Annual report and financial statements for the year ended 31 March 2021

Synergy Housing Limited

Co-operative and Community Benefit Societies Act 2014 number 31447R

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Synergy Housing Limited

Legal and Administrative Details

Registered office:	Link House, First Floor, West Street, Poole, Dorset, BH15 1LD	
Legal status:	Synergy Housing Limited ('the association') is incorporated under the Co-operative and Community Benefit Societies Act 2014 number 31447R and is a wholly owned subsidary of Aster Group Limited and a member of the Aster Group ('the group'). The association is registered with the Regulator for Social Housing.	
Members of the board:	The directors of the association who were in office during the year and up to the date of signing the financial statements, unless otherwise indicated, are set out below.	
	Non-executive directors	
	Mike Biles	Chairman
	Clive Barnett	
	Andrew Kluth	
	Mike McCullen	
	Tracey Peters	Senior Independent Director
	Caroline Wehrle	
	Executive directors	
	Bjorn Howard	Group Chief Executive
	Chris Benn	Group Finance Director
	Amanda Williams	Group Development Director
Executive Team:	Bjorn Howard	Group Chief Executive
	Chris Benn	Group Finance Director
	Rachel Credidio	Group People and Transformation Director
	Dawn Fowler-Stevens	Group Growth and Assurance Director
	Graeme Stanley	Group Strategy Director
	Amanda Williams	Group Development Director
	Emma O'Shea	Group Customer Service Director - appointed 6 April 2020
Co-Optee:	Claire Whitaker OBE	Appointed 12 August 2020
Company Secretary:	David Betteridge	
Independent Auditor:	KPMG LLP Gateway House Tollgate Chandler's Ford Eastleigh SO53 3TG	
Principal Banker:	Barclays Bank Plc Corporate Banking 3rd Floor, Windsor Court 1-3 Windsor Place Cardiff CF10 3ZL	
Principal Solicitor:	Trowers and Hamlins 3 Bunhill Row London EC1Y 8YZ	
Funders:	Santander Corporate Banking Corporate Lending Operations 4th Floor Santander House 100 Ludgate Hill London EC4M 7RE	Abbey National Treasury Services Plc 2 Triton Square Regents Place London NW1 3AN

Legal and Administrative Details (continued)

Funders (continued):	The Royal Bank of Scotland 1st Floor, 280 Bishopsgate London EC2M 3RB	Affordable Housing Finance Plc 4th Floor, 107 Cannon Street London EC4N 5AF
	MORhomes PLC 71 Queen Victoria Street London EC4V 4AY	
Security Trustee:	Prudential Trustee Company Limited Laurence Pountney Hill London EC4R 0HH	
Valuer:	Jones Lang LaSalle Limited 30 Warwick Street London W1B 5NH	
Financial Adviser:	Chatham Financial Europe Limited 12 St. James Square London SW1Y 4LB	

Synergy Housing Limited

Report of the Board

The board presents its report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The associations' principal activity is to provide affordable homes and associated services as a Registered Provider.

The board does not anticipate any significant changes in the association's activities in the foreseeable future.

Results for the year

The profit for the year was £9.8 million (2020: £13.6 million).

The Board

The members of the board are listed on page 1. No members of the board held, at any time during the year, any beneficial interest in the shares of the association.

Directors' indemnities

The association is a member of the Aster Group which has made qualifying third party indemnity provisions for the benefits of its directors and officers (which extend to the performance of any duties as a director or officer of an associated company or subsidiary). The provisions have been in place throughout the year and remain in force at the date of this report.

Going concern

The directors, after reviewing the association's budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements . The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Reduced reporting disclosures

Section 1.12 of FRS 102 allows subsidiaries to opt out of making some disclosures in its financial statements and not to report the following:
a) A Statement of Cash Flows as outlined in section 7 of FRS 102;
b) The requirement to disclose key management personnel compensation outlined in paragraph 33.7 of FRS 102;

The association has taken advantage of some of these exemptions this year as set out in note 3. A full set of disclosures are included in the group's consolidated financial statements.

Paragraph 4.4 of the Housing SORP 2018 allows registered providers that are subsidiaries of a group to opt out of providing a Strategic Report. The association has taken this opt out and not produced a Strategic Report. The group's strategic report, including Synergy Housing Limited, is accordingly represented in the financial statements of Aster Group Limited.

Review of the association's business

The association owns and manages approximately 11,000 homes and is a developer of new affordable housing. The association is a 50% partner in Aster Solar Limited, a joint venture with a fellow group subsidiary, Aster Communities, which provides green electricity to the association's tenants using photovoltaic panels.

Operational performance

Turnover decreased by £5.3 million to £67.4 million. Lettings income increased by £2.3 million to £59.3 million and first tranche shared ownership income decreased by £7.6 million to £8.0 million during the year. The association made a profit on disposal of housing property, plant and equipment of £5.2 million, an increase of £0.1 million driven by 19 void disposal programme sales (2020: 26).

Operating costs decreased by £5.3 million to £47.7 million. This was mainly due to a £1.6 million decrease in maintenance and major repairs work cost due to delays in work due to lockdowns during the COVID-19 pandemic. Other movements include a £0.2 million decrease in depreciation and a reduction of £5.4 million in first tranche cost of sales reflecting the related decrease in revenue.

Operating profit increased from £24.7 million to £25.4 million.

The association made a £6.1 million donation of assets to Aster 3 Limited.

The association, alongside Aster Property Limited providing asset management and maintenance services, is committed to embedding Value For Money (VFM) within the Customers Services Strategy by delivering efficient and value for money services, without compromising on health and safety.

The following table sets out the association's key performance indicators (KPIs) in relation to the lettings side of its business:

	2020/21 Target	**2020/21 Actual**	**2019/20 Actual**
% rent loss through vacant properties	0.76%	0.61%	0.51%
Average number of days to re-let	18	28	15
Current tenant arrears %	3.00%	2.11%	2.34%
Overall customer net promoter score	14	19	21
Overall satisfaction %	80%	81%	82%
New homes delivered	234	166	276

Social housing lettings performance declined in the year when compared to both targets and the prior year. COVID-19 lockdowns meant properties could not be re-let following the initial lockdown until the service recommenced on 29th June 2020. Rent losses through vacant properties in the association's general needs and supported housing properties were 0.61% (2020: 0.51%) against a target of 0.76%. The association's average re-let time of 28 days (2020: 15 days) also underperformed against the target of 18 days.

However in light of the impact of the COVID-19 pandemic the associations void and lettings performance has recovered exceptionally well. Throughout the pandemic the association optimised virtual viewings and pre-allocated homes digitally to continue delivering an efficient and safe service.

The associations current performance for all lettings (general needs, housing for older people, and extra care) during the month of March 2021, with lockdown restrictions easing and a gradual return to normality, was 22 days with general needs being 9 days.

The association's arrears percentage decreased slightly to 2.11% (2020: 2.34%) and has performed better than the target of 3%, which given the increased number of universal credit claims alongside challenges faced during the COVID-19 pandemic, is a significant achievement.

A key priority of the group is a customer focus, and the overall customer net promoter score of +19 (2020: +21) has exceeded the target of +14, reflecting the improvements the group has made to deliver better customer service. Overall customer satisfaction has achieved better than the target with an 81% satisfaction rate (2020: 82%). The group's customers are at the heart of the business and providing a safe and reliable service is a key priority for the group, one which the customer services directorate is charged with continuously improving.

The association's customer portal MyAster has grown since it was launched in October 2019, and over 13,000 customers across the group now use the service. Customers can access their account information in real time, log repairs, make a payment, access benefits advice and more. During the first lockdown the association saw a significant rise in the number of customer registrations, with customers using the 24/7 service both during and outside of traditional working hours. A new live chat functionality will soon be introduced, to let customers interact with colleagues in real time.

The association kept in touch with its customers to let them know about the ongoing response to COVID-19. More than 10,000 calls have been made to customers across the group with vulnerabilities, reaching over 3,000 people in the community. The association has used a range of digital channels to keep in touch with customers, for example the lettings teams introduced virtual viewings and customers are shown a video of their home before moving in. The association also launched a befriending service Aster Connect, which saw 99 customers paired with colleagues who volunteered to provide a regular friendly voice at the end of the phone. The association are now working with charity Reengage to launch a refreshed befriending service, Aster Connect Reengage in 2021.

Operational performance (continued)

As a result of the Future of Engagement Survey, the Customer Voice team now have groups of customers that are consulted with on subjects that they have expressed an interest in. This more targeted engagement is leading to much higher response rates and much more valuable feedback. A Customer Voice Policy has been published, which customers fed back on as part of the consultation process. Colleagues can now access a 'Menu of Options' listing consultation tools available, to help them engage with customers. During the pandemic the association has found new ways of working with customers to make sure their voice and feedback continues to shape the associations policy and strategic decisions.

The association's formal groups continue to have a strong voice in the business, hold the association to account and shape the services that are provided. The Customer Voice team supported both Customer Overview Group (COG) and Customer Scrutiny Panel (CSP) members during the initial move to new ways of working, using digital solutions for their scheduled meetings and associated work. The CSP were able to continue their regular meetings and scrutiny exercises, recently completing a review of the Anti-Social Behaviour (ASB) service. The COG has also adapted well, continuing meetings and focused sessions as part of their new role to approve customer facing policies.

The Financial Wellbeing and Welfare Reform teams support customers by giving guidance on how to budget, how to claim benefits and how to cut down on arrears. At the start of the pandemic, a COVID-19 hardship fund was put in place to support customers in emergency situations with the assistance of supermarket vouchers, utility top-ups and mobile phone top ups which have supported over 500 customers. The teams also help customers maximise their income through the Money Advice Tool, and by ensuring customers are accessing the correct benefits.

Housing First sees the association work with community mental health teams, support providers, police and the local authority to house people who are homeless once they've undergone a period of rehabilitation. So far, eight customers have been supported into sustainable housing. The association and its partners are committed to working together to give customers the best possible chance of sustaining their tenancies.

The association has become a member of the Institute of Customer Service (IoCS). The IoCS is an independent professional customer service body that celebrates exceptional customer experience. Just like the IoCS, the association wants to continually improve customer experience through Programme Experience. Programme Experience will build on the work the association has been doing over the past six years to improve and modernise the customer and colleague experience. The new Customer Experience Strategy has been designed to create effortless, end-to-end customer journeys, for the associations customers.

Value for Money (VfM) - Aster group

Value for Money is recorded, and accordingly disclosures below, are on a group basis of which Synergy Housing Limited is part of.

The housing sector is experiencing an acute period of cost rises due to a number of driving factors. The businesses that will thrive during this challenging time are those that can achieve best value for money whilst not compromising on quality or safety.

Value for money forms a central part of our business and organisational culture. This is encapsulated in our corporate strategy, delivered through our corporate themes and enablers and scrutinised through our performance assurance framework. Value for Money is about being effective in how we plan, manage and operate our business. We recognise the importance of both social and financial value and our approach balances the needs of our customers with our social value and meeting future housing need with the quality of our homes.

Our approach to business value is integral to achieving value for money across all our business areas, ensuring we have a sustainable, commercial approach to value creation without compromising quality. Through our key objectives we achieve business value at Aster by taking a risk-based approach to procurement that empowers colleagues to make sound, commercially minded decisions, and ensures the right things are procured in the right way. Savings targets are delivered through robust contract management and tendering, driving a more commercial culture across the group through the whole lifecycle. We drive forward the group's key Environmental Social and Governance (ESG) targets creating a model that is sustainable in the long term, making ESG principles central to decisions on procuring services and ongoing relationships with our supply chain. We promote best practice by seeking innovative, future focussed solutions for products, services and works required by the group and challenge the market to improve.

Through our treasury and business planning processes we understand our future funding requirements, ensuring funding can be effectively put in place in a timely manner allowing us to deliver our corporate strategy. The group looks to maximise capacity - whilst analysing risks through scenario testing - by maximising borrowing and effectively utilising security whilst also maintaining credit strength. Value for money is achieved in utilising an optimum capital and treasury structure, in conjunction with appropriate funding structures such as the group's bond, to achieve interest cost savings which are re-invested in maintenance and new developments.

Our G1 rating indicates that our governance processes are sound, and we are getting value for money from the investment we make in our governance, risk and assurance frameworks. Our internal governance framework measures and monitors through a number of different mechanisms:

- Our Corporate Performance and People Panel monitor and track projects and initiatives which deliver savings, efficiency improvements and additional benefits
- Our value for money measures and targets are monitored and scrutinised by the Panel, and are also presented monthly to the Aster Group Board
- Our Group Investment and Assets Panel considers value for money in all of the decisions relating to our strategic asset and development programmes
- We track our social value through the work of the Aster Foundation, and through our Customer Experience Panel

Value for Money (VfM) - Aster group (continued)

We monitor value for money against key financial metrics (see section 6) and through the measures identified as being key to the business (see section 4). In addition, being successful in delivering our strategic and operational objectives and achieving our performance targets is inherent to providing value for money for our customers and communities. We believe that if our customers and colleagues are satisfied and our business is financially stable then that is an indication that we are successfully embedding value for money into everything we do.

As is evidenced by our social housing cost per unit we, as a business look to strike the right balance between investment and value for money for our customers. Health and safety of our customers is paramount, and we won't compromise on this. We will invest in our stock and services, enabling customers to sustain their tenancies and to live independently for longer - providing security for our customers and our business. We will continue to strive to maximise our income and will generate efficiencies through our digital evolution programme and through better understanding of the customer need – ensuring services are tailored and cost effective.

Value for money performance at 2020/21 year end
- Overall customer satisfaction for general needs and housing for older people with services provided by Aster – 81.7%
- Customers satisfied with services provided by Aster (shared owners) – 62.8%
- Current rent arrears – 2.0%
- All voids turnaround times – 23.8 days

Our dynamic asset management plan maximises returns and makes best use of our assets - including the acquisition and disposal of assets that secure strategic, social or economic value. Through our robust voids disposal programme (VDP), land enhancement programme (LEP) and stock options appraisal programmes (SOAP) we will ensure local needs are always considered and balanced with the opportunities for reinvestment in existing homes and neighbourhoods.

Value for money performance at 2020/21 year end
- Customer satisfaction with the quality of their home (excluding new build) – 80.3%
- Decent homes compliance – 203 failures
- Income generated through stock rationalisation (VDP, SOAP, LEP) – VDP - £13.1 million net capital receipts and £9.2 million net profit, SOAP - £4.3 million net capital receipts, LEP – £1.0 million net capital receipts

Our development programme is targeted at making the biggest difference to the housing shortage, by building as many homes as we can. This doesn't mean sacrificing on quality or investment into our new homes. Our strategy is focussed on delivering our own programme of land led sites through partnership; control and quality remaining our overall focus. This programme is managed through dedicated technical teams who are involved in every step of the process, a home that balances value and quality from inception to handover. All development contracts are required to meet a number of criteria and are subject to a rigorous approval process, ensuring the balance between investment, meeting our strategic objectives and generating income is also providing value for money for our customers, communities and the business. Our partnerships with CLT's require higher investment and this has been a conscious decision to support our corporate social responsibility, providing social value by helping to build sustainable communities through creating a supply of affordable homes to meet local need.

Value for money performance at 2020/21 year end
- Number of affordable homes built – 817 homes
- % customers satisfied with the quality of their new-build home – 76.0%

Value for money is not just about pounds and pence, and through the work of the Aster Foundation we will look to further drive social value across our landlord services. The main aims of our Foundation strategy are to maximise tenancy sustainment, improve life chances and enable independence, providing good value for our business and our customers. Targeting our investment where we can make the most impact, looking to develop innovative ways to create environmentally active partnerships, and embed our sustainability approach that will deliver social value to our customers and communities, supporting them to thrive into the future.

Value for money performance at 2020/21 year end
- Number of customers into work – 28
- % Customers who have engaged with the 'in to work service', and have moved into and sustained work past 13 weeks – 71.0%
- Value brought in (grants, funding and investment of time) - £46,000

We will never pursue growth that has a detrimental impact on our offer to our colleagues and customers. All of our growth options are assessed thoroughly in relation to additionality or efficiencies that can be generated. We are not looking to become bigger for the sake of it, any growth must benefit our colleagues and customers and add to our vision and purpose. Social impact is a key priority in the delivery of our growth strategy and when balanced with VFM supports our commitment to do things in an ethical way. We consider a range of options to work in partnerships to enhance our social impact in our communities.

Value for money performance at 2020/21 year end
- Overall customer satisfaction for general needs and housing for older people with services provided by Aster – 81.7%
- Number of affordable homes built - 817 homes
- External sentiment analysis - ratio of positive to negative sentiment across all media - +57
- Internal sentiment analysis (eNPS - Quarterly Pulse and Annual Colleague Survey) - +47

Our digital transformation journey will allow our customers to access our services in more ways than ever before, we are investing in our colleagues to ensure that we create a culture in the business that ensures we can maximise outcomes for our customers. We believe that value for money is not always about cutting costs, it's about return on investment and evolving with the times to ensure we can continue to achieve maximum value from our business going forward. We also believe that engaged colleagues result in an improved service offering for our customers.

Value for Money - Aster group (continued)

2020/21 Performance

The group's performance in 2020/21 provides strong evidence of the commitments set out in the approach to VFM.

Set out below is the group's sector scorecard comparison showing the median and upper quartile positions as well as the group's target for 2022. It is inappropriate to try to draw a direct comparison between the group's 2020/21 performance and the sector scorecard due to the impact of the pandemic on the group's metrics which are not reflected in the scorecard comparison which is based on pre -pandemic data. Actual performance is colour coded against the respective years' scorecard, with the exception of 2021 which is colour coded against the 2020 scorecard being the latest available.

Performance is in the upper quartile
Performance is median
Performance is in the lower quartile

	Aster Performance			Scorecard 2020		Target
	2021	2020	2019	Median	Upper Quartile Threshold	2022
REINVESTMENT						
Reflects the investment in social housing properties (existing stock and new supply) as a percentage of the total value of social housing properties held (Aster measure the total value of social housing propertes at deemed cost).	8.8%	12.1%	11.8%	6.1%	9.7%	Upper Quartile
NEW SUPPLY DELIVERED - SOCIAL HOUSING						
Sets out the number of new social housing units, excluding those homes delivered through the group's joint venture, that have been acquired or developed as a proportion of total social housing units owned at the period end.	2.5%	3.0%	3.5%	1.3%	2.6%	Upper Quartile
NEW SUPPLY DELIVERED - NON SOCIAL HOUSING						
Sets out the number of new non social housing units, including those homes delivered through the group's joint venture, that have been acquired or developed as a proportion of total non social housing units owned at the period end.	94.9%	94.9%	81.4%	-	-	
NEW SUPPLY DELIVERED - COMBINED						
Sets out the total number of new housing units, including those homes delivered through the group's joint venture, that have been acquired or developed as a proportion of total housing units owned at the period end.	2.9%	3.4%	3.7%	-	-	
GEARING						
Calculated as net debt (loans less cash) as a proportion of social housing assets. Shows how much of the social housing assets are made up of debt, and the degree of dependence on debt finance. It also sets out the potential capacity for further borrowing which can be used to fund the future development of new housing.	52.8%	53.5%	52.2%	33.8%	46.1%	Upper Quartile
EBITDA MRI[1] INTEREST COVER						
Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity.	210.5%	191.8%	222.8%	196.1%	286.6%	Median
HEADLINE SOCIAL HOUSING COST PER UNIT (CPU)						
Assesses the headline social housing cost per unit as defined by the regulator. Costs include management costs, service charges, maintenance, major repairs, other social housing costs and other operating costs on housing lettings, but excludes depreciation.	£3,398	£3,468	£3,391	£4,023	£3,377	Median
OPERATING MARGIN - OVERALL						
Demonstrates the profitability of operating assets before exceptional expenses. Defined as operating profit, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover or social housing turnover as appropriate.	24.4%	24.2%	28.0%	21.5%	27.4%	Median
OPERATING MARGIN - SOCIAL HOUSING ONLY						
As above	29.2%	27.2%	33.0%	23.6%	29.5%	Median
RETURN ON CAPITAL EMPLOYED (ROCE)						
Compares the operating profit[2] to total assets less current liabilities.	3.5%	3.6%	4.3%	2.8%	3.8%	Median

[1] EBITDA MRI is Earning before interest, tax, depreciation, amortisation, excluding profit on disposal of property, plant and equipment, but including the cost of capitalised major repairs (major repairs included). Interest includes the group's interest payable plus interest capitalised during the year but excluding interest on the net pension liability.

[2] Operating profit includes the group's operating profit inclusive of profit from disposal of property, plant and equipment, and the share of profit in joint ventures.

Value for Money (VfM) - Aster group (continued)

The group is committed to being a leader in the sector for both reinvestment and new supply delivered. This is a priority of the group as it looks to achieve its vision that everybody has a home. The group's business model is worked hard to develop as many new homes as possible within the group's financial capacity and in 20/2021 Aster built 928 total homes (of which 817 were affordable), closing the year with 32,454 homes owned (32,337 of which were affordable).

The reinvestment metric is measured as a proportion of the value of the group's properties. Although the group has completed fewer homes than in the previous year, investing £44 million less, it has never the less still managed to deliver 817 affordable homes and 111 for sale on the open market, spending £150 million on development in the most challenging of years, with construction suffering from significant delays or stops altogether due to the impact of the pandemic and national lockdowns. Similarly, it has delivered £12 million of capital works to its existing stock despite not being able to access customers' homes for anything other than essential repair works for long periods of time as a result of the COVID-19 pandemic.

The fact that both of these group metrics measure, in a pandemic year, significantly above the median and close to the top quartile of the sector as a whole in a non-pandemic year is testament to the group's belief that the greatest role to play in tackling the housing crisis is "building as many homes as we can" and is a key strategic theme for the group.

The group's ambition is also highlighted by the level of gearing which pushes the business hard and is viewed as a positive, remaining in the upper quartile. The ratio has fallen slightly as the increase in net debt of £34 million to £961 million is offset by the growth in the group's housing properties deemed cost of £89 million.

EBITDA MRI interest cover has improved on the 2020 position and remains close to the sector median. EBITDA MRI has increased by £7 million in the year. As a consequence of the pandemic the group's ability to complete major repairs and capital works was reduced resulting in a reduction in costs in these areas of £12 million, offset by increases in responsive maintenance costs of £3 million as the group shifted its focus to concentrate on essential services. Management costs also increased by £5 million. This reflects additional costs brought into the group through the acquisition of East Boro Housing Trust of £1.4 million as well as £1.7 million less VAT reclaimed in the year due to the reductions in development and maintenance activity. The increase also reflects the decisions made pre-pandemic by the group to invest in its customer and colleague offering through Programme Experience and which have already provided significant benefits to the group during the pandemic allowing the majority of services to continue, as well as offering further support to the group's customers and colleagues, such as through the Financial Wellbeing team. Net interest costs have remained in line with the previous year despite an increase in the group's gross debt of £92 million due to refinancing and repayment of some of the old facilities which were at higher interest rates.

Aster has performed close to the median for the sector against both the gearing and EBITDA MRI interest cover metrics, highlighting the group's ambition to continue to grow so we can maximise our impact but not at the cost of increasing the group's risk and exposure.

The social housing cost per unit has reduced by £70 since the prior year. Additional management costs of £129 per unit and additional routine and planned maintenance costs of £141 have been more than offset by the reduction major and capitalised repairs works reducing by £382 per unit. Costs for other support services and non-capitalised development costs have remained stable on a per unit basis. As a consequence of being unable to complete much of the planned maintenance programme in the current year, works and associated costs have been deferred into future financial years and so the group expects a significant increase in cost per unit going forward. Aster's approach to VFM is not to necessarily be the cheapest, but to still offer excellent value, and to provide customers with good, safe homes and with modern, reliable services and the group's investment plans in future years reflect this.

Operating margins, although a good measure of overall profitability, should be viewed in the context of the diversity of activities in the sector. Both Aster's overall and social housing margins have increased on the prior year and are ahead of the sector median. The impact of the pandemic on maintenance works discussed above have led to an increase in the group's social housing margin for 2020/21, offset at an overall margin level by a reduction in the margin the group has made on first tranche sales as the development programme expands into new geographies and increases the volume of land led schemes. Comparison this year against the sector scorecard is difficult because of the different global and market landscape between the years, however, the margins delivered by the group this financial year show a very strong underlying business that was able to respond and adapt to the challenges faced by the pandemic. However, the group acknowledges that these margins are likely to suffer in the following financial years as deferred works catch up and the longer-term economic impacts of the pandemic are realised.

Whilst overall return on capital employed (ROCE) gives an indication of how well the group makes a financial return on the assets it owns, Aster's asset management plans focus on improving how the asset base can perform better as well as improving the group's homes. ROCE has remained in line with the prior year showing a minor reduction of 0.1%. An increase in operating surplus before asset sales of £3 million is offset by a reduction in asset sales of £2m combined with an increased in the group's asset base of £84 million, reflecting not just the reinvestment and new supply delivered but the group's investment in digital and colleague transformation.

Principal risks

During 2020/21, the Board regularly reviewed the threats which it believes could adversely impact on the achievement of objectives or impact on the effectiveness and efficiency of core services. The board also focused on the uncertainties which could present opportunity to further deliver the group's vision and purpose. The following list provides an overview of the principal risks to the group at the end March 2021. The list is not exhaustive or set out in order of priority and is continually subject to change.

	External factors	
Risk	**Potential impact**	**Aster's response**
Sustained impact COVID-19 A sustained period of operating under national or local government directed control measures could impact on the group's operating environment.	A sustained period of control measures will impact on Aster's ability to maintain service delivery, progress strategic objectives, to achieve financial targets, to deliver planned and responsive maintenance in customers' homes and on colleague and customer wellbeing.	Implementation of a Strategic Recovery Plan and Operational Recovery Plan to support delivery of key priorities and to reconstruct key services and infrastructure, progressing towards effective efficient and safe working conditions. In year review of 2020/21 budget, re-forecasting, and extensive stress testing of the financial plan. In year review of key performance targets.
Global and economic operating environment (inc. BREXIT) Any change which may affect the operating environment in the UK, could negatively impact profitability or negatively impact on operational delivery and services.	The impact would depend on the event. However, a key consideration following any significant world event, for instance, is the impact it might have on the group's funders and key stakeholders directly, the labour market available to the group or the view of the sector by investors, stakeholders, employees and customers.	Horizon scanning is undertaken, with emerging concerns or case studies reported to relevant governing bodies. Tactical procurement and the group's approach to contracting provide resilience to external change. A living business plan is produced on a quarterly basis that uses prudent assumptions in the long-term, with stress testing, scenario analysis and contingency planning. A treasury management plan is overseen by the group's Treasury Committee with key metrics reported.
Sales risk The property market experiences a slowdown in sales and/or a reduction in property prices, impacting on the ability to sustain a viable development programme across all tenures.	A delay (e.g. sales taking longer than planned) or reduction (e.g. a fall in sales price) to the projected cash flow may result in additional costs to fund the liquidity shortfall, may result in covenant breach and could impact on the development capacity of the group. A fall in sales price would result in a reduced income and therefore profit, impacting on the funding of further development.	Transactional sales data is monitored weekly at operational level and reported monthly to operational leadership meetings. Performance and expected performance are reported against the development strategy quarterly with a suite of performance indicators with agreed tolerances and escalation trigger points. Sales pipeline risk monitoring and regional housing market intelligence reports are reviewed regularly. Construction pace is monitored to consider speeding up or slowing down development and build rate.
Health and Safety Non-compliance with health and safety regulation leads to serious injury or ill health.	Any impact would be dependent on the severity of the non-compliance. However, in addition to the impact on the individuals concerned, it could ultimately result in a negative financial impact and detriment to the relationship with key stakeholders, e.g. regulators, customers and funders.	Operational management scrutinise live performance data with dedicated roles ensuring cyclical maintenance, inspections and servicing of components within homes and communal areas. A suite of performance measures is reported monthly relating to gas, electrical, fire risk assessments and actions, lifts and water hygiene. The measures have a defined tolerance reflective of the critical nature and potential consequences. The group applies the three lines of assurance model in all areas of safety monitoring. The group has a clear 'Safety First' culture and a diverse wellbeing programme for colleagues as well as a comprehensive set of policies and operational procedures to ensure safety of homes, customers and communities and of employees.

Principal risks (continued)

COVID-19

The COVID-19 pandemic has brought with it a different approach to doing business, resulting in new ways of operating, highlighting the adaptability of customers and colleagues, who themselves have all seen changes both personally and professionally. Above all, the group has ensured customer and colleague safety is paramount, adhering to government measures to limit the spread of the pandemic, which undoubtedly has impacted our ability to deliver our services.

Initially the group created a COVID-19 Response Group, which in May 2020 transitioned to a Recovery Coordination Group with the focus continuing to be on the management of the ongoing situation. As government guidance and restrictions changed, decisions became risk based, with effective allocation of resources, but alongside this a programme of service improvement and transformation, taking the adaptions, feedback and learning into improved customer experience and operational efficiency for the future.

All of the group's offices have remained closed since March 2020 and will open later in 2021, after the easing of lockdown restrictions. With colleagues already working flexibly this helped them to adapt quickly in the first lockdown and now with the group's plan to improve flexibility in terms of working spaces and take a virtual first approach, Aster continues to transform for the future. Work to enhance The Aster Offer has seen continued development of the colleague wellbeing offer, adapting the support provided to colleagues in response to the challenges of COVID-19. Personal risk assessments have been put in place for colleagues working in the group's communities, with services inside customer's homes being resumed in March 2021, in line with the government's roadmap to recovery.

Repairs services were initially essential services only in March 2020, with the aim of removing all but essential contact with non-essential works resuming after the first lockdown. However, due to the on-going nature of the restrictions during the year non-essential works have been postponed several times which led to a backlog of repairs and planned major works with the recovery thereof going into 2021/22, which will impact results in the new financial year.

Development on sites also came to a halt at beginning of lockdown with work resuming as soon as restrictions allowed, with the availability of materials also having an impact. The reduction in completions and in new properties being handed over has had a negative impact on rental income, shared ownership and joint venture results for the year. The group has however adapted quickly to move viewing appointments online for sales and lettings and created secure, contactless handovers allowing continued provision of the homes the country needs.

The impact that COVID-19 has had on the group is continually monitored with an updated budget and financial plan being produced in April 2020, as well as the usual quarterly forecasts, all of which provide an update on financial results, as circumstances change. The 2020/21 financial statements have been impacted significantly by the reduced service delivery with work being deferred and therefore costs to the following financial year.

The group will continue to follow government guidance issued and do all that it can to support colleagues and customers. With the rollout of a COVID 19 vaccine and a reduction in infection levels, the group remains positive for the year ahead.

BREXIT

The group's 2020/21 financial plan assumed a neutral impact from Brexit however, additional multi-variate scenario tests had been undertaken based on a set of potential risks that may result from the uncertainties of the UK's exit from the European Union.

During 2020/21 the Board continued to discuss Brexit and the preparations made in the areas of financial and treasury management, supply chain, maintenance and IT hosting.

With Britain formally leaving the European Union in January 2021 a long period of uncertainty on what a deal or no deal situation may feel like for the group was ended. The economic and financial impact on both the business and customers had been modelled and a range of scenarios were tested against the group's long term financial plan. Whilst many of the opportunities and risks arising from BREXIT have yet to fully crystalise, the group will continue to proactively monitor the market and supply chain to ensure it can continue to achieve the best outcomes to support the long term sustainability of the business. Economic and social uncertainty remains, but the group remains well placed to manage these.

Treasury policy

The group operates a centralised Treasury Management function whose primary purpose is to manage liquidity, funding, investment and the group's financial risk, including risk from volatility in interest rates and liquidity. The Group Treasury Committee reviews and approves the Group Treasury Policy before recommending it to the Group Board. Details of the policy are included in the Aster Group's Consolidated Financial Statements

Corporate and Social Responsibility

Streamlined Energy and Carbon Reporting (SECR) for period 1 April 2020 to 31 March 2021

Energy efficiency action

The group continues to maintain its ISO 14001-certified environmental management system, which provides a framework for the organisation to manage its environmental risks and maximise its opportunities, including continually seeking ways to reduce energy consumption and minimise greenhouse gas (GHG) emissions.

During 2020/21 the group has:
- Added eighteen new, fuel efficient vehicles to the maintenance fleet;
- Trialled fully electric and hybrid operational vehicles;
- Adopted a 'virtual first' approach to working for non-trades staff, reducing the need for employees to travel for business purposes ;
- Ensured office space was used efficiently and building controls were optimised to reflect reduced building occupancy during the pandemic;
- Began a programme to install smart electricity meters at key operational locations;
- Replaced 23 inefficient communal boilers at four housing schemes with high-efficiency models (minimum 95% efficient) and upgraded the plant controls at these locations.

Actions planned for 2021/22 include:
- Continue to rationalise office space to ensure it meets the needs of the business whilst further promoting virtual working. Business mileage reduction targets will be set and, where business travel is still required, sustainable transport options will be explored as an alternative to private vehicle use;
- As part of the programme to refurbish communal areas of our housing schemes, carry out energy efficiency assessments in order to identify measures to reduce energy consumption and associated carbon emissions;
- Carry out heating system upgrades, including replacement of communal boilers, control systems and distribution circuits as required, at four housing schemes;
- Continue with the installation of smart meters at selected sites.

Aster is also looking to define medium- and long-term carbon emissions reduction targets for both its operations and its housing stock. In addition, although not within the scope of SECR reporting, the organisation continues to develop its energy plan, which aims to ensure that all of its housing stock achieves a minimum Energy Performance Certificate (EPC) rating of C by 2025. As at the end of March 2021 84.8% of the group's properties meet this requirement.

	2021	2020	% change
Energy Consumption:			
Mains gas (MWh)	14,714	14,896	-1.2
Transport fuel – company fleet (MWh)	6,053	7,327	-17.4
Transport fuel – business travel in employee-owned vehicles (MWh)	604	2,859	-78.9
Fuel used in plant and equipment (MWh)	714	927	-23.0
Purchased electricity (MWh)	6,841	7,648	-10.6
Electricity provided by landlord at corporate sites	332	-	-
Energy consumed by staff working from home (MWh)	3,208	-	-
Total energy consumption (MWh)	**32,466**	**33,657**	**-3.5**
Greenhouse gas emissions - mandatory SECR reporting:			
Combustion of gas (Scope 1) (tCO2e)	2,705	2,739	-1.2
Combustion of fuel for transport (Scope 1 – company fleet) (tCO2e)	1,457	1,793	-18.7
Combustion of fuel for transport (Scope 3 – business travel in employee-owned vehicles) (tCO2e)	150	686	-78.1
Electricity (Scope 2, location-based) (tCO2e)	1,595	1,955	-18.4
Total gross emissions for which SECR reporting required (tCO2e)	**5,907**	**7,173**	**-17.6**
Intensity ratio – mandatory (SECR) reporting			
Total gross emissions (item 11) per property managed (tCO2e/property)	0.210	0.265	-20.8
Methodology			
Greenhouse Gas Reporting Protocol – Corporate Standard			
Other emissions - non-mandatory reporting			
Emissions from fuel used in plant & equipment (Scope 1) (tCO_{2e})	140	159	-11.9
Emissions from electricity (Scope 2, market-based) (tCO_{2e})	77	25	208.0
Emissions from electricity consumed in transmission & distribution (Scope 3) (tCO_{2e})	144	166	-13.3
Emissions from staff home working (Scope 3) (tCO_{2e})	603	-	-
Total gross emissions - mandatory plus non-mandatory reporting			
Total of scopes 1, 2 and 3 emissions (location-based electricity)	6,872	7,498	-8.3
Total of scopes 1, 2 and 3 emissions (market-based electricity)	5,277	5,568	-5.2
Intensity ratios – total gross emissions			
Total gross emissions (item 17) per property owned & managed (location-based electricity) (tCO_{2e}/property)	0.244	0.277	-11.9
Total gross emissions (item 18) per property owned & managed (market-based electricity) (tCO_{2e}/property)	0.187	0.206	-9.2

Explanatory notes on the data

Corporate and Social Responsibility (continued)

The Aster Offer

The Aster Offer is designed to improve the group's employee offer – creating a positive environment for colleagues and one which is fair and inclusive. The impact of improving the offer will not only ensure Aster is a great place to work but crucially it will have a positive impact on the services the group provides to its customers.

Wellbeing

The group enhanced its digital approach during the pandemic, successfully switching wellbeing sessions to Zoom and MS Teams, and finding new ways to connect colleagues and replicate the social aspects of developing relationships and working across teams. The group designed a Working Well From Home and on the Frontline campaign to help colleagues to look after their wellbeing during the pandemic. Looking after mental health has been the main focus, working in partnership with Dorset MIND to deliver sessions on COVID-19 anxiety and supporting colleagues with caring responsibilities. The group signed up to the Mental Health Charter to continue work on tackling stigma and supporting emotional wellbeing. In January, the group launched the THRIVE: Mental Wellbeing app to all colleagues to further support their mental health. In the group's 2020 annual colleague survey, 84% of respondents agreed that Aster is truly committed to their wellbeing, and 89% agreed that their leader genuinely cares about their wellbeing.

Diversity and inclusion

As part of the group, Synergy Housing Limited, continues to create an inclusive culture where diversity is welcomed in all its forms. This year has seen the development and launch of Diversity and Inclusion principles which set out the group's commitments to both customers and colleagues. National Inclusion week was celebrated with colleagues sharing experiences and differences, with opportunities to learn about a variety of topics including unconscious bias and inclusive leadership. The launch of the group's first LGBTQ+ network has been a success with colleagues joining from across the business. As part of the group's commitment to raising awareness and education of colleagues, colleague eLearning has been reviewed, a dedicated Diversity and Inclusion space on the colleague intranet has been created and work is underway with the Employers Network for Equality and Inclusion and Stonewall to benchmark and improve against a framework of best practice.

The group continues to develop its role as a Disability Confident employer, with disability networkers from all areas of the business working on continuous review of its processes and action plans.

Although reporting on the gender pay gap was suspended this year because of COVID-19, it was still important to the group to continue to demonstrate its commitment to bridging the gender pay gap. The group aims to treat everyone fairly at work, across all levels and locations. This includes making sure everyone has the same access to opportunities for recognition, reward and career development.

The group's average gender pay gap had fallen year on year since 2017, with an increase to 10% in 2020 and a commitment to seeing a positive decrease in these figures. While the group's last reported figure is still below the national average of 17.3%, the slight upwards movement was disappointing to see. Work is currently underway to implement a fairer and more consistent approach to setting pay for all colleagues, including independent job evaluations and external benchmarking, which will be implemented from April 2021.

Restorative Practice

Working with the Restorative Engagement Forum (REF), the group has continued to embed restorative practice methodology which promotes personal accountability and responsibility in relationships at work. All leaders have now completed a three-day programme and a one-day programme open to all non-leaders was launched during the year. In recognition of the group's commitment to Restorative Practice, in 2020 the group became the first non-criminal justice organisation in the UK to be awarded Registered Restorative Organisation status by the Restorative Justice Council.

Colleague Voice

The group is committed to listening to its colleagues to help shape and develop its employee offer. This year the group has developed its first colleague council. Representatives from across the group have played a critical role in ensuring that consultation is meaningful and fair as the group develops the employment offer. The group have also developed a more comprehensive approach to surveying colleagues, driving a more transparent approach to measuring and understanding colleague engagement.

Recognition

The group has continued to recognise those colleagues who have gone above and beyond. The annual 'The Aster Way Awards' opened for nominations in June 2020, with over 400 colleagues nominating their peers in recognition of their hard work. The 'Special Recognition Award: COVID-19' category was added this year, in response to the challenges that colleagues have faced as a result of the pandemic. In addition to the group's annual awards, recognition has continued throughout the year, with messages of thanks from customers and colleagues being added to the group's digital recognition platform.

Corporate and Social Responsibility (continued)

Giving back

Through the Aster Foundation, the group have continued to provide the opportunity for colleagues to support local communities and causes that matter to them through charitable donations, fundraising activities and volunteering. In 2020/21, the group invested 158 days of volunteering into community organisations and causes. The Aster Foundation launched a new volunteering platform called Aster VIP in December 2020, which has been joined by 23 community partners looking for support.

Aster Connect, the group's telephone befriending service, was launched in 2020 in response to the first lockdown. At this time, the service supported nearly 100 customers with regular calls made by colleagues providing support and connection. The group has now joined forces with a partner, Re-engage, to create Aster Connect Re-engage, a befriending service delivered by Re-engage volunteers.

The group's Into Work team have supported 28 people into employment this year and the group have launched inc,, a social incubator for emerging entrepreneurs. The group have successfully recruited their first cohort of entrepreneurs, who are being supported through a strong core syllabus covering all areas of business development, growth and ethics.

Over 1,000 colleagues and customers have benefited from the group's mental wellness and resilience training, including community organisations such as the Enham Trust and Carer Support Wiltshire.

The group have match-funded £9,000 worth of donations to support employees' fundraising activities and donated £2,220 to Dementia UK, which is the group's charity of the year.

Viability Statement

The directors have assessed the viability of the group and have selected a period of seven years for the assessment. The group has a property development programme that runs for a rolling seven-year period. This programme forms the basis of the group's financial plan that covers the seven-year period and is then extrapolated over a further 23 years, resulting in a 30-year plan. For these reasons the group uses a seven-year strategic planning cycle and the directors have determined that seven years is also an appropriate period over which to provide its viability statement.

The financial plan considers the group's future financial stability, property development strategy and the viability of future expense reduction programmes by measuring the operating margin, exposure to the property market, asset cover, interest cover and net worth ratios over the seven-year period.

Based on the results of this analysis, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the next seven years.

Throughout the year the group has complied with the RSH's Governance and Financial Viability Standard in full and has maintained its G1/V1 rating following an in-depth assessment during the year.

Full details of the group's viability statement are included in the Aster Group's Consolidated Financial Statements.

Statement of Directors’ responsibilities in respect of the Report of the Board and the financial statements

The Board is responsible for preparing the Board’s Report and the financial statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure 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 estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

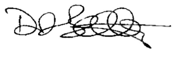
The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Attendance at board meetings

	Aster Group Limited		
Non-executive directors	**Total**	**Possible***	**%**
Mike Biles	8	8	100
Clive Barnett	8	8	100
Andrew Kluth	8	8	100
Mike McCullen	8	8	100
Tracey Peters	8	8	100
Caroline Wehrle	8	8	100
Executive directors			
Bjorn Howard	8	8	100
Chris Benn	8	8	100
Amanda Williams	7	8	88
Co-Optee			
Claire Whitaker OBE	5	5	100

*Possible attendance may be lower than the total number of meetings held due to the director only holding office for part of the year.

Disclosure of information to auditors
So far as the board is aware, there is no relevant information of which the association’s auditors are unaware. The board has taken all reasonable steps that ought to have been taken to make itself aware of any relevant audit information, and to establish that the association’s auditors are aware of that information.



David Betteridge
Company Secretary
10 August 2021

Independent Auditor's report to the members of Synergy Housing Limited

Opinion

We have audited the financial statements of Synergy Housing Limited ("the Association") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Reserves and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the association as at 31 March 2021 and of its income and expenditure for the year then ended;

- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and

- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the audit committee, internal audit and inspection of policy documentation as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board, audit committee and risk & compliance minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit..

As required by auditing standards, and taking into account possible pressures to meet loan covenants / regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from property sales and non-social housing income is recorded in the wrong period and the risk that Association management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and unusual account combinations relating to our significant risks.

- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Association's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), and taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: health and safety and employment law recognising the regulated nature of the Association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or

- the association has not maintained a satisfactory system of control over its transactions; or

- the financial statements are not in agreement with the association's books of account; or

- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Independent Auditor's report to the members of Synergy Housing Limited

Board's responsibilities

As explained more fully in their statement set out on page 14, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Harry Mears
for and on behalf of KPMG LLP,
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Eastleigh
SO53 3TG

19 August 2021

Synergy Housing Limited

Statement of Comprehensive Income

for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	5a	67,381	72,639
Operating expenditure before impairment	5a	(40,309)	(40,174)
Cost of sales	5a	(7,416)	(12,861)
Profit on disposal of housing property, plant and equipment	6	5,238	5,061
Increase in fair value of investment properties	5a	633	-
Operating profit before impairment		25,527	24,665
Impairment of housing assets	5a	(138)	-
Operating profit		25,389	24,665
Loss on disposal of other property, plant and equipment	10	(54)	(27)
Charitable donations made	11	(6,141)	(1,988)
Profit before interest and taxation		19,194	22,650
Interest receivable and similar income	12	1,130	1,266
Interest payable and similar charges	12	(10,185)	(9,942)
Interest on net pension liability	12	(301)	(338)
Net finance expense		(9,356)	(9,014)
Profit before taxation		9,838	13,636
Tax on profit	13	-	-
Profit for the year		9,838	13,636
Other comprehensive income			
Actuarial (losses) / gains in respect of pension schemes	31	(4,501)	1,114
Other comprehensive (expense) / income for the year		(4,501)	1,114
Total comprehensive income for the year		5,337	14,750

Synergy Housing Limited

Statement of Financial Position

as at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	304	454
Property, plant and equipment (social housing)	15	627,001	607,272
Property, plant and equipment (other assets)	16	1,864	1,988
Investment properties	17	15,631	14,998
Investments	18	50	50
Investments in subsidiaries	19	-	-
Investments in joint ventures	20	1,500	1,500
		646,350	626,262
Non-Current assets			
Debtors: amounts falling due after more than one year	21	13,931	14,852
Current assets			
Debtors: amounts falling due within one year	22	3,946	5,763
Shared ownership properties held for sale	23	8,854	8,628
Cash and cash equivalents	24	33,212	27,115
		46,012	41,506
Creditors: amounts falling due within one year	25	(18,240)	(17,291)
Net current assets		27,772	24,215
Total assets less current liabilities		688,053	665,329
Non current liabilities			
Creditors: amounts falling due after more than one year	26	(348,543)	(332,210)
Pension liability - Local Government Pension Scheme	31	(13,874)	(13,139)
Pension liability - Social Housing Pension Scheme	31	(342)	(183)
Other provisions	32	(343)	(343)
Net assets		324,951	319,454
Capital and reserves			
Called up share capital	33	-	-
Profit and loss reserve		164,354	157,617
Revaluation reserve	34	160,437	161,837
Restricted reserve	34	160	-
Total capital and reserves		324,951	319,454

The financial statements on pages 18 to 54 were approved and authorised for issue by the board on 10 August 2021 and were signed on its behalf by:

Mike Biles	**Bjorn Howard**	**David Betteridge**
Chairman	**Group Chief Executive**	**Company Secretary**

Statement of Changes in Reserves
for the year ended 31 March 2021

	2021			
	Profit and loss reserve £000	**Revaluation reserve £000**	**Restricted reserve £000**	**Total reserves £000**
Balance at 1 April 2020	**157,617**	**161,837**	**-**	**319,454**
Profit for the year	**9,838**	**-**	**-**	**9,838**
Other comprehensive income for the year	**(4,501)**	**-**	**-**	**(4,501)**
Clawback reinvestment	**-**	**-**	**160**	**160**
Transfer from revaluation reserve to income and expenditure reserve	**1,400**	**(1,400)**	**-**	**-**
Balance at 31 March 2021	**164,354**	**160,437**	**160**	**324,951**

	2020			
	Profit and loss reserve £000	Revaluation reserve £000	Restricted reserve £000	Total reserves £000
Balance at 1 April 2019	141,524	163,180	-	304,704
Profit for the year	13,636	-	-	13,636
Other comprehensive expense for the year	1,114	-	-	1,114
Transfer to revaluation reserve from profit and loss reserve	1,343	(1,343)	-	-
Balance at 31 March 2020	157,617	161,837	-	319,454

Notes to the Financial Statements

1 Legal status

Synergy Housing Limited is registered under the Cooperative and Community Benefit Societies Act 2014, and is registered with the Regulator for Social Housing ('RSH') as a Registered Provider as defined by the Housing Act 2004.

2 Basis of preparation

The financial statements of the association have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The association is classified as a Public Benefit Entity under FRS 102.

The financial statements are presented in Sterling (£).

Application of accounting policies

The group's accounting policies have been applied consistently throughout the year.

Going Concern

The directors, after reviewing the association's budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements . The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Presentation

The association has elected not to produce a strategic report, statement of cash flows, detailed disclosures of financial instruments and disclosure relating to key management compensation within the individual subsidiary financial statements in line with exemptions available within FRS 102 and the Housing SORP 2018.

These disclosures are included in the group's consolidated financial statements.

The association has not prepared consolidated financial statements as it is a wholly owned subsidiary of Aster Group Limited and its results are included within the consolidated financial statements of the group.

3 Accounting policies

Turnover

Turnover represents:

Rental, service charge income and garage lettings - recognised from the point at which the properties under development reach practical completion or otherwise become available for letting.

Service charge income - an amalgamation of the budgeted charge for the year and the under or over recovery from the pre-previous year.

Revenue fees and grants from local authorities and the RSH - recognised over the period the related costs are incurred.

Asset related fees and grants from local authorities and the RSH - recognised over the life of the related asset. For grants relating to completed properties the grant is amortised through turnover over the effective useful life of the property's structure.

Income from first tranche sales of New Build HomeBuy and housing properties developed for sale - recognised at the legal completion of the sale.

Other income, such as domiciliary care and sewerage services - recognised when the performance of a service is completed, or when the requirements of an agreement with a third party or other group subsidiary are met.

Operating Profit

The association has chosen to show operating profit on the face of the Statement of Comprehensive Income. This figure represents income, less the costs and expenses incurred to generate it, from the association's principal activities that are not investing or financing activities.

Property managed by agents

The association has a small number of properties that it owns but are managed by agents on its behalf. Where the association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income for the year. Where the agency carries the financial risk, the profit or loss for the year includes only that income and expenditure which relates solely to the group.

Value added tax (VAT)

The association is registered for VAT and, while turnover is stated excluding VAT, a large portion of its income, including its rents, is exempt for VAT purposes. The majority of its expenditure is subject to VAT which cannot be reclaimed and therefore expenditure is shown inclusive of irrecoverable VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Right to buy

The gain or loss on disposal of housing properties under the right to buy arrangement is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property. The gain or loss on disposal is recognised in the Statement of Comprehensive Income for the year at the date of transfer after adjusting for any local authority claw back agreement in operation. The relevant local authority clawback is recognised as a liability until it is repaid to the authority.

Right to acquire

The gain or loss on the disposal of housing properties under the right to acquire arrangement is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property. Any gain or loss on disposal is recognised in the Statement of Comprehensive Income for the period at the date of transfer.

New Build HomeBuy (Shared ownership)

The cost of developing New Build HomeBuy properties is split between current assets for that part of the property which is expected to be sold by way of a first tranche sale and property, plant and equipment for the remaining part of the property which is expected to be retained.

First tranche sales on New Build HomeBuy properties are recognised in turnover, with an appropriate proportion of development build costs being expensed through cost of sales.

Subsequent tranches sold (staircasing) are reflected in the Statement of Comprehensive Income on sale of property, plant and equipment. Such staircasing sales may result in social housing grant being deferred or abated until it can be recycled or repaid. Cost includes the acquisition of land and buildings, the cost of developing properties, plus expenditure incurred in respect of improvements.

3 Accounting policies (continued)

Intangible assets and amortisation – computer software

Intangible assets are identifiable non-monetary assets without physical substance such as computer software. Intangible assets are stated at cost less accumulated amortisation. Cost includes the original purchase price of the asset and any directly attributable costs of preparing the asset for its intended use. Amortisation is charged on a straight line basis over the expected remaining useful economic life (UEL) of the assets as follows:

Asset	UEL (years)
Computer software	3
Main computer systems software	10

Social housing properties and depreciation

Properties rented for social benefit are classified as property, plant and equipment and referred to as social housing. These properties are rented at below market rate to people put forward by the relevant local authorities from their housing lists. Social housing properties under construction are stated at cost and are not depreciated. These are reclassified as social housing properties on practical completion of construction with cost apportioned by key components.

Freehold land is not depreciated. Freehold properties are depreciated by component on a straight line basis over the estimated useful economic lives of the component categories.

Social housing properties are split between the structure and those major components which require periodic replacement. Capitalised major components are depreciated over the following UEL:

Component	UEL (years)
Structure (see below)	30-100
Roof	60
Heating Distribution Systems	15-30
Boiler	15
Bathroom	30
Windows/Doors	30
Kitchen	20
Electrical wiring	30

Impairment reviews are carried out at each reporting date. If impairment is present the asset’s carrying value is reduced to its depreciated replacement cost, as outlined in the impairment policy, unless it is being demolished or remodelled when the carrying value is reduced to that of the remaining components.

Social housing properties held on long leases are depreciated in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

New Build HomeBuy properties are split proportionately between property, plant and equipment and current assets based on the proportion of the share of equity sold in the first tranche. The element of a property anticipated to be sold as a first tranche sale is recognised as a current asset, whereas the element relating to second and subsequent tranche sales is treated as property, plant and equipment. If the profit on sale of the first tranche is expected to exceed the total overall profit on sale of all tranches of that property the proportionate value of the first tranche current asset is increased to limit the profit earned to the overall profit

Depreciation on freehold properties and long leasehold social housing properties is provided to write off the cost less the estimated residual value of social housing properties by equal instalments over their remaining estimated UEL. Any additions and improvements are depreciated over the remaining life of the premises. The UEL used are:

Structure	UEL (years)
Pre-fabricated reinforced concrete construction (PRC)	30
Bedsits	30
All other	100

Freehold land is not depreciated.

It was elected to take the transitional exemption laid out in paragraph 35.10(d) of FRS 102 and use the 31 March 2014 valuation as the deemed cost of social housing properties at that date. All social housing properties completed after that date are recognised at cost.

3 Accounting policies (continued)

Donated land and social housing properties

Land donated by local authorities and others is added to the cost of the development scheme at the market value of the land at the time of the donation. If the land is donated by a local authority the market value is recognised as a government grant and accounted for using the accruals method. If the land is donated by a non-government party the market value is recognised as turnover in the Statement of Comprehensive Income for the year.

Where social housing properties are donated by one group member to another the transfer is made at the properties net book value with the resulting expense or income being recognised as a donation.

Property, plant and equipment and depreciation, non-social housing

Property, plant and equipment, is stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent expenditure is capitalised where it increases the value of the asset or extends its life. Completed social housing properties are covered by a separate policy. Depreciation is charged on a straight line basis over the expected remaining UEL of the assets as follows:

Asset	UEL (years)
Office premises	50
Leasehold office improvements	50
Photovoltaic panels	25
Motor vehicles	4 - 5
Office, estate equipment and furniture	3 - 15

Office premises (non-social housing properties) depreciation is provided to write off the cost less estimated residual value over the UEL of the property. Any additions and improvements are depreciated over the remaining life of the premises.

Assets under construction are stated at cost (as defined above). They are presented separately in the note to the financial statements and not depreciated until they are completed and brought into use. The UEL of all property, plant and equipment is reviewed annually.

Capitalisation of internal staff costs

a) Housing development schemes

Internal staff costs that are directly related to the development of housing assets are capitalised to the schemes under construction where the outcome of the scheme is certain. Where the outcome of the scheme is uncertain or aborted, the direct development administration costs are charged to the Statement of Comprehensive Income for the year.

b) Development of internally created assets

Internal staffing costs relating to internally created other tangible or intangible assets are capitalised to the extent that they are additional costs incurred due to the development of the asset.

An internally generated intangible asset is only recognised if all the following conditions are met:

- The asset created can be identified (such as software or a website);

- It is expected that the asset created will generate future economic benefits; and

- The development cost of the asset can be measured reliably.

Internally generated intangible assets are recognised at cost and amortised on a straight-line basis over the useful lives from the date the asset becomes usable.

Capitalisation of interest costs

Interest costs relating to the construction and acquisition of housing assets are charged to the cost of the development scheme, over the period of its development. The amount capitalised represents either:

- Interest costs incurred specifically for financing the development programme after the deduction of social housing grant in advance; or

- Interest costs of the group as a whole after the deduction of interest on social housing grant in advance to the extent that they are funding the development programme.

Other interest costs are recognised in the Statement of Comprehensive Income for the period to which they relate.

3 Accounting policies (continued)

Interest receivable and payable

Interest is recognised on an accruals basis, using the effective interest rate method recognised in the Statement of Comprehensive Income over the life of the financial instrument.

Leased assets

Where assets are financed by leasing agreements that transfers substantially all the risks and rewards of ownership, they are treated as if they had been purchased outright. The amount capitalised is the lower of the present value of the minimum lease payments payable during the lease term or the fair value of the leased asset. The corresponding leasing commitments are shown as the present value of the obligations to the lessor. Lease payments are treated as consisting of a finance charge and a reduction in the liability. The finance charge is charged to the Statement of Comprehensive Income for the period using the effective interest method.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income for the period on a straight line basis over the period of the lease.

Investment properties

Investment properties are properties held for capital appreciation, rented at a market rate where there are no restrictions on who can be a tenant, or both.

Investment properties are re-valued each year to their fair or market value. Any changes in value are recognised in the Statement of Comprehensive Income in the year they occur.

Inventories

a) General inventories
Inventories are valued at the lower of cost and net realisable value, after making allowances for any obsolete and/or slow moving items. Net realisable value is the price which inventories can be sold for in the normal course of business after allowing for the costs of realisation. Inventories are valued using a first-in-first-out methodology.

b) Properties developed for market sale
Properties that have been developed for market sale are recognised at cost less cost to sell. Cost comprises materials, direct labour, direct development overheads and attributable interest. Sales proceeds are included in turnover.

Impairment

a) Other tangible and intangible assets
Other tangible and intangible assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, the affected assets are written down to the recoverable amount. Any such write down is charged to the Statement of Comprehensive Income for the year.

b) Social Housing
Social Housing properties are subject to impairment trigger reviews on completion and then annually thereafter. If there is a trigger and evidence of impairment is found the carrying value of the property is compared to its depreciated replacement cost. This represents the amount it would cost the group to replace the property. For properties built or acquired prior to 1 April 2014 this replacement cost is depreciated from 1 April 2014. For properties built or acquired after 1 April 2014 depreciation starts from the build or acquisition date. If the property’s carrying value is higher than its depreciated replacement cost the carrying value must be reduced to the depreciated replacement cost, the write down is charged to the Statement of Comprehensive Income for the year.

In the portfolio there are some pre-fabricated reinforced concrete construction properties and bedsits. Where an impairment review indicates that their useful economic life is likely to be less than the standard policy they have been re-lifed to 10 years.

c) Unsold first tranche HomeBuy current assets
On practical completion HomeBuy property assets are spilt between current assets for the unsold first tranche portion and property, plant and equipment for the rental portion.

First tranche current assets are reviewed for impairment if there are indications that the market value of the property has dropped below that included in the investment appraisal. If any current assets are found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

The rental portion is treated as social housing for impairment purposes.

3 Accounting policies (continued)

Accrued income

When, as a result of performing a service or otherwise meeting the requirements of an agreement with a third party, income falls due but has not been invoiced in the period, an accrual is made for this income.

Deferred income

Where payment has been received for goods or services not yet delivered, the amount is initially recorded as a liability in the Statement of Financial Position and recognised as turnover once the delivery has been made.

Service Concession Arrangements

The association has a Service Concession Arrangement, previously known as a Private Finance Initiative scheme, with Wiltshire Council which was entered into before 1 April 2014. The association is taking advantage of the transitional arrangement outlined in section 35.10 (I) of FRS 102 and will continue accounting for the scheme using the accounting policies in place prior to that date.

Costs incurred on the Service Concession Arrangement in respect of development, design, construction and finance costs during the period prior to availability of the social housing properties are accumulated within stocks as amounts recoverable on long term contracts.

Once completed housing units are made available for occupation, the accumulated amounts recoverable on long term contracts are transferred to finance debtors receivable and recovered over the contract period on an annuity basis.

Service charge sinking funds

The association owns a number of schemes which require it to manage sinking funds in order to maintain the upkeep of the properties. These funds are held separately by the association, and may only be used for the benefit of the relevant schemes. These funds are held in creditors on the Statement of Financial Position.

Financial instruments

Section 11 Basic Financial Instruments of FRS 102 permits an accounting policy choice for financial instruments. The group has chosen to adopt sections 11 and 12 of FRS 102 as permitted by this section.

a) Rent arrears and other debts

Rent arrears, other amounts due from tenants and other miscellaneous debts are recognised and carried at original amount of the charge, less provision for impairment. A provision is made and charged to the Statement of Comprehensive Income for the year when there is objective evidence that the group will not be able to collect all amounts due in accordance to the original terms.

Any tenants or miscellaneous debtors who have a payment arrangement to pay their debts over a period of longer than the normal terms of business are treated as having a financing transaction. These transactions are recognised at their present value rather than transaction value. The discount rate used for the present value calculation is based upon an estimate of the rate the debtor could obtain in their own right.

b) Cash and cash equivalents

Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of twelve months or less.

c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

d) Trade creditors

Trade creditors are not interest-bearing and are stated at their transaction value.

3 Accounting policies (continued)

Financial instruments (continued)

e) Committed borrowings and bank overdrafts

Interest-bearing loans and overdrafts are recorded at the amounts received, net of direct issue costs, using the effective interest method. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption, are charged to the profit or loss for the period as incurred using the effective interest rate method and are added to the carrying value of the borrowings or overdraft to the extent they are not settled in the period in which they arise.

When a loan facility agreement is entered into, any associated costs are capitalised, discounted at the prevailing market rate of interest amortised over the life of the related loans.

Social housing and other grants

Social housing grant (SHG) is receivable from the RSH. It is accounted for under section 24 of FRS 102 ‘Government Grants’ using the accrual model. Once properties have been completed the grant is classified as a long-term creditor and amortised to the Statement of Comprehensive Income for the year over the life of the properties’ structure. Where grants are paid in advance, they are included in creditors until performance is completed.

If a property which received a grant is subsequently sold, or another relevant event takes place the SHG appears as a creditor due in less than one year. It can be recycled for use in a project approved by the RSH or repaid to the RSH if it is not used within the agreed timescale.

Prior to transition to FRS 102 the association held its social housing properties at valuation. On transition this became the deemed cost. All SHG received prior to transition on 1 April 2014 was transferred to the profit and loss reserve. It is recycled from this reserve if a relevant event occurs.

Government grants received after 1 April 2014 are recognised in income over periods in which the related costs are recognised for which the grant is intended to compensate, over the useful economic life of the property's structure.

Other Government grants received are also accounted for under section 24 of FRS 102 using the accrual model.

When part of the government grant is deferred, it is recognised as deferred income within creditors and allocated between due within one year and due after more than one year as appropriate.

Pension Costs

The cost of providing retirement pensions and related benefits is accounted for in accordance with Section 28 of FRS 102 ‘Employee Benefits’.

Synergy Housing Limited participates in four pension schemes. There is one Local Government Pension Scheme (LGPS) which is the Dorset County Council Pension Fund. There are three separate schemes with the Social Housing Pension Scheme (‘SHPS’).

The LGPS's are accounted for as a defined benefit scheme. The asset for this scheme is held separately from those of the association in independently administered funds. Pension scheme assets are measured in accordance with the FRS 102 fair value hierarchy. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The increase in the present value of the liabilities of the association's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes’ assets and the increase during the year in the present value of the schemes’ liabilities arising from the passage of time are included in operating expenditure. Pension schemes’ surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position net of the related deferred tax. Actuarial gains and losses which arise from the difference between actual and expected performance of the scheme are recognised in other comprehensive income.

All LGPS schemes are closed to new starters.

The SHPS defined benefit scheme based on final salary and the CARE 1/60th scheme closed on 31 March 2020 and members were automatically transferred to the SHPS defined benefit CARE 120th scheme. Employees could opt to be transferred to the SHPS defined contributions scheme. The SHPS defined benefit CARE 120th scheme closed to new applicants on 30 June 2019 with the exception of employees transferring from the defined benefit schemes. Employees have a choice of joining the SHPS defined contributions (stakeholder) scheme.

Defined contribution scheme costs are charged to the Consolidated Statement of Comprehensive Income as they fall due.

3 Accounting policies (continued)

Pension costs (continued)

Prior to 1 April 2018 SHPS were unable to provide sufficient information for the defined benefits schemes to calculate the group's share of assets and liabilities and the scheme was accounted for as a defined contribution scheme. The SHPS scheme was in deficit and the group had agreed to participate in a deficit funding arrangement which was recognised as a liability. The amount recognised was the present value of the contributions payable under the deficit funding arrangement.

From 1 April 2018 SHPS has been able to provide sufficient information to calculate the group's share of the scheme's assets and liabilities. The scheme is now accounted for as a defined benefit scheme as described for the LGPSs above.

Provisions

a) General provisions
A provision is recognised in the Statement of Financial Position where the association has an obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. The amount of provision is re-assessed each year in the light of estimated future income and costs as appropriate.

4 Critical accounting judgements and estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates, which are shown below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the association's accounting policies

Multi-employer defined benefit pension plan

The group participates in two multi-employer defined benefit pension plans. One based on final salary and one based on a career average of earnings, both provided by the Social Housing Pension Scheme.

In the judgement of the directors prior to 1 April 2018 there was not sufficient information available to be able to reliably account for the group's share of the SHPS defined benefit scheme obligation and assets. Therefore, the scheme was accounted for as a defined contribution scheme. From 1 April 2018 there was sufficient information to attribute the scheme's assets and liabilities and the scheme's accounting changed to defined benefit. The movements resulting from the transition have been recognised in Other Comprehensive Income which the directors judge to be appropriate. See the "Pension Obligations" note for further details.

Fair value

The directors have made the following judgements regarding fair value:

- If land is donated at below market cost it is recognised at its fair value. The directors judge this to be its market value at the time of the donation.

- Investment properties are recognised each year at their fair value. The directors judge this to be their market value at the end of the reporting period.

- Convertible financial instruments are recognised at their fair value. The directors judge this to be the face value of the third-party equity they could be converted into at the end of the reporting period.

Derivative financial instruments are used to manage interest rate risk. These financial instruments are recognised each year at their fair or mark to market (MTM) value. This is determined by measuring the future discounted cash flows generated by the financial instrument against the implied interest yield curve at that point in time for the same nominal amount. The difference between these two figures is the financial instrument's fair or mark to market value. The directors judge this to be an appropriate method of determining their fair value.

Cash generating units

When reviewing social housing properties for impairment the directors are required to consider the level of cash generating unit. For impairment purposes, the directors consider that each individual property constitutes a cash generating unit as it generates cash flows that are largely independent of the cash flows generated by other assets.

Impairment triggers for housing properties

On completion each development scheme is reviewed for impairment triggers using the group's property impairment flow chart. If it is judged that there is evidence that the scheme has activated one of the triggers in the flow chart an impairment review is undertaken. Where impairment is found the carrying value of the properties in the scheme is reduced to their depreciated replacement cost. This process is also applied to completed properties annually.

Useful lives of social housing property assets

Social housing property assets are split into their component parts, with each component being depreciated over a separate estimated useful economic life. The annual depreciation charge for social housing property assets in total is sensitive to changes in these estimated useful economic lives. The useful economic lives of individual components are re-assessed as part of a rolling stock condition survey, examining approximately 20% of the stock annually, and amended where necessary. See note 3 for the useful economic lives for each class of component.

4 Critical accounting judgements and estimation uncertainty (continued)

Critical accounting estimates and assumptions

The association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Rebalancing surpluses from HomeBuy first tranche sales

Where social housing development schemes consist of social rental and HomeBuy properties the cost of development is split between the individual properties by property classification. As these costs cannot be accurately assigned to individual properties management assumes that they are evenly spread by floor area.

The HomeBuy property costs are then further split between the percentage of the property to remain as property, plant and equipment and the current asset based on the percentage to be sold as the first tranches sale.

The exception to this treatment is where the overall surplus of the scheme, including social rental properties, is less than the surplus to be recognised for the first tranche sale. The surplus for the entire scheme is calculated by taking the present value of the net cash flows expected to be generated by the scheme over a period of 30 years, (its existing use valuation – social housing (EUV-SH)), value away from the cost of the scheme. If the resulting surplus is smaller than the surplus on the first tranche sales alone the first tranche surplus must be restricted to that of the total scheme. This is achieved by transferring costs from property, plant and equipment to the current asset until the excess surplus is removed.

Change in accounting policy for multi-employer defined benefit pension plans

The pension plans are accounted for as a defined benefit scheme. The cost of these benefits and the present value of the obligation depend on a number of estimates, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These estimates are provided by the scheme’s actuaries.

When setting the assumptions the employer has taken account of the ongoing reform of RPI, resulting in a change in estimate in setting the CPI assumption relative to RPI.

The directors are satisfied these estimates are reasonable. See "Pension Obligations" note for further details.

Change in RPI and CPI assumption - Dorset County Council Pension Scheme

In response to the ongoing reform of RPI Barnett Waddingham have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £1.3m increase to the defined benefit obligation at 31 March 2021.

5 Turnover, operating expenditure and profit

5a

	Note	2021 Turnover £000	2021 Operating expenditure/ cost of sales £000	2021 Operating profit /(loss) £000
Income and expenditure from lettings				
Housing accommodation before impairment	5b	57,511	(38,895)	18,616
Other income and expenditure				
Social Housing				
Housing services provided to third parties		12	(2)	10
Properties managed by agents		314	(6)	308
Community involvement		9	(215)	(206)
Development costs not capitalised		-	(661)	(661)
		335	(884)	(549)
Non Social Housing				
Garage lettings		531	(263)	268
Sewerage services		20	(17)	3
Market rented property rental		861	(250)	611
Other		77	-	77
		1,489	(530)	959
Total income and expenditure		59,335	(40,309)	19,026
Other income and cost of sales				
Social Housing				
First tranche shared ownership		8,046	(7,416)	630
Total other income and cost of sales		8,046	(7,416)	630
Total		67,381	(47,725)	19,656
Surplus on sale of housing property, plant and equipment	6	7,400	(2,162)	5,238
Increase in fair value of investment properties				633
Operating profit before impairment				25,527
Impairment of housing assets				(138)
Operating profit				25,389

5 Turnover, operating expenditure and profit
5a

	Note	Turnover	2020 Operating expenditure/ cost of sales	Operating profit /(loss)
		£000	£000	£000
Income and expenditure from lettings				
Housing accommodation before impairment	5b	55,199	(39,359)	15,840
Other income and expenditure				
Social Housing				
Housing services provided to third parties		11	(2)	9
Properties managed by agents		306	(5)	301
Community involvement		21	(234)	(213)
Development costs not capitalised		-	(420)	(420)
		338	(661)	(323)
Non Social Housing				
Garage lettings		571	(47)	524
Sewerage services		10	(10)	-
Market rented property rental		813	(97)	716
Other		74	-	74
		1,468	(154)	1,314
Total income and expenditure		57,005	(40,174)	16,831
Other income and cost of sales				
Social Housing				
First tranche shared ownership		15,634	(12,861)	2,773
Total other income and cost of sales		15,634	(12,861)	2,773
Total		72,639	(53,035)	19,604
Surplus on sale of housing property, plant and equipment	6	7,891	(2,830)	5,061
Operating profit				24,665

5 Income and expenditure from lettings

5b

	2021				
	General Needs Housing £000	**Supported Housing £000**	**Shared Ownership £000**	**Other £000**	**Total £000**
Income					
Rents	41,476	8,452	3,081	16	53,025
Service charges	1,243	2,481	83	425	4,232
Amortisation of government grants	67	-	22	-	89
Other revenue grants	138	14	13	-	165
Total net rents from lettings	42,924	10,947	3,199	441	57,511
Expenditure					
Management	(7,838)	(1,882)	(274)	-	(9,994)
Services	(1,292)	(3,041)	(524)	(73)	(4,930)
Routine maintenance	(4,100)	(1,164)	(60)	-	(5,324)
Planned maintenance	(2,824)	(848)	-	-	(3,672)
Major improvements and repairs	(4,255)	(1,208)	-	-	(5,463)
Bad debts	(142)	(58)	-	-	(200)
Depreciation of housing properties	(7,165)	(1,298)	(469)	-	(8,932)
Accelerated depreciation on component disposals	(126)	(254)	-	-	(380)
Operating costs on lettings	(27,742)	(9,753)	(1,327)	(73)	(38,895)
Operating profit on lettings activities	15,182	1,194	1,872	368	18,616

Rental income is stated net of void losses as set out below:

Void losses	210	215	58	195	678

5 Income and expenditure from lettings
5b

	2020				
	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Other £000	Total £000
Income					
Rents	39,697	8,383	2,570	14	50,664
Service charges	811	2,952	26	546	4,335
Amortisation of government grants	67	-	22	-	89
Other revenue grants	87	21	3	-	111
Total net rents from lettings	40,662	11,356	2,621	560	55,199
Expenditure					
Management	(9,225)	(4)	-	-	(9,229)
Services	(1,415)	(2,619)	(423)	-	(4,457)
Routine maintenance	(5,048)	-	(4)	-	(5,052)
Planned maintenance	(3,564)	(42)	-	-	(3,606)
Major improvements and repairs	(7,667)	-	-	(59)	(7,726)
Bad debts	(241)	(37)	-	(1)	(279)
Depreciation of housing properties	(6,931)	(1,272)	(369)	-	(8,572)
Accelerated depreciation on component disposals	(368)	(70)	-	-	(438)
Operating costs on lettings	(34,459)	(4,044)	(796)	(60)	(39,359)
Operating profit on lettings activities	6,203	7,312	1,825	500	15,840

Rental income is stated net of void losses as set out below:

Void losses	171	114	1	-	286

6 Profit / (loss) on disposal of housing property, plant and equipment

	2021			Reclassified [1] 2020		
	Proceeds	**Cost of Sales**	**Profit**	Proceeds	Cost of Sales	Profit / (loss)
	£000	**£000**	**£000**	£000	£000	£000
Right to buy	**593**	**(559)**	**34**	702	(952)	(250)
Right to acquire	**232**	**(53)**	**179**	-	-	-
Shared ownership staircasing	**1,767**	**(932)**	**835**	1,287	(636)	651
Void property disposals	**4,634**	**(618)**	**4,016**	4,449	(1,242)	3,207
Others	**174**	**-**	**174**	1,453	-	1,453
	7,400	**(2,162)**	**5,238**	7,891	(2,830)	5,061

Local authority clawback payments, legal and other related costs are included in cost of disposal.

[1] Disposal of garage properties has been reclassified from void property disposals to Other porperty disposal.

7 Operating profit

	2020	2019
	£000	£000
Operating profit is stated after charging:		
Auditor's remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**27**	26
Depreciation:		
Property, plant and equipment - (social housing)	**8,937**	8,572
Accelerated depreciation of components	**380**	438
Property, plant and equipment - (other assets)	**155**	175
Amortisation of intangible assets	**150**	150
Impairment of housing assets	**138**	-
Profit on shared ownership properties, first tranche	**630**	2,773
Operating lease payments		
Land and buildings	**5**	5
Office premises	**225**	244

8 Directors' emoluments

Members of the executive board and executive management team

The association employed one member of the Executive Board and executive management team during the year, this was recharged to Aster Group Limited so that their services could be recharged out along with other members via the group overheads. This recharge included £241,000 (2020: £223,000) for the executive team's services. These amounts are included in the association's profit for the year.

Non-executive directors

The association operates as part of the group Overlap Boards. The non-executive directors are paid by Aster Group Limited. A charge of £63,000 (2020: £64,000) was made for their services via the group overheads recharge to the association. This amount is included in the profit for the year.

9 Employee information

	2021	2020
	No.	No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**140**	146

FTE by salary bands:

Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the group.

	2020	2019
	No.	No.
£59,999 or less	**132**	140
£60,000 to £69,999	**3**	2
£70,000 to £79,999	**2**	1
£90,000 to £99,999	**-**	-
£100,000 to £109,999	**1**	1
£110,000 to £119,999	**1**	1
£220,000 to £229,999	**1**	1
	140	146

None of the above employees received any enhanced pension payments during the year (2020: nil).

	2021	2020
	£000	£000
Staff costs:		
Wages and salaries	**5,235**	5,420
Social security costs	**525**	550
Other pension costs	**642**	906
	6,402	6,876

Employee information reflects the cost of staff that hold employment contracts with the association. Some of the above costs are then recharged to other parts of the group.

10 Loss on disposal of other property, plant and equipment

		2021			2020	
	Proceeds	**Cost of disposal**	**Loss**	Proceeds	Cost of disposal	Profit
	£000	**£000**	**£000**	£000	£000	£000
Office & estate equipment & furniture	**-**	**(54)**	**(54)**	-	(27)	(27)

11 Charitable donations made

	2021 £000	2020 £000
Aster 3 Limited	**6,141**	1,988

The association donated £6.1 million of housing stock to Aster 3 Limited (2020: £2.0 million).

12 Finance income and expense

	Note	2021 £000	2020 £000
Interest receivable and similar income			
Interest on short term deposits		**42**	172
Interest receivable from other group companies		**1,037**	965
Total interest income on financial assets not measured at fair value through profit or loss		**1,079**	1,137
Unwinding of trade debtor discounting		**51**	129
		1,130	1,266
Interest payable and similar charges			
Fixed rate loans		**(5,424)**	(5,748)
Variable rate loans		**(264)**	(646)
Loans with other group companies		**(5,249)**	(4,877)
Less interest capitalised		**1,285**	1,537
		(9,652)	(9,734)
Recycled capital grant fund interest		**(1)**	(1)
Interest charged on amounts due under right to buy sharing agreement		**-**	(1)
Amortisation of arrangement fees		**(114)**	(41)
Administration charge		**(285)**	(282)
Total interest payable on financial liabilities not measured at fair value through profit or loss		**(10,052)**	(10,059)
Trade debtor discounting		**(133)**	117
		(10,185)	(9,942)
Interest on net pension liability			
Local government pension schemes	**31**	**(297)**	(329)
SPHS pension schemes	**31**	**(4)**	(9)
Net finance expense		**(9,356)**	(9,014)

13 Taxation

The association has charitable rules registered under the Co-operative and Community Benefit Societies Act 2014 and is therefore not liable to Corporation Tax on its charitable activities.

14 Intangible assets

	Computer software £000
Cost	
At 1 April 2020 / 31 March 2021	**1,708**
Accumulated amortisation	
At 1 April 2020	**1,254**
Charge for year	**150**
At 31 March 2021	**1,404**
Net book value as at 31 March 2021	**304**
Net book value as at 31 March 2020	454

15 Property, plant and equipment (social housing)

On transition to FRS 102 Aster Group has elected to take the transitional exemption laid out in paragraph 35.10(d) of FRS 102 and is using the 31 March 2014 valuation as the deemed cost of social housing properties held at that date. All social housing properties completed or acquired after that date are recognised at cost.

	Housing properties under £000	Completed housing properties £000	Shared ownership under £000	Shared ownership completed £000	Total £000
Cost					
At 1 April 2020	**15,402**	**561,473**	**5,807**	**67,487**	**650,169**
Additions	22,306	863	10,715	-	**33,884**
Components	-	3,870	-	-	**3,870**
Disposal of components	-	(729)	-	-	**(729)**
Transfer to group company	-	(6,913)	-	-	**(6,913)**
Completions	(15,894)	15,894	(5,756)	5,756	**-**
Disposals	-	(1,825)	-	(1,007)	**(2,832)**
At 31 March 2021	**21,814**	**572,633**	**10,766**	**72,236**	**677,449**
Accumulated depreciation					
At 1 April 2020	**-**	**41,743**	**-**	**1,154**	**42,897**
Charge for year	-	8,469	-	468	**8,937**
Disposal of components	-	(349)	-	-	**(349)**
Transfer to group company	-	(772)	-	-	**(772)**
Disposals	-	(235)	-	(30)	**(265)**
At 31 March 2021	**-**	**48,856**	**-**	**1,592**	**50,448**
Net book value at 31 March 2021	**21,814**	**523,777**	**10,766**	**70,644**	**627,001**
Net book value at 31 March 2020	15,402	519,730	5,807	66,333	607,272

The cost of completed properties during the year includes £1.3 million (2020: £1.5 million) of capitalised borrowing costs at an average cost of borrowing of 2.4% (2020: 2.8%).

Net book value of property, plant and equipment - social housing by tenure

	2021 £000	2020 £000
Freehold	**626,548**	606,814
Long leasehold	**453**	458
Net book value	**627,001**	607,272

Current value of completed social housing properties

The below valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on 31 March 2021, on the basis of Existing Use Value - Social Housing. The valuations were carried out in accordance with RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended).

	Housing properties under £000	Completed housing properties £000	Shared ownership under £000	Shared ownership completed £000	Total £000
Existing Use Valuation - Social Housing					
Valuation at 31 March 2021	**-**	**597,010**	**-**	**73,115**	**670,125**

16 Property, plant and equipment (other assets)

	Leasehold office improvements £000	Office premises £000	Motor vehicles £000	Office & estate equipment £000	Computer equipment £000	Total £000
Cost						
At 1 April 2020	**879**	**79**	**23**	**3,555**	**612**	**5,148**
Additions	-	-	-	85	-	85
Disposals	(30)	-	-	(78)	-	(108)
At 31 March 2021	**849**	**79**	**23**	**3,562**	**612**	**5,125**
Accumulated depreciation						
At 1 April 2020	**200**	**2**	**23**	**2,323**	**612**	**3,160**
Charge for year	19	2	-	134	-	155
Disposals	(9)	-	-	(45)	-	(54)
At 31 March 2021	**210**	**4**	**23**	**2,412**	**612**	**3,261**
Net book value at 31 March 2021	**639**	**75**	**-**	**1,150**	**-**	**1,864**
Net book value at 31 March 2020	679	77	-	1,232	-	1,988

17 Investment properties

	Market rented properties £000	Freehold £000	Total investment properties £000
Fair value			
At 1 April 2020	**14,812**	**186**	**14,998**
Fair value adjustment	633	-	633
At 31 March 2021	**15,445**	**186**	**15,631**

The above valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on the basis of Market Value using the comparison method at 31 March 2021.

Market value is defined by the Royal Institution of Chartered Surveyors (RICS) as 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'. The valuations were carried out in accordance with RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended).

18 Investments

	2021 £000	2020 £000
MORhomes PLC	**50**	50

The association owns 100,000 £0.10 ordinary shares with a premium of £0.40 in MORhomes PLC whose primary activity is to act as a borrowing vehicle for the social housing sector.

19 Investments in subsidaries

	2021	2020
	£	£
Zebra Property Solutions Limited	**100**	100

The association owns 100 unpaid £1 shares in Zebra Property Solutions Limited, who ceased trading on 1 April 2018 following the transfer of its market rent portfolio of assets to the association.

20 Investments in joint ventures

	2021	2020
	£000	£000
Aster Solar Limited - Class B shares	**1,500**	1,500

The association owns 4.5 million £1 Class B shares in Aster Solar Limited, company number 9476337, whose principle activity is the supply of photovoltaic panels.

21 Debtors: amounts falling due after more than one year

	2021	2020
	£000	£000
Amounts owing by group undertakings	**11,520**	12,940
MORhomes convertible financial instruments	**964**	465
European Investment Bank liquidity reserve funds	**1,447**	1,447
Total	**13,931**	14,852

The European Investment Bank (EIB) loans, require Aster Group to hold an amount of at least twelve months interest payments in liquidity reserve funds as security against default on interest payments. These funds are controlled by the EIB and the Aster Group can only access the funds when the principal of the loans are repaid.

Under certain circumstances the MORhomes PLC fixed rate unsecured convertible financial instruments ('CoCo Loan Notes') can be converted to equity.

Amounts owing by group undertakings represent a loan with Aster Homes Limited which is secured by a floating charge over the assets of Aster Homes Limited and repayable in instalments. The loan is due for repayment on 15 June 2023 and bears interest at 6% over LIBOR.

22 Debtors: amounts falling due within one year

	2021	2020
	£000	£000
Trade debtors	**380**	647
Rent arrears	**2,554**	3,098
Service charge under-recovery	**1,610**	1,781
Less discounting of debts payable over more than 12 months	**(232)**	(150)
Less provision for bad debts - rent arrears and service charges	**(1,167)**	(1,256)
	3,145	4,120
Other debtors	**341**	504
Less provision for bad debts - other debtors	**(56)**	(19)
Prepayments and accrued income	**516**	1,158
	3,946	5,763

23 Shared ownership properties held for sale

	Under construction	**Completed**	**Total**
	£000	**£000**	**£000**
1 April 2020	**3,870**	**4,758**	**8,628**
Additions	7,512	-	**7,512**
Completions	(4,436)	4,436	**-**
Impairment	-	(138)	**(138)**
Disposals	-	(7,148)	**(7,148)**
31 March 2021	**6,946**	**1,908**	**8,854**

24 Cash and cash equivalents

	2021 £000	2020 £000
Short term deposits	**29,111**	22,392
Cash at bank and in hand	**4,101**	4,723
	33,212	27,115

25 Creditors: amounts falling due within one year

	Note	2021 £000	2020 £000
Trade creditors		**180**	603
Taxation and social security payable		**130**	145
Pension contributions		**97**	66
VAT payable		**15**	4
Rent paid in advance		**1,234**	1,397
Service charge over-recovery		**555**	527
Amounts due under right to buy sharing agreement		**261**	379
Amounts owed to group undertakings		**8,649**	8,000
Capital grant received in advance		**4**	14
Social housing grant	**27**	**1,293**	363
Recycled capital grant fund	**28**	**-**	176
Disposal proceeds fund	**29**	**-**	193
Other creditors		**438**	555
Accruals and deferred income		**3,864**	3,349
Loan repayable (within 1 year)	**30e**	**1,520**	1,520
		18,240	17,291

Amounts owed to group undertakings are trading balances payable on demand and non interest bearing.

26 Creditors: amounts falling due after more than one year

	Note	2021 £000	2020 £000
Loans repayable			
In 1 to 2 years	**30e**	**51,512**	1,520
In 2 to 5 years	**30e**	**4,560**	54,552
In five years or more		**104,118**	136,250
Less deferred arrangement fees		**(293)**	(646)
Plus unamortised premium on issue		**1,324**	2,334
		161,221	194,010
Amounts owed to other group undertakings		**178,419**	129,723
Social housing grant	**27**	**8,666**	8,318
Recycled capital grant fund	**28**	**43**	158
Disposal proceeds fund	**29**	**194**	1
		348,543	332,210

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties. Interest rates ranged from 2.7% to 6.0% (2020: 2.7% to 6.0%) for fixed/hedged loans and 0.5% to 0.7% (2020: 0.7% to 0.8%) for variable loans.

At 31 March 2021, the association has a loan facility with Santander of £130 million (2020: £130 million) and a £33 million (2020: £35 million) loan facility with the Royal Bank of Scotland Plc. Each facility has its own designated pool of security held with a Security Trustee.

The association at 31 March 2021 also has undrawn loan facilities of £62.5 million (2020: £30.5 million) with Santander and £20 million (2020: £20 million) with Barclays to finance future operating cash flows and investments. The loan facility with the Royal Bank of Scotland is fully drawn.

Under the terms of an arrangement with Aster Treasury Plc. Synergy Housing Limited has guaranteed the repayment of all amounts due by Aster Communities to Aster Treasury Plc. In the case of Aster Communities not making any repayments of the loan, Synergy Housing Limited will become liable to settle the amount due. The total amount payable by Synergy Housing Limited as at 31 March 2021 is £nil (2020: £ nil).

27 Social housing grant

	2021 £000	2020 £000
Balance as at 1 April	**8,681**	9,085
Additions	**1,533**	120
Disposals	**(172)**	(442)
Amortised within Statement of Comprehensive Income	**(83)**	(82)
Balance as at 31 March	**9,959**	8,681
Recognised in:		
Creditors: amounts falling due within one year	**1,293**	363
Creditors: amounts falling due after one year	**8,666**	8,318
	9,959	8,681

SHG is receivable from the RSH. Grant received for properties under construction is classified as a creditor due in less than one year. Once properties have been completed the grant is classified as a long-term creditor and amortised to the profit or loss for the period over the life of the properties' structure.

Cumulative government grants received

	2021 £000	2020 £000
Social housing grant	**98,647**	97,114
Recognised in:		
Profit and loss reserve	**88,688**	88,433
Creditors: amounts falling due within one year	**1,293**	363
Creditors: amounts falling due after more than one year	**8,666**	8,318
	98,647	97,114

The total accumulated amount of social housing grant relates to properties owned at the balance sheet date.

28 Recycled capital grant fund

	2021 £000	2020 £000
Balance as at 1 April	**334**	263
Additions:		
Grants recycled	**57**	70
Interest	**1**	1
Transfer from group company	**830**	-
Withdrawals:		
New build	**(1,179)**	-
Balance as at 31 March	**43**	334
Analysis of Maturity:		
- in less than one year	**-**	176
- in one to two years	**43**	87
- in more than two years	-	71
	43	334

The recycled capital grant fund relates to social housing or housing association grant previously received on social housing properties that have been disposed off. The RSH permits grants to be reinvested within a three year period and requires funds which have not been reinvested within three years to be repaid. A waiver was granted for elapsed balances which are all committed.

29 Disposal proceeds fund

	2021 £000	2020 £000
Balance as at 1 April / 31 March	**194**	194
Analysis of Maturity:		
Recognised in:		
Creditors: amounts falling due within one year	**-**	193
Creditors: amounts falling due after one year	**194**	1
	194	194

Following the deregulation changes made to the Housing and Planning Act 2016, which came into force on 6 April 2017, the requirement to recycle grant into the disposal proceed fund and repay elapsed balances was removed. Synergy Housing Limited will continue to make withdrawals from the disposal proceeds fund to fund new builds. Interest was added to the disposal proceeds fund until the end of wind-down period on 6 April 2020.

30 Financial instruments

30a Financial instruments' descriptions

The association holds several different types of financial instrument which it uses to fund its activities and manage its interest rate risk. The characteristics of the main classes of financial instrument held are given below:

Fixed rated loans

The association's fixed rated loans have a base fixed interest rate plus a margin that varies over the life of the borrowing. Due to this variation these loans are recognised using the effective interest method which averages the interest rate over the life of the loan. Interest charged to profit and loss is the effective interest and not the amount actually paid. During the year, the effective interest charged to profit and loss was £9,000 (2020: £227,000) higher than the actual interest paid.

At the end of the year the association had drawn £123.3 million (2020: £134.4 million) of fixed rated loans which incurred an effective interest charge during the year of between 2.7% and 6% (2020: 2.7% and 6%). These loans have a carrying value of £125.1 million (2020: £135.5 million) giving a cumulative effective interest adjustment of £1.8 million (2020: £1.0 million).

Floating rate loans

The interest on these loans varies or floats as the London Inter-Bank Offered Rate (LIBOR) changes. In addition to LIBOR, a margin is also charged which makes up the total interest rate. Within the total amount the group can borrow from its lenders there is a set amount designed as floating loans. Once this limit is reached the group cannot draw down any more floating rate loans. At the end of the year, the association had drawn £37.5 million (2020: £60.0 million) of floating rate loans and was charged interest rates of between 0.7% and 0.5% (2020: 0.7% and 0.8%).

Disposal proceeds fund

Following the deregulation changes made to the Housing and Planning Act 2016, which came into force on 6 April 2017, the requirement to recycled grant into the disposal proceed fund was removed. The disposal proceeds fund continued to have interest added until the end of the wind down period on 6 April 2020. The balance on the fund is £194,000 (2020: £194,000).

Recycled capital grant fund

The group receives social housing grant from the Regulator of Social Housing to build social housing. When the tenant of a New Build HomeBuy property purchases a further tranche of the property, if there are sufficient sales proceeds, the associated grant will be recycled via the RCGF. Like the DPF a notional amount of interest is added to the fund each year depending on the value of the fund. The balance in the association's RCGF at the end of the year was £43,000 (2020: £334,000), this includes £694 (2020: £773) of interest added during the year.

30 Financial instruments

30a Financial instruments' descriptions

Loan commitments measured at cost less impairment

The association has various borrowing facilities available to it. The undrawn committed facilities are valued at cost less impairment. The amount of undrawn borrowings at 31 March 2021 was £82.5 million (2020: £50.5 million), and the cost of the undrawn facility is £265,000 (2020: £107,000), is not considered to be impaired.

Convertible financial instruments

Convertible financial instruments can be converted into third-party equity under certain circumstances. These instruments are recognised at the face value of the third-party equity they could be converted into at the end of each reporting year. Any changes in value are taken through profit or loss.

At 31 March 2021 the association held £115,000 (2020:£115,000) of convertible financial instruments with £Nil (2020:£Nil) of fair value gains/(losses) being recognised in profit or loss.

30b Financial instruments' classifications

Amortised cost

Basic financial instruments such as loans are measured at amortised cost. This is calculated using the effective interest rate method. For floating rate loans and fixed rate loans with no interest rate changes, the effective interest will equal the amount of interest paid. For fixed rated loans which have changes in interest rate over the life of the loan, the effective interest rate will average the different interest rates over the life of the loan. The effective interest is the amount that is recognised in profit and loss.

Equity

Equity is the difference between an entities total assets and total liabilities. Where an association has joint or a controlling interest in another company its share of the equity in that company is recognised in its financial statements.

30c Financial instrument carrying values

	2021	2020
	£000	£000
Financial assets that are debt instruments measured at amortised cost		
Trade and rent debtors	**4,544**	5,526
Intercompany loans	**11,520**	12,940
Liquidity funds	**1,447**	1,447
Other debtors	**285**	485
	17,796	20,398
Financial liabilities measured at amortised cost		
Fixed rate loans	**(125,119)**	(135,455)
Floating rated loans	**(37,503)**	(59,960)
Convertible financial instruments	**(115)**	(115)
Intercompany loans	**(178,419)**	(129,723)
Disposal proceeds fund	**(194)**	(194)
Recycled capital grant fund	**(43)**	(334)
Trade creditors	**(180)**	(603)
Intercompany trade creditors	**(8,649)**	(8,000)
Accruals	**(3,864)**	(3,349)
Other creditors	**(438)**	(555)
	(354,524)	(338,288)

30 Financial instruments (continued)

30d Interest rate profile of borrowings

	2021 £000	2020 £000
Association's borrowings comprise:		
Intercompany loan - fixed rate loan	**170,000**	120,000
Convertible financial instruments	**115**	115
MORhomes fixed rate loans	**9,885**	9,885
Affordable Housing Finance fixed rated loans	**50,000**	50,000
Fixed rate loans	**63,438**	74,500
Floating rate loans	**37,503**	59,960
Recycled capital grant fund	**43**	334
Disposal proceeds fund	**194**	194
	331,178	314,988

The above values are the loan principal repayable not the loan's carrying value. When floating rate loans have been hedged they are classified in the above table as fixed rate.

	2021 Weighted average interest rate %	2021 Weighted average for which rate is fixed Years	2020 Weighted average interest rate %	2020 Weighted average for which rate is fixed Years
At 31 March				
Intercompany loans	**3.59**	**20.39**	4.50	23.70
Convertible financial instruments	**3.70**	**16.90**	3.70	17.90
Fixed rated loans	**3.48**	**14.18**	4.40	13.95

30e Maturity of borrowings

The maturity profile of the principal value of the association's loans, as shown in note 30d, is:

	2021	**Repayment**		2020	Repayment	
	By instalments £000	**Not by instalments £000**	**Total £000**	By instalments £000	Not by instalments £000	Total £000
0 -1 years	**1,520**	**-**	**1,520**	1,520	369	1,889
1 - 2 years	**51,512**	**43**	**51,555**	1,520	88	1,608
2 - 5 years	**4,560**	**-**	**4,560**	54,552	71	54,623
Over 5 years	**33,348**	**240,195**	**273,543**	66,868	190,000	256,868
	90,940	**240,238**	**331,178**	124,460	190,528	314,988

The repayment profile is based on loan documentation and considering the impact of undrawn facilities.

The above borrowings are secured against the association's social housing properties. The value of the secured properties is £617.2 million (2020: £506.6 million). At 31 March 2021 properties valuing £46.0 million (2020: £69.4 million) were unsecured and available to be secured.

31 Pension Obligations

Group pension schemes

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102 section 28 – 'Employee Benefits'. The group participates in nine pension schemes.

There are six defined benefit schemes:
- Wiltshire Pension Scheme (closed to new members),
- Hampshire County Council Pension Scheme (closed to new members),
- Somerset County Council Pension Scheme (closed to new members),
- Dorset County Council Pension Scheme (closed to new members),
- Social Housing Pension Scheme ('SHPS') final salary defined benefit scheme (closed 31 March 2020),
- SHPS career average of earnings scheme (CARE).

and three defined contribution ('stakeholder') schemes:
- SHPS defined contribution scheme,
- Friends Provident defined contribution scheme (closed 31 March 2020).
- Royal London defined contribution scheme (open to East Boro Housing Trust Limited employees).

Synergy Housing Limited participates in four of the schemes:
- Dorset County Council Pension Scheme (closed to new members),
- Social Housing Pension Scheme ('SHPS') final salary defined benefit scheme (closed to new members),
- SHPS career average of earnings scheme (CARE),
- SHPS defined contribution scheme.

The SHPS defined benefit final salary scheme and SHPS defined benefit CARE 1/60th scheme were closed on 31 March 2020. Members were automatically transferred to the SHPS defined benefit CARE 120th scheme but could opt to be transferred to the SHPS defined contribution scheme.

The accounting treatments for each of the schemes are described below.

The pension cost to the company for the year ended 31 March 2021 was £642,000 (2020: £906,000) in respect of 137 (2020: 157) employees.

The association makes scheduled contribution payments throughout the year to reduce the pension liability deficit.

	Note	Total cost by scheme	Total interest on net pension liability by scheme	Actuarial gains / (losses) in pension scheme	Pension deficit
		2021			
		£000	**£000**	**£000**	**£000**
County pension schemes					
Dorset	**31a**	**436**	**297**	**(4,306)**	**(13,874)**
SHPS					
Defined benefit schemes	**31b**	**17**	**4**	**(195)**	**(342)**
Defined contribution scheme	**31b**	**189**	**-**	**-**	**-**
		642	**301**	**(4,501)**	**(14,216)**

	Note	Total cost by scheme	Total interest on net pension liability by scheme	Actuarial gains / (losses) in pension scheme	Pension deficit
		2020			
		£000	£000	£000	£000
County pension schemes					
Dorset	31a	689	329	900	(13,139)
SHPS					
Defined benefit schemes	31b	17	9	214	(183)
Defined contribution scheme	31b	200	-	-	-
		906	338	1,114	(13,322)

31 Pension Obligations (continued)

Local government pension scheme

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 March 2020 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 March 2020. The projected service cost has also increased as a result of this additional allowance.

The estimated impact on the total liabilities was included as a past service cost in the previous year and resulted in a slight increase in the defined benefit obligation as at 31 March 2020. No explicit adjustment has been added to the current service cost for the current year and so there is no additional impact to the defined benefit obligation as at 31 March 2021.

It should be noted that the adjustment included in the year to 31 March 2020 is an estimate of the potential impact on the defined benefit obligation based on analysis carried out by the Government Actuary's Department and the liability profile. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2021. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability (gross obligation: £51.2million; 2020: £42.2 million) the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or association Financial Statements as at 31 March 2021.

In July 2020 the Ministry of Housing, Communities and Local Government (MHCLG) published a consultation to change the basis of the calculation for the impact of the McCloud judgement on the beneficiaries to LGPS. The consultation closed on 8 October 2020 and the consultation responses had not been published at the time of signing the accounts. Any changes resulting from the consultation will be reflected in the pension liability at 31 March 2022.

31a Local government pension funds

The association participates in one fund as an admitted body under the Local Government Superannuation Regulations 1995, funded jointly by employer and employee contributions. The funds are a defined benefit final salary multi-employer scheme, and are contracted out.

As at the balance sheet date active members of the scheme employed by Synergy Housing Limited and the annual pensionable payroll in respect of these members was:

	2021		2020	
	Active Members No.	**Annual pensionable payroll £000**	Active Members No.	Annual pensionable payroll £000
Dorset County Council Pension Fund	**35**	**1,163**	35	1,229

The funds are subject to 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 address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

Each scheme actuary has prepared an actuarial report that provides an approximate update on the funding position of the scheme as at 31 March 2021. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 31 March 2019 and the results have been incorporated into the financial statements for 2021.

The next triennial valuation is due to be carried out on 31 March 2022 and the results for this will be incorporated into the financial statements for 2023.

The information in the financial statements relating to the valuation of the pensions scheme's assets and liabilities has been prepared by the scheme's actuaries;

Pension Fund:	**Actuary:**
Dorset County Council Pension Fund	Barnett Waddingham

Hampshire County Council also provides unfunded pension scheme. This relates to unfunded pension arrangements provided by the group. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the LGPS.

31 Pension Obligations (continued)

31a Local government pension funds (continued)

	Dorset County Council	Dorset County Council
Financial assumptions	**31 March 2021**	31 March 2020
	%p.a.	%p.a.
Price increases - RPI	**2.9**	2.0
Pension increases	**2.9**	2.0
Salary increases	**3.9**	3.0
Discount rate	**2.0**	2.4

Mortality	**2021**	2020
	years	years
Current pensioners		
Females	**24.6**	24.7
Males	**23.1**	23.3
Future pensioners		
Females	**26.0**	26.2
Males	**24.4**	24.7

Fair value of plan assets	**31 March 2021**	31 March 2020
	£000	£000
Equities	**20,111**	14,584
Gilts	**4,194**	3,468
Infrastructure	**2,294**	1,801
Bonds	**2,775**	2,271
Diversified Growth Fund	**3,782**	3,084
Property	**3,426**	3,146
Cash	**798**	695
	37,380	29,049

Cost recognised as an expense	**31 March 2021**	31 March 2020
	£000	£000
Current service cost	**414**	665
Interest costs	**978**	1,069
Expected return on assets employed	**(681)**	(740)
Administration expenses	**22**	24
	733	1,018

Return on plan assets	**5,160**	(1,861)

31 Pension Obligations (continued)

31a Local government pension funds (continued)

Reconciliation of scheme liabilities	Dorset County Council 31 March 2021 £000	Dorset County Council 31 March 2020 £000
Opening defined benefit obligation	**42,188**	45,131
Current service cost	**414**	474
Past service cost	**-**	191
Interest cost	**978**	1,069
Contributions by members	**80**	83
Actuarial losses/(gains)	**8,785**	(3,501)
Estimated benefits paid	**(1,184)**	(1,252)
Estimated unfunded benefits paid	**(7)**	(7)
Closing defined benefit obligation	**51,254**	42,188

Reconciliation of scheme liabilities	31 March 2021 £000	31 March 2020 £000
Opening fair value of employer assets	**29,049**	30,737
Expected return on assets	**681**	740
Contributions by members	**80**	83
Contributions by employers	**4,304**	1,373
Administration expenses	**(22)**	(24)
Return on assets less interest	**4,479**	(2,513)
Actuarial (losses)/gains	**-**	(88)
Benefits paid	**(1,191)**	(1,259)
Unfunded benefits paid	**-**	-
Closing fair value of employer assets	**37,380**	29,049
Net Pension deficit	**(13,874)**	(13,139)

Projected pension expense for the year to 31 March 2022

	31 March 2022 £000
Funded benefits	
Projected current service cost	577
Interest on obligation	274
Administration expenses	28
	879

31 Pension Obligations (continued)

31b The Social Housing Pension Scheme

The group participates in the Social Housing Pension Scheme ("the scheme"). The scheme is funded by both contributing parties.

SHPS is a multi-employer defined benefit 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 scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate – now closed to new members.
- Final salary with a 1/70th accrual rate – not available to employees of Aster Group.
- Career average revalued earnings (CARE) with a 1/60th accrual rate – closed to new members.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate – not available to employees of Aster Group.
- Career average revalued earnings (CARE) with a 1/80th accrual rate – not available to employees of Aster Group.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Synergy Housing Limited currently operates a final salary with a 1/60th accrual rate (closed to new members), a career average revalued earnings (CARE) with a 1/60th accrual rate (closed to new members) and a defined contribution scheme for active members offering variable levels of contribution.

In February 2014, Aster Group introduced a career average revalued earnings (CARE) with a 1/120th accrual rate which closed to new starters in June 2019.

The SHPS defined benefit final salary scheme and SHPS defined benefit CARE 1/60th scheme were closed on 31 March 2020. Members were automatically transferred to the SHPS defined benefit CARE 120th scheme but could opt to be transferred to the SHPS defined contribution scheme.

SHPs defined benefit scheme

Synergy Housing Limited participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

SHPs defined benefit pension plan

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions ('GMP'). This has consequently been assessed against the group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPs Pension Scheme have been recognised in the year.

As at the balance sheet date there were 4 (2020: 4) active members of the scheme employed by Synergy Housing Limited. The annual pensionable payroll in respect of these members was £111,000 (2020: £106,000).

The fund is subject to 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 address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

The scheme actuary has prepared an actuarial report that provides an approximate update on the funding position of the scheme as at 31 March 2021. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 30 September 2017 and the results have been incorporated into the financial statements for 2021.

The next triennial valuation will be carried out on 30 September 2020 and the results for this will be incorporated into the financial statements for 2022.

The information in the financial statement relating to the valuation of the pensions scheme's assets and liabilities has been prepared by the scheme's actuaries, JLT.

The Social Housing Pension Scheme defined contribution scheme

The scheme is administered by the Pensions Trust. It is open to all members of staff and is the pension scheme for auto-enrolment. The company paid contributions between 4% and 10% (2020: 4% and 10%) and employees paid contributions from 3% (2020: from 3%). On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2021 there were 96 (2020: 104) active members of the scheme.

31 Pension Obligations (continued)

31b The Social Housing Pension Scheme (continued)

Financial assumptions	**31 March 2021**	31 March 2020
	%p.a.	%p.a.
Price increases - RPI	**3.3**	2.6
Price increases - CPI	**2.9**	1.6
Salary increases	**3.9**	2.6
Discount rate	**2.2**	2.4

Mortality	**2021**	2020
	years	years
Current pensioners		
Females	**23.5**	23.3
Males	**21.6**	21.5
Future pensioners		
Females	**25.1**	24.5
Males	**22.9**	22.9

Fair value of plan assets	**31 March 2021**	31 March 2020
	£000	£000
Absolute Returns	**75**	70
Global Equity	**216**	196
Liability Driven Investment	**344**	444
Property and Infrastructure	**145**	152
Investments	**169**	168
Sharing & Alterative Premia Risk	**100**	139
Emerging Market and Private debt	**87**	68
Other	**218**	103
	1,354	1,340

Cost recognised as an expense	**31 March 2021**	31 March 2020
	£000	£000
Current service cost	**14**	14
Interest costs	**4**	9
Administration expenses	**3**	3
	21	26
Return on plan assets	**(19)**	15

Reconciliation of defined benefit obligation	**2021**	2020
	£000	£000
Opening defined benefit obligation	**1,523**	1,718
Current service cost	**14**	14
Contributions by scheme participants	**-**	2
Expenses	**3**	3
Interest expense	**36**	40
Actuarial losses	**144**	(230)
Benefits paid and expenses	**(24)**	(24)
Closing defined benefit obligation	**1,696**	1,523

Reconciliation of fair value of scheme assets	**2,021**	2,020
	£000	£000
Opening fair value of scheme assets	**1,340**	1,296
Interest income	**32**	31
Actuarial gains	**(51)**	(16)
Contributions by the employer	**57**	51
Contributions by scheme participants	**-**	2
Benefits paid and expenses	**(24)**	(24)
Closing fair value of scheme assets	**1,354**	1,340
Net pension liability	**342**	183

32 Other provisions

	2021	2020
	£	£
At 1 April	**343**	376
Release during the year	**-**	(33)
At 31 March	**343**	343

Other provsions as at 31 March 2021 relates to unused office space rented by the association under an operating lease.

33 Called up share capital

	2021	2020
Ordinary shares allotted, issued and fully paid of £1 each	£	£
At 1 April	**22**	26
Issued during the year	**-**	1
Cancelled during the year	**(1)**	(5)
At 31 March	**21**	22

34 Other reserves

	Revaluation reserve £000	Restricted reserve £000	Total £000
At 1 April 2020	**161,837**	**-**	**161,837**
Revaluation surplus realised on disposals	**(1,400)**	**-**	**(1,400)**
Clawback reinvestment	**-**	**160**	**160**
At 31 March 2021	**160,437**	**160**	**160,597**

Revaluation reserve
Prior to transition to FRS 102, on 1 April 2014, the association's social housing properties were revalued each year. The revaluation reserve represents the increases in value of properties held at this date. On transition to FRS 102 the association moved to recognising its social housing at deemed cost and no longer recorded increases in social housing property valuation.

35 Capital commitments

	2021	2020
	£000	£000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**105,119**	61,937
Capital expenditure that has been authorised by the board but has not yet been contracted	**36,955**	4,612
	142,074	66,549

These commitments will be funded through a mixture of cash and committed borrowings. The association's available committed borrowings are set out in note 30c.

36 Operating leases

The association has total commitments under non-cancellable operating leases due to expire as follows:

	2021	2020
	£000	£000
Land and buildings		
Not later than one year	**6**	5
Later than one but not later than five years	**22**	22
Later than five years	**358**	363
Office premises		
Not later than one year	**205**	244
Later than one but not later than five years	**361**	596
Later than five years	**1,348**	1,369
	2,300	2,599

36 Homes and bed spaces in management and in development

	2021 No.	2020 No.
Under development at end of year:		
Housing accommodation	**426**	355
Shared ownership	**268**	153
Open market sale	**-**	-
	694	508
Under management at end of year:		
Owned and managed by Synergy Housing Limited:		
Housing accommodation		
Social rent	**5,672**	5,824
Affordable rent	**583**	582
Supported housing		
Social rent	**1,729**	1,728
Affordable rent	**4**	4
Shared ownership	**280**	265
Leasehold	**524**	515
Market rented	**11**	11
Temporary social housing	**40**	41
	8,843	8,970
Not owned but managed by the association:		
Housing accommodation		
Social rent	**263**	138
Affordable rent	**96**	39
Shared ownership	**102**	45
Leasehold	**8**	8
Private sector leasing	**2**	2
	471	232
Owned but managed by others at the end of the year:		
Housing accommodation		
Social rent	**367**	344
Affordable rent	**716**	648
Supported housing		
Social rent	**77**	78
Shared ownership	**548**	536
Leasehold	**7**	5
Market rented	**77**	77
	1,792	1,688
	11,106	10,890

37 Contingent liabilities

In 2018 the association entered into a stock transaction with another social landlord. Housing properties with a fair value of £1,256,675 were recevied in exchange for a cash payment of £1,256,675. This value includes original government grant funding of £430,823 which has an obligation to be recycled in accordance with the original grant funding terms and conditions. The association is responsible for the recycling of the grant in the event of the housing properties being disposed. The grant funding is not included as a liability on the group's balance sheet.

38 Related party transactions

The association receives management and other services from its holding company, Aster Group Limited, and property services from Aster Property Limited and Aster Solar Limited, both fellow group companies under the terms of documented Service Level Agreements.

The association has taken advantage of the exemption allowed under FRS 102 Section 33 'Related Party Disclosures' not to disclose related party transactions within the group. This exemption is available providing the transactions are entered into between two or more members of a group, so long as any subsidiary which is party to the transaction is wholly owned.

The association has a number of pension schemes for the benefit of its employees and all these schemes and any transactions and outstanding balances are detailed in note 31.

The Accounting Direction for Private Registered Providers of Social Housing requires disclosure of the material recharges for services between non-regulated and regulated entities during the year and the balance outstanding as at the year end. The recharges for services in the year are:

		Annual recharges		**Balance as at 31 March**	
		2021	2020	**2021**	2020
From non-regulated entity	**Nature of supply**	**£000**	£000	**£000**	£000
Aster Property Limited	Property maintenance services	**21,500**	24,843	**2,178**	2,209
Aster Homes Limited	Property development services	**15,852**	26,983	**586**	1,678
Aster Living	Site management services	**662**	763	**61**	51

Recharges from Aster Property Limited and Aster Homes Limited are at cost plus a profit margin. All other recharges are at cost.

39 Ultimate parent company

Synergy Housing Limited is a wholly owned subsidiary of Aster Group Limited, the ultimate parent entity and controlling party, and whose consolidated financial statements may be obtained from the following address:

The Company Secretary, Sarsen Court, Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ.

Aster Group Limited is the only group entity to consolidate the association's financial statements.