m	£m
Social housing lettings	**218.1**	**-**	**(159.5)**	**-**	**58.6**
Other social housing activities					
Supporting people	2.5	-	(2.5)	-	-
Management services	1.1	-	(0.8)	-	0.3
First tranche sales	38.4	(33.8)	-	-	4.6
Development costs	-	-	(8.4)	-	(8.4)
Abortive costs	-	-	-	-	-
Surplus on sale of fixed assets	-	-	-	13.3	13.3
Leasehold property services	7.6	-	(7.9)	-	(0.3)
Community investments	0.5	-	(4.2)	-	(3.7)
Other	3.4	-	(3.9)	-	(0.5)
	53.5	**(33.8)**	**(27.7)**	**13.3**	**5.3**
Non-social housing activities					
Lettings	34.5	-	(15.5)	-	19.0
Development for sale	100.6	(86.9)	-	-	13.7
Land sales	55.1	(55.5)	-	-	(0.4)
Development costs	-	-	(9.2)	-	(9.2)
Strategic land abortive costs	-	-	(1.2)	-	(1.2)
Share of jointly controlled entity operating profit	-	-	-	9.2	9.2
Reduction in net realisable value of development schemes	-	(3.8)	-	-	(3.8)
Private care retirement sales	2.0	(1.6)	-	-	0.4
Other	2.0	-	0.1	-	2.1
	194.2	**(147.8)**	**(25.8)**	**9.2**	**29.8**
	465.8	**(181.6)**	**(213.0)**	**22.5**	**93.7**

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

Group Particulars of income and expenditure from social housing lettings	2023 General needs housing £m	Supported housing £m	Temporary housing £m	Key worker £m	Low cost home ownership £m	Total £m	2022 Total £m
Turnover from social housing lettings							
Rent receivable net of identifiable service charges	133.4	10.6	9.6	18.5	18.0	**190.1**	180.5
Service charge income	8.6	6.3	-	1.2	5.3	**21.4**	19.4
Amortised government grants	15.6	1.6	0.1	(0.1)	1.7	**18.9**	15.7
Net rental income	157.6	18.5	9.7	19.6	25.0	**230.4**	215.6
Nomination fees	-	-	0.3	-	-	**0.3**	0.4
Other income	0.9	0.1	0.1	0.2	0.8	**2.1**	2.1
Turnover from social housing lettings	158.5	18.6	10.1	19.8	25.8	**232.8**	218.1
Expenditure on social housing lettings							
Management	(28.9)	(14.0)	(1.6)	(7.8)	(4.6)	**(56.9)**	(47.6)
Service charge costs	(17.7)	(5.9)	-	(1.1)	(5.3)	**(30.0)**	(26.6)
Routine maintenance	(23.3)	(3.9)	(1.6)	(1.7)	(0.9)	**(31.4)**	(25.0)
Major repairs	(10.8)	(1.6)	(0.7)	(1.2)	(3.7)	**(18.0)**	(14.3)
Planned maintenance	(6.5)	(1.1)	(0.2)	(0.6)	(0.1)	**(8.5)**	(10.2)
Bad debts	(0.9)	(0.2)	(0.2)	-	(0.1)	**(1.4)**	(1.1)
Property lease charges	(0.1)	(0.2)	(1.8)	-	-	**(2.1)**	(2.3)
Depreciation of housing properties	(32.1)	(2.2)	(0.6)	(2.4)	-	**(37.3)**	(32.5)
Accelerated depreciation on replaced components	(1.9)	(0.2)	-	(0.1)	-	**(2.2)**	(2.4)
Housing impairment	(10.9)	-	-	-	(6.0)	**(16.9)**	2.5
Operating costs on social housing lettings	(133.1)	(29.3)	(6.7)	(14.9)	(20.7)	**(204.7)**	(159.5)
Operating surplus/ (deficit) on social housing lettings	25.4	(10.7)	3.4	4.9	5.1	**28.1**	58.6
Void losses	(1.3)	(0.9)	(0.5)	(0.7)	(0.1)	**(3.5)**	(3.5)

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

Particulars of turnover from non-social housing lettings	**2023 £m**	**2022 £m**
Market rent	22.2	22.3
Student accommodation	10.9	10.5
Other	1.7	1.7
	34.8	**34.5**

Association	**Turnover £m**	**2023 Operating costs £m**	**Operating surplus/ (deficit) £m**
Other social housing activities			
Management services	74.4	(65.9)	8.5
Other	1.1	(40.0)	(38.9)
	75.5	**(105.9)**	**(30.4)**

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

4 Accommodation in management and development

Group	2022 No.	Additions No.	Disposals No.	Reclassifications No.	2023 No.
Social housing					
General needs housing	17,475	3	(91)	(12)	17,375
Affordable housing	1,427	203	-	6	1,636
Supported housing and housing for older people	1,719	1	(5)	26	1,741
Shared ownership	3,790	180	(1)	(97)	3,872
Key worker accommodation	2,652	91	(156)	-	2,587
Temporary accommodation	424	-	-	-	424
Other (includes garages, offices, and community centres)	1,126	-	(1)	1	1,126
Total owned and managed	28,613	478	(254)	(76)	28,761
Accommodation owned and managed by others					
General needs housing	70	-	(6)	-	64
Supported housing and housing for older people	524	1	(18)	(29)	478
Total owned and managed by others	594	1	(24)	(29)	542
Accommodation managed for others					
Supported housing and housing for older people	13	18	(3)	-	28
Keyworker	24	-	-	-	24
Leasehold	5,342	107	(84)	71	5,436
Freehold	1,622	114	(25)	35	1,746
Temporary accommodation	113	-	(10)	-	103
Market rent	1	-	-	-	1
Other	3	-	-	-	3
Total managed for others	7,118	239	(122)	106	7,341
Total owned and managed	**36,325**	**718**	**(400)**	**1**	**36,644**
Non-social housing					
Student accommodation	1,451	-	-	-	1,451
Market rent	1,411	4	(136)	(1)	1,278
Other (commercial)	106	1	-	-	107
Total owned and managed	2,968	5	(136)	(1)	2,836
Overall					
Total owned	32,175	484	(414)	(106)	32,139
Total managed for others	7,118	239	(122)	106	7,341
Total owned and managed	**39,293**	**723**	**(536)**	**-**	**39,480**
Accommodation in development	3,329				2,733

5 Operating surplus

This is arrived at after charging/(crediting)

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Depreciation of housing properties	37.3	32.5	-	-
Accelerated depreciation on replaced components	2.2	2.4	-	-
Depreciation of other tangible fixed assets	1.9	1.7	1.1	1.0
Depreciation of other intangible fixed assets	2.8	2.5	2.8	2.5
Impairment of housing properties	16.9	(3.3)		
Impairment of current assets	7.6	0.8	-	-
Operating lease rental				
- land and buildings	5.2	5.2	2.4	2.2
- office equipment, computer and vehicles	0.1	0.1	0.1	0.1
Auditor's remuneration (exclusive of VAT)				
- fees payable for the audit of the Group's accounts	0.4	0.2	-	-

6 Employees

Average monthly number of employees expressed in full time equivalents:

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

	Group		Association	
	2023	2022	2023	2022
Administration	295	252	294	251
Development and sales	102	103	102	103
Housing, support and care	640	634	636	630
Repairs subsidiary	256	215	-	-
	1,293	**1,204**	**1,032**	**984**

Employee costs	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Wages and salaries	57.8	52.8	48.1	44.8
Social security costs	6.6	5.7	5.5	4.8
Pension costs	3.2	2.9	2.8	2.6
Pension provision[1]	0.2	0.2	0.2	0.2
	67.8	61.6	56.6	52.4
Pension costs recognised in other comprehensive income				
Actuarial gains on defined pension scheme	4.3	8.4	1.7	6.4

[1] Provision for the local government pension schemes.

7 Directors and senior executive remuneration

Group	2023 £'000	2022 £'000
Salary and other benefits	1,473	1,356
Pension contributions, or pay in lieu thereof, in respect of services as directors	87	90
Total remuneration paid to executive directors	**1,560**	**1,446**
Emoluments of the highest paid executive officer (excluding pension contributions and pay in lieu thereof but including performance related pay and benefits in kind)	275	278
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	**2023 No.**	**2022 No.**
£60,000 to £70,000	65	50
£70,001 to £80,000	28	35
£80,001 to £90,000	28	25
£90,001 to £100,000	18	17
£100,001 to £110,000	17	17
£110,001 to £120,000	10	2
£120,001 to £130,000	6	6
£130,001 to £140,000	4	1
£140,001 to £150,000	2	10
£150,001 to £160,000	6	-
£160,001 to £170,000	3	2
£170,001 to £180,000	3	2
£180,001 to £190,000	1	1
£190,001 to £200,000	-	1
£200,001 to £210,000	-	-
£210,001 to £220,000	1	1
£230,001 to £240,000	3	1
£260,001 to £270,000	1	1
£290,001 to £300,000	1	1
	197	**173**

8 Board members

Fees of £262,941 (2022: £226,691) were paid to non-executive Board members during the year. Taxable travel allowances paid during the year to Board members amounted to nil (2022: nil). Non-executive Board members during the year ended 31 March 2023 were paid as follows:

		Member of					
Board/Committee Member	**Members pay**	**Audit, Risk and Assurance Committee**	**Customer Service Committee**	**Strategic Development and Asset Committee**	**Finance Committee**	**Governance & Remuneration Committee**	**Group Board**
Rachael Barber	£5,500		✓				
Rachel Bowden	£17,750	✓					✓
Ozzie Clarke-Binns	£13,500		✓				✓
Alan Collett	£32,500					✓	✓
Andrew Kirkman	£13,500				✓		✓
Alex Roth	£13,063	✓	✓				✓
Caroline Tiller	£17,750	✓	✓			✓	✓
Peter Walker	£19,000				✓	✓	✓
Louise Wilson	£17,750					✓	✓
Appointed							
Mike Anderson	£7,563	✓			✓		
Steve Dickinson	£7,563			✓			
Helene Griffin	£5,500		✓				
Liz Harrison	£1,833		✓				
Mark Parker	£7,563			✓			
Jas Saggu	£5,042	✓					
Coretta Scott	£5,500		✓				
Nigel Turner	£12,375			✓			✓
Dennis Watson	£12,375			✓	✓		✓
Rob Weaver	£7,563			✓			
Resigned							
Peter Braithwaite	£3,438			✓			
Jane Clarke	£2,750		✓				
Mark Gallagher	£8,250	✓		✓			
Fatai Haruna	£0		✓				
Martin Huckerby	£2,750	✓			✓		
Pauline McMichael	£2,750		✓				
Aftab Rafiq	£2,063			✓			
Caroline Tolhurst	£17,750			✓		✓	✓

9 Surplus on sale of fixed assets

Group	2023					2022
	Shared ownership	Investment properties	Other housing properties	Homebuy & equity loans	Total	Total
	£m	£m	£m	£m	£m	£m
Disposal proceeds	25.1	63.6	6.2	0.3	95.2	47.5
Cost of disposals	(13.3)	(62.5)	(3.4)	(0.1)	(79.3)	(32.9)
Selling costs	(0.2)	(0.1)	(0.1)	-	(0.4)	(0.3)
Grant recycled	(0.8)	-	(0.2)	(0.1)	(1.1)	(1.0)
	10.8	**1.0**	**2.5**	**0.1**	**14.4**	**13.3**

10 Interest receivable

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Interest receivable and similar income	2.8	1.5	-	-
Received from other Group entities	-	-	27.0	23.6
	2.8	**1.5**	**27.0**	**23.6**

11 Interest payable and similar charges

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Loans and bank overdrafts (on liabilities at amortised cost)	69.6	71.5	26.3	22.4
Finance related costs	4.3	3.2	1.7	0.5
Recycled capital grant fund/disposal proceeds fund	0.4	0.1	-	-
	74.3	**74.8**	**28.0**	**22.9**
Interest payable capitalised on housing properties under construction	(4.8)	(8.2)	-	-
Interest payable capitalised on investment housing properties under construction	(0.4)	(0.4)	-	-
	69.1	**66.2**	**28.0**	**22.9**
Capitalisation rates used to determine the finance costs capitalised during the year	3.5% - 4.6%	3.7% - 4.7%	-	-
Other financing costs through other comprehensive income				
Gain on fair value of hedged derivative instruments	**29.3**	**17.1**	**-**	**-**

12 Tax on surplus on ordinary activities

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Current tax				
UK corporation tax on surplus for the year	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
Total current tax charge	-	-	-	-
Deferred tax				
Effect of tax rate change on opening balances	-	0.3	-	-
Adjustment in respect of prior periods	0.3	1.3	-	-
Origination and reversal of timing differences	(7.4)	4.8	-	-
Total deferred (credit)/ tax charge	**(7.1)**	**6.4**	-	-
Total (credit)/ charge in the year	**(7.1)**	**6.4**	-	-
Movement in deferred tax charge				
Provision at start of year	6.1	(0.4)	-	-
Deferred tax (credited)/ charged in the statement of comprehensive income for the year	(7.1)	6.4	-	-
Deferred tax charged in the statement of equity	0.8	0.1	-	-
Provision at end of year	**(0.2)**	**6.1**	-	-

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

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
(Deficit)/Surplus on ordinary activities before tax	(19.0)	48.3	-	-
UK corporation tax at 19%	**(3.6)**	**9.2**		**-**
Effects of:				
Other tax adjustments, reliefs and transfers	(2.3)	(9.2)	-	-
Deferred tax adjustments	(1.3)	6.3	-	-
Fixed asset differences	0.1	0.1	-	-
Current tax (credit)/ charge for year	**(7.1)**	**6.4**	**-**	**-**

The deferred tax (credit)/charge relates to deferred tax generated from the movement in unrealised value of our investment properties, share of joint controlled entity operating profits received and recognised as income in the accounts compared to that recognised in the taxable surplus and other timing differences between taxable and accounting surpluses, assessed at an effective rate of 25% (2023: 19%).

13 Tangible Fixed Assets: properties

Group	Social housing completed £m	Social housing under construction £m	Shared ownership completed £m	Shared ownership under construction £m	Keyworker completed £m	Keyworker under construction £m	Total £m
Cost or valuation							
At 1 April 2022	2,525.8	146.2	334.2	76.6	138.7	7.5	3,229.0
Reclassification	0.6	(0.3)	(0.1)	0.2	(0.5)	0.1	-
Additions at cost							
Construction works	-	29.8	-	19.9	-	4.7	54.4
Capitalised interest	-	3.0	-	1.7	-	0.1	4.8
Works to existing properties	25.4	-	-	-	2.8	-	28.2
Transfer from investment properties	-	-	-	-	0.4	-	0.4
Transfer (to)/from fixed assets under construction	-	-	-	-	(6.1)	4.1	(2.0)
Schemes completed	68.7	(68.7)	46.5	(46.5)	10.0	(10.0)	-
Disposals							
Planned disposals	(3.0)	-	-	-	-	-	(3.0)
Replaced components	(6.9)	-	-	-	(0.4)	-	(7.3)
Staircasing sales	-	-	(13.3)	-	-	-	(13.3)
At 31 March 2023	**2,610.6**	**110.0**	**367.3**	**51.9**	**144.9**	**6.5**	**3,291.2**
Depreciation and impairment							
At 1 April 2022	397.8	1.9	0.4	-	31.2	-	431.3
Reclassification	(0.1)	(0.1)	-	0.2	-	-	-
Transfer to fixed assets under construction	-	-	-	-	(2.0)	-	(2.0)
Charge for the year	34.9				2.4		37.3
Impairment	-	10.9	-	6.0	-	-	16.9
Disposals							
Planned disposals	(0.7)	-	-	-	-	-	(0.7)
Replaced components	(4.7)	-	-	-	(0.4)	-	(5.1)
At 31 March 2023	**427.2**	**12.7**	**0.4**	**6.2**	**31.2**	**-**	**477.7**
Net book value							
At 31 March 2023	**2,183.4**	**97.3**	**366.9**	**45.7**	**113.7**	**6.5**	**2,813.5**
At 31 March 2022	2,128.0	144.3	333.8	76.6	107.5	7.5	2,797.7

13 Tangible Fixed Assets: properties (continued)

Housing properties book value, net of depreciation comprises	2023 £m	2022 £m
Freehold land and buildings	1,917.2	1,924.9
Long leasehold land and buildings	835.6	816.6
Short leasehold land and buildings	60.7	56.2
	2,813.5	**2,797.7**

Expenditure on works to existing properties	2023 £m	2022 £m
Amounts capitalised	28.2	15.1
Amounts charged to income and expenditure account	26.5	24.5
Total	**54.7**	**39.6**

The amount of assets given as security (existing use value (EUV) basis of valuation) as at 31 March 2023 is £1.6 billion (2022: £1.7 billion).

Valuation for disclosure only	2023 £m
Completed housing properties at valuation	**3,580.5**

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

For information purposes only, completed housing properties are valued at 31 March 2023 by Jones Lang LaSalle Limited and Savills (L&P), qualified professional independent external valuers.

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

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

Social housing and shared ownership only	
Discount rate (income)	4.5%-8.0%
Discount rate (sales)	7.5%-9.0%
Rent Assumptions	
Social rented (including supported housing and housing for older people)	Current rent plus CPI+1.0%
Shared ownership	RPI+0.5%
Other rents	RPI+1.0% or in accordance with any relevant lease or nomination agreements.

Impairment

The Group considers an individual scheme to represent separate cash generating units when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. During the current year, the Group has recognised impairment of £16.9 million (2022: reversal £3.3 million) mainly due to an increase in development costs in shared ownership and rented schemes. This relates to 523 units that have a net book value of £30.2 million before impairment.

14 Other Fixed Assets

Group	Other tangible fixed assets					Other intangible fixed assets	
	Furniture fixtures and fittings £m	Leasehold offices £m	Computers, office equipment and motor vehicles £m	Freehold offices £m	Total tangible assets £m	Computer software & IT project £m	Total intangible assets £m
Cost							
At 1 April 2022	6.7	0.8	4.0	22.8	34.3	30.9	30.9
Additions	0.3	-	0.8	-	1.1	7.7	7.7
At 31 March 2023	7.0	0.8	4.8	22.8	35.4	38.6	38.6
Depreciation							
At 1 April 2022	4.8	0.4	2.9	2.1	10.2	7.5	7.5
Charged in year	0.8	0.1	0.7	0.3	1.9	2.8	2.8
At 31 March 2023	5.6	0.5	3.6	2.4	12.1	10.3	10.3
Net book value							
At 31 March 2023	**1.4**	**0.3**	**1.2**	**20.4**	**23.3**	**28.3**	**28.3**
Net book value							
At 31 March 2022	1.9	0.4	1.1	20.7	24.1	23.4	23.4

14 Other Fixed Assets (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 2022	2.9	0.9	4.0	7.8	30.9	30.9
Additions	-	-	0.8	0.8	7.7	7.7
At 31 March 2023	2.9	0.9	4.8	8.6	38.6	38.6
Depreciation						
At 1 April 2022	2.0	0.4	2.9	5.3	7.5	7.5
Charged in year	0.3	0.1	0.7	1.1	2.8	2.8
At 31 March 2023	2.3	0.5	3.6	6.4	10.3	10.3
Net book value						
At 31 March 2023	**0.6**	**0.4**	**1.2**	**2.2**	**28.3**	**28.3**
Net book value						
At 31 March 2022	0.9	0.5	1.1	2.5	23.4	23.4

15 Investment properties

Group	Student accommodation £m	Market rent £m	Commercial £m	Properties under construction at fair value £m	Total £m
At 1 April 2022 restated[1]	116.9	513.4	23.1	11.9	665.3
Additions	-	-	-	5.8	5.8
Capitalised interest	-	-	-	0.4	0.4
Disposals	-	(62.5)	-	-	(62.5)
Schemes completed	-	1.4	1.3	(2.7)	-
Transfer to current assets	-	(0.4)	-	-	(0.4)
Transfer to fixed asset properties	-	(0.4)	-	-	(0.4)
Transfer from other investments	-	-	-	-	-
Revaluation	23.6	(22.1)	(0.9)	-	0.6
At 31 March 2023	**140.5**	**429.4**	**23.5**	**15.4**	**608.8**

[1] The restatement is detailed in Note 31.

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, 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	6.0%-7.0%
Level of long-term annual rent increase	2.5%

Full vacant possession value for the market rent properties at 31 March 2023 is £509.8 million. This gives an indication of the worth of these if they were to be sold individually in the open property market.

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

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

The gain on revaluation of investment property of £0.6 million (2022: restated £9.0 million) has been credited to the Statement of Comprehensive Income for the year.

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

Group	Student accommodation £m	Market rent £m	Commercial £m	2023 £m	2022 £m
Historic cost	71.9	396.8	18.2	486.9	551.0
Accumulated depreciation	(15.5)	(10.6)	(1.3)	(27.4)	(26.2)
	56.4	**386.2**	**16.9**	**459.5**	524.8

16 Investments: Homebuy loans

Group	2023 £m	2022 £m
At 1 April	2.3	2.4
Loans redeemed	(0.1)	(0.1)
At 31 March	**2.2**	**2.3**

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

17 Fixed asset investments

Group	Equity loans £m	Other £m	Total £m	Association Investment in subsidiaries £m
At 1 April 2022	4.5	35.5	40.0	-
Additions	-	0.1	0.1	88.1
Disposals/redeemed	(0.1)	(0.5)	(0.6)	-
Movement in fair value	-	(0.8)	(0.8)	-
Impairment of investment	-	-	-	(7.5)
At 31 March 2023	**4.4**	**34.3**	**38.7**	80.6

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

The Association purchased for £80.6 million, 100% of the share capital in A2Dominion Developments Limited from A2Dominion Homes Limited and in A2Dominion Residential Limited from A2Dominion Homes Limited and A2Dominion South Limited on the 31 January 2023.

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

	31 March 2023		31 March 2022	
	Cost £m	Market value £m	Cost £m	Market value £m
Investments listed on a recognised stock exchange	1.0	1.9	1.0	1.9
British government securities	3.2	3.8	3.2	4.6
Cash and utilised investments	5.1	5.1	5.5	5.5
Freehold investments	14.9	23.5	14.9	23.5
	24.2	**34.3**	**24.6**	**35.5**

Investments are measured at the quoted market price on a recognised stock exchange as at the 31 March 2023. Freehold investments are valued at Market Value determined by Savills Limited, qualified external valuers. This is based on the present value of future income streams with yields applied between 3.31% - 7% depending on ground rent review terms.

17 Fixed asset investments (continued)

Group	**Jointly controlled entities £m**
Cost	
At 1 April 2022	64.5
Additions	19.3
Disposal/Redeemed	(9.2)
At 31 March 2023	**74.6**
Share of retained profits	
At 1 April 2022	6.7
Profit for the year	6.7
Distributions	(2.6)
31 March 2023	**10.8**
Net book value	
At 31 March 2023	**85.4**
At 31 March 2022	71.2

17 Fixed asset investments (continued)

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

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

[1] Dissolved 10 May 2023.
[2] These jointly controlled entities are in the process of being liquidated.

17 Fixed asset investments (continued)

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

Group	A2D NK Homes LLP £m	A2D NKH Cranleigh LLP £m	A2D NKH Chinnor LLP £m	Green Man Lane 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	-	-	-	3.3	0.1	-	10.2	7.7	24.9	4.6	50.8
Cost of sales and administration expenses	-	-	(0.4)	(2.9)	0.1	0.1	(9.2)	(6.4)	(20.9)	(4.5)	(44.1)
Surplus for the year	**-**	**-**	**(0.4)**	**0.4**	**0.2**	**0.1**	**1.0**	**1.3**	**4.0**	**0.1**	**6.7**
Share of:											
Current assets	0.1	-	45.0	6.2	1.7	0.7	24.6	5.3	19.9	35.2	138.7
Liabilities due within one year	-	-	(43.6)	(1.0)	(1.2)	(0.7)	(2.0)	(1.4)	(1.3)	(2.1)	(53.3)
Net assets	**0.1**	**-**	**1.4**	**5.2**	**0.5**	**-**	**22.6**	**3.9**	**18.6**	**33.1**	**85.4**
Share of capital commitments	-	9.0	-	35.4	-	-	9.7	-	1.0	13.5	68.6

17 Fixed asset investments (continued)

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

Company	Country of incorporation or registration	Group'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 OptionsLimited	England	100%	Rents properties for affordable housing	Non-charitable registeredprovider 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[3]	England	100%	Dormant Company	Incorporated Company
A2Dominion Housing FinanceLimited	England	100%	Raise funds for the operational business	Non-charitable Co-operative and Benefit Society
A2Dominion Treasury Limited	England	100%	Ceased trading	Incorporated Company
Pyramid Plus London LLP	England	70%	Property maintenanceservices	Limited Liability Partnership
Pyramid Plus South LLP	England	70%	Property maintenanceservices	Limited Liability Partnership
A2D Funding PLC[2]	England	-	Ceased trading	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 ManagementLimited	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 II PLC.
[2] In the process of liquidation, [3] Dissolved 18 July 2023.

18 Properties for sale

Group	2023 £m	2022 £m
Open market sale: completed properties	5.2	5.2
Open market sale: under construction	99.1	134.7
Shared ownership: completed properties	16.6	7.9
Shared ownership: under construction	24.4	43.7
	145.3	191.5

19 Debtors

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Due within one year				
Rent and service charges receivable	12.0	10.6	-	-
Less: Provision for bad and doubtful debts	(3.9)	(3.3)	-	-
Net arrears	**8.1**	**7.3**	**-**	**-**
Trade debtors	0.5	0.6	0.1	0.3
Other debtors	26.0	50.3	4.6	2.7
VAT recoverable	0.1	0.2	-	0.2
Fire safety recovery	1.2	0.8	-	-
Prepayment and accrued income	16.0	20.5	2.4	1.6
Loans due from joint ventures	4.9	24.6	-	-
Loans due from Group entities	-	-	7.4	7.2
Amounts due from Group entities	-	-	202.0	160.8
Capital and agency debtors	3.3	4.1	-	-
	60.1	**108.4**	**216.5**	**172.8**
Due after more than one year				
Loans due from subsidiary undertakings under on-lending arrangements	-	-	750.3	688.4
Less: Provision for bad and doubtful debts	-	-	(40.0)	-
Loans due from joint venture	10.6	-	-	-
Other debtors	3.1	3.0	-	-
Deferred tax (note 29)	0.2	-	-	-
	13.9	**3.0**	**710.3**	**688.4**
	74.0	**111.4**	**926.8**	**861.2**

20 Cash and cash equivalents

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Cash at bank	40.1	102.1	22.9	76.4
Cash held in charge account[1]	3.8	3.8	3.8	3.8
Cash held in relation to sinking funds	12.1	12.1	-	-
	56.0	**118.0**	**26.7**	**80.2**

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

21 Creditors: amounts due in less than one year

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Loans and borrowings (note 25)	34.4	183.7	7.4	7.2
Trade creditors	15.5	10.4	14.5	8.8
Rent and service charges received in advance	16.9	15.8	-	-
Deferred capital grant (note 23)	32.2	27.6	-	-
Recycled capital grant fund (note 24)	1.9	3.4	-	-
Amounts owed to Group entities	-	-	254.6	270.3
Other taxation and social security	1.7	9.0	1.4	1.2
Other creditors	19.0	7.7	2.3	2.6
Loan due to joint venture	-	12.7	-	-
Accruals and deferred income	56.6	59.5	12.9	12.1
Interest accrued	2.2	5.8	-	-
Capital creditors	17.2	24.4	-	-
	197.6	**360.0**	**293.1**	**302.2**

22 Creditors: amounts falling due after more than one year

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Loans and borrowings (note 25)	1,546.6	1,504.0	828.5	686.0
Deferred capital grant (note 23)	1,018.6	1,043.2	-	-
Interest rate swap – cash flow hedge	14.2	48.2	-	-
Recycled capital grant fund (note 24)	10.5	9.9	-	-
Deferred tax (note 29)	-	6.1	-	-
Sinking funds	13.4	12.2	-	-
Capital creditors	5.2	2.4	-	-
	2,608.5	**2,626.0**	**828.5**	**686.0**

23 Deferred capital grant

Group	2023 Housing property £m	2023 Homebuy £m	2023 Total £m	2022 Housing property £m	2022 Homebuy £m	2022 Total £m
At 1 April	1,068.5	2.3	1,070.8	1,078.9	2.4	1,081.3
Grants received during the year:						
Housing properties	5.9	-	5.9	4.5	-	4.5
Recycled capital grant fund	0.5	-	0.5	5.3	-	5.3
Grants recycled during the year:						
Recycled capital grant fund	(4.1)	(0.1)	(4.2)	(4.5)	(0.1)	(4.6)
Amortised grant	(18.4)	-	(18.4)	(15.6)	-	(15.6)
Grants written off during the year	(0.5)	-	(0.5)	(0.1)	-	(0.1)
Grant repaid	(3.3)	-	(3.3)			
At 31 March	**1,048.6**	**2.2**	**1,050.8**	**1,068.5**	**2.3**	**1,070.8**
Due within one year	32.2	-	32.2	27.6	-	27.6
Due in more than one year	1,016.4	2.2	1,018.6	1,040.9	2.3	1,043.2

Without the amortisation of grant introduced under FRS 102, the amount of grant as at 31 March 2023 would have been £1,321.0 million (2022: £1,323.8 million).

	Group 2023 £m	Group 2022 £m
Work in progress	89.8	107.2
Completed grant	1,231.2	1,216.6
	1,321.0	**1,323.8**

24 Recycled capital grant fund

Group	2023 Homes England £m	2023 Greater London Authority £m	2023 Total £m	2022 Homes England £m	2022 Greater London Authority £m	2022 Total £m
At 1 April	3.5	9.8	13.3	4.2	8.7	12.9
Inputs to fund:						
Grants recycled from deferred capital grants	1.0	3.2	4.2	0.9	3.7	4.6
Grants recycled from statement of comprehensive income	0.3	0.7	1.0	0.3	0.7	1.0
Interest accrued	0.2	0.2	0.4	-	0.1	0.1
Recycling of grant:						
New build properties	(0.5)	-	(0.5)	(1.9)	(3.4)	(5.3)
Grant repaid	-	(6.0)	(6.0)	-	-	-
At 31 March	**4.5**	**7.9**	**12.4**	**3.5**	**9.8**	**13.3**
Due within one year	1.9	-	1.9	0.3	3.1	3.4
Due in more than one year	2.6	7.9	10.5	3.2	6.7	9.9

25 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	
	2023	2022	2023	2022
	£m	£m	£m	£m
Due within one year				
Bank loans	32.2	31.9	7.4	7.2
Bonds	-	150.0	-	-
Other loans	2.2	1.8	-	-
	34.4	**183.7**	**7.4**	**7.2**
Due after more than one year				
Bank loans	576.8	582.9	86.0	93.3
Bonds	634.0	633.9	634.0	483.9
Other loans	342.3	294.3	110.0	110.0
Loan issue costs	(6.5)	(7.1)	(1.5)	(1.2)
	1,546.6	**1,504.0**	**828.5**	**686.0**
Within one year	34.4	183.7	7.4	7.2
Between one and two years	37.5	34.4	7.7	7.4
Between two and five years	355.2	267.8	239.2	26.3
After five years	1,160.4	1,208.9	583.1	653.5
Loan issue costs	(6.5)	(7.1)	(1.5)	(1.2)
	1,581.0	**1,687.7**	**835.9**	**693.2**

			Interest rate			Margin	
	Loan balance	Premium/ (discount)	Lowest	Highest	Weighted average	Lowest	Highest
	£m	£m	£m	£m	£m	£m	£m
Loans on floating rates	176.9	-	SONIA + CAS	SONIA + CAS	SONIA + CAS	0.30%	1.75%
Floating rate loans hedged with interest rate swaps	139.3	-	4.04%	4.76%	4.53%	0.31%	1.00%
Non-cancellable floating rate loans hedged with embedded fixes	426.6	-	4.08%	5.97%	4.77%	0.25%	0.75%
Index linked loans	0.7	-	5.50%	5.50%	5.50%	-	-
Bond and private placements	818.8	(0.9)	1.96%	11.33%	4.07%	-	-
Unmatched standalone swap	15.5	-	4.46%	4.46%	4.46%	-	-
Total	**1,577.8**	**(0.9)**					

25 Loans and borrowings (continued)

The bank and other loans are repaid by bullet payments or in half-yearly and quarterly instalments and carry fixed and variable rates of interest ranging from 1.96% (SONIA + CAS) to 11.33%. The final instalments fall to be repaid in the period 2024 to 2048 as tabulated below:

		Loan repayment	
	Interest rate maturity ladder £m	Bullet £m	Instalment £m
Within 1 year	181.1	-	33.1
2 to 5 years	184.3	210.0	177.4
6 to 10 years	488.7	439.0	257.7
11 to 15 years	329.1	56.1	180.7
16 to 20 years	339.7	125.1	82.7
21 to 25 years	54.0	-	15.1
Total	**1,576.9**	**830.2**	**746.7**

At 31 March 2023 the Group had undrawn loan facilities of £382.5 million (2022: £387.8 million) which carry margins between 0.3% and 1.0%.

As at 31 March 2023, debtors include £0.8 million cash (2022: £0.7 million) charged to lenders.

Loan Security
Borrowings consist of secured loan and club bond facilities totalling £883.0 million (2022: £839.0 million) and unsecured retail and wholesale bonds and floating rate notes totalling £694.0 million (net of discount) (2022: £844.0 million).

Loan facilities are secured by fixed charges over properties. Properties are charged to lenders based on either Market Value – Tenanted (MV-T) or Existing Use Value – Social Housing (EUV-SH), with asset cover ratios ranging between 105% to 150%. As at 31 March 2023, the overall charged value of properties was £2.3 billion, with an equivalent EUV-SH value of £1.6 billion.

Retail and wholesale bonds, while unsecured carry a pledge to bond holders to retain unencumbered assets to the value of 130% of all unsecured borrowings. As at 31 March 2023, unencumbered assets consist of:

	Valuation basis	£m	Unsecured asset cover
Development work in progress	Cost	396.8	
Fixed asset investments	Fair Value	492.0	
Social housing properties	EUV-SH	1,476.0	
		2,364.8	340%

All completed properties are revalued annually by Jones Lang LaSalle LLP using the appropriate accounting valuation method; EUV-SH for social housing stock and fair value for fixed asset investments. As at 31 March 2023, the accounting value of all completed stock was £3.6 billion, compared with an open market value of £10.1 billion.

26 Financial instruments

	Group 2023 £m	2022 £m
Financial assets		
Financial assets that are debt instruments measured at fair value:		
Fixed asset investments	10.8	12.0
Total financial assets	**10.8**	**12.0**
Financial liabilities		
Derivative financial instruments designated as standalone interest rate swaps without options measured at fair value	14.2	48.2
Total financial liabilities	**14.2**	**48.2**

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	SONIA 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	38.3	4.760%	30/06/2011	05/09/2030	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 £34.0 million (2022: £19.8 million). Of the total notional value, £38.3 million is amortising in line with the underlying debt.

27 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 2022	3.3	3.1	5.6	0.6	0.3	12.9
Reclassification	-	(0.2)	-	0.2	-	-
Additions	0.1	1.5	1.5	0.1	-	3.2
Utilised in the year	-	(0.2)	(3.2)	(0.4)	-	(3.8)
At 31 March 2023	**3.4**	**4.2**	**3.9**	**0.5**	**0.3**	**12.3**

Association	Pension £m	Contractual £m	Holiday pay £m	Total £m
At 1 April 2022	3.3	0.4	0.3	4.0
Additions	0.1	0.1	-	0.2
At 31 March 2023	**3.4**	**0.5**	**0.3**	**4.2**

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

A programme of works has been identified and communicated to residents, thereby creating a constructive obligation. In some cases, these costs can be recovered from third parties, e.g., the original construction contractor or funding approved and provided by the Building Safety Fund. Where costs cannot be recovered and there is a contractual obligation as at the 31 March 2023 the Group has provided for the estimated liability.

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

28 Pensions

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

A2Dominion Benefit Scheme (Association)

This is a defined benefit scheme and is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A2BS DB section is closed to new entrants. Scheme liabilities have been based on liability information as at 30 September 2021 updated to 31 March 2023 by an independent qualified actuary.

The most recent completed actuarial valuation as at 30 September 2021 showed a deficit of £34.2 million. The Group agreed with the trustee that it will aim to eliminate the deficit over a period of six years and six months from the valuation date by payment of contributions in line with the schedule of contributions. That is, £4.8 million per annum, increasing annually by 2% from the 1 April 2024. The Group pays £0.1 million per annum to meet the expenses of running the scheme. The Pension Protection Fund levy, Group Life premiums and any FRS102 accounting support costs are met separately by the Group.

The projected unit method has been used to calculate the Scheme liabilities at 31 March 2023 by rolling forward the triennial actuarial valuation as at 30 September 2021. The projected unit method results have been adjusted according to the FRS 102 financial and demographic assumptions applicable at 31 March 2023. The liability calculations have made allowance for the payment of benefits and actual inflation over the year for the period to 31 March 2023.

The asset values at 31 March 2023 were provided by the Scheme's administrators. As required under FRS102 the bid market value of the assets is generally used for the calculations in the disclosures and the market value of investment holdings has been taken as £66.3 million.

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 2023. The employer's contributions to the SCCPF by the Association for the year ended 31 March 2023 were £0.1 million in deficit contributions and a contribution rate of 33.3% of pensionable salaries, set until the next funding valuation. This scheme has no active members and is closed to new entrants. The exit from this scheme was triggered on the 22 June 2023.

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

The Group also has five employees who participate in OCCLGPS. The scheme is a defined benefit scheme based on final salary. The most recent formal actuarial valuation was completed on 31 March 2023. The employer's contributions to the OCCLGPS by the Group for the year ended 31 March 2023 were a contribution rate of 16.3% of pensionable salaries, set until the next funding valuation. Pension benefits depend generally upon age, length of service and salary level. This scheme is closed to new entrants.

28 Pensions (continued)

Reconciliation of present value of plan liabilities	2023 A2BS DB £m	2023 SCCPF £m	2023 OCCLGPS £m	2023 Total £m	2022 A2BS DB £m	2022 SCCPF £m	2022 OCCLGPS £m	2022 Total £m
At the beginning of the year	(123.2)	(9.4)	(14.7)	(147.3)	(129.6)	(9.9)	(15.6)	(155.1)
Current service cost	-	(0.1)	(0.1)	(0.2)	-	(0.1)	(0.1)	(0.2)
Contribution by plan participants	-	-	-	-	-	-	-	-
Interest cost	(3.4)	(0.2)	(0.4)	(4.0)	(2.7)	(0.2)	(0.3)	(3.2)
Actuarial gains/ (losses)	41.3	1.7	4.0	47.0	4.6	0.4	1.0	6.0
Benefits paid	2.0	0.4	0.4	2.8	4.5	0.4	0.3	5.2
At the end of the year	(83.3)	(7.6)	(10.8)	(101.7)	(123.2)	(9.4)	(14.7)	(147.3)

Reconciliation of fair value of plan assets	2023 A2BS DB £m	2023 SCCPF £m	2023 OCCLGPS £m	2023 Total £m	2022 A2BS DB £m	2022 SCCPF £m	2022 OCCLGPS £m	2022 Total £m
At the beginning of the year	100.8	9.2	12.8	122.8	96.1	9.3	11.8	117.2
Interest income on plan assets	2.8	0.2	0.4	3.4	2.1	0.2	0.2	2.5
Expenses	(0.1)	-	-	(0.1)	(0.1)	-	-	(0.1)
Experience on plan assets gains/ (losses)	(40.1)	(1.2)	(1.4)	(42.7)	1.4	-	1.0	2.4
Contributions by Group	4.9	0.2	0.1	5.2	5.8	0.1	0.1	6.0
Benefits paid	(2.0)	(0.4)	(0.4)	(2.8)	(4.5)	(0.4)	(0.3)	(5.2)
At the end of the year	66.3	8.0	11.5	85.8	100.8	9.2	12.8	122.8

28 Pensions (continued)

Net pension scheme liability		**2023**				**2022**		
	A2BS DB £m	**SCCPF £m**	**OCCLGPS £m**	**Total £m**	**A2BS DB £m**	**SCCPF £m**	**OCCLGPS £m**	**Total £m**
Fair value of plan assets	66.3	8.0	11.5	85.8	100.8	9.2	12.8	122.8
Present value of plan liabilities	(83.3)	(7.6)	(10.8)	(101.7)	(123.2)	(9.4)	(14.7)	(147.3)
Net pension scheme liability	(17.0)	0.4	0.7	(15.9)	(22.4)	(0.2)	(1.9)	(24.5)

Amounts recognised in income and expenditure		**2023**				**2022**		
	A2BS DB £m	**SCCPF £m**	**OCCLGPS £m**	**Total £m**	**A2BS DB £m**	**SCCPF £m**	**OCCLGPS £m**	**Total £m**
Included in administrative expenses:								
Current service cost	-	(0.1)	(0.1)	(0.2)	-	(0.1)	(0.1)	(0.2)
Expenses	(0.1)	-	-	(0.1)	(0.1)	-	-	(0.1)
	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	(0.1)	(0.1)	(0.3)
Amounts included in other finance costs	(0.6)	-	-	(0.6)	(0.7)	-	(0.1)	(0.8)
Net interest cost	(0.6)	-	-	(0.6)	(0.7)	-	(0.1)	(0.8)

28 Pensions (continued)

Analysis of actuarial gain/(loss) recognised in other comprehensive income	2023 A2BS DB £m	2023 SCCPF £m	2023 OCCLGPS £m	2023 Total £m	2022 A2BS DB £m	2022 SCCPF £m	2022 OCCLGPS £m	2022 Total £m
Actual return less interest income included in net interest income	(40.1)	(0.7)	(0.8)	(41.6)	1.4	-	1.0	2.4
Experience gains and losses arising on the scheme liabilities	(5.4)	(1.0)	(1.4)	(7.8)	0.8	-	-	0.8
Changes in assumptions underlying the present value of the scheme liabilities	46.7	2.2	4.8	53.7	3.8	0.4	1.0	5.2
	1.2	0.5	2.6	4.3	6.0	0.4	2.0	8.4

Composition of plan assets	2023 A2BS DB £m	2023 SCCPF £m	2023 OCCLGPS £m	2023 Total £m	2022 A2BS DB £m	2022 SCCPF £m	2022 OCCLGPS £m	2022 Total £m
Equities	0.3	5.2	8.4	13.9	19.0	5.9	9.3	34.2
Bonds and gilts	0.3	2.2	1.8	4.3	3.2	2.4	2.2	7.8
Property	3.2	0.4	1.1	4.7	3.1	0.7	1.0	4.8
Cash	3.3	0.2	0.2	3.7	1.9	0.2	0.3	2.4
Liquid alternatives	7.6	-	-	7.6	-	-	-	-
Private credit	9.6	-	-	9.6	-	-	-	-
Other [1]	8.0	-	-	8.0	34.6	-	-	34.6
Liability driven investment strategy [2]	34.0	-	-	34.0	39.0	-	-	39.0
Total plan assets	66.3	8.0	11.5	85.8	100.8	9.2	12.8	122.8

[1] Other includes the following asset types, infrastructure, alternative growth, private debt and renewables.

[2] The underlying assets are gilts (Government Bonds) that are used for interest/inflation rate hedging strategy.

28 Pensions (continued)

Principal actuarial assumptions used at the balance sheet date

	2023 A2BS DB %	2023 SCCPF %	2023 OCCLGPS %	2022 A2BS DB %	2022 SCCPF %	2022 OCCLGPS %
Discount rate	4.8	4.5	4.8	2.8	2.7	2.7
Future salary increases	2.9	4.0	3.0	3.2	4.2	3.2
Future pension increases	2.9	3.0	3.0	3.1	3.3	3.2
Inflation assumption	2.9	3.0	3.0	3.2	3.3	3.2

Mortality rates	2023 A2BS DB Years	2023 SCCPF Years	2023 OCCLGPS Years	2022 A2BS DB Years	2022 SCCPF Years	2022 OCCLGP Years
For a male aged 65 now	21.7	23.8	22.3	21.9	22.1	22.2
At 65 for a male aged 45 now	23.0	24.0	23.1	23.2	23.1	23.1
For a female aged 65 now	24.1	24.8	24.6	24.3	24.5	24.5
At 65 for a female aged 45 now	25.5	26.6	26.2	25.7	26.2	26.1

29 Deferred tax

Group	2023 £m	2022 £m
Investment property revaluations	(0.2)	6.1
Deferred tax (asset)/liability	(0.2)	6.1

The net reversal of deferred tax assets and liabilities expected in 2023 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, recognition of joint controlled entity surpluses and other timing differences between accounting and taxable surpluses. As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate any further future reversals.

30 Non-equity share capital

Association	2023 £	2022 £
Shares of £1 each issued and fully paid		
At 1 April	8	9
Issued during the year	3	-
Surrendered during the year	-	(1)
At 31 March	11	8

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

31 Prior year adjustment

The table is a summary of the impact of the prior year adjustment for errors recognised in the Group financial statements. The adjustment to fixed asset investment properties is to adjust the valuation of leasehold properties that have a limited number of years remaining on their lease and had previously been revalued as if they had the full term of the lease remaining.

The adjustment to the cash flow hedge reserve reflects a correction of a misinterpretation of the allocation of movements of the value of hedging instruments that occurred at the adoption of FRS102.

The prior year adjustment did not have any impact on the Association.

	Cashflow Hedge Reserve 31 March 2021 £m	Fixed Asset Investment Properties 31 March 2021 £m	Reserves at 31 March 2021 £m	Movement in valuation of investment properties 31 March 2022 £m	Reserves at 31 March 2022 £m
As previously stated	(35.2)	678.7	959.7	10.7	1,011.6
Prior year adjustment	(20.7)	(18.2)	2.5	(1.7)	0.8
As restated	**(55.9)**	**660.5**	**962.2**	**9.0**	**1,012.4**

32 Contingent liabilities

The Group receives grants from Homes England and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2023, the value of grant amortised in respect of these properties that had not been disposed of was £268.7 million (2022: £254.3 million). As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

The Developer Pledge announced by government in April 2022, whilst still subject to contract finalisation, intends to protect leaseholders from paying for fire remedial works in medium or high-rise properties and means that it is possible that some or all costs will be incurred by the Group. The Group will attempt to recover the cost from the original contractors where possible and will be seeking financial support from government.

33 Operating leases

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

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Land and buildings				
Within in one year	4.1	4.0	2.4	2.3
Two to five years	8.6	9.1	6.2	6.1
Over five years	1.4	1.6	0.7	0.7
	14.1	**14.7**	**9.3**	**9.1**
Vehicles and other equipment				
Within in one year	0.1	0.1	0.1	0.1
	0.1	**0.1**	**0.1**	**0.1**

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

Group	2023 £m	2022 £m
Amounts receivable as lessor		
Not later than one year	22.1	24.5
Later than 1 year and not later than 5 years	28.3	31.6
Later than five years	78.7	80.7
	129.1	**136.8**

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

34 Capital commitments

Group	2023 £m	2022 £m
Capital expenditure		
Expenditure contracted for but not provided in the financial statements	209.7	250.9
Expenditure authorised by the Board, but not contracted	161.0	223.9
Maintenance expenditure contracted and authorised by the Board	65.1	49.1
	435.8	**523.9**

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

- Undrawn loan facilities totalling £382.5 million (2022: £387.8 million).
- Social housing grants and projected proceeds from first tranche sales of shared ownership dwellings and build for sale properties of £492.0 million (2022: £480.4 million).

35 Analysis of net debt

Group	1 April 2022 £m	Cash flow £m	Non-cash changes £m	31 March 2023 £m
Cash at bank and in hand	118.0	(62.0)	-	56.0
Loans due within 1 year	(183.7)	183.7	(34.4)	(34.4)
Loans due after more than 1 year	(1,504.0)	(77.0)	34.4	(1,546.6)
Derivatives due after more than 1 year	(48.2)	-	34.0	(14.2)
Net Debt	**(1,617.9)**	**44.7**	**34.0**	**(1,539.2)**

36 Related party transactions

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

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

A2Dominion Housing Group Limited provides management and administration services to the companies within the Group. The most significant element of this is staff costs as the subsidiaries within the Group do not have their own employees apart from A2Dominion Homes Limited which has a small number of employees. The management costs are apportioned on a salary and units basis. The Group Board has determined that for the foreseeable future A2Dominion Housing Group Limited will seek to recover its costs for management services and additionally build up its accounting reserves. The amount charged to A2Dominion Homes and A2Dominion South will be set at a level designed to maximise the build-up in reserves in A2Dominion Housing Group Limited, but limited to the extent that the charge must not generate an annual loss nor breach a Board KPI limit in either A2Dominion Homes Limited or A2Dominion South Limited. During the year A2Dominion Housing Group Limited provided management services to other Group entities and charged £74.4 million (2022: £59.2 million).

At 31 March 2023 A2Dominion Housing Group owed £52.6 million to its subsidiaries (2022: £109.5 million). This was in relation to working capital balances.

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

The Group owns a 70% share in Pyramid Plus London LLP. The remaining 30% share is owned by Breyer Group PLC. The minority share of £0.2 million (2022: £0.5 million) relates to Breyer Group PLC's 30% share of the LLP's profit.

The Group owns a 70% share in Pyramid Plus South LLP. The remaining 30% share is owned by MPS Housing Limited. The minority share of £0.7 million (2022: £1.0 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:

Association	**2023 £m**	**2022 £m**
A2Dominion South Limited	32.3	23.2
A2Dominion Homes Limited	29.6	25.8
A2Dominion Housing Options Limited	5.0	5.4
A2Dominion Residential Limited	1.8	1.1
A2Dominion Developments Limited	4.5	2.5
Pyramid Plus London LLP	0.6	0.6
Pyramid Plus South LLP	0.6	0.6
	74.4	**59.2**

36 Related party transactions (continued)

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries for the year ended 31 March 2023 are summarised as follows:

	Services Provided £m	Qualifying charitable donations £m	Loan interest payable £m	Loan interest receivable £m	Loans – creditors £m	Loans – debtors £m	Other creditors £m	Other debtors £m
A2Dominion Developments limited								
A2Dominion Homes Limited	13.7	-	(6.3)	-	-	-	(94.4)	-
A2Dominion South Limited	7.0	-	(6.6)	-	-	-	(56.0)	-
A2Dominion Housing Group Limited	-	-	(2.4)	-	(234.2)	-	-	92.0
A2Dominion Treasury Limited								
A2Dominion Homes Limited	-	-	-	1.2	-	-	-	-
A2Dominion South Limited	-	-	-	1.1	-	-	-	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	(3.5)	-
A2Dominion Housing Finance Limited								
A2Dominion South Limited	-	-	-	0.9	-	35.0	-	-
A2Dominion Residential Limited								
A2Dominion Homes Limited	-	5.2	-	-	-	-	(78.0)	-
A2Dominion South Limited	-	-	-	-	-	-	-	0.9
A2Dominion Housing Group Limited	-	-	(4.8)	-	(266.5)	-	-	87.4
Pyramid Plus London LLP								
A2Dominion Housing Group Limited	19.1	-	-	-	-	-	-	1.2
Pyramid Plus South Limited								
A2Dominion Housing Group Limited	22.6	-	-	-	-	-	-	1.3

36 Related party transactions (continued)

During the year A2Dominion Homes Limited and A2Dominion South Limited lent to A2Dominion Developments Limited at a fixed rate of 6% on a two-year revolving facility. The loans were secured with floating charges. These loans were fully repaid during the year.

A2Dominion Housing Finance Limited lends to A2Dominion South Limited at SONIA + CAS + 0.4% - the facility is revolving until 2033.

A2Dominion Treasury Limited lent to A2Dominion Homes Limited and A2Dominion South Limited at an all-in rate of 4.5875%. These were the proceeds of retail bond two 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 was to remain due to A2Dominion Treasury Limited at all times. The loans are not secured. In March 2023, A2Dominion Treasury Limited ceased to trade following the novation of the retail bond two to A2Dominion Housing Group Limited.

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 2023 the loan was fully repaid.

For Phase 6a, the LLP was funded by way of two loan facilities of £14.0 million in total signed on 19 December 2022 with A2Dominion Developments Limited and Rydon Regeneration Limited. At 31 March 2023 the LLP has utilised £10.5 million (A2Dominion Developments Limited: £7.7 million and Rydon Regeneration Limited: £2.8 million) of these facilities. Interest is charged at 6.16% per annum. The capital and interest payments are due to be repaid by 21 February 2024 for the “Senior Loan” and on 21 February 2027 for the “Junior Loan”.

Green Man Lane LLP and A2Dominion Homes entered into a joint arrangement on 29 August 2018 with Rydon Construction Limited to provide construction services, with the LLP’s share of contract being to the value of £20.5 million. During the financial year ending 31 March 2023 the LLP paid Rydon Construction Limited £0.2 million with a balance of £0.2 million due in the next financial year.

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

Green Man Lane LLP entered into an agreement with Real LSE Ltd to provide construction services for 23 houses for Phase 6a for a contract value of £9.4 million. During the financial year ending 31 March 2023 the Green Man Lane LLP paid Real LSE Ltd £5.0 million.

A2Dominion Developments Limited is a 50% joint venture partner of West King Street Renewal LLP. The LLP is funded by way of an equity loan facility of £50.0 million with A2Dominion Developments Limited and London Borough of Hammersmith & Fulham on tranche 1 and an interest-bearing loan facility of £20.0 million on tranche 2, interest rate is 6%. As at 31 March 2023, the LLP has utilised £50.0 million (A2Dominion Developments Limited: £25.0 million and London Borough of Hammersmith & Fulham: £25.0 million) of the tranche 1 facility. H & F Housing Developments Limited is funding the design and construction by West King Street Renewal LLP of commercial units on land which has been leased by the London Borough of Hammersmith & Fulham to the LLP. A total of £22.3 million has been recharged as at 31 March 2023.

A2Dominion Developments Limited is a 50% joint venture partner of Crest A2D (Walton Court) LLP. During the year capital contribution of £4.2 million was made (2022: £2.9 million) to Crest A2D (Walton Court) LLP. During the year a capital repayment of £3.0 million (2022: £nil) by Crest A2D (Walton Court) LLP.

A2Dominion Developments Limited is a 50% joint venture partner of Keybridge House 2 LLP. During the year no capital contributions were made (2022: £nil) to Keybridge House 2 LLP. During the year there were no

36 Related party transactions (continued)

capital repayments (2022: £nil) made by Keybridge House 2 LLP.

A2Dominion Developments Limited is a 50% joint venture partner of Elmsbrook (Crest A2D) LLP. During the year there were no capital contributions (2022: £nil) made to Elmsbrook (Crest A2D) LLP. During the year, capital repayments of £0.6 million (2022: £3.6 million) were made by Elmsbrook (Crest A2D) LLP.

A2Dominion Developments Limited is a 80% joint venture partner of A2D NK Homes LLP with 50% voting rights. During the year there were no capital repayments (2022: £1.0 million) to A2D NKH (Rowlands Castle) Limited, a wholly owned subsidiary of A2D NK Homes LLP.

A2Dominion Developments Limited is a 50% joint venture partner of A2DD-HP Boston Road LLP. During the year, a capital contribution of £3.1 million (2022: £9.8 million) was made to A2DD-HP Boston Road LLP. During the year, capital repayments of £3.2 million (2022: £nil) were made by of A2DD-HP Boston Road LLP.

A2Dominion Treasury Limited has been provided with a loan facility of £nil (2022: £150.0 million) by A2D Funding PLC. As at 31 March 2023, £nil (2022: £150.0 million) was owed by A2Dominion Treasury Limited. The amount was fully repaid on 18 October 2022.

A2Dominion Treasury Limited has been provided with a loan facility of £nil (2022: £150.0 million) by A2D Funding II PLC. As at 31 March 2023, £nil (2021: £150.0 million) was owed by A2Dominion Treasury Limited with the loan being transferred to A2Dominion Housing Group Limited. As at 31 March 2023, the amount owed to A2D Funding II PLC was £150 million.

A2Dominion Housing Group Limited guarantees the bond issue principal and interest in A2DFunding II PLC.

Pyramid Plus South LLP received services during the year from MPS Housing Limited with a value of £14.8 million (2022: £11.2 million). As at the 31 March 2023 £2.9 million (2022: £2.2 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 £12.7 million (2022: £11.0 million). As at the 31 March 2023 £1.5 million (2022: £2.0 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 2023, outstanding loan receivable balance from A2D NKH (Mytchett) Limited is £13.8 million (2022: £19.1 million). The interest and similar income receivable on this loan during the year was £1.0 million (2022: £0.7 million).

36 Related party transactions (continued)

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

	Services Provided £m	Qualifying charitable donations £m	Loan interest payable £m	Loan interest receivable £m	Loans – creditors £m	Loans - debtors £m	Other creditors £m	Other debtors £m
A2Dominion Developments limited								
A2Dominion Homes Limited	13.7	-	(9.1)	-	(116.4)	-	(0.8)	-
A2Dominion South Limited	1.7	-	(9.1)	-	(116.4)	-	-	2.3
A2Dominion Housing Group Limited	-	-	(1.6)	-	(19.4)	-	(45.1)	-
A2Dominion Treasury Limited								
A2Dominion Homes Limited	-	-	-	1.2	-	26.5	-	-
A2Dominion South Limited	-	-	-	1.2	-	18.8	-	-
A2Dominion Housing Group Limited	-	-	-	-	-	-	(4.0)	-
A2Dominion Housing Finance Limited								
A2Dominion South Limited	-	-	-	0.2	-	35.0	(0.1)	-
					-	-	-	
A2Dominion Residential Limited								
A2Dominion Homes Limited	-	3.8	-	-	-	-	(4.2)	-
A2Dominion South Limited	-	-	-	-	-	-	(2.4)	-
A2Dominion Housing Group Limited	-	-	(1.0)	-	(39.4)	-	-	18.5
Pyramid Plus London LLP								
A2Dominion Housing Group Limited	17.6	-	-	-	-	-	-	1.4
Pyramid Plus South Limited								
A2Dominion Housing Group Limited	20.6	-	-	-	-	-	-	1.7

A2Dominion Housing Group Limited
31 March 2023

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