COMPANY NO: 5585321

Dominion Developments (2005) Limited

Annual Report

Year ended 31 March 2011

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Company Information

Directors	D Mercer	
	J Knevett	
	C Buckley	(Appointed 1 April 2010)
	J Czezowski	(Appointed 1 April 2010)
	G Dibben	(Appointed 1 April 2010)
	A Leahy	(Appointed 1 April 2010)
	S Price	(Appointed 1 April 2010)
	A Siow	(Appointed 1 April 2010)
	Gareth Pryce	(Appointed 1 April 2010)
	T Sullivan	(Appointed 1 April 2010)
Executive Officers	D Mercer	Group Chief Executive
	J Knevett	Group Commercial Officer
	J Allan	Executive Director (Commercial South East)
	K Bull	Executive Director (Corporate Services)
	A Evans	Executive Director (Operations)
	A Johnson	Executive Director (Commercial London)
	D Tufts	Executive Director (Finance & Strategy)
	A Waterhouse	Executive Director (Financial Services)
	N Yeeles	Executive Director (New Business)
Secretary	K Tromanhauser	
Registered office	Capital House 25 Chapel Street London NW1 5WX	
Auditors	BDO LLP Chartered Accountants Emerald House East Street Epsom Surrey KT17 1HS	
Principal Solicitors	Devonshires Solicitors 30 Finsbury Circus London EC2M 7DT	
Bankers	Barclays Bank Plc Floor 28 1 Churchill Place London E14 5HP	

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 March 2011

Principal activity and future development

The principal activities are to develop and to sell or let residential properties We are also in a joint venture with Sherry Green Homes Limited with the aim of developing and selling residential properties on a scheme in East London

Result

The company made a loss for the year of £4 0m (2010 £3 6m loss) This includes stock write downs of £3 2m to their net realisable value as projects The overall developments are forecast to make profits in excess of the current net liabilities and any future costs

Business Review

The company's main activities are developing housing for sale and building affordable housing under contract to Registered Providers within the A2Dominion Group

During the year, the company produced a loss of £4m compared to a loss of £3 6m in the previous year Two large schemes being developed within the company have been written down in the year by £3 2m in total

The company is building on mixed tenure sites where it is developing housing for sale alongside building, under contract, affordable housing for A2Dominion Homes and A2Dominion South The increase in activity this year in relation to building under contract to the Registered Providers in the A2Dominion Group has resulted in a 50% increase in turnover in the year to March 2011 when compared to the previous year The increased activity on sites has led to a higher recharge from the Group of overhead expenses but also a reduction in net interest payable from £4 5m to £1 1m largely due to the capitalisation of £3 8m of interest in the year to March 2011 The company capitalises all interest charged to schemes in course of construction but expenses any interest attributed to schemes outside of their build period

The reported loss in the year to March 2011 was therefore mostly due to the write down of 2 schemes whereas the reported loss in 2010 was mostly due to interest charges on schemes acquired but not under development

The coming year will see further development activity which will result in an increase in borrowing prior to housing for sale being sold In anticipation of this increased borrowing requirement the company negotiated in March 2011 an increase of £50m, on its £150m development facility provided by A2Dominion Homes The company's borrowing at the year-end was £139m

The company anticipates that the facility offered of £200m will be sufficient for it to develop and sell its stock which will enable its loan from A2Dominion Homes to be fully repaid

Directors and directors' interests

The Directors who held office during the year are disclosed on page 1 and none of the Directors have interests in the shares of the Company

Service contracts

Executive officers are employed by the ultimate parent undertaking, A2Dominion Housing Group Limited

Statement of the directors' responsibilities for the report and financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the

Report of the Directors (continued)

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 company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are 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 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Awareness of relevant audit information

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

Going concern

After making enquiries, the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve 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

Auditors

A resolution to re-appoint BDO LLP was proposed at the forthcoming annual general meeting

Approval

The Report of the directors was approved and authorised for issue on 20 September 2011 and signed on behalf of the Board by

K Tromanhauser
Secretary

Report of the Independent Auditors to the Shareholders of Dominion Developments (2005) Limited

We have audited the financial statements of Dominion Developments (2005) Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or

Report of the Independent Auditors to the Shareholders of Dominion Developments (2005) Limited (continued)

Report of the Independent Auditors to the Shareholders of Dominion Developments (2005) Limited (continued)

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Philip Rego (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Epsom, Surrey
United Kingdom
Date 23.09.11

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

Profit and Loss Account

For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover	1	45,035	29,238
Cost of sales		(47,963)	(31,152)
Gross loss		(2,928)	(1,914)
Operating expenses		(325)	(37)
Operating loss	2	(3,253)	(1,951)
Interest receivable	3	281	2,888
Interest payable	4	(983)	(4,538)
Loss on ordinary activities before taxation		(3,955)	(3,601)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	14	**(3,955)**	**(3,601)**

The notes on pages 8-13 form part of these financial statements

All recognised gains and losses in the current and prior year are included in the profit and loss account

All profits and losses are historic cost profits and losses and all amounts relate to continuing activities

Balance Sheet

As at 31 March 2011

Company number:5585321

	Note	2011 £'000	2010 £'000
Investment in subsidiaries and joint ventures	7 & 8	3,185	3,104
		3,185	3,104
Current assets			
Stock	9	88,397	80,952
Debtors amounts falling due in less than one year	10	30,803	55,882
Debtors amounts falling due in more than one year	10	6,131	-
Cash at bank		88	206
		125,419	137,040
Creditors: Amounts falling due within one year	11	(13,133)	(7,549)
Net current assets		112,286	129,491
Total assets less current liabilities		115,471	132,595
Creditors: Amounts falling due after more than one year	12	(136,831)	(150,000)
Net assets		(21,360)	(17,405)
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	(21,361)	(17,406)
		(21,360)	(17,405)

The financial statements were approved and authorised for issue by the Board of Directors on 20 September 2011 and signed on its behalf by

A Leahy
Director

G Pryce
Director

The notes on pages 8 – 13 form part of these financial statements

Notes to the Financial Statements

1. Accounting Policies

Basis of preparation
The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention The company is exempt under section 228 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent These financial statements therefore present information about the company as an individual undertaking and not about its group

Turnover
Turnover comprises sales of property, which are recognised at point of sale completion, and turnover from construction contracts, representing the value of work carried out during the year, including amounts not invoiced Turnover and margin on construction contracts are recognised by reference to the stage of completion of the contract at the accounts date The stage of completion is determined by valuing the cost of work completed at the accounts date and comparing this to the total forecast cost of the contract

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

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 interest on borrowings specifically financing the development programme Other interest payable is charged to the profit and loss account in the year

Cash Flow Statement
The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 "Cash Flow Statements (Revised 1996)" not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by A2Dominion Housing Group and the company is included in the consolidated financial statements

Joint Venture
A joint venture is an entity in which the company holds a long-term interest and which is jointly controlled by the company and one or more other venturers under a contractual agreement The company's interest in a jointly controlled entity is accounted for as an investment

Notes to the Financial Statements (continued)

2. Operating Loss

The operating loss is stated after charging

	2011 £'000	2010 £'000
Auditors' remuneration - Audit	-	2
- Other services	-	1

3. Interest Receivable

	2011 £'000	2010 £'000
Interest receivable and similar income	-	38
Received from other Group entities	281	2,850
	281	2,888

4. Interest Payable

	2011 £'000	2010 £'000
Paid to other Group Entities	7,477	6,696
Interest payable capitalised on housing properties under construction	(6,494)	(2,158)
	983	4,538

5. Employees

The company has no employees The business is managed by its parent association, A2Dominion Housing Group Limited, the employees of which perform the necessary functions on behalf of the company through service level agreements

There were no emoluments paid to Directors

Notes to the Financial Statements (continued)

6. Taxation

Taxation charge for the year:

	2011 £'000	2010 £'000
Current taxation		
United Kingdom Corporation tax	-	-
Adjustments in respect of prior years	-	-
Current taxation	-	-

Current tax reconciliation

The current tax charge is lower than the standard rate of corporation tax in the UK A reconciliation is shown below

Loss on ordinary activities before taxation	(3,955)	(3,601)
Theoretical tax at UK corporation tax rate 28% (2010 28%)		
Effects of	(1,107)	(1,008)
- Unrelieved tax losses	(1,107)	1,008
- Group relief claimed	-	-
Actual current taxation charge	-	-

7. Fixed Assets Investments

	2011 £	2010 £
Investment in Subsidiaries	-	2

The Subsidiaries are	Ordinary Share Capital
Dominion Developments (Barnet) Limited	100%
Dominion Developments (Commercial Road) Limited	100%

All the assets and liabilities of Dominion Developments (Barnet) Limited and Dominion Developments (Commercial Road) Limited were transferred to Dominion Developments (2005) Limited on the 31st March 2010

8. Interest in Joint Venture

A 50% interest is held in Essex Wharf Homes LLP with Sherry Green Homes Limited

Capital contribution during the year was £100,500 The LLP has net assets of £6,778,000 (2010 £6,567,000) and the net realisable value of the investments (as determined by independent valuers) is greater than the book value The value of the investment at 31 March 2011 is £3,185,000 (2010 £3,104,000)

The company made a loss for the year of £10,074 (2010 £23,000 profit)

Notes to the Financial Statements (continued)

9. Stock

	2011 £'000	2010 £'000
Property under construction	87,682	79,802
Completed properties	-	-
Land	715	1,150
	88,397	80,952

10. Debtors

	2011 £'000	2010 £'000
Debtors falling due after more than one year		
Amount due from other group entities	6,131	-

	2011 £'000	2010 £'000
Debtors falling due within one year		
Other debtors	26,758	29,175
Amount due from other group entities	406	19,153
Amounts recoverable under long term contract	3,639	7,554
	30,803	55,882

11. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Accruals and deferred income	3,544	1,397
Other taxation and social security	128	-
Amounts due to group undertakings	7,595	5,167
Other creditors	1,866	985
	13,133	7,549

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

	2011 £'000	2010 £'000
Amounts due to group undertakings	136,831	150,000

Notes to the Financial Statements (continued)

13. Share Capital

	2011 £	2010 £
Authorised ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid Ordinary share of £1 each	1,000	1,000

14. Reserves

	Profit and Loss £ '000
At 1 April 2010	(17,406)
Loss for the period	(3,955)
At 31 March 2011	(21,361)

15. Reconciliation of movements in Shareholders' Funds

	2011 £ '000	2010 £ '000
Opening Shareholders' funds	(17,405)	(11,012)
Transfer of Business from other group entities	-	(2,792)
Total recognised loss	(3,955)	(3,601)
Closing Shareholders' funds	(21,360)	(17,405)

16. Financial Commitments

Development expenditure commitments are as follows

	2011 £ '000	2010 £ '000
Expenditure that has been contracted but not been provided for in the financial statements	20,327	66,958
Expenditure that has been authorised by the Board but has not yet been contracted for	190,082	149,333
	210,409	216,291

As at 31 March 2011 there were 1,058 units under construction

Notes to the Financial Statements (continued)

17. Related Party Disclosure

All of the Company's voting rights are controlled within the group headed by A2Dominion Housing Group Limited

The company has taken advantage of the exemption contained in FRS 8 not to disclose details of transactions or balances with entities that form part of the group as these entities are 100% controlled by the Group

18. Ultimate Holding Entity

The ultimate parent company and controlling entity is A2Dominion Housing Group Limited The controlling entity is registered with the Tenant Services Authority (L4240) and is an Industrial and Provident Society (28985R) Copies of the consolidated financial statements are available from the head office of A2Dominion Housing Group Limited situated at Capital House, 25 Chapel Street, Paddington, London, NW1 5WX