COMPANY NO: 5585321

A2Dominion Developments Limited

Report and financial statements

Year ended 31 March 2016

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Company information

Directors

I Cox	Chair
P Braithwaite	
J Czezowski	
M Gallagher	
K Green	(resigned 31 December 2015)
M Huckerby	
J Knevett	
D Mercer	

Executive officers

D Mercer	Group Chief Executive
J Knevett	Group Commercial Officer
A Boyes	Executive Director (IT & Facilities)
K Bull	Executive Director (Corporate Services)
A Evans	Executive Director (Operations)
S Potts	Executive Director (Commercial South East)
D Tufts	Executive Director (Finance & Strategy)
A Waterhouse	Executive Director (Financial Services)
N Yeeles	Executive Director (Commercial London)

Secretary

Z Ollerearnshaw

Registered office

The Point
37 North Wharf Road
London
W2 1BD

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Principal solicitors

Devonshires Solicitors LLP
30 Finsbury Circus
London
EC2M 7DT

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

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 2016.

Principal activity and future development

The principal activities of A2Dominion Developments Limited (the company) are to develop and sell residential properties. The company has joint ventures with Sherry Green Homes Limited (Essex Wharf Homes LLP), Real (Ealing) Limited (Green Man Lane LLP), Tim Woodcock & Tickland Limited (Secure Storage Solutions LLP), Hammersmith Developments Holdco Limited (Queen's Wharf Riverside Limited), Mount Anvil Limited (Keybridge House LLP) and Crest Nicholson Operations Limited (Crest A2 (Walton Court) LLP) with the aim of developing homes for sale.

Result

The company made an operating loss for the year of £0.4m (2015: £16.6m profit) and before gift aid a £47.1m profit (2015: £18.8m).The year on year improvement in the results before gift aid reflects the increase in profit from the number of units sold as well as joint venture income.

Business review

The company's main activities are developing housing for sale on the open market as well as providing housing developed for other companies within A2Dominion Housing Group (the Group).

As a consequence the company has acquired mixed tenure sites where it is developing housing for sale alongside building affordable housing for A2Dominion Homes Limited and A2Dominion South Limited as well as building market rent properties for A2Dominion Residential Limited.

During the year the company sold 203 properties (2015: 121 properties) to external purchasers generating £112.0m (2015: £44.1m) of sales revenue with a profit margin of 28.5% (2015: 31.1%). Sales to other group companies generated £119.0m (2015: £30.6m) of turnover. Sales of land generated £1.5m (2015: £30.0m) of turnover.

Movements in stock and borrowing reflected the increased volume of completed properties being sold during the year. The stock at 31 March 2016 was £204.7m (2015: £240.2m) and the borrowing totalled £217.2m (2015: £265.0m).

The key risk to the business is a fall in projected sales values. The company continually reviews market conditions and forecasts profitability on each development to ensure that any potential reduction below net realisable value and costs is recognised immediately. Currently all schemes in development are forecasted to be profitable.

An interim agreement for a joint venture between A2Dominion Developments Limited and Crest Nicholson Operations Limited (Crest A2D (Walton Court) LLP) was signed 29 January 2016. The site was jointly acquired by both partners. The company has invested £11.9m during the financial year.

A loan facility of £30m was signed on the 27 February 2015 with A2Dominion Developments Limited and Rydon Construction Limited. At 31 March 2016, Green Man Lane LLP utilised £16.4m (A2Dominion Developments Limited: £8.2m and Rydon Construction Limited: £8.2m) of this facility.

Report of the directors (continued)

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.

Group insurance policies indemnify board members and officers against liability when acting for the company.

Service contracts

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

Donations

The company made no donations during the year (2015: £nil).

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
- 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.

Provision of information under S414C(11)

Under S414C(11) of the Companies Act 2006, information not included in the directors' report is required to be shown in the strategic report. Information on future developments which is not shown in the director's report is included within the strategic report.

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 from 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.

Report of the directors (continued)

Governance

The Board has reviewed its governance arrangements for compliance against its adopted code of governance, the National Housing Federation Code of Governance, the updated version of which was published in March 2015. Previous areas of non-compliance with the 2012 version of the Code in maximum terms of office for board members have been addressed, along with the new requirements included in the revised version, and the Board is now fully compliant.

The Board is confident that governance across the organisation is strong.

Post balance sheet events

On the 22 April 2016 A2Dominion Developments Ltd retired its 25% interest in Secure Storage Solutions LLP.

Auditors

A resolution to re-appoint the auditors, BDO LLP, for the coming year will be proposed at the Annual General Meeting.

Approval

The report of the directors was approved and authorised for issue on 18 July 2016 and signed on behalf of the Board by:

Z Ollerearnshaw
Secretary

Strategic report

Review of the business

Please see report of the directors.

Principal risks and uncertainties

The Group has in place a risk management framework that provides a guide for board members and managers on A2Dominion's approach to risk assessment and management and a Group risk map is maintained. The Board of A2Dominion Developments Limited follow this Group framework and monitor the risks and mitigations specific to its activities. 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 map 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 the greatest threat to the Group are reviewed at the Group Audit and 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.

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.

The Group is also affected by changes in government policy and the associated consequences that follow with such changes. As and when these are known the assessment of the risk and controls required are updated within the Group risk map.

Financial risk

Exposure to price, credit, liquidity and cash flow risk is monitored quarterly by the Development Committee.

- Price risk – Price risk arises on financial instruments because of changes to equity price. A2Dominion Developments Limited's joint ventures are held at cost and are therefore not exposed to price risk. The market value of equity loans is higher than the cost which means there is therefore minimal exposure to price risk.

- Credit risk – Credit risk is the risk of default on debt obligations. A2Dominion Developments Limited has intercompany loans which are assessed within the group's policy. Group policies are aimed at minimising losses.

- Liquidity risk – The current ratio is 4.5:1 which means the current assets are sufficient to meet obligations as they fall due.

- Cash flow risk – Cash flow risk is the risk to variability in cashflows which may affect the ability of A2Dominion Developments Limited to meet its financial obligations. Cashflow risk is managed through the review of monthly cash flow forecasts.

Strategic report (continued)

The table below shows risks which have been identified as critical and high to A2Dominion Developments Limited and which pose a fundamental threat even after mitigating action has been taken.

Strategic objective	Risk area
Provide new 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 ▪ Sales prices, mortgage rates and mortgage availability ▪ Inadequate appraisal and financial modelling of new or non-standard development and regeneration schemes could lead to loss for the Group. ▪ Cost inflation ▪ Labour and material shortages
Strengthen our business	• Failure to achieve annual efficiency targets could lead to a loss of resources to fund new development and service improvement in future years. • Expansion of non-core commercial activity could lead to more complex company and tax structure 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.

Analysis of the position of the business

A2Dominion Developments Limited is part of the A2Dominion Housing Group. As the parent company, A2Dominion Housing Group Limited provides the strategic direction, along with central and development services for the Group.

The commercial activities are branded as FABRICA (formerly A2Dominion New Homes) which encompasses much of A2Dominion Developments Limited's operations.

The activities of A2Dominion Developments Limited generate profits which are used to aid the future development of affordable housing, enabling the Group to grow organically through the development of mixed tenure schemes.

A2Dominion Developments Limited statement of financial position as at 31 March

	2016 £'000	2015 £'000
Investments	65,025	57,111
Current assets	223,033	247,503
Total creditors including loans and borrowings	(267,042)	(283,179)
Total reserves	21,016	21,435

Strategic report (continued)

Analysis of development and performance of the business

A2Dominion Developments Limited statement of comprehensive income for the year ending 31 March

	2016 £'000	2015 £'000
Turnover	239,577	106,941
Cost of sales	(190,772)	(86,362)
Operating costs	(1,664)	(1,780)
Gift aid	(45,815)	(232)
Operating surplus	1,326	18,567
Interest receivable	263	2
Interest payable	(2,007)	(1,951)
Taxation	-	-
Retained (loss) / profit for the year	(418)	16,618

Objectives and strategies

A2Dominion Developments Limited will continue to develop homes for open market sale and develop affordable housing under contract to Registered Providers of Social Housing and other commercial entities within the Group. Further information can be found in the strategic report contained within the Group's financial statements.

Group analysis using financial and operational key performance indicators

Performance area	Group Performance indicator	Target performance 2016	Actual performance 2016	Actual performance 2015
Sales	Sales receipts against projection (completions) £000's	104,000	137,500	88,000
Development	Committed units	900	983	1,200

Explanation of amounts included in the annual accounts can be found in the notes to the financial statements.

The strategic report was approved and authorised for issue by the Board of Directors 18 July 2016 and signed on its behalf by:

I Cox
Director

M Gallagher
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A2DOMINION DEVELOPMENTS LIMITED

We have audited the financial statements of A2Dominion Developments Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the statement of financial position, statement of changes in equity 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 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 (FRC'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 FRC'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 company's affairs as at 31 March 2016 and of its profit 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 strategic report and 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
- 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 Cliftlands (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 29 July 2016

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

Statement of comprehensive income

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Turnover	2	239,577	106,941
Cost of sales		(190,772)	(86,362)
Gross profit		48,805	20,579
Operating expenses		(1,664)	(1,780)
Gift aid payable		(45,815)	(232)
Operating profit	3	1,326	18,567
Interest receivable	4	263	2
Interest payable	5	(2,007)	(1,951)
(Loss) / profit on ordinary activities before taxation		(418)	16,618
Tax on profit ordinary activities	6	-	-
(Loss) / profit and total comprehensive income for the year		(418)	16,618

The notes on pages 12-22 form part of these financial statements.

All amounts relate to continuing activities.

Statement of financial position

As at 31 March 2016

Company number: 5585321

	Note	2016 £'000	2015 £'000
Investments			
Subsidiaries	8	-	-
Joint ventures	9	62,843	55,116
Other	10	2,182	1,995
		65,025	57,111
Current assets			
Stock	11	204,730	240,174
Debtors: amounts falling due in less than one year	12	9,100	3,869
Debtors: amounts falling due in more than one year	12	8,977	705
Cash at bank		226	2,755
		223,033	247,503
Creditors: Amounts falling due within one year	13	(49,841)	(16,125)
Net current assets		173,192	231,378
Total assets less current liabilities		238,217	288,489
Creditors: Amounts falling due after more than one year	13	(217,200)	(267,054)
Net assets		21,017	21,435
Capital and reserves			
Called up share capital	14	14,130	14,130
Profit and loss account		6,887	7,305
		21,017	21,435

The notes on pages 12-22 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 18 July 2016 and signed on its behalf by:

I Cox
Director

M Gallagher
Director

Statement of changes in equity

As at 31 March 2016

	Share capital £'000	Share premium £'000	Profit & loss account £'000	Total equity £'000
1 April 2015	5,001	9,129	7,305	21,435
Comprehensive expenditure for the year	-	-	(418)	(418)
31 March 2016	5,001	9,129	6,887	21,017

The equivalent reconciliation for the financial year 2014/15 is shown here for the purposes of comparison:

	Share capital £000	Share premium £000	Profit & loss account £000	Total equity £000
1 April 2014	5,001	9,129	(9,313)	4,817
Comprehensive income for the year	-	-	16,618	16,618
31 March 2015	5,001	9,129	7,305	21,435

The notes on pages 12-22 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. These financial statements are the first financial statements prepared under FRS 102. Information on the impact of first-time adoption of FRS 102 is given in note 18.

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

These financial statements shown are separate and not consolidated as they are included in the consolidated accounts of A2Dominion Housing Group Limited.

Subsidiary company disclosure exemptions

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

- No cash flow statement has been presented;
- Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Associates and joint ventures

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

The company's interest in a jointly controlled entity is accounted for in the consolidated group accounts under the gross equity method.

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.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Stocks

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, including finance costs. Net realisable value is based on estimated sales price after allowing all further costs of completion and disposal.

Financial assets and liabilities

- Debtors and creditors

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

- Recoverable amount of other receivables

A2Dominion Developments Limited estimates the recoverable value of other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

- Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

- Fixed asset investments

Equity loans are carried at cost and reviewed annually for impairment.

Other investments and investments in joint ventures are carried at cost; their carrying value is reviewed annually.

Finance costs

Finance costs represent interest payable on public benefit entity (PBE) concessionary loans payable to registered providers within the group and charged to the profit and loss account each year. 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.

Concessionary loans

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

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

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment.

A2Dominion South Limited:
A2Dominion Developments Limited has a revolving loan facility of £150.0m with A2Dominion South Limited. Interest is charged at 6% per annum. The capital and interest payment is due to be repaid when the loan matures in March 2019.

A2Dominion Homes Limited:
A2Dominion Developments Limited has a revolving loan facility of £200.0m with A2Dominion Homes Limited. Interest is charged at 6% per annum. The capital and interest payment is due to be repaid when the loan matures in March 2019.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Loans and investments

Loans payable consist entirely of public benefit entity concessionary loans accounted for at historical cost. Loans receivable and investments are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at transaction price less any transaction costs (historical cost) and are subsequently measured at amortised cost using the effective interest method.

Impairment

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.

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 associated expenses are charged to the profit and loss account.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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

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

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Income earned from such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the Statement of Comprehensive Income, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Stock

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.

- Trade receivables

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

- Long term contracts

Long term construction contracts are accounted for using the percentage of completion method. The stage of completion is based upon cost incurred compared to the anticipated cost to complete.

2. Turnover

	2016 £'000	2015 £'000
Private sales	113,580	75,810
Intercompany sales including long term contract accounting	119,202	30,572
Other income	6,795	559
	239,577	106,941

3. Operating profit

The operating profit is stated after charging:

	2016 £'000	2015 £'000
Auditors' remuneration - Audit	14	14
- Tax compliance	3	3
Gift aid payable	45,815	232

Non audit remuneration is disclosed within the group accounts.

Notes to the financial statements (continued)

4. Interest receivable

	2016 £'000	2015 £'000
Interest receivable and similar income from group entities	262	-
Other interest receivable and similar income	1	2
	263	2

5. Interest payable

	2016 £'000	2015 £'000
Paid to other group entities (PBE concessionary loans):		
Paid to A2Dominion South Limited	7,878	5,652
Paid to A2Dominion Homes Limited	8,463	6,754
Interest payable capitalised on housing properties under construction	(14,334)	(10,455)
	2,007	1,951

6. Tax on profit on ordinary activities

Taxation charge for the year:

The tax assessed for the year differs to the standard rate of corporation the UK applied to the profit before tax. The differences are explained below:

Current tax reconciliation	2016 £'000	2015 £'000
(Loss) / profit on ordinary activities before taxation	(418)	16,618
Theoretical tax at UK corporation tax rate 20% (2015: 21%)	(84)	3,490
Effects of:		
- Expenses not deductible for tax purposes	-	20
- Income not taxable for tax purposes	(1,322)	(55)
- Capital allowances in excess of depreciation	-	(3)
- Other short term timing differences	-	49
- Deferred tax charge adjustment	120	-
- Deferred tax not recognised	520	-
- Utilisation of tax losses and other deductions	-	(3,438)
- Share of profits in LLPs	766	562
- Relief for donations	-	(625)
Actual current taxation charge	-	-

7. 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)

8. Investments in subsidiaries

	2016 £	2015 £
Investment in subsidiaries held at cost	102	102

The subsidiaries are:	Ordinary Share Capital
Home Farm Exemplar Limited (company is dormant)	100%
A2Dominion Enterprises Limited (company is dormant)	100%
Upper Richmond Buildings Limited (company is dormant)	100%

All subsidiaries are incorporated in the United Kingdom.

9. Investments in joint ventures

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 ventures under a contractual agreement. Investments in joint ventures are carried at cost in accordance with section 15 of FRS 102 and their carrying value is reviewed annually. The gross equity method is applied in the consolidated financial statements of the parent, A2Dominion Housing Group Limited.

Joint venture	Country of incorporation	Proportion of voting rights	Investment value 2015 £'000	Contributions £'000	Repayments £'000	Investment value 2016 £'000
Essex Wharf Homes LLP	England	50%	4,194	-	(4,194)	-
Green Man Lane LLP	England	50%	1	-	-	1
Queen's Wharf Riverside LLP	England	50%	20,675	-	-	20,675
Keybridge House LLP	England	50%	30,173	-	-	30,173
Secure Storage Solutions LLP	England	25%	73	-	-	73
Crest A2 (Walton Court) LLP	England	50%	-	11,921	-	11,921
Total			55,116	11,921	(4,194)	62,843

Notes to the financial statements (continued)

9. Investments in joint ventures (continued)

Essex Wharf Homes LLP

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

The LLP has completed production of its private development units. The 50% remaining equity of £4.2m was fully repaid during the financial year.

The LLP has net assets of £0.2m (2015: £13.8m) 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 2016 is £nil (2015: £4.2m)

The LLP made a profit for the year of £7.5m (2015: £5.5m).

Green Man Lane LLP

A 50% interest is held in Green Man Lane LLP with Real (Ealing) Limited.

The capital contribution during the year was £nil (2015: £nil). The LLP has net assets of £16.4m (2015: £0.4m) 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 2016 is £1,000 (2015: £1,000).

The LLP made a profit for the year of £8k (2015: £328k).

Queen's Wharf Riverside LLP

A 50% interest is held in Queen's Wharf Riverside LLP with Hammersmith Developments Holdco Limited.

The capital contribution during the year was £nil (2015: £20.7m). The LLP has net assets of £40.2m (2015: £41.4m) 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 2016 is £20.7m (2015: £20.7m).

The LLP made a loss for the year of £288k (2015: £nil).

Keybridge House LLP

A 50% interest is held in Keybridge House LLP with Mount Anvil (Keybridge House) Limited.

The capital contribution during the year was £nil (2015: £30.2m). The LLP has net assets of £59.6m (2015: £60.4m) 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 2016 is £30.2m (2015: £30.2m).

The LLP made a loss for the year of £720k (2015: £nil).

Crest A2D (Walton Court) LLP

A 50% interest is held in Crest A2D (Walton Court) LLP with Crest Nicholson Operations Limited.

A2Dominion Developments Limited entered into an interim agreement with Crest A2D (Walton Court) LLP joint venture on 29 January 2016.

The capital contribution for the year was £11.9m (2015 £nil). The LLP has net assets of £19.0m 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 2016 is £11.9m

Notes to the financial statements (continued)

9. Investments in joint ventures (continued)

Secure Storage Solutions LLP

A 25% interest is held in Secure Storage Solutions LLP with Tim Woodcock & Tickland Limited as at 31 March 2016. The remaining 25% interest in Secure Storage Solutions LLP was fully repaid 22 April 2016.

The capital contribution during the year was £nil; the total contribution is £73k (2015: £73k).

10. Other investments

	2016 £'000	2015 £'000
Equity loans	540	1,755
Other investments	1,642	240
	2,182	1,995

Equity loans are carried at cost and reviewed annually for impairment.

11. Stock

	2016 £'000	2015 £'000
Property developed for outright sale under construction	184,586	180,181
Property developed for intercompany sale under construction - intercompany	17,405	53,836
Completed properties	994	993
Completed properties held for sale	1,216	4,447
Land	529	717
	204,730	240,174
Capitalised interest included in stock at 5.87% (2015: 6.25%)	19,720	18,941

The net realisable value of stock is not materially different from its carrying value.

Notes to the financial statements (continued)

12. Debtors

	2016 £'000	2015 £'000
Debtors falling due within one year		
Amounts due from Group entities	972	-
Other debtors	2,242	3,388
Amounts recoverable under long term contracts	5,624	481
Prepayments and accrued income	262	-
	9,100	3,869
Debtors falling due after more than one year		
Loan to joint ventures	8,475	300
Other debtors	502	405
	8,977	705

13. Creditors

Creditors falling due within one year	2016 £'000	2015 £'000
Accruals and deferred income	47,261	6,974
Amounts due to group entities	527	1,880
Capital retentions and other creditors	2,053	7,271
	49,841	16,125
Creditors falling due after more than one year		
Capital retentions	4,000	2,171
Amounts due to group entities:		
Public benefit entity concessionary loan – A2Dominion Homes Limited	106,600	140,736
Public benefit entity concessionary loan – A2Dominion South Limited	106,600	124,147
	217,200	267,054

The intercompany loans are secured by floating charges over the assets of A2Dominion Developments Limited.

Notes to the financial statements (continued)

14. Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	5,001	5,001
Minimum premium value	9,129	9,129
	14,130	14,130

The share capital of A2Dominion Developments Limited consists of 10 million authorised shares with a nominal value of £1 each. The company has issued 5,000 shares which carry voting rights of one vote per share. The shares carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of A2Dominion Developments Limited. Therefore, all shareholdings relate to non-equity interests.

15. Financial commitments

Development expenditure commitments are as follows:

	2016 £ '000	2015 £ '000
Expenditure that has been contracted but not been provided for in the financial statements	139,282	87,719
Expenditure that has been authorised by the Board but has not yet been contracted for	242,193	581,493
	381,475	669,212

The company's share of capital commitments incurred jointly with our joint venture partners, included above, amounted to £5.7m. (2015 : £nil)

As at 31 March 2016 there were 3,381 units under construction (2015: 2,999).

The company forecasts to meet the above commitments from future sales receipts.

16. Related party disclosure

The company has signed an agreement to provide a loan facility of £15m to Green Man Lane LLP. At the financial year end £8.2m (2015: £nil) was due to A2Dominion Developments Limited from Green Man Lane LLP. The loan is secured against the land developed by Green Man Lane LLP.

There were no other transactions during the year with other related entities.

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

The company has an interest in six Joint Ventures and details are disclosed in note 9.

Notes to the financial statements (continued)

17. Ultimate holding entity

The ultimate parent company and controlling entity is A2Dominion Housing Group Limited which is registered with the Homes and Communities Agency (L4240) and is a Co-operative and Community Benefit Society (28985R).

The Group's consolidated financial statements consolidates all entities within the A2Dominion Group as listed in note 18 of the Group's financial statements and includes A2Dominion Homes Limited.

Copies of the consolidated financial statements are available from the head office of A2Dominion Housing Group Limited situated at The Point, 37 North Wharf Road, Paddington, London, W2 1BD.

18. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. There have been no changes to the accounting policies arising from the adoption of FRS 102 that require adjustments of or disclosure in the accounts.