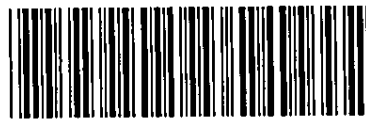


COMPANY NO: 5585321

Dominion Developments (2005) Limited
Report and Financial Statements
Year ended 31 March 2012

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Company Information

Directors

C Buckley
J Czezowski
G Dibben
J Knevett
A Leahy
D Mercer
S Price
G Pryce
A Siow
T Sullivan

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)
D Tufts	Executive Director (Finance & Strategy)
A Waterhouse	Executive Director (Financial Services)
N Yeeles	Executive Director (New Business)

Secretary

Z Ollerearnshaw (Appointed 22 December 2011)
K Bull (Appointed 19 November 2011, Resigned 21 December 2011)
K Tromanhauser (Resigned 18 November 2011)

Registered office

Capital House
25 Chapel Street
London
NW1 5WX

Auditors

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

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 2012

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 £3.3m (2011: £4.0m loss). This includes stock write downs of £3.8m 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.

The company is building on mixed tenure sites where it is developing housing for sale alongside building, under contract, affordable housing for A2Dominion Homes Limited and A2Dominion South Limited. It also acts as a contractor for developing outright sale units for A2Dominion Enterprises Limited.

During the year the company sold 78 units on outright sale to external purchasers generating £21.7m of sales revenue and a profit margin of 5.8%. Sales to other group companies generated £17.5m of turnover.

There has been a significant increase in stock held to £139m (2011: £88m). This represents the acquisition of several large key sites as well as development costs on sites not yet completed and ready for sale. A substantial part of the stock is intended for sale to other group companies. Accordingly the company's borrowing has also increased to £166m (2011: £136m).

The company currently has a loan of facility of £200m with A2Dominion Homes. Current projections indicate that future anticipated profits on developments already acquired are more than sufficient to repay all loans.

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 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

Report of the Directors (continued)

- 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

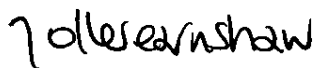
After making enquiries, the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues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

Auditors

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

Approval

The Report of the directors was approved and authorised for issue on 24 September 2012 and signed on behalf of the Board by



Z Ollerearnshaw
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 2012 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 2012 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.

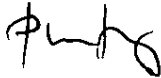
Matters on which we are required to report by exception

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)

- 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



*Philip Rego (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom*

Date 24 September 2012

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 2012

	Note	2012 £'000	2011 £'000
Turnover	1	39,162	45,035
Cost of sales		(41,602)	(47,963)
Gross Profit/(loss)		(2,440)	(2,928)
Operating expenses		(441)	(325)
Operating profit/(loss)	2	(2,881)	(3,253)
Interest receivable	3	832	281
Interest payable	4	(1,225)	(983)
Loss on ordinary activities before taxation		(3,274)	(3,955)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	14	(3,274)	(3,955)

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 2012

Company number: 5585321

	Note	2012 £'000	2011 £'000
Investment in subsidiaries and joint ventures	7 & 8	3,185	3,185
		<u>3,185</u>	<u>3,185</u>
Current assets			
Stock	9	139,056	88,397
Debtors: amounts falling due in less than one year	10	4,139	30,803
Debtors: amounts falling due in more than one year	10	1,735	6,131
Cash at bank		94	88
		<u>145,024</u>	<u>125,419</u>
Creditors: Amounts falling due within one year	11	(6,570)	(13,133)
Net current assets		<u>138,454</u>	<u>112,286</u>
Total assets less current liabilities		141,639	115,471
Creditors: Amounts falling due after more than one year	12	(166,273)	(136,831)
Net liabilities		<u>(24,634)</u>	<u>(21,360)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	(24,635)	(21,361)
		<u>(24,634)</u>	<u>(21,360)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 24 September 2012 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.

Stock

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 profit/(loss)

The operating loss is stated after charging.

	2012 £'000	2011 £'000
Auditors' remuneration - Audit	6	-
- Other services	-	-
	<u>6</u>	<u>-</u>

3. Interest receivable

	2012 £'000	2011 £'000
Interest receivable and similar income	29	-
Received from other Group entities	803	281
	<u>832</u>	<u>281</u>

4. Interest payable

	2012 £'000	2011 £'000
Paid to other Group entities	7,661	7,477
Interest payable capitalised on housing properties under construction	(6,436)	(6,494)
	<u>1,225</u>	<u>983</u>

5. Employees

The company has no employees. The business is managed by its ultimate 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:

	2012 £'000	2011 £'000
Current taxation		
United Kingdom Corporation tax	-	-
Adjustments in respect of prior years	-	-
Current taxation	-	-
Current tax reconciliation		
Loss on ordinary activities before taxation	(3,274)	(3,955)
Theoretical tax at UK corporation tax rate 26% (2011 28%)	(851)	(1,107)
Effects of		
- Unrelieved tax losses	(851)	(1,107)
- Group relief claimed	-	-
Actual current taxation charge	-	-

7. Fixed Assets Investments

	2012 £	2011 £
Investment in Subsidiaries	80	-
The Subsidiary is		Ordinary Share Capital
Home Farm Exemplar Limited		80%

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 £nil (2011, £100,500). The LLP has net assets of £6,722,000 (2011 £6,778,000) 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 2012 is £3,185,000 (2011 £3,185,000).

The company made a loss for the year of £34,906 (2011 £10,074 loss)

Notes to the Financial Statements (continued)

9. Stock

	2012	2011
	£'000	£'000
Property under construction	38,391	65,185
Completed properties	36,057	-
Land	64,608	23,212
	<u>139,056</u>	<u>88,397</u>

10. Debtors

	2012	2011
	£'000	£'000
Debtors falling due within one year		
Other debtors	1,031	26,758
Amount due from other group entities	788	406
Amounts recoverable under long term contract	2,320	3,639
	<u>4,139</u>	<u>30,803</u>

	2012	2011
	£'000	£'000
Debtors falling due after more than one year		
Amount due from other group entities	556	6,131
Loan to Green Man Lane LLP	1,119	-
Prepayments and accrued income	60	-
	<u>1,735</u>	<u>6,131</u>

11. Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Accruals and deferred income	3,393	3,544
Other taxation and social security	-	128
Amounts due to group entities	1,481	7,595
Other creditors	1,696	1,866
	<u>6,570</u>	<u>13,133</u>

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

	2012	2011
	£'000	£'000
Amounts due to group entities	<u>166,273</u>	<u>136,831</u>

Notes to the Financial Statements (continued)

13. Share Capital

	2012 £	2011 £
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 2011	(21,361)
Loss for the year	(3,274)
At 31 March 2012	(24,635)

15. Reconciliation of movements in Shareholders' Funds

	2012 £ '000	2011 £ '000
Opening Shareholders' funds	(21,360)	(17,405)
Total recognised loss	(3,274)	(3,955)
Closing Shareholders' funds	(24,634)	(21,360)

16. Financial Commitments

Development expenditure commitments are as follows

	2012 £ '000	2011 £ '000
Expenditure that has been contracted but not been provided for in the financial statements	54,316	20,327
Expenditure that has been authorised by the Board but has not yet been contracted for	191,251	190,082
	245,567	210,409

As at 31 March 2012 there were 1,258 units under construction
The company expects to meet the above commitments from sales receipts

Notes to the Financial Statements (continued)

17. Related Party Disclosure

During the year, the company provided a loan facility of £9,000,000 to Home Farm Exemplar Limited. At the financial year-end, £555,884 was due to Dominion Developments (2005) Limited from Home Farm Exemplar Limited for loans drawn and accrued interest. This amount is included within debtors falling due after more than one year.

Home Farm Exemplar Limited is a subsidiary of Dominion Developments (2005) Limited

The company also provided a loan facility of £3,000,000 to Green Man Lane LLP. At the financial year end £1,119,400 was due to Dominion Developments (2005) Limited. This amount is included within debtors falling due after more than one year. The related party is A2Dominion Enterprises Limited which owns 50% of the joint venture and is a fellow subsidiary of the group.

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 Homes and Communities Agency (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.