ANNUAL REPORT & ACCOUNTS 2014

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Gunmakers Wharf, Tower Hamlets

Chair's report

I am pleased to report on a year of solid progress in fulfilling the objectives set out in our strategic plan. These include increasing our supply of new homes, improving customer services, improving access to opportunities that enhance our customers' lives, and underpinning delivery through financial viability and good governance.

We raised £150m through the issue of a retail bond, which closed in a record-breaking two days and is being used to fund more new homes. This supports our goal to provide a range of properties that meet the needs of the communities we serve, both in lifestyles and financial capacity. Additionally, the properties we deliver for private rent and sale help to provide the cross-subsidy needed for affordable housing provision.

From April 2013 our repairs services have been managed in-house via two joint ventures with contractors. This has given the Group better control over both quality and responsiveness. During the year these enterprises also won their first external contracts, part of a longer-term strategy to benefit from both economies of scale and a wider skill base.

Another key target for the year was to help customers most in need to prepare for the effects of welfare reform. Through the initiatives organised during the year we engaged with thousands of customers, providing advice and support, and despite welfare reform changes, rent arrears have fallen and we have also improved re-let times.

The Annual Report & Accounts is one of the few public opportunities I have to thank everyone who has contributed to a successful year. This includes our partner local authorities, contractors, lenders and professional advisors, as well as resident bodies, staff, executive members and my fellow board and committee members. Our success is a team effort and to all of you my thanks.

It is a pity to end on a sad note but I must mention Fiona Cornell, our former Deputy Executive Director of Operations, who sadly passed away in February 2014. She is sorely missed by all who knew her. In her memory a scholarship fund has been set up to assist the development of new housing talent amongst our staff, a cause that was close to Fiona's heart.

Derek Joseph
Chair

Vision and values

Our vision is simple: to improve people's lives through high quality homes and services.

As one of the country's leading providers of high quality housing, we have over 34,000 homes across London and the South East and thousands more in the development pipeline.

From affordable housing and private rent homes, to specialist accommodation for key workers, students and vulnerable people, we cater for all needs.

Through our A2Dominion New Homes brand we provide homes for sale and shared ownership.

Across all activities, our aim is to achieve our vision. We do this by reinvesting surpluses into developing more affordable housing and making existing properties and services even better.

We are committed to working towards our four key business objectives:

- Provide new high quality homes and places
- Deliver customer-led services
- Invest in our homes and local communities
- Strengthen our business

A set of values based on the acronym DRIVE supports our vision and underpins all of our activities:

- Deliver
- Respond
- Innovate
- Value diversity
- Enterprise

Providing new high quality homes and places

4,641
homes in our development pipeline

695
new homes completed

1,162
new homes started

£74.8m
sales income

We deliver high quality new homes to meet a broad customer base.

Creating new homes and places

We have delivered 695 new homes for sale, shared ownership and rent with developments in a range of prime locations, from inner London to West Sussex. We are also developing more properties for private rent and sale than ever before, including 2,779 new homes for sale and shared ownership.

Ground-breaking projects

Work has begun on the UK's first eco town, North West Bicester in Oxfordshire. The initial phase of this ground-breaking scheme comprises 393 true zero carbon homes, an eco-pub, community centre and school. We have also agreed a joint venture with Mount Anvil to deliver the prestigious Queen's Wharf and Riverside Studios scheme in Hammersmith.

Providing private rented homes

With a commitment to deliver 750 private rent homes by 2017, we are further expanding our range of homes for customers. Future schemes include over 160 private rent properties in Southampton and Ashford, Kent.

Our Cereston scheme in Billingshurst, West Sussex

Delivering customer-led services

We put customers at the heart of everything we do.

Getting online

With funding from the government's Digital Deal initiative, we launched a project to help over 1,300 customers get online as part of a three-year programme. A network of 'Digital Champion' volunteers is helping us to provide one-to-one and group training, as well as access to online resources.

Improving existing properties

We invested £29.4m to improve and upgrade over 7,200 of our existing homes. Targets for our planned repairs programme were exceeded and we achieved good levels of customer satisfaction.

Increasing support for customers

We have provided tenancy sustainment support to those affected by welfare reform changes, helping customers to secure over £1m in Housing Benefit and discretionary housing payments, as well as access to other benefits and grants totalling over £350,000.

Our 'Digital Champion' volunteers are helping over 1,300 customers

34,818
homes in ownership and management

95%
satisfaction with our Customer Services Centre

887
new social housing lettings

£29.4m
invested into improving existing homes

Investing in our homes and local communities

£63,882
donated to charities

2,631
customers supported via neighbourhoods programme

49
apprentices and interns placed

£12,000
awarded to young entrepreneurs

We invest in our neighbourhoods to support those who need our help most.

Working in our neighbourhoods

A2Dominion has supported over 2,600 residents through our Priority Neighbourhoods project with initiatives such as gardening projects, homework clubs, sports activities, training and events. We have also offered 43 work placements to residents, and six apprenticeships through A2Dominion and its partners.

Inspiring young entrepreneurs

Helping to turn business ideas into a reality, we awarded £12,000 to young entrepreneurs as well as providing mentoring support. Part of our 'Be Inspired' youth enterprise scheme, the funding is being used to support a community music festival, football coaching for young people and art workshops.

Corporate social responsibility

We donated £63,882 to support the work of charities and organisations in our local communities. Among these were the Albert Kennedy Trust, which supports young LGBT homeless people, and the Trussell Trust, which provides emergency foodbanks across the country.

We awarded £12,000 to young entrepreneurs as part of 'Be Inspired'

Strengthening our business

We continue to strengthen our financial position and grow our business.

Best ever surplus

We delivered our largest ever surplus of £38.1m, further strengthening our financial position. This was £20.4m above budget and will be reinvested into delivering more new homes, improving existing properties and providing services for customers.

New sources of funding

We have diversified our funding sources to develop more new homes. Our retail bond, listed on the London Stock Exchange ORB, raised £150m from investors in a record-breaking two days. We also secured £54m from the European Investment Bank to support the building of sustainable new homes and to make environmental improvements to our existing properties.

Sunday Times Top 100

For the second year in a row, A2Dominion was named as one of The Sunday Times Top 100 not-for-profit organisations to work for, and became a Best Companies One Star company for the first time. The Group also won the prestigious What House? 'Housing Association of the Year' Award.

Our largest ever surplus will provide even more new homes

£38.1m
surplus for reinvestment

£150m
raised via retail bond

£54m
European Investment Bank funding

£272.1m
turnover for 2014

Stock profile and areas of operation

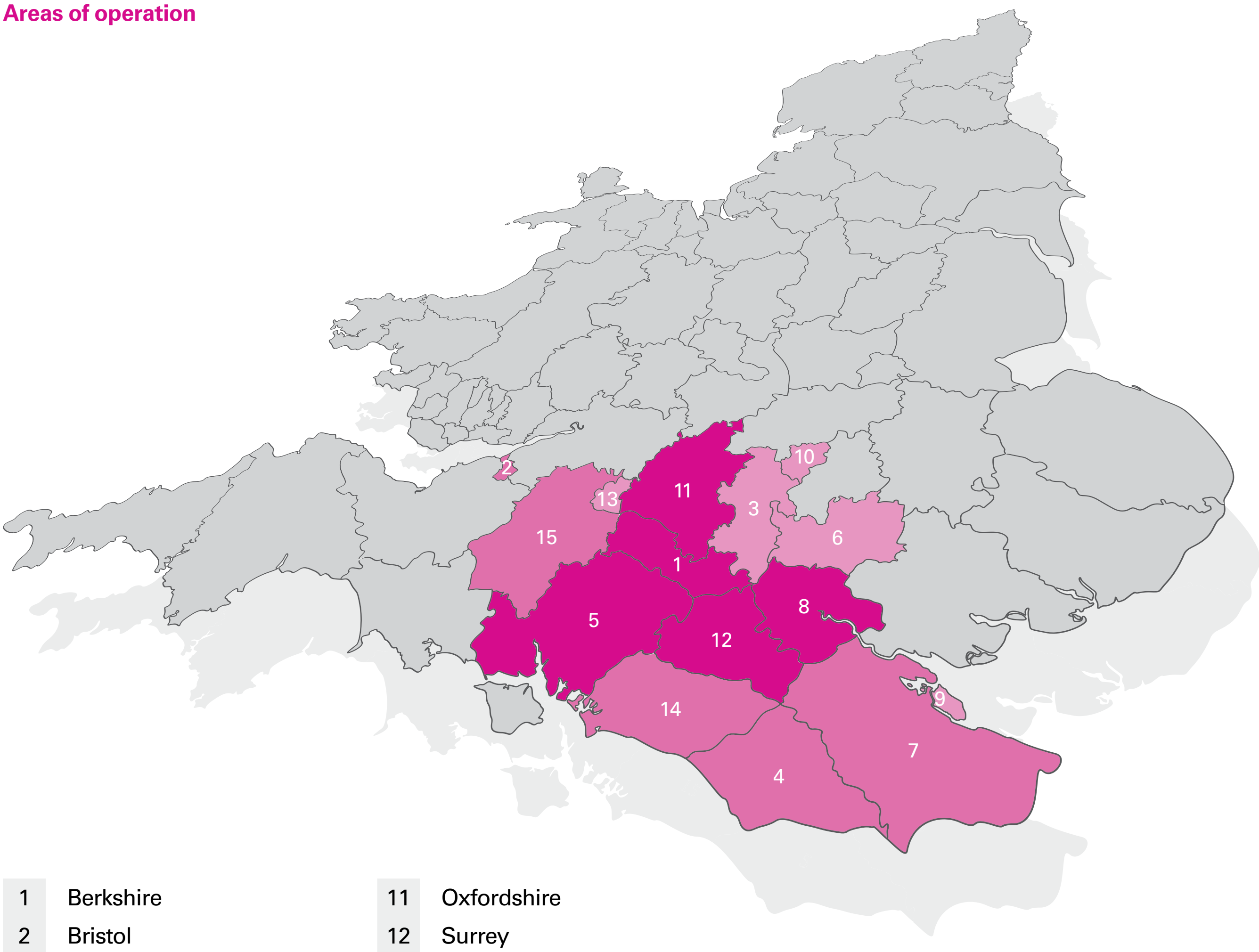
as at 31 March 2014

Stock profile

Local authority	Properties in management	Properties in development	Total
Bristol	622	0	622
Bromley	1,233	1	1,234
Cherwell	346	1,325	1,671
Chichester	540	20	560
Ealing	3,467	623	4,090
Elmbridge	343	12	355
Guildford	446	59	505
Hackney	79	336	415
Hammersmith & Fulham	1,311	82	1,393
Harrow	999	0	999
Hillingdon	2,047	0	2,047
Hounslow	2,447	384	2,831
Oxford	2,565	65	2,630
Reading	531	0	531
Runnymede	578	111	689
Rushmoor	368	0	368
Slough	978	0	978
South Oxfordshire	241	107	348
Spelthorne	7,313	300	7,613
Sutton	350	0	350
Tower Hamlets	478	97	575
West Berkshire	637	0	637
Westminster	1,291	38	1,329
Wiltshire	304	0	304
Winchester	1,131	18	1,149
Windsor & Maidenhead	376	0	376
Other*	3,797	1,063	4,860
TOTAL	34,818	4,641	39,459

* Indicates local authorities where we have fewer than 300 properties in management and development.

Areas of operation



1	Berkshire
2	Bristol
3	Buckinghamshire
4	East Sussex
5	Hampshire
6	Hertfordshire
7	Kent
8	London
9	Medway
10	Milton Keynes
11	Oxfordshire
12	Surrey
13	Swindon
14	West Sussex
15	Wiltshire

1,000+
100 – 999
1 – 99
No activity at present

Case study
Record-breaking retail bond

We raised £150m via a retail bond in less than two days, the fastest ever book-building period on the London Stock Exchange's order book for retail bonds.

Proceeds from the AA- rated retail-eligible bonds are being used to extend our development programme, including private sale, private rented, shared ownership and affordable housing.

Case study

Everything on your doorstep at Novus, Ealing

Ronan Howe, 27, has purchased a brand new one-bedroom apartment at Novus, part of the Green Man Lane regeneration scheme in West Ealing.

The primary school teacher is delighted at taking his first step on the property ladder, after renting for four years.

"I am absolutely over the moon with my new home. Everything I need is here; I can walk to work in less than 10 minutes and the transport links into central London are incredible."
– Ronan Howe

Case study
The UK's first eco town at North West Bicester, Oxfordshire

A masterplan has been drawn up to guide the future development of the UK's first eco town, North West Bicester, over the next 20 to 25 years. The vision is to create an attractive and affordable place for people to live healthy and sustainable lifestyles.

As lead developer, our consultant team developed the core elements of the 1,000-acre site which include around 6,000 highly energy-efficient, true zero carbon homes and 40 per cent green space. There will also be retail and leisure facilities, employment opportunities, five new schools and links to Bicester via footpaths, cycle-ways and public transport.

Case study
A sales success at Gunmakers Wharf, Tower Hamlets

Gunmakers Wharf, located in a sought-after location next to east London's leafy Victoria Park, sold entirely off-plan. The scheme's 121 homes, which sit alongside the Hertford Union Canal, offer open plan living areas and full height windows to maximise light.

A range of homes for sale, private rent, affordable rent and shared ownership are included at the scheme.

Case study

Housing association of the year

We were named 'Housing Association of the Year' at the prestigious What House? Awards 2013, with judges praising us for having "real ambition" and a wide range of initiatives bringing benefits to customers.

Highlights included our 'Lean' business transformation programme, development activities, Pyramid Plus repairs joint ventures and tailored services for those affected by the welfare reforms.

Case study
Help to Buy at Ascalon Apartments, Wandsworth

Emily Soden and her fiancé James Hargrave swapped a shared flat for a home of their own thanks to a new development in the sought-after London borough of Wandsworth. The couple took their first step onto the property ladder with a one-bedroom apartment at Ascalon Apartments, paying £72,500 for a 25 per cent share.

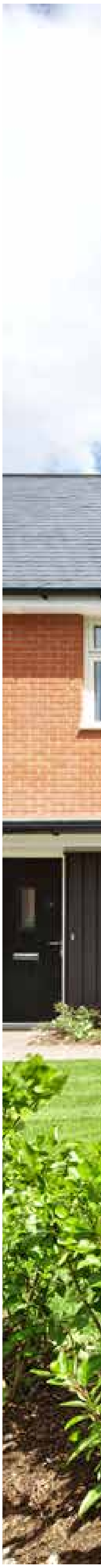
> "The homes at Ascalon Apartments gave us a brilliant feeling from the first moment we saw them, and we could see ourselves living here straight away." – **Emily Soden**

Case study

Village life at White Hart Meadows, Ripley

Located in the picturesque Surrey village of Ripley, White Hart Meadows provides 45 brand new homes, including one and two-bedroom apartments, and two, three and four-bedroom houses.

We developed a disused building site to provide eight properties for sale and 37 for affordable rent. The scheme also includes photovoltaic solar panels, ample car parking and 45 cycle spaces.



Case study

Student living at Wavy Gate, Oxford

Christy Ye was one of the first residents to move into our brand new Wavy Gate student accommodation scheme in Oxford. The 23-year-old, who is studying at Oxford Brookes University, is thrilled with her new living space.

Wavy Gate, which opened in 2013, provides accommodation for 190 students. Living and communal spaces are finished to a high standard and include floor-to-ceiling windows to maximise light. Outside spaces are equally impressive, with landscaped gardens and seating areas.

"Wavy Gate is fantastic and I am really happy to be staying here while I study." – **Christy Ye**

Operating and financial review

Overview of the business

Overview of the business

The A2Dominion Group is one of the largest housing organisations in southern England, operating in London and throughout the South East. Its head office is in central London. Other key office locations are in Ealing, Bromley and Oxford (A2Dominion Homes) and Staines-upon-Thames and Winchester (A2Dominion South). The headquarters of the commercial division are in Staines-upon-Thames.

A2Dominion Housing Group Limited, as the parent company, provides the strategic direction, along with central and development services for the Group. During the year ended 31 March 2014 the Group consisted of three social landlords:

A2Dominion Homes and A2Dominion South are exempt charitable organisations operating within these main business areas:

- Long-term rented housing for people who are unable to afford to rent or buy on the open market.
- Sheltered and supported housing and care for those who need additional support.
- Temporary housing for those who would otherwise be homeless.
- Low-cost home ownership homes, particularly shared ownership.
- Student accommodation, key worker accommodation and private rented homes.

A2Dominion Housing Options is a non-charitable organisation providing low-cost home ownership homes, particularly shared ownership.

The commercial division, branded as **A2Dominion New Homes**, now consists of **A2Dominion Developments Limited** (formerly known as Dominion Developments (2005) Limited), as a result of a rationalisation within the Group to operate one main developing company. It operates in these two business areas:

- Development of homes for open market sale, normally on sites shared with the Group's social landlords.
- Development of homes for private rent.

These activities generate profits which are reinvested in the provision of affordable housing, enabling the Group to grow organically through the development of mixed-tenure schemes.

A2Dominion Residential Limited (formerly known as Dominion Developments (2004) Limited) owns and manages homes for private rent.

The Group looks after 34,818 homes. This is a net increase of 475 homes from 2013. Organic growth through the Group's own development programme resulted in 780 new homes coming into management during the year, which were offset by the disposal of properties under the Group's stock rationalisation programme and the Group's asset management strategy.

	2014 No.	2013 No.	2012 No.	2011 No.	2010 No.
Homes owned and in management	**34,818**	34,343	34,931	34,557	33,787
Homes in development	**4,641**	3,509	3,549	3,942	4,336

Regulation, governance and the future

Regulation and governance

The social housing provider entities are registered with and regulated by the Homes and Communities Agency (HCA). Regulation takes the form of ensuring that the Group complies with the authority's regulatory framework which assesses performance under two headings: Governance and Viability. The HCA summarises its judgements in a Regulatory Judgement which is updated as part of the on-going regulation process. The Group was last assessed in June 2013 and received the highest rating in respect of both Governance and Viability.

A2Dominion is a major developer of new social housing and is one of the HCA's investment partners. The Group continues to increase the number of new homes it owns and manages through its development programme. To support this growth the Group develops homes for outright sale via development of schemes with mixed tenures through its commercial brand A2Dominion New Homes.

The Group continues to seek new sources of funding and pursue appropriate mergers and acquisitions in target areas.

The Group encourages resident participation at all levels of decision-making, from local residents' forums to Group committee participation. One of the Group's major committees is the Customer Services Committee, which largely consists of residents and is chaired by a resident. The chair of the Customer Services Committee also sits on the Group Board. This committee is assisted by regional resident executives and residents are also involved in the Group's service improvement groups.

The Group operates a virtual board structure, which streamlines the governance process. This allows the Board to oversee all areas of performance whilst delegating roles to its committees, namely:

- Audit & Risk Committee
- Customer Services Committee
- Development Committee
- Finance Committee
- Governance & Remuneration Committee.

Within the virtual board structure the Board acts on behalf of its subsidiaries, A2Dominion Homes Limited, A2Dominion South Limited and A2Dominion Housing Options Limited. The committees listed above oversee the activities of these subsidiaries through their delegated roles.

The future

Changes in the economic environment, regulation, funding, legislation and the impact of welfare reform are having a major effect on A2Dominion's business, development programme and services.

With the improving economy, the Group has continued to strengthen its development programme and expand its services. By reinvesting even more of the Group's reserves to subsidise future provision of affordable homes, A2Dominion has managed to lessen the impact of reduced government development grant. This has to be done in a measured way to ensure the Group's underlying financial strength is not compromised and the Board has agreed levels to work within. To date the Group has set aside £74.9m of its cash surpluses for use as internal subsidy to support the development of new homes.

A2Dominion has a strong presence in London, Surrey, Berkshire, Oxfordshire and Hampshire, owning four per cent of total Registered Provider stock in London and the South East. As a member of the g15 group of London's largest housing associations, A2Dominion continues to engage with the Greater London Authority, central government and others in discussion on emerging housing policy, particularly in relation to the future funding of housing and its design.

New technology is transforming how customers access services, engage with the business and how A2Dominion works. There is a continuing drive for efficiency, savings and transparency. Strengthening the Group's financial viability will ensure it remains attractive to investors and lenders.

Investment and key risks

Investment

A2Dominion continues to invest in maintaining and upgrading its homes. In April 2013 it launched two repairs partnerships, Pyramid Plus London LLP and Pyramid Plus South LLP, to provide responsive repairs and facilities management services to the Group's properties. A £107m planned and cyclical maintenance programme over the next three years will increase A2Dominion's environmental performance, with a goal to maintaining SHIFT Silver status.

To improve the quality and effectiveness of local services, the Group is consolidating its areas of operation, using local asset management plans that are specific to the local authority areas that are worked in. This enables the Group to dispose of properties that are outside its priority areas, to other Registered Providers more local to them.

An annual priority neighbourhood strategy delivers specialist interventions, training and employment in 10 of the Group's key neighbourhoods each year. Pyramid Plus is offering 10 apprenticeships per year and A2Dominion's youth enterprise initiative, Be Inspired, is providing up to 40 employment and training opportunities to young people living in its communities.

A2Dominion's service improvement programme, Lean, has seen the business increase productivity, reduce rent loss and other costs, improve communications, deliver more services 'right first time' and increase customer satisfaction. Investment in employees through training and development has seen an increase in staff satisfaction and helped A2Dominion to become one of The Sunday Times Top 100 not-for-profit organisations to work for in 2014.

A2Dominion raised funds of £150m from investors after issuing a retail bond in October 2013 as part of the Group's strategy to maximise long-term funding opportunities. The funding will be used by the Group to strengthen its financial position and create more opportunities to develop new homes.

Key risks

The Group has a risk management strategy in place which provides a framework for the Board and managers on A2Dominion's approach to risk management, and a Group Risk Map is maintained. The definition of risk for this purpose is an event that could prevent the Business Plan from being achieved if it were to materialise.

A risk register is maintained which records key controls to manage each risk, who is responsible for the control and how the control effectiveness is monitored. Risks are analysed according to their potential impact and probability, i.e. critical, high, medium and low given the current control environment. Through the process of regular review, risks which present a significant threat to the Group are reviewed by the Audit & Risk Committee and reported to all other committees and to the Group Board. These risks are also reviewed and updated by senior management on a quarterly basis. Action plans are regularly updated to mitigate any risks with both high impact and probability in order to reduce the net future risk profile.

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.

The Group has determined that the risks in the following table are those that are most likely to impact future performance.

Effective management of risk is a high priority within the Group because of its growth plans and the rapidly changing environment in which it operates. In order to grow and improve services the Group needs to take risks whilst ensuring that these are well-managed and that appropriate controls and contingencies are in place.

In addition, the Group is also affected by changes in government policy and the associated consequences that follow with any changes. As and when these are known the assessment of the risk and controls required are updated within the Group Risk Map. The Group has identified the potential risks resulting from the benefit reforms and the reduction in public funding for new homes, and established appropriate actions to help mitigate their impact.

The Group strives to maximise its surpluses so that it can invest in the provision of new homes and its existing portfolio, whilst continuing to support its residents.

The table overleaf shows risks which have been identified as critical or high to the Group and which pose a fundamental threat even after mitigating action has been taken.

Risks identified as critical or high

Risks identified as critical or high to the Group

Strategic objective	Risk area
Provide new high quality homes and places	• Volatility in the housing market could impact on sustaining a large, viable residential development programme across all tenures, including: – land availability and price – planning delays and planning conditions – construction cost fluctuations and material availability – sales prices, mortgage rates and mortgage availability – grant and funding conditions.
Deliver customer-led services	• A loss of confidence by residents and key stakeholders through failure to improve resident satisfaction and core housing performance. • Failure to improve the quality of leasehold services could lead to financial loss and a loss of confidence by residents and stakeholders.
Invest in our homes and local communities	• Failure to have accurate stock condition information and programme planning could result in incorrect assessment of long-term repairs costs. • Injury to residents caused by failure to achieve 100% gas servicing certificates. • Inadequately procured and managed contracts for repairs could lead to increased costs, poor value for money and failure to improve service delivery. • Changes to the national Supporting People Framework and local authority cost reduction plans could lead to financial and service pressures for supported housing schemes.
Strengthen our business	• Changes in the government's rent policy, Housing Benefit (including benefit direct) and other welfare reform, could result in a reduction in rental income. This could have an adverse effect on customers and the Group's long-term financial forecast, risk profile and ability to develop certain types of homes. • Failure to achieve annual efficiency targets could lead to a loss of resources to fund new development and service improvement in future years. • An increase in contributions to cover deficits on the A2Dominion pension schemes could result in increased costs to the Group. • Expansion of non-core commercial activity could lead to more complex company and tax structures as well as failure to protect core social housing assets. • Failure to raise loan finance and maintain sufficient loan security would have an adverse effect on the funding of the development programme and future growth of the Group.

Performance summary

Performance summary

Group income and expenditure

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Turnover	**272.1**	258.6	249.2	201.9	241.4
Cost of sales	**(56.4)**	(58.1)	(60.8)	(26.9)	(68.7)
Operating costs	**(138.0)**	(145.6)	(147.2)	(126.8)	(123.0)
Operating surplus	**77.7**	54.9	41.2	48.2	49.7
Operating margin	***28.6%***	*21.2%*	*16.5%*	*23.9%*	*20.6%*
Share of joint venture operating surplus	**0.3**	–	–	–	–
Surplus on sale of fixed assets	**8.8**	15.8	17.6	0.9	2.5
Net interest charges	**(47.9)**	(42.7)	(41.7)	(37.2)	(36.2)
Taxation	**–**	–	–	–	0.7
Minority interest	**(0.8)**	–	–	–	–
Retained surplus for the year	**38.1**	28.0	17.1	11.9	16.7

The Group's net surplus of £38.1m (2013: £28m) included £8.8m (2013: £15.8m) of surplus from the sale of fixed assets. These sales of fixed assets surpluses result largely from the continuance of the Group's stock rationalisation programme and staircasings receipts from shared ownership homes.

The Group has achieved a 41.5% increase in its operating surplus from 2013 driven from improved margins on its outright sales and a reduction in its operating costs. This has resulted in the increase of £10.1m from last year in the Group's net surplus which will be set aside to provide internal subsidy for the future provision of new homes.

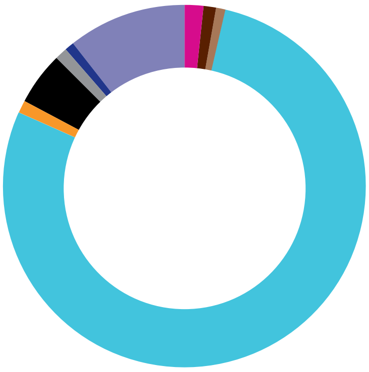
Group balance sheet

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Tangible fixed assets and investments	**1,657.5**	1,600.9	1,574.2	1,581.8	1,552.6
Current assets	**231.4**	233.7	259.9	234.7	246.4
Total creditors including loans and borrowings	**(1,247.1)**	(1,237.5)	(1,266.2)	(1,262.8)	(1,262.8)
Minority interest	**(0.8)**	–	–	–	–
Total reserves	**641.0**	597.1	567.9	553.7	536.2

New social housing lettings performance

New social housing lettings performance

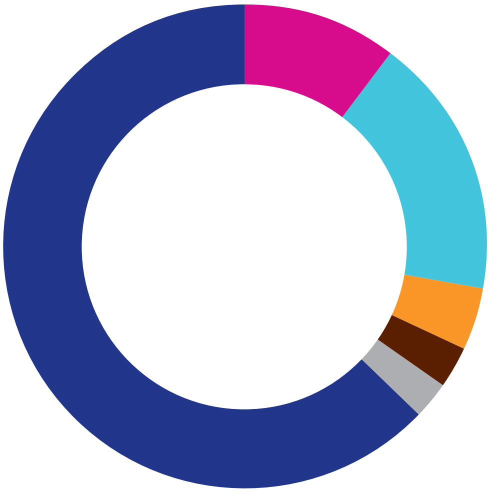
Who we've housed



	New let	Re-let	Total	%
Direct let	2	13	15	1.7
From referral agency	–	2	2	0.2
Management transfer	–	3	3	0.3
Nomination – local authority	132	589	721	81.4
Nomination – social	–	1	1	0.1
Permanent decant	43	1	44	5.0
Temporary decant	–	2	2	0.2
Reciprocal	–	3	3	0.3
Transfer	–	96	96	10.8
Total	**177**	**710**	**887**	**100**

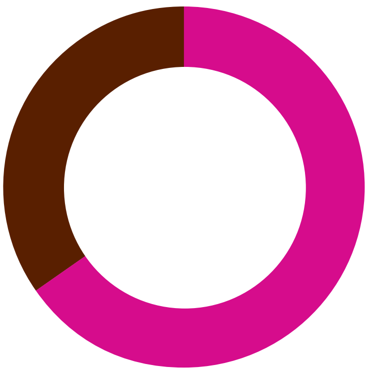
Ethnicity

	Actual	%
Asian/Asian British – Bangladeshi	17	1.9
Asian/Asian British – Chinese	5	0.6
Asian/Asian British – Indian	24	2.7
Asian/Asian British – Other	26	2.9
Asian/Asian British – Pakistani	20	2.3
Black/Black British – African	86	9.7
Black/Black British – Caribbean	60	6.8
Black/Black British – Other	9	1.0
Mixed – Other	15	1.7
Mixed – White/Asian	3	0.3
Mixed – White/Black – African	2	0.2
Mixed – White/Black – Caribbean	19	2.1
Other Ethnic group – Arab	9	1.0
Other Ethnic group – Other	13	1.5
Refused/unknown	22	2.5
White – Irish	11	1.2
White – Other	49	5.5
White – English/Scottish/Welsh/ Northern Irish/British	496	66.0
White – Gypsy/Romany/Irish Traveller	1	0.1
Grand Total	**887**	**100**



The lettings data found on these pages is based on 2012/13 CORE form data (887 records).

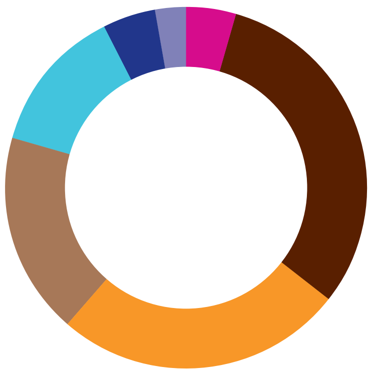
Gender



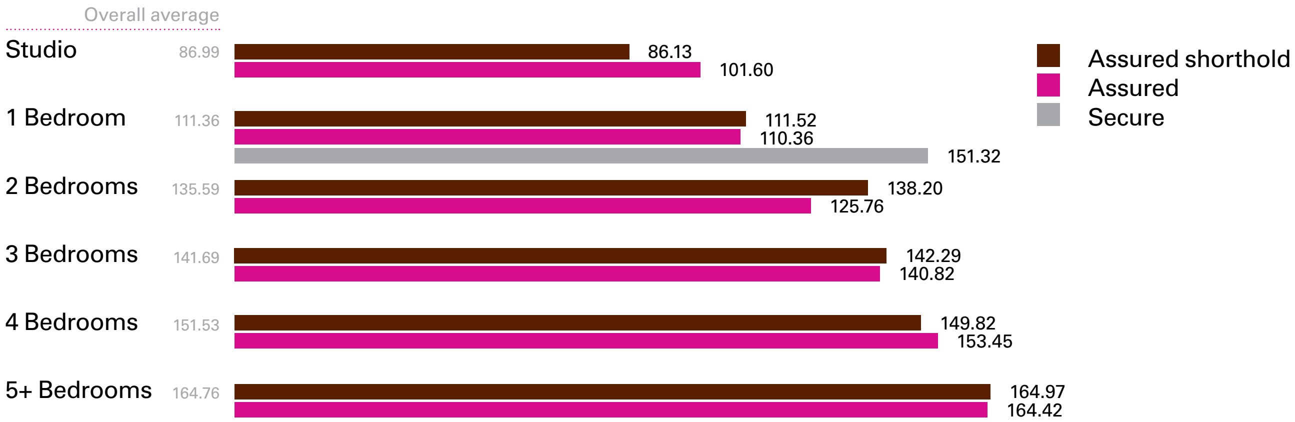
	Actual	%
Female	574	64.7
Male	313	35.3
Total	**887**	**100.0**

Age

	Actual	%
Under 21	41	4.6
21 – 30	276	31.2
31 – 40	230	25.9
41 – 50	158	17.8
51 – 60	117	13.2
61 – 70	41	4.6
Over 70	24	2.7
Total	**887**	**100.0**



Average net weekly rent (£)



Operational performance

Operational performance

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

Operational key performance indicators

Operational performance area	Performance indicator	Target performance 2014	**Actual performance 2014**	Actual performance 2013
Provide new high quality homes and places	Sales receipts against projection	£55.7m	**£74.8m**	£67.9m
	Sales achieved from property availability	<18 Weeks	**15 weeks**	15 weeks
	New homes completed	520	**695**	707
Deliver customer-led services	Overall satisfaction with service received from the Customer Services Centre	>90%	**95%**	93%
	Overall satisfaction with responsive repairs service	>85%	**83.4%**	87.0%
	Repairs chaser calls	<25%	**20%**	22%
	Rental arrears – general needs homes	4.54%	**4.14%**	4.04%
	Re-let turnaround times	<19 days	**18 days**	18 days
Invest in our homes and local communities	Number of homes refurbished (planned works)	865	**975**	1,189
	Decent Homes compliance	100.0%	**99.1%**	99.1%
	Number of homes with a valid gas safety record	100.0%	**99.9%**	99.8%
Strengthen our business	Gearing	<80%	**48.5%**	48.8%
	Interest cover (excluding first tranche sales)	>110%	**207.5%**	238.9%
	Results vs. budget – net surplus	Budget or above	**Yes**	Yes
	Staff turnover	<9.0%	**10.5%**	9.1%
	Staff sickness levels	<6.5 days	**6.6 days**	6.5 days

The Group has exceeded 11 of its 16 key performance indicator targets. Its sales performance remains strong.

The focus for the Group in the forthcoming year is to improve satisfaction levels with its responsive repairs service. Key objectives of the newly formed repairs partnerships (Pyramid Plus) are to complete repairs on the first visit at a time agreed with the Group's residents. In April 2014 the Group established a dedicated repairs customer service team to help achieve this.

The Group's performance on its Decent Homes compliance and gas safety targets is reliant on gaining access to its properties. The Group has a comprehensive access policy that it follows, however this does mean the access timings are longer in some cases.

Value for money self assessment (year ended 31 March 2014)

The Group's Value for Money (VFM) Strategy and Action Plan contributes to the delivery of its vision by providing a framework to generate efficiencies and savings, with the aim of maximising surpluses to subsidise new and existing housing provision.

VFM is not just about reducing costs but achieving more from activities and investments. The drive is to maximise the use of the Group's assets to deliver social, environmental and economic returns and our approach is shaped by five strategic objectives:

- Maximising income and the use of the Group's assets.
- Maximising VFM through a range of procurement approaches.
- Ensuring efficiency and simplicity across all functions.
- Improving awareness and understanding of VFM.
- Using resident feedback and involvement to help determine expenditure choices.

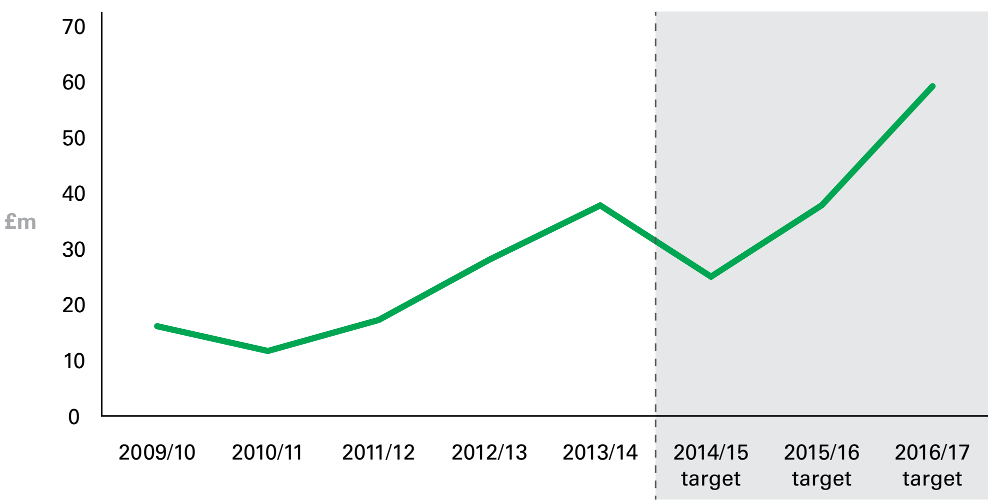
Each year we undertake a VFM self assessment to evaluate our financial, social and environmental performance. The results help influence our investment decisions and provide our regulators, partners and customers with information about our progress. It also helps ensure that we comply with the regulatory VFM Standard.

The Group is presenting its VFM self assessment within its operating and financial review, as prescribed within the VFM standard published by the Homes and Communities Agency. Further information can also be found within our Residents' Annual Report, available online at www.a2dominion.co.uk/residents.

Financial return on investment

In 2013/14 we achieved a 2.4% return on our net fixed assets compared with 1.8% return in 2012/13. The 2013/14 surplus of £38.1m was £20.4m above target and brings the total accumulated surplus to £95.1m since 2011. This has been achieved by diversifying our commercial activities, reducing our geographical area of operation and becoming more efficient.

Surplus



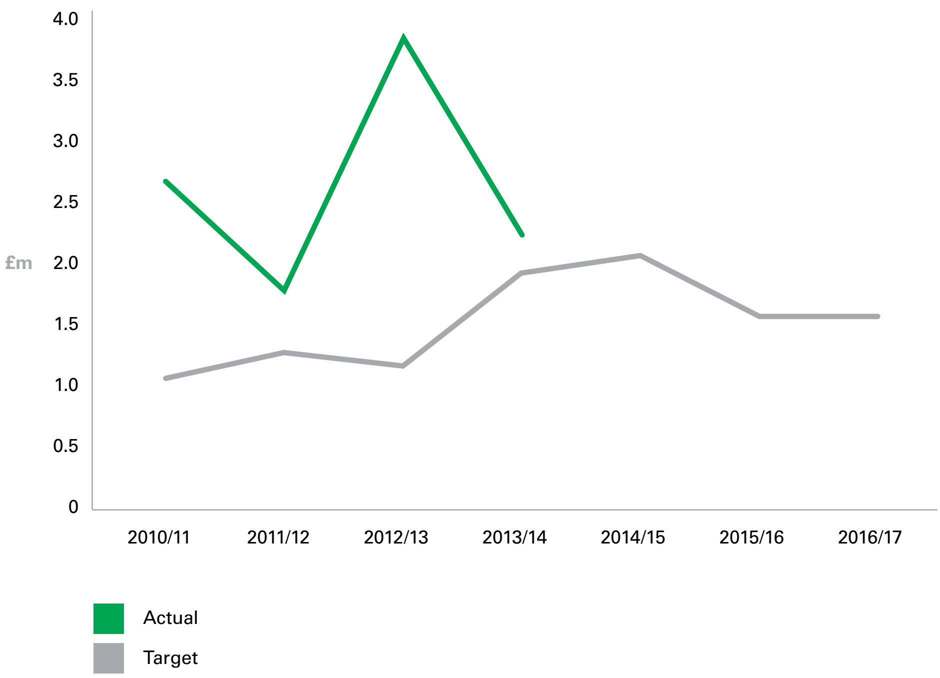
A total of £13.8m has been saved since the Group's formation in 2008 through rationalisation, our Lean business transformation programme and testing the market in all major areas of expenditure. Our aim is to save a further £5.9m over the next three years.

The Group seeks to maximise its surpluses so that it increases the amount available to be used as a subsidy for the provision of new homes.

	2009/10 savings £m	2010/11 savings £m	2011/12 savings £m	2012/13 savings £m	2013/14 savings £m	**Total five-year savings £m**	2014/15 forecast savings £m	2015/16 forecast savings £m	2016/17 forecast savings £m	**Total forecast savings £m**
Lean business improvement reviews	–	0.1	0.4	0.5	0.2	**1.2**	*	*	*	*
Procurement and contract savings	–	1.6	0.1	0.2	1.5	**3.4**	–	–	–	**–**
Year-on-year budget savings	3.1	0.9	1.2	1.7	0.2	**7.1**	1.0	0.5	0.5	**2.0**
Savings sustained from earlier years **	–	–	0.5	1.3	0.3	**2.1**	1.3	1.3	1.3	**3.9**
Total	3.1	2.6	2.2	3.7	2.2	**13.8**	2.3	1.8	1.8	**5.9**

* Savings targets for Lean reviews are set on a project by project basis.
** These savings are not new savings but savings that have been maintained through implementation of Lean improvements. Figures exclude non-cashable efficiency savings.

A2Dominion savings compared to target

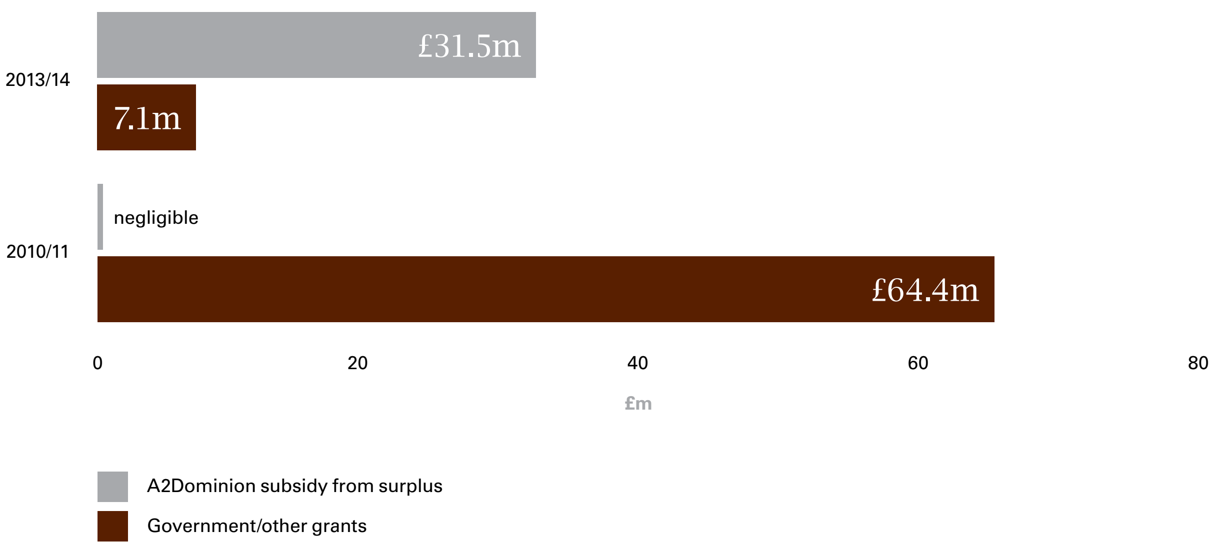


How we are utilising our surpluses

All of our cash surpluses are being reinvested to support our key VFM aims: 80% into new homes and 20% towards the Group's investment in existing homes, care and support provision and help for priority local communities.

- A total of £74.9m, 80% of the cash surpluses generated in 2011–14, is funding 1,150 extra homes for rent (affordable and private), helping to bridge the gap from reduced government grant levels (see below). Growth in commercial activity is targeted to deliver another £121.7m surplus by 2017, to increase the number of new homes.
- Our surpluses have also contributed towards other areas of investment across our organisation. We have developed 11 local asset management plans with our largest local authority partners, identifying properties for disposal which are uneconomic to repair. Resultant sales receipts are ring-fenced for improving housing in each area and, in 2013/14, helped towards funding £29.4m of major works and cyclical maintenance, an £8.2m mechanical and electrical modernisation programme and £1.2m of major refurbishments to 7,207 properties.
- In 2013/14 we invested £0.4m in expanding our Tenancy Sustainment Team and Under-Occupation Team, to help manage the impact of welfare reforms. This led to an extra £1.5m for residents being leveraged in from other sources, and an associated reduction in rent arrears. Downsizing moves helped 73 households avoid the impact of the abolition of the spare room subsidy ('bedroom tax') and cut living costs by an average of £700 or £1,400 per year each, depending on the size of the home.
- We invested £1.2m in community development and our youth social enterprise initiative Be Inspired in 2013/14, targeted at customers and communities most in need. A total of 8,104 A2Dominion residents benefited from employment, training and a range of community initiatives including 49 through work placements and apprenticeships.
- We are investing approximately £1.8m in a new customer relationship management system, mobile working technology and electronic document management which will improve customer service and deliver environmental improvements over the next three years.

A2Dominion subsidy compared to grant, before and after changes in the Affordable Homes Programme funding regime



Other headlines

- We restructured our Sales & Marketing department to enable us to have the right resources in place to maximise sales receipts. Along with higher property values, this helped us achieve £74.8m against a target of £61.2m and increased sales margins from 14.5% to 23.7% to deliver a surplus of £17.2m.
- We continued our track record in forming innovative partnerships to improve efficiency, reduce costs, improve services and create life chances for customers. In 2013 we established two joint venture companies with Breyer Group Plc and Mitie Property Services (UK) Limited under the brand Pyramid Plus, to deliver A2Dominion's repairs service. The companies have exceeded their first year business targets to deliver £1.4m of cost reductions through streamlined processes and profit sharing.
- Our income management continued to improve in 2013/14 with an extra £1.8m billed, 6,000 more service charge estimates issued, a 0.3% reduction in rent and service charge arrears and 40% fewer evictions compared with highest levels (72 in 2013/14 compared with 120 in 2010/11).
- We are improving the environmental sustainability and affordability of our offices and housing stock and have started development of the country's first eco town, North West Bicester. We hold a Silver SHIFT rating and are implementing a Group-wide green strategy. We have worked with utility providers to direct their green energy programmes at eligible properties.
- We secured £50m of European Investment Bank funding at low rates to build new homes to Level 4 of the Code for Sustainable Homes and a further £4m to improve the energy efficiency of existing properties in London.

European Investment Bank

EUROPEAN UNION
Investing in Your Future

European Regional
Development Fund 2007-13

- We have reviewed our investment in care and support services and ensured that we provide services and facilities that are financially viable whilst meeting the specified service requirements.
- Management costs, including central overheads, have reduced from £1,406 per social home in 2013 to £1,366 in 2014.

How do costs compare with our g15 peers?

Using the most recent data available from the g15's benchmark clubs, A2Dominion compares well to the 14 other largest London-based housing providers in the g15, and its costs have been reducing over time.

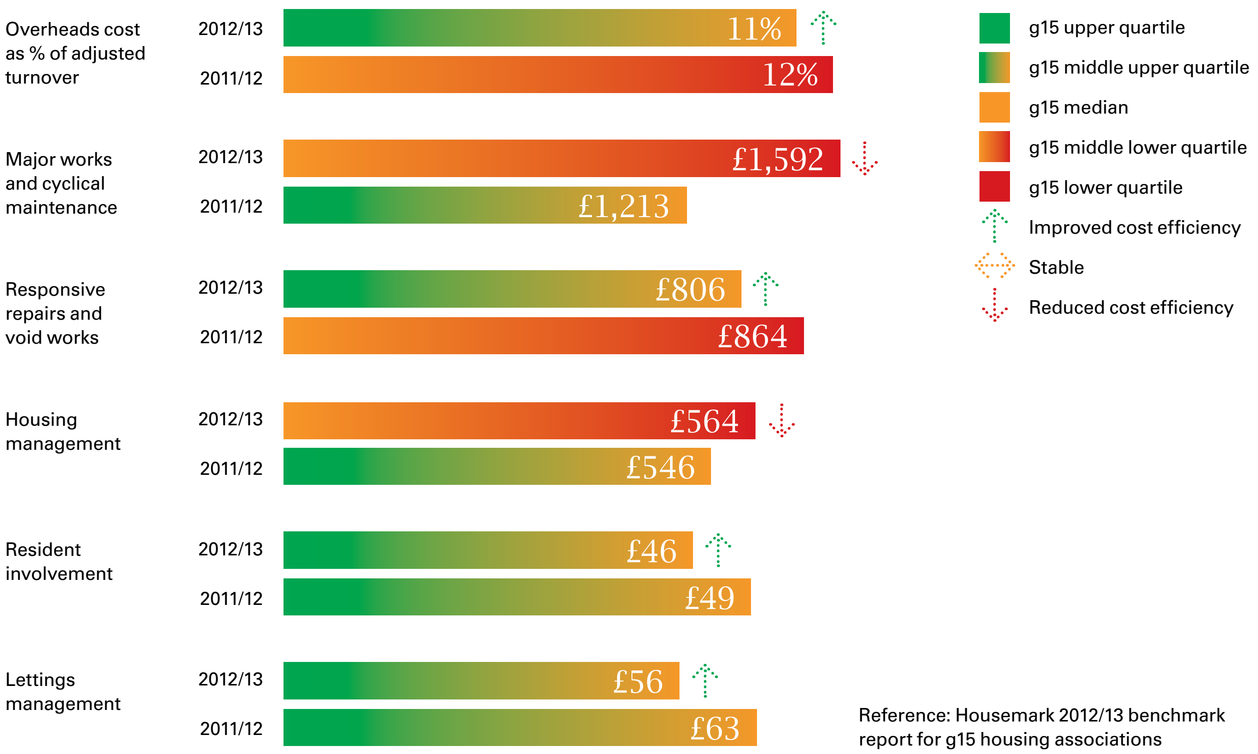
The majority of our service costs, which include overheads, responsive repairs, resident involvement and lettings, are below average when compared to others. Housing management services and major works and cyclical maintenance are above average cost however. In Housing Services our challenge is to balance efficiency of the service with supporting residents affected by welfare reforms.

In Property Services, higher costs are the result of a wider programme and higher specification of works; contracts represent better value for money through contract rationalisation and resident-led procurement. Our challenge is to maintain investment to sustain Decent Homes Standards. Better stock profile information is helping us target properties where spend is high. Meanwhile better deals in Property Services and Estate Services have achieved £1.5m savings against a target of £0.8m, greener supplies and resident apprenticeships.

Our financial strength also compares well with our peers: surplus, gearing (the amount we borrow compared to the value of what we own), debt per unit and operating cost (including capital major repairs) perform above average (Reference: g15 Finance Benchmark Report). Our operating margin was amongst the lowest in the g15 for 2012/13 (21.2%) but has improved to 28.6% for 2013/14, our best ever level. For year-on-year comparisons see page 48.

Office premises costs are high relative to other housing associations but will reduce by £800,000 per year from 2015/16 as we complete a programme of rationalisation under our office premises strategy.

Actual and comparative cost per property for services and overheads



Reference: Housemark 2012/13 benchmark report for g15 housing associations

Development cost comparison	2011/12 A2Dominion result and g15 rank	2012/13 A2Dominion result and g15 rank	Year on year comparison
Total scheme cost per unit	5th	4th (£168,719)	▲
Cost efficiency (total overheads as % of acquistion and works costs per metre)	3rd	2nd (9.3%)	▲
Direct staff cost per unit	4th	2nd (£1,648)	▲
Cost efficiency (acquisition and works costs per metre)	6th	9th (109.7%)	▼

Reference: SDS Catalyst Development Benchmarking Report 2011/12 and 2012/13

Future priorities

Overall our performance is improving but there are still areas where greater improvement is required. We will continue to drive overhead costs down, and we are reviewing our customer services model, which should bring performance and efficiency gains in housing management and customer services.

Ensuring VFM delivery

VFM is overseen by the Executive Management Team and Group Board which determine strategy and investment priorities and monitor progress against published plans and targets. Their governance of VFM is supported by the Audit & Risk Committee which oversees the internal audit programme and the Group Risk Map.

The annual business planning process ensures that proposals are matched by the appropriate level of resources and all significant A2Dominion proposals are subject to a business case or options appraisal. VFM is a standard consideration for every Board and Committee report.

A2Dominion engages its residents on VFM through survey and quality accreditation programmes, as well as through the resident-led Customer Services Committee and service improvement groups, which help determine priorities for expenditure, procurement specifications and contractor selection. Over 17,000 residents gave us feedback on services they received during 2013/14, with almost half being contacted by telephone as part of our after care service.

We evaluate return on investment from major projects and all teams review their performance information weekly.

Progress against our objectives

The pages that follow assess A2Dominion's VFM progress against its four business objectives and summarise future VFM plans. Our judgement, based on a range of performance and cost information, is that we comply with the regulatory requirements as set out in the VFM Standard. VFM is at or above average and is improving year-on-year, generally at or above target.

Other information

We publish a breakdown of expenditure plus rent and service comparisons for residents' top choice of services in our Residents' Annual Report, available online at www.a2dominion.co.uk/residents.

Business objective one

Provide new high quality homes and places

Key aims for this objective are to maximise grants for affordable housing, achieve sales to generate surpluses and increase our private rent portfolio to extend housing options and provide capital growth.

2013/14 targets

Procure land and funding to meet future development commitments	✓*
Increase environmental standards of new homes by building to Code for Sustainable Homes Level 4 on the majority of new schemes	✓
Start development of the UK's first eco-town, North West Bicester in Oxfordshire	✓
Maximise cash receipts by selling 100% of homes for sale at 100% of approved value within 18 weeks of handover	✓

* We have secured land for 4,420 units (73.7%) against our 2017 target of 6,000.

Return on investment self assessment

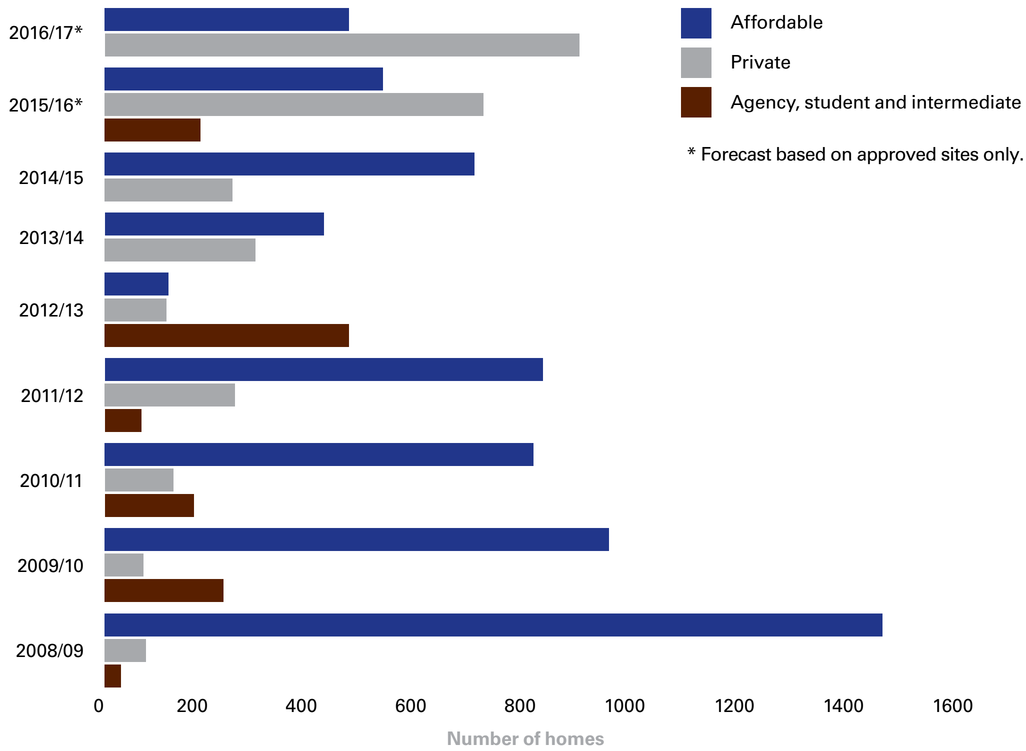
Our judgement based on a range of performance and comparative data:

Performance highlights

New homes

We delivered 695 new homes compared to 707 in 2013 as part of our wider development programme and are on target to increase our private rent portfolio to 750 homes by April 2017.

A2Dominion development pipeline, showing changes in profile over time



* Forecast based on approved sites only.

Future plans

- Procure land to support the development of 1,200 homes in 2014/15 and 1,500 homes in 2015/16.
- Bid to the Homes and Communities Agency for new Affordable Homes Programme funding 2015-18 and complete 239 homes from the 2011-15 programme.
- Build 393 homes to Code for Sustainable Homes Level 5 at the North West Bicester eco town, with the first homes available in 2015/16.
- Pursue partnerships and joint ventures to deliver up to 750 private rent homes by March 2017.
- Increase off-plan sales to minimise financial risk and reduce average sales times.
- Upgrade development of IT systems to save £0.1m per year and improve reporting.
- Review tender for development contractor frameworks by April 2016.

Business objective two

Deliver customer-led services

Key aims for this objective are to sustain and improve service standards whilst controlling costs, and to target new investment at customer priorities.

2013/14 targets

Launch Pyramid Plus joint ventures and new contracts to deliver repairs and estate services to standard and at lower cost	Financial targets ✓* Standards ✗*
Review our customer services delivery model to improve performance and customer experience	✓**
Further develop online services to improve customer access and feedback at reduced cost per contact	✓
Complete improvements to deliver fairer, more accessible and timely cost information to leaseholders	✓

* Customer satisfaction averaged 83%, 2% below our 85% target.
** New repairs call handling and out of hours arrangements from April 2014.

Return on investment self assessment

Our judgement based on a range of performance and comparative data:

Financial
average
and improving

Environmental
average
and improving

Social
average
and improving

Performance highlights

Pyramid Plus

Pyramid Plus London LLP and Pyramid Plus South LLP were launched in April 2013. Extreme adverse weather resulted in an additional month of repairs, impacting on otherwise improving performance.

- £1.5m saving on previous contract and associated management costs.
- Chaser calls from customers about outstanding repairs totalled 20% in 2013/14 compared to 22% in 2012/13.
- 81% of urgent repairs made safe in 24 hours.
- Median non-urgent repair time of 12 days.
- Average repair time for urgent communal repairs of 24 hours.

Welfare reform

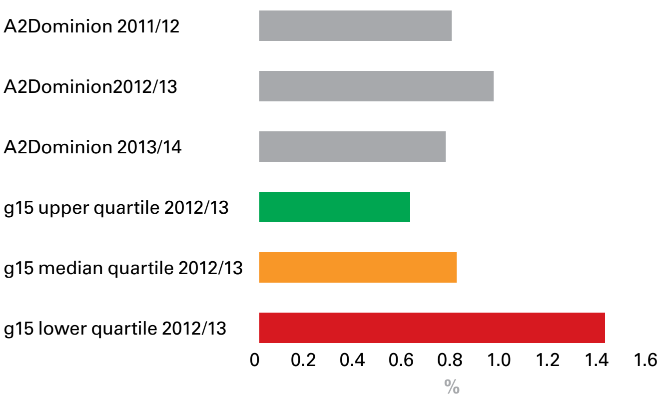
Investment and preparation for welfare reforms helped us to minimise the negative impact on A2Dominion and its customers.

- £1.2m in extra housing benefit and discretionary housing payments, and £356,000 from other sources.
- 73 under-occupation moves with £60,000 cleared from arrears and an average annual saving of £1,400 rent per household (two or more bedrooms) or £700 (one bedroom).

Rent loss due to re-lets

Re-let times have compared well with our peers helping us to house residents more quickly and minimise rent loss. However an increase in major voids in 2013/14 impacted negatively, an area for scrutiny in 2014/15.

A2Dominion rent loss g15 comparison



Online services

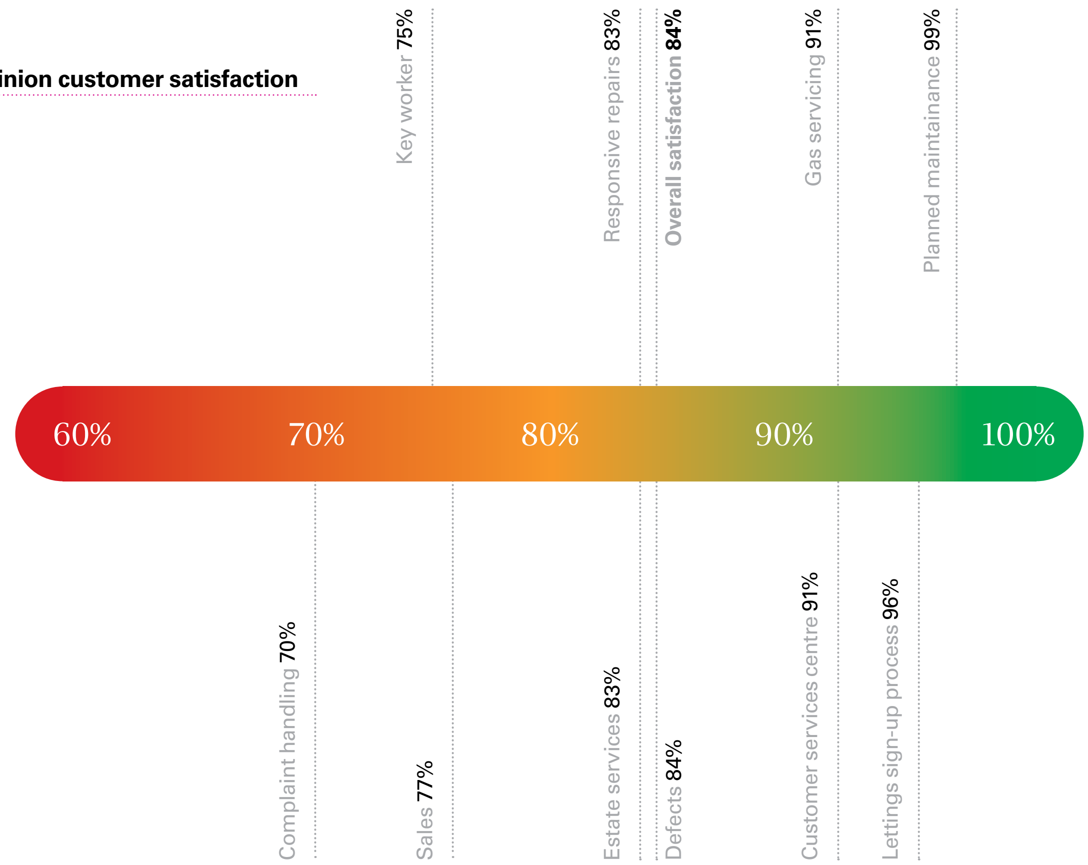
We have seen a significant increase in the number of online transactions by residents over the past three years.

	Target	Actual
2011/12	N/A	31,518
2012/13	40,974	40,080
2013/14	52,104	54,801

Customer satisfaction

Satisfaction with services is generally high, as illustrated below. Additional analysis by tenure shows satisfaction is lowest amongst those in temporary accommodation and highest amongst our private renters.

A2Dominion customer satisfaction



Future plans

- Improve repairs call and email handling within existing resources to achieve 65% completions on first visit in 2014/15.
- Increase online transactions by 30% per year until 2016/17.
- Complete a pilot in Ealing and Spelthorne of Who's Home, a web-based service for identifying occupants of properties, and determine future strategy for tackling tenancy fraud by April 2015.
- Implement phase two of our Welfare Reform Project to reduce under-occupation in 2014/15.
- Review major void rent loss to identify scope for improvement in 2014/15.

Business objective three

Invest in our homes and local communities

Key aims for this objective are best use of property assets to meet local authority and other priorities, cost effective maintenance of homes, use of surpluses to support social enterprise and target priority neighbourhoods, and further consolidation of our operational areas.

2013/14 targets

Complete 11 asset management plans for best use of property assets to meet housing needs cost effectively and improve environmental performance	✓
Deliver first year of three-year, £74m planned and cyclical maintenance programmes for refurbishment and upgrading of homes	✓
Develop an energy efficiency statement and appraise options for a dedicated, planned energy efficiency programme	✓ partial*
Transfer/dispose 139 homes in five local authority areas as part of a stock rationalisation programme	✓ partial**
Continue to improve life chances through our 'Be Inspired' social enterprise and employment, training and apprenticeship programmes	✓*

* On area basis.
** 119 homes, four local authorities.

Return on investment self assessment

Our judgement based on a range of performance and comparative data:

Performance highlights

Best use of assets

Robust appraisals of individual homes, including those completed through the Asset Management Panel, ensure best use of isolated, under-used, and other properties beyond economic repair.

Demolitions for redevelopment/regeneration	115
Disposals to other housing providers (£3.4m raised for reinvestment into new homes)	119
Other disposals (£2m raised for refurbishments)	15
Refurbishments (at a cost of £1.2m)	15
Change of tenure (91 from general needs to affordable rent)	94

Investment in communities

We have worked with partners to regenerate parts of Stanwell in Surrey and Ealing in London, to deliver life skills, employment opportunities and additional support as part of our 'Be Inspired' youth enterprise scheme and 'Priority Neighbourhoods' initiative.

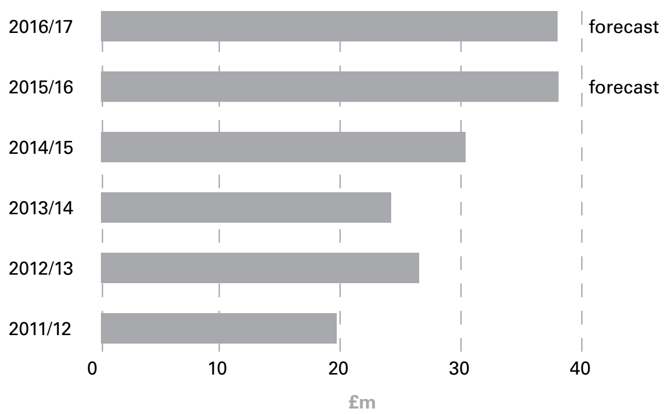
- One job, six apprenticeships.
- 31 residents accredited through training.
- 43 work placements.
- 80 young people supported through 'Be Inspired'.
- 180 residents helped to get online through 'Digital DIY' initiative.
- 186 homes approved at Green Man Lane regeneration.
- 2,631 people engaged through Priority Neighbourhoods project.
- 5,785 volunteering hours with a community investment value of £36,500.

Investment in homes

We have increased investment in upgrading kitchens, bathrooms, windows and doors, as well as cavity wall and loft insulation.

- Upgraded kitchens, bathrooms, windows and doors in 975 homes against a target of 865.
- A total of 5,923 properties have benefited from mechanical and electrical works, 15 properties were refurbished and the first phase of priority fire safety works has been completed.
- A further 294 homes have benefitted from cavity wall and loft insulation through our links with utility providers.

Planned & cyclical maintenance programme budget



Future plans

- Implement 11 local authority asset management plans to target.
- Undertake £107m planned and cyclical programme by April 2017 and complete priority safety works by March 2016.
- Further expand targeted employment and enterprise initiatives to offer a total of 127 opportunities and support programmes.

Business objective four

Strengthen our business

Key aims for this objective are to reduce overheads, to simplify and integrate business processes and to improve energy efficiency of offices.

2013/14 targets

Raise £100m for new homes through a retail bond (£150m raised for circa 500 homes)	✓
Rationalise offices to reduce costs, improve efficiency and reduce carbon footprint	✓
Reduce the gap between service charge income and expenditure to minimise the need for subsidy	✓
Adopt 'zero-based budgeting' as a tool to better understand and challenge the cost of services	✓
Reduce carbon footprint of IT servers	✓
Improve environmental performance as evidenced by Gold SHIFT accreditation in 2015	✓ partial*

* Performance has improved but SHIFT criteria has tightened and Gold requires too great an investment at the current time.

Return on investment self assessment

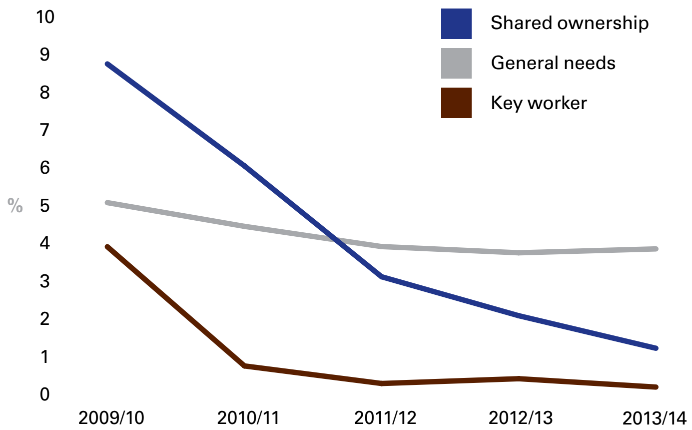
Our judgement based on a range of performance and comparative data:

Performance summary

Income management

Income management processes have been simplified and residents' arrears have reduced by 0.25% across all tenures, despite the impact of welfare reforms.

A2Dominion arrears



Office rationalisation

Successful office rationalisation means we are accommodating more staff in less space, with a lower carbon footprint. We are on target to save £0.8m per year from 2015/16.

	No. of staff at main offices	Office costs (£m)	Floor area (sq ft)
As at 2011	580	2.58	67,000
By 2015/16	625	1.96	55,500

New ways of working

We purchased IT systems, reduced storage, introduced new ways of working and simplified back office processes, to improve efficiency and support customer service objectives. Actions included:

- customer refunds – 70% less errors, 45% fewer cheque requests
- housing benefit – enquiries resolved 70% faster, housing benefit transaction failures down ten-fold
- rent posting errors – customer error enquiries down by 75%, unattributed payments halved
- management accounts – produced 20% faster
- stock disposals process – 33% faster (12 months instead of 18 months), £65,000 worth of staff time and £70,000 interest saved
- re-sales process – 25% faster
- domestic abuse service – 148 staff days freed from paperwork
- Right to Buy and Right to Acquire – enquiry escalation halved
- improved employee induction process – 75% reduction in manager queries to HR
- staff recruitment process takes 29 days – 45% faster to recruit, failure rates halved.

Transparency

Future plans

- Achieve £290m accumulative operating surplus by March 2017 and £5m efficiencies in the same period.
- Complete office moves to save £0.8m per year and reduce carbon footprint from 2015/16.
- Support customer service improvement and new ways of working through three-year roll-out of electronic document management, customer relationship management and mobile working technologies from 2014/15.
- Agree procurement of new back office systems in 2014/15.
- Minimise the risk of financial volatility and prepare for the new regulatory Financial Reporting Standard 102 by completing a restructure of interest rate derivatives by March 2015.
- Sustain current rent and service charge collection rates and achieve 99.61% rent collection target for general needs housing.
- Retain silver SHIFT accreditation in 2014/15.

Transparency

A2Dominion has extended its commitment to transparency by increasing its provision of information within its annual report and financial statements. Detailed information about performance, value for money and employee pay are disclosed enabling the Group's stakeholders to gain an understanding of the way in which the Group operates. The Group's performance on the key value for money areas in which it benchmarks itself with its peer group is as follows:

Value for money indicators

	2014	2013	2012	2011
Management costs per home – social housing activities	**£1,366**	£1,406	£1,219	£1,235
Planned and responsive costs per home – social housing activities[1]	**£902**	£1,003	£868	£1,115
Service costs per home – social housing activities	**£674**	£682	£569	£533
Rent void loss per home – social housing activities	**£91**	£73	£78	£98
Operating cost per home – social housing activities	**£3,685**	£4,048	£3,943	£3,379
Operating margin – social housing activities	**32.6%**	24.2%	20.1%	29.4%
Operating margin – all activities	**28.6%**	21.2%	16.5%	26.6%
Current rental arrears – general needs homes	**4.14%**	4.04%	4.20%	4.72%
Re-let times – general needs homes	**18 days**	14 days	20 days	29 days
Chief Executive pay per home	**£6.72**	£6.55	£5.61	£5.68
Board and executives pay per home	**£51.29**	£49.09	£40.57	£44.81
Debt per unit	**£33,540**	£33,570	£33,816	£33,579
Capital committed as a proportion of fixed assets	**55.6%**	32.6%	32.0%	37.4%

[1] Calculated on expensed planned and responsive repairs costs.

Accounting policies and financial review

Accounting policies

The principal accounting policies of the Group are set out on pages 69-72. The policies with most impact on the financial statements are the treatment of capital grant, holding value of housing properties and the calculation of housing property depreciation and the capitalisation of interest payable and major repairs. There has been no change to these policies during the year.

Financial review

Summary of results for the year ended 31 March 2014

Group turnover totalled £272.1m of which £180m was from social housing lettings and £21.5m from the sale of first tranche shared ownership properties. Surplus for the year was £38.1m. Key features of the results were as follows:

- Group operating surplus of £77.7m, an operating margin of 28.6%.
- Surplus on first tranche sales of £7.1m, a margin of 33%.
- Surplus on homes for outright sale of £10.1m, a margin of 18.9%.
- Depreciation on housing properties of £19.6m.
- Expenditure on planned and major repairs of £29.4m of which £14.4m was capitalised.
- Impairment of other fixed assets of £1.1m.
- Surplus on disposal of properties of £3.7m generated from stock rationalisation and sale of other properties deemed uneconomical to repair or develop.
- Surplus from staircasing sales of shared ownership properties of £4.5m.

Capital structure and treasury strategy

Capital structure and treasury strategy

The Group has a formal treasury management policy which is regularly reviewed. It was last approved by the Group's Finance Committee in November 2012 and will be reviewed again in November 2014. 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 has four active borrowers: A2Dominion Homes Limited, A2Dominion South Limited, A2Dominion Housing Options Limited and A2Dominion Residential Limited. The Group has two funding vehicles, A2Dominion Finance Limited and A2Dominion Treasury Limited, both of which on-lend to the above borrowers. In addition, A2Dominion South Limited is partly funded by loans provided through A2Dominion Housing Group Limited (the Group's parent company). The remaining borrowing within the Group is through bilateral loan agreements with the borrowers listed above.

Borrowings and arranged facilities as at March 2014 can be summarised as follows:

	Arranged £m	Drawn £m
A2Dominion Homes Limited	748.2	553.9
A2Dominion South Limited	693.3	528.2
A2Dominion Housing Options Limited	26.4	21.3
A2Dominion Residential Limited	39.4	39.4
Total	1,507.3	1,142.8
Fair value adjustment of loans arising on consolidation		22.5
Loan issue costs		(6.1)
Net debt excluding overdraft (note 23)		1,159.2

During the year the Group raised £204m of new funding, £150m through the issue of a nine-year retail bond and a further £54m of long-term funding from the European Investment Bank. As at 31 March 2014 the Group had £364.5m of arranged facilities that were undrawn.

The majority of the proceeds of the retail bond were used to pay down existing variable rate revolving facilities, resulting in a high level of fixed rate borrowing for the latter part of the year. As at 31 March 2014 the percentage of fixed and indexed linked loans to variable was as follows:

	Fixed or indexed linked %
A2Dominion Homes Limited	90.5
A2Dominion South Limited	99.9
A2Dominion Housing Options Limited	100.0
A2Dominion Residential Limited	100.0
A2Dominion Housing Group Limited	95.4

Cash flows, liquidity and statement of compliance

Cash flows

The cash flow statement is on page 68.

Current liquidity

The Group's policy is not to hold significant cash balances but to ensure that loan facilities are in place to fund future requirements. Any cash balances during the year were held in call and short-term deposit accounts at competitive rates.

Cash and bank balances at the year-end were £30m (2013: £17.3m). Net current assets were £152.1m (2013: £149.1m). Additionally, as at 31 March 2014, the Group had facilities in place to borrow a further £364.5m (2013: £200.4m).

The main factor affecting the amount and timing of borrowing is the pace of the development programme.

Loan covenants are primarily based on interest cover and gearing ratios. Interest cover is after adding back housing property depreciation, interest capitalisation, impairment and includes surpluses from sales. Interest cover and gearing covenants were met throughout the year and at the year-end for all facilities.

Statement of compliance

The Board confirms that this operating and financial review has been prepared in accordance with the principles set out in the Statement of Recommended Practice: Accounting by registered social housing providers (Update 2010).

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

We have audited the financial statements of A2Dominion Housing Group Limited for the year ended 31 March 2014 which comprise the consolidated and Association income and expenditure accounts, the consolidated and Association statements of total recognised surpluses and deficits, the reconciliation of movements in Group's and Association's funds, the consolidated and Association balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Association's affairs as at 31 March 2014 and of the Group's and parent Association's surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

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 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements
- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us
- a satisfactory system of control has not been maintained over transactions
- the parent association financial statements are not in agreement with the accounting records and returns
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom

24 July 2014

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

Report of the Board

Board of management

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

Derek Joseph (Chair)
Derek has over 30 years' experience in the housing sector and significant knowledge of social housing finance and governance. A former director of the HACAS Group Plc and Tribal Treasury Services, Derek is currently a non-executive director of a number of quoted and private companies. He is a voluntary director of the charities Homeless International and the London Housing Federation.

Tez Cook
Tez is an A2Dominion resident and the elected Chair of A2Dominion's Customer Services Committee. He was previously a representative on A2 Housing's Resident Executive Group (South) and the founding member of Winchester Residents Forum. Tez currently works at Hampshire County Council in its Drug and Alcohol Action Team.

John Knevett
John has worked in the housing sector for almost 30 years, in addition to having extensive experience as a structural and civil engineer. He was previously CEO of A2 Housing Group and is currently Group Commercial Officer and Deputy Group Chief Executive of A2Dominion.

David Lewis
David has worked in the social housing sector for more than 20 years and has worked at a senior level for housing associations, local authorities and arms-length management organisations. David currently works as Assistant Director of Technical Services for a London borough and is a member of the Chartered Institute of Housing.

Ian Cox
Ian has worked within the property industry for over 35 years, holding senior-level development and regeneration roles at Bellway Homes and Redrow. He is Managing Partner and shareholder of Cox Development Partners and is part-time project director for the North Solihull regeneration project.

Appointed 4 June 2014

Susan Eggleton
Susan is a chartered accountant and has over 20 years' Board-level experience. Previous positions have included Executive Director of Finance and Deputy CEO of an NHS Hospital Trust, and Director of Corporate Services for two start-up organisations. Susan is currently Business Director for the NHS Trust Development Authority and is a trustee of The Liver Group charity.

Brenda Jenner
Brenda has worked in the banking industry, including the retail, wholesale and investment sectors. She is now a director of a small management consultancy firm and a private asset management company. In addition, Brenda is a self-employed management consultant specialising in the financial sector with an emphasis on strategy and risk.

Darrell Mercer
Darrell has 35 years' experience in the housing sector and was previously Assistant Director of Housing for the London Borough of Islington. He is the former CEO of Acton Housing Association and Dominion Housing Group and is currently the Group Chief Executive of A2Dominion.

David Walden
David is a chartered accountant with over 25 years' experience in international taxation, mergers and acquisitions and is now Head of Tax at WorldPay. From 2006 to 2010 he was a councillor for the London Borough of Wandsworth.

Andy Leahy and Alethea Siow also served as members of the Group Board in 2013/14, and resigned on 30 June 2014 and 31 March 2014 respectively.

Executive officers

Darrell Mercer
Group Chief Executive
See previous page.

John Knevett
Group Commercial Officer and Deputy Group Chief Executive
See previous page.

Kathryn Bull
Executive Director (Corporate Services)
Kathryn has significant senior management experience in the public sector. Prior to her current role, she was Group Director of Risk & Planning at Dominion Housing Group. She was also Assistant Director of Housing at the London Borough of Croydon and was at the London Borough of Wandsworth for six years.

Simon Potts
Executive Director (Commercial, South East)
Simon has worked in the house-building industry for over 27 years. He has extensive experience of land acquisition, strategic development and brownfield regeneration. Prior to his current role, Simon was Strategic Land Director at Barton Willmore and has also held director and senior management roles at Hillreed, Bellway, Fairclough and Laing Homes.

Dean Tufts
Executive Director (Finance & Strategy)
Dean is a chartered accountant and has over 25 years' experience in the housing sector. Previously Dean was Dominion Housing Group's Finance Director, a role he held for four years. He has also worked for Acton Housing Association and sheltered housing company McCarthy & Stone Plc. Dean is an associate of the Institute of Chartered Accountants in England and Wales.

Anne Waterhouse
Executive Director (Financial Services)
Anne is a chartered accountant with over 15 years' finance experience. Prior to her current role, Anne was Deputy Group Finance Director at Dominion Housing Group. She is a member of the Chartered Institute of Management Accountants and has also worked in finance within the housebuilding industry.

Andrew Evans
Executive Director (Operations)
Andrew has over 25 years' service delivery experience in both the private and public sectors. Andrew was previously Group Operations Director for A2 Housing Group for 12 years and was Spelthorne Housing Association's Deputy Chief Executive. Andrew is a member of the Institute of Management.

Nicholas Yeeles
Executive Director (Commercial, London)
Nicholas' career encompasses over 20 years' experience in the social housing sector, with an emphasis on business development. Prior to his current role, Nicholas was Chief Executive of Cherwell Housing Trust, part of the Dominion Housing Group. He has held various executive posts in management and development and has worked as a freelance consultant.

Advisors and bankers

Auditors
BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Bankers
Barclays Bank Plc
Floor 28
1 Churchill Place
London
E14 5HP

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

Devonshires
30 Finsbury Circus
London
EC2M 7DT

Secretary

Zoë Ollerearnshaw
Group Company Secretary
Zoë has worked in governance for over 10 years, and has more than five years' experience in the social housing sector. Prior to joining A2Dominion as Group Company Secretary, Zoë worked in similar posts at the Work Foundation and the Shaftesbury Society. She is a Fellow of the Institute of Chartered Secretaries and Administrators.

Report of the Board

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2014.

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 32 to the financial statements and their activities detailed within the Operating and Financial Review on page 25.

Business review

Details of the Group's performance for the year and its future plans are set out in the Operating and Financial Review that precedes the Report of the Board.

Housing property and other fixed assets

Details of changes to the Group's fixed assets are shown in notes 12 and 13 to the financial statements.

Reserves

After transfer of the surplus for the year of £38.1m (2013: £28m), the Group's year-end reserves amounted to £641m (2013: £597.1m).

Donations

The Group donated £63,882 to charitable entities (2013: £53,178) and made no political donations.

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 Operating and Financial Review.

Employees

The strength of the Group lies in the quality of its employees. In particular, it is their contribution that gives the Group the ability to meet its objectives and commitments to residents 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 staff.

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. The Group has prepared detailed health and safety policies and provides staff 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 54–57. The Board is drawn from a wide background bringing together professional and commercial experience. The executive officers are the chief executive and the other members of the Group's senior 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 other staff, save that their notice periods are between six and 12 months.

Pensions

Executive officers are members of either the Social Housing Pension Scheme or the Surrey or Oxfordshire County Council Schemes, all of which are defined benefit final salary pension schemes. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

Other benefits

Executive officers are entitled to other benefits such as health care insurance. Details of their total remuneration are included in note 10 to the financial statements.

National Housing Federation Code of Governance

The Board reviewed its practices against the National Housing Federation's Excellence in Governance in 2012 and identified non-compliance relating to the maximum terms of office for board and committee members. The Board has now completed the first phase of its Renewal Plan which aims to manage retirement for those board and committee members with service over nine years retiring in a planned way over a period of two years at the same time as recruiting new members. The Group has worked with external consultants to recruit members with high-level skills in development, finance and customer service, and has made several appointments to its committee during the year.

Resident involvement

The Group actively encourages residents' involvement in decision-making by promoting mechanisms for resident involvement. There are clear reporting arrangements between resident groups and the Board.

Complaints

The Group has a clear and simple complaints policy issued to all residents.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group.

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 2013 up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board-approved terms of reference and delegated authorities for the Group's Audit & Risk Committee, Customer Services Committee, Development Committee, Finance Committee and Governance & Remuneration Committee
- clearly defined management responsibilities for the identification, evaluation and control of significant risks
- robust strategic and business planning processes, with detailed financial budgets and forecasts
- comprehensive three-year programme of internal audit
- formal recruitment, retention, training and development policies for all staff
- established authorisation and appraisal procedures for all significant new initiatives and commitments
- a sophisticated approach to treasury management which is subject to external review on an annual basis
- regular reporting to the appropriate committee on key business objectives, targets and outcomes
- Board-approved whistle-blowing, anti-theft and anti-corruption policies
- formal money laundering and fraud policy and register.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control.

The Audit & Risk Committee reviews the Group Risk Map quarterly to ensure all risks are fully assessed with actions identified to mitigate risks. In addition, each of the Group's committees review risks and actions specific to their areas of responsibility. The Audit & Risk Committee regularly reviews the fraud register. Any control weaknesses or fraud identified during the year are reported to and monitored by the Audit & Risk Committee ensuring the weaknesses are acted upon.

The Audit & Risk Committee and Group Board have received the chief executive’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 Committee.

In line with the Excellence in Governance code, the Audit & Risk Committee carried out a separate exercise to review its independence, performance and effectiveness, and agreed 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.

Industrial and Provident Society law 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). The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Group and Association for that period.

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 (Update 2010) 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 Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. They are also responsible for safeguarding the assets of the 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 (Update 2010).

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 on-going integrity of the financial statements contained therein.

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 23 July 2014 at The Point, 37 North Wharf Road, London, W2 1BD.

Disclosure of information to auditors

At the date of making this report each of the Group's board members, as set out on pages 54-55, confirm the following:

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

External auditors

BDO LLP were re-appointed as the Group's external auditors via written resolution on 21 November 2013 effective from 1 December 2013 following a full re-tender exercise. A resolution to re-appoint them for the coming year will be proposed at the Annual General Meeting.

The Report of the Board was approved by the Board on 23 July 2014 and signed on its behalf by:

D Joseph	D Walden	Z Ollerearnshaw
Chair	**Board member**	**Secretary**

Financial statements

Consolidated income and expenditure account

For the year ended 31 March 2014

	Note	2014 £m	2013 £m
Turnover including share of joint ventures		**274.2**	258.6
Less share of joint ventures turnover		**(2.1)**	–
Group turnover	3	**272.1**	258.6
Cost of sales	3	**(56.4)**	(58.1)
Operating costs	3	**(138.0)**	(145.6)
Group operating surplus	3, 5	**77.7**	54.9
Share of joint ventures operating profit		**0.3**	–
Operating surplus including joint ventures		**78.0**	54.9
Surplus on sale of fixed assets – housing properties	6	**8.8**	15.8
Operating surplus before interest		**86.8**	70.7
Interest receivable and other income	7	**0.3**	0.7
Interest payable and similar charges	8	**(48.2)**	(43.3)
Other finance costs	9	**–**	(0.1)
Surplus on ordinary activities before taxation		**38.9**	28.0
Tax on surplus on ordinary activities	11	**–**	–
Surplus on ordinary activities after taxation		**38.9**	28.0
Minority interest	32	**(0.8)**	–
Surplus for the financial year	26	**38.1**	28.0

All amounts relate to continuing activities.

Historic cost surpluses and deficits were identical to those shown in the income and expenditure account.

Association income and expenditure account

For the year ended 31 March 2014

	Note	2014 £m	2013 £m
Turnover	3	**37.1**	34.4
Cost of sales	3	**–**	–
Operating costs	3	**(36.7)**	(34.0)
Operating surplus	3, 5	**0.4**	0.4
Interest receivable and other income	7	**10.6**	9.9
Interest payable and similar charges	8	**(11.0)**	(9.9)
Surplus on ordinary activities before taxation		**–**	0.4
Tax on surplus on ordinary activities	11	**–**	–
Surplus for the financial year	26	**–**	0.4

All amounts relate to continuing activities.

Historic cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 69-105 form part of these financial statements.

Statement of total recognised surpluses and deficits

For the year ended 31 March 2014

	Note	Group 2014 £m	Group 2013 £m	Association 2014 £m	Association 2013 £m
Surplus for the financial year		**38.1**	28.0	**–**	0.4
Unrealised surplus on revaluation of investments		**7.3**	0.7	**–**	–
Actuarial (deficit)/surplus relating to pension schemes	9	**(1.5)**	0.5	**(0.5)**	(0.2)
Total recognised surpluses and deficits relating to the year		**43.9**	29.2	**(0.5)**	0.2

Reconciliation of movements in Group's and Association's funds

For the year ended 31 March 2014

	Group 2014 £m	Group 2012 £m	Association 2014 £m	Association 2013 £m
At 1 April	**597.1**	567.9	**(3.4)**	(3.6)
Total recognised surpluses and deficits relating to the year	**43.9**	29.2	**(0.5)**	0.2
At 31 March	**641.0**	597.1	**(3.9)**	(3.4)

The notes on pages 69-105 form part of these financial statements.

Consolidated balance sheet

At 31 March 2014

	Note	2014 £m	2013 £m
Tangible fixed assets			
Housing properties: Cost or valuation		**2,851.8**	2,821.2
Social housing grant		**(1,157.2)**	(1,157.8)
Depreciation		**(133.6)**	(116.3)
Total housing properties	12	**1,561.0**	1,547.1
Other tangible fixed assets	13	**16.9**	11.6
Homebuy investments			
Homebuy loans		**3.3**	3.6
Social housing grant		**(3.3)**	(3.5)
		–	0.1
Investments	14	**72.0**	38.0
Investment in joint ventures			
Share of gross assets		**8.5**	6.2
Share of gross liabilities		**(0.9)**	(2.1)
	14	**7.6**	4.1
		1,657.5	1,600.9
Current assets			
Properties for sale	15	**171.6**	172.7
Debtors	16	**28.5**	43.4
Investments	17	**1.3**	0.3
Cash at bank and in hand	18	**30.0**	17.3
		231.4	233.7
Creditors: Amounts falling due within one year	19	**(79.3)**	(84.6)
Net current assets		**152.1**	149.1
Total assets less current liabilities		**1,809.6**	1,750.0
Creditors: Amounts falling due after more than one year	20	**1,158.6**	1,139.9
Provision for liabilities and charges	24	**4.6**	9.8
Net pension liability	9	**4.6**	3.2
		1,167.8	1,152.9
Capital and reserves			
Non-equity share capital	25	**–**	–
Revaluation reserves	26	**9.3**	2.0
Revenue reserves	26	**566.6**	550.0
Designated reserves	26	**64.6**	44.6
Restricted reserve	26	**0.5**	0.5
Consolidated funds	26	**641.0**	597.1
Minority interest	32	**0.8**	–
		1,809.6	1,750.0

The financial statements were approved by the Board and authorised for issue on 23 July 2014 and signed on its behalf by:

D Joseph **Chair**	D Walden **Board member**	Z Ollerearnshaw **Secretary**

The notes on pages 69-105 form part of these financial statements.

Association balance sheet

At 31 March 2014

	Note	2014 £m	2013 £m
Current assets			
Debtors due within one year	16	**28.9**	16.7
Debtors due after one year	16	**233.3**	243.3
Investment	17	**1.0**	–
Cash at bank and in hand	18	**8.1**	7.0
		271.3	267.0
Creditors: Amounts falling due within one year	19	**(38.8)**	(24.6)
Net current assets		**232.5**	242.4
Total assets less current liabilities		**232.5**	242.4
Creditors: Amounts falling due after more than one year	20	**233.3**	243.3
Provision for liabilities and charges	24	**0.8**	0.6
Net pension liability	9	**2.3**	1.9
		236.4	245.8
Capital and reserves			
Non-equity share capital	25	**–**	–
Revenue reserves	26	**(3.9)**	(3.4)
Association's funds	26	**(3.9)**	(3.4)
		232.5	242.4

The financial statements were approved by the Board and authorised for issue on 23 July 2014 and signed on its behalf by:

D Joseph
Chair

D Walden
Board member

Z Ollerearnshaw
Secretary

FINANCIAL STATEMENTS

The notes on pages 69-105 form part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2014

	Note	2014 £m	2013 £m
Net cash inflow from operating activities	29	**80.7**	88.0
Returns on investments and servicing of finance			
Interest received		**0.2**	0.7
Interest paid		**(54.1)**	(51.3)
		(53.9)	(50.6)
Taxation paid			
Corporation tax paid		**–**	–
Capital expenditure and financial investment			
Purchase and construction of housing properties		**(47.4)**	(83.2)
Social housing grant – received (net)		**7.3**	12.8
Purchase of other fixed assets		**(8.3)**	(1.7)
Purchase of investments		**(14.3)**	(3.2)
Sales of housing properties		**35.3**	60.2
		(27.4)	(15.1)
Net cash (outflow)/inflow before management of liquid resources and financing		**(0.6)**	22.3
Management of liquid resources			
Money market deposit		**(1.0)**	–
Financing			
Loans received		**237.4**	26.3
Loan repayments		**(213.5)**	(66.6)
Increase/(decrease) in cash	30	**22.3**	(18.0)

The notes on pages 69-105 form part of these financial statements.

Notes to the financial statements

1. Legal status

The Association is registered with the Financial Conduct Authority under the Industrial and Provident Societies Act 1965 and is registered with the Homes and Communities Agency (HCA) as a social landlord.

2. Accounting policies

Basis of accounting
The financial statements of the Group and Association are prepared under the historical cost convention as modified for the revaluation of fixed asset investments and in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (Update 2010), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012. A summary of the more important accounting policies is set out below.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Association and all its subsidiaries (note 32) at 31 March and are consolidated using acquisition accounting. This is in accordance with the requirements of FRS2 - 'Accounting for Subsidiary Undetakings'.

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

In the Group financial statements, interests in joint ventures are accounted for using the gross equity method of accounting. The consolidated income and expenditure account will indicate the Group's share of the joint venture's turnover and include the Group's share of the operating results, interest and taxation. The consolidated balance sheet includes the Group's share of the identifiable gross assets and gross liabilities.

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.

Supporting people income and expenditure
Income receivable and costs incurred from contracts are recognised on a receivable basis and included within other social housing activities.

Service charges
Service charges receivable are recognised in turnover.

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 income and expenditure accounts include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable
Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance.

b) 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 income and expenditure account in the year.

Fixed asset investment properties
Investment properties are stated at market value, determined by professionally qualified external valuers. They are not depreciated in accordance with SSAP 19 Accounting for investment properties.

Housing properties
Housing properties are principally properties available for rent and shared ownership.

Completed housing properties are stated at cost less related SHG and other capital grants.

Separate disclosure of housing properties on the valuation basis is also provided in note 12.

Housing properties under construction are stated at cost less related SHG and other capital grants. 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 depreciation or 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 income and expenditure account as accelerated depreciation. Component accounting is not applicable to shared ownership housing properties.

Improvements to existing properties which are outside the normal capitalisation policy of component additions, are works which result in an increase in the net rental income, such as a 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 direct overhead costs associated with new developments or improvements are capitalised.

Notes to the financial statements (continued)

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 income and expenditure account, with the apportioned cost being shown within operating results as the cost of sale.

Subsequent tranches sold ("staircasing sales") are disclosed in the income and expenditure account after the operating result 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 income and expenditure account in arriving at the surplus or deficit.

Properties for sale
Housing properties that are built with the intention that they are to be transferred to another association are dealt with in current assets and are described as properties for resale. The related SHG is deducted from cost incurred.

Shared ownership first tranche and commercial outright sale developments, both completed and under construction, are carried on the balance sheet 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.

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

Social housing grant (SHG)
SHG is receivable from the HCA and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants
Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties
Freehold land is not depreciated. Depreciation is charged so as to write down the cost (net of social housing grant) 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
Kitchen	15 years
Bathrooms	25 years
Heating	15 years
Roof	50 years
Windows and doors	25 years
Lifts	20 years
Electrical	30 years

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

Other tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

Impairment
Housing properties and other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus.

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

Leased assets
Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Supported housing managed by agencies
SHGs and other revenue grants for supported housing claimed by the Group are included in the income and expenditure account and balance sheet of the Group. 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 income and expenditure account.

Sales under Right to Buy
Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are disclosed on the face of the income and expenditure account after the operating result and before interest. 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.

Mixed-tenure developments
Where a development has more than one tenure, the surplus recognised on each tenure is limited to the overall surplus on the development.

Recycled Capital Grant Fund
Following certain relevant events, primarily the sale of dwellings, the HCA can direct the Group to recycle the capital grant (SHG) or to repay the recoverable capital grant back to the HCA. 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.

Disposal Proceeds Fund
Receipts from Right to Acquire sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. These sales receipts less eligible expenses are credited to the Disposal Proceeds Fund.

Equity loans, Homebuy loans and grant
Under these arrangements the Group receives Social Housing Grant (Homebuy only) representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer. The buyer meets the balance of the purchase price from a combination of personal mortgage and savings. Loans advanced by the Group under these arrangements are disclosed in the investments section of the balance sheet.

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.

Pensions
The Group participates in three funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS), the Surrey County Council Scheme and the Oxfordshire County Council Scheme.

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

For the Surrey and Oxfordshire County Council Schemes, 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, expected return on assets 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, finance costs and expected return on assets are recognised in the income and expenditure account with any actuarial gains and losses being recognised in the statement of total recognised surpluses and deficits.

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

Notes to the financial statements (continued)

2. Accounting policies (continued)

Deferred taxation
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. The recognition of deferred tax asset is limited to the extent the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing difference. Deferred tax assets and liabilities are not discounted.

Fixed asset investments
Investments are stated at market value. Unlisted investments are based on cost.

Business combinations
Where acquisitions are in substance the gifting of control of a business to the Association, the combination is treated as a non-exchange transaction and the fair value of the gifted assets and liabilities in the transaction is recorded as a gain or loss in the income and expenditure account in the year of combination.

Interest costs
The Group's funding, liquidity and exposure to interest rate risks are managed by the Group's treasury department. Treasury operations are conducted within a framework of policies and guidelines authorised by the Board. To manage interest rate risk the Group manages its proportion of fixed to variable rate borrowings within approved limits and where appropriate utilises interest rate swap agreements. Amounts payable or receivable in respect of these agreements are recognised as adjustments to interest rate expense.

The Group's policy is to have a loan portfolio which is complementary to each Group member's overall objectives. This is achieved by creating a balance between fixed and variable borrowing.

Donations fund
This fund was created from charitable donations received by the Group and from investment income from the fund's investments. The fund is available to meet expenditure which falls within the Group's objectives.

Provisions
Provision is made for specific and quantifiable liabilities which exist at the balance sheet date.

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

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

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

Group

2014	Turnover £m	Cost of sales £m	Operating costs £m	Operating surplus £m
Social housing lettings	**180.0**	**–**	**(121.4)**	**58.6**
Other social housing activities				
Supporting people	**2.1**	**–**	**(2.3)**	**(0.2)**
Management services	**2.1**	**–**	**(0.9)**	**1.2**
First tranche sales	**21.5**	**(14.4)**	**–**	**7.1**
Other	**1.0**	**–**	**(2.0)**	**(1.0)**
	26.7	**(14.4)**	**(5.2)**	**7.1**
Non-social housing activities				
Lettings	**11.9**	**–**	**(9.2)**	**2.7**
Developments for sale	**53.3**	**(42.0)**	**(1.2)**	**10.1**
Other	**0.2**	**–**	**0.1**	**0.3**
Impairment	**–**	**–**	**(1.1)**	**(1.1)**
	65.4	**(42.0)**	**(11.4)**	**12.0**
	272.1	**(56.4)**	**(138.0)**	**77.7**

2013	Turnover £m	Cost of sales £m	Operating costs £m	Operating surplus £m
Social housing lettings	174.6	–	(132.4)	42.2
Other social housing activities				
Supporting people	2.7	–	(2.5)	0.2
Management services	0.8	–	(0.3)	0.5
First tranche sales	22.3	(16.1)	–	6.2
Other	2.0	–	(2.1)	(0.1)
	27.8	(16.1)	(4.9)	6.8
Non-social housing activities				
Lettings	10.0	–	(6.9)	3.1
Developments for sale	45.6	(42.0)	(1.2)	2.4
Other	0.6	–	(0.2)	0.4
Impairment	–	–	–	–
	56.2	(42.0)	(8.3)	5.9
	258.6	(58.1)	(145.6)	54.9

Notes to the financial statements (continued)

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

Particulars of income and expenditure from social housing lettings

	2014						2013
	General housing £m	Supported housing £m	Temporary housing £m	Key worker £m	Low cost home ownership £m	Total £m	Total £m
Turnover from social housing lettings							
Rent receivable net of identifiable service charges	106.7	10.8	12.9	15.4	14.4	160.2	155.8
Service charges receivable	6.1	4.1	–	0.8	5.8	16.8	16.0
Charges for support services	–	0.4	–	–	–	0.4	0.5
Net rental income	112.8	15.3	12.9	16.2	20.2	177.4	172.3
Nomination fees	–	–	1.2	–	0.1	1.3	1.3
Other income	0.3	0.1	–	0.2	0.7	1.3	1.0
Turnover from social housing lettings	113.1	15.4	14.1	16.4	21.0	180.0	174.6
Expenditure on social housing lettings							
Management	(22.9)	(6.5)	(1.7)	(7.4)	(6.5)	(45.0)	(46.0)
Services	(11.3)	(4.0)	(0.4)	(0.7)	(5.8)	(22.2)	(22.3)
Routine maintenance	(11.3)	(2.0)	(0.5)	(1.0)	(0.5)	(15.3)	(15.9)
Planned maintenance and major repairs	(14.7)	–	–	–	0.3	(14.4)	(16.9)
Bad debts	(0.2)	(0.2)	–	0.1	(0.3)	(0.6)	(1.3)
Property lease charges	–	(0.1)	(4.2)	–	–	(4.3)	(4.7)
Depreciation of housing properties	(14.2)	(1.4)	(0.6)	(2.0)	–	(18.2)	(16.0)
Accelerated depreciation on asset components	(1.1)	(0.1)	–	(0.2)	–	(1.4)	(1.1)
Housing properties impairment	–	–	–	–	–	–	(8.2)
Operating costs on social housing lettings	(75.7)	(14.3)	(7.4)	(11.2)	(12.8)	(121.4)	(132.4)
Operating surplus on social housing lettings	37.4	1.1	6.7	5.2	8.2	58.6	42.2
Void losses	(1.2)	(0.8)	(0.2)	(0.7)	(0.1)	(3.0)	(2.4)

Particulars of turnover from non-social housing lettings

	Group 2014 £m	Group 2013 £m
Market rental	**4.7**	3.3
Student accommodation	**6.3**	5.6
Other	**0.9**	1.1
	11.9	10.0

Association

2014	Turnover £m	Cost of sales £m	Operating costs £m	Operating surplus/(deficit) £m
Other social housing activities				
Management services	**36.2**	**–**	**(36.7)**	**(0.5)**
Other	**0.9**	**–**	**–**	**0.9**
	37.1	**–**	**(36.7)**	**0.4**

2013	Turnover £m	Cost of sales £m	Operating costs £m	Operating surplus/(deficit) £m
Other social housing activities				
Management services	33.7	–	(34.0)	(0.3)
Other	0.7	–	–	0.7
	34.4	–	(34.0)	0.4

Notes to the financial statements (continued)

4. Accommodation in management and development

Group

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

	Group 2014 No.	Group 2013 No.
Social housing		
General housing	**17,536**	17,628
Affordable housing	**253**	134
Supported housing and housing for older people	**2,441**	2,435
Shared ownership	**4,027**	4,072
Key worker accommodation	**2,819**	2,813
Temporary accommodation	**424**	424
Other	**1,189**	1,187
Total owned	**28,689**	28,693
Accommodation managed for others	**4,251**	4,016
Total owned and managed	**32,940**	32,709
Non-social housing		
Student accommodation	**1,295**	1,109
Market rent	**466**	409
Other – commercial	**117**	114
Total owned and managed	**1,878**	1,632
Accommodation managed for others	**–**	2
Total owned and managed	**1,878**	1,634
Overall		
Total owned	**30,567**	30,325
Total managed for others	**4,251**	4,018
Total owned and managed	**34,818**	34,343
Accommodation in development	**4,641**	3,509

The Association does not own or manage any accommodation.

5. Operating surplus

This is arrived at after charging (crediting):

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Depreciation of housing properties	**19.6**	17.4	**–**	–
Accelerated depreciation on replaced components	**1.4**	1.1	**–**	
Depreciation of other tangible fixed assets	**2.0**	1.7	**–**	–
Impairment of housing properties and investments	**–**	8.2	**–**	–
Impairment of other tangible fixed assets	**1.1**	–	**–**	–
Operating lease rentals				
– land and buildings	**7.5**	7.5	**2.4**	1.9
– office equipment, computers and vehicles	**0.3**	0.2	**0.3**	0.2
Auditors' remuneration (exclusive of VAT)				
– for audit services	**0.2**	0.2	**0.2**	0.1
– other	**0.1**	–	**0.1**	–

6. Surplus on sale of fixed assets – housing properties

	Group	
	2014 £m	2013 £m
Disposal proceeds	**29.1**	20.2
Carrying value of fixed assets	**(22.8)**	(16.5)
Surplus on sale of fixed assets	**6.3**	3.7
Disposal proceeds from stock rationalisation	**9.4**	42.5
Carrying value of fixed assets within stock rationalisation	**(5.9)**	(28.2)
Surplus from stock rationalisation	**3.5**	14.3
Selling costs	**(1.0)**	(2.2)
	8.8	15.8

7. Interest receivable and other income

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Interest receivable and similar income	**0.3**	0.7	**0.1**	0.1
Received from other Group entities	**–**	–	**10.5**	9.8
	0.3	0.7	**10.6**	9.9

Notes to the financial statements (continued)

8. Interest payable and similar charges

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Loans and bank overdrafts	**54.9**	50.2	**10.5**	9.8
Finance related costs	**1.8**	1.0	**0.5**	0.1
Recycled capital grant fund	**0.1**	0.1	**–**	–
	56.8	51.3	**11.0**	9.9
Interest payable capitalised on housing properties under construction	**(8.6)**	(8.0)	**–**	–
	48.2	43.3	**11.0**	9.9
Capitalisation rates used to determine the finance costs capitalised during the year	**4.8% – 6.1%**	3% – 5%	**–**	–

9. Employees

Average monthly number of employees expressed in full time equivalents:

	Group		Association	
	2014 No.	2013 No.	**2014 No.**	2013 No.
Administration	**173**	165	**171**	164
Development	**87**	87	**86**	85
Housing, support and care[1]	**724**	586	**573**	553
	984	838	**830**	802

Employee costs:

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Wages and salaries[1]	**31.9**	27.9	**27.8**	26.7
Social security costs	**3.3**	2.8	**2.9**	2.7
Other pension costs[2]	**3.2**	2.1	**1.2**	0.8
	38.4	32.8	**31.9**	30.2

1 On 1 April 2013 the Group established two LLP partnerships to provide repairs services for the Group's properties which employ a total of 124 employees.

2 The Group commenced auto-enrolment for its staff from 1 October 2013 which has increased the Group's pension costs.

Salary banding for all employees earning over £60,000 (includes salary and performance related pay but excludes pension contributions paid by the Group).

	2014 No.	2013 No.
£60,000 to £70,000	**14**	23
£70,001 to £80,000	**18**	12
£80,001 to £90,000	**10**	8
£90,001 to £100,000	**3**	6
£100,001 to £110,000	**8**	6
£110,001 to £120,000	**2**	3
£120,001 to £130,000	**1**	1
£140,001 to £150,000	**0**	3
£150,001 to £160,000	**2**	1
£160,001 to £170,000	**3**	3
£170,001 to £180,000	**1**	0
£230,001 to £240,000	**1**	1
£240,001 to £250,000	**1**	1
	64	68

The Group's employees are members of the Social Housing Pension schemes or the Surrey and Oxfordshire County Council schemes or the Scottish Widows schemes. There are two Scottish Widows schemes which are defined contribution schemes. One scheme is operated by A2Dominion Housing Group Limited and has three members which is now closed to new entrants. The second Scottish Widows scheme is operated by Pyramid Plus London LLP and Pyramid Plus South LLP and has a total of 19 members. Further information on the other schemes is given below.

Social Housing Pension Scheme (Group and Association)
A2Dominion Housing Group Limited participates in both the Social Housing Pension Scheme (SHPS) defined benefit scheme (DB) and defined contribution scheme (DC). The DB scheme is funded and is contracted out of the state scheme.

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

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

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

From April 2010 there are a further two benefits structures available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.

The DC scheme was made available from 1 October 2010 which is the only scheme open to all employees, as the Group closed its DB scheme to new entrants in 2010.

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

A2Dominion Housing Group Limited has operated the final salary with a 1/60th accrual rate, final salary with a 1/70th accrual rate and career average revalued earnings with a 1/60th accrual rate benefit structure for active members as at 31 March 2014.

Notes to the financial statements (continued)

9. Employees (continued)

The Trustee commissions an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution. From 1 April 2010 the requirement for the employer to pay at least 50% of the total contributions no longer applied.

The actuarial valuation assesses whether the scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the year A2Dominion Housing Group Limited paid contributions at the rate of 19.4%. Member contributions varied between 8.3% and 10.7% depending on their age into the defined benefit scheme. The Group and members contributed between a range of 2% to 8% into the defined contribution scheme.

As at the balance sheet date there were 169 active members of the Defined Benefit Scheme employed by A2Dominion Housing Group Limited and 526 active members of the Defined Contribution Scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from the total Scheme assets. Accordingly, due to the nature of the plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme applicable was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035m, equivalent to a past service funding level of 67.0%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows

	% pa
Valuation discount rates:	
Pre retirement	7.0
Non-pensioner post retirement	4.2
Pensioner post retirement	4.2
Pensionable earnings growth	2.5 per annum for 3 years, then 4.4
Price inflation	2.9
Rate of pension increases:	
Pre 88 Guaranteed Minimum Pension (GMP)	0.0
Post 88 GMP	2.0
Excess over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund levy are included in the contribution rate.

The long-term joint contribution rates that will apply from April 2014 required from the employers and members to meet the cost of future benefit accruals were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings with a 1/80th accrual rate	14.0
Career average revalued earnings with a 1/120th accrual rate	9.7

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035m would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2013 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the above table.

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

Employers that have closed the scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

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

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

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the scheme (which would effectively amend the terms of the recovery plan).

The scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £2,718m and indicated an increase in the shortfall of assets compared to liabilities to approximately £1,151m, equivalent to a past service funding level of 70%.

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

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

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

A2Dominion Housing Group Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the scheme as at 30 September 2013. As of that date the estimated employer debt for A2Dominion Housing Group Limited was £69.9m.

Notes to the financial statements (continued)

9. Employees (continued)

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.

With effect from April 2012 increases to local government pensions are linked to annual increases in the Consumer Price Index (CPI), rather than the Retail Prices Index (RPI). Over the long term CPI increases are expected to be lower than RPI increases and this therefore gives rise to a reduction in the value of the liabilities on the Balance Sheet.

Surrey County Council Pension Fund (SCCPF)

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 2014. The employer's contributions to the SCCPF by the Group for the year ended 31 March 2014 were £251,000 at a contribution rate of 23.1% of pensionable salaries, set until the next funding valuation at 31 March 2015. This scheme is closed to new entrants.

Assumptions

The main financial assumptions used by the actuary were:

	31 March 2014 % per annum	31 March 2013 % per annum	31 March 2012 % per annum	31 March 2011 % per annum
Rate of increase in salaries	**3.9**	5.1	4.8	5.1
Rate of increase in pensions in payment	**2.6**	2.8	2.5	2.8
Expected return on assets	**6.0**	5.2	5.7	6.9
Discount rate	**4.1**	4.5	4.8	5.5
Inflation assumption	**2.6**	2.8	2.5	2.8

Fair value and expected return on assets

The fair value and expected return on assets in the SCCPF related to the Group and Association were:

	Long- term return at 31 March 2014 %	**Assets at 31 March 2014 £m**	Long-term return at 31 March 2013 %	Assets at 31 March 2013 £m	Long-term return at 31 March 2012 %	Assets at 31 March 2012 £m	Long-term return at 31 March 2011 %	Assets at 31 March 2011 £m
Equities	**6.7**	**5.1**	5.7	5.1	6.3	4.3	7.5	4.1
Bonds	**3.8**	**1.0**	3.4	1.2	3.9	1.0	4.9	0.9
Property	**4.8**	**0.4**	3.9	0.3	4.4	0.3	5.5	0.3
Cash	**3.7**	**0.1**	3.0	0.1	3.5	0.2	4.6	0.2
	6.0	**6.6**	5.2	6.7	5.7	5.8	6.9	5.5

	31 March 2014 £m	31 March 2013 £m	31 March 2012 £m	31 March 2011 £m
Fair value of scheme assets	**6.6**	6.7	5.8	5.5
Present value of liabilities	**(8.9)**	(8.6)	(7.7)	(7.0)
Net pension liabilities	**(2.3)**	(1.9)	(1.9)	(1.5)

Recognition in the income and expenditure account

	2014 £m	2013 £m
Current service cost	**(0.1)**	(0.1)
Expected return on pension scheme assets	**0.3**	0.3
Interest on pension scheme liabilities	**(0.4)**	(0.4)
	(0.2)	(0.2)

Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2014 £m	2013 £m
Actual return less expected return on pension scheme assets	**(0.4)**	0.6
Experience gains and losses arising on scheme liabilities	**0.1**	–
Changes in assumptions underlying the present value of scheme liabilities	**(0.2)**	(0.8)
Actuarial deficit recognised in STRSD	**(0.5)**	(0.2)

Reconciliation of present value of plan liabilities

	2014 £m	2013 £m
At the beginning of the year	**(8.6)**	(7.7)
Current service cost	**(0.1)**	(0.1)
Interest cost	**(0.4)**	(0.3)
Actuarial losses	**(0.1)**	(0.8)
Benefits paid	**0.3**	0.3
	(8.9)	(8.6)

Reconciliation of present value of plan assets

	2014 £m	2013 £m
At the beginning of the year	**6.7**	5.8
Expected return on plan assets	**0.3**	0.3
Contributions by the Group	**0.3**	0.2
Actuarial (losses)/gains	**(0.4)**	0.6
Benefits paid	**(0.3)**	(0.2)
	6.6	6.7

Notes to the financial statements (continued)

9. Employees (continued)

Movement in deficit during the year

	2014 £m	2013 £m
Group share of scheme liabilities at beginning of year	**(1.9)**	(1.8)
Current service costs	**(0.1)**	(0.1)
Contributions	**0.2**	0.2
Actuarial assumption change	**–**	–
Other finance costs	**–**	–
Actuarial deficit	**(0.5)**	(0.2)
Group and Association share of scheme liabilities at end of year	**(2.3)**	(1.9)

History of experience gains and losses

	2014 £m	2013 £m
Difference between the expected and actual return on assets	**(0.4)**	0.6
Value of assets	**6.6**	6.7
Percentage of assets	**-5.6%**	8.7%
Experience gains on liabilities	**0.1**	0.0
Total present value of liabilities	**(8.9)**	(8.6)
Percentage of the total present value of liabilities	**-1.6%**	-0.2%
Actuarial deficit recognised in STRSD	**(0.5)**	(0.2)
Total present value of liabilities	**(8.9)**	(8.6)
Percentage of the total present value of liabilities	**5.7%**	2.6%

Oxfordshire County Council Local Government Pension Scheme (OCCLGPS)
The Group also has 22 employees who participate in OCCLGPS. The scheme is a defined benefit scheme based on final salary. Pension benefits depend generally upon age, length of service and salary level. The Group also provides retirees with at least five years of service and who are at least 55 with other post retirement benefits which include life insurance. The scheme is closed to new entrants.

Assumptions
The main financial assumptions used by the actuary were:

	31 March 2014 % per annum	31 March 2013 % per annum	31 March 2012 % per annum
Rate of increase in salaries	**4.6**	4.8	4.7
Rate of increase in pensions in payment	**2.8**	2.6	2.5
Expected return on assets	**6.2**	5.3	5.7
Discount rate	**4.5**	4.6	4.6
Inflation assumption (2014 & 2013 CPI, 2012 RPI)	**2.8**	2.6	2.5

Fair value and expected return on assets
The fair value and expected return on assets in the OCCLGPS related to the Group were:

	Long-term return at 31 March 2014 %	Assets at 31 March 2014 £m	Long-term return at 31 March 2013 %	Assets at 31 March 2013 £m	Long-term return at 31 March 2012 %	Assets at 31 March 2012 £m
Equities	**7.0**	**4.8**	6.0	5.1	6.3	4.1
Gilts	**3.6**	**0.8**	3.0	0.7	3.3	0.6
Other bonds	**4.2**	**0.3**	4.1	0.4	4.6	0.4
Property	**6.1**	**0.3**	5.0	0.4	5.3	0.4
Cash	**3.4**	**0.3**	0.5	0.3	3.0	0.2
Alternative assets	**–**	**–**	–	–	6.2	0.3
LLPs	**4.2**	**0.3**	6.0	0.2	–	–
Hedge Funds	**7.0**	**0.1**	6.0	0.2	–	–
	6.2	**6.9**	5.3	7.3	5.7	6.0

	2014 £m	2013 £m
Fair value of scheme assets	**6.9**	7.3
Present value of liabilities	**(9.2)**	(8.6)
Net pension liabilities	**(2.3)**	(1.3)

Recognition in the income and expenditure account

	2014 £m	2013 £m
Current service cost	**(0.2)**	(0.3)
Expected return on scheme assets	**0.4**	0.3
Interest on obligation	**(0.4)**	(0.4)
Total operating charge	**(0.2)**	(0.4)

Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2014 £m	2013 £m
Actual return less expected return on pension scheme assets	**(0.1)**	0.9
Changes in assumptions underlying the present value of scheme liabilities	**–**	–
Experience losses	**(0.3)**	(0.2)
Actuarial assumption change	**(0.6)**	–
Actuarial (deficit)/surplus recognised in STRSD	**(1.0)**	0.7

Notes to the financial statements (continued)

9. Employees (continued)

Reconciliation of present value of plan liabilities

	2014 £m	2013 £m
At the beginning of the year	**(8.6)**	(7.9)
Current service cost	**(0.2)**	(0.3)
Interest cost	**(0.4)**	(0.4)
Actuarial losses	**(0.1)**	(0.2)
Benefits paid	**0.1**	0.2
	(9.2)	(8.6)

Reconciliation of present value of plan assets

	2014 £m	2013 £m
At the beginning of the year	**7.3**	6.0
Expected return on plan assets	**0.4**	0.3
Contributions by the Group	**0.2**	0.3
Actuarial (losses)/gains	**(0.9)**	0.9
Benefits paid	**(0.1)**	(0.2)
	6.9	7.3

Movement in deficit during the year

	2014 £m	2013 £m
Group share of scheme liabilities at beginning of year	**(1.3)**	(1.9)
Current service costs	**(0.2)**	(0.3)
Contributions	**0.2**	0.2
Actuarial assumption change	**–**	–
Other finance costs	**–**	–
Actuarial (deficit)/surplus	**(1.0)**	0.7
Group and Association share of scheme liabilities at end of year	**(2.3)**	(1.3)

History of experience gains and losses

	2014 £m	2013 £m
Difference between the expected and actual return on assets	**(0.1)**	0.9
Scheme assets	**6.8**	7.3
Percentage of assets	**-0.2%**	12.6%
Experience losses on liabilities	**(0.3)**	(0.2)
Total present value of liabilities	**9.2**	8.6
Percentage of the total present value of liabilities	**-3.3%**	-2.5%
Actuarial (deficit)/surplus recognised in STRSD	**(1.0)**	0.7
Total present value of liabilities	**9.2**	8.6
Percentage of the total present value of liabilities	**-10.6%**	8.2%

Group pension analysis – consolidated
Recognition in the income and expenditure account

	2014 £m	2013 £m
Current service cost	**(0.3)**	(0.3)
Expected return on pension scheme assets	**0.7**	0.7
Interest on pension scheme liabilities	**(0.8)**	(0.7)
Past service cost	**–**	–
Total operating charge	**(0.4)**	(0.3)

Analysis of amount recognised in the consolidated statement of total recognised surpluses and deficits (STRSD)

	2014 £m	2013 £m
Actual return less expected return on pension scheme assets	**(0.5)**	1.5
Experience gains and losses arising on scheme liabilities	**(0.2)**	(0.2)
Changes in assumptions underlying the present value of scheme liabilities	**(0.8)**	(0.8)
Actuarial (deficit)/surplus recognised in STRSD	**(1.5)**	0.5

	2014 £m	2013 £m
Group share of scheme liabilities at beginning of year	**(3.2)**	(3.8)
Acquired on transfer of undertakings	**–**	–
Service costs	**(0.3)**	(0.3)
Contributions	**0.4**	0.5
Other finance costs	**–**	(0.1)
Actuarial (deficit)/surplus	**(1.5)**	0.5
Group share of scheme liabilities at end of year	**(4.6)**	(3.2)

Notes to the financial statements (continued)

10. Board members and executive officers

For the purposes of this note, the officers are defined as the members of the Board, committee members and the executive officers as shown on pages 54-57 and any other person reporting directly to the Group Chief Executive.

Fees of £181,190 (2013: £159,625) were paid to non-executive board members during the year. Taxable travel allowances paid during the year to board members amounted to £16,613 (2013: £11,250). Non-executive board members as at 31 March 2014 were paid as follows:

		Member of					
Board/Committee Member	Membership pay	Audit & Risk Committee	Customer Services Committee	Development Committee	Finance Committee	Governance & Remuneration Committee	Group Board
Stephanie Bamford	4,875	●				●	
Peter Braithwaite[1]	2,333			●			
Lynn Chandler	4,875	●			●		
Jane Clarke	3,875		●				
David Coates[1]	2,333				●		
Terence Cook	11,633		●				●
Ian Cox[1]	2,333			●			
Jan Czezowski	6,821	●		●			
Martha Darkwah	3,875		●				
Sara Dickinson[1]	2,333				●		
Sue Eggleton	12,250	●				●	●
Mark Gallagher[1]	2,333			●			
Kerrie Green[1]	2,333		●				
Brenda Jenner	12,250				●	●	●
Derek Joseph (Chair)	21,500					●	●
Andy Leahy	11,286			●			●
David Lewis	9,500		●			●	●
Pauline Mc Michael[1]	2,333		●				
Anne Murray	3,875		●				
Ross Proudfoot	4,875	●			●		
Margaret Sandford	3,875		●				
Alethea Siow	9,500	●		●			●
Terry Sullivan	6,000			●			
Ingrid Temmerman[1]	2,333		●				
David Walden	11,500				●		●

[1] These board members commenced their roles part way through the year ended 31 March 2014.

The executive officers participate in the pension schemes on the same terms as all other eligible staff.

	Group 2014 £'000	Group 2013 £'000
Total emoluments paid to executive officers (including pension contributions)	**1,589**	1,515
Emoluments of the highest paid executive officer (excluding pension contributions and pay in lieu thereof but including performance related pay and benefits in kind)	**249**	239

[1] On the 31 March 2012 the highest paid director opted out of the company pension scheme. A payment in lieu of £16,600, the equivalent employer's contribution is received by the highest paid director.

The emoluments of the executive officers are reviewed and agreed on an annual basis by the Group Governance and Remuneration Committee.

Executive officers

		2014 Total remuneration[1] £'000
J Allan	Executive Director (Commercial, South East)[2]	**63**
K Bull	Executive Director (Corporate Services)	**169**
A Evans	Executive Director (Operations)	**170**
J Knevett	Group Commercial Officer	**238**
D Mercer	Group Chief Executive	**249**
S Potts	Executive Director (Commercial, South East)[3]	**93**
D Tufts	Executive Director (Finance & Strategy)	**170**
A Waterhouse	Executive Director (Financial Services)	**169**
N Yeeles	Executive Director (Commercial, London)	**157**

[1] Total remuneration includes performance related pay and benefits in kind but excludes pension contributions.
[2] J Allan resigned on the 30 June 2013.
[3] S Potts was appointed 17 October 2013.

Notes to the financial statements (continued)

11. Tax on surplus on ordinary activities

Current tax

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
UK corporation tax on surplus for the year	**–**	–	**–**	–
Adjustments in respect of prior years	**–**	–	**–**	–
	–	–	**–**	–

Deferred tax

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Adjustment in respect of prior periods	**–**	–	**–**	–
Total charge in the year	**–**	–	**–**	–

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

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Surplus on ordinary activities before tax:	**38.1**	28.0	**–**	0.4
UK corporation tax at 23% (2013:24%)	**8.8**	6.7	**–**	0.1
Effects of:				
Capital gain in excess of profit/loss on disposal	–	0.3	**–**	–
Income not taxable	**(0.4)**	(0.3)	**–**	–
Other tax adjustments, reliefs and transfers	**0.6**	–	**–**	–
Capital gains	**0.1**	–	**–**	–
Unrelieved tax losses and other deductions	**(1.2)**	1.9	**–**	–
Charitable income	**(8.3)**	(7.8)	**–**	–
Timing differences	**0.4**	(0.6)	**–**	–
Amounts credited directly to STRGL or otherwise transferred	–	(0.1)	**–**	(0.1)
Fixed asset differences	–	(0.1)	**–**	–
Current tax charge for year	**–**	–	**–**	–

12. Tangible fixed assets – properties

Group

Housing properties	Properties held for letting Social £m	Non-social £m	Total £m	Housing to let properties under construction Social £m	Non-social £m	Total £m	Shared ownership properties Completed £m	Under Con-struction £m	Total £m
Cost or valuation									
At 1 April 2013	2,306.1	80.0	**2,386.1**	73.5	13.0	**86.5**	334.7	13.9	**2,821.2**
Reclassification	(0.8)	(0.2)	**(1.0)**	–	0.2	**0.2**	(0.7)	1.2	**(0.3)**
Additions at cost									
New developments	–	–	**–**	36.2	6.3	**42.5**	(0.4)	15.4	**57.5**
Replaced components	14.3	0.1	**14.4**	–	–	**–**	–	–	**14.4**
Transfer (to)/from current assets	(0.3)	–	**(0.3)**	(0.8)	0.4	**(0.4)**	1.2	(2.4)	**(1.9)**
Schemes completed	26.7	17.0	**43.7**	(26.7)	(17.0)	**(43.7)**	15.1	(15.1)	**–**
Disposals									
Planned disposals	(1.5)	(0.2)	**(1.7)**	(0.2)	–	**(0.2)**	–	–	**(1.9)**
Replaced components	(4.7)	(0.1)	**(4.8)**	–	–	**–**	–	–	**(4.8)**
Staircasing sales	–	–	**–**	–	–	**–**	(17.0)	–	**(17.0)**
Stock transfers	(15.4)	–	**(15.4)**	–	–	**–**	–	–	**(15.4)**
At 31 March 2014	**2,324.4**	**96.6**	**2,421.0**	**82.0**	**2.9**	**84.9**	**332.9**	**13.0**	**2,851.8**
Social housing grant									
At 1 April 2013	983.4	4.4	**987.8**	23.8	–	**23.8**	139.0	7.2	**1,157.8**
Reclassification	(0.3)	–	**(0.3)**	–	–	**–**	0.3	(0.2)	**(0.2)**
Social housing grant received	–	–	**–**	8.3	–	**8.3**	–	2.5	**10.8**
Social housing grant recycled	–	–	**–**	4.6	–	**4.6**	0.8	(1.0)	**4.4**
Schemes completed	13.2	–	**13.2**	(13.2)	–	**(13.2)**	5.3	(5.3)	**–**
Stock transfers	–	**–**	**–**	–	–	**–**	–	–	**–**
Disposals									
Planned disposals	(0.7)	**–**	**(0.7)**	–	–	**–**	(5.9)	–	**(6.6)**
Replaced components	(2.4)	**–**	**(2.4)**	–	–	**–**	–	–	**(2.4)**
Stock transfers	**(6.6)**	**–**	**(6.6)**	–	–	**–**	–	–	**(6.6)**
At 31 March 2014	**986.6**	**4.4**	**991.0**	**23.5**	**–**	**23.5**	**139.5**	**3.2**	**1,157.2**
Depreciation and impairment									
At 1 April 2013	94.8	6.2	**101.0**	11.0	–	**11.0**	4.3	–	**116.3**
Reclassification	(0.1)	–	**(0.1)**	–	–	**–**	–	–	**(0.1)**
Charge for the year	18.2	1.4	**19.6**	–	–	**–**	–	–	**19.6**
Disposals									
Planned disposals	(0.5)	–	**(0.5)**	–	–	**–**	(0.2)	–	**(0.7)**
Replaced components	(0.9)	(0.1)	**(1.0)**	–	–	**–**	–	–	**(1.0)**
Stock transfers	(0.5)	–	**(0.5)**	–	–	**–**	–	–	**(0.5)**
At 31 March 2014	**111.0**	**7.5**	**118.5**	**11.0**	**–**	**11.0**	**4.1**	**–**	**133.6**
Net book value									
At 31 March 2014	**1,226.8**	**84.7**	**1,311.5**	**47.5**	**2.9**	**50.4**	**189.3**	**9.8**	**1,561.0**
At 31 March 2013	1,227.9	69.4	1,297.3	38.7	13.0	51.7	191.4	6.7	1,547.1

The amount of cumulative interest capitalised in housing properties since 2009 is £16.6m. Stock transfers relate to the sale of stock at existing use value to Thrive Homes including the transfer of grant. Reclassifications represent the reapportionment of base costs between tenures.

Notes to the financial statements (continued)

12. Tangible fixed assets – properties (continued)

Expenditure on works to existing properties

	Group 2014 £m	Group 2013 £m
Amounts capitalised	**14.4**	16.2
Amounts charged to income and expenditure account	**15.0**	17.0
Total	**29.4**	33.2

The amounts charged to the income and expenditure are split £14.4m social (2013: £16.9m) and £0.6m non-social (2013: £0.1m).

Social housing grant

	Group 2014 £m	Group 2013 £m
Total accumulated SHG receivable at 31 March was:		
Capital grants	**1,157.2**	**1,157.8**

The amount of revenue grants previously recognised in the Income and Expenditure Account is not readily identifiable.

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

	Group 2014 £m	Group 2013 £m
Freehold land and buildings	**1,076.1**	1,233.8
Long leasehold land and buildings	**427.7**	295.0
Short leasehold land and buildings	**57..2**	18.3
	1,561.0	1,547.1

Valuation for disclosure only

	£m
Completed housing properties at valuation	2,276.9
Revaluation reserve – completed housing properties	766.8

For information purposes only, completed housing properties are valued on a rolling basis at least once every five years by Jones Lang LaSalle Limited and Savills (L&P), professional external valuers and subsequently adjusted for disposals and acquisitions that have occurred since the date of the last valuation. The last full valuations for A2Dominion Housing Options Limited, A2Dominion South Limited and A2Dominion Homes Limited were carried out as at 31 March 2011, 31 March 2013 and 31 March 2014 respectively.

The valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Properties are valued either at either Existing Use Value for Social Housing (EUV-SH), for all Social Housing and Shared Ownership properties, or Market Value (MV) for all non-social housing.

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

Social housing and shared ownership only

Discount rate	5.5% – 6.5%
Level of annual rent increase (after remaining restructuring period)	CPI + 1.0%

13. Tangible fixed assets – other

Group

	Furniture, fixtures and fittings £m	Leasehold offices £m	Freehold alterations £m	Computers, office equipment and motor vehicles £m	Freehold offices £m	Total £m
Cost						
At 1 April 2013	2.0	1.0	0.6	12.5	10.0	26.1
Additions	0.5	0.2	0.2	2.1	9.2	12.2
Disposals	–	–	(0.2)	–	(4.6)	(4.8)
At 31 March 2014	**2.5**	**1.2**	**0.6**	**14.6**	**14.6**	**33.5**
Depreciation						
At 1 April 2013	1.6	0.5	0.6	10.5	1.3	14.5
Charged in year	0.1	0.2	0.2	1.4	0.1	2.0
Disposals	–	–	(0.2)	–	(0.8)	(1.0)
Impairment	–	–	–	–	1.1	1.1
At 31 March 2014	**1.7**	**0.7**	**0.6**	**11.9**	**1.7**	**16.6**
Net book value						
At 31 March 2014	**0.8**	**0.5**	**–**	**2.7**	**12.9**	**16.9**
Net book value						
At 31 March 2013	0.4	0.5	–	2.0	8.7	11.6

The freehold offices based in Staines and Ealing have been redeveloped and all historic costs and accumulated depreciation classified under freehold offices and freehold alterations have been written out as disposals and then £3.8m capitalised to freehold office costs, disclosed under additions.

Notes to the financial statements (continued)

14. Fixed asset investments

	2014 £m	2013 £m
Investments (see below)	**20.3**	12.1
Commercial property held for letting	**49.1**	23.4
Equity loans	**2.6**	2.5
	72.0	38.0
Interest in joint ventures	**7.6**	4.1
	79.6	42.1

	31 March 2014		31 March 2013	
	Cost £m	Market value £m	Cost £m	Market value £m
Investments listed in a recognised stock exchange	**1.2**	**1.4**	1.2	1.5
British government securities	**3.2**	**4.0**	3.2	4.1
Cash and similar investments	**14.9**	**14.9**	6.3	6.5
	19.3	**20.3**	10.7	12.1

These investments are included in the financial statements at valuation.

The valuation of the commercial property held for letting was taken at 31 March 2014 by Jones Lang LaSalle LLP professional external valuers. The valuation of the properties was undetaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. Properties are valued either at Market Value subject to Tenancies (MV-T) for the market rent units and Existing Use Value (EUV) for parking bays.

Equity loans are advances made in relation to discounted sales of housing and are secured on the properties sold. They are stated at cost and independent valuers have confirmed the value at 31 March 2014 is not less than the cost.

The Group holds an interest in three joint ventures:

- A 50% interest in Essex Wharf Homes LLP, a joint venture with Sherry Green Homes Limited to develop a site in East London. The Group's share of the net assets at 31 March 2014 was £7.2m (2013: £4.1m) and there were no liabilities other than sponsors' contributions. The development is expected to make a significant profit and in the opinion of the directors the value of the investment is not less than the cost. The profit for the year was £nil (2013: £nil).
- A 50% interest in Green Man Lane LLP, a joint venture with Real (Ealing) Limited. The Group's share of the net assets at 31 March 2014 was £0.4m (2013: £nil). The profit for the year was £0.6m (2013: £nil).
- A 50% interest is held in Queen's Wharf Riverside LLP with Hammersmith Developments Holdco Limited. The company is dormant.

15. Properties for sale

	Group	
	2014 £m	2013 £m
Open market sale – completed properties	**3.5**	14.6
Open market sale – under construction	**122.5**	97.7
Shared ownership – completed properties	**6.0**	9.5
Shared ownership – under construction	**8.0**	6.2
Land held for development	**26.8**	39.8
Agency schemes for sale	**10.4**	10.5
Social housing grant on agency schemes for sale	**(5.6)**	(5.6)
	171.6	172.7

16. Debtors

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Due within one year				
Rent and service charges receivable	**10.1**	12.2	**–**	–
Less: Provision for bad and doubtful debts	**(5.2)**	(5.5)	**–**	–
Net arrears	**4.9**	6.7	**–**	–
Trade debtors	**0.1**	0.1	**0.1**	0.1
Other debtors	**13.1**	11.3	**6.3**	3.5
VAT recoverable	**0.1**	–	**–**	–
Deposits on purchased schemes	**3.1**	–	**–**	–
Prepayments and accrued income	**5.1**	2.5	**1.2**	1.2
Amounts due from Group entities	**–**	–	**21.3**	11.9
Capital and agency debtors	**1.8**	18.3	**–**	–
	28.2	38.9	**28.9**	16.7
Due after more than one year				
Loans due from subsidiary undertakings under on-lending arrangements	**–**	–	**233.3**	243.3
Deposits on purchased schemes	**–**	1.2	**–**	–
Loans due from joint ventures	**–**	3.1	**–**	–
Land options	**–**	0.1	**–**	–
Other debtors	**0.3**	0.1	**–**	–
	28.5	43.4	**262.2**	260.0

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Notes to the financial statements (continued)

17. Current asset investments

	Group		Association	
	2014 £m	2013 £m	2014 £m	2013 £m
Money market deposits	1.3	0.3	1.0	–

18. Cash at bank and in hand

	Group		Association	
	2014 £m	2013 £m	2014 £m	2013 £m
Cash at bank	25.4	13.1	8.1	7.0
Sinking funds	4.6	4.2	–	–
	30.0	17.3	8.1	7.0

At 31 March 2014, £1.7m (2013: £1.5m) of cash balances were charged to lenders.

19. Creditors: amounts falling due within one year

	Group		Association	
	2014 £m	2013 £m	2014 £m	2013 £m
Loans and borrowings (note 23)	21.1	22.3	12.3	15.8
Trade creditors	11.5	7.7	9.1	2.9
Rent and service charges received in advance	8.3	8.0	–	–
Social housing grant in advance	6.0	9.8	–	–
Recycled Capital Grant Fund (note 21)	4.6	4.2	–	–
Disposal Proceeds Fund (note 22)	–	0.3	–	–
Amounts owed to Group entities	–	–	12.3	1.1
Other taxation and social security	0.9	1.0	0.8	1.0
Other creditors	4.2	5.9	1.4	0.8
Accruals and deferred income	13.1	18.0	2.9	3.0
Interest accrued	5.2	2.5	–	–
Capital creditors	4.4	4.9	–	–
	79.3	84.6	38.8	24.6

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

	Group		Association	
	2014 £m	2013 £m	2014 £m	2013 £m
Loans and borrowings (note 23)	1,138.2	1,122.7	233.3	243.3
Recycled Capital Grant Fund (note 21)	11.3	9.3	–	–
Sinking funds	4.6	4.3	–	–
Disposal Proceeds Fund (note 22)	1.3	1.0	–	–
Deferred grant	2.0	2.0	–	–
Other	1.2	0.6	–	–
	1,158.6	1,139.9	233.3	243.3

21. Recycled Capital Grant Fund

	Group	
	2014 £m	2013 £m
At 1 April	**13.5**	13.2
Grants recycled	**6.2**	4.7
Interest accrued	**0.1**	0.1
Purchase/development of properties	**(3.9)**	(4.5)
Balance at 31 March	**15.9**	13.5
Due within one year	**4.6**	4.2
Due in more than one year	**11.3**	9.3
Amount due for repayment to the Homes and Communities Agency (HCA) and Greater London Authority (GLA)	**–**	–

22. Disposal Proceeds Fund

	Group	
	2014 £m	2013 £m
At 1 April	**1.3**	0.7
Net sale proceeds recycled	**0.5**	0.8
Interest accrued	**–**	–
Purchase/development of properties	**(0.5)**	(0.2)
Balance at 31 March	**1.3**	1.3
Due within one year	**–**	0.3
Due in more than one year	**1.3**	1.0
Amount due for repayment to the HCA and GLA	**–**	–

Notes to the financial statements (continued)

23. Loans and borrowings

	Group		Association	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Due within one year				
Bank overdraft	**0.1**	9.7	**0.1**	9.6
Bank loans	**19.7**	11.3	**12.2**	6.2
Other loans	**1.3**	1.3	**–**	–
	21.1	22.3	**12.3**	15.8
Due after more than one year				
Bank loans	**973.2**	1,104.7	**233.3**	243.3
Other loans	**171.1**	22.5	**–**	–
Loan issue costs	**(6.1)**	(4.5)	**–**	–
	1,138.2	1,122.7	**233.3**	243.3
Within one year	**21.1**	22.3	**12.3**	15.8
Between one and two years	**16.0**	18.8	**8.3**	7.9
Between two and five years	**96.8**	77.9	**26.7**	25.7
After five years	**1,031.5**	1,030.5	**198.3**	209.7
Loan issue costs	**(6.1)**	(4.5)	**–**	–
	1,159.3	1,145.0	**245.6**	259.1

All loans are secured by fixed charges on individual properties.

The bank and other loans are repaid by bullet payments or in half-yearly and quarterly instalments at fixed and variable rates of interest ranging from 0.38% to 12.48%. The final instalments fall to be repaid in the period 2016 to 2043.

At 31 March 2014 the Group had undrawn loan facilities of £364.5m (2013: £200.4m).

Group Derivative Transactions
As At 31 March 2014 the following financial derivative contracts were in place:

	Notional Principal £m	Fair value/ (loss) £m
Standalone		
Interest rate swaps without options	302.8	(51.2)
Interest rate swaps with options	–	–
	302.8	(51.2)
Embedded		
Interest rate swaps without options	496.2	–
Interest rate swaps with options	–	–
	496.2	–
Total		
Interest rate swaps without options	799.0	(51.2)
Interest rate swaps with options	–	–
Total as At 31 March 2014	799.0	(51.2)
Interest rate swaps without options	768.2	(63.5)
Interest rate swaps with options	35.0	(11.6)
Total as at 31 March 2013	803.2	(75.1)

Interest rate swaps without options
These are interest rate swaps to receive floating / pay fixed rates for a fixed period. Of the total notional value, £91.3m are amortising in line with the underlying debt.

Interest rate swaps with options
The interest rate swap counterparty has the option to cancel the contract at the end of each 3 month period.

Security
Where security is required in respect of the negative fair values of the standalone derivatives, this has been provided by way of cash and first fixed charges over completed housing properties. As at 31 March 2014 the amount of cash posted as collateral was £nil (2013: £12.5m) and the value of properties charged was £35.0m (2013: £21.0m). No additional security is required in respect of embedded derivatives.

Group hedging position
As at 31 March borrowings were hedged as follows:

	31 March 2014 £m	31 March 2013 £m
Interest rates fixed for more than 12 months	**1,050.6**	915.4
Fixed interest rates with lender's options to cancel	**–**	35.0
	1,050.6	950.4
Floating rate (interest rates fixed for less than 12 months)	**52.8**	165.6
Total	**1,103,4**	1,116.0

Notes to the financial statements (continued)

24. Provisions for liabilities and charges

Group

	Major works £m	Contractual disputes £m	Development scheme purchase £m	Total £m
At 1 April 2013	2.2	0.6	7.0	9.8
Amounts utilised	(0.4)	(0.4)	(7.0)	(7.8)
Amounts provided for	2.5	0.1	–	2.6
At 31 March 2014	**4.3**	**0.3**	**–**	**4.6**

Major works provisions are for identified works required on properties transferred from other registered providers or identified on acquisition by the Group. Provisions for major works will be utilised over approximately a 1-3 year period.

Association
The Association holds a provision of £0.8m (2013: £0.6m) which reflects potential legal and settlement costs the Association is likely to incur.

25. Non-equity share capital

	2014 £	2013 £
Shares of £1 each issued and fully paid		
At 1 April	**8**	7
Shares issued during the year	**–**	1
Shares surrendered during the year	**(1)**	–
At 31 March	**7**	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.

26. Reserves

Group

	Restricted reserve donations fund £m	Designated reserve £m	Revaluation reserve – other investments £m	Revenue reserve £m	Total reserves £m
At 1 April 2013	0.5	44.6	2.0	550.0	597.1
Surplus for the year	–	–	–	38.1	38.1
Revaluation for the year	–	–	7.3	–	7.3
Transfer from designated reserves	–	(12.1)	–	12.1	–
Transfer to designated reserves	–	32.1	–	(32.1)	–
Actuarial deficit on pension schemes	–	–	–	(1.5)	(1.5)
At 31 March 2014	**0.5**	**64.6**	**9.3**	**566.6**	**641.0**

Association

	Revenue reserve £m
At 1 April 2013	(3.4)
Surplus for the year	–
Actuarial loss relating to pension scheme	(0.5)
At 31 March 2014	**(3.9)**

27. Financial commitments

	Group 2014 £m	Group 2013 £m
Capital expenditure		
Expenditure contracted for but not provided in the financial statements	**195.6**	138.1
Expenditure authorised by the Board, but not contracted	**646.7**	369.5
	842.3	507.6

The total commitments above are phased up to and including 2017/18. The Group expects to meet the above commitments from the following sources:

- Undrawn loan facilities totalling £364.5m (2013: £200.4m)
- Social housing grant and projected proceeds from first tranche sales of shared ownership dwellings and build for sale of properties £964.2m (2013: £530.1m).

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

	Group		Association	
	2014 £m	2013 £m	2014 £m	2013 £m
Land and buildings				
Within one year	**1.7**	2.3	**0.8**	1.2
Two to five years	**1.6**	2.5	**–**	0.4
Over five years	**2.5**	1.3	**1.6**	0.3
	5.8	6.1	**2.4**	1.9
Vehicles and other equipment	**0.3**	0.2	**0.3**	–

28. Contingent liabilities

The Group and Association had no contingent liabilities at 31 March 2014 (2013: £nil).

Notes to the financial statements (continued)

29. Reconciliation of operating surplus to net cash inflow from operating activities

	2014 £m	2013 £m
Operating surplus	**78.0**	54.9
Depreciation of tangible fixed assets	**21.6**	19.1
Accelerated depreciation on components	**1.4**	1.1
Impairment	**1.1**	8.2
	102.1	83.3
Working capital movements		
Properties for outright sale	**(12.7)**	4.1
Debtors	**(1.6)**	(6.2)
Provisions	**(5.2)**	7.6
Creditors	**(1.9)**	(0.8)
Net cash inflow from operating activities	**80.7**	88.0

30. Reconciliation of net cash flow to movement in net debt

	2014 £m	2013 £m
Increase/(decrease) in cash in the year	**22.3**	(18.0)
Cash flow movement in liquid resources	**1.0**	–
Cash flow from (increase)/decrease in debt	**(23.9)**	40.3
(Increase)/decrease in net debt from cash flows	**(0.6)**	22.3
Net debt at 1 April	**(1,127.4)**	(1,149.7)
Net debt at 31 March	**(1,128.0)**	(1,127.4)

31. Analysis of net debt

	31 March 2013 £m	Cash flow £m	31 March 2014 £m
Cash at bank and in hand	17.3	12.7	**30.0**
Overdraft	(9.7)	9.6	**(0.1)**
Current assets investment	0.3	1.0	**1.3**
Loans due within 1 year	(12.6)	(8.4)	**(21.0)**
Loans due after more than 1 year	(1,122.7)	(15.5)	**(1,138.2)**
Net debt	(1,127.4)	(0.6)	**(1,128.0)**

32. Group

The financial statements consolidate the results of the following subsidiaries:

	Principle activity	Group ordinary share capital
A2Dominion Enterprises Limited	Dormant company	100%
A2Dominion Housing Options Limited	Rents properties for affordable housing	100%
A2Dominion Housing Finance Limited	Raises funds for the operational business	100%
Kingsbridge Residential Limited	Dormant company	100%
A2Dominion South Limited	Rents properties for social housing	100%
A2Dominion Homes Limited	Rents properties for social housing	100%
A2Dominion Residential Limited	Rents properties at market rents	100%
A2Dominion Developments Limited	Develops and sells properties	100%
A2Dominion Treasury Limited	Raises funds for the operational business	100%
A2Dominion Investments Limited	Dormant company	100%
Affordable Property Management Limited	Dormant company	100%
Home Farm Exemplar Limited	Held option to acquire land	100%
Pyramid Plus London LLP	Property maintenance services	70%
Pyramid Plus South LLP	Property maintenance services	70%

The Group has the right to appoint members to the boards of its subsidiaries and thereby exercises control over them. A2Dominion Housing Group Limited is the ultimate parent undertaking.

During the year A2Dominion Housing Group Limited provided management services to other Group entities and charged £36.2m (2013: £33.7m). At 31 March 2014 A2Dominion Housing Group Limited was owed £9.0m by its subsidiaries (2013: £10.8m). This was in relation to working capital balances and management services.

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 £0.3m 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 Mitie Property Services (UK) Limited. The minority share of £0.5m relates to Mitie Property Services (UK) Limited's 30% share of the LLP's profit.

33. Transactions with related parties

A2Dominion Housing Group consists of A2Dominion Housing Group Limited, A2Dominion South Limited, A2Dominion Homes Limited and A2Dominion Housing Options Limited which are registered providers of social housing; A2Dominion Developments Limited which develop homes for sale and A2Dominion Residential Limited which manages a private rent portfolio. Pyramid Plus London LLP and Pyramid Plus South LLP provide the group with property maintenance services.

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 who has a small number of employees. The management costs are apportioned on a unit basis and sales and marketing costs on the number of sales.

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

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

	2014 £m	2013 £m
A2Dominion South Limited	**15.5**	15.8
A2Dominion Homes Limited	**15.1**	14.9
A2Dominion Housing Options Limited	**0.9**	1.0
A2Dominion Enterprises Limited	**0.4**	0.2
A2Dominion Residential Limited	**–**	–
A2Dominion Developments Limited	**2.8**	1.8
Pyramid Plus London LLP	**0.7**	–
Pyramid Plus South LLP	**0.8**	–
	36.2	33.7

Intra-group transactions between the Group's registered providers and its non-regulated subsidiaries are summarised as follows:

A2Dominion Homes Limited purchased development and construction services from A2Dominion Developments Limited during the year to the value of £15.2m (2013: £17.3m). A2Dominion South Limited purchased development and construction services from A2Dominion Developments Limited during the year to the value of £11.9m (2013: £11.1m).

A2Dominion South Limited had an intercompany loan owed by A2Dominion Developments Limited of £73.0m (2013: £24.7m). The interest receivable on this loan was £2.6m (2013: £nil). At the year end there was a short-term intercompany debtor owed by A2Dominion Developments Limited to A2Dominion South Limited of £0.4m. (2013: short-term creditor owed to A2Dominion Developments Limited of £0.7m).

A2Dominion Homes Limited had an intercompany loan owed by A2Dominion Developments Limited of £87.2m (2013: £125.5m) and by A2Dominion Residential Limited £nil (2013: £19.5m). The interest receivable from A2Dominion Developments was £6.7m (2013: £9.2m) and from A2Dominion Residential Limited was £0.8m (2013: £0.5m). At the year end there was a short-term intercompany debtor owed by A2Dominion Developments Limited to A2Dominion Homes Limited of £0.2m (2013: short-term creditor owed to A2Dominion Developments Limited of £1.3m and short-term debtor owed by A2Dominion Residential Limited of £0.1m).

At the year end there was a short-term intercompany debtor owed by A2Dominion Housing Group Limited to A2Dominion Residential Limited of £0.2m (2013: £nil).

A2Dominion Treasury Limited has intercompany loans owed by A2Dominion South Limited of £50.0m, A2Dominion Homes Limited £54.9m, A2Dominion Housing Options Limited £5.8m and A2Dominion Residential Limited £39.4m. The interest receivable on these loans was £1.3m by A2Dominion Homes Limited, £1.1m by A2Dominion South Limited, £0.7m by A2Dominion Residential Limited and £0.1m by A2Dominion Housing Options Limited.

During the year the A2Dominion Developments Limited acquired A2Dominion Enterprises Limited from A2Dominion South Limited a fellow subsidiary within the Group for £14.1m.

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

A2Dominion Developments Limited provided a loan facility of £3.6m (2013: £3.0m) to Green Man Lane LLP. As at 31 March 2014, £0.4m (2013: £3.1m) was due to A2Dominion Developments Limited. This amount is included within debtors falling due within one year.

Real (Ealing) Limited is a 50% joint venture partner of Green Man Lane LLP. Real (Ealing) Limited granted Green Man Lane LLP a loan facility of £0.6m (2013: £0.6m) of which £0.4m (2013: £0.6m) was drawn down.

Home Farm Exemplar Limited is a subsidiary of A2Dominion Developments Limited. Home Farm Exemplar Limited purchased an option to acquire land from P3 Eco Limited for £0.6m. This option was exercised during the year and the company ceased to trade.

A2Dominion Developments Limited provided a loan facility of £nil (2013: £9.0m) to Home Farm Exemplar Limited. As at 31 March 2014, £nil (2013: £1.4m) was due to A2Dominion Developments Limited from Home Farm Exemplar Limited for loans drawn and accrued interest.

A2Dominion Treasury Limited has been provided with a loan facility of £150.0m by A2D Funding Plc during the year. As at 31 March 2014, £150.0m was owed by A2Dominion Treasury Limited.

Pyramid Plus London LLP received services during the year from Breyer Group Plc with a value of £4.0m. As at the 31 March 2014 £nil was owed by Pyramid Plus London LLP.

Pyramid Plus South LLP received services during the year from Mitie Property Services (UK) Limited with a value of £0.7m. As at the 31 March 2014 £nil was owed by Pyramid Plus South LLP.

Back inside cover

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