Annual report and financial statements for the year ended
31 March 2020

Aster Communities

Co-operative and Community Benefit Societies Act 2014 number 31530R

Contents

Aster Communities

Legal and Administrative Details

Registered office:	Sarsen Court, Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ	
Legal status:	Aster Communities ('the association') is incorporated under the Co-operative and Community Benefit Societies Act 2014 number 31530R 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	
	Andrew Jackson	Chairman - retired 30 September 2019
	Mike Biles	Chairman - appointed 1 October 2019
	Clive Barnett	Appointed 1 October 2019
	Andrew Kluth	
	Mike McCullen	
	Tracey Peters	Senior Independent Director - appointed 1 October 2019
	Stephen Trusler	Resigned - 31 October 2019
	Caroline Wehrle	
	Local council nominees	
	Richard Clewer	
	Nigel Woollcombe-Adams	
	Executive directors	
	Bjorn Howard	Group Chief Executive
	Chris Benn	Group Finance Director - appointed 6 November 2019
	Michael Reece	Group Operations Director - resigned 5 November 2019
	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
	Michael Reece	Group Operations Director - resigned 5 November 2019
	Graeme Stanley	Group Strategy Director
	Amanda Williams	Group Development Director
	Emma O'Shea	Group Customer Service Director - appointed 6 April 2020
Co-Optee:	David Bridges	Appointed 6 November 2019 Resigned 6 March 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	

Aster Communities

Legal and Administrative Details (continued)

Funders:

The Royal Bank of Scotland
1st Floor, 280 Bishopsgate
London
EC2M 3RB

Affordable Housing Finance Plc
4th Floor, 107 Cannon Street
London
EC4N 5AF

Lloyds Bank Plc
Corporate Banking
Level 7 Bishopsgate Exchange
155 Bishopsgate
London
EC2M 3YB

Barclays Bank Plc
Business Banking
3rd Floor, Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

Dexia (Public Finance Bank)
Shackleton House
4 Battle Bridge Road
London
SE1 2RB

Abbey National Treasury Services Plc
2 Triton Square
Regents Place
London
NW1 3AN

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
45 Church Street
Birmingham
B3 2RT

Financial Adviser:

Chatham Financial Europe Limited
12 St. James Square
London
SW1Y 4LB

Aster Communities

Report of the Board

The board presents its report and the audited financial statements for the year ended 31 March 2020.

Principal activities

The association's 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 £9.4 million (2019: £16.4 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 financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In addition to the annual 30-year financial business plan, the group produces two further financial plans which contain the most accurate and up to date financial data and assumptions. The group undertakes comprehensive stress testing and regularly includes a full suite of multi-variate stress tests in its financial planning process allowing the board to consistently monitor the business, providing the capability to react to a changing environment and adapt its plan accordingly.

In April 2020, the business reforecast the 2020/21 budget position and produced an additional 30-year financial plan which considered and modelled the impact of the COVID-19 outbreak on the business. In addition to the standard stress testing, further COVID-19 specific stress tests were undertaken which centred around the length of time the group and sector may face significant disruptions and the level of mitigation required to recover and maintain a position within its financial covenant and other plan tolerance thresholds.

The board, after reviewing the group and the association budgets for 2020/21 and the group’s medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and the association have adequate resources to continue in business for the foreseeable future.

The board believe the group has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 Aster Communities, is accordingly represented in the financial statements of Aster Group Limited.

Review of the association's business

The association owns and manages approximately 22,000 homes and is a developer of new affordable housing. Aster Solar Limited, a joint venture with a fellow subsidiary, Synergy Housing Limited, provides green electricity to the association's tenants using photovoltaic panels. The association provides housing management services to Silbury Housing Limited, a fellow subsidiary, as part of Silbury Housing Limited's service concession arrangement with Wiltshire Council.

Operational performance

Turnover decreased by £2.4 million to £135.9 million. Lettings income increased by £3.6 million to £103.2 million. First tranche shared ownership income decreased by £2.6 million to £28.8 million during the year and open market sales income decreased by £2.2 million due to no open market sales in the year. The association made a profit on disposal of housing property, plant and equipment of £15.1 million, an increase of £3.2 million, driven by 64 void disposal programme sales (2019: 58).

Operating costs prior to impairment increased by £4.9 million to £108.0 million. This was mainly due to a £6.1 million increase in maintenance and major repairs work cost reflecting the association's decision at the start of the year to invest heavily in its existing properties and to take the association's health and safety and fire safety beyond compliance. Other movements include a £1.0 million increase in depreciation and a reduction of £3.6 million in first tranche and open market sales reflecting the related decrease in revenue.

Operating profit prior to impairment fell from £48.2 million to £43.0 million.

The organisation made a charitable cash donation to Aster Group Limited of £10.0 million to further the charitable aims of the group and a £6.2 million donation of assets to Aster 3 Limited.

The association is committed to improving the customer experience by delivering efficient and value for money services across its range of services, never compromising on health and safety.

	2019/20 Target	**2019/20 Actual**	**2018/19 Actual**
% rent loss through vacant properties	0.76%	0.80%	0.80%
Average number of days to re-let	14 days	12 days	17 days
% arrears	3.00%	2.09%	2.05%
Overall customer net promoter score	10	26	25
Overall satisfaction %	80%	84%	83%
New homes delivered	660	602	700

Social housing lettings performed strongly in the year when compared to both targets and the prior year. Rent losses through vacant properties in the association's general needs and supported housing properties were less than 0.80% (2019: 0.80%) against a target of 0.76%. The group’s average re-let time of 12 days (2019: 17 days) also outperformed the target of 14 days. The group’s arrears percentage increased slightly to 2.09% (2019: 2.05%) but still performed better than the target of 3%, which given the increased rollout of universal credit, along with the performance of the other lettings measures, is a significant achievement.

A key priority of the group is a customer focus, and the overall customer net promoter score of +26 (2019: +25) has exceeded the target of 10, reflecting the improvements the group has made to deliver better customer service. Overall customer satisfaction has also improved on last year and achieved better than the target with an 84% satisfaction rate (2019: 80%). 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 new customer services directorate is charged with continuously improving.

The association has continued to embrace modern digital solutions with the launch of the customer portal MyAster in October 2019. This has enabled customers to more independently access account information in real time, log repairs, make payments, access benefit advice and more. Towards the end of the year, as the Covid-19 pandemic was recognised, the association also saw a significant uplift in the number of customers registering for the service. The introduction of MyAster is giving Customer Accounts more time to focus on more complex customer queries, at the same time as giving customers the information they need at the touch of a button and at a time that suits them.

Customer involvement has remained an important part of the group strategy in order to ensure that customer voices, ideas and interests are being reflected and that the group acts upon the feedback it is given. The group has used a variety of methods, digital consultations, face to face groups, door knocks, telephone and printed surveys to undertake customer engagement surveys so that it has reached and heard from as many customers as possible. The group also has a Customer Scrutiny Panel and Customer Overview Group comprised of customers from across the operating regions who provide an independent and objective assessment of the services and business processes.

The service charge team have continued to work hard to not only make charges for our customers so that their service charges are more accurate and easier to understand, but also increase the recovery rate of the service charges. At the end of 2019/20 there was a reduction in the number of changes which had to be made following the service charge notifications being issued to customers, which is a reflection of the tighter controls and more efficient systems that are constantly under review.

Value for Money (VfM) - Aster Group

Value for Money (VFM) has always formed a central part of the group's business and organisational culture. This is encapsulated in our strategy, delivered through our corporate objectives and scrutinised through our performance assurance framework. VFM is about being effective in how we plan, manage and operate our business. It means making the best use of resources to provide quality homes backed by quality services.

We take a holistic approach to VFM that supports our social purpose and our strategic direction. 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 robust approach to procurement is integral to achieving VFM across all our business areas, ensuring we get the best value without compromising quality. We work with our supply chain across our whole range of services and throughout the lifetime of our contracts, monitoring delivery against our performance standards and ensuring we maximise value for our customers. We monitor the effectiveness of our procurement through our Corporate Performance and People Panel (formerly the Business Strategy and Performance Panel), and regularly monitor the effectiveness of our contract standing orders policy.

Through our treasury and business planning processes we understand our future funding requirements, so 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 by 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 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 VFM through a number of different mechanisms:

- Our Corporate Performance and People Panel (CPPP) monitors and tracks projects and initiatives which deliver savings, efficiency improvements and additional benefits;
- Our VFM measures and targets are monitored and scrutinised by the CPPP, and are also presented quarterly to the group board;
- Our Group Investment and Assets Panel (formerly the Group Investment Panel) considers value for money in all of the decisions relating to our strategic asset and development programmes; and
- We track our social value through the work of the Aster Foundation, and through our newly formed Customer Experience Panel.

We monitor VFM against key financial metrics and through the measures identified as being critical to the business. 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.

Embedding Value for Money (VFM) in our Strategies

Customer services strategy

Our vision - Providing customer-focused, easily accessible, good and safe customer services.

Our approach to VFM - As is evidenced by our social housing cost per unit as a business we look to strike the right balance between investment and value for money for our customers. Health and safety of our customers is our top priority 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.

Our customer services strategy - top line VFM measures and targets at 31 March 2020:

- Overall Customer satisfaction for General Needs & Housing for Older People with services provided by Aster – 82%
- Rent arrears – 2.20%
- All voids turnaround times – 11.6 days

Aster Foundation strategy

Our vision - Investing in communities and in their future through the Aster Foundation.

Our approach to VFM - Value for Money is not just about pounds and pence, and through the work of the Aster Foundation we will look to continue to drive social value across our landlord services. The main aim of our foundation strategy is to maximise tenancy sustainment, this is good value for us as a business, but also good for our customers who get to stay in their homes for as long as possible. Targeting our investment at the places we can make the most impact will deliver social value to our customers and will ensure we can invest more into the future.

Our Aster Foundation strategy – top line VFM measures and targets at 31 March 2020:

- Number of customers helped into work, and percentage of those sustaining work - 47 customers, 98% sustaining work
- Amount of social value brought in - £90,000

Value for Money (continued)

Development strategy

Our vision - Building as many homes as we can, offering a range of housing options.

Our approach to VFM - 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 community land trusts (CLTs) require higher investment but one that we have consciously support recognising that this is part of our corporate social responsibility – providing social value by helping to build sustainable communities through creating a supply of affordable homes to meet local need.

Our Development Strategy – top line VFM measures and targets at 31 March 2020:

- Number of affordable homes built - 955 homes
- Number of these that were delivered through CLTs – 25 homes

Growth strategy

Our vision - Delivering our corporate strategy quicker and better through growth.

Our approach to VFM - We will never pursue growth that has a detrimental impact on the offer to our colleagues and customers. All of our growth options are assessed thoroughly in relation to additional opportunities resulting from growth or from 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.

Our growth strategy – top line VFM measures and targets at 31 March 2020:

- Overall customer satisfaction for General Needs & Housing for Older Peoples with services provided by Aster – 82%
- Number of affordable homes built - 955 homes
- Internal sentiment analysis (eNPS - Quarterly Pulse and Annual Colleague Survey) - +36

Transformation strategy

Our vision - Ensuring we are ready for the future.

Our approach to VFM - 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 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 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.

Our transformation strategy – top line VFM measures and targets at 31 March 2020:

- Internal sentiment analysis (eNPS - quarterly Pulse and Annual colleague survey) - +36

Asset management strategy

Our vision - Providing safe, well maintained homes supported by long term investment, serving communities where people choose to live.

Our approach to VFM - To support the delivery of our corporate strategy through dynamic asset management that 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, land enhancement and options appraisal programmes we will ensure local needs are always considered and balanced with the opportunities for reinvestment in existing homes and neighbourhoods.

Our asset management strategy – top line VFM measures and targets at 31 March 2020:

- Decent homes compliance – 100%
- Income generated through stock rationalisation (VDP, SOAP, LEP):
- VDP - £16.0 million net sales receipts and £11.6 million profit;
- SOAP and LEP - £5.5 million in net sales receipts and £4.9 million profit.

Value for Money (continued)

2019/20 Performance

The group's performance in 2019/20 provides strong evidence of the commitments set out in the approach to VFM.

Performance against the VFM key metrics

Set out below is the group's sector scorecard comparison showing the median (average) and quartile 3 (top 25%) positions, and the target for 2021:

Actual performance is colour coded as follows:
Aster's performance is upper quartile
Aster's performance is median quartile

	2020	2019	2018	Median	Quartile 3	2021
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 properties at deemed cost[1]).	12.1%	11.8%	12.2%	5.4%	9.1%	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.	3.0%	3.5%	2.8%	1.0%	2.4%	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%	81.4%	84.0%	-	-	
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.	3.4%	3.7%	3.0%	-	-	
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.	53.5%	52.2%	52.0%	33.8%	47.8%	Upper Quartile
EBITDA MRI[2] INTEREST COVER Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity.	191.8%	222.8%	223.2%	197.9%	282.6%	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.	£3,468	£3,391	£3,455	£3,725	£3,170	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.	24.2%	28.0%	28.0%	25.5%	31.7%	Median
OPERATING MARGIN - SOCIAL HOUSING ONLY As above.	27.2%	33.0%	35.2%	27.2%	34.0%	Median
RETURN ON CAPITAL EMPLOYED (ROCE) Compares the operating profit[3] to total assets less current liabilities.	3.6%	4.3%	4.4%	3.2%	4.5%	Median

[1] Reinvestment has been restated for 2019 and 2018 following further guidance from the regulator in the June 2020 technical update. Deemed cost assets consist of social housing assets held at an Euv-SH valuation up to 31 March 2014 and subsequent additions at cost.

[2] 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.

[3] Operating profit as stated in the Statement in Comprehensive Income 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 - Aster Group - (continued)

The group is one of the sector leaders in 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 2020 Aster built 1,067 total homes (of which 955 were affordable), closing the year with 31,754 homes owned (31,636 of which were affordable).

The reinvestment spend metric is measured as a proportion of the value of the group's properties. Although the group has delivered fewer completed homes when compared to the prior year, it has spent an additional £22.4 million on developing new homes and increasing its pipeline for delivery. The group has also acquired £19.6 million of housing properties through its merger with East Boro Housing Trust.

Aster recognises that the greatest role to play in tackling the housing crisis is "building as many new homes as we can", which is a key priority of the corporate strategy, and Aster's performance in the upper quartile of both the reinvestment and new supply delivered metrics against the sector overall highlights this.

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 increase in the group's gearing ratio reflects the increase in net debt of £98.9 million to £927.3 million offset by the growth in the group's housing properties cost of £147.1 million.

EBITDA MRI interest cover has reduced since 2019 but remains close to the sector median. The percentage reduction is primarily driven by the increased interest costs (including capitalised interest) of £2.5 million which leads to a reduction in the ratio of approximately 17%, and the reduction in EBITDA of £5.7 million which reduces it a further 16%. The increased interest costs are due to the increase in debt and gearing, as well as the timing of when finance for the group's ambitious development program is put in place, being at least 12 months before it is required and hence resultant returns from this future development falling into future financial years. The fall in EBITDA reflects the group's reduced margins from social housing lettings where an additional £8.0 million has been spent on planned maintenance and major works.

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 of "delivering our corporate strategy quicker and better through growth" but not at the cost of increasing the group's risk and exposure.

The social housing cost per unit has increased by £77 since the prior year. Additional costs of £220 per unit have been incurred related to planned maintenance and major works emphasising the group's commitment to invest in its homes, ensuring they are safe and secure places to live. This increase has been offset by savings of £155 per unit due to the reduction in the group's provision of extra care services such as supporting people contracts and domiciliary care. The group's cost per unit is also inflated by £76 per unit because of the level of non-capitalised development activity conducted by the group, which, as can be seen by the reinvestment and new supply delivered metrics, Aster is doing comparatively more than most in the sector.

The rise in social housing cost per unit is not unexpected and is in line with the group's plans and targets set in the previous year. In fact, it is expected to increase further in 2021 as the group continues to aim beyond compliance. 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 good, 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. Aster's overall margin has reduced since the prior year and is slightly below the sector median. This is driven by a reduced margin on social housing only combined with proportionally more of the group's revenue being made up of first tranche sales which has a lower margin than traditional lettings.

The social housing operating margin has reduced resulting from additional maintenance and improvements costs of £9.6 million emphasising the group's commitment to providing customers with good, safe homes and with good, reliable services. Despite this, the social housing margin is ahead of the sector median.

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 fallen slightly on the prior year figure. A reduction in operating surplus is compounded by the increase in the group's asset base reflecting not just the reinvestment and new supply delivered but the group's commitment to "ensuring Aster is ready for the future" through investment in digital and colleague transformation.

Preparing for Brexit

In 2019/20 Brexit continued to provide uncertainty in the market place in which the group operates, in particular, pressures on house selling prices and the performance of the housing market, available labour supply in relation to building, as well as inflationary and interest rate pressures in the economy, although none of these had a significant impact on Aster's trading performance in 2019/20. Towards the end of the financial year a Brexit deal was finalised and there was an increase in activity in the sales market and an upturn in overall market confidence. However, significant uncertainty remains around the impact of Brexit once the transition period ends on 31 December 2020.

The group has taken a proactive approach to evaluating this impact and has focused its approach on those areas deemed the highest risk as a result of Brexit. In summary:

Changes to the housing market – The sector as a whole is more exposed to market fluctuations, and with this in mind, the group has conducted rigorous stress testing for a variety of market scenarios. Included within this were scenarios that forecast a steeper and more severe market downturn. This planning applies, not just to a Brexit scenario, but to any cause that may have this kind of impact.

Building the workforce of the future – One of the few tangible outcomes from Brexit so far has been the drop in availability of labour across the construction sector. Whilst this has been more acute in London, the group is not immune to the impact. Financial year 2019/20 was another record year for the group's apprenticeship programme, and there is a clear commitment to be the master of its own destiny with a local workforce primed for the future.

The group's board regularly discusses and debates Brexit, as well as a range of other market related issues, through regular business intelligence briefings and are well informed on the issues and kept up to date on the implications for the group. In October 2019, the Group Risk & Compliance Committee considered and discussed the preparations made in the areas of financial and treasury management, supply chain, maintenance and IT hosting.

The group financial plan for 2020/21 has assumed a neutral impact from Brexit with no impact on the business from these risks although the group's stress testing scenarios very much cover the group's ability to weather the associated financial impact from these risks should they occur.

Covid-19

The outbreak of Covid-19 and the subsequent restrictions that have been implemented by the government and Public Health England have resulted in challenges for everybody but ensuring customer and colleague safety is paramount for the group. This has required changes to the way the group operates, demonstrating the adaptability of colleagues, who themselves have seen changes both personally and professionally.

The group created a CV Response Group, with the responsibility for tactical and operational decision making and accountable for reviewing and maintaining the Covid-19 risk register, introducing measures and controls to mitigate these risks where possible, as well as ensuring business continuity plans are enacted. The CV Response Group also controls the flow of information from the group to press and political stakeholders, as well as communications with the boards, colleagues, customers and shareholders, issuing regular briefing updates and formulation of the message that will be passed on to colleagues and customers.

The lockdown has meant a different way of doing business, with offices being closed and colleagues working from home, and repairs services initially being essential only, with the aim of removing all but essential contact. Development on most sites also came to a halt at the end of March, with labour restrictions and lack of availability of materials.

Despite the lockdown being in place from 23 March 2020, the impact on the current years financial statements has been minimal, however, the consequences are expected to be seen in the coming year, and could be significant.

Reduced service delivery and the effects on colleague and customer wellbeing, could impact the group's ability to meet strategic objectives and financial plans as follows:

- Lockdowns, possibly regionally, and social distancing could mean:
  - Reduction in labour resource due to teams self-isolating;
  - Inability to complete core repairs, planned maintenance, and timely servicing of equipment; and
  - Fall in rental income with increased voids from reduced ability to let vacant and newly handed over property.

- Increased risk of the group's customers losing employment once furlough ends, resulting in a decrease in cash receipts and increased rent arrears, with potentially a higher level of bad debts.

- Increased costs around health and safety, including personal protective equipment and buying in of temporary resources to help with service recovery and reduce backlog of works and repairs.

- Increase in unproductive time relating to maintenance operatives and under recovery of staff costs, over and above furlough recovery.

- Reduced development output due to closure of sites and supply chain effect, increasing time to completion and thus realisation of profits and the ability to repay debts, resulting in increased financing costs.

COVID-19 (continued)

- Reduction in sales receipts from first tranche sales due to delayed delivery of new homes under development.

- Increased interest costs due to inability to capitalise interest while development sites are closed.

- Fall in sales prices for first tranche sales, joint venture properties, void disposal property sales and other asset unit sales.

- An increase in the expected time to complete the various phases of the group's joint venture builds, delivering the expected profits over a longer period.

The impact the pandemic may have on the group is continually monitored with an updated financial plan being produced subsequent to the year end, as well as the usual quarterly forecasts, all of which provide an update on future financial results, as circumstances change.

The group will continue to follow government guidance issued and do all that it can to support colleagues and customers, continuing to introduce wellbeing activities to help all keep well and feel connected.

These are unprecedented times and while there has been uncertainty regarding how long the restrictions will be in place, the group has shown great resilience. The transformation over the last few years regarding IT systems and infrastructure, plus flexible working, has put the group in a good position to adapt to current and future challenges, and enables Aster to continue to adopt a business as usual approach.

Principal risks

During 2019/20, the board regularly reviewed the threats which it believes could adversely impact 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 such as increased confidence in the ability to deliver the strategy. The following list provides an overview of the principal risks to the group at the end March 2020 and includes the recently emerged challenges triggered by a changing operating environment as a consequence of COVID-19. The list is not exhaustive nor set out in order of priority and is continually subject to change.

	External factors	
Risk	**Potential impact**	**Aster's response**
Sustained impact from 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 is likely to impact on Aster's ability to maintain service delivery, progress strategic objectives and financial targets and on colleague and customer wellbeing.	The group's initial response is driven by a pandemic response plan and operational service delivery plan to maintain critical operations. Recovery is managed through a coordinated process of a Strategic Recovery Plan and Operational Recovery Plan to support delivery of key priorities and to reconstruct key services and infrastructure, progressing to effective efficient and safe working conditions. A review and update, where necessary, of the group's budget and financial plan is completed, including appropriate stress testing to ensure the group remains financially sound.
Sales risk The property market experiences a slowdown in sales and 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 due to on-lending 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 leadership meetings. Performance and expected performance are reported against the development strategy quarterly with a suite of KPIs 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.

Report of the Board (continued)

Principal risks (continued)

Risk	External factors Potential impact	Aster's response
Health and Safety Non-compliance with health and safety regulation leads to serious injury or death.	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 be detrimental 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 defence assurance model in all areas of safety monitoring. The group has a comprehensive set of policies and operational procedures to ensure safety of homes and communities, including estate inspections, and of employees.
Welfare reform The impact of Welfare Reform (including Universal Credit) could be significantly different to that envisaged and prepared for, resulting in increased rent arrears and decreased income.	Government policy, particularly around benefits paid to the group's customers such as Housing Benefit or the housing element of Universal Credit, can have a negative impact on the income streams of the group. Customers moving to Universal Credit, when previously Housing Benefit was paid directly to the group, can take time to adjust to the new arrangements.	The group has a Welfare Reform Strategy Group in place to monitor strategic change and operational impact. The group is also a member of the Department for Work & Pensions National Strategic Landlord Group with Trusted Partner status. The group has strong referral and triage processes in place to work with customers at risk of Universal Credit arrears. The group is also engaged in strategic peer discussions to ensure understanding of best practice.

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

Environmental Management

In order to provide a framework for Aster to manage its environmental risks and maximise its opportunities, the group operates an environmental management system, which is externally certified to the ISO 14001 standard. As part of this, the group is continually seeking ways to reduce energy consumption and minimise the associated greenhouse gas emissions.

During 2019/20 the group has:

- Secured renewable electricity supplies for all sites covered by the current main corporate three-year contract, accounting for over 99% of consumption;
- Replaced 82 older fleet vehicles with new, more efficient models;
- Introduced an additional mileage rate (five pence per passenger per mile) across the group, claimable by staff carrying colleagues on business journeys. Due to this and other measures, including further improvements in technology to encourage more home working and online meetings, grey fleet mileage per employee has decreased by 11% since 2013/14;
- Disposed of an oversized office building (Flourish House in Wells) and replaced it with smaller, more efficient spaces in Wells and Frome; and
- Challenged regional facilities teams to reduce energy consumption over a three-month period in the corporate buildings they oversee, by adopting measures such as upgrading lighting to LED, optimising heating and cooling controls, and encouraging colleagues to turn off appliances & equipment when not in use. This contributed towards a reduction in energy consumption of almost 55MWh compared to the same period in the previous year.

During the coming year the group is looking to define medium and long-term carbon emissions reduction targets. Also, although not within the scope of SECR reporting, the organisation continues to develop its energy strategy, which aims to ensure that all of its housing stock achieves a minimum energy performance certificate (EPC) rating of C by 2025. Currently just under 84% of properties meet this requirement.

Streamlined Energy and Carbon Reporting (SECR) for period 1 April 2019 to 31 March 2020

Energy Consumption:	
Mains gas (MWh)	14,896
Transport fuel – company fleet (MWh)	7,327
Transport fuel – business travel in employee-owned vehicles (MWh)	2,859
Fuel used in plant and equipment) (MWh)	927
Mains electricity (MWh)	7,648
Total energy consumption (items 1-6) (MWh)	**33,658**
Emissions - mandatory SECR reporting:	
Combustion of gas (Scope 1) (tCO2e)	2,739
Combustion of fuel for transport (Scope 1 – company fleet) (tCO2e)	1,793
Combustion of fuel for transport (Scope 3 – business travel in employee-owned vehicles) (tCO2e)	686
Purchased electricity (Scope 2, location-based) (tCO2e)	1,955
Total gross emissions for which SECR reporting required (items 7-10) (tCO2e)	**7,172**
Total gross emissions (item 11) per property managed (tCO2e/property)	0.265
Methodology	
Greenhouse Gas Reporting Protocol – Corporate Standard	
Other emissions - non-mandatory reporting	
Emissions from fuel used in plant & equipment (Scope 1) (tCO_{2e})	159
Emissions from purchased electricity (Scope 2, market-based) (tCO_{2e})	25
Emissions from electricity consumed in transmission & distribution (Scope 3) (tCO_{2e})	166
Total gross emissions - mandatory plus non-mandatory reporting	
Total of scopes 1, 2 and 3 emissions (location-based electricity)	7,498
Total of scopes 1, 2 and 3 emissions (market-based electricity)	5,568
Intensity ratios – total gross emissions	
Total gross emissions (item 17) per property owned & managed (location-based electricity) (tCO_{2e}/property)	0.277
Total gross emissions (item 18) per property owned & managed (market-based electricity) (tCO_{2e}/property)	0.206

Explanatory notes on the data

1.Mains electricity and gas consumption data is derived from invoices and has been provided by the group's energy broker, who purchase energy on its behalf.
2.Fleet fuel consumption has been derived from fuel card data, which covers all purchased fuel.
3. The energy consumption associated with business travel in employee-owned vehicles is not directly measured and has therefore been estimated from the mileage driven, which is captured by the group's expense handling software.
4. The consumption of fuel used in plant and equipment has been obtained from a combination of fuel card data (for petrol and diesel purchased from garage forecourts) and purchase invoices (other fuels
5. Emissions have been calculated using the 2019 UK Government Greenhouse Gas Conversion Factors for Company Reporting. The exception to this is the market-based emissions factor for the main corporate (renewable) electricity supply contract, which was provided by the supplier.

Aster Offer

The group want colleagues to feel proud of working at Aster; to feel valued, empowered and to enjoy their time at work. The group is investing in and reviewing the colleague offer. The Aster Offer includes everything from pay and reward, to learning and development, employee voice, benefits and recognition.

Restorative Practice

Working with the Restorative Engagement Forum (REF), the group has adopted a restorative practice methodology which aims to enable personal accountability and responsibility in relationships at work. By the end of 2019/20, the majority of leaders completed a three-day programme and working with the REF the group has also developed a one-day programme for all colleagues which will be rolled out in 2020/21 to fully embed restorative practice at work.

Wellbeing

The group has continued to embed wellbeing at work and was proud to win the Test Valley Employer of the Year award for the work around mental health first aid. The group has built on this during 2019/20, culminating in the launch of a wellbeing plan which focuses on mental, physical and financial wellbeing. A series of roadshows were delivered across all locations with over 400 colleagues attending. In recognition of this work, the group were delighted to be awarded the Best Mental Health Wellbeing Strategy in the Reward & Employee Benefits Association (REBA) Employee Wellbeing Awards 2020.

Colleague Council

The group is committed to listening to its colleagues to help shape and develop its employee offer. This year the group has successfully elected its first colleague council. Representatives from across the group will play a critical role in ensuring that consultation is meaningful and fair as the group develops the employment offer.

Diversity & Inclusion

As part of the group, Aster Communities, continues its commitment to creating a fair and inclusive culture and has embedded this aim throughout The Aster Way – the group’s cultural principles. The transformation of the business achieved so far has enabled a culture which can adapt to change effectively and at speed.

From 20.27% in 2016/17, to 8.96% in 2018/19, the gender pay gap now stands at 10%. The Gender Pay Gap figures are taken at a point in time, 5th April each year. On this occasion, due to the impact of a specific recruitment campaign which saw more men than women join Aster, there has been a notable impact on one of the reported quartiles, resulting in a small upward shift in the overall pay gap for the business. This is indicative of the sensitivities of the Gender Pay Gap methodology to fluctuations in organisational demographics.

As part of the work to deliver a fairer and more consistent pay arrangement for colleagues, the group has begun work on a comprehensive review of roles and will refresh job evaluations and undertake external benchmarking. This evidence will enable the group to develop a fit for the future pay framework, which takes positive evidence-based steps to address the equality challenge. This work is gender blind ensuring focus on the skills required for the job.

We are at the beginning of our diversity and inclusion journey in terms of exploring employee experience across the whole range of protected characteristics, however we have made positive steps in joining and progressing through the disability confident scheme and our work to build an organisational narrative about Diversity and Inclusion continues - encouraging colleagues to share their data and tell us their stories will feature prominently in our work next year.

Giving back

Through the Aster Foundation in 2019/20 the group invested 336 days of volunteering into community organisations and causes. This was underpinned by providing colleague volunteering days and a programme of opportunities available to customers. The group has invested time to help develop its communities’ infrastructure, creating community wellness allotments, beach clean ups, skill sharing and business mentoring. The group’s efforts are supported by its contractors and suppliers.

In the four years since the group introduced match funding to the business colleagues have raised over £130,000 for charities with the group contributing over £70,000. In 2019/20 the group match funded £10,500 contributing to a total amount of £22,000 raised for the group’s chosen charity of the year ‘Cancer Research UK'.

During 2019/20 the group has enabled 98% of customers supported into work to remain employed for a minimum of 13 weeks and trained over 300 people on mental wellness and resilience. The group has also helped 3,201 customers with their financial wellbeing and supported 187 customers to learn through our Digital College. The group has reduced the impact of fuel poverty for 81% of customers and are working towards 100% of homes being C energy certificate rated by 2025. The group has also enabled 82% of people going through the Housing First pilot to have successful tenancies. The future for the Aster Foundation is evolving and the group are exploring the approach to innovation which will be the focus in 2020/21.

Viability Statement

In accordance with principle C and provision one of the 2018 Corporate Governance Code, 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.

Aster Communities

Report of the Board (continued)

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; and
- 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. 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Attendance at board meetings

	Aster Communities Board			Aster Group Limited		
Non-executive directors	Total	Possible*	%	Total	Possible*	%
Andrew Jackson	2	2	100	4	4	100
Mike Biles	4	4	100	8	8	100
Clive Barnett	4	4	100	8	8	100
Andrew Kluth	3	4	75	6	8	75
Mike McCullen	4	4	100	8	8	100
Tracey Peters	4	4	100	8	8	100
Stephen Trusler	2	2	100	4	4	100
Caroline Wehrle	2	2	100	4	4	100
Executive directors						
Bjorn Howard	4	4	100	8	8	100
Chris Benn	1	1	100	3	3	100
Michael Reece	2	3	67	4	5	80
Amanda Williams	4	4	100	7	8	88
Co-Optee						
David Bridges	0	0	0	2	2	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.

In addition to the Aster Group Limited, of which there are a maximum of 8 possible meetings, there are 4 separately held Aster Communities board meetings. Both executive and non-executive directors attend these meetings, as well as 2 (2019 : 2) locally appointed council nominees.

Disclosure of information to auditor

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
11 August 2020

Independent Auditor's report to the members of Aster Communities

Opinion

We have audited the financial statements of Aster Communities ("the association") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 2020 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 properly 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

Other information

The association's Board is responsible for the other information, which comprises the Report of the Directors. 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 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 Aster Communities

Board's responsibilities

As more fully explained 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 as a body, for our audit work, for this report, or for the opinions we have formed.

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

18 August 2020

Aster Communities

Statement of Comprehensive Income

for the year ended 31 March 2020

	Note	2020 £000	Reclassified Note 5a 2019 £000
Turnover	5a	**135,934**	138,346
Operating expenditure before impairment	5a	**(82,679)**	(74,155)
Cost of sales	5a	**(25,320)**	(28,969)
Profit on disposal of housing property, plant and equipment	6	**14,859**	11,918
Increase in fair value of investment properties	5a	**-**	1,040
Operating profit before impairment		**42,794**	48,180
Reversal of impairment of housing assets	5a	**135**	-
Operating profit		**42,929**	48,180
Profit on disposal of other property, plant and equipment	10	**245**	-
Charitable donations made	11	**(16,187)**	(16,691)
Profit before interest and taxation		**26,987**	31,489
Interest receivable and similar income	12	**2,243**	2,114
Interest payable and similar charges	12	**(19,349)**	(16,683)
Interest on net pension liability	12	**(467)**	(546)
Net finance expense		**(17,573)**	(15,115)
Profit before taxation		**9,414**	16,374
Tax on profit	14	**-**	-
Profit for the year		**9,414**	16,374
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme	33	**-**	(2,015)
Actuarial gains in respect of pension schemes	33	**3,662**	393
Effective cash flow hedge fair value movements	13	**(5,280)**	(908)
Other comprehensive expense for the year		**(1,618)**	(2,530)
Total comprehensive income for the year		**7,796**	13,844

Aster Communities

Statement of Financial Position

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	15	367	668
Property, plant and equipment (social housing)	16	1,075,568	1,001,995
Property, plant and equipment (other assets)	17	6,173	8,534
Investment properties	18	2,102	2,045
HomeBuy loans receivable	19	3,760	3,966
Investments	20	150	150
Investments in subsidiaries	21	-	-
Investments in joint ventures	22	4,500	4,500
		1,092,620	1,021,858
Non-Current assets			
Debtors: amounts falling due after more than one year	23	37,158	36,289
Current assets			
Debtors: amounts falling due within one year	24	13,389	12,716
Shared ownership properties held for sale	25	23,400	18,384
Cash and cash equivalents	26	81,249	60,032
		118,038	91,132
Creditors: amounts falling due within one year	27	(61,796)	(53,506)
Net current assets		56,242	37,626
Total assets less current liabilities		1,186,020	1,095,773
Non current liabilities			
Creditors: amounts falling due after more than one year	28	(719,770)	(631,135)
Pension liability - Local Government Pension Scheme	33	(12,553)	(15,843)
Pension liability - Social Housing Pension Scheme	33	(2,142)	(5,036)
Net assets		451,555	443,759
Capital and reserves			
Called up share capital	34	-	-
Profit and loss reserve		236,294	220,213
Revaluation reserve	35	233,396	236,401
Restricted reserve	35	208	208
Cash flow hedge reserve	35	(18,343)	(13,063)
Total capital and reserves		451,555	443,759

The financial statements on pages 17 to 58 were approved and authorised for issue by the board on 11 August 2020 and were signed on its behalf by:

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

Aster Communities

Statement of Changes in Reserves

for the year ended 31 March 2020

	2020				
	Profit and loss reserve £000	**Revaluation reserve £000**	**Restricted reserve £000**	**Cash Flow Hedge reserve £000**	**Total reserves £000**
Balance at 1 April 2019	**220,213**	**236,401**	**208**	**(13,063)**	**443,759**
Profit for the year	**9,414**	**-**	**-**	**-**	**9,414**
Other comprehensive income for the year	**3,662**	**-**	**-**	**(5,280)**	**(1,618)**
Transfer from revaluation reserve to income and expenditure reserve	**3,005**	**(3,005)**	**-**	**-**	**-**
Balance at 31 March 2020	**236,294**	**233,396**	**208**	**(18,343)**	**451,555**

	2019				
	Profit and loss reserve £000	Revaluation reserve £000	Restricted reserve £000	Cash Flow Hedge reserve £000	Total reserves £000
Balance at 1 April 2018	202,108	239,754	208	(12,155)	429,915
Profit for the year	16,374	-	-	-	16,374
Other comprehensive expense for the year	(1,622)	-	-	(908)	(2,530)
Transfer from revaluation reserve to income and expenditure reserve	3,353	(3,353)	-	-	-
Balance at 31 March 2019	220,213	236,401	208	(13,063)	443,759

Aster Communities

Notes to the Financial Statements

1 Legal status

Aster Communities 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 SOPR 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 association’s accounting policies have been applied consistently throughout the year with one exception, the accounting for the fair value calculation on financial instrument derivatives and CPI calculation methodologies on the LGPS defined benefit pension schemes.

In previous years the fair value on financial instruments calculation has included a credit and / or debit valuation adjustment (CVA/DVA) adjustment. The CVA/DVA adjustment has not been included in this year's fair value calculations, and will not be included in future fair value calculations, as it is not required under FRS 102 and management do not consider it to be material in value.

The pension actuaries have considered the impact of the proposed changes in the calculation methodology of RPI being aligned with the CPIH calculation, has on the CPI derivations. The impact of the changes in approach is expected to increase the defined benefit obligation as CPI assumptions are now higher than they would have been under previous methodologies and this change is not considered to be material.

In the year ended 31 March 2019, the accounting policy for the SHPS defined benefit pension scheme was changed.

Prior to 1 April 2018 the scheme was accounted for under FRS 102 2015 paragraphs 28.11 and 28.11A as a multi-employer pension plan with employer costs being recognised in profit and loss and the present value of the contributions to the scheme’s deficit recovery plan recognised as a creditor.

From 1 April 2018 sufficient information has been available to attribute the scheme’s assets and liabilities to its member employers. The scheme has subsequently been accounted for as a defined benefit plan as outlined in FRS 102 2015 paragraphs 28.14 to 28.28.

The resulting expense from this transition has been recognised in Other Comprehensive Income as required by FRED 71, the early adoption of FRS 102 2018 paragraphs 28.11B and 28.11C.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In addition to the annual 30-year financial business plan, the group produces two further financial plans which contain the most accurate and up to date financial data and assumptions. The group undertakes comprehensive stress testing and regularly includes a full suite of multi-variate stress tests in its financial planning process allowing the board to consistently monitor the business, providing the capability to react to a changing environment and adapt its plan accordingly.

In April 2020, the business reforecast the 2020/21 budget position and produced an additional 30-year financial plan which considered and modelled the impact of the COVID-19 outbreak on the business. In addition to the standard stress testing, further COVID-19 specific stress tests were undertaken which centred around the length of time the group and sector may face significant disruptions and the level of mitigation required to recover and maintain a position within its financial covenant and other plan tolerance thresholds.

The board, after reviewing the group and association budgets for 2020/21 and the group’s medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and the association have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- Rent and service charge receivable - a 20% reduction in rent over a three to nine month alongside a 25% increase in arrears turning to bed debts and a further -1% rent reduction for an additional two years followed by a rent freeze for a further four years.

- Costs - 10% increase in maintenance costs combined with a 15% increase in other social housing costs and a 50% delay in the major repairs programme over a three to nine-month period and in the longer term increase in maintenance cost of CPI+2% per annum.

- The property market - a reduction in sales prices ranging from 7.5% to 30% with a stepped recovery over three years on all asset; a delay in open market and shared ownership units of three to nine-months and a reduction in first tranche sales percentage from 40% down to 30%.

2 Basis of preparation

Going concern (continued)

- Development and joint ventures - sales and spend pushed back between three to six months resulting in an overall six to twelve-month delay on delivery.

- Economic and inflation - 10 year significant inflation with increases in LIBOR to 6%, bank lending increases to 3% and CPI to 6.5% alongside asset deflation of 35%

- Liquidity – the group has sufficient and secured funding facilities until April 2022, 24 months from the start of the financial plan. The drawdown of loan facilities is closely linked to investment in new homes and at the end of the year the group held £148.1 million in cash and has £174.5 million of undrawn loan facilities. The group has not committed to any investment that would take it beyond the level of facilities available. The capital commitments of the group are detailed in note 36 of the group's consolidated financial statements.

The board believe the group has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 SOPR 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.

3 Accounting policies (continued)

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.

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

3 Accounting policies (continued)

Social housing properties and depreciation (continued)

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.

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)**
Freehold offices	50
Photovoltaic panels	25
Motor vehicles	4 - 5
Office, estate equipment and furniture	3 - 15

Freehold 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.

3 Accounting policies (continued)

Capitalisation of internal staff costs (continued)

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.

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.

3 Accounting policies (continued)

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.

d) Open markets properties held for sale

Open market properties held for sale are classified as current assets and are reviewed for impairment if there are indications that the market value of the property has dropped below its carrying value If any current assets are found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

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.

3 Accounting policies (continued)

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) Derivatives - Financial assets

Financial assets are recognised at fair value. They represent some of the financial instruments that have been designated as hedging instruments. Hedging is further explained below in the derivative note.

d) Derivatives - Financial liabilities

Financial liabilities are recognised at fair value. They represent some of the financial instruments that have been designated as hedging instruments. Hedging is further explained below in the derivative note.

e) 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.

f) Trade creditors

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

g) Trade debtors

Trade debtors are recognised at amortised cost.

h) 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.

i) Derivative financial instruments

Various derivative financial instruments are used to manage exposure to interest rate risks, including interest rate swaps and options or a combination of these. All derivative instruments are recorded in the Statement of Financial Position at fair value. The recognition of gains or losses on derivative instruments depends on whether or not the instrument is designated as a hedging instrument. Derivatives are designated as either:

- a standalone derivative recognised at fair value through the Statement of Comprehensive Income; or

- a cash flow hedging instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the derivative matures in more than twelve months, and as a current asset or liability when the derivative matures in less than twelve months.

3 Accounting policies (continued)

Financial instruments (continued)

j) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within the Statement of Comprehensive Income and subsequently in the cash flow hedge reserve. The ineffective portion of such gains and losses is recognised in the Statement of Comprehensive Income for the period immediately.

Amounts accumulated in the cash flow hedge reserve are reclassified to the Statement of Comprehensive Income in the periods when the hedged item is recognised in the Statement of Comprehensive Income .

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow reserve at that time is recognised in the Statement of Comprehensive Income for the period.

k) Interest rate exposure

Interest rate swaps are used to manage the association's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these swaps is matched with the underlying debt. Hedging policy is to fix no more than 90% of term debt but also leave no more than 50% of borrowings on a floating rate. The expected future debt profile is based on estimates of the timings and size of future housing developments funding demands offset by an estimate of cash generated by operating activities.

l) Convertible financial instruments

Convertible financial instruments can be converted into third-party equity under certain circumstances. They do not meet the criteria for basic financial instruments under section 11 of FRS 102 and are recognised at their fair value, which is measured at the end of each reporting year with any changes being recognised in the Statement of Consolidated Income.

Social housing and other grants

Social housing grant (SHG) is receivable from the Regulator for Social Housing (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'.

Aster Communities participates in six pension schemes. There are three Local Government Pension Schemes (LGPS) which are the Hampshire County Council Pension scheme (funded and unfunded), the Somerset County Council Pension scheme and the Wiltshire Council Pension scheme. There are three separate schemes with the Social Housing Pension Scheme ('SHPS'), and one defined contribution ('stakeholder') scheme with Friends Provident. The accounting treatment for each scheme is described below.

The LGPS are accounted for as defined benefit schemes. The assets for these schemes are 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.

3 Accounting policies (continued)

Pensions (continued)

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 will be 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.

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.

The movements resulting from the transition have been recognised in Other Comprehensive Income, see "Pension Obligations" note 32 for further details.

Employees joining Flourish Homes (now part of Aster Communities) between September 2003 and September 2010 were only offered entrance to a defined contribution ('stakeholder') scheme with Friends Provident. Between October 2010 and June 2019 new employees have been offered entrance to the SHPS defined benefits career average scheme or the SHPS defined contribution scheme. Since July 2019 new employees have been offered entrance to the SHPS defined contribution scheme. Payments for both schemes are charged as an expense as they fall due.

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.

b) Termination benefits

Termination benefits are only recognised once a formal plan has been approved by senior management.

Restricted Reserve

Reserves which arise from the sale of some properties where the transfer agreement with the local council requires the association to retain a portion of the sale proceeds. The reserve can only be used to fund investment in properties in the Mendip area, in agreement with Mendip District Council.

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. Post 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 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

Prior to 1 April 2018 multi-employer defined benefit pension plans were accounted for as defined contribution schemes. Contributions to a plan's deficit recovery plan were recognised at the present value of the contributions discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability, provided by the schemes actuaries. Post 1 April 2018 these 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. The directors are satisfied these estimates are reasonable. See "Pension Obligations" for further details.

5 Turnover, operating expenditure and profit
5a

	Note	Turnover	Operating expenditure/ cost of sales	Operating profit /(loss)
			2020	
		£000	£000	£000
Income and expenditure from lettings				
Housing accommodation before impairment	5b	103,170	(78,909)	24,261
Other income and expenditure				
Social Housing				
Housing services provided to third parties		747	(747)	-
Properties managed by agents		21	(29)	(8)
Community involvement		7	(611)	(604)
Development costs not capitalised		-	(1,875)	(1,875)
Other		227	-	227
		1,002	(3,262)	(2,260)
Non Social Housing				
Garage lettings		2,668	(427)	2,241
Sewerage services		236	(123)	113
Market rented property rental		59	42	101
Other		10	-	10
		2,973	(508)	2,465
Total income and expenditure		107,145	(82,679)	24,466
Other income and cost of sales				
Social Housing				
First tranche shared ownership		28,789	(25,320)	3,469
Total other income and cost of sales		28,789	(25,320)	3,469
Total		135,934	(107,999)	27,935
Surplus on sale of housing property, plant and equipment	6	22,643	(7,784)	14,859
Operating profit before impairment				42,794
Reversal of impairment of housing assets	16			135
Operating profit				42,929

Aster Communities

Notes to the Financial Statements (continued)

5 Turnover, operating expenditure and profit
5a

	Note	Turnover	2019 Operating expenditure/ cost of sales	Operating profit /(loss)
		£000	£000	£000
Income and expenditure from lettings				
Housing accommodation before impairment	5b	99,571	(68,467)	31,104
Other income and expenditure				
Social Housing				
Housing services provided to third parties		2,079	(2,178)	(99)
Properties managed by agents		20	(69)	(49)
Community involvement		3	(507)	(504)
Development costs not capitalised		-	(2,129)	(2,129)
Other		113	-	113
		2,215	(4,883)	(2,668)
Non Social Housing				
Garage lettings		2,774	(480)	2,294
Sewerage services		124	(308)	(184)
Market rented property rental		50	(17)	33
Other		14	-	14
		2,962	(805)	2,157
Total income and expenditure		104,748	(74,155)	30,593
Other income and cost of sales				
Social Housing				
First tranche shared ownership		31,391	(26,985)	4,406
Non Social Housing				
Open market property sales		2,207	(1,984)	223
Total other income and cost of sales		33,598	(28,969)	4,629
Total		138,346	(103,124)	35,222
Surplus on sale of housing property, plant and equipment	6	20,436	(8,518)	11,918
Increase in fair value of investment properties				1,040
Operating profit				48,180

The movement in fair value of investment properties has been reclassified as part of operating profit because management consider it is part of the group's core business.

Notes to the Financial Statements (continued)

5 Income and expenditure from lettings

5b

	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Other £000	Total £000
			2020		
Income					
Rents	**81,625**	**8,401**	**6,177**	**854**	**97,057**
Service charges	**2,714**	**2,350**	**62**	**652**	**5,778**
Amortisation of government grants	**49**	**64**	**27**	**-**	**140**
Other revenue grants	**130**	**35**	**28**	**2**	**195**
Total net rents from lettings	**84,518**	**10,850**	**6,294**	**1,508**	**103,170**
Expenditure					
Management	**(22,988)**	**(89)**	**(8)**	**(44)**	**(23,129)**
Services	**(2,543)**	**(2,477)**	**(2,921)**	**(82)**	**(8,023)**
Routine maintenance	**(9,854)**	**-**	**(27)**	**-**	**(9,881)**
Planned maintenance	**(6,251)**	**(52)**	**-**	**-**	**(6,303)**
Major improvements and repairs	**(14,483)**	**-**	**-**	**(140)**	**(14,623)**
Bad debts	**(158)**	**(18)**	**-**	**(21)**	**(197)**
Depreciation of housing properties	**(13,544)**	**(1,442)**	**(954)**	**(10)**	**(15,950)**
Accelerated depreciation on component disposals	**(752)**	**(51)**	**-**	**-**	**(803)**
Operating costs on lettings	**(70,573)**	**(4,129)**	**(3,910)**	**(297)**	**(78,909)**
Operating profit on lettings activities	**13,945**	**6,721**	**2,384**	**1,211**	**24,261**

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

Void losses	**588**	**258**	**12**	**46**	**904**

5 Income and expenditure from lettings

5b

	2019				
	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Other £000	Total £000
Income					
Rents	79,171	8,569	4,955	752	93,447
Service charges	2,203	2,007	234	1,224	5,668
Amortisation of government grants	46	64	17	-	127
Other revenue grants	262	52	13	2	329
Total net rents from lettings	81,682	10,692	5,219	1,978	99,571
Expenditure					
Management	(19,506)	(124)	(7)	(53)	(19,690)
Services	(983)	(2,227)	(4,483)	(85)	(7,778)
Routine maintenance	(8,201)	(797)	(21)	-	(9,019)
Planned maintenance	(5,412)	(39)	-	-	(5,451)
Major improvements and repairs	(10,247)	-	-	-	(10,247)
Bad debts	(416)	(47)	-	(20)	(483)
Depreciation of housing properties	(12,965)	(1,441)	(793)	(12)	(15,211)
Accelerated depreciation on component disposals	(540)	(43)	-	(5)	(588)
Operating costs on lettings	(58,270)	(4,718)	(5,304)	(175)	(68,467)
Operating profit on lettings activities before impairment	23,412	5,974	(85)	1,803	31,104
Impairment of housing assets	-	-	-	-	-
Operating profit on lettings activities	23,412	5,974	(85)	1,803	31,104

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

Void losses	767	261	24	26	1,078

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

	2020 Proceeds £000	2020 Cost of Sales £000	2020 Profit / (loss) £000	2019 Proceeds £000	2019 Cost of Sales £000	2019 Profit £000
Right to buy	**812**	**(846)**	**(34)**	2,245	(2,215)	30
Right to acquire	**727**	**(172)**	**555**	478	(119)	359
Shared ownership staircasing	**5,452**	**(3,044)**	**2,408**	4,466	(2,893)	1,573
Void property disposals	**15,470**	**(3,722)**	**11,748**	13,132	(3,291)	9,841
Others	**182**	**-**	**182**	115	-	115
	22,643	**(7,784)**	**14,859**	20,436	(8,518)	11,918

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

7 Operating profit

	2020 £000	2019 £000
Operating profit is stated after charging/(crediting):		
Auditor's remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**33**	28
In respect of other services:		
Service charge review	**-**	-
Depreciation:		
Property, plant and equipment - (social housing)	**15,950**	15,216
Accelerated depreciation of components	**803**	344
Property, plant and equipment - (other assets)	**366**	588
Amortisation of intangible assets	**364**	323
Impairment:		
Housing asset - net reversal	**135**	-
Profit on shared ownership properties, first tranche	**3,469**	4,406
Inventory recognised as an expense		
Operating lease payments		
Land and buildings	**53**	53
Office premises	**64**	76

8 Directors' emoluments

Members of the executive board and executive management team

The association did not directly employ any members of the Executive Board or the executive management team during the year. A charge for their services was made via the group overheads recharge to the association. This recharge included £214,000 (2019: £141,700 for executive directors' services and £229,000 (2019: £226,700) 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 £127,000 (2019: £117,000) was made for their services via the group overheads recharge to the association. This amount is included in the profit for the year.

Local council nominees

The association's non-executive directors includes two local council nominees. A charge of £2,803 (2019: £4,842) 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

	2020 No.	2019 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**297**	252

FTE by salary bands:

Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the group. The prior year figures have been restated to reflect this.

	2020 No.	2019 No.
£59,999 or less	**285**	237
£60,000 to £69,999	**7**	10
£70,000 to £79,999	**2**	2
£80,000 to £89,999	**-**	1
£90,000 to £99,999	**2**	1
£110,000 to £119,999	**-**	1
£120,000 to £129,999	**1**	-
	297	252

None of the above employees received any enhanced pension payments during the year (2019: nil).

	2020 £000	2019 £000
Staff costs:		
Wages and salaries	**8,735**	7,352
Social security costs	**771**	686
Other pension costs	**1,022**	719
	10,528	8,757

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

	2020 Proceeds £000	2020 Cost of disposal £000	2020 Profit / (loss) £000	2019 Proceeds £000	2019 Cost of disposal £000	2019 Profit £000
Computer Equipment	**-**	**(40)**	**(40)**	-	-	-
Office premises	**2,600**	**(2,315)**	**285**	-	-	-
	2,600	**(2,355)**	**245**	-	-	-

11 Charitable donations made

	2020 £000	2019 £000
Aster 3 Limited	**6,187**	6,691
Aster Group Limited	**10,000**	10,000
	16,187	16,691

The association donated £6.2 million of housing stock to Aster 3 Limited (2019: £6.7 million) and cash donation of £10.0 million to Aster Group Limited (2019: £10.0 million).

12 Finance income and expense

	Note	2020 £000	2019 £000
Interest receivable and similar income			
Interest on short term deposits		**418**	217
Interest receivable from other group companies		**1,601**	1,712
Total interest income on financial assets not measured at fair value through profit or loss		**2,019**	1,929
Unwinding of trade debtor discounting		**224**	185
		2,243	2,114
Interest payable and similar charges			
Fixed rate loans		**(7,711)**	(6,940)
Variable rate loans		**(1,998)**	(1,824)
Interest rate swaps		**(2,093)**	(2,208)
Loans with other group companies		**(9,745)**	(8,597)
Less interest capitalised		**3,065**	3,525
		(18,482)	(16,044)
Disposal proceeds fund interest		**(1)**	(1)
Recycled capital grant fund interest		**(16)**	(15)
Amortisation of arrangement fees		**(110)**	-
Administration charge		**(328)**	(183)
Total interest payable on financial liabilities not measured at fair value through profit or loss		**(18,937)**	(16,243)
Trade debtor discounting		**(412)**	(440)
		(19,349)	(16,683)
Interest on net pension liability			
Local government pension schemes	**33**	**(467)**	(546)
Net finance expense		**(17,573)**	(15,115)

13 Losses on financial instruments measured at fair value through profit or loss or other comprehensive income

	2020			
	Profit and loss		**Other comprehensive income**	
	Gains £000	**Losses £000**	**Gains £000**	**Losses £000**
Financial liabilities measured at fair value through profit and loss	**-**	**-**	**-**	**(5,280)**
	-	**-**	**-**	**(5,280)**

	2019			
	Profit and loss		Other comprehensive income	
	Gains £000	Losses £000	Gains £000	Losses £000
Financial liabilities measured at fair value through profit and loss	-	-	-	(908)
	-	-	-	(908)

14 Tax on profit on ordinary activities

	2020	2019
	£000	£000
(a) Tax expense included in profit or loss		
The tax (credit)/charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	**-**	-
Under provision in prior year	**-**	-
Total current tax	**-**	-
Deferred tax		
Deferred tax for the year	**-**	-
Total deferred tax	**-**	-
Tax on profit on ordinary activities	**-**	-

	2020	2019
(b) Factors affecting tax charge/(credit) for the year	**£000**	£000
Profit on ordinary activities before taxation	**9,414**	16,374
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2019: 19%)	**1,789**	3,111
Effects of:		
Profit from charitable activities	**(1,789)**	(3,069)
Group relief received	**-**	(42)
	(1,789)	(3,111)

(c) Deferred tax

The tax charge on ordinary activities for the year is £Nil (2019: £Nil). There is no deferred tax asset or liability arising during the year (£2019: £Nil). There are no factors expected to affect future tax charges.

(d) Tax rate changes

The Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the main rate of corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 was substantively enacted on 15 September 2016 and reduced the main rate of corporation tax to 17% from 1 April 2020. At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

15 Intangible assets

	Computer software £000	Total £000
Cost		
At 1 April 2019	**4,076**	**4,076**
Additions	**63**	**63**
Disposals	**(865)**	**(865)**
At 31 March 2020	**3,274**	**3,274**
Accumulated amortisation		
At 1 April 2019	**3,408**	**3,408**
Charge for year	**364**	**364**
Disposals	**(865)**	**(865)**
At 31 March 2020	**2,907**	**2,907**
Net book value as at 31 March 2020	**367**	**367**
Net book value as at 31 March 2019	668	668

16 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 2019	**31,566**	**882,318**	**16,917**	**126,000**	**1,056,801**
Additions	50,196	-	42,426	-	**92,622**
Components	-	10,568	-	-	**10,568**
Disposal of components	-	(4,324)	-	-	**(4,324)**
Completions	(42,005)	42,005	(33,937)	33,937	**-**
Transfer to Group company	-	(7,593)	-	-	**(7,593)**
Disposals	-	(4,598)	-	(3,063)	**(7,661)**
Reversal of impairment	-	135	-	-	**135**
At 31 March 2020	**39,757**	**918,511**	**25,406**	**156,874**	**1,140,548**
Accumulated depreciation					
At 1 April 2019	**-**	**52,415**	**-**	**2,391**	**54,806**
Charge for year	-	15,025	**-**	925	**15,950**
Disposal of components	-	(3,521)	**-**	-	**(3,521)**
Transfer to Group company	-	(1,406)	**-**	-	**(1,406)**
Disposals	-	(750)	**-**	(99)	**(849)**
At 31 March 2020	**-**	**61,763**	**-**	**3,217**	**64,980**
Net book value at 31 March 2020	**39,757**	**856,748**	**25,406**	**153,657**	**1,075,568**
Net book value at 31 March 2019	31,566	829,903	16,917	123,609	1,001,995

The cost of completed properties during the year includes £3.1 million (2019: £3.5 million) of capitalised borrowing costs at an average cost of borrowing of 2.2% (2019: 2.6%).

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

	2020 £000	2019 £000
Freehold	**1,075,478**	1,001,905
Long leasehold	**90**	90
Net book value	**1,075,568**	1,001,995

Current value of completed social housing properties

The below valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on 31 March 2020, 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 2020	**-**	**984,260**	**-**	**132,900**	**1,117,160**

17 Property, plant and equipment (other assets)

	Office premises £000	Motor vehicles £000	Office & estate equipment & furniture £000	Computer equipment £000	Total £000
Cost					
At 1 April 2019	**15,125**	**73**	**2,263**	**843**	**18,304**
Additions	64	16	279	-	359
Disposals	(6,567)	-	(2)	(59)	(6,628)
At 31 March 2020	**8,622**	**89**	**2,540**	**784**	**12,035**
Accumulated depreciation					
At 1 April 2019	**7,022**	**73**	**1,871**	**804**	**9,770**
Charge for year	269	16	81	-	366
Disposals	(4,252)	-	(2)	(20)	(4,274)
At 31 March 2020	**3,039**	**89**	**1,950**	**784**	**5,862**
Net book value at 31 March 2020	**5,583**	**-**	**590**	**-**	**6,173**
Net book value at 31 March 2019	8,103	-	392	39	8,534

18 Investment properties

	Market rented properties £000	Freehold £000	Total investment properties £000
Fair value			
At 1 April 2019	**1,160**	**885**	**2,045**
Additions - Components	57	-	57
At 31 March 2020	1,217	885	2,102

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 2020. The valuation report contains a 'Material Uncertainty Clause' as at 31 March, there was insufficient evidence to justify a blanket reduction in fair value market valuations. Based on the current level of rents received and the lack of significant material change in the rental market subsequent to the year end, the board are satisfied that the recognised fair value of the investment properties is appropriate.

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).

19 HomeBuy loans receivable

	2020	2019
	£000	£000
At 1 April	**3,966**	4,216
Proceeds received from sales	**(429)**	(363)
Profits on redemption of loan	**223**	113
At 31 March	**3,760**	3,966

The association operates the HomeBuy Scheme lending up to 25% of the cost of a property purchase to tenants who wish to own their own home. This loan is secured on the title of the property. On subsequent sale of the property by the purchaser the association receives a proportion of the sale proceeds equal to the original percentage lent.

20 Investments

	2020	2019
	£000	£000
MORhomes PLC	**150**	150

The association owns 300,000 £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.

21 Investments in subsidiaries

	2020	2019
	£000	£000
Silbury Housing Holding Limited	**-**	-

The association owns 100 £1 ordinary shares in Silbury Housing Holdings Limited, company number 7273905, whose principle activity is to provide on-lending in the form of loan notes.

22 Investments in joint ventures

	2020	2019
	£000	£000
Aster Solar Limited - Class B shares	**4,500**	4,500

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.

23 Debtors: amounts falling due after more than one year

	2020	2019
	£000	£000
Amounts owing by group undertakings	**35,198**	34,329
European Investment Bank liquidity reserve funds	**1,615**	1,615
MORhomes convertible financial instruments	**345**	345
Total	**37,158**	36,289

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.

24 Debtors: amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	1,135	963
Rent arrears	7,482	8,057
Service charge under-recovery	2,600	3,483
Less discounting of debts payable over more than 12 months	(965)	(777)
Less provision for bad debts - rent arrears and service charges	(3,040)	(3,279)
	7,212	8,447
Amounts owing by group undertakings	2,373	1,654
Other debtors	2,353	205
Less provision for bad debts - other debtors	(24)	(19)
VAT recoverable	46	-
Other capital grants receivable	-	226
Prepayments and accrued income	1,429	2,203
	13,389	12,716

25 Shared ownership properties held for sale

	Under construction £000	Completed £000	Total £000
1 April 2019	11,791	6,593	18,384
Additions	29,451	-	29,451
Completions	(24,278)	24,278	-
Disposals	-	(24,435)	(24,435)
31 March 2020	16,964	6,436	23,400

26 Cash and cash equivalents

	2020 £000	Reclassified 2019 £000
Short term deposits	75,481	49,772
Cash at bank and in hand	5,768	10,260
	81,249	60,032

Several bank accounts were reclassified in the year from cash at bank and in hand to short term deposits.

27 Creditors: amounts falling due within one year

	Note	2020 £000	2019 £000
Trade creditors		820	478
Taxation and social security payable		194	183
Pension contributions		227	200
VAT payable		-	114
Rent paid in advance		2,899	2,978
Service charge over-recovery		977	2,874
Amounts due under right to buy sharing agreement		540	1,266
Amounts owed to group undertakings		14,805	16,586
Capital grant received in advance		40	53
Social Housing Grant	29	13,508	4,020
Recycled capital grant fund	30	2,024	1,425
Disposal proceeds fund	31	277	276
Accrued holiday pay		-	31
Other creditors		1,700	1,331
Corporation tax	14	-	-
Accruals and deferred income		9,785	11,691
Loan repayable (within 1 year)	32e	14,000	10,000
		61,796	53,506

28 Creditors: amounts falling due after more than one year

	Note	2020 £000	2019 £000
Loans repayable			
In 1 to 2 years	32e	**18,000**	14,000
In 2 to 5 years	32e	**40,000**	38,000
In five years or more		**377,425**	328,963
Less deferred arrangement fees		**(455)**	-
		434,970	380,963
Amounts owed to other group undertakings		**244,937**	217,937
Social Housing Grant	29	**16,587**	13,447
Recycled capital grant fund	30	**1,170**	1,756
Disposal proceeds fund	31	**2**	2
Interest Rate Swap		**18,344**	13,064
HomeBuy Grants		**3,760**	3,966
		719,770	631,135

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties. Interest rates ranged from 1.5% to 6.3% (2019: 1.5% to 6.3%) for fixed/hedged loans and between 0.7% and 0.8% (2019: between 0.8% and 1.0%) for variable loans.

At 31 March 2020, the association had undrawn loan facilities of £74.0 million (2019: £102.7 million) to finance future operating cash flows and investments. The facility has its own designated pool of security held with a security trustee.

Under the terms of an arrangement with Aster Treasury Plc, the association has guaranteed the repayment of all amounts due by Synergy Housing Limited to Aster Treasury Plc. In the case of Synergy Housing Limited not making any repayments of the loan, the association will become liable to settle the amount due. The total amount payable by Aster Communities as at 31 March 2020 is £Nil (2019: £Nil).

29 Social housing grant

	2020 £000	2019 £000
Balance as at 1 April	**17,467**	14,335
Additions	**12,786**	3,270
Disposals	**(19)**	(12)
Amortised within Statement of Comprehensive Income	**(139)**	(126)
Balance as at 31 March	**30,095**	17,467
Recognised in:		
Creditors: amounts falling due within one year	**13,508**	4,020
Creditors: amounts falling due after one year	**16,587**	13,447
	30,095	17,467

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

	2020 £000	2019 £000
Social housing grant	**169,148**	156,362
Homebuy grant	**3,760**	3,966
Total government grant received	**172,908**	160,328
Recognised in:		
Profit and loss reserve	**139,053**	138,895
Creditors: amounts falling due within one year	**13,508**	4,020
Creditors: amounts falling due after more than one year	**20,347**	17,413
	172,908	160,328

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

30 Recycled capital grant fund

	2020 £000	2019 £000
Balance as at 1 April	**3,181**	3,029
Additions:		
Grants recycled	**367**	713
Interest	**16**	15
Withdrawals:		
New build	**(370)**	(576)
Balance as at 31 March	**3,194**	3,181
Analysis of Maturity:		
- in less than one year	**2,024**	1,425
- in one to two years	**761**	994
- in more than two years	**409**	762
	3,194	3,181

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.

31 Disposal proceeds fund

	2020 £000	2019 £000
Balance as at 1 April	**278**	371
Additions:		
Funds recycled	**-**	-
Interest	**1**	1
Withdrawals:		
New build	**-**	(94)
Balance as at 31 March	**279**	278
Analysis of Maturity:		
- in less than one year	**277**	276
- in one to two years	**2**	1
- in more than two years	**-**	1
	279	278

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 was removed. The disposal proceeds fund will continue to have interest added and withdrawals made to fund new builds until the fund is exhausted or until the wind down period ends on 6 April 2020. A waiver was granted for elapsed balances which are all committed.

32 Financial instruments

32a Financial instruments' descriptions

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

Interest rate swaps

An interest rate swap is an agreement between two parties to exchange interest rate types. Floating rate interest is exchanged for fixed rated interest and vice-versa. During the year the association managed its interest rate risk and reduced interest rate volatility through five interest rate swaps, exchanging floating rated interest for fixed rated interest.

The value of the association's interest rate swaps is measured at each year end at the instruments fair value using a mark-to-market valuation. Where an instrument has a positive mark-to-market valuation it is treated as an asset and conversely where the mark-to-market value is negative it's treated as a liability. Any changes in the mark-to-market fair value are recognised in profit or loss unless the interest rate swap is designated as a hedging instrument and used in a hedging relationship for hedge accounting. Hedge accounting is outlined below.

At 31 March 2020 the association held £18.3 million (2019: £13.1 million) of interest rate swap financial liabilities.

Fixed rate loans

The association's fixed rate 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. As with the association's bonds the interest charged to profit or loss is the effective interest and not the amount actually paid. During the year the effective interest charged to profit and loss was £38,000 (2019: £64,000) higher than the actual interest paid.

At the end of the year the association had drawn £220.4 million (restated 2019: £222.0 million) of fixed rate loans which incurred an effective interest charge during the year of between 1.5% and 6.3% (2019: 1.5% and 6.3%). These loans have a carrying value of £219.9 million (2019: £191.2 million) giving a cumulative effective interest adjustment of £0.9 million (2019: £1.2 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 association can borrow from its lenders there is a set amount designed as floating loans, once this limit is reached the association cannot draw down any more floating rate loans. At the end of the year the association had drawn £230.2 million (2019: £169.9 million) of floating rate loans and was charged an interest rate of between 0.7% and 0.8% (2019: 0.8% and 1.0%).

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 will continue to have interest added and withdrawals made to fund new builds until the fund is exhausted or until the wind down period ends on 6 April 2020. The balance on the fund is £279,000 (2019: £278,000). A waiver has been granted for elapsed balances which are all committed.

Recycled capital grant fund

The group receives social housing grant from the Regulator for Social Housing ('RSH') 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 recycled capital grant fund. Like the disposal proceeds fund 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 recycled capital grant fund at the end of the year was £3.2 million (2019: £3.2 million), this includes £16,194 (2019: £14,848) of interest added during the year.

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 2020 was £74.0 million (2019: £142.7 million). The cost of the undrawn facility is £268,000 (2019: £151,000). It is not considered to be impaired.

Hedge accounting

The association has four interest rate swaps that meet the requirements under FRS 102 section 12: Other financial instruments, for hedge accounting. The association uses hedge accounting to manage the volatility of the fair value movements of its interest rate swaps. The hedging relationship is between an interest rate swap, the hedging instrument, and a loan, the hedged item. The relationship allows the fair value movements in the hedging instrument that are equal to the fair value movements in the hedged item, the effective part, to be recognised through other comprehensive income in the cash flow hedge reserve rather than profit or loss. The parts of the movement that do not match, the ineffective part, are recognised in profit or loss.

For the year ended 31 March 2020, the association recognised £5.3 million (2019: £0.9 million) of net effective cash flow hedge losses in other comprehensive income and movement of £Nil (2019: movement of £Nil) of ineffective cash flow hedge movements in profit and loss.

32 Financial instruments (continued)

32a Financial instruments' descriptions (continued)

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 2020 the association held £345,000 (restated 2019:£345,000) of convertible financial instruments with £Nil (2019:£Nil) of fair value gains/(losses) being recognised in profit and loss.

32b 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 or loss.

Fair value through profit or loss
Complex financial instruments, such as derivatives are recognised at fair value through profit or loss. At the end of each financial year their value is calculated by looking at an active market of similar instruments and establishing what their value would be if they were traded on that market, their fair value. Any changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income.

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.

32c Financial instrument carrying values

	2020	Restated 2019
Financial assets that are debt instruments measured at amortised cost	**£000**	£000
Trade and rent debtors	**11,217**	12,503
Intercompany loans	**35,198**	34,329
Intercompany trade debtors	**2,373**	1,654
Liquidity funds	**1,615**	1,615
Other debtors	**2,329**	186
	52,732	50,287
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments held to manage interest rates - Interest rate swaps	**(18,344)**	(13,064)
	(18,344)	(13,064)
Financial liabilities measured at amortised cost		
Fixed rate loans	**(218,386)**	(220,708)
Hedged floating rated loans classified as fixed rated loans	**(110,000)**	(112,500)
Floating rated loans	**(120,239)**	(57,410)
Convertible financial instruments	**(345)**	(345)
Intercompany loans	**(244,937)**	(217,937)
Disposal proceeds fund	**(279)**	(278)
Recycled capital grant fund	**(3,194)**	(3,181)
Trade and rent creditors	**(4,696)**	(6,330)
Intercompany trade creditors	**(14,805)**	(16,586)
Accruals	**(9,785)**	(11,722)
Other creditors	**1,700**	1,331
	(724,966)	(645,666)
Loan commitments measured at cost less impairment		
Undrawn committed borrowings	**74,000**	142,704
Carrying value of undrawn committed borrowings	**Nil**	Nil

The association’s borrowing from MORhomes has been restated into its constituent parts being made up of a fixed rate loan and a convertible financial instrument.

The above loan commitments are not recognised in the association's financial statements.

Methods and assumptions used in the assessment of fair values

Fair values are calculated using measurements based on inputs that are observable for the asset or liability either directly or indirectly from market data. The carrying values of interest rate swaps have been calculated using mark to market valuations.

32 Financial instruments (continued)

32d Interest rate profile of borrowings

	2020	2019
	£000	£000
Association's borrowings comprise:		
Intercompany loan - fixed rate loan	**187,000**	187,000
Convertible financial instruments	**345**	345
MORhomes fixed rate loans	**29,655**	29,655
Affordable Housing Finance Fixed rated loans	**100,000**	100,000
Fixed rate loans	**90,761**	92,386
Hedged floating rated loans classified as fixed rated loans	**110,000**	112,500
Floating rate loans	**120,239**	57,410
Recycled Capital Grant Fund	**3,194**	3,181
Disposal Proceeds Fund	**279**	278
	641,473	582,755

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.

	2020	**2020**	Restated 2019	2019
	Weighted average interest rate	**Weighted average for which rate is fixed**	Weighted average interest rate	Weighted average for which rate is fixed
	%	**Years**	%	Years
At 31 March				
Intercompany loans	4.50	23.70	4.50	24.70
Convertible financial instruments	3.70	17.90	3.70	18.90
Fixed rated loans	3.05	14.89	3.21	15.84

32e Maturity of borrowings

The maturity profile of the principal value of the association's loans, as shown in note 32d, is:

	2020 Repayment			2019 Repayment		
	By instalments	**Not by instalments**	**Total**	By instalments	Not by instalments	Total
	£000	**£000**	**£000**	£000	£000	£000
0 -1 years	**14,000**	**2,301**	**16,301**	10,000	1,701	11,701
1 - 2 years	**18,000**	**763**	**18,763**	14,000	995	14,995
2 - 5 years	**40,000**	**408**	**40,408**	38,000	764	38,764
Over 5 years	**349,001**	**217,000**	**566,001**	300,295	217,000	517,295
	421,001	**220,472**	**641,473**	362,295	220,460	582,755

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 £1,048.8 million (2019: £795.5 million). At 31 March 2020 properties valuing £93.3 million (2019: £179.7 million) were unsecured and available to be secured.

32 Financial instruments (continued)

32f Hedge accounting

2020

Hedging instrument	**Principal**	**Interest rate payable**	**Maturity**	**Cash flows**	**Fair value**	**Charge / (Credit) to OCI**	**Charge to profit or loss**
	£000	**%**			**£000**	**£000**	**£000**
Credit Suisse swap	30,000	2.97	2031	Monthly	(4,543)	848	-
Credit Suisse swap	50,000	2.26	2022	Monthly	(2,037)	(64)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(3,208)	1,218	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(8,556)	3,278	-
	110,000				(18,344)	5,280	-

2019

Hedging instrument	Principal	Interest rate payable	Maturity	Cash flows	Fair value	Charge / (Credit) to OCI	Charge to profit or loss
	£000	%			£000	£000	£000
Credit Suisse swap	32,500	2.97	2031	Monthly	(3,695)	75	-
Credit Suisse swap	50,000	2.26	2022	Monthly	(2,101)	(35)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(1,990)	218	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(5,278)	650	-
	112,500				(13,064)	908	-

The objective of the hedge is to use an interest rate swap to eliminate the variability of cash flows associated with the interest payments on an associated portion of a floating loan.

The cash flows on both the hedged loans and interest rate swaps relating to Credit Suisse hedging arrangements are paid monthly and affect profit or loss with the same frequency. The cash flows of the loans hedged by the Notting Hill interest rate swaps occur monthly and are recognised in profit or loss with this frequency. The Notting Hill interest swap cash flows occur half yearly and quarterly. They affect profit or loss with this frequency. Interest accruals are used to match the frequencies until the cash flows occur.

33 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 eight 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) (closed to new members),

and two defined contribution (‘stakeholder’) schemes:
- SHPS defined contribution scheme,
- Friends Provident defined contribution scheme (closed 31 March 2020).

Aster Communities participates in all schemes apart from the Dorset County Council Pension scheme (closed to new members).

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 Friends Provident scheme closed on 31 March 2020. Members were 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 2020 was £1,022,000 (2019: £719,000) in respect of 360 (2019: 300) employees.

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

Summary of movements and balances in funding

	Note	Total cost by scheme £000	2020 Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
County pension schemes					
Wiltshire	**33a**	**79**	**71**	**623**	**(2,274)**
Hampshire	**33a**	**40**	**60**	**(1,090)**	**(2,691)**
Hampshire - unfunded	**33a**	**-**	**10**	**(10)**	**(430)**
Somerset	**33a**	**260**	**211**	**1,467**	**(7,158)**
SHPS					
Defined benefit schemes	**33b**	**405**	**115**	**2,672**	**(2,142)**
Defined contribution scheme	**33b**	**231**	**-**	**-**	**-**
Friends Provident		**7**	**-**	**-**	**-**
		1,022	**467**	**3,662**	**(14,695)**

	Note	Total cost by scheme £000	2019 Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
County pension schemes					
Wiltshire	33a	76	77	(93)	(3,041)
Hampshire	33a	40	100	780	(2,890)
Hampshire - unfunded	33a	-	10	-	(430)
Somerset	33a	198	250	588	(9,482)
SHPS					
Defined benefit schemes	33b	260	109	(882)	(5,036)
Initial recognition of defined benefit scheme	33b	-	-	(2,015)	-
Defined contribution scheme	33b	131	-	-	-
Friends Provident		14	-	-	-
		719	546	(1,622)	(20,879)

33 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.

It should be noted that this adjustment 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 2020. With the exception of the past service cost, 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: £46.6 million; 2019: £50.7 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 2020.

The Ministry of Housing, Communities and Local Government (MHCLG) has announced a consultation to change the basis of the calculation for the impact of the McCloud judgement on the beneficiaries to LGPS. Following the completion of the consultation there is likely to be a change to the pension liability however due to insufficient information available at the time signing the accounts a reliable estimate cannot be made of the impact. Any changes resulting from the consultation will be reflected in the pension liability at 31 March 2021.

33a Local government pension funds

The association participates in three funds 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 Aster Communities and the annual pensionable payroll in respect of these members was:

	2020		2019	
	Active Members No.	**Annual pensionable payroll £000**	Active Members No.	Annual pensionable payroll £000
Hampshire County Council Pension Fund	**2**	**83**	3	122
Somerset County Council Pension Fund	**14**	**457**	14	436
Wiltshire Pension Fund	**4**	**157**	5	183

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 2020. The principal 4 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 2020.

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:**
Hampshire County Council Pension Fund	Hewitt Associates Limited
Somerset County Council Pension Fund	Barnett Waddingham
Wiltshire Pension Fund	Hymans Robertson LLP

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.

33 Pension Obligations (continued)

33a Local government pension funds (continued)

	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions		**31 March 2020**				31 March 2019		
	%p.a.	**%p.a.**	**%p.a.**	**%p.a.**	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - RPI	**2.7**	**2.7**	**n/a**	**n/a**	3.3	3.3	n/a	n/a
Price increases - CPI	**2.1**	**2.1**	**n/a**	**n/a**	2.2	2.2	n/a	n/a
Pension increases	**2.1**	**n/a**	**1.9**	**2.0**	2.2	n/a	2.5	2.5
Salary increases	**3.1**	**n/a**	**2.9**	**2.4**	3.7	n/a	4.0	2.8
Discount rate	**2.3**	**2.3**	**2.4**	**2.3**	2.4	2.4	2.4	2.4
Mortality		**2020**				2019		
	years	**years**	**years**	**years**	years	years	years	years
Current pensioners								
Females	**25.5**	**25.5**	**24.7**	**24.0**	26.1	26.1	24.0	24.9
Males	**23.0**	**23.0**	**23.3**	**21.7**	23.3	23.3	22.9	22.5
Future pensioners								
Females	**27.2**	**n/a**	**26.2**	**25.5**	27.8	n/a	25.8	26.7
Males	**24.7**	**n/a**	**24.7**	**22.5**	24.9	n/a	24.6	24.1
Fair value of plan assets		**31 March 2020**				31 March 2019		
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Equities	**6,821**	**n/a**	**8,702**	**5,184**	8,422	n/a	8,180	6,816
Gilts	**2,750**	**n/a**	**765**	**-**	3,074	n/a	665	-
Bonds	**-**	**n/a**	**1,270**	**2,592**	704	n/a	1,069	1,344
Property	**908**	**n/a**	**1,102**	**1,072**	1,029	n/a	1,019	1,248
Cash	**1,098**	**n/a**	**688**	**89**	311	n/a	771	192
Other	**2,050**	**n/a**	**-**	**-**	-	n/a	-	-
	13,627	**n/a**	**12,527**	**8,937**	13,540	n/a	11,704	9,600
Cost recognised as an expense		**31 March 2020**				31 March 2019		
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Service cost	**40**	**n/a**	**252**	**79**	40	n/a	191	76
Interest costs	**390**	**10**	**500**	**299**	420	10	539	308
Expected return on assets employed	**(330)**	**n/a**	**(289)**	**(228)**	(320)	n/a	(289)	(231)
Administration expenses	**-**	**n/a**	**8**	**-**	-	n/a	7	-
	100	**10**	**471**	**150**	140	10	448	153
Return on plan assets	**(730)**	**n/a**	**172**	**(446)**	1,190	n/a	596	744

33 Pension Obligations (continued)

33a Local government pension funds (continued)

	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
		31 March 2020				31 March 2019		
Reconciliation of scheme liabilities	£000	£000	£000	£000	£000	£000	£000	£000
Opening defined benefit obligation	16,430	430	21,186	12,641	16,360	440	21,484	12,008
Current service cost	30	-	181	72	40	-	172	76
Past service cost	10	-	71	7	-	-	19	-
Interest cost	390	10	500	299	420	10	539	308
Contributions by members	10	-	35	13	10	-	29	14
Actuarial losses/(gains)	30	10	(1,584)	(1,297)	90	-	(281)	606
Estimated benefits paid	(582)	(20)	(704)	(515)	(490)	(20)	(776)	(362)
Estimated unfunded benefits paid	-	-	-	(9)	-	-	-	(9)
Closing defined benefit obligation	16,318	430	19,685	11,211	16,430	430	21,186	12,641

		31 March 2020				31 March 2019		
Reconciliation of scheme assets	£000	£000	£000	£000	£000	£000	£000	£000
Opening fair value of employer assets	13,540	-	11,704	9,600	12,110	-	11,531	8,913
Expected return on assets	330	-	289	228	320	-	289	231
Contributions by members	10	-	35	13	10	-	29	14
Contributions by employers	1,387	-	1,328	285	720	-	331	291
Administration expenses	-	-	(8)	-	-	-	(7)	-
Return on assets less interest	-	-	1	(674)	-	-	307	513
Unfunded contributions	-	-	-	9	-	-	-	9
Actuarial (losses)/gains	(1,060)	-	(118)	-	870	-	-	
Benefits paid	(580)	-	(704)	(515)	(490)	-	(776)	(362)
Unfunded benefits paid	-	-	-	(9)	-	-	-	(9)
Closing fair value of employer assets	13,627	-	12,527	8,937	13,540	-	11,704	9,600
Net Pension deficit	(2,691)	(430)	(7,158)	(2,274)	(2,890)	(430)	(9,482)	(3,041)

Projected pension expense for the year to 31 March 2021

		31 March 2021		
	£000	£000	£000	£000
Funded benefits				
Projected current service cost	30	-	162	60
Interest on obligation	70	-	165	253
Expected return on plan assets	-	-	-	(203)
Administration expenses	-	-	8	-
	100	-	335	110
Unfunded benefits				
Interest on obligation	-	10	-	-
	-	10	-	-

33 Pension Obligations (continued)

33b The Social Housing Pension Scheme

The group participates in the Social Housing Pension Scheme ("the scheme").

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

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.

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

Aster Communities 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.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This showed assets of £4,553 million, liabilities of £6,075 million and a deficit of £1,522 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme.

Reconciliation of opening and closing Social Housing Pension scheme recovery plan liability

	2019 £000
At 1 April	2,325
Derecognition of Social Housing Pension scheme recovery plan liability	(2,325)
At 31 March	-

33 Pension Obligations (continued)

33b The Social Housing Pension Scheme (continued)

SHPs defined benefit pension plan – change of accounting policy

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. At 31 March 2018 it was not possible for the Association to obtain sufficient information to account for the liability on a full FRS 102 valuation basis so it was accounted for as a defined contribution scheme where the net present value of the deficit contributions were recognised in the accounts as creditors falling within and more than one year.

As a result of additional information, SHPS are now able to split the pension liability by employer which has resulted in the scheme liability being accounted for adopting a full FRS 102 valuation at 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in these accounts. A reconciliation between the closing liability at 31 March 2018 and the opening provision at 1 April 2018 is shown below.

	2019
	£000
SHPS recovery plan liability - 31 March 2018	2,325
Derecognition of SHPS recovery plan liability via other comprehensive income	(2,325)
Recognition of SHPS net pension liability via other comprehensive income	4,340
SHPS net pension liability – 1 April 2019	4,340

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 53 (2019: 48) active members of the scheme employed by Aster Communities. The annual pensionable payroll in respect of these members was £1.6 million (2019: £1.4 million).

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 2020. 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 2019.

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 2021.

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% (2019: 2.5% and 10%) and employees paid contributions from 3% (2019: from 2.5%). 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 2020 there were 252 (2019: 188) active members of the scheme.

33 Pension Obligations (continued)

33b The Social Housing Pension Scheme (continued)

Financial assumptions	**31 March 2020**	31 March 2019
	%p.a.	%p.a.
Price increases - RPI	**2.6**	3.3
Price increases - CPI	**1.6**	2.3
Pension increases		
Salary increases	**1.6**	3.3
Discount rate	**2.4**	2.4

Mortality	**2020**	2019
	years	years
Current pensioners		
Females	**23.3**	23.5
Males	**21.5**	21.8
Future pensioners		
Females	**24.5**	24.7
Males	**22.9**	23.2

Fair value of plan assets	**31 March 2020**	31 March 2019
	£000	£000
Absolute returns	**793**	1,259
Global equity	**2,226**	2,447
Liability driven investment	**5,050**	5,319
Property and infrastructure	**1,730**	1,304
Investments	**1,912**	1,617
Sharing & alterative premia risk	**1,578**	1,278
Emerging market and private debt	**768**	697
Other	**1,158**	623
	15,215	14,544

Cost recognised as an expense	**31 March 2020**	31 March 2019
	£000	£000
Current service cost	**388**	241
Interest costs	**115**	109
Administration expenses	**17**	19
	520	369

Return on plan assets	189	620

Reconciliation of defined benefit obligation	**2020**	2019
	£000	£000
Opening defined benefit obligation	**19,580**	18,003
Current service cost	**388**	241
Contributions by scheme participants	**70**	149
Expenses	**17**	19
Interest expense	**463**	467
Actuarial losses	**(2,831)**	1,144
Benefits paid and expenses	**(330)**	(443)
Closing defined benefit obligation	**17,357**	19,580

Reconciliation of fair value of scheme assets	**2,020**	2,019
	£000	£000
Opening fair value of scheme assets	**14,544**	13,663
Interest income	**348**	358
Actuarial gains	**(159)**	262
Contributions by the employer	**742**	555
Contributions by scheme participants	**70**	149
Benefits paid and expenses	**(330)**	(443)
Closing fair value of scheme assets	**15,215**	14,544

Net pension liability	**2,142**	5,036

34 Called up share capital

Ordinary shares allotted, issued and fully paid of £1 each	2020 £	2019 £
At 1 April	**43**	44
Issued during the year	**1**	3
Cancelled during the year	**(6)**	(4)
At 31 March	**38**	43

35 Other reserves

	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Total £000
At 1 April 2019	**236,401**	**208**	**(13,063)**	**223,546**
Revaluation surplus realised on disposals	**(3,005)**	**-**	**-**	**(3,005)**
Effective cash flow hedge fair value movements	**-**	**-**	**(5,280)**	**(5,280)**
At 31 March 2020	**233,396**	**208**	**(18,343)**	**215,261**

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.

Restricted reserve
The restricted reserve consists of the sales proceeds of some properties where the local council required the association to retain a portion of the proceeds. The reserve can only be used to fund investments in properties in the Mendip area, in agreement with Mendip District Council.

Cash flow hedge reserve
The cash flow hedge reserve is used to record the effective transactions from the association's cash flow hedging arrangements.

36 Capital commitments

	2020 £000	2019 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**222,774**	163,224
Capital expenditure that has been authorised by the board but has not yet been contracted	**35,814**	127,511
	258,588	290,735

These commitments will be funded through a mixture of cash and committed borrowings. The association's available committed borrowings are set out in note 32c

37 Operating leases

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

	2020 £000	2019 £000
Land and buildings		
Not later than one year	**36**	53
Later than one but not later than five years	**101**	112
Later than five years	**-**	25
Office premises		
Not later than one year	**79**	76
Later than one but not later than five years	**358**	360
Later than five years	**66**	140
	640	766

37 Homes and bed spaces in management and in development

	2020 No.	2019 No.
Under development at end of year:		
Housing accommodation	**848**	688
Shared ownership	**680**	509
Open market sale	**-**	25
	1,528	1,222
Under management at end of year:		
Owned and managed by Aster Communities:		
Housing accommodation		
Social rent	**12,667**	12,816
Affordable rent	**2,331**	2,115
Supported housing		
Social rent	**1,751**	1,762
Affordable rent	**65**	66
Shared ownership	**2,009**	1,808
Market rented	**7**	7
Leasehold	**974**	974
Temporary social housing	**102**	105
	19,906	19,653
Not owned but managed by Aster Communities:		
Housing accommodation		
Social rent	**887**	722
Affordable rent	**713**	523
Supported housing		
Social rent	**78**	78
Shared ownership	**569**	427
Private sector leasing		-
Market rented	**77**	79
Temporary social housing	**39**	33
Long leaseholders	**11**	4
	2,374	1,866
Owned but managed by others at the end of the year:		
Housing accommodation		
Social rent	**20**	20
Affordable rent	**34**	22
Supported housing		
Social rent	**69**	69
Care homes (bed spaces)	**23**	23
Shared ownership	**45**	24
	191	158
	22,471	21,677

38 Contingent liabilities

The association has entered into a service concession arrangement contract (previously known as a private finance initiative contract) with Wiltshire Council. The 242 properties covered by the contract are available for occupation and the costs of construction have been transferred to a finance debtor that is recovered over the contract period on an annuity basis.

Wiltshire Council holds an option to purchase the properties at the end of the contract period in 2034 at a price equal to the Existing Use Valuation – Social Housing (EUV-SH) of the properties less 40% of the 'authority residual value overage share' (ARVOS). ARVOS is the difference between the EUV-SH and the terminal debt, £13.0 million, providing EUV-SH is greater than the terminal debt. If EUV-SH is less than the terminal debt there is no ARVOS. If Wiltshire Council does not take up this option the association can purchase the properties. If this happens the association will repay the terminal debt balance of £13.0 million. The association will then pay Wiltshire Council 40% of ARVOS, providing the properties EUV-SH is greater than the terminal debt, £13.0 million.

39 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 uses Silbury Housing Holdings Limited, a subsidiary of the association, to on lend to Silbury Housing Limited, a fellow group company, to fund a service concession arrangement.

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**	
		2020	2019	**2020**	2019
From non-regulated entity	**Nature of supply**	**£000**	£000	**£000**	£000
Aster Property Limited	Property maintenance services	**47,657**	41,832	**4,882**	5,226
Aster Homes Limited	Property development services	**59,766**	59,724	**5,380**	5,974
Aster Living	Site management services	**742**	593	**(70)**	38
Silbury Housing Limited	Site management services	**658**	639	**5**	-
Aster Solar Limited	Supply of photovoltaic panels	**5**	7	**-**	3

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

Two locally appointed council members sit on the Aster Communities board. They received renumeration of £4,564 which was paid by the association's parent company, Aster Group Limited.

40 Ultimate parent company

Aster Communities 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.