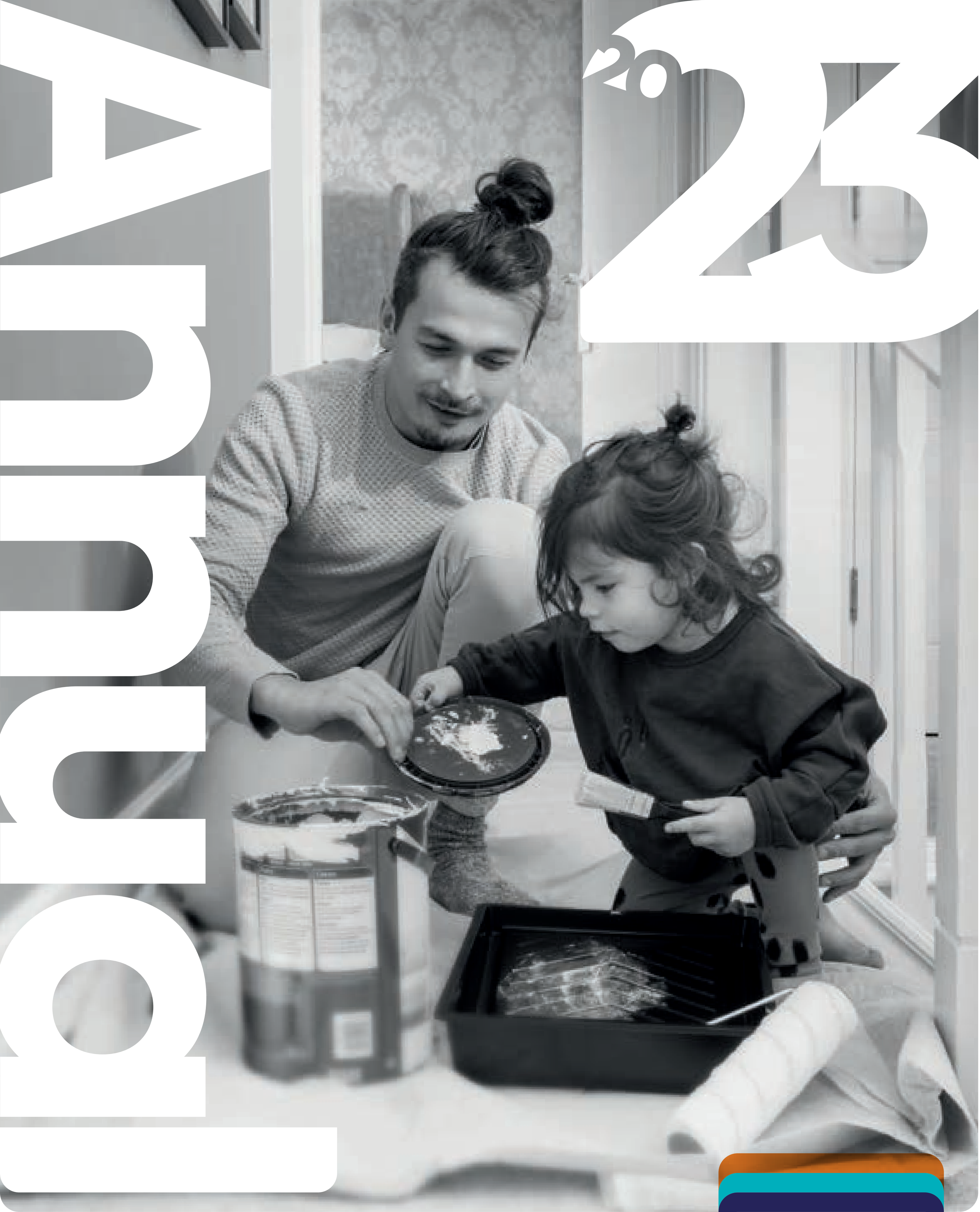
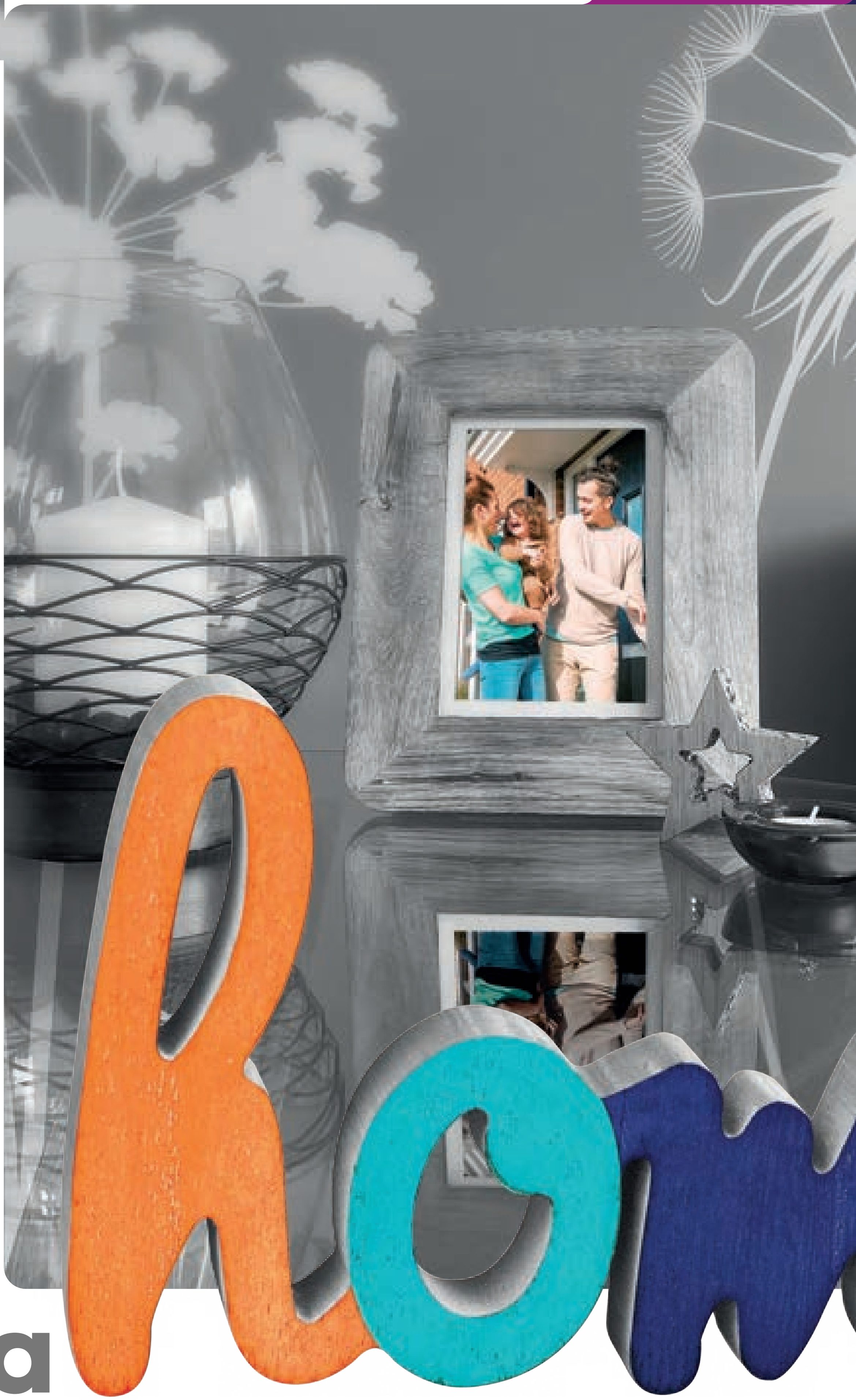


Report

for the year ended **31 March 2023**

ASTER
GROUP

Everyone has a



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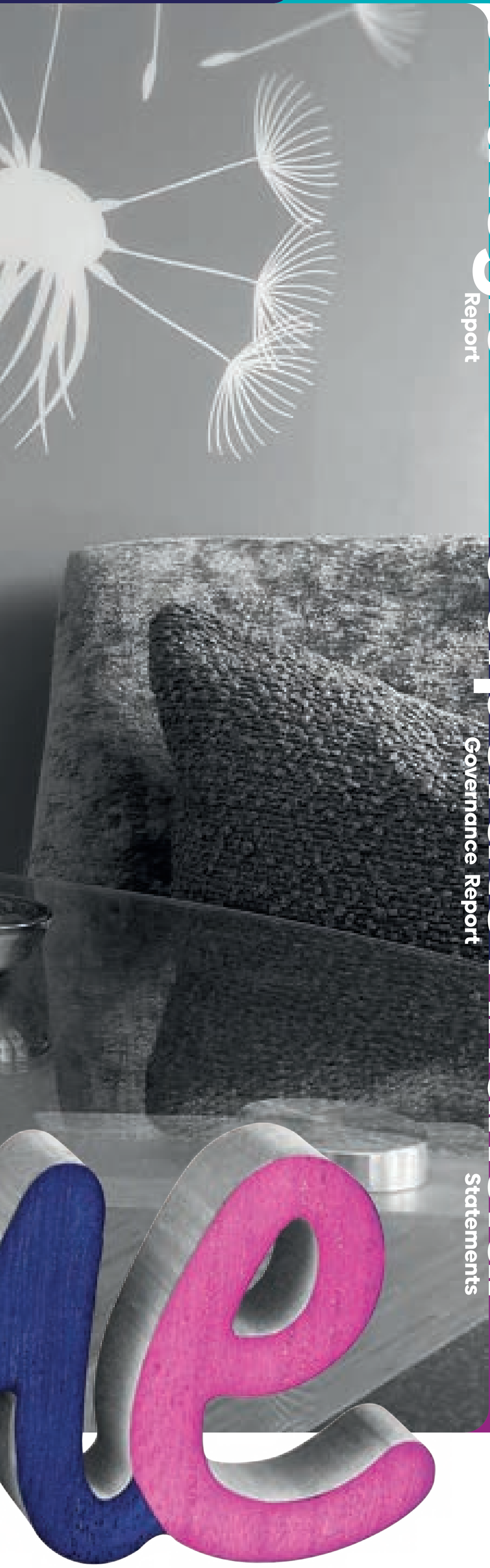


Strategic Report

Corporate Governance Report

Financial Statements

Strategic Report

Chairman's
Statement

We continue to live in unprecedented times, and while across the country these challenges affect us all, our business is one which remains steadfast in our commitment to modernising our services and providing great places to live, to as many people as we can.

Chairman's
Statement

This has been the driving force of our talented and professional teams across the business. And I am again proud to say that together, they have risen to the challenge.

The high standards we set ourselves to continually transform and improve the services we offer, should be and are a challenge. Our commitment to our people is to strive to be the number one employer in our sector by delivering a culture and experience which is both inclusive and responsive to the needs of each and every one of them.

Mike Biles, Group Chairman

In my role as Chairman, I see the impact of the work of these teams, who each in their own way, deliver our strategy every day. I've seen first-hand a renewed commitment at every level to listen to our customers, working with them to help transform our business into one which is re-energised, despite these challenges, to deliver our vision - '**Everyone has a home**'.

As a Group, the overall strategy remains centred around a shared set of objectives. These are underpinned by three strategic themes and a set of enablers which continue to deliver our future and focus on transformation, growth, financial strength, and sustainability.

We are continuing to modernise and evolve our customer services offer in line with what customers need, building as many homes as we can across a range of tenures, and empowering our people – in and outside the business to thrive.

Financial strength and stability

We ended the year with a turnover of £301.2 million and an operating profit of £66.8 million. Our profit before tax (£55.3 million) was inflated with the acquisition of Enham Trust which was recognised as a non-exchange transaction.

Overall, our operating margin was 22.2%, down from 31.6% in the comparative period but affected by known one-off stabilisation costs following the acquisition of Enham Trust and a winter bonus payment to all our staff of £3.4 million. However, underlying margins were lower than last year reflecting the significant inflationary increases across the business, our team managing an increased demand of repair work and additional investment in our stock following the initial outcome from our stock condition survey.

Strategically the Group's revenue continued to be focused on low-risk housing with affordable housing making up 70% of turnover, then 20% from first tranche shared ownership sales, 5% on social housing support services and 5% from non-social housing services.

Demand for routine repairs remains high, with teams working to manage the backlog from the pandemic and the February 2022 storms.

In the next 12 months we expect to see efficiency gains through a range of measures including a more effective operating model, the further integration of Central & Cecil Housing Trust (C&C) and Enham Trust, and the realisation of the benefits of our five-year transformation programme ambitions.

Health and Safety related spend increased from £13.0 million last year to £16.3 million. This includes increased spend needed for additional and changing legislative requirements, as well as ensuring a range of work that was carried out to ensure that our homes remain safe places in which to live.

Standard and Poor's (S&P) affirmed our 'A+ rating' and 'negative' outlook. This decision reflects our new homes programme, our efficient cost controls and the recent acquisition of Enham. Our strong operational management and financial stability remain robust and we are pleased to continue to hold our governance and viability ratings at the highest levels of G1 / V1 from the Regulator.

Providing safe, well maintained homes, and modern reliable customer services

Our teams have continued to adapt and modernise our customer services and our 'customer first' culture is centred around us making sure every customer receives a good service, first time, delivered excellently, with a strong local focus.

Our customer services team have been finding even more ways to engage with customers more inclusively to capture 'Customer Voice'. This means their opinions and ideas are truly heard and most importantly, acted upon. We've seen acknowledgement of this through the way customers connect with us, with a range of new ways to access the services they need quickly and effectively through digital methods, through to our involved customer groups who share their voice on how we can shape the services they need.

As a result of the team's efforts, our overall customer satisfaction was 74% as at March 2023.

To achieve the best customer experience, we need to be as connected with our customers as possible. Over half of our customers are now using our online portal 'MyAster', for which we were recognised as Finalists for the Institute of Customer Service's 'Customer Satisfaction Innovation' award and Shortlisted for the UK Housing 'Digital Landlord of the Year' award.

Listening to our customers and encouraging them to co-design our services is central to how we adapt and modernise them for the future. This year we've been accredited by the Tenant Participation Advisory Service (Tpas), one of only 17 landlords to have achieved this (as at March 2023). This independent body supports and champions tenant involvement and empowerment in social housing across England, a well-deserved recognition of the efforts we make to engage customers so they can help shape our services.

Chairman's
Statement

Providing safe, well maintained homes, and modern reliable customer services (continued)

The safety of our customers is paramount and we constantly look for new ways to make sure we achieve the high standards our customers rightly expect from us. This includes the introduction of a dedicated property safety team to oversee our 'safety first' approach across the business.

As one of the first housing associations to conduct a full stock condition survey, including East Boro Housing Trust (EBHT) and our more recently acquired C&C and Enham properties, the £3.1 million we have invested in the survey maps where resources are needed now and helps us plan our strategy for the long-term.

During 2022/2023 we spent £83.4 million on repairs and maintenance to make sure our quality, affordable homes continue to be great places to live. We want to be as targeted as we can with those improvements so we can make our homes as comfortable and safe as possible.

In 2021, Homes England granted £350,000 funding for a partnership involving Test Valley Borough Council to provide five homes to help rough sleepers off the streets in Hampshire. We're pleased to confirm that all five properties have now been bought and four of them are now occupied. This is a small but interesting project in finding innovative ways to help support those sleeping rough; an issue very close to our hearts.

Business growth

Since C&C joined the Group in January 2022, we have been able to accelerate the investment programme into the Trust's existing owned properties across London. The partnership has increased our provision of affordable housing to include sheltered and supported homes and added four care homes to our portfolio. Together, we've already delivered our first development contract in London, and C&C has also acquired 82 homes from housing association Home Group in the London Borough of Wandsworth.

On the theme of more specialised care, we were delighted to welcome local Hampshire-based disability charity, Enham Trust into the Aster Group this year. The merger, which completed in October 2022, added 311 homes to the Group, along with a wealth of services that support disabled people to live, work and enjoy life. The move was the right thing to do in challenging times and allows Enham to benefit from the Group's resources and expertise, helping to protect its 100+ year legacy, and continue to provide high quality housing and care services. We've already seen benefits from the acquisition including a rating of 'Good' from the Care Quality Commission (CQC) into Enham's care home services.

Building as many homes as we can, offering a range of housing options

We have a vital role to play in tackling the chronic housing shortage in this country. We see that in practice through the demand for our homes from affordable and social rent to shared ownership. We're always aiming to increase our affordable homes programme which often sees us moving into new areas. Our valued partners, including Homes England, with whom we are still a Strategic Partner, will help us achieve this.

We delivered over 1,300 homes built this year, including 698 affordable rent homes, 466 through shared ownership, 17 for market rent and 131 sold on the open market. Inside Housing has recognised our build programme as one of the top 10 in the sector, placing us 7th (14th in 2022) in the annual housebuilder survey in 2023. We also received approval to progress the Bargates site, our biggest land-led project to date in Christchurch, Dorset which will provide 169 new homes including 39 for sheltered accommodation.

Looking ahead, we expect to deliver over 1,170 homes during 2023/2024. In the next seven years, we plan to invest £2.3 billion to deliver over 10,000 much needed new homes balancing Section 106 projects, and our land-led schemes offering a mix of tenures to suit different needs. This means we can continue to balance delivery risk while keeping a strong focus on the quality of new homes, managing delivery, costs, and standards.

Community Land Trusts (CLTs) remain central to our build programme. I'm proud to say we are leading the way in the amount of CLT partnership projects we have helped deliver. These types of developments are unique in the way they are shaped by and for the community in which they are built.

Sustainable services

We're always mindful of the impact homes have on the environment especially as we move into new parts of the country. We are always looking for opportunities to use modern methods of construction, how we can improve our digital approach, reviewing alternative heating sources, and embedding net zero carbon where possible. We're committed to making sure all our homes are Energy Performance Certificate (EPC) C or above as soon as possible, ahead of the government deadline of 2030. At 31 March 2023 84.3% of our properties have an EPC C or above, which exceeds the national average of EPC D.

To further bolster these efforts, in March 2023, as a member of the South West Net Zero Hub (SWNZH), we were selected by the Government's Social Housing Decarbonisation Fund Wave 2 (SHDF). This means we shall receive over £500,000 of grant funding. The investment from this project will see us improve the energy efficiency of over 100 of our least energy efficient homes over the next two years to EPC C, helping continue our wider retrofit activity in Dorset, Somerset, and Wiltshire.

Empowering our colleagues, customers, and communities to thrive

To deliver lasting benefits for our customers and communities, we need to employ and retain the best people and we are committed to becoming the number one employer in our sector.

As part of our business wide transformation programme – Programme Experience – we've continued to strengthen The Aster Offer. We know that an inclusive culture will create a better way of working for everyone, and by creating an even more inclusive environment, we'll have the courage to do things differently.

Our people should reflect our communities, our diversity and inclusion (D&I) principles, the Board diversity and neurodiversity training programmes, and LGBTQ+, gender, race and heritage, disability confident and carers colleague networks make sure we bring different experiences and insights to our work and underpin everything we do.

Our commitment to colleague wellbeing continues to form a key part of The Aster Offer. Building on our menopause-friendly accreditation, we have won two Menopause Friendly Awards in recognition of our programmes this year.

The Aster Way – our values and behavioural framework – continues to guide the way we work and the culture we seek to create. We encourage our people to have open and honest conversations and to work together restoratively, and we're proud to have maintained our status as a Registered Restorative Organisation for the third year running.

The Aster Foundation remains committed to its mission of enabling better lives for those in our communities. Now having completed its first year as an official charity, the Foundation team continues to support our customers and communities to live fulfilled lives. The charity's social incubator programme, '**inc.**' now in its third year showcases some of the most forward-thinking, socially-conscious entrepreneurs.

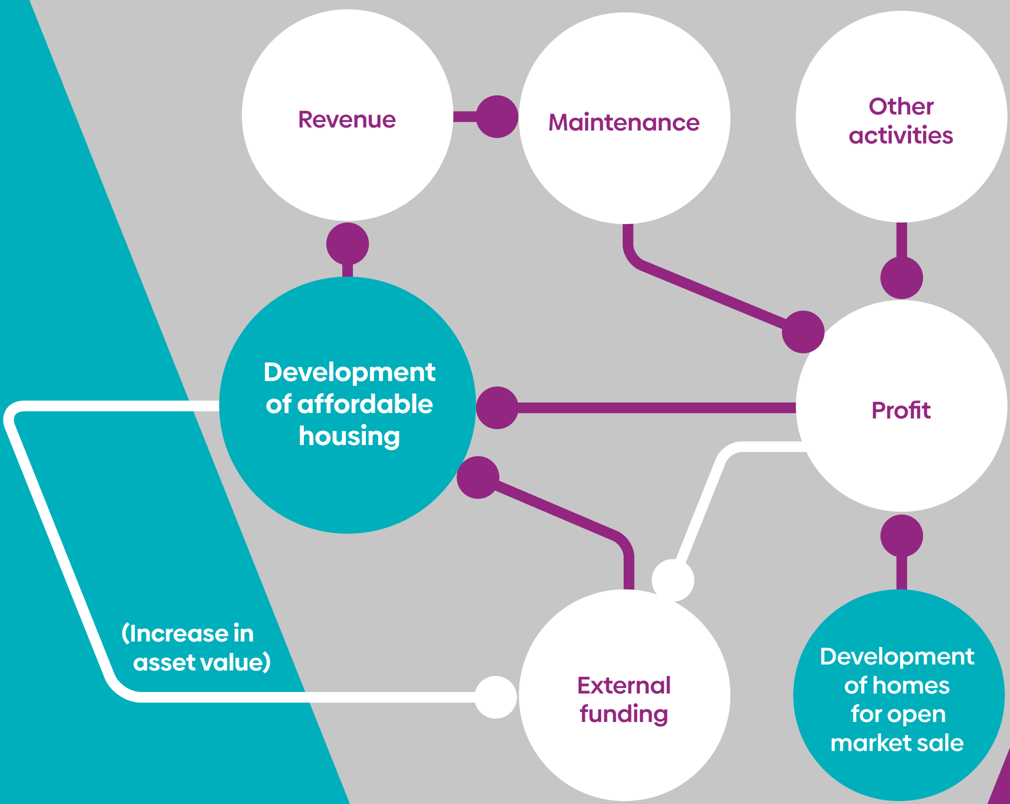
Overall, it has been a challenging year, and yet our teams have shown their ability to continually adapt. They have found new and different ways to engage with our customers, improve the services we offer and deliver as many new homes as possible. This means our customers can live comfortably and with certainty, now and into the future – this is how everyone at Aster works together to make our vision a reality.

Dr. Mike Biles
Group Chairman

8 August 2023

Our
Business Model

Everyone has a home



Everyone has a home

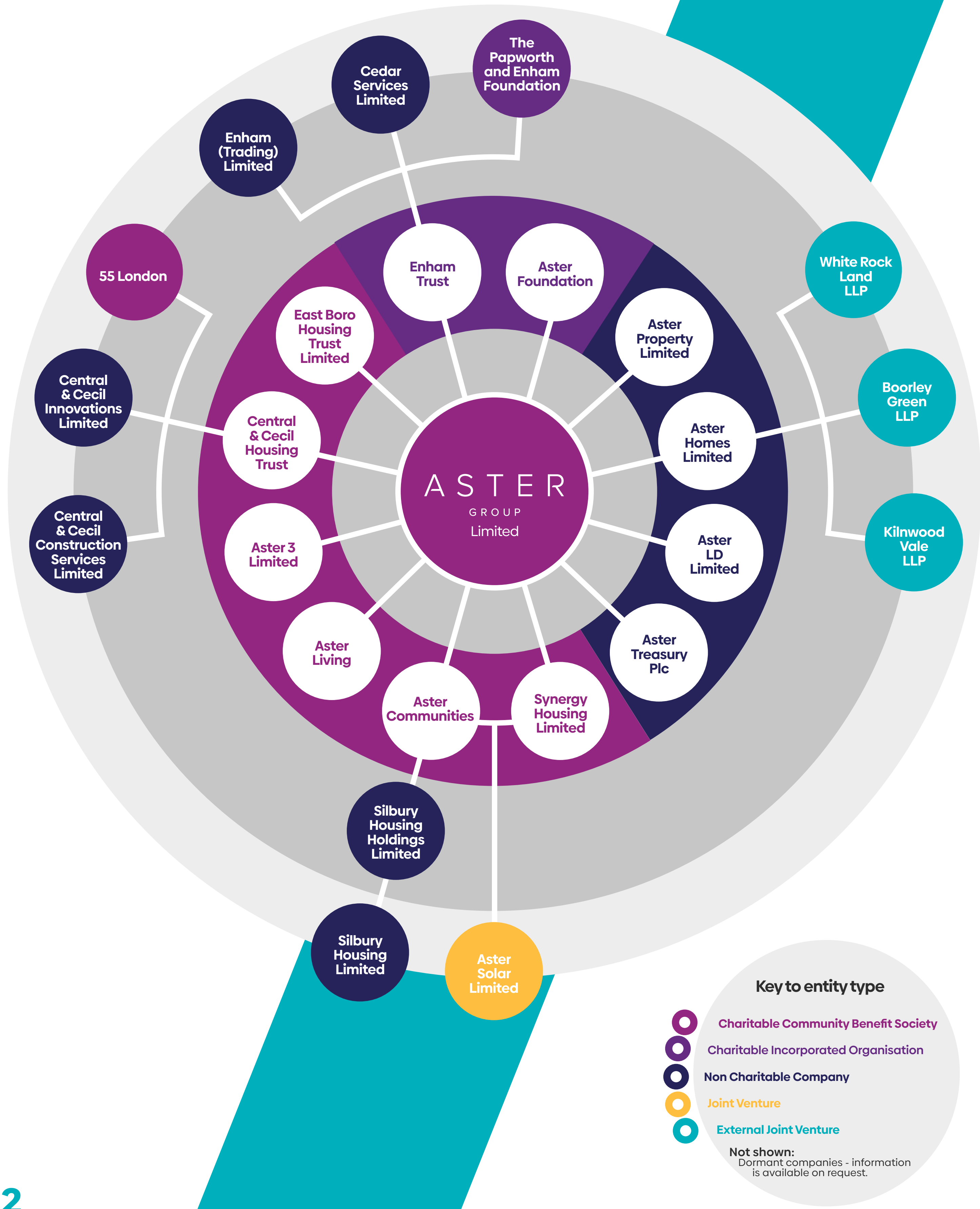
The Group's activities are categorised into five areas:

1. **Provision of housing** through its Registered Providers - Aster Communities, Synergy Housing Limited, Aster 3 Limited, Central & Cecil Housing Trust, East Boro Housing Trust Limited and Enham Trust;
2. **Connected living, care and support services** through Aster Living, Central & Cecil Housing Trust, East Boro Housing Trust and Enham Trust;
3. **Property management and maintenance** through Aster Property Limited;
4. **Development of housing for rent and sale** through Aster Homes Limited, Aster LD Limited, Central & Cecil Construction Services Limited and joint ventures with Vistry Homes Limited (White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP); and
5. **Other customer, charitable and community support services** through Enham Trust and Aster Foundation.

The Group primarily generates revenues from rent and service charges associated with the provision of housing, and from the sale of houses built for shared ownership and open market sale. Profits after financing (servicing of debt) and tax are reinvested and used to build additional homes (usually through supporting additional borrowing capacity).

The Group finances additional development through traditional bank funding, capital markets (bonds and notes), the European Investment Bank (EIB), Affordable Housing Finance (AHF) bond, part of the Affordable Homes Guarantee Programme, and the sector borrowing vehicle MORhomes of which the Group is also a member.

Group
Structure



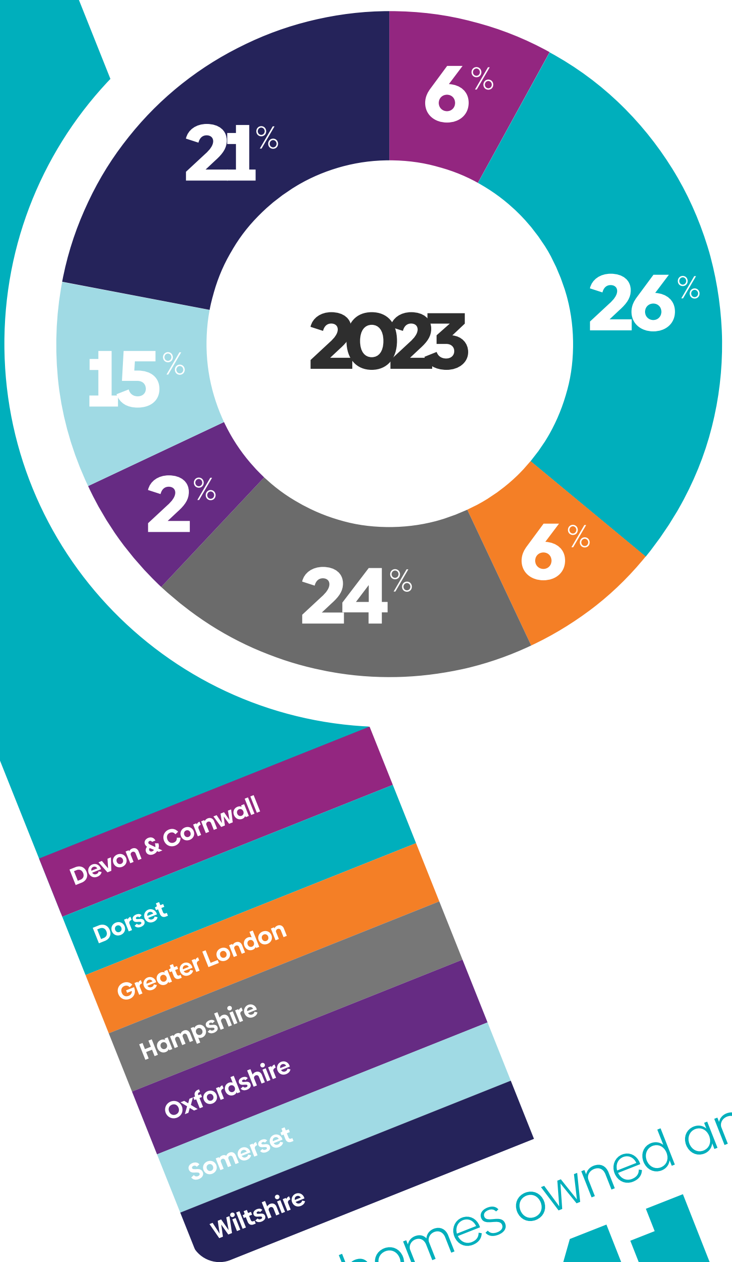
The main activity of each of the entities in the Group is:

Aster Group Limited	Acts as holding company for the Group and provides support services for each of the subsidiaries.
Synergy Housing Limited	Registered Provider, with properties primarily in Dorset, Hampshire and Wiltshire.
Aster Communities	Registered Provider, with properties primarily in Hampshire, Wiltshire, Somerset, Devon and Cornwall.
Aster Living	Provision of connected living services to vulnerable people in specialist housing or their own homes.
Aster 3 Limited	Registered Provider, to provide additional development capacity to the Group.
Central & Cecil Housing Trust	Registered Provider whose principal activities are the provision of housing and residential care in London.
55 London	Provision and management of housing for those over 55's in London.
East Boro Housing Trust Limited	Registered Provider, with properties primarily in Dorset, providing some additional support services.
Enham Trust	Registered Provider with properties in Hampshire and charity whose principal activities are to assist people with disabilities and to promote opportunities by providing access to accommodation, care, employment, training and other services.
The Papworth and Enham Foundation	Charitable entity – joint venture with The Papworth Trust, assisting people with disabilities.
Aster Foundation	Charitable incorporated organisation enabling the better lives of people.
Aster Property Limited	Management and maintenance of housing stock and related areas.
Aster Homes Limited	Development of homes for affordable and market sale and rent.
Aster LD Limited	Development of land led focussed, mixed tenure schemes.
Aster Treasury Plc	Special purpose vehicle for raising bond finance on behalf of other Group entities.
Silbury Housing Holdings Limited and Silbury Housing Limited	Special purpose vehicles for the delivery of homes in Wiltshire as part of a service concession arrangement.
Central & Cecil Construction Services Limited	Provision of property construction services.
Central & Cecil Innovations Limited	Provision of property development services for market sales properties.
Enham (Trading) Limited	Special purpose vehicle providing investment income to its parent, Enham Trust.
Cedar Services Limited	Provision of development services.
Aster Solar Limited	Special purpose vehicle for investment in photovoltaic panels on behalf of other Group entities.
White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP	Limited Liability Partnerships jointly owned by Aster Homes Limited and Vistry Homes Limited to develop properties.

Our Market

Homes owned and managed

Aster Group owns and manages over 36,000 properties across the south of England and London, with the largest number of homes in Dorset, Hampshire and Wiltshire.

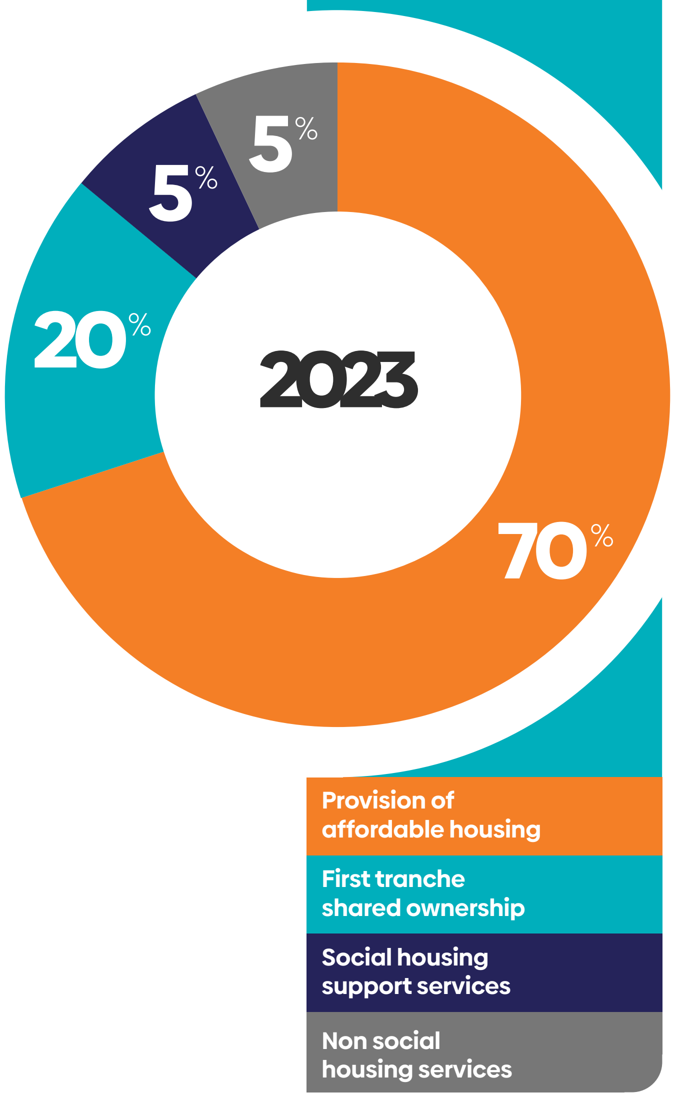


The Group was formed by six large scale voluntary transfers (LSVTs) through the merger of Aster Communities and Synergy Housing Limited and creating a housing association in 2013. Since then the Group has grown organically, developing more than 9,000 new homes for its customers, as well as benefitting from the addition of 2,400 homes through the merger of East Boro Housing Trust in 2020, then Central & Cecil Housing Trust and Enham Trust in 2022.

The main source of revenue for the Group is through the provision of affordable housing services and from first tranche sales from the Group's shared ownership development. Revenue is further supported by both social and non-social housing support services. The revenue generated by the Group is used to enable better lives, to provide safety and security through a range of housing and services including the provision of safe, well-maintained homes and modern reliable customer services. The Group uses the profit it generates to invest in and support the development and provision of more homes. All profits generated by the Group are reinvested back into the business with no dividends paid.

Total homes owned and managed

36,414



Total revenue

£301 million

Group revenue split

In October 2017, the government announced that increases to social housing rents will return to the Consumer Price Index (CPI) plus 1% for five years from April 2020 and this was reflected in the Group's rental income for the year ended March 2023. This gives social tenants, councils and housing associations the security and certainty they need.

In order to gain greater control over the Group's delivery of housing, the business has increased its land-led programme and aims to achieve an even balance between the Section 106 (S106) and land-led programmes within the next few years. The business will also continue to seek larger opportunities for development to capture economies of scale and further drive efficiencies and in addition to the profits generated from open market sale activity. We also have Strategic Partnership status with Homes England which further supports our development strategy and affordable homes programme going forward.

Coupled with this, the Group will look to identify land for new development within its existing stock through a review of under-performing assets, increasing stock density and replacing stock which is no longer fit for purpose for our customers.

This year was the sixth year of our void disposals programme ('VDP'), designed to sell under-performing void properties on the open market that no longer meet the standard we require. Properties identified for sale are assessed against a number of criteria and where the relevant thresholds are not met they are approved by an independent panel for sale. This year the Group sold 64 VDP properties (2022: 81 properties). Capital generated from these sales funds our ambitious development pipeline to spend over £2.3 billion building 10,000 new homes over seven years. On average for every property sold under the VDP programme the business builds two or more homes, often within five miles from where the property was sold.

The Group continues to benefit from its development of homes for open market sale with profits generated used to enable the delivery of more affordable homes. Our open market sale programme is primarily delivered with joint venture partners allowing the Group to take advantage of the expertise that the partners bring as well as sharing the risk and investment.

Our
Vision and Strategy

Our corporate strategy is shaped to help us deliver our vision that '**Everyone has a home**'.

This vision as you would expect, has remained unchanged. The current climate means that our purpose is more important than ever. Our aim is to provide people with safety and security through a range of good, modern housing services.

Our corporate strategy also remains unchanged and is built around three core strategic themes. Underpinning these themes are our 'enablers', which will deliver on our transformation – known as Programme Experience, our business growth, and maintaining our position in terms of financial strength and sustainability. Running throughout our strategy, is our effort to nurture a positive and empowering culture which helps everyone bring their best selves to work.

Everyone has a **home**

What we do enables better lives

Strategic themes

Enablers

The Aster Way

We provide safety and security through a range of housing and services.

We will continue to grow so we can maximise our impact.

Our strengths are our people and our culture.

Empowering our colleagues, customers and communities to thrive.

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

Providing safe, well maintained homes and modern, reliable customer services.

Business Growth

Financial Strength and **Sustainability**

Programme Experience

Group Chief Executive Officer's
Statement

This past year has been one of reflection and rebalance as we emerge from the COVID-19 pandemic into a world where its legacy, along with the soaring cost-of-living and continued housing shortage means that as a business we can't simply keep doing what we've always done in the way we've always done it.

It has seen us re-focus on our pride and purpose – to have a positive impact in our local communities. And we do this in many ways, from providing safe, well-maintained homes, building new homes, in our role in tackling the national housing shortage, to providing charitable services, supporting social entrepreneurs, and people with disabilities. We are relentless in our mission to extend the positive impact we make.

Bjorn Howard, Group Chief Executive Officer

These are challenging times, but ones that provide us with an opportunity through our business-wide transformation, 'Programme Experience', to ensure that we have the skills, dedication, and ambition to continue to thrive as a business.

With high inflation, the cost-of-living crisis and the continuing pressure on public services, we're under more pressure than ever to increase our support to our customers and their expectations are changing. We need to provide the services they need and deserve, not just now, but into the future. At the same time, we need to ensure that we are not drawn into providing services that should properly be offered by and paid for by local authorities, government and the wider public sector.

This year we invested £83.4 million in repairs and maintenance to make sure our quality, affordable homes continue to be great places to live. And we don't stop at monetary investment. We are modernising our services – rethinking how we can better serve our customers' needs and co-designing with them – to set an Aster standard to be proud. We're doing this by using the latest technologies and data-driven insights, to accelerate these improvements, which will set us apart from others in the way we work.

Rising costs in all walks of life mean the need for affordable homes is more desperate than ever. Our customers, both new and existing, need us to tackle this problem head on. Being at the forefront of delivering new homes across a mix of tenures, including social and affordable rent and shared ownership, is a crucial aspect of achieving this. This year, I'm especially proud that we delivered over 1,300 new properties, which is our highest-ever total over a financial year, providing these much-needed new affordable homes across the South of England and London.

We also boosted our forward programme by contracting on 40 schemes which will provide 1,706 homes over the next seven years. This included a number of land-led developments, a large developer-led scheme of nearly 300 homes with Persimmon Homes and our first new schemes in London, since Central & Cecil Housing Trust (C&C) joined the Group.

This is the result of an incredible effort from across our business as our focus remains steady on making sure we're maintaining our diverse pipeline of new affordable homes across our regions and delivering reliable services to our customers living in them so they can live comfortably and with certainty, now and into the future.

To ensure our growth ambitions are achieved, part of the role my Executive Board colleagues and I play is to ensure that where we are able, and where it makes good business sense, we continue to partner with other organisations. And just as important, that we support our cultural transformation, so our business is well placed to support it.

This year we completed our merger with Enham Trust, a charity that supports people with disabilities to live, work and enjoy life to the full, with the belief that disability should not act as a barrier. The move into the Group will help secure the long-term future of the Trust and enable it to take advantage of our strong and stable financial position, as well as our investment programme.

We have a rich history with Enham Trust formed over a number of years, partnering with them to break down barriers concerning disability and mental health, and many of our people fundraising and volunteering for the charity. The Trust also helped guide us to reach our 'Disability Confident Leader' status.

With the support we are committed to providing Enham, I'm confident that this amazing charity will continue to thrive long into the future, as part of the Aster Group. Together we have ambitious and exciting plans to ensure Enham's teams and those people it serves, have a truly bright future ahead.

The partnership also complements the activities of the Aster Foundation, which has just celebrated its first year as an official registered charity helping over 9,200 people through its programmes including mental wellness, financial wellbeing, and employment. The charity's social incubator **inc.** is now in its third year supporting social entrepreneurs and attracts some of the brightest minds tackling social challenges.

The future of work is changing too. Our employee expectations are changing at a rate never seen before. The competition to keep and attract the talent we need to help us achieve our vision is fiercer than ever. We recognise there are multiple generations now in work and what attracts and motivates colleagues is as diverse as the workforce itself. Our inclusive culture and colleague offer is creating a better way of working for everyone as we look to become the number one employer in our sector.

Ours has and always will be an ambitious business, one committed to delivering lasting benefits to our customers, communities and colleagues, and we will never stop working towards our goal – **Everyone has a home**.

As we look back on another successful year, it is clearer than ever that our achievements are down to the wonderful people who work at Aster. My thanks are due to each and every one of my near 2,000 colleagues and our Board Directors who work so hard to support, guide and challenge us to do even better.

We should celebrate the last year, but we can look forward to the future with confidence and excitement about what it will bring and the thousands of lives we will change for the better.

Bjorn Howard
Group Chief Executive Officer

8 August 2023

Our
Service Delivery Plans

Customer Services
Modernisation Programme

We own and manage over 36,000 homes for our customers across the south of England and London. We provide these services through our various Registered Providers, Aster Communities, Synergy Housing Limited, Aster 3 Limited, East Boro Housing Trust Limited, Central & Cecil Housing Trust (C&C) and since October 2022, Enham Trust.

In order to deliver against our Strategic Priority of 'providing safe, well-maintained homes and modern, reliable customer services', we are needing to constantly adapt our offer. We've segmented our Customer Services Modernisation Programme into four areas of focus:

- Customer First Culture;
- Customer Contact Management:
- Repairs; and
- Local and Home.

This allows us to focus on these core areas and adapt to our operating and regulatory environment, which is constantly changing. And last year was no change to us working in an ever-evolving climate.

We needed to continually modernise our services to meet these challenges. To be able to do this, we have had to remain committed to our 'customer first' culture; one theme which runs throughout our modernisation programme. Our teams have worked tirelessly and wherever possible, connected with our customers so that they can receive the best possible experience every step of the way.

Customer First Culture

We want to build and nurture an authentic and trusted relationship with our customers. Part of doing this well is about making sure they are at the heart of everything we do. Capturing our Customer Voice is absolutely critical in shaping our service offer and so we can learn from their experiences. As such, this Customer Voice thread runs throughout our operations. These two-way conversations are critical to us in providing scrutiny and bringing customers on our modernisation journey by helping co-design our services. It also provides them and us with assurances that we are focusing our efforts in the right places.

In March 2023, our efforts in this space were recognised when we received external accreditation from Tenant Participation Advisory Service (Tpas) which supports and champions tenant involvement and empowerment in social housing across England. This accreditation reflects our commitment to customer engagement, involvement and influence. We achieved an average of 90% in each category, and we are introducing some recommendations Tpas made into our customer voice offer. We're just one of 17 landlords to be endorsed by this service.

One way we connect with our customers is through our involved customer Groups. This includes our Customer and Community Network (CCN), made up of customers, Senior Executive and Non-Executive Directors, our Customer Overview Group (COG), which reports into the CCN and monitors service delivery, customer satisfaction and policy approvals. Last year we saw a further 100 people sign up to these Groups, bringing us to an impressive total of 1,620 customers now engaged in these conversations. Together they help co-design our services and regularly provide us with feedback and guidance on how we can do things better.

Our Customer Scrutiny Panel (CSP) continued its invaluable work independently reviewing our various service areas. Last year, they scrutinised the tenancy check reviews undertaken in customers' homes by housing staff and the effect these had on customers and services. From here they were able to make nine recommendations which were all agreed by the customer services operational leadership team and have had positive outcomes for customers.

During last year we also held nearly 100 customer and policy consultations, attracting over 7,000 customer responses. This is a record response rate and nearly doubles the number of responses we had in 2021/2022. Crucially, this feedback led to us changing, withdrawing or introducing services. For instance, we developed some 'how to' videos for customers to follow to carry out simple maintenance tasks in their homes, shaped around things our customers said would be helpful.

During 2022/2023 we held five customer service policy consultations, which helped us shape our procedures more in line with what customers want and need. For example, we adjusted our repairs and maintenance policy, so it is now clearer in terms of expectations about what we can promise and provided more convenient appointments for customers. These consultations have also helped us update our damp, condensation and mould and our leasehold and freehold policies to be clearer and more transparent.

We conduct our own regular customer satisfaction surveys. Listening to the thoughts, suggestions and opinions from our customers about how we deliver our services are vital and really do make a difference when we consider how we can improve. Last year, across our whole customer base, 85% said our rent represents value for money, 88% were satisfied with their local neighbourhood as a place to live and 74% are satisfied with the overall service we provide.

But we recognise that we don't always get it right. Having a clear route for customers to let us know when a service hasn't met their expectations is an important part of our work to improve and meet our customer promises.

Just like we've seen across most housing associations, the number of complaints has increased compared to last year. As a result, we've made changes to improve the process and to continue to provide a good service in responding to complaints. These include building our team so that we have more people ready to support our customers, hear their concerns and find a solution.

Last year, we received 770 formal complaints (up from 612), 912 fast-track complaints (up from 787), with 17 being escalated to the Housing Ombudsman (down from 24), however during 2022/2023, there were no cases of severe maladministration published by the Ombudsman during the year, where the Ombudsman makes a formal decision that a landlord has failed to do something.

We work closely with the Housing Ombudsman to make sure we're compliant with all complaints standards across the sector. Our complaints service has been designed to make it as easy as possible for our customers to raise an issue if something has gone wrong, so that they can be confident that we'll be accountable, learn from our mistakes and make the necessary improvements.

During the year the Housing Ombudsman updated its scheme and the Complaint Handling Code. We carried out a self-assessment to check we're following the code correctly, and The Designated Complaints Panel (DCP) has been fully involved in the process as well as making amends to our Complaints policy. To complete this they conducted eight reviews where a complaint could not be resolved via our internal complaints procedure. The DCP has made 20 recommendations – 10 trying to achieve a resolution to the complaint and 10 service improvement recommendations, many of which were adopted. We also recruited three new customer members to our team – two of whom have already chaired a review.

Customer Contact Management

We're always finding ways to enhance our customers' experience. We do this by offering a modern, reliable and fully digital service. By understanding and prioritising what matters most to our customers, we can deliver services in the most accessible and inclusive way.

To minimise disruption, we want to find ways to make sure customers have resolutions to their issues at the first point of contact. That's why the data we have, and our customer engagement needs to provide insight and allow us to predict and prevent potential problems. This work means that we can continually improve our customer journeys and they reflect what our customers actually want. We approach how we maintain our customers' homes in the same way so they can live comfortably and with certainty, now and into the future.

This year has seen an overall rise in the number of customer contacts made through the Contact Centre, handling 205,313 calls (last year: 217,690), a 5.7% decrease on the previous year, and 67,080 emails (last year: 57,572), an increase of 16.5% and 21,928 Live Chats (this is the first full year we have offered this service). The Group's satisfaction results were very high with advisors scoring 96% for being polite and friendly, and 91% for being helpful and knowledgeable.

And we are finding more ways for our customers to connect with us. We now have over 50% of our total customers registered to our online portal 'MyAster'. Our newly developed 'Live chat' service has been a great way for our customers to get in touch directly with a member of our team. Many of our customers use Live Chat each month to log repairs, ask questions, update their tenancy and more. Their feedback continues to help us shape and improve our digital platforms by adding more features and providing accessible ways for customers to reach us. In October 2022 the success of MyAster meant we were selected as Finalists for the Institute of Customer Service's 'Customer Satisfaction Innovation' award and shortlisted for the UK Housing 'Digital Landlord of the Year' award.

And it doesn't stop there. We're always finding ways to innovate. We're trialling new technologies to see how we can offer more ways to interact with us virtually to provide an easier and quicker service for our customers.

As the cost-of-living continues to bite, another valued service is that of our financial wellbeing team. To be as proactive as possible, we have continued to offer a financial hardship fund to support our customers who may particularly struggle to pay their bills. In 2022/2023, we invested £69,298 which was used for sourcing furniture from re-use charities to provide much needed items for our customers, working with local food banks and helping vulnerable customers buy food, and provided gas and electric energy top-ups. In addition to this we've supported and worked with customers to help them access benefits they may have been entitled to but not aware of. This helped increase household incomes by £577,703. We received 2,954 customer referrals – an increase of 26% on the previous year – and completed a total of 18,368 contacts with customers.

As well as the work above, we offer an into work service that supports any customer who would like help with finding work, a change of career, and / or adding to their existing skills. We've partnered with The Digital College to provide online courses covering a range of topics including Word, Excel, Customer Service and others to support them to gain employment. We also work closely with local partners who provide additional support and who we can refer customers to. Our Into Work Officer worked closely with customers to achieve 267 successful outcomes, which included 167 training courses completed and saw 67 customers improve their access to the internet.

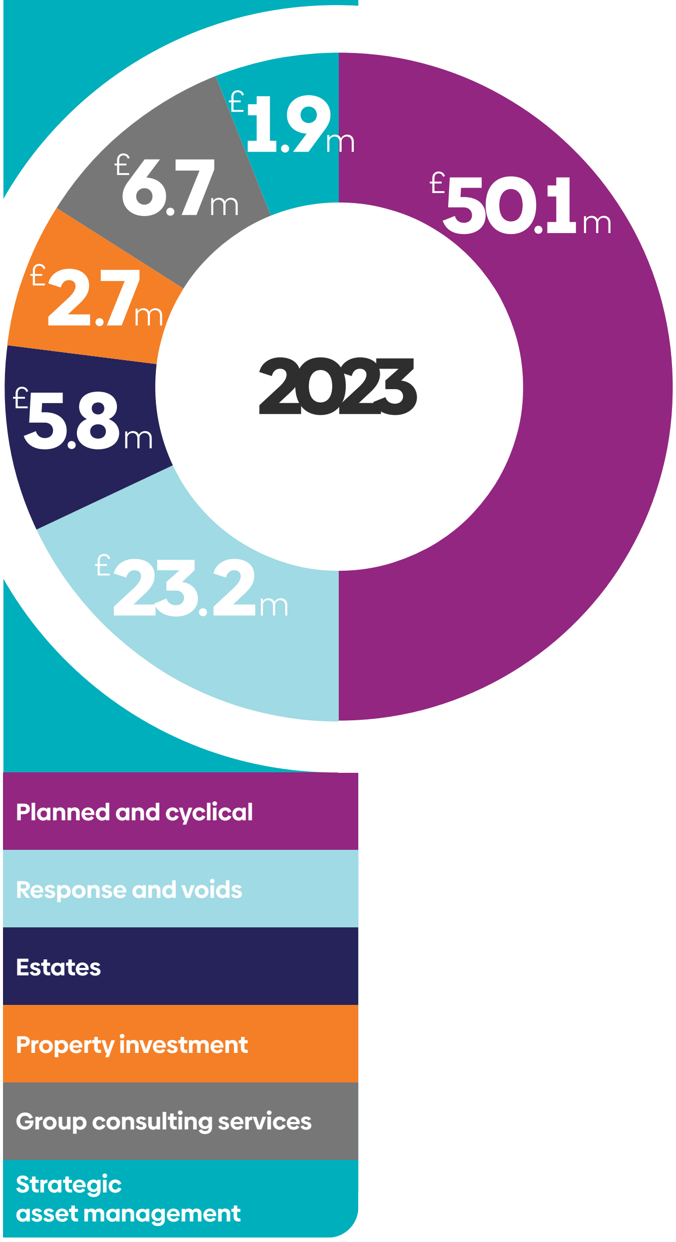
Our
Service Delivery Plans

Repairs

We want our homes to be safe and secure for our customers to enjoy. We can only achieve this if we provide a flexible, reliable and fit for the future repairs offer. This requires us to always make improvements and try new ways of doing things. Last year we continued to find ways to innovate where we can, so we can carry out sustained investment into our homes. This year the focus on the standard of social housing homes has remained in the spotlight. Addressing any work related to condensation, damp and mould issues in particular remains a key priority. We want to be as proactive and preventive as we can and work with specialists where needed to help us address the root causes on any problems. As such, we have taken several proactive steps to address these issues which are making real positive impact. We have created a dedicated workstream to tackle these issues, rolled out specialist training to surveyors on diagnosing damp and mould in properties, and increased our surveying capacity to ensure we are inspecting homes as soon as possible.

Demand for our routine repairs remained high. Further to the backlog from the pandemic and the February 2022 storms, we managed to meet these high demands during the first half of the year. Overall, we completed over 120,000 repairs and spent £83.4 million (2022: £78.6 million) repairing and maintaining our homes to keep them safe and secure places to live. We completed 87% of repairs on time. We know how important our maintenance service is and we're continuing to look at how our highly skilled trades people and supply chain can work with us to deliver a reliable service every day. By focusing on the repairs and maintenance we provide, we will make sure we're giving customers the service they expect and Value for Money.

The safety of our customers remains our priority. This year we introduced a new dedicated property safety team which instil our 'safety first' approach across the business. They are focused on making sure we are responding to the Building Safety Act and keeping our customers and colleagues safe. With regard to fire safety specifically, we have surveyed all our blocks, and only have four which are over 18 metres or seven storeys high. All those buildings are now being assessed and we will be preparing safety cases for them. We are also undertaking non-urgent remedial works on the external wall of five lower rise buildings. We've continued to achieve a high level of performance on our Gas Servicing Compliance (99.9%), Electrical Testing Compliance (99.3%), Fire Risk Assessments (99.8%), and Decent Homes Compliance (99.9%).



Total investment

£90.4 million

Our
Service Delivery Plans

Local and home

Even though we have grown over the years, we pride ourselves on making sure our customers receive a good service, delivered excellently, with a strong local focus. We recognise that we need to adapt our services to the needs of the local area and the customers that live there so we can provide long-term investment in our homes and communities.

Our proactive approach to neighbourhood and housing management means our teams are out in communities every day, conducting tenancy and estate inspections. This means that our homes are safe and well maintained. By working closely with customers on a day-to-day basis we aim to resolve any issues locally across our geography. During last year we:

- Conducted over 10,000 neighbourhood inspections;
- Completed over 41,000 estate works in our neighbourhoods;
- Supported 337 families move into a home that was more suitable for them through the mutual exchange process; and
- Helped keep our communities safe by resolving 1,046 cases of anti-social behaviour (ASB) and domestic abuse – some 97% of all cases raised.

2022/2023 saw service charge costs increase due to outside pressures. Energy costs have significantly gone up, while costs of materials to maintain and improve buildings have risen. Every pound we raise in service charges is allocated to covering all costs; ultimately going directly into providing our customers with the best possible service.

We welcomed C&C's service charge team, along with colleagues from EBHT into our central service charge team.

At the start of the year we budgeted a total service charge spend of £12.1 million, with an initial 30,203 customers paying towards a service charge of some sort (not including EBHT, C&C or Enham).

We estimated a spend on some services of the following values:

- Management companies £1.3 million;
- Management fees £1.2 million;
- Cyclical works £0.5 million; and
- Utilities £2.1 million.

The actual spend on service chargeable services for 2022/2023 was £15.4 million. The additional £3.3 million was because of additional services being delivered. These included:

- £689,375 on clearance of fly tipping;
- £124,416 on tree works;
- £501,732 door entry repairs;
- £467,660 repairs to lifts; and
- £110,789 repairs to TV systems.

Our lettings team has continued to work hard this year facilitating 2,086 moves during the year. We continue to work closely with local authorities to provide creative solutions for anyone facing homelessness. We've used some of our homes to provide accessible and adapted temporary accommodation, minimising the need for those affected to live in hotels or B&Bs.

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

	2022/2023 Target	**2022/2023 Actual**	2021/2022 Actual
% rent loss through vacant properties	0.76%	**0.70%**	0.83%
Average number of days to re-let	20	**27**	23
Current tenant arrears %	3.00%	**1.84%**	1.77%
Overall customer net promoter score	No target	**10***	20
Overall satisfaction %	80%	**74%***	84%

We continued our work on the Rough Sleeper Accommodation Programme (RSAP) to support people at risk of rough sleeping. This project, run in partnership with Test Valley Borough Council, allows people to access help with healthcare and any other support they may require before a longer-term home is found. Four of the five homes in the programme are now occupied. Over the next 30 years, these five homes will continue to provide a place for people who are at risk of rough sleeping, or who have been sleeping rough in the borough.

In response to customer feedback, we have updated our lettable standard, a document which sets out what customers can expect within our homes. We have also updated our digital offer to make the experience of moving into one of our homes as easy as possible.

We continue to review the circumstances of any new customer and help with any specific needs, working with external partners if required. This includes making the most of our tenancy sustainment budget to support customers who may have limited financial options.

Our Independent and Connected Living services are provided through Aster Living to help our customers maintain independence in their homes and improve their wellbeing. There are almost 4,000 (2022: 4,000) customers supported by our Independent Living team which includes providing services from low level support as required to 24-hour onsite support in the Group's own schemes. The service made an operating loss of £708,000 in the year (2022: loss £445,000) primarily as a result of increased corporate overhead recharges and an increase in employment costs. The Independent Living services provided are key to our purpose of improving people's lives and supplying a range of housing options. There are just under 3,700 (2022: 4,100) customers benefiting from the Connected Living service, with the reduction in customer numbers resulting in a decrease in income and profit. Services offered range from providing key safes, to GPS tracking and alarm packages paid on a monthly basis. This service contributed a loss of £5,000 (2022: £163,000 profit) to the operating loss of Aster Living during the year.

Independent Living services are also provided through East Boro Housing Trust Limited.

To inform all of our activity, we rely on data and accurate intelligence of our customers' experience. We want the data we hold on our homes to be deeper, so we've been carrying out a full stock condition survey, which also includes C&C and Enham Trust properties, at a total cost of £3.1 million. We are one of only a few housing associations that has taken this vital step. We have now surveyed most of our homes and by doing so, it means we can plan for the long-term with confidence. This study means we can also invest and improve energy efficiency as part of our sustainability roadmap to 2050.

That leads us onto the part we play in tackling climate change. We remain committed to ensuring all our stock is at least an energy performance certificate (EPC) rating of C or above before the government's deadline of 2030, lowering our carbon footprint and protecting the biodiversity of our communities. Last year 84.3% of our properties with an EPC were rated at C or above, exceeding the national average of EPC D.

We're developing a broader strategy which will include looking at greening our fleet and testing property technology solutions to modernise our homes. We have rolled out 18 new mild hybrid vans to make sure our vehicles are eco-friendly and fit for the future. We've also kicked off some pilots to look at solutions like infrared heating, heat pumps and internal wall insulation to make our homes more efficient.

Aster Solar Limited

This year through Aster Solar and external grant funding from the European Regional Development Fund (ERDF) via Low Carbon Dorset, we completed a mini solar panel pilot targeting off mains gas homes in rural Dorset.

Aster Solar Limited's main activity within our Group is to provide green electricity to our customers through the installation of photovoltaic panels on existing properties. We benefit from the resale of unused electricity generated through the government agreed feed-in tariff. The alleviation of fuel poverty amongst the Group's tenants is a key objective for Aster Solar, together with the ability to generate profits that can be reinvested into our charitable activities.

As a member of the South West Net Zero Hub (SWNZH), in March 2023 we were delighted to be selected by the Government's Social Housing Decarbonisation Fund Wave 2 (SHDF), to receive over £500,000 of grant funding. This project will see us improve the energy efficiency of over 100 of our least energy efficient homes over the next two years to EPC C, helping continue our wider retrofit activity in Dorset, Somerset, and Wiltshire.

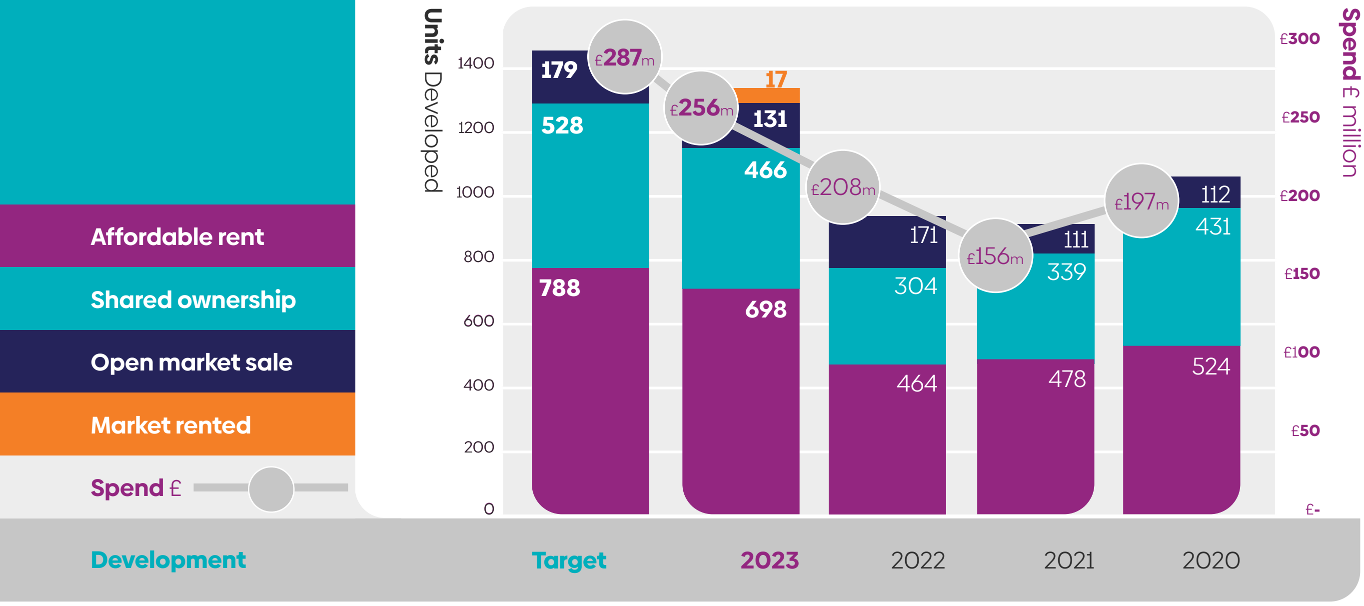
Aster Treasury Plc

Aster Treasury Plc's principal activity is to raise external debt to finance the growth and development activities of our Group and our subsidiaries.

During the year, the company paid interest on its current bond debt and received interest on its on-lending to Group companies, plus sold £50 million of guaranteed fixed rate secured bonds. Subsequent to the year end, in June 2023, £250 million was issued under the MTN programme, with a further £100 million created to be sold at a later date.


PLEASE KEEP
2M
DISTANCE

Development



One of our other Strategic Themes is to build 'as many homes as we can, offering a range of housing options'. This year saw our Development team do just that. They achieved our biggest volume of homes to date, with over 1,300 new homes delivered this year. This was a particularly significant achievement given the challenges the business faced. 698 of those homes were for affordable rent, 466 were shared ownership, 17 for market rent and 131 sold on the open market. We also acquired a further 82 properties in Wandsworth. This record year meant that we were ranked seventh in Inside Housing's 50 Biggest Builders survey 2023 – up from 14th the previous year.

Looking ahead, in hand with our seven-year business planning, we have boosted our forward programme by securing contracts on 40 schemes which will provide 1,706 homes. This includes a number of land-led developments, and one of our biggest Section 106 deals so far, which will see us deliver just under 300 affordable homes in Fiddington, Tewkesbury with Persimmon Homes. We also contracted on our first schemes in London, since C&C joined the Group – Southall and Silvertown.

Sales of shared ownership homes and open market sales homes (predominantly delivered through joint ventures) totalled 560 units for the year ended 31 March 2023 (March 2022: 540). We continue to see high demand for shared ownership properties, with first tranche sales of £60.5 million for the year (422 units) at an average sales percentage of 45%. In the current climate, customers are still being drawn to the scheme due to its lower risk. The average reservation rate this year was 38 properties per month and average sales time for such properties was ten weeks, from property handover to completion, against a target of 26 weeks. Overall, we had 94 completed shared ownership homes (March 2022: 50) available for sale, of which 70 were reserved (March 2022: 49).

Other asset sales continue to perform ahead of budget this year due to the continuation of our Void Disposal Programme (VDP) and an upturn in sales from staircasing of shared ownership homes, again due to the market conditions.

As we shared last year, we were selected as a Homes England Strategic Partner. This means we secured £114 million to deliver 1,550 homes by March 2028. This funding continues to support the delivery of our land led schemes. During 2022/2023, £10.2 million of grant funding was drawn down against the expenditure of nearly £12 million, across 248 homes.

Looking externally, build cost inflation pressures continue to be a concern, which although have eased, we don't expect to return to normal levels of inflation for some time. However, the majority of our programme is developer-led (fixed price) so exposure for us, is limited.

The planning system continues to present challenges for the housing sector and we have experienced long delays in achieving planning consents and clearing planning conditions. The issue of nitrate neutrality also continues to delay the process, but we are working diligently to connect with the right stakeholders to find ways to speed things up where we can. Our Bargates site in Christchurch has been subject to delays through planning with the process taking nearly a decade to finalise. Further to local appeals and a judicial review which concluded in our favour, we're looking forward to work starting in 2023/2024 in building this development – one of our largest land led schemes to date.

We also released our third Environmental, Social and Governance (ESG) report covering the 12 months to 31 March 2022; benchmarking our credentials against the United Nation's Sustainable Development Goals (UN SDGs) and the newer Sustainability Reporting Standard (SRS) for social housing.

Culture

Running through the heart of our operations and delivery plans is the culture we foster at Aster Group.

The Aster Way – our values and behavioural framework – continues to guide the way we work and the culture we seek to create. Together with our partner brands, the Aster Foundation and Enham Trust, we're relentless in our mission to extend our impact in an inclusive way, as far as possible across all our communities.

We encourage our people to have open and honest conversations and to work together restoratively. This Restorative Practice continues to embed as the basis of The Aster Way and have a positive impact. We're proud to have maintained our status as a Registered Restorative Organisation from the Restorative Justice Council for the third year running. We have been able to demonstrate the implementation of the Restorative Principles when providing support to colleagues through every aspect of our employee offer – including recruitment, onboarding, wellbeing, and employee development. This is underpinned by our Resolution Policy which supports our Employee Relations approach. A recent Poll showed that 66% of colleagues agree that we are implementing Restorative Principles across the business.

All new colleagues are invited to attend an Introduction to Restorative Practice as part of their induction process which enables us to share what being a Restorative organisation means and how they can adopt the Principles themselves. This is extended to a further programme for all new Leaders to look at how they can lead their teams restoratively (321 Leaders have completed the full programme, and over 1,000 colleagues have attended the introduction session). We are also in the process of replicating this within all subsidiary brands across the Group. Our 15 Level 2 trained Restorative practitioners have completed a refresher to continue to support and champion the use of Restorative processes throughout the business. We also provide monthly continued professional development and supervision sessions to ensure the relevant professional standards are maintained.

To strengthen our organisational Restorative approaches, we successfully rolled out a dedicated Maintenance Leaders Development Programme. This included a 'Restorative Refresh' to further highlight the benefits of working Restoratively and to understand and overcome barriers. Some Restorative Masterclasses for Leaders looked at specific areas of focus for Restorative approaches. More recently, additional sessions have also been arranged with our Executive Board and Senior Leadership Team to identify how we can deepen our understanding of fair process. It's also helping us understand how we can encourage individual accountability across the workforce to ensure colleagues use their 'voice' and it is heard within our decision-making processes.

We know that a more open, diverse and inclusive culture will unlock a more varied perspective, creating a better environment for our customers and colleagues. As such, we have developed a strategic plan setting out our commitments which are supported by our Diversity and Inclusion (D&I) principles. These different schools of thought will empower us to have the courage to do things differently. To achieve this, we have introduced diversity and inclusion principles that apply across our whole business. We're participating in Board diversity and neurodiversity training programmes, and have created LGBTQ+, gender, race and heritage, disability confident and carers colleague networks to help make sure a diverse range of perspectives can inform and shape the way we work.

Our progress in this space was recognised through us being awarded a bronze Talent Inclusion and Diversity Evaluation (TIDE) award through Employers' Network for Equality and Inclusion (Enei). Enei has worked with us to review draft documentation, provide access to free webinars and online resources, deliver training, and give access to its annual TIDE application. This self-assessment tool measures our approach and outcomes across eight different areas of D&I practice. In 2021, we conducted the TIDE assessment for the first time and were given an overall score of 54%, which placed us at 'Realise' level in the Inclusion maturity model. This year, following progress in many areas, our overall score has increased by 14% to 68%, and we are now operating at 'Embed' level.

In 2022 our Inclusion Steering Group has continued to act as a critical friend and continue to support us to further embed inclusion across our business and services. This includes supporting drafting our vision and D&I strategy for 2030. Our colleague networks have been providing safe spaces for colleagues to share lived experiences whilst also helping us celebrate key events and help shape key guidance for colleagues and Leaders. In July 2022 some of our LGBTQ+ network attended Bristol PRIDE to celebrate together. This network has also helped shape our guidance around transitioning in the workplace. Our race and heritage networked shared personal stories and shone a light on key figures in Black History during October's Black History Month.

The Aster Offer
Programme

Talent attraction

As the world around us rapidly changes, we know we need to evolve our colleague offer to retain and attract the very best talent. Ultimately, this means our customers will receive the best possible experience from us.

'The Aster Offer' is designed to make our employee offer even more appealing to attract and retain the best talent. We're delivering this through our flexible colleague offer which breaks the mould in things such as women's health, mental wellbeing, and restorative practice. The offer creates a positive environment for colleagues and one which is fair and inclusive. We know the impact of improving our offer will not only ensure Aster is a great place to work, but crucially it will have a positive impact on the services we can deliver. To do this we have been modernising the way we recruit to make sure we are able to reach, source and retain diverse talent. This is helping inform our wider recruitment plan so that new starters have a positive and inclusive experience every step of the way to help nurture and grow our workforce that better reflects our communities.

Leadership and learning

Our new Colleague Development Learning Offer launched in 2022 and has been designed to provide colleagues with the practical tools, resources, and knowledge to help them grow through learning and development. This learning offer aims to support transformational business change, and help our people gain skills and new ways of working. The framework is built around core skills, personal and professional development opportunities and coaching and mentoring through our bespoke platform. We have encouraged colleagues to access development and professional qualifications through the apprenticeship levy.

The Leadership Development Framework was also developed and launched in 2022. It includes four pathways – Aspiring Leaders, Leader welcome, Building Leader performance and our Senior Leadership development, so there is something to suit everyone at all stages of their career and give all Leaders access to development opportunities. A comprehensive suite of content has been designed and is being delivered across all of these pathways. An initiative called 'LEAD' was launched in 2022 under the Building Leader Performance pathway. This focuses on skills that help Leaders build high performing individuals and teams.

The Senior Leadership programme launched in 2022 with module one focusing on leadership essentials. All of our senior Leaders completed 360 feedback, reverse mentoring with a focus on D&I, Restorative Practice and DISC profiling.

In addition to the four leadership development pathways, we also launched a bespoke programme for maintenance Leaders, which builds leadership capability for those colleagues. A bespoke Care Leaders programme has also been developed and launched in March 2023.

This year also saw us introduce an Active Inclusion session for colleagues as part of our Colleague Development offer. This complements the other learning interventions we have available to the business. We continue to embed Inclusive Leadership in our Leadership Development offer, and we also launched Neurodiversity elearning for our Leaders.

Employee experience

Our award-winning health and wellbeing approach continues to evolve to meet the needs of the business. In April 2022, the health and wellbeing portfolio came together with sickness absence management to create a new health and wellbeing hub that is focused on enabling colleagues to stay well for work. This new team supports our people to keep well. It achieves this by providing access to information and support to prevent illness and absence, and to help reduce the length of illness periods when they occur.

The team provides a coaching style of support and advice for leaders to encourage the use of wellness initiatives. This means they can confidently and proactively manage sickness absence in their teams. Our leaders can signpost to support through different ways including access to virtual GPs, and physios via our private healthcare provider. Colleagues can also get cash back for physio, osteo, or chiro treatments.

Our new Health and Wellbeing policy, gives clear principles and effective procedures which are accessible and easy to understand. These align to The Aster Way and our Restorative Principles. We've also created Wellness Action Plans for mental health, underlying health conditions and menopause. These are embedded in our sickness absence procedure and therefore help open up conversations about health between colleagues and leaders. This means that interventions can be made to improve the colleagues' ability to stay well and in work.

Plumm Health has remained popular for our colleagues, prompting us to renew the service for a second year. Over a third of our colleagues are now signed up to Plumm Health. During the year, there were 540 video sessions that took place, 1,700 chat messages sent by colleagues, 1,860 therapist messages received, 1,276 recorded topic sessions accessed, and 282 meditations enjoyed during the year. The new contract includes family access for up to three members aged over 18 years.

Our Group's award-winning Menopause support is fully embedded within Aster. Monthly sofa sessions have continued throughout the year with guest speakers covering a range of topics from HRT to lifestyle. The Hot Topic channel membership has increased by 20% with resources and information regularly shared. We're thrilled to have won 'Best Benefits to Support Menopause, Fertility or Pregnancy' at the Employee Benefits Awards in June 2022 and 'Best Support Group' at the Menopause Friendly Employer Awards in September 2022.

Similar to how we engage with our customers, we are committed to listening to our colleagues to help shape and develop our employee offer. Regular pulse surveys are carried out to track colleague engagement and invite feedback on life at Aster. Our colleague survey in November 2022 saw 876 responses and an engagement score of 67%, with 80% of respondents saying they would recommend Aster as a great place to work. All feedback shared in colleague surveys is used to help us facilitate a positive employee experience.

Colleagues have continued to engage in the Transformation Network, which brings people from all business areas together to share feedback and champion change. The Network has been restructured to align to the themes of Programme Experience, so that this transformation journey is informed by colleague insight.

The Group has continued to recognise those colleagues who have gone above and beyond and who bring The Aster Way to life. The annual 'The Aster Way Awards' saw over 600 nominations with 19 brand new categories to recognise our diverse workforce. A different approach was taken in 2022 with regard to shortlisting each category. Rather than this being decided by the Executive Board, as it had been in previous years, colleagues picked the shortlists for the majority of the categories. The Customer Overview Group then picked the shortlist for the Customer Hero Award. Each winner received a hamper and £150 Perkbox (our reward platform) credit. Shortlisted colleagues received an extra day of contractual leave as well as £50 vouchers to use towards an experience of their choice.

Environmental and
Social

Energy efficiency in action

We are acutely aware of the responsibility we have, to work in a conscious way which reduces the impact on our natural environment.

During 2022/2023 we continued to adopt a 'virtual first' approach to working for non-trade colleagues, reducing the need for employees to travel for business purposes. Our Grey fleet mileage was 40.9% lower in 2022/2023 compared to the pre-pandemic baseline year of 2019/2020*.

We also continued to make sure our office space was used efficiently and building controls optimised to match occupancy rates. Last year, energy consumption at our offices was 37.4*% lower last year than pre-pandemic (2019/2020)*.

Our stock condition survey means that our data in the environmental space is as reliable as possible and has allowed us to refresh our energy efficiency – Standard Assessment Procedure (SAP) - information on properties with older or missing data.

We've also invested in stock energy modelling software to establish delivery programmes to meet our target of all stock to meet EPC C by 2030 and shape our longer-term carbon and energy reduction targets.

During 2022/2023 we've also:

- Kicked off a programme to train our surveyors to be PAS2035 retrofit assessors;
- Improved the loft insulation in 111 homes and added cavity wall insulation to 155 homes, upgraded the windows in 614 homes and upgraded the heating in 1,684 homes with more efficient systems;
- Carried out lighting upgrades on 30 communal buildings, resulting in an average 81% reduction in electricity bills and saving 245 tonnes of carbon annually;
- Upgraded the heating plant at one housing scheme, replacing three low efficiency boilers (efficiency 79%) with high-efficiency models (efficiency 98%);
- Conducted a small-scale pilot to retrofit photovoltaic systems on nine properties and one scheme in Dorset; and
- Completed the first phase of our emerging five-year fleet strategy (designed to ensure our operational vehicles remain fit for the future). We've incorporated measures to improve fuel efficiency and reduce carbon emissions and ordered 18 new mild hybrid vans (using Ford EcoBlue technology). These are expected to deliver between 3% and 8% fuel saving.

* Excludes EBHT, C&C and Enham Trust, as these entities were not part of the Aster Group during the baseline year.

Environmental and
Social

Streamlined Energy and Carbon Reporting (SECR) for period **1 April 2022** to **31 March 2023**

		2022/2023	2021/2022	2020/2021	2019/2020
Energy consumption:					
1.	Mains gas (MWh)	**27,031**	17,138	14,714	14,896
2.	Transport fuel – company fleet (MWh)	**6,775**	6,702	6,053	7,327
3.	Transport fuel – business travel in employee-owned vehicles (MWh)	**1,579**	1,096	604	2,859
4.	Fuel used in plant and equipment (MWh)	**570**	877	714	927
5.	Purchased electricity (MWh)	**8,875**	7,472	6,841	7,648
6.	Electricity provided by landlord at corporate sites (MWh)	**371**	352	332	Included in **item 5**
7.	Energy consumed by staff working from home (MWh)	**3,343**	3,125	3,208	Not reported
8.	**Total energy consumption (items 1-7) (MWh)**	**48,544**	36,762	32,466	33,657
Greenhouse gas emissions - mandatory (SECR) reporting:					
9.	Combustion of gas (Scope 1) (tCO_2e)	**4,866**	3,139	2,705	2,739
10.	Combustion of fuel for transport (Scope 1 – company fleet) (tCO_2e)	**1,635**	1,587	1,457	1,793
11.	Combustion of fuel for transport (Scope 3 – business travel in employee-owned vehicles) (tCO_2e)	**391**	270	150	686
12.	Purchased electricity (Scope 2, location-based) (tCO_2e)	**1,716**	1,586	1,595	1,955
13.	**Total gross emissions for which SECR reporting required (items 9-12) (tCO_2e)**	**8,607**	6,583	5,907	7,173
Intensity ratio – mandatory (SECR) reporting:					
14.	**Total gross emissions per property managed (tCO_2e / property)**	**0.255**	0.209	0.210	0.265
Methodology:					
15.	**Greenhouse Gas Reporting Protocol – Corporate Standard**				
Other emissions - non-mandatory reporting:					
16.	Emissions from fuel used in plant and equipment (Scope 1) (tCO_2e)	**156**	173	140	159
17.	Emissions from electricity (Scope 3, location-based) (tCO_2e)	**72**	75	78	Included in **item 12**
18.	Emissions from electricity (Scope 2, market-based) (tCO_2e)	**1,118**	414	77	25
19.	Emissions from electricity consumed in transmission and distribution (Scope 3) (tCO_2e)	**164**	147	144	166
20.	Emissions from staff home working (Scope 3) (tCO_2e)	**623**	580	603	Not reported
21.	Emissions from business travel - train travel and hotel stays (Scope 3) (tCO_2e)	**5**	Not reported	Not reported	Not reported
22.	Fugitive emissions	**38**	Not reported	Not reported	Not reported
Total gross emissions – SECR-mandatory plus non-mandatory reporting:					
23.	Total of scopes **1**, **2** and **3** emissions (location-based electricity) (tCO_2e) (sum of items **13**, **16**, **17**, **19**, **20**, **21** and **22**)	**9,664**	7,558	6,872	7,498
24.	Total of scopes **1**, **2** and **3** emissions (market-based electricity) (tCO_2e) (sum of items **9**, **10**, **11**, **16**, **18**, **19**, **20**, **21** and **22**)	**8,995**	6,311	5,276	5,568
Intensity ratios – SECR-mandatory plus non-mandatory reporting:					
25.	Total gross emissions (item **20**) per property owned and managed (location-based electricity) (tCO_2e / property)	**0.287**	0.240	0.225	0.250
26.	Total gross emissions (item **21**) per property owned and managed (market-based electricity) (tCO_2e / property)	**0.267**	0.200	0.187	0.206

SECR - Explanatory notes

1. Data for 2019/2020 and 2020/2021 excludes EBHT, C&C and Enham Trust. Data for 2021/2022 excludes C&C and Enham Trust. Data for 2022/2023 excludes EBHT and Enham Trust;
2. Mains electricity and gas consumption data derive from invoices and have been provided by energy brokers engaged by the Group to purchase energy on its behalf;
3. Fleet fuel consumption has been derived from fuel card data, which covers all purchased fuel;
4. 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 company's expense handling software;
5. 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);
6. The energy consumed by staff working from home has been calculated using the methodology set out in the EcoAct Homeworking Emissions Whitepaper;
7. Emissions have been calculated using the 2022 UK Government Greenhouse Gas Conversion Factors for Company Reporting;
8. The intensity ratios for 2019/2020 and 2020/2021 in this report and in the 2021/2022 report are different to the figures presented in the 2019/2020 and 2020/2021 SECR reports. This is because the number of properties owned and managed was under-reported previously; and
9. Where there is a small discrepancy between the totals shown and the sum of the constituent parts, this is the result of the rounding of figures.

Looking ahead we're going to be:

- Further developing our sustainability roadmap, which will include medium- and long-term carbon emissions reduction targets for both our operations and our housing stock;
- Continuing to rationalise office space to ensure it meets the needs of the business whilst further promoting virtual working and increasing the flexible working options for our colleagues;
- Carrying out heating upgrades to over 1,700 properties and window replacements to almost 900 properties;
- Conducting pilots to evaluate alternative heating options for properties currently heated by coal and oil. The pilots will use Next Gen – an infrared heating system – coupled with photovoltaic panels, and Comfort Frame – an internal wall insulation solution – paired with air source heat pumps. Sensor technology will also be used, to evaluate the performance of the homes involved in the trials;
- Enhancing our planned investment programmes to futureproof our homes, for example by extending eaves on rooves where external wall insulation may be applicable and reviewing our approach to ventilation and insulation to ensure they are compatible with renewable heating systems; and
- Putting contracts in place to deliver SHDF-funded and other energy efficiency upgrades.

Maximising our

Social Purpose

This year we've remained relentless in our mission to make as much positive impact in our communities as possible. This is achieved in a number of ways including through our day-to-day services and our charitable entities, the Aster Foundation and the recently acquired, Enham Trust.

It's important to us to measure the benefits we're bringing to our communities. This year saw us launch our second Economic Impact Report (EIR) in September 2022. Working with research agency, Development Economics, it found we delivered close to £250 million in economic value (up by 13% compared to the last time we did the study in 2019). It also showed that we created over 3,000 direct and indirect jobs during 2020 / 2021.

The Aster Foundation

The Aster Foundation has just celebrated its first anniversary as an official registered charity.

During 2022/2023, the Aster Foundation helped over 4,000 people through its programmes including mental wellness, financial wellbeing and employment against a total of over 9,200 people since 2021. The charity's social incubator, **inc.**, is now in its third year supporting social entrepreneurs and attracts some of the brightest minds tackling social challenges.

Our 5 big facts:

1,775 people were supported to be financially included

4,031 people were positively impacted by Aster Foundation programmes in 2022/2023 (over 9,200 people since 2021)

2,124 people have been supported with their mental wellness or social connectivity

132 people have had support with improving their chances of employment (this is a developing area)

574 people engaged in our social research and volunteering, which invested 134 days of support (our enablers)

Enham Trust

In October 2022, we welcomed disability charity Enham Trust into our Group. This move meant that Enham can continue to deliver against its purpose of supporting disabled people to live, work and enjoy life. Enham brings more than 219 affordable homes, three specialist care homes and over 150 acres of land into the Group, as well as a range of specialist disability services and expertise. Importantly, Enham remains a legal entity, has retained its name and heritage, and continues to operate as a registered charity.

During the first six months of Enham joining the Group, we invested £0.6 million in repairs and maintenance of Enham's properties through an inter-company loan and have helped stabilise its care services. Further investment is planned over the next 12 months. The support from our teams and investment from the Group meant Enham achieved a rating of 'Good' from the Care Quality Commission (CQC) for its care home services, just nine months after receiving an 'Inadequate' rating. We're really pleased to have been able to help achieve that result so quickly. We're now working hard to ensure this improvement is sustained in the longer-term.

We continue to work to integrate some central team functions to create efficiencies for the charity and to bring increased resource and expertise forward. This means they can remain focused on front-line delivery of services and impact for their beneficiaries.

Our
Brands

As you may know, our Group was formed after a series of mergers between several different organisations dating back to 1990.

This year we created a **video*** to show how it all began and what brands make up the Aster Group today.

*Scan the **QR code** or visit: **www.aster.co.uk/our-brands**

About
East Boro Housing Trust Limited

East Boro Housing Trust Limited (EBHT) has been a member of the Group since 2020. During the year, EBHT gained 92% overall customer satisfaction, showing how customers are at the heart of the business and reflecting the exceptional service delivered by employees. They delivered 19 new homes – six of which were the first shared ownership homes developed by EBHT – and have plans of significantly increasing this number during the next financial year.

For the first time in EBHT's 63-year history, the number of homes it manages has gone above 500. Currently, 489 homes are rented while 23 are leased, with those customers entering into a freehold agreement with EBHT. The organisation lost just 2.7% in rent due to empty properties during the year, lower than its 3% target.

Across EBHT, some 41,000 hours of housing related support and individually funded care, and support to vulnerable adults with learning or physical disabilities, were delivered by staff throughout the year. In addition, over 20,000 visits were completed to sheltered housing customers within their home.

EBHT hosts popular arts and crafts sessions at their Waverly Community Hub in Weymouth, a safe space where vulnerable and lonely people can access a range of activities. Over 100 groups with over 900 individual attendees were held.

During the year, eight formal complaints were received during the year. All were resolved in line with the complaints policy, with six resolved at stage one and the remaining two resolved at stage two in the process.

About
Central & Cecil Housing Trust

This was the first full year that Central & Cecil Housing Trust (C&C) was a part of the wider Group. We have continued to join together so that C&C customers can benefit from the wider resources we're able to offer.

In October 2022, we launched Grace House, a flagship redevelopment scheme in St John's Wood, London, for people aged 55 and over. A total of £37.9 million was invested over two years into the 170-apartment scheme, which includes 17 homes for market rent.

In December 2022, C&C bought 82 homes from national housing association Home Group. All homes are in the London Borough of Wandsworth, and are a mixture of sheltered housing, general needs and shared ownership.

Empty homes during the year stood at an average of 2.8% - a small improvement from 3% in 2021/2022. We have reviewed our processes in this area, identifying issues that are being addressed which will lead to further improved performance.

Satisfaction among C&C customers stood at 67%, with 93% recommending C&C homes as a place to live. C&C's in-house repairs service, C&C Direct, continues to look after customer repairs and 63% of customers were satisfied with how their repairs were handled.

C&C's welfare advice officer continued to offer advice, support, signposting and referral services to customers. They carried out over 80 budget reviews and benefit applications and appeals, helping customers secure over £30,000 in additional income.

Of C&C's four care homes, two – Compton Lodge and Cecil Court – were inspected by the Care Quality Commission (CQC) during the year. Both kept their previous ratings, meaning all four homes continue to hold a 'Good' overall rating. Cecil Court continues to be rated 'Outstanding' for leadership.

Against a high target of 95% occupancy, the four care homes averaged 96.5% across the year, a huge improvement on the 88% achieved in 2021/2022.

Statement of Comprehensive Income

The Group had a strong year achieving turnover of £301 million and a profit before tax of £55 million (2022: £171 million). The main movements are set out below:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Turnover					
Social housing	**226**	189	176	163	162
First tranche shared ownership	**60**	45	42	47	42
Non-social housing	**15**	7	7	5	8
	301	241	225	215	212
Operating costs					
Social housing	**(191)**	(147)	(129)	(122)	(115)
First tranche shared ownership	**(51)**	(39)	(37)	(39)	(35)
Non-social housing	**(13)**	(2)	(3)	(2)	(2)
	(255)	(188)	(169)	(163)	(152)
Profit on asset sales	**20**	23	18	20	18
Operating profit	**66**	76	74	72	78
Other profit, including joint ventures	**15**	123	-	15	1
	81	199	74	87	79
Interest and similar income and charges	**(26)**	(28)	(28)	(27)	(24)
Profit on ordinary activities before taxation	**55**	171	46	60	55

Social housing rents were increased with the Group applying an increase of CPI plus 1% (4.1%) and through the addition of new properties developed by the Group for both affordable and shared ownership rent. Social housing income also grew due to a full year's rental and care income from the acquisition of Central & Cecil Housing Trust (C&C) in January 2022 as well as from the acquisition of Enham Trust in October 2022.

Social housing costs have increased by £44.5 million, primarily related to lettings. Social housing lettings costs include additional spend of £11.1 million on services combined with a net increase of £14.4 million on major improvements, repairs and maintenance costs, reflecting the Group's continued commitment to investing in its existing housing stock. Care and transition services costs have increased by £8.1 million following the acquisition of C&C and Enham Trust. Further management costs and administrative expenses of £4.6 million have been incurred, which includes £3.4 million relating to the winter bonus, awarded to colleagues.

First tranche sales remained strong with the Group achieving 422 first tranche shared ownership sales (2022: 369). The average sales price for a 40% first tranche share increased by £19,000 while the percentage of first tranche share sold is consistent with the previous year's level of 45%. First tranche sales costs increased by £11.9 million reflecting the increase in sales. The margin on first tranche sales has increased to 16.1% compared with 13.3% last year, a result of the focus on larger development opportunities to capture economies of scale and efficiencies.

The Group continued to rationalise its stock, disposing of void units, inefficient parcels of unused land and other cost intensive stock that fail to meet the Group's asset grading tests. The overall profit on asset sales fell by £2.3 million to £20.3 million reflecting a reduction in the number of units sold, with 64 void disposal units sold this year (2022: 81 units). Overall, across all the Group's streams of asset sales, which includes the void disposal programme, stock options appraisal units, the land enhancement programmes, staircasing sales, right to buy and right to acquire, total proceeds of £38.8 million were raised (2022: £42.4 million). These proceeds will be directly reinvested back into the provision of new more energy efficient affordable homes than the ones sold.

Other profit in the year includes £1.8 million profit share in joint ventures and £12.8 million gain on acquisition with Enham Trust joining the Group in October 2022 (2022: £119.4 gain on acquisition of Central & Cecil Housing Trust).

Operating profit was £66.8 million (2022: £76.2 million) and the Group achieved an operating margin of 22.2% compared to 31.6% last year with the margin primarily being impacted by significant inflationary increases across the business, an increased demand of repair work and additional investment in our stock following the initial outcome from our stock condition survey. The addition of Central & Cecil Housing Trust and Enham Trust to the Group, along with a reduction in profit on disposal of housing assets and a reduction in fair value gain in the investment property portfolio, are further factors contributing to the reduction in margin.

Net finance expense was £26 million (2022: £28 million) and includes interest payable of £32.3 million and interest receivable of £5.9 million.

Cash inflows and outflows

The detailed cash flow for the Group is set out on page **105** In summary the main cash flows for the Group were:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Net cash generated from operations	**168**	176	145	130	152
Less net interest paid	**(38)**	(36)	(36)	(34)	(34)
	130	140	109	96	118
Investment in new properties	**(264)**	(208)	(156)	(197)	(177)
Social housing grant received	**24**	12	5	13	3
Purchase of other fixed assets	**(7)**	(4)	(2)	(4)	(3)
	(117)	(61)	(44)	(92)	(59)
Drawdown of borrowings	**148**	40	325	153	125
Repayment of borrowings from / (to) joint ventures	**12**	13	8	(2)	(5)
Repayment of borrowings	**(45)**	(103)	(230)	(43)	(30)
(Decrease) / increase in cash holdings	**(2)**	(110)	59	16	31

The Group held £94 million (2022: £96 million) of cash and cash equivalents at year end and had £1,227 million (2022: £1,123 million) of bank loans and bond debt.

Net cash flows from operating activities remained strong despite a decrease on the prior year of £8.2 million. Increases in operating expenditure within the lettings and social housing side of the business partially offset by increases in first tranche sales receipts of £15.7 million and open market sales of £4.0 million. The Group's operating cash flow ratio is 130% (2022: 120%) with decreases in loans repayable within one year of £39.9 million combined with increases in social housing grant repayable within one year of £12.4 million and development build costs of £14.6 million offset by the decrease in net cash flows from operating activities.

Cash invested in new properties was £264.2 million, an increase of £56.0 million on 2022, with the Group developing 1,312 homes in the year. Included in this figure is the Group's major repairs and maintenance spend of £20.5 million (2022: £20.3 million) and £8.0 million of investment properties delivered through C&C.

The Group utilised the committed facilities and cash available along with a drawdown of £147.6 million by Aster Communities, Synergy Housing Limited and Aster Treasury Plc to finance the Group.

The repayments of borrowings include £44.6 million payment of cash into the Group's revolving credit facilities, which can be drawn down again at a later date, scheduled capital repayments in Aster Communities and Synergy Housing Limited as some of the Group's facilities mature and the repayment of £2.7 million for Enham Trust loans with CAF. There were also scheduled capital repayments made by Silbury Housing Holdings Limited.

Financial
Review

Statement of Financial Position

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Fixed assets					
Property, plant and equipment	**2,256**	2,089	1,843	1,757	1,610
Investment properties	**28**	19	18	17	17
	2,284	2,108	1,861	1,774	1,627
Non-current assets					
Debtors: amounts falling due after more than one year	**53**	59	68	89	82
Current assets					
Inventory	**18**	8	3	3	2
Debtors: amounts falling due within one year	**58**	44	37	27	30
Shared ownership properties held for resale	**53**	50	35	37	30
Cash and cash equivalents	**94**	96	207	148	132
	223	198	282	215	194
Creditors: amounts falling due within one year	**(128)**	(146)	(130)	(81)	(74)
Net current assets	**95**	52	152	134	120
Creditors: amounts falling due after more than one year	**(1,259)**	(1,113)	(1,152)	(1,114)	(995)
Pension liability	**(10)**	(17)	(41)	(32)	(45)
Other provisions	**(4)**	(3)	-	(1)	(1)
Net assets	**1,160**	1,086	888	850	788

The movements in the Statement of Financial Position are explained below:

1 **Property, plant and equipment -**
Predominantly the Group's social and affordable rented housing properties and components, with the increase driven by properties developed in the year and component replacements, offset by depreciation combined with the addition of £18.8 million of housing assets following Enham Trust joining the Group;

2 **Debtors -**
This primarily includes the Group's debtors falling due after one year as well as trade debtors and rent arrears. Loans to joint ventures decreased by £6.9 million as the Kilnwood Vale and White Rock joint venture schemes near completion and is offset by an increase in prepayments and accrued income (£9.8 million). The increases in rent arrears and service charge under-recovery receivable (£4.3 million) is partially offset by a reduction in other debtors (£4.3 million);

3 **Shared ownership properties held for resale -**
This includes the first tranche element of the Group's shared ownership properties completed or under construction, but not yet sold. The increase relates to a greater number of shared ownership units under construction compared to last year (£2.2 million) coupled with an increase in unsold completed units (£0.9 million);

4 **Cash -**
Decreased by £2.0 million due to a reduction in net cash generated from operations combined with an increase in investment in new properties offset by net new borrowings (see cash flow on page **105**);

5 **Creditors: amounts falling due within one year -**
This primarily includes accruals and deferred income, trade creditors, rent paid in advance, service charge over-recovery and the element of loans repayable within one year. Loans repayable within one year have reduced by £39.9 million, this is offset by an increase of £12.4 million in social housing grant payable and an increase of £9.7 million in other creditors, accruals and deferred income primarily driven by increases in development accruals;

6 **Net current assets -**
The Group has positive net current assets with a ratio of current assets to current liabilities of 174% (2022: 136%);

7 **Creditors: amounts falling due after more than one year -**
This includes the Group's long-term debt. The net increase of £146.7 million is primarily due to additional borrowing and draw-downs from the Group's facilities of £147.6 million offset by repayments of £44.6 million and movement in interest rate swaps of £8.9 million (see cash flow above), as well as £10.7 million of social housing grant receipts; and

8 **Pension liability -**
This includes the pension deficits from the Group's membership in the four local government pension schemes and the Social Housing Pension Scheme (SHPS). The reduction reflects the Group's actuarial gains as well as £2.0 million of additional contributions the Group has made to consciously actively manage and reduce the liability.

Value for Money
Statement

The housing sector continues to experience the effects of economic uncertainty, including the ongoing impact of Brexit, the pandemic, and the war in Ukraine. These have contributed to a significantly challenging operating environment, further exacerbated by rising costs due to high inflation, interest rate increases, and labour shortages. As mentioned above, the cost-of-living crisis emanating from these shocks has also placed significant pressure on our customers and on our income streams. In Aster, the rent cap has removed circa £650 million from our long-term financial plan, at a time of increased focus on the quality of social housing, building safety, and consumer regulation.

In spite of these challenges, we remain committed to achieving best Value for Money, while continuing to prioritise quality, safety and excellent customer service. We believe Value for Money is about delivering social, financial, and environmental value across everything we do, underpinned by being effective in how we plan, manage and operate our business.

Over the past year, we have undertaken several strategic projects to reinforce this approach (some of which are included above), including:

- Corporate Strategy review;
- Procurement review;
- Governance review; and
- 100% Stock Condition Survey (SCS).

Corporate Strategy

Value for Money forms a central part of our business and organisational culture. We believe our Corporate Strategy reflects this and continues to be fit for purpose. Over recent months we have taken the opportunity to review and articulate the long-term Strategic Priorities that will guide delivery of our strategy over the next seven years, with a new Corporate Plan framework being devised to capture how we prioritise our activity in the shorter-term.

Through our treasury and business planning processes we understand our future financial requirements, ensuring funding can be effectively put in place to help us deliver our Corporate Strategy. We're always looking to make best use of our capacity – analysing risks through scenario testing – by maximising borrowing and effectively utilising security whilst also maintaining credit strength. Achieving Value for Money is embedded in our capital and treasury structure. This is augmented by appropriate funding structures to achieve interest cost savings, which are crucially then reinvested in maintenance and new developments.

Progress against our Corporate Strategy will be monitored alongside our corporate performance framework, which provides a complementary view of the business's financial health and performance against our health and safety obligations, legal, contractual and regulatory requirements. This is where we monitor the Regulator's Value for Money metrics and will provide visibility of the new Tenant Satisfaction Measures (TSMs). We will continue to benchmark our performance against a limited number of peer organisations that, collectively, we believe provide us with the most suitable barometer against which to assess and challenge how we are doing.

Procurement

Maintaining the financial health of our business relies on our colleagues being able to make sound, commercially driven decisions: procuring the right things, at the right time, in the right way. With this in mind, we recently concluded an externally led review of our procurement services to ensure we have the appropriate frameworks in place. We wanted to make sure we're seeking innovative, future focused solutions for products, services and works, challenging the market to improve while maintaining a risk-based approach. A new Director of Procurement post has been created to implement the outcomes of the review and working with other senior leaders across the business, will ensure our rounded approach to Value for Money is embedded Group-wide.

Building on our success as one of the first organisations in the sector to issue a Sustainability Bond under a sustainable finance framework, Environmental, Social and Governance (ESG) principles will continue to help shape how we procure services and manage ongoing relationships with our supply chain. In October we published our third ESG Report, which took stock of progress since our inaugural report back in 2020. This year's report benchmarked our ESG credentials against the United Nation's Sustainable Development Goals (UN SDGs) and also indexed our delivery against the newer Sustainability Reporting Standard (SRS) for social housing.

Governance

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 provides assurance through various mechanisms:

- Our Value for Money measures and targets are monitored and scrutinised by our Corporate Performance and People Panel (CPPP), and are also presented regularly to the Aster Group Board;
- CPPP also monitors and tracks projects and initiatives which deliver savings, efficiency improvements and additional benefits;
- Our Group Investment and Assets Panel considers Value for Money in all decisions relating to our strategic asset and development programmes. We recognise the challenging economic environment and make sure that contractor performance and viability are key considerations in that decision making; and
- We track our social value through the work of the Aster Foundation, and through our Customer Experience Panel (Enham will be integrated into this approach in the future).

Equally, we recognise that our Group has grown over the past three years, with East Boro Housing Trust Limited, Central & Cecil Housing Trust and Enham Trust all joining since the start of the pandemic, expanding the coverage of our governance, risk and assurance frameworks. We therefore conducted an organisation wide governance review during 2022/2023 to ensure our structures and processes remain both fit for purpose and sustainable for the future.

The review concluded that strong governance arrangements are in place, working effectively, and demonstrating a strong focus on social value and customer focus. Areas for further refinement include balancing good governance with agility and pace and ensuring continued connectivity between all elements of the governance structure. The outcomes from the review will be implemented during 2023/2024.

Stock condition survey

As mentioned above, we're one of only a few housing associations that has taken the vital step to survey all our homes. This exercise means that we have valuable up to date information about the condition of our customers' homes and where we need to invest. This information is helping shape our future investment programmes. This includes bringing together measures to decarbonise customers' homes that align with traditional component replacement programmes, resulting in delivering better Value for Money and less disruption for customers.

Customer Voice

As previously mentioned, our Customer Voice engagement shapes and influences our decision making so that we spend our money where it has the most impact. For example, customers were involved in the tendering for a new grounds maintenance contract so that we could understand what was important to them. Customer feedback is also used to drive neighbourhood improvements so that we know that the needs of our customers and communities are reflected in the financial decisions that affect them.

Value for Money
Statement

Customer services

As evidenced by our social housing cost per unit, we look to strike the right balance between investment and Value for Money for our customers. The health and safety of our customers is paramount and we won't compromise on this. We are investing in our homes and services, meaning that customers can sustain their tenancies and live independently for longer. This ultimately provides security for both our customers and our business. We will continue to strive to maximise our income and generate efficiencies. We're achieving this through our digital evolution programme and by better understanding our customers' needs, by ensuring services are tailored and cost effective.

As you will have seen above, we're focusing on the modernisation of our customer services, aiming to provide both reliable and safe customer services and an effortless experience, now and into the future. We continue to build on our digital self-serve offer for our customers and 53% of customers are now registered to use our free online portal MyAster, with 84% telling us they're happy with our service. Many of our customers now use Live Chat per month to log repairs, ask questions, update their tenancy and more. Their feedback will continue to help us shape and improve our digital platforms that provide accessible ways for customers to reach us.

Value for Money performance at **2022/2023** year end	**2022/2023**
% current rent arrears	**1.8%**
% former arrears	**1.02%**
All voids turnaround times (days)	**26.5**
% void loss	**0.7%**
% avoidable contact	**16.9%**
% first contact resolution	**77.5%**

Property services

One of our strategic priorities is to transform the way we deliver our maintenance service over the coming years, making it highly adaptable, resilient, and easy to use, and enabling repairs to be made in a reliable, timely and efficient way, while consciously reducing our environmental impact. We will continue to focus on the reliability and consistency of our service and providing the best possible balance between cost and quality.

We know how important our maintenance service is for our customers and we continue to identify how we deliver a proactive service, utilising our highly skilled in-house team and our supply chain. We are currently reviewing all aspects of our trades workforce including those directly employed and sub-contracted by our contracting company Aster Property, those contracted to supply chain partners to deliver works and services and those delivered through marketplace solutions. This strategic review will inform our future workforce and procurement approaches and ensure the delivery of both good quality outcomes and Value for Money.

Value for Money performance at **2022/2023** year end	**2022/2023**
% response repairs customer effort score	**81%**
Ratio of responsive repairs to planned maintenance spend	**1:2.2**
% customer satisfaction with the quality of their home (excluding new build)	**73%**

Asset management

Alongside our property investment and maintenance services, we continue to ensure we maximise our returns on investment and make best use of our assets – including the acquisition and disposal of assets that secure strategic, social or economic value.

We have been working on creating a new three-year asset management plan, to be effective from April 2023. New dynamic asset appraisal modelling systems have been introduced. This means we can build our future capacity so that we can expand our voids disposal programme (VDP), land enhancement programme (LEP) and stock options appraisal programmes (SOAP) from next year. This year, these programmes have secured cashable and non-cashable savings of £262,000 from work we will no longer have to carry out in the short-term as a result of disposals.

We will always ensure that local needs are considered and balanced with the opportunities for reinvestment in existing homes and neighbourhoods.

Value for Money performance at **2022/2023** year end	2022/2023 £ m
VDP - net capital receipts	**13.9**
VDP - net profit	**10.0**
SOAP and LEP - net capital receipts	**4.9**

Development

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 the scale of our investment.

Our strategy is focused on delivering our own programme of land led sites through partnership, with control and quality remaining our overall focuses, and S106 sites through developer led schemes. This programme is managed through dedicated technical teams who are involved in every step of the process, delivering homes that balance value and quality from inception to handover. All development contracts are required to meet several criteria and subject to a rigorous approval process – ensuring we balance investment and best utilise the Strategic Partnership grant, our strategic objectives and income generation to provide Value for Money for our customers, communities and the business. Our partnerships with community land trusts (CLTs) require higher investment. This has been a conscious decision as these projects support our strategy to build sustainable communities by creating a supply of affordable homes to meet local need across our geography.

Our Joint Ventures with our housebuilding partner have now reached maturity, with significant value drawn from our partner's commercial expertise. The partnership continues to drive best value whilst balancing risk in the delivery of our larger mixed tenure developments.

Value for Money performance at **2022/2023** year end	2022/2023
Number of affordable homes built (excluding JVs)	**1,181**
Number of open market sales homes built (this year through JVs)	**131**
% of homes built to EPC B or above	**98%**

Value for Money
Statement

Aster Foundation

Value for Money is not just about pounds and pence. As a registered charity, the Aster Foundation exists to help people living in and around our communities to combat the effects of poverty. We do this by providing access to opportunities that enable better lives. We believe that everyone should have the opportunity to have a safe, fulfilled, and happy life.

While the inequalities exacerbated by the pandemic continue to inform our context, our focus is increasingly aimed at tackling poverty during the current cost-of-living crisis. It is estimated that 1.5 million UK households will struggle to pay for food and energy this year. In addition, the National Institute of Economic and Social Research (NIESR) has predicted that more than 250,000 households would "slide into destitution" in 2023, taking the number classed as being in extreme poverty to around a million. With support from our partners and donors, we can make a difference and begin to close the gaps in financial inequality across our communities. We support mental wellbeing and employment and help our communities to thrive through volunteering.

Value for Money performance at **2022/2023** year end

	2022/2023
People positively impacted by the Aster Foundation	**4,031**
People positively impacted by our mental health and social connectivity work	**2,124**
People supported to be more financially included	**1,775**
People supported to move into meaningful employment	**132**
People engaged in our social research and volunteering	**574**

Programme Experience

The Group continues to invest in digital transformation as our business wide transformation programme (Programme Experience) – one of the three enablers of the Group's Corporate Strategy. The main objective of digital transformation is to continue transforming how the Group works and what is done to ensure a sustainable, resilient business – improving the experience colleagues and our customers have. We believe Value for Money is not always about cutting costs; it's about return on investment and evolving with the times to ensure we can continue to achieve maximum value from our business going forward. We also believe that healthy, happy and engaged colleagues result in an improved service offering for our customers.

Growth

We continue to assess growth options in relation to additionality and the social, financial and environmental value that can be generated. Our growth must also explicitly contribute to the delivery of our corporate strategy; we are not looking to become bigger for the sake of it. Welcoming Enham Trust, the Hampshire-based disability charity into the Group is the perfect example of that. Working together, one of our long-term strategic priorities is to establish a masterplan for the transformation of Enham village, so we can achieve our ambition to create a vibrant and sustainable community for all. We have also identified improvements to Enham's budget of over £1 million for the coming year, while we work to protect the Trust's future.

Value for
Money Metrics

2022/2023 Value for Money performance

The Group's performance in 2022/2023 provides strong evidence of the commitment set out in the approach to Value for Money.

Performance against the Value for Money key metrics

Set out below is the Group's sector scorecard comparison showing the median and upper quartile positions as well as the Group's target for 2024. The sector scorecard comparative data based on the 2022 financial year data.

Key to performance

- Performance is in the Upper Quartile
- Performance is Median
- Performance is in the Lower Quartile

Reinvestment

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
11.5%	10.1%	8.8%	5.7%	7.9%	Upper Quartile

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).

New supply delivered - social housing

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
3.3%	2.2%	2.5%	1.2%	2.1%	Upper Quartile

Sets out the number of new social housing units, excluding those homes delivered through the Group's joint ventures, that have been acquired or developed as a proportion of total social housing units owned at the period end.

New supply delivered - non social housing

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
38.3%	54.5%	94.9%	-	-	-

Sets out the number of new non social housing units, including those homes delivered through the Group's joint ventures, that have been acquired or developed as a proportion of total non social housing units owned at the period end.

New supply delivered - combined

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
3.6%	2.7%	2.9%	-	-	-

Sets out the total number of new housing units, including those homes delivered through the Group's joint ventures, that have been acquired or developed as a proportion of total housing units owned at the period end.

Value for
Money Metrics

2022/2023 Performance (continued)

Gearing

Aster's Performance 2023	Aster's Performance 2022	Aster's Performance 2021	Scorecard 2022 Median	Scorecard 2022 Upper Quartile Threshold	Target 2024
51.0%	50.0%	52.8%	35.8%	48.6%	**Upper Quartile**

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.

EBITDA MRI ① interest cover

Aster's Performance 2023	Aster's Performance 2022	Aster's Performance 2021	Scorecard 2022 Median	Scorecard 2022 Upper Quartile Threshold	Target 2024
164.7%	182.5%	210.5%	181.9%	248.5%	**Median Quartile**

Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity.

Headline social housing cost per unit (CPU)

Aster's Performance 2023	Aster's Performance 2022	Aster's Performance 2021	Scorecard 2022 Median	Scorecard 2022 Upper Quartile Threshold	Target 2024
£4,836	£3,857	£3,398	£4,230	£5,519	**Median Quartile**

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.

Operating margin - overall

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
15.4%	21.8%	24.4%	20.2%	25.9%	**Median Quartile**

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.

Operating margin - social housing only

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
20.4%	25.6%	29.2%	22.2%	28.1%	**Median Quartile**

Demonstrates the profitability of social housing operating assets before exceptional expenses. Defined as operating profit derived from social housing activities, excluding surplus on sale of property, plant and equipment, as a percentage of social housing turnover.

Return on capital employed (ROCE)

Aster's Performance			Scorecard 2022		Target 2024
2023	2022	2021	Median	Upper Quartile Threshold	
2.8%	3.5%	3.5%	2.8%	3.8%	**Median Quartile**

Compares the operating profit ② to total assets less current liabilities.

1. EBITDA MRI is Earning before interest, tax, depreciation, amortisation, excluding profit on disposal of property, plant and equipment, but including the cost of capitalised major repairs (major repairs included). Interest includes the Group's interest payable plus interest capitalised during the year but excluding interest on the net pension liability.
2. Operating profit includes the Group's operating profit inclusive of profit from disposal of property, plant and equipment, and the share of profit in joint ventures.

Value for
Money Metrics

2022/2023 Performance (continued)

The Group is committed to being a leader in the sector for both reinvestment and new supply delivered. This is a priority of the Group as we look to achieve our vision that everybody has a home. The business model is worked hard to develop as many new homes as possible within the Group's financial capacity and in 2023 we built 1,312 total homes (of which 1,164 were affordable), closing the year with 36,119 homes owned (35,896 of which were affordable).

The reinvestment metric is measured as a proportion of the value of the Group's properties. The Group delivered 1,295 affordable homes and 131 for sale on the open market, spending £234.7 million on development, an increase of £46.8 million on the prior year. Similarly, it has delivered £20.5 million of capital works to its existing stock catch up on outstanding repair and maintenance work following the pandemic. The Group has also acquired £18.8 million of housing properties through its acquisition of Central & Cecil Housing Trust.

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

Our ambition is also highlighted by the level of gearing which pushes the business hard and is viewed as a positive, remaining in the upper quartile. The ratio has increased slightly as the growth in the Group's housing properties of £167.5 million is offset by the increase in net debt of £106.6 million to £1,133.0 million.

EBITDA MRI interest cover has reduced since 2021 and continues to be below the sector median. EBITDA MRI has reduced by £1.2 million in the year due to a £14.4 million increase in spend on major improvements, repairs and maintenance costs and £11.1 million increase in service costs. Management costs increased by £3.5 million and include £3.4 million of management costs and administrative accounting adjustments relating to the Central & Cecil Housing Trust acquisition. Net interest costs have increased by £5.0 million on the previous year and the first tranche sales margin has increased by £3.8 million, which are dilutive to the Group's interest cover metric.

While Aster is in the upper quartile for the sector for the gearing metrics it is in the lower quartile for the sector for the EBITDA MRI interest cover metrics, highlighting the Group's ambition to "continue to grow so we can maximise our impact" but not at the cost of decreasing the Group's overall financial strength.

The social housing cost per unit has increased by £979 since the prior year due to increases in routine and planned maintenance and major reports of £347 combined with increases in service charge costs of £354 and management costs of £30. Support service charges have increased by £294 as a result of Enham Trust and Central & Cecil Housing Trust joining the Group. Aster's approach to Value for Money 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. Both Aster's overall and social housing margins have reduced on the prior year with both below the sector median. This is driven by a reduction in the social housing operating margin resulting from additional service, maintenance and improvements costs of £25.5 million emphasising the Group's commitment to providing customers with good, safe homes and with good, reliable services.

Whilst overall return on capital employed (ROCE) gives an indication of how well the Group's assets make a financial return, 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 reduced on the prior year to 2.8%. This is due to an increased in the Group's asset base of £213.6 million combined with the reduction in operating surplus before asset sales of £6.1 million, asset sales of £2.3 million and £0.8 million share of joint venture profits.

Strategic Report

Risk Management and

Principal Risks

Risk and uncertainty

Risk management

In a rapidly changing world, the Group's enterprise risk management framework remains vital. It's a way of working that enables the recognition of, and considered response to, uncertainties and obstacles as they arise and supports the exploration of potential opportunities that may present when there are changes in both the internal and external environment. With this focus, we can successfully navigate through all situations, achieve our goals and overcoming threats.

During 2022/2023, we received and considered an advisory risk management internal audit report. The recommendations of this report will be used to further refine and enhance the Group's risk, governance and assurance framework.

The focus on continued improvement of risk management and assurance processes is additionally important further to our recent mergers over the last few years. This growth has brought additional dimension to the risk context, meaning that understanding and incorporating this risk into the Group register has been, and remains a focused priority.

Our approach

Risk management is recognised as an integral part of good management practice from the Board to our customer facing teams and is integrated into strategic and service planning processes and performance management.

The Aster Group Ltd Board is accountable for ensuring threats and opportunities are managed appropriately. Our Group Risk & Compliance Committee undertake a more detailed review of risks that may positively or negatively impact on the business's strategy, operations or legislative compliance. The Group Treasury Committee ensures that risks to financial viability are managed through our Group's treasury management and investment policies. The members of our Executive Board are responsible for effective risk management collectively, and within their areas of accountability.

Emerging uncertainties

Multiple changes in the operating environment, fiscal volatility, making sure building and fire safety arrangements meet new regulatory requirements, as well as a new consumer regulation framework, all present significant challenges for all Registered Providers. Looking ahead is a fundamental element of our approach to risk management and the Group Risk & Compliance Committee ensure a balance between receiving assurance over the management of current risk with looking to the risk horizon. We maintain a horizon risk 'watch list' and use this to consider emerging uncertainties that may impact in the longer term when making strategic and business planning decisions.

Risk appetite

Our strategic risk appetite statements convey the type of risk that the Group is willing to take in pursuit of our aims and objectives. They also set out the risks that should not be taken in any circumstances.

This approach recognises that known and understood risk can and should be taken to achieve the Group's objectives, if it is within our risk appetite, actively managed and balances risk for reward. While the Board accepts operational risk is inevitable and that perfect risk avoidance is neither possible nor necessarily desirable, risks related to safety, financial viability, the environment and reputation must be actively managed and mitigated.

A key control for financial viability risk is the undertaking of multi-variate scenario testing to analyse the effects of realistic economic and risk scenarios. We have modelled those identified scenarios and assessed the impact on our financial covenants and viability. To ensure the Group can recover from the impact of the scenarios, mitigation strategies have been developed for each one.

Measures of business health and operational delivery are reported against a set of risk-based tolerance thresholds, with the tolerance for under-performance informed by the Board's risk appetite, driven by the potential consequences of not achieving targets set. The risk appetite for any risk that could have a severe impact on customers, employees or the financial plan is averse, translating to limited tolerance for any deviation from target performance.

Risk assurance

The three lines model forms part of the Group's sound system of internal control and is a core element of the Group risk framework.

Line 1

Operational management is responsible for designing, executing and maintaining effective risk management plans and control processes.

They identify, assess and mitigate risks, including through the development and implementation of policies and procedures and ensure that activities are consistent with Group objectives and risk appetite.

Operational managers oversee the execution of these management plans and are responsible for corrective actions to address potential process and control deficiencies.

Line 2

The second line functions focus primarily on the work associated with the oversight and scrutiny activities of the Group.

It is undertaken by those separate from the delivery of the activity and generally includes assessments or reviews carried out by specialist teams within the Group assurance function or the scrutiny of governing bodies.

Line 3

The third line is the independent sources of assurance, such as the Group's internal audit function.

This line carries out a programme of work purposely designed to provide a wholly independent and objective opinion on the framework of governance, risk management and control throughout the organisation, including the manner in which the first and second lines achieve risk management and control objectives.

Risk Management and
Principal Risks

Principal risks

During 2022/2023, the Board regularly reviewed the threats which it believes could adversely impact on us achieving our objectives or impact on the delivery of good services to our customers. The Board also focused on the uncertainties which could present opportunity to further deliver our vision and purpose. The following list provides an overview of the principal risks to the Group at the end March 2023. The list is not exhaustive or set out in order of priority and is continually subject to change.

Risk	External factors	
	Potential impact	**Aster's response**
Global and economic operating environment Any change which may affect the operating environment in the UK, could negatively impact profitability or negatively impact on operational delivery and services.	The impact would depend on the event. However, a key consideration following any significant world event, for instance, is the impact it might have on the Group's funders and key stakeholders directly, the labour market available to the Group or the view of the sector by investors, stakeholders, employees and customers.	Horizon scanning is undertaken, with emerging concerns or case studies reported to relevant governing bodies. Ensuring our corporate structure, operational structure, service delivery model, contracting and supply chain approach are resilient to external change. A living business plan is produced on a quarterly basis that uses prudent assumptions in the long-term, with stress testing, scenario analysis and contingency planning. A treasury management plan is overseen by the Group's Treasury Committee with key metrics reported.
Changes in Legislation, Regulation and Government Policy Any change which may impact negatively on the Financial Plan or challenge delivery of strategy.	The Financial Plan may be impacted due to increasing cost of delivering housing management and property maintenance and investment, reduced rental income and / or impact on the programme of new home delivery.	There is continuous monitoring for emerging consultations and indication of policy review, with analysis and research undertaken to give context to the implications.
Sales risk The property market experiences a slowdown in sales and / or a reduction in property prices, impacting on the ability to sustain a viable development programme across all tenures.	A delay (e.g. sales taking longer than planned) or reduction (e.g. a fall in sales price) to the projected cash flow may result in additional costs to fund the liquidity shortfall, may result in covenant breach and could impact on the development capacity of the Group. A fall in sales price would result in a reduced income and therefore profit, impacting on the funding of further development.	Transactional sales data is monitored weekly at operational level and reported monthly to operational leadership meetings. Performance and expected performance are reported against the development strategy quarterly with a suite of performance indicators with agreed tolerances and escalation trigger points. Sales pipeline risk monitoring and regional housing market intelligence reports are reviewed regularly. Construction pace is monitored to consider speeding up or slowing down development and build rate.
Delayed or frustrated new home supply External factors restrict the ability to deliver the planned developer led or land led new build programmes.	A reduction in the number of new homes built and available for customers. Reduction in the income secured from shared ownership or market sale and from social or affordable rent. Less homes reducing overall Value for Money across the programme.	We take a proactive approach to building and maintaining stakeholder relations. The Group Investment and Asset Panel monitor delivery and forward forecast. The Living Business Plan reflects changes in the forward programme and forecast handovers.

Risk	External factors	
	Potential impact	**Aster's response**
Investment in homes and sustainability Investing in homes to meet current and future decent home and building fabric requirements, carbon reduction milestones and Net Zero by 2050.	There are material financial implications associated with carbon retrofitting and carbon reduction initiatives, restricting the achievability of wider strategic aims and delivery of new homes.	Utilising current and complete stock condition data to inform the investment programme and developing new standards for our homes, communal areas, and neighbourhoods. Until there is clear regulatory guidance, the Group is focused on ensuring the integration of sustainability and net zero requirements into key decision-making processes.

Risk	Technical and operational issues	
	Potential impact	**Aster's response**
Health and safety A health and safety compliance issue leads to serious injury or ill health.	Any impact would be dependent on the severity of the issue. However, in addition to the impact on the individuals concerned, it could ultimately result in a negative financial impact and detriment to the relationship with key stakeholders, e.g. regulators, customers and funders.	Operational management scrutinise live performance data with dedicated roles ensuring cyclical maintenance, inspections and servicing of components within homes and communal areas. A suite of performance measures is reported monthly relating to gas, electrical, fire risk assessments and actions, asbestos, lifts and water hygiene. The measures have a defined tolerance reflective of the critical nature and potential consequences. We apply the three lines of assurance model in all areas of safety monitoring. The Group has a clear 'Safety First' culture and a diverse wellbeing programme for colleagues as well as a comprehensive set of policies and operational procedures to ensure safety of homes, customers and communities and of employees.
Liquidity and security Inability to access financing options and maintain sufficient loan security would have an adverse effect on the funding of future development programmes and therefore the future growth of the Group.	Liquidity problems would cause the Group to slow down or stop our development programme. Our inability to charge housing assets as security for current and future funding requirements restricts our level of future borrowing. It could result in an increased cost of borrowing and hence could restrict the level of housing development we can deliver. In the case of existing borrowing, a delay in security charging could result in a loan covenant breach.	Key financial metrics are monitored monthly, including cash flow. A security utilisation model is embedded into the business plan. Property charging and utilisation is monitored by the Group Investment and Asset Panel and Group Treasury Committee. We have specific resources dedicated to ensuring a 'charging pack ready' approach. A performance metric reports on the security available to be charged.

Principal risks (continued)

Risk	Technical and operational issues	
	Potential impact	**Aster's response**
Satisfaction, perception and reputation Our service delivery doesn't meet customers' needs or a significant or sustained high-level crisis event leads to a reduction in stakeholder confidence.	There is a decrease in customer satisfaction and an increase in complaints. We rely on our reputation to help secure new development opportunities, attract new customers, employees and partner organisations, trade with funders and suppliers and support our position with regulators. Damage to the Group's reputation could have a detrimental impact on any or all of the above, resulting in a negative impact on profits and the future provision of homes as well as on the trust of our customers.	The Group is delivering a comprehensive customer service modernisation programme and uses feedback from customers, customer Groups and complaint learning reviews to continuously improve services and the customer experience. The Group's safety first ethos is applied fully and consistently supported by a comprehensive compliance framework that encompasses not just safety, but all legal and regulatory responsibilities, greatly reducing the potential for an incident that could cause harm. Strong governance and robust probity arrangements minimise the potential for a corporate crisis event. The Group is proactive in communicating the positive impact it has, celebrating the difference safe and secure homes make to our customers as well as the work of the Aster Foundation across our communities. The Group has robust and tested incident management plans to support effective response to incidents.
Data security and integrity An IT security breach causing data loss and / or system compromise / failure or a breakdown in data integrity control frameworks.	Cyber-attacks can result in financial loss, disruption of service or damage to reputation, and also cause distress to customers and employees. Interruption to normal business operations could result in (the short-term) key frontline services not being delivered to customers, and in (the long-term) regulatory intervention. Poor data quality can lead to poorly informed decisions and may trigger crystallisation of a wide range of risks.	We have network security, malware protection, email scanning, web filtering, wireless access control and phishing protection in place which are monitored and updated as required. We have a tested cyber incident response plan and undertake disaster recovery planning and testing with external specialist penetration testing. The Group has an Information Governance and Data Integrity Framework to drive effective data review, reconciliation, completeness and integrity process.
Skilled workforce Loss of critically skilled talent or an inability to recruit to skill gaps.	The Group requires a wide range of skills to deliver its services and strategic aims. A local or national shortage of skilled trades challenges the ability to deliver some frontline services. Without the appropriate skilled workforce, key change programmes may be frustrated and delivery of strategic ambitions compromised.	The Aster Offer is the offer to Aster colleagues and is kept under continuous review to ensure it is competitive and attractive. We are focusing on creating a clear employee value proposition and ensuring roles are attractive and inclusive to a diverse workforce.

Corporate Governance Report

Corporate Governance Report
Introduction

This section of the annual report describes the Group's Corporate Governance structures and processes and how they have been applied throughout the year.

Introduction

The Board of Aster Group Limited (Group Board or Board) is responsible for ensuring the sound running of the Group.

To achieve this and the aims of our corporate strategy the Board must be supported by appropriate and well managed governance processes.

The Group continues to comply with the Regulator of Social Housing's (RSH) Governance and Viability Standard in full and had its G1 / V1 rating reaffirmed by the RSH in July 2023.

Corporate structure

The Group operates with an "Overlap Boards" structure to ensure that the Group Board has full visibility of the subsidiary activities.

The Overlap Boards:

This overlap enables Board members of our registered societies and Directors of our companies to fulfil their duties to act in the best interest of the individual entities. The Group's other operating subsidiaries have their own Boards appointed in accordance with the Group's scheme of delegation.

The full Group structure is shown on page **12**.

Corporate Governance
Report

Governance arrangements

The Group's governance structure comprises:	
Aster Group Limited Board	Responsible for the overall direction of the Group, formulating strategies and plans and monitoring the work of the committees.
Subsidiary Boards	Contribute to the overall direction and strategy and formulate the approach and plans for the subsidiaries in line with the overall Group.
Customer and Community Network	Oversees service delivery to all of the Group's customers and the work it does in communities. Its focus is the Group's social purpose and social impact while being mindful of the economic and regulatory environment that the Group operates in.
Aster 55 Committee	Leads the development of a strategic plan, offer and delivery model for the provision of over 55s services across the Group.
Group Remuneration and Nominations Committee	Considers matters relating to the recruitment and development of Board Members, Independent Members and Executive Directors. This includes remuneration policy and frameworks, remuneration implementation, nominations to Boards and committees and Board effectiveness assessments. It also oversees reward for the Group's colleagues.
Group Audit Committee	Oversees the appointment of internal and external auditors and the scope of their work. It also reports on the operation of the internal control arrangements and scrutinises the statutory accounts.
Group Treasury Committee	Oversees the Group's treasury management activities and makes recommendations to the Boards on those activities.
Group Risk and Compliance Committee	Oversees the management of risk including the development of an effective risk management framework and oversees compliance with statutory regulatory requirements.
Executive Board	Responsible for implementing the Group's strategy, ensuring that financial and other resources are in place to deliver the Group strategy.

Key activities

In line with the UK Corporate Code, Aster completed a triennial external review of our internal governance with Deloitte during the year. Aster has taken this opportunity to have a thorough review of its governance arrangements. The Board, supported by the Group Remuneration and Nominations Committee has received the outcomes of the review and will consider and implement the recommendations where appropriate in the coming year. Implementation of these suggestions will provide an opportunity to further strengthen the governance arrangements for a growing Group – both in terms of overall size and complexity.

During the year, the Enham Trust Group, a disability charity based in Hampshire and supporting disabled people, was acquired by the Group. Enham Trust has joined the Overlap Boards structure as a subsidiary and will be retaining its name, heritage, and charity status.

Corporate Governance
Report

What is the UK Corporate Governance Code?

In general, the Group's governance framework is structured on the UK Corporate Governance Code 2018 ("the Code"). The Code sets out the standards of good practice and the principles that the Board of Directors should apply in order to promote the purpose, values, and future success of the Group.

Main principles of the Code

The Code is a guide to a number of key components of effective Board practice. It is based on the underlying principles of all good governance: accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

The Code in the Annual Report

For further information about Aster's alignment with the core principles of the UK Code;

1. **Board Leadership and Company Purpose**
   Our Vision and Strategy — See page **16**
2. **Division of Responsibilities**
   Statement of Director's Responsibilities — See page **91**
3. **Composition, Succession and Evaluation**
   Board of Directors — See page **82**
4. **Audit, Risk and Internal Control**
   Risk Management — See pages **54** to **58**
5. **Remuneration**
   Directors Remuneration Report — See pages **88** to **89**

Aster's approach to governance

Aster is committed to ensuring that the business is well-run and that we are true to our social purpose and the vision and values which drive our success. Governance is key to ensuring that Aster can achieve its mission whilst ensuring that it delivers a safe, sustainable, cost effective and legally compliant service.

Compliance with the Code

The UK Code works on a comply or explain basis. Except as referred to below, the Group has complied with all relevant principles of the Code throughout the year. The Group Board sets the standard of governance across the Group and ensures compliance with the Code.

- (9.4) A Chief Executive should not become Chair of the same company. If, exceptionally, this is proposed by the Board, major shareholders should be consulted ahead of appointment;

  The majority of Boards across the Aster Group have a Non-Executive Chair. The Group Chief Executive is also the Chair of two operational subsidiaries Central & Cecil Innovations Limited and Central & Cecil Construction Services Limited. These appointments were agreed in consultation with the Group chairman of the Group Board, being the parent and the main shareholder, who considered this to be appropriate due to the operational nature of these special purpose entities;

- (11.1) At least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent;

  In the case of the special purpose subsidiaries listed below it was felt appropriate to have the following appointments:

  - Both Silbury Housing Limited and Silbury Housing Holdings Limited have only one Independent Non-Executive Director on each of their Boards;

  Five operational subsidiaries have all Executive Boards:

  - Aster LD Limited, Aster Solar Limited, Aster Treasury Plc, Central & Cecil Innovations Limited, and Central & Cecil Construction Services Limited;

- (18.1) All Directors should be subject to annual re-election;

  Aster's Non-Executive Board members are appointed for a maximum of three years at a time. The Chair of the Overlap Boards is appointed on an annual basis. Chairs of operational subsidiaries are Executives and are reviewed from time to time. The Group Board is confident that the evaluation of the individual Directors sitting on these specialist Boards, through routine monitoring of performance by the Overlap Boards, Executive Board and operational panels, ensures they are fit for purpose; and

- (21) There should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors;

  The Group Remuneration and Nominations Committee (GRNC) is committed to annual evaluation of the Boards and Committees. The scale of the business and meeting calendars mean that the evaluation cycle can sometimes extend beyond the Provision's recommended 12-month period. However, Aster ensures this extension does not run past 18 months. The GRNC is confident that this approach is sufficiently robust and appropriate for the Aster structure.

Compliance snapshot

Of the 41 Provisions set out by the Code, the table below highlights those which were not applicable to Aster as an organisation, along with the Provisions for which we have explained our approach (further information to the above).

1 Board Leadership and Company Purpose	1	2	3	4	5	6	7	8		
2 Division of Responsibilities	9	10	11	12	13	14	15	16		
3 Composition, Succession and Evaluation	17	18	19	20	21	22	23			
4 Audit, Risk and Internal Control	24	25	26	27	28	29	30	31		
5 Remuneration	32	33	34	35	36	37	38	39	40	41

Complied Explained Not applicable

National Housing Federation (NHF) Code of Governance 2015

Central & Cecil Housing Trust and its subsidiaries, along with East Boro Housing Trust Limited have adopted the NHF Code. The NHF Code aims to help Boards in all sectors to achieve a set of standards in order to be well governed. These entities are fully compliant with the NHF Code.

It was intended for both Central & Cecil Housing Trust and its subsidiaries and East Boro Housing Trust Limited to adopt the UK Corporate Governance Code from April 2022, due to integration this is now from April 2023.

Report

The role of the Board – What do we expect of our Board?

The Board's role is to provide leadership to the Group and direction for management. It is collectively responsible for the long-term success of the Group and for ensuring the Group is appropriately managed and operates responsibly as it pursues its objectives.

The Board assesses the performance of the Group by reviewing management, operational performance and financial performance of the Group as a whole.

Director expectations

The Directors have various individual obligations under the Companies Act 2006, Charities Acts (as applicable), the Co-Operative and Community Benefit Societies Act 2014 (as applicable), the entity constitution and the UK Corporate Governance Code 2018.

Along with this they also have collective responsibilities as a Board.

What is the Board responsible for?

The Board is responsible for ensuring that the necessary resources are provided for Aster to meet its objectives. In particular, the Board is responsible for setting strategy, determining risk appetite, ensuring good governance, decision making, promoting good behaviour and succession planning. The Board ensures the Executive delivers the strategy and that the Board receives appropriate assurance that the Executive is managing risk and compliance.

Board meetings

The Board meets regularly throughout the year to effectively discharge its duties. During the year it has met nine times and there is frequent contact between meetings.

The Board has urgency procedures to ensure that it can respond to unforeseen circumstances although forward planning ensures these arrangements are rarely used.

Further information on pages **72** to **73**.

Operation of the Board – What does the Board do?

To ensure that the Board fulfils its terms of reference the Board has a planned programme of agenda items. This agenda plan guarantees that key areas are discussed and allows Board members sufficient time for debate and challenge, particularly on areas such as strategy and risk.

At Board meetings the Board receives and considers papers and presentations from management on relevant topics. All reports to the Board consider the various risks, strategic impact, along with the customer and community impact introduced by the papers.

Effective scrutiny and decision making are supported by ensuring that the Board is provided with high quality, accurate, clear and timely information including input from experts and independent advisers where necessary. The Board seeks to work in the best interests of the Group and its stakeholders. As part of the Board evaluation process, the approach to Board reporting is regularly reviewed.

Who is on our Overlap Boards?

See page **62**

- **Mike Biles**, Chairman
- **Clive Barnett**
- **Chris Benn**
- **Bjorn Howard**
- **Andrew Kluth**
- **Mike McCullen**
- **Tracey Peters**
- **Caroline Wehrle**
- **Claire Whitaker CBE**
- **Amanda Williams**

Who is on our Executive Board?

See page **63**

- **Bjorn Howard**, Chair
- **Chris Benn**
- **Rachel Credidio**
- **Dawn Fowler-Stevens**
- **Emma O'Shea**
- **Amanda Williams**

The division of responsibilities between the Group Chairman and the Group Chief Executive

Aster keeps a clear division of responsibilities between the running of the Board and the Executive responsibility for the running of the business. No single individual has unfettered powers of decision.

The Group Chairman's and Group Chief Executive's roles are separate and the division of responsibilities between these roles is clearly established in their individual role profiles. A periodic review of standing orders and financial regulations by the governance team, the Board and the Group Audit Committee during the year confirmed the division of responsibilities as fit for purpose.

The role of the Group Chairman

Mike Biles, the Group Chairman since 1 October 2019, leads the Board and is an Independent Non-Executive Director. He is responsible for ensuring an effective Board and effective contributions from individual Directors, particularly Non-Executive Directors, based on a culture of mutual respect, openness, debate, and constructive challenge. To achieve this, he seeks to facilitate and encourage open communication and constructive working relations between the Executive and Non-Executive Directors. He also seeks to ensure that the Executive Directors are responsive to constructive challenge on their proposals by the Non-Executive Directors.

As Group Chairman, Mike sets the Board's agenda and ensures that there is adequate time to discuss all agenda items. The Board maintains a rolling 12-month agenda plan designed to ensure that it has the right amount of time throughout the year to discuss all necessary matters. In particular, the Board has sought to ensure there is sufficient time to discuss strategy so that the Non-Executive Directors have a good opportunity to challenge and help develop strategy proposals. In addition, the Group Chairman monitors, with assistance from the Company Secretary, the information distributed to the Board to ensure it is of high quality, accurate, clear, and timely.

The role of the Group Chief Executive Officer

The Group Chief Executive Officer, Bjorn Howard, has day to day management responsibility for running the Group's operations, for applying Group policies and for implementing the Group's strategy and policies as agreed by the Board. He has broad authority from the Board to run the Group and is accountable for, and reports to the Board on, how it is performing. Bjorn also has a key role in the process for the setting and review of Group strategy. More broadly, he promotes the Group's culture and standards throughout Aster, including those on governance, risk and compliance.

The role of the Company Secretary

David Betteridge has been the Company Secretary to the Board and its Committees since February 2018. David reports to the Group Chairman on Board governance matters and, together with the Group Chairman, David keeps the efficacy of the Group's and the Board's governance processes under review and considers improvements. David is also responsible to the Board for compliance with Board procedures.

David is responsible, through the Group Chairman, for advising and keeping the Board up to date on all legislative, regulatory and governance matters and developments. David's responsibilities include ensuring good information flows between the Board and its Committees and between Senior Management and Non-Executive Directors. He also facilitates induction and assists with professional development as required. The Company Secretary's advice, services and support are available to each Director, Independent Committee Member and Co-optee.

The role of the Non-Executive Directors

The role of the Non-Executive Directors is to scrutinise management's performance in meeting agreed goals and objectives and to monitor how that performance is reported. They must also be satisfied with the integrity of the Group's financial information and with the robustness and defensibility of financial and non-financial controls and risk management systems.

As members of the Board, the Non-Executive Directors have a key role in constructively challenging in all areas. This is vital to the independence and objectivity of the Board's deliberations and decision making and is particularly important in helping develop proposals on strategy. The Non-Executive Directors met at least once during the year without Executives present.

The Group Chief Executive Officer and the other Executive Directors welcome, and are responsive to, constructive challenge by the Non-Executive Directors on their proposals. The Non-Executive Directors' role is then to support the decisions that have been taken and to support the executive team in their delivery. Non-Executive Directors also play an important part in supporting the Group Chairman and the Executive Directors in embracing and representing the Group's culture, values, and standards within the Board and throughout Aster.

The Non-Executive Directors are responsible for determining appropriate levels of remuneration for the Executive Directors and have a prime role in appointing and where necessary removing Executive Board Directors, and in succession planning.

Corporate Governance
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The role of the Senior Independent Director

Tracey Peters has been the Senior Independent Director since 1 October 2019.

As Senior Independent Director, Tracey's role is to provide a sounding Board for Mike Biles, Group Chairman; to act, when necessary, as a focal point and intermediary for the concerns of the other Non-Executive Directors and to ensure that any key issues that are not being addressed by the Group Chairman or the Executive Management are taken up. Tracey has a regular dialogue with Mike regarding current issues. While no significant issues have arisen in the year, should any such issues arise which threaten the stability of Aster or its Board, it is recognised that the Senior Independent Director may be required to work with the Group Chairman or others or to intervene to resolve them. Tracey ensures a strong independent link between the Board and Aster's customers and chairs the Customer and Community Network.

The Senior Independent Director is available to shareholders should they have concerns which have not been resolved from contact through the normal channels of Group Chairman, Group Chief Executive Officer, or other Executive Directors or if the normal channels may be inappropriate. The Senior Independent Director is responsible for leading the annual appraisal of the Group Chairman's performance. The Senior Independent Director plays an important role by ensuring there is an orderly process for succession to the chairmanship of the Group.

The role of the Executive Board Directors

The Executive Board Directors have specific responsibilities relating to the areas of the business they oversee. Their duties extend beyond their own areas of operation to include the whole of the Group's operations and activities.

The role of Independent Committee Members

Independent Committee Members are members of the committees but are not full Non-Executive Directors. Their role is also to scrutinise management's performance in meeting agreed goals and objectives and to monitor how that performance is reported. As committee members, they have an independent role which is used to constructively challenge in all areas. This is vital to the independence and objectivity of each committee in decision making and is particularly important in providing independent assurance to the entity Boards on the activities of the Group.

Board Committees

The Board ensures that its Committees are provided with sufficient resources to undertake their duties, including access to the services of the Company Secretary as required. Each Committee has the authority to seek any information that it requires from any officer or employee of the Group. Each Committee is also authorised by the Board to take independent advice (including legal or other professional advice) at the Group's expense, as it considers necessary. Specific independent consultancy is available to the Group Remuneration and Nominations Committee and the Group Treasury Committee as detailed below.

The Board Committees' terms of reference

Each Board Committee has written terms of reference which are available on the Aster website. These terms have been approved by the Board and are reviewed periodically to ensure that they comply with the latest legal and regulatory requirements and reflect developments in best practice. The Committees formally report to the Board on their proceedings after each meeting and generally on all matters and activities for which they are responsible via Committee minutes.

Board Committee Membership

Each Independent Non-Executive Director is a member of at least one Board Committee.

When deciding the chairmanship and membership of Board Committees, the Board takes into account the value of ensuring that Committee Membership is refreshed and seeks to ensure that undue reliance is not placed on particular individuals.

Group Treasury Committee

The Committee provides strong technical and strategic scrutiny of the Group's treasury functions. It ensures affordable capital is available to support the ambitious development programme while also ensuring the Group operates within the financial covenants agreed with lenders.

The Committee regularly reviews the treasury risks included on the Group's strategic risk map. The Committee has appointed Chatham Financial as its advisors.

The Group Treasury Committee met four times during the year. As well as receiving regular and comprehensive key performance reports, including covenant compliance, and scrutinising risks associated with treasury management during the year, the Group Treasury Committee:

- Continuously monitored the availability of future funds to maintain the development programme in an economic and timely manner;
- Took assurance on the treasury risk and compliance dashboard;
- Approved the annual treasury plan and measured progress against it;
- Regularly reviewed the availability of security to support financing; and
- Approved the Securities Dealing Policy and Treasury Management Policy.

Who is on our Group Treasury Committee?

- **Andrew Kluth**
  Chair, (Non-Executive Director)
- **Clive Barnett**
  (Non-Executive Director)
- **Mat Cooling**
  (Independent Committee Member)
- **David Doyle**
  (Independent Committee Member)
- **Caroline Wehrle**
  (Non-Executive Director)

Group Remuneration and Nominations Committee (GRNC)

The Committee's role and work on remuneration is set out in the Remuneration Report and details of its work in relation to appointments is set out above within the review of compliance with the UK Corporate Governance Code 2018 (the UK Code).

The current Chair has the skills and experience to chair GRNC and meets the UK Code requirements.

The Committee has appointed Altair as its advisors.

The Committee met six times during the year.

The work of the Committee is set out in the Remuneration Report.

Who is on our Group Remuneration and Nominations Committee?

- **Mike McCullen**
  Chair, (Non-Executive Director)
- **Mike Biles**
  (Group Chairman)
- **David Doyle**
  (Independent Committee Member)
- **Tracey Peters**
  (Senior Independent Director)
- **Richard Teather**
  (Independent Committee Member)
  (Until 9 August 2022)

Group Audit Committee

The Group Audit Committee (GAC) oversees the Group's financial reporting, audit, control processes and recommends the annual accounts to entity Boards.

The Committee met six times during the year including one joint meeting with the Group Risk and Compliance Committee (GRCC) and, in addition to recommending the approval of the statutory accounts and reports thereon and trading updates, considered the following matters:

- Approved and monitored the internal and external audit plan;
- Monitored the completion of management actions from internal audits;
- Monitored the effectiveness of the Assets and Liabilities Framework;
- Reviewed the Group's standing orders and financial regulations;
- Received regular updates on the Speak Up and Fraud registers;
- Received reports on numerous audit areas;
- Review of the quality of internal audit;
- Received assurance from the annual review of the Delegation Matrix; and
- Received internal audit reports on a range of areas.

The Committee met with external auditors with no Executives present on at least one occasion.

The purpose of the Joint GAC / GRCC meeting was so that the two Committees might work together to consider:

- Matters concerning both 'audit' and 'risk';
- How they might avoid duplication of effort; and
- To ensure there are not gaps between the supervision provided by both Committees.

Who is on our Group Audit Committee?

- **Clive Barnett**
  Chair, (Non-Executive Director)
- **David Finch**
  (Independent Committee Member)
- **Mat Cooling**
  (Independent Committee Member)
- **Richard Teather**
  (Independent Committee Member)
  (Until 26 July 2022)
- **Claire Whitaker CBE**
  (Non-Executive Director)

Aster 55 Committee

The Aster 55 Committee leads the development of a strategic plan, offer and delivery model for the provision of over 55s services across the Group. The Committee met three times during the year.

As well as receiving updates from across the business including customer led panels, the Committee also:

- Agreed its terms of reference; and
- Agreed the framework of the development plan for Aster 55.

Who is on our Aster 55 Committee?

- **Peter Walters**
  Chair, (Independent Member)
- **Julia Ashley**
  (Executive)
- **Bjorn Howard**
  (Executive Director)
- **Paul Shipley**
  (Independent Committee Member)
- **Richard Teather**
  (Independent Committee Member)
- **Chris Bain**
  (Independent Committee Member)
  (From 1 May 2022)

Group Risk and Compliance Committee

The Group Risk and Compliance Committee helps to ensure that Aster has an effective framework and process to identify, assess and manage risk and compliance across its business.

The Committee met five times during the year including one joint meeting with the Group Audit Committee. As well as receiving regular reports to assist its supervision of risk and compliance across Aster, the Committee also:

- Received assurance of the risk management and business resilience report;
- Received assurance from the compliance management report and risk management report;
- Received standard compliance management and compliance framework reports;
- Carried out a number of deep dives into risk management across the business; and
- Recommended Strategic Risk Appetite statements.

Who is on our Group Risk and Compliance Committee?

- **Caroline Wehrle**
  Chair, (Non-Executive Director)
- **Mike Biles**
  (Group Chairman)
- **Cathy Day**
  (Independent Committee Member)
- **David Finch**
  (Independent Committee Member)
- **Mike McCullen**
  (Non-Executive Director)
- **Gary McRae**
  (Co-optee)

Customer and Community Network

The Customer and Community Network oversees service delivery to all of Aster's customers and the work it does for its communities. The network met four times during the year and, as well as receiving regular customer related performance and compliance management reports, also:

- Received regular updates from and fed back to the Overlap Boards, the Executive Board, and the Customer Experience Panel;
- Received assurance on the current compliance;
- Received updates on customer complaints and compliments including an annual report;
- Monitored improvements of customer service programmes; and
- Received regular reports from both the Customer Overview Group and the Customer Scrutiny Panel.

Who is on our Customer and Community Network (CCN)?

- **Tracey Peters***
  Chair, (Senior Independent Director)
- **Tracy Aarons**
  (Independent Committee Member)
- **Chris Bain**
  (Independent Committee Member)
  (Until 31 July 2022)
- **Amanda Brown**
  (Co-optee)
  (From 19 January 2023)
- **Rosalind Burford**
  (Independent Committee Member)
  (From 14 October 2022)
- **Jean Dalziel**
  (Executive)
- **Denise Harper**
  (Independent Committee Member)
- **Bjorn Howard**
  (Executive Director)
- **Phil Insuli**
  (Independent Committee Member)
- **Andrew Loudon**
  (Independent Committee Member)
  (From 14 October 2022)
- **Judith Pamely**
  (Co-optee)
  (From 19 January 2023)
- **Angela Powney**
  (Co-optee)
- **Emma O'Shea**
  (Executive)
- **Mark Skellon**
  (Independent Committee Member)
  (Until 17 September 2022)
- **Stephanie Taylor**
  (Independent Committee Member)
- **Claire Whitaker* CBE**
  (Non-Executive Director)

* **Tracey Peters** is on a sabbatical as Chair from 18 April 2023 until 31 October 2023 and **Claire Whitaker** has been appointed as Chair in the interim.

Corporate Governance
Report

Attendance at Board and Committee meetings

Set out below is the Board and Committee Members attendance at the Group's meetings. Attendance may be lower than the number of possible meetings due to the Director or Committee Member only holding office for part of the year. Where this is the case the percentage in the table reflects the percentage of possible attendance.

Group Board and Committees	Overlap Boards*	Aster Communities	Group Executive Board	Customer and Community Network	Group Audit Committee	Group Remuneration and Nominations Committee	Group Risk and Compliance Committee	Group Treasury Committee	Aster 55 Committee	Aster Foundation	East Boro Housing Trust Board	Silbury Housing Holdings Limited	Aster LD Limited	Aster Solar Limited	Aster Treasury Plc.
No. of meetings:	9	4	12	4	5	6	4	4	3	4	8	4	3	3	1
Clive Barnett	8 (89%)	4 (100%)			5 (100%)			4 (100%)		4 (100%)					
Chris Benn	9 (100%)	4 (100%)	11 (92%)												1 (100%)
Mike Biles (2)	9 (100%)	4 (100%)				5 (83%)	4 (100%)								
Bjorn Howard	8 (89%)	4 (100%)	12 (100%)	4 (100%)					3 (100%)						0 (0%)
Andrew Kluth	8 (89%)	3 (75%)						4 (100%)							
Mike McCullen	9 (100%)	4 (100%)				6 (100%)	4 (100%)								
Tracey Peters	8 (89%)	4 (100%)		3 (75%)		6 (100%)					7 (88%)				
Caroline Wehrle	9 (100%)	3 (75%)					4 (100%)	4 (100%)							
Claire Whitaker CBE	9 (100%)	4 (100%)		4 (100%)	4 (80%)										
Amanda Williams (3)	7 (78%)	4 (100%)	11 (92%)											3 (100%)	
Rachel Credidio			12 (100%)												
Dawn Fowler-Stevens (4)			11 (92%)											3 (100%)	
Emma O'Shea			11 (92%)	3 (75%)											
Julia Ashley									3 (100%)						
David Betteridge												4 (100%)			
Darren Brazil													3 (100%)		
Jean Dalziel				3 (75%)								3 (75%)			
Jane Gallifent													3 (100%)		
Tim Goulding (5)														0	
Angela Jamieson													2 (67%)		
Paul Morgan														3 (100%)	1 (100%)
Karl Pott												4 (100%)			
Gary Prince												2 (50%)			
Vicki Sanderson														3 (100%)	
Hannah Watkins (6)													2 (100%)		
Tracy Aarons				3 (75%)											
Chris Bain (7) & (8)				1 (100%)					3 (100%)						
Amanda Brown (9)				1 (100%)											
Rosalind Burford (10)				2 (100%)											
Denise Harper				3 (75%)											
Phil Insuli				3 (75%)											
Andrew Loudon (11)				2 (100%)											
Judith Pamely (12)				1 (100%)											
Angela Powney				4 (100%)											
Mark Skellon (13)				2 (100%)											
Stephanie Taylor				3 (75%)											
John Brace												3 (75%)			
Mat Cooling					5 (100%)			4 (100%)		3 (75%)					
Cathy Day							4 (100%)								
David Doyle						6 (100%)		4 (100%)			7 (88%)				
David Finch					5 (100%)		4 (100%)								
Gary McRae							3 (75%)								
Farhan Shakoor										4 (100%)					
Paul Shipley									3 (100%)						
Richard Teather (14)					2 (100%)	2 (100%)			3 (100%)		5 (100%)				
Peter Walters									2 (67%)						
Amanda Wiggan										4 (100%)					
Richard Clewer (15)		1 (25%)													
Nigel Woollcombe-Adams (16)		0													
Val Bagnall											5 (63%)				
Malcolm Baker											8 (100%)				
Gerald Duke											7 (88%)				
Kate Dukes											7 (88%)				
Ray Evans											7 (88%)				
Eileen Hayward (17)											4 (80%)				
Cyril Lanch (18)											5 (100%)				
Jacki O'Shea											5 (63%)				
Kellie Salter (19)											3 (60%)				

***Overlap Boards** (includes Aster Group Limited, Aster Property, Aster Living, Aster Homes, Aster 3 Ltd, Synergy Housing Ltd, Central & Cecil Housing Trust, 55 London), Enham Trust (1)

1. **Enham Trust** became part of the Group from 1 October 2022 and the Overlap Boards Directors were appointed as Trustees.
2. **Mike Biles** was reappointed as Group Chair on 1 October 2022 for one year.
3. **Amanda Williams** was appointed as a Director of Aster Solar Limited on 27 July 2022.
4. **Dawn Fowler-Stevens** was appointed as a Director of Aster Solar Limited on 27 July 2022.
5. **Tim Goulding** resigned as a Director of Aster Solar Limited on 30 June 2022.
6. **Hannah Watkins** was appointed as a Director of Aster LD Limited on 27 July 2022.
7. **Chris Bain** was appointed as an Independent Member of the Aster 55 Committee on 1 May 2022 for one year and retired from that Committee on 30 April 2023.
8. **Chris Bain**, Independent Member of the Customer and Community Network, retired from that Committee on 31 July 2022 at the expiry of his term of office.
9. **Amanda Brown** was appointed as a Co-optee of the Customer and Community Network on 19 January 2023.
10. **Rosalind Burford** was appointed as an Independent Member of the Customer and Community Network on 14 October 2022.
11. **Andrew Loudon** was appointed as an Independent Member of the Customer and Community Network on 14 October 2022.
12. **Judith Pamely** was appointed as a Co-optee of the Customer and Community Network on 19 January 2023.
13. **Mark Skellon**, Independent Member of the Customer and Community Network, retired on 17 September 2022 at the expiry of his term of office, having been involved with Aster Group and its predecessor organisations since 2013.
14. **Richard Teather** stepped down from Independent Member roles on the Group Audit Committee on 23 July 2022 and on the Group Remuneration & Nominations Committee on 9 August 2022. Richard was appointed as a Director of East Boro Housing Trust Limited Board on 9 August 2022 and was appointed as Chair of that Board from 30 September 2022.
15. **Richard Clewer**, Non-Executive Local Authority Nominee.
16. **Nigel Woollcombe-Adams** passed away on 11 July 2022.
17. **Eileen Hayward**, Chair of the East Boro Housing Trust Limited Board, retired on 30 September 2022 at the expiry of her term of office.
18. **Cyril Lanch** retired from his role on East Boro Housing Trust Limited Board on 30 September 2022.
19. **Kellie Salter** was appointed as a Director of East Boro Housing Trust Limited Board on 9 August 2022.

Involving Others

Dialogue with Shareholders

Aster Communities, Synergy Housing Limited, Central & Cecil Housing Trust and East Boro Housing Trust Limited have community Shareholders over and above Non-Executive Director Shareholders. The Shareholders of other Group entities are our Non-Executive Directors or Group entities.

Their Boards welcome the opportunity to openly engage with Shareholders as they recognise the importance of a continuing effective dialogue and take responsibility for ensuring that such dialogue takes place.

In preparation for the Annual General Meetings of the entities named above Shareholders were advised that there would be time for their questions and were encouraged to engage wherever appropriate.

During the year, our shareholders received one issue of our shareholder briefing newsletter 'Open Door', and two virtual shareholder briefings sessions.

Workforce engagement - Our people

The Board champions "The Aster Way", a cultural programme that is a shared understanding of the way colleagues work – creating a fair and inclusive culture. It is a set of straightforward principles that underpin everything the Group does, every day, from how the Board leads and the business learns, to how colleagues collaborate, communicate, and innovate to enable us to achieve our vision - that **Everyone has a home**.

Colleagues are supported by the Aster Offer, mental health support, and the adoption of restorative practice throughout the organisation.

The Aster Way ensures a continuous dialogue with the public and the workforce through its transformation network and formal workforce consultative panel, the Colleague Council, the membership of which is chosen by the workforce.

The Group Audit Committee supervises the Group "Speak Up" procedure and receives updates on the outcome of any investigations prompted by the use of the procedure. Investigations are independently supervised by the Company Secretary or the Director of Audit as appropriate.

Customers and Governance

Our customers play a strong role in what we do. They help to shape the services we provide, let us know where we can improve and feed back to make sure they are at the heart of all decision making. We have a range of formal customer groups, including the Customer and Community Network, the Customer Overview Group, the Customer Scrutiny Panel and the Designated Complaints Panel.

The Customer Overview Group provides an overview of customer priorities and involvement options to support the delivery of the Corporate Strategy, while being mindful of the economic, political and regulatory environment in which Aster operates. It focuses on operational performance, customer-facing policy and the customer experience making referrals to the Customer Scrutiny Panel on potential scrutiny projects where appropriate. It works collaboratively with the Customer and Community Network, Executive Board and entity Boards to ensure priorities are clearly communicated. Membership is open to all customers receiving services across the Group.

Board Effectiveness

Board evaluation

In 2022 Deloitte LLP, a leading consultancy, undertook a Board evaluation which was fed back to Group Board in February 2023. The review included:

- a desktop review of governance arrangements;
- observation of Board and Committee meetings;
- a Board effectiveness survey;
- interviews with the Board, Independent Members and Senior colleagues; and
- focus groups with residents and colleagues.

Deloitte's report concluded that the Overlap Boards "displayed many attributes of an effective Board with strong focus on social value and customer experience" and demonstrated good practice. It was observed that current governance arrangements were well known and understood across the Group and that the breadth of skills and experience within the Overlap Boards complemented the skills of the Executive. The report recommended an update of the committee structure, strengthening some assurance flows, further enhancing oversight of performance, and balancing good governance, agility and pace.

At its February 2023 meeting, the Board accepted the broad findings of Deloitte's report and instructed the Company secretary to devise a detailed action plan to implement its findings for further approval and monitoring by the Board.

The last internally led evaluation of the Board and its operational subsidiaries was presented to the Board at its May 2021 meeting. The Board agreed an action plan, the completion of which was monitored by the Group Remuneration and Nominations Committee (GRNC). The evaluation demonstrated an open and professional relationship with the Senior Executives, matched with strong challenge. Improvements proposed reflected the Board's keenness to refresh the growth strategy that had inevitably slowed during the pandemic, a desire to further enhance market intelligence briefings, and practical and procedural improvements.

The Board's intention remains to undertake an externally facilitated evaluation process at least every three years and that in the intervening years the review will be led by the Group Chairman, Senior Independent Director and the Company Secretary.

Individual Board appraisals

At its November 2021 meeting the GRNC commissioned the appraisal of individual Board and Committee Members, the findings of which were presented to the Group Board at its June 2022 meeting. The process involved the Group Chairman and Committee Chairs interviewing each member of their governing bodies, supported by DISC personality profiling. Findings confirmed that individuals continued to contribute effectively to the governance of the Group. An improvement plan has been adopted that seeks to further develop the effective challenge of Executives, to remind the Boards of the existing customer voice mechanisms and to further enhance horizon scanning, as well as agreeing some practical and procedural improvements.

The composition of the Board

The composition and size of the Board and its Committees are reviewed regularly by the Group Remuneration and Nominations Committee (GRNC) to ensure they have the appropriate balance of skills, experience, independence, and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively.

Appointment to the Board and its Committees

The Board, through the GRNC, follows a formal, rigorous, and transparent procedure to select and appoint new Board Directors. The processes are similar for the appointment of both Executive and Non-Executive Directors. The Committee leads the process and makes recommendations to the Board. In considering Board composition, the Committee assesses the range and balance of skills, experience, knowledge, and independence on the Board against the evolving objectives of the Group, identifies any gaps or issues and considers any need to refresh the Board. If, after this evaluation, the Committee feels that it is necessary to appoint a new Director, it then prepares a description of the role and of the capabilities required for the appointment and sets objective selection criteria accordingly. The benefits of diversity on the Board are carefully considered.

The Committee considers any proposed recruitment in the context of the Group's strategic priorities, plans and objectives, as well as the prevailing business environment. It also takes into account succession plans in place and this is discussed further under 'Succession Planning' below. It seeks prospective Non-Executive Directors who can make positive contributions to the Board and its Committees and who have the capability to challenge on strategic and other matters.

Board Effectiveness (continued)

Appointment to the Board and its Committees (continued)

The Group's business is diverse in scope and carries strategic, commercial, and financial risks. Accordingly, attention is paid to the composition and balance of the Board to ensure that it has wide experience of the industry and regulatory environment in which the Group operates, and appropriate financial, operational and risk management skills. In each Board appointment, whether Executive or Non-Executive, objectivity and integrity, as well as skills, experience, ability, and diversity, assist the Board in its key functions and are prerequisites for appointment. This also applies to Senior Management appointments below Board level.

The Group considers that the Board's collective experiences equip it to direct the Group's strategy and meet its business needs as they evolve over time. The succession plan ensures the Board remains mindful that an appropriate balance must be maintained between Directors who can bring a new perspective and those who provide continuity.

Directors' conflicts of interest

The Companies Act 2006 (the Act) provides that Directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Group's interest. The Board has established procedures for the disclosure by Directors of any such conflicts and for the consideration and authorisation of these conflicts by the Board.

Whenever a Director takes on additional external responsibilities, the Board considers any potential conflicts that may arise and whether the Director continues to have enough time to fulfil their role as a Director. In accordance with the Act, the Board continues to monitor and review potential conflicts of interest on a regular basis and during the year confirmed its code of conduct policy as fit for purpose.

Board induction and training

Training begins following appointment, with an individual induction programme tailored to meet the needs of each new Director. Independent Committee Members appointed to the Committees receive the same induction. Following induction, check in sessions with the Company Secretary are arranged after they have completed 50 and 100 days in the role.

This induction programme aims to introduce new Directors and Independent Committee Members to the Group's business, its operations, and its governance arrangements. These individual induction requirements are monitored by the Group Chairman, supported by the Company Secretary, to ensure that new and recently appointed Directors and Independent Committee Members gain sufficient knowledge about the Group to enable them to contribute to the Board's and Committee's deliberations as swiftly as possible.

During the year the Company Secretary commenced a full review of the induction programme.

Ongoing training

Ongoing training is essential for all our Directors and Independent Committee Members. Throughout the year this is supported by;

- A development plan, approved by the Group Remuneration and Nominations Committee;
- Training sessions based on strategic requirements and issues identified during evaluation processes;
- Attendance at conferences and ad hoc courses;
- Opportunities to work with managers internally; and
- Deep-dive reviews of business activity to enhance knowledge of operational areas.

Information and support

Ensuring that the Board receives the right information in the right form and at the right time enables the Board to effectively discharge its duties.

The Group Chairman, through the Company Secretary and with the support of the Executive Directors and Management, ensures that information is of high quality in terms of its accuracy, clarity, appropriateness, comprehensiveness and currency. If deemed necessary to discharge their responsibilities as Directors, Board and Committee Members can seek clarification, both internally and externally with independent professional advice at the Group's expense.

Diversity

The Board considers that it is the background and experience brought to the Board by each individual that best secures and demonstrates its diversity. The Board is well-placed by the mixture of skills, experience, and knowledge of its Directors to act in the best interests of the Group.

The Group Remuneration and Nominations Committee (GRNC) is responsible for the appointments and the Group does not apply fixed quotas to recruitment recommendations. The GRNC considers candidates based on their capability and capacity to commit the necessary time to the role. The aim is the appointment of the most suitably qualified candidate to complement and balance the skills, knowledge, and experience of the Board, seeking to appoint those who will be best able to help lead the Group in its long-term strategy. Every effort is made to ensure recruitment methods attract applications from all members of the community.

During 2022, Aster partnered with the Housing Diversity Network to sponsor two colleagues through a two-year Board Diversity Programme. The programme commenced in January 2023. It will raise the profile of the power of diverse thinking with regard to success and innovation and will increase the diversity of leaders across the housing sector.

Succession planning

The Board recognises that effective succession planning is not only a fundamental component of Board effectiveness, but is also integral to the delivery of Aster's strategic plans. It is essential in ensuring a continuous level of quality in management, in promoting diversity and in avoiding instability by helping to mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual.

The Board has endorsed a succession policy and the GRNC routinely reviews the plan for the Overlap Boards and the committees to facilitate future recruitment in a timely manner. The Committee works to ensure a continuous flow of talent is available through developing existing Directors and Independent Members alongside identifying suitable external candidates to ensure new talent and ideas, and the ongoing maintenance of skills.

Time commitment of the Group Chairman and the Non-Executive Directors

The Board recognises that it is vital that all Directors should be able to dedicate enough time to Aster Group to effectively discharge their responsibilities. The time commitment required by Aster is considered by the Board and by individual Directors on appointment.

The agreement for services for the appointment of the Group Chairman and of each Non-Executive Director sets out that they undertake that they will have sufficient time to meet what is expected of them for the proper performance of their duties and acknowledge that there may, on occasion, be a need to devote additional time. The other significant commitments of the Group Chairman and of each Non-Executive Director are disclosed to the Board before appointment, with an indication of the time involved.

Annual statement on internal control assurance for the year-ending 31 March 2023

Introduction

The Aster Group Limited Board has overall responsibility for establishing and maintaining a system of internal control appropriate to the various business environments in which it operates and for reviewing the effectiveness of those arrangements. This system of internal control is in accordance with the UK Corporate Governance Code and is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group Audit Committee provides oversight on behalf of the Board regarding the system of internal control and regularly reviews its effectiveness. The Board, through the Committee, has been satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year 2022/2023, and that those systems were aligned to an ongoing process for the management of the significant risks facing the Group.

Operational management

During 2022/2023, the Executive Board was supported by four operational governance panels, providing detailed scrutiny on behalf of, and assurance to, the Executive Board.

Internal Audit

Our Group's internal audit function is led by the Director of Audit. There is also an outsourced arrangement with appropriately experienced and skilled internal audit providers who support where there is an identified resource need or a requirement for specialist input.

The annual programme of internal audit work for 2022/2023, approved by the Group Audit Committee, was risk-based and informed by the strategic plan, risk register, compliance framework and management requests.

Regulator of Social Housing - Regulatory Standards

As a Registered Provider, the Group monitors its ongoing compliance with the Regulator of Social Housing's Consumer and Economic Standards for Social Housing in England.

Each regulatory Standard is held centrally in the Group's compliance register, detailing both the required outcomes and specific expectations of each Standard and how the business achieves those expectations through its processes, arrangements, service standards and controls. The records detail evidenced assurance that these arrangements are effective in achieving compliance with the Standards and delivering the right outcomes for customers.

The Board is assured that the Group is compliant with these Standards, including the Governance and Financial Viability Standard and its supporting Code of Practice.

Legal and Regulatory Compliance

Our Group is committed to meeting the legal and regulatory obligations connected with our activities and we have implemented policies and procedures to comply with applicable laws and regulation. We recognise this ethical approach to business management is critical to our charitable purpose and to ensuring the continued trust of our stakeholders.

Legislation and regulation are analysed in detailed assessments within the Compliance Register which:

- includes how a law or regulation affects the Group, the controls in place to ensure compliance or prevent non-compliance and the assurance available that these remain effective;
- directs focus on the highest compliance risks and critical processes;
- provides exception reporting to the Group Risk & Compliance Committee; and
- provides a continuous process of compliance assurance to the entity Boards, Group Risk & Compliance, Group Audit Committee and Executive Board.

Assurance

We utilise the 'three lines' approach to assurance:

- day-to-day, assurance is gained at the operational and management level;
- routinely, through overview by specialist functions and the governing bodies; and
- on occasion, independent assurance is gained through internal or external audits or accreditation.

Independent assurance is also the Group's fourth cornerstone in our approach to strong governance and assurance.

Assurance across these three lines is regularly evidenced in relation to all identified risks and primary compliance obligations.

Our Group's internal auditors have submitted their annual report that includes reference to the standard of control that has been achieved throughout the year and generally shows a strong compliance with controls. The standards of control have been reported to the Group Audit Committee in regular internal audit reports.

In addition to controls detailed elsewhere in this statement, key elements of the system of risk management and internal control arrangements during the period 2022/2023 included:

- clearly defined responsibilities for the identification, assessment, and response to significant risks;
- regular reporting of risk information to governing bodies, in addition to being part of any decision to be made;
- robust business planning processes with detailed budgets and a living business plan;
- a detailed approach to treasury management, including monitoring of loan covenants, scrutinised by the Group Treasury Committee;
- delegations of authority for all financial transactions and segregation of duties where appropriate and cost-effective;
- internal business and financial monitoring reports and performance indicators reported monthly against risk-based tolerances;
- implementation of policies and procedures for key business activities, approved by the appropriate panel, committee or Board;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- clearly delegated responsibilities and authorities for provision of and receiving of assurance information;
- an annual review of compliance with the UK Corporate Governance Code;
- formal governing body evaluation and appraisal procedures;
- clearly defined responsibility and accountability for areas of legal and regulatory compliance;
- regular updates on key legislation or regulatory change to senior managers; and
- independent third-party reviews.

Fraud and dishonest behaviours

We work hard to deliver a good customer service and protect our reputation. To do this, we're committed to maintaining high ethical standards in all our business activities. This includes a commitment to reducing the risk of dishonest behaviour within the business to an absolute minimum and keeping it at that level, to ensure that our resources are used to deliver vital services to our customers.

We have an honesty policy, which covers fraud, theft and bribery, and a framework for responding to suspicions of dishonest behaviour, which includes tenancy fraud. The Group's probity guidance and Board code of conduct make it clear that it has zero tolerance of any form of bribery.

In addition, the Group has a speak up policy that encourages colleagues and others to express any serious concerns regarding suspected misconduct or malpractice within the business or by third parties. We have designated anti-money laundering roles, an anti-money laundering policy and relevant colleagues have received specific training to equip them with the skills to recognise suspicious transactions and report them according to our processes.

The Group Audit Committee receives regular updates in relation to fraud or attempted fraud and any speak up reports received.

Conclusion

I, Bjorn Howard, Group CEO of Aster Group, am satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year 2022/2023, and that those systems were aligned to an ongoing process for the management of the significant risks facing the Group.

Group Audit Committee

Committee Members

The Committee comprises:

- **Clive Barnett**
  (Chair, Non-Executive Director)
- **David Finch**
  (Independent Committee Member)
- **Richard Teather**
  (Independent Committee Member - to August 2022)
- **Claire Whitaker CBE**
  (Non-Executive Director)
- **Mat Cooling**
  (Independent Committee Member)

All Members of the Committee have a high level of financial literacy and have extensive Committee and Board experience.

Purpose

The Committee meets at least four times each year. Its terms of reference set out that its purpose is to ensure that the Group has an effective system of internal controls, appropriate internal and external audit management, and to provide assurance to the Group Board.

Main responsibilities

The Committee has delegated authority to exercise the powers of the Group Board and subsidiary Boards in relation to the following matters:

- External audit:
  - Recommend the financial statements to the Boards;
  - Recommend to the Group Board the appointment (or removal) of the external auditors and to agree their terms of engagement, agree the external audit programme, consider all external audit reports including management letters, letters of representation and auditors' independence; and
  - Oversee policies on the engagement of the external auditors to supply non-audit services, taking account of relevant ethical guidance.
- Internal controls:
  - Review the Group's internal financial controls and risk management system; and
  - Receive reports of fraud and whistleblowing, reviewing the control framework to ensure controls are appropriate.
- Internal audit:
  - Monitor and review the effectiveness of the Group's internal audit function and structure, including utilisation and cost of external resourcing;
  - Approve the internal audit programme and scope of activities; and
  - Consider and make recommendations to the appropriate Boards and Committees from internal audit findings.
- Other:
  - Gain assurance on the robustness and accuracy of the assets and liabilities register; and
  - Review and approve internal policies and registers as set out in the Committee's terms of reference.

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.

The interest cover and net worth ratios are the prominent covenants the Group has in its bank loan agreements. These ratios, coupled with the Group's other financial plan tolerances, are used as the basis for a full suite of multi-variate stress testing over the life of the plan on several realistic, market relevant scenarios.

The stress testing considers the principal risks assessed to have the greatest impact. The Group's focus for stress testing in its 2023 financial plan is on the continued risks and disruption as a result of the wider macro-economic environment and cost of living crisis, particularly around the collection of rent, delays in major repair spend, and significant delays from, and reduction in, property related sales; monitored in parallel with risks associated with exposure to the property market, the impact of further changes to the rent regime and the UK's trade agreement with the European Union.

These scenarios are designed to stress and, in some cases, breach the Group's covenants. The Group applies mitigating items from its established mitigations toolbox to recover these scenarios back to a compliant level. These mitigations include reducing investment in the development programme, issuing emergency liquidity and a number of expenditure freezes.

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.

Board of
Directors

Members of the Board:

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise indicated, are set out below.

Non-Executive Directors:

Mike Biles	Group Chairman
Clive Barnett	
Andrew Kluth	
Mike McCullen	
Tracey Peters	Senior Independent Director
Caroline Wehrle	
Claire Whitaker CBE	

Executive Directors:

Bjorn Howard	Group Chief Executive Officer
Chris Benn	Chief Financial Officer
Amanda Williams	Chief Investment Officer

Executive Board:

Bjorn Howard	Group Chief Executive Officer
Chris Benn	Chief Financial Officer
Rachel Credidio	Chief Transformation Officer
Dawn Fowler-Stevens	Chief Strategy Officer
Emma O'Shea	Chief Operating Officer
Amanda Williams	Chief Investment Officer

Company Secretary:

- **David Betteridge**

Mike Biles
Group Chairman

Tracey Peters
Non-Executive Director,
Senior Independent Director

Committee Membership:

- Group Risk and Compliance Committee
- Group Remuneration and Nominations Committee

Mike has a doctorate in law which analysed residential tenants' non-financial remedies for disrepair and unfitness. He was housing ombudsman for England for 13 years until 2014. This role has given him an extensive understanding of all aspects of rented housing from complaint handling and dispute resolution to customer service and support, building good relations between providers and customers and valuing all forms of feedback to inform and improve systems, behaviours, and service delivery.

Mike has taught and researched Land Law, Landlord and Tenant Law and Housing Law extensively. He has also published articles in this field and has chaired and spoken at numerous national and international industry-related conferences.

Mike was a visiting professor in law at Southampton Business School where he has also held the post of Head of the School of Law. He has been a lawyer member of the Leasehold Valuation Tribunal, as it used to be called, and a member of the management committee of a registered social provider.

Mike is an honorary member of the Chartered Institute of Housing and was a member of the Chartered Institute of Arbitrators and a fellow of the Royal Society of Arts.

Since joining Aster in 2014, Mike has been the Senior Independent Director, Chair of the Group Audit Committee, and a member of the Customer and Communities Network.

In March 2022, Mike was appointed as an Independent Non-Executive Director of the New Homes Ombudsman Service.

Committee Membership:

- Chair of the Customer and Community Network
- Group Remuneration and Nominations Committee

Tracey is an accomplished Human Resources professional. She has worked as an Executive Board Director and has experience in many industry sectors including Retail, Manufacturing and Electronic Banking. She also has twenty years of Non-Executive Director experience with organisations such as Housing Associations, Foundation Trust Hospitals, and a variety of Charitable Arts and Sports organisations.

Tracey has an MSC in Organisational Design and Development and is an Accredited Member of the BACP. She runs a Consulting Practice specialising in Organisational and Personal Development for Senior Executives, specifically supporting new CEOs and Chairs to manage their businesses through significant periods of change.

Tracey also works as a Counsellor with looked after children and teenagers in care homes and supported living environments.

Tracey is a member of the Board of East Boro Housing Trust Limited.

Board of Directors

Clive Barnett
Non-Executive Director

Committee Membership:

- Chair Group Audit Committee
- Group Treasury Committee

Clive retired from RBS / NatWest in 2016 having been head of the bank's housing finance team for many years. He worked within the social housing finance market for over 20 years and was recognised as a leading figure in that sector.

Clive represented RBS within Government circles, including HCA, DGLG and CML Housing Committee.

In 2022 Clive was appointed as a trustee to the Aster Foundation charity.

In addition to his role with Aster, Clive also holds other Non-Executive positions and was also a Consultant Director with one of the sector's leading treasury advisers for a short while.

Mike McCullen
Non-Executive Director

Committee Membership:

- Group Risk and Compliance Committee
- Group Remuneration and Nominations Committee

Mike is an accomplished CEO, Chairman and technology entrepreneur with over 30-years' leadership experience in private, public and venture backed businesses specialising in technology for the built environment.

Mike was a co-founder and Managing Director of the UK's most successful project management software business for the construction industry, which he grew and led to exit in 2006. He is a former Group Board Director of an AIM listed technology business and was CEO of its international construction software and services business for over eight years and he was EVP of the UK's biggest independent construction software business for over two years.

He has extensive overseas experience having led construction technology businesses in Sweden and Germany and established international distribution in Australia, Europe and the USA. He has completed a number of international acquisitions.

Mike started his own consultancy practice in 2015 working as an Independent Director and Consultant advising businesses and private equity firms on investment in technology.

He holds a Computer Science degree (Manchester) and an MBA (Warwick).

Andrew Kluth
Non-Executive Director

Caroline Wehrle
Non-Executive Director

Committee Membership:

- Chair of the Group Treasury Committee

Andrew is a career finance professional specialising in the Treasury arena. He has held a number of senior roles, primarily in the debt finance function within British Gas, Vodafone and National Grid and is currently Head of Treasury at UK Power Networks. In his early career Andrew helped finance Eurotunnel before working on the demerger of Centrica from British Gas and the separation of the Gas Distribution Networks from Lattice Group. Andrew has worked on several large acquisitions globally including Mannesmann at Vodafone and Keyspan Corp at National Grid.

Andrew has held a number of other Non-Executive posts including as a Director of Aerion Fund Management and roles relating to his work as a trustee for various pension schemes.

Committee Membership:

- Chair Group Risk and Compliance Committee
- Group Treasury Committee

Caroline has spent more than 20 years working in the fields of risk management, audit, internal controls, compliance and ethics, finance and pensions.

The first eight years of Caroline's career were spent working in the engineering sector for WS Atkins, providing technical and quantitative risk management services to public and private sector clients, largely in the rail industry. This included four years spent working in Hong Kong, China and Singapore.

Caroline joined Diageo's internal audit function in 2003 and during 16 years with the business undertook a number of senior finance positions, culminating in her final role, as global risk and compliance Director leading an integrated global risk, control, compliance and ethics function. Caroline is passionate about doing business the right way.

Caroline has a BA Hons degree in Risk Management from Glasgow Caledonian University, and an MBA from Bayes Business School.

As well as Caroline's role with Aster, she is a Non-Executive Director of NHS Property Services Ltd and an Independent Member of the Audit & Risk Committee at the Wellcome Trust, a global charitable foundation focused on health research.

Board of
Directors

Claire Whitaker CBE
Non-Executive Director

Bjorn Howard
Group Chief Executive Officer, Executive Director

Committee Membership:

- Group Audit Committee
- Customer and Community Network

Claire is currently CEO of Southampton Forward, having led Southampton's shortlisted bid to be UK City of Culture 2025. Her role, which spans culture, events, destination and tourism. It involves working with Southampton's communities, public sector, cultural organisations, businesses, and academic partners locally and in the wider region. Previously, Claire was an Owner / Director of live music producers, Serious, which was known for its high-quality work and engagement with a diverse range of artists and communities across the UK and internationally. Claire is also an advisor on Equality, Diversity and Inclusion, working with organisations across a range of sectors.

Claire has over 25 years of experience in Executive and Non-Executive roles, including roles as Chair and Committee Chair. Positions, include being a Non-Executive Director of University Hospitals Dorset, Member of the Renaissance Board for the City of Southampton, Trustee of the Paul Hamlyn Foundation, an Ambassador for the Mayor of London's Cultural Leadership Board. Previously Claire has acted as a member of the DCMS' Cultural Recovery Board and been a member of the Arts and Creative Industries Advisory Group for the British Council. Prior to Serious, Claire was a Director of Africa95, a cross art form celebration of the arts of Africa which took place across the UK and the African continent, and which named President Nelson Mandela, President Leopoldo Senghor and Her Majesty Queen Elizabeth II as its patrons. After the first democratic elections in South Africa, Claire worked closely with the ANC on the country's cultural strategy and helped establish Business Arts South Africa which had then Deputy President, Thabo Mbeki, as its inaugural Chair.

Claire's expertise ranges from the creation and delivery of ambitious cultural events and programmes, advising companies and organisations on equality, diversity and inclusion and the development of strategic partnerships with a broad range of stakeholders. She is actively involved in policy development across culture, civil society and place-making.

Committee Membership:

- Customer and Community Network
- Aster 55 Committee

Bjorn became Aster's Group CEO in 2009 having previously been the Chief Executive of a smaller housing association. Since then, Aster's housing business has doubled to more than 36,000 homes and has expanded its geographical footprint across southern England and into London.

Bjorn has worked in the independent housing, care and support sectors for nearly 35 years and has extensive Board-level experience in both Executive and Non-Executive roles. He has served as a Non-Executive Director for an NHS Trust, educational organisations, regeneration Boards and as a government appointee to a housing association.

Bjorn holds a master's degree in management and is a fellow of the Chartered Institute of Housing and Chartered Management Institute. He is also a member of the Institute of Directors.

Chris Benn
Chief Financial Officer,
Executive Director

Amanda Williams
Chief Investment Officer,
Executive Director

Chris joined Aster in 2014, bringing with him extensive experience from the commercial sector.

Before Aster, Chris held senior finance positions at Euromoney Institutional Investor PLC and Regus PLC. At Euromoney he ensured the finance team were able to support the five-fold profit increase of the Group from both organic growth, and through acquisitions, including the acquisition of a fellow FTSE-250 listed Group. At Regus Chris was involved in the IPO and floatation of Regus' shares on both the FTSE and NASDAQ indices.

Chris qualified as a Chartered Accountant at Coopers & Lybrand (now PwC) in 1994.

Amanda has over 30 years' experience in development, marketing and asset management for registered social landlords, joining Aster Group in 2012. She was previously Director of Business Development at Synergy, prior to the merger with Aster and drove the strategic direction of the association's new-build development activity, including becoming an independent preferred investment partner.

Before Aster, Amanda was Head of Development for Sanctuary Housing Group for London and the South East, and an Associate Director of Adams Integra, a consultancy specialising in housing development and planning. She was also Director of Development Services for Apex Housing (now A2Dominion) for nine years where she was responsible for growing a mixed development programme from scratch to over 1,000 units per year..

Report

Group Remuneration and Nominations Committee

The Group Remuneration and Nominations Committee (GRNC) has been chaired by Mike McCullen (Non-Executive) since 5 November 2019. Mike has the skills and experience to chair the GRNC and meets the UK Corporate Governance Code 2018 (the UK Code) requirements.

The Committee consists of three other members (four up to August 2022), Mike Biles, (Non-Executive and Group Chairman) since 1 October 2019, David Doyle (Independent Committee Member) since 11 November 2020, Tracey Peters (Non-Executive and Senior Independent Director) since 14 March 2017 and Richard Teather (Independent Committee Member) (6 November 2019 - 9 August 2022). The Committee met six times during the year.

Committee's role and responsibilities

The Committee's responsibilities include:

- Receiving assurance as to the effectiveness of the chosen Codes of Governance;
- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of Boards and making recommendations to the Group Board with regard to any proposed changes;
- Nominating, for the approval of the Board, appropriate individuals to fill Board vacancies as and when they arise having considered candidates with relevant experience from a wide range of backgrounds;
- Succession planning, taking into account the challenges and opportunities facing the company and the background, skills and expertise that will be required on the Boards in the future and reviewing annually management succession planning processes in relation to the company's Senior Executives;
- Determining and recommending to the Group Board the framework and policy for the remuneration of the Group Chairman, Non-Executive Directors and Independent Committee Members; and
- Determining and recommending to the Group Board the framework and policy for the remuneration of the Group Chief Executive and the Executive Directors.

Key activities

The Committee continuously monitors its succession plan and during the year supported the Group Board with a number of appointments and changes to Committee membership. All appointments resulted from either planned vacancies, due to Board and Committee Members reaching the end of their maximum term, or existing vacancies in the Committee structure.

In addition to monitoring marketplace trends and succession planning, the GRNC also considered the following matters:

- Recommending the Directors' Remuneration Report for the annual report;
- Receiving the outcomes of the 2022 Board and Committee individual appraisals;
- Receiving assurance on and approving the Board Diversity Programme;
- Approving payment criteria and payments under the Project Reward Policy;
- Receiving assurance on the progress of Programme Experience and the integration of Central & Cecil Housing Trust;
- Adopting the National Housing Federation Code of Conduct 2022;
- Receiving the policy assurance report on the Board and Committee Code of Conduct;
- Recommending the appointment of the Enham Trust Trustees;
- Approving a proposal for the approach for the Autumn 2022 Board and Committee individual appraisals;
- Approving an extension of the appointment of the GRNC advisers, Altair;
- Receiving assurance from the Governance Review progress update incorporating evaluation against the chosen Codes of Governance;
- Approving a proposal for the non-executive Director and Group Chairman recruitment process; and
- Noting the 2022 gender pay gap data.

Advisors to the Committee

Altair acted as Independent Advisors to the Committee throughout the year. The Committee is satisfied that the advice it receives on Executive and Non-Executive Directors' remuneration is independent and objective.

Directors' emoluments - Group

Directors (key management personnel) are defined as the members of the Group Board including the Group Chief Executive Officer, Executive Directors, Independent Committee Members and Non-Executive Directors of the Group's subsidiary companies.

The highest paid Director was Bjorn Howard, Group Chief Executive Officer.

Emoluments (excluding pension contributions) payable to the highest paid Director	**2023 £**	2022 £
Bjorn Howard	**302,722**	294,353

The total emoluments of the Directors of Aster Group comprise:

	2023			
	Salaries £	**Benefits £**	**Pension £**	**Total £**
Bjorn Howard, Group Chief Executive Officer	**272,994**	**29,728**	**23,989**	**326,711**
Other Executive Directors	**902,673**	**252,431**	**83,428**	**1,238,532**
Non-Executive Directors and Independent Committee Members	**270,153**	**-**	**-**	**270,153**
Total Executive and Non-Executive Directors	**1,445,820**	**282,159**	**107,417**	**1,835,396**

	2022			
	Salaries £	Benefits £	Pension £	Total £
Bjorn Howard, Group Chief Executive Officer	263,000	31,353	23,111	317,464
Other Executive Directors	853,000	194,081	80,142	1,127,223
Non-Executive Directors and Independent Committee Members	250,624	-	-	250,624
Total Executive and Non-Executive Directors	1,366,624	225,434	103,253	1,695,311

The Remuneration Report was approved by the Board of Directors on and signed on its behalf by:

Mike McCullen
Chair of the Remuneration Committee

8 August 2023

Report of the
Board

The Board presents its report and the audited consolidated financial statements for the year ended 31 March 2023.

The Board's report comprises page **90**. Some of the matters required by legislation have been included in the Strategic Report (pages **4** to **59**) as the Board considers them to be of strategic importance. In particular these are:

- future business developments;
- principal risks; and
- corporate and social responsibility (including diversity).

Principal activities

The Aster Group's principal activities are to provide affordable homes and associated services through its registered providers and other member companies. It also provides care and support services to the elderly and vulnerable, maintains its properties and develops new homes for rent and sale.

Group results for the year

The Group's consolidated profit for the year was £54.5million (2022: £171.6 million). Profit before tax was £55.3 million (2022: £170.6 million).

The Board

The Members of the Board are listed in the Board of Directors details on page **82** of this report.

Capital structure

The Group contains entities in different forms (Charitable Community Benefit Societies with charitable rules, companies limited by shares and a public limited company). The Group finances its operations by a combination of government grants, loans from commercial banks, publicly listed bond finance and retained surpluses.

Directors' indemnities

The Group 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 Group's business activities, together with factors likely to affect its future development and position, are set out in the Strategic Report of the Board on pages **4** to **59**. A member of the Group is party to deeds of contribution with its partner company in joint ventures. These deeds cover the jointly controlled entities' obligations in connection with their development sites.

The Group has long-term debt facilities in place which provide adequate resources to finance committed reinvestment and development programmes and generate operational cash flows sufficient to finance the Group's day-to-day operations. The Group also has a long-term business plan which shows that it is able to service its debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future as outlined in the viability statement on page **81**. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Disclosure of information to the auditor

So far as the Board is aware, there is no relevant information of which the Group's auditor 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 auditor are aware of that information.

By order of the Board

David Betteridge
Company Secretary

8 August 2023

Statement of Directors' Responsibilities

Statement of Board's responsibilities in respect of the Annual Report and the financial statements

The Board is responsible for preparing the Annual 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 has elected to prepare the financial statements in accordance with UK Accounting Standards, including 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 Group and the association and of the income and expenditure of the Group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and 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 Group or 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 make sure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. 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. It also 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.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Bjorn Howard
Group Chief Executive Officer
8 August 2023

Financial Statements

Financial Statements Introduction

This section of the annual report provides the Independent auditor's full report to the members of Aster Group Limited, for and on behalf of KPMG LLP, Statutory Auditor.

Following is a full and detailed annual account of the financial statements for the year ended **31 March 2023.**

Independent auditor's report

to the members of Aster Group Limited

1. Our opinion is unmodified

We have audited the financial statements of Aster Group Limited ("the Association") for the year ended 31st March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the related notes to the Consolidated Financial Statements and the Association's Statement of Comprehensive Income, Association's Statement of Financial Position, and the related notes to the Association's Financial Statements, including the accounting policies in note 4 to the Consolidated Statements.

In our opinion:

— the financial statements give a true and fair view of the state of the Group's and of the parent Association's affairs as at 31 March 2023 and of the Group's profit for the year then ended;

— the Group financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

— the parent association financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland

— the financial statements have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2022; and

— The financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 Group 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.

Overview		
Materiality: group financial statements as a whole	£7.45m (2022: £4.6m) 2.5% (2022: 2%) of Revenue	
Coverage	88% (2022: 94%) of group revenue	
Key audit matters		**vs 2022**
Recurring risks	Recoverability of stock and work in progress	◀▶
	Valuation of post retirement benefit obligations	▼
	Aster Group Limited (entity only) - Completeness and Accuracy of Expenses Incurred	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
Stock and work in progress (£52.7m; 2022: £49.5m) *Refer to page 112 (accounting policy) and page 142 (financial disclosures).*	**Recoverability of stock and work in progress** An inappropriate amount is estimated for the net realisable value (NRV) of stock and work in progress, or an incorrect amount is recorded for the lower of cost and NRV. Property held in stock and current assets work in progress comprises properties which are speculatively developed for shared ownership or outright sale. FRS102 requires these properties to be recognised at the lower of cost or net realisable value. In order to assess the net realisable value of property held in stock and work in progress, site appraisals are prepared which include forecast revenue and costs and provide an indication of the recoverability of property held in stock and work in progress. Site appraisals include a number of judgements that could have a significant effect on the net realisable value of the property.	Our procedures included: — **Review of controls:** Understood the processes the Group has in place to assess recoverability of stock and work in progress. We reviewed this process and identified and tested the design and implementation of controls in place for assessing recoverability of stock and work in progress; — **Post year end sales:** Verified if completed stock had been sold following the year end date and whether the sales are profitable; — **Review stock reservations**: Verified if reservations had been made for the stock during or after the financial year; — **Review forecasts:** Obtained management's forecast revenue and costs and challenged the judgements made as part of the forecasts. This included the rationale for forecasted sales prices, comparison to equivalent unit sales and consideration of sales conditions within the geographical area. — **Sensitivity analysis:** Performed sensitivity analysis over the forecasted costs and the impact on the recoverability of the site to price increases from the original forecast. — **Our results:** From the evidence obtained, we considered the recoverability of stock and work in progress to be acceptable.
Valuation of post retirement benefit obligation **Gross LGPS Pension Liability:** (£85.0m; 2022: £118.1m) **Gross SHPS Pension Liability:** (£52.4m; 2022: £65.1m) *Refer to page 115 (accounting policy) and page 151 (financial disclosures).*	An inappropriate amount is estimated and recorded for the defined benefit obligation. The Group participates in four Local Government Pension schemes: Dorset County Council, Hampshire County Council, Somerset County Council and Wilshire Council. Additionally the Group participates in the Social Housing Pension Scheme (SHPS). The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Group's pension liability could have a significant effect on the financial position of the Group. The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements (note 32) disclose the assumptions used by the Group in completing the year end valuation of the pension deficit and the year on year movements. We have identified Aster's participation in the Social Housing Pension Scheme and the Dorset County Council's Local Government Pension Schemes as a significant risk.	Our procedures included: — **Evaluation of scheme actuaries:** We have evaluated the competency and objectivity of scheme actuaries; — **Use of Pension specialists:** We have engaged KPMG actuarial specialists to assist with challenging the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data; — **Review of accounting treatment:** We have reviewed the accounting treatment and entries applied by the Group are in line with FRS102 and the SORP; — **Review of disclosures**: We reviewed the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to the key assumptions. — **Our results:** From the evidence obtained, we considered the valuation of the post retirement benefit obligation, selection of actuarial assumptions and related disclosures to be acceptable.

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2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Aster Group Limited - Completeness and accuracy of expenses incurred (£32.2m; 2022: £30.4m) *Refer to page 125 (financial disclosures).*	**Provision of support services** Aster Group Limited is the holding company for the group and provides central support services to each of its subsidiary entities. The entity incurs external expenditure and recharges these, as budgeted to other group companies. This results in the majority of the balance sheet items being driven by amounts owing to/due from group companies and the income statement is driven by costs incurred on behalf of the group and related income. Expenditure contains the only external transactions going through the group company and therefore is the area we focus our audit testing.	Our procedures included: — **Review of costs incurred:** We have reviewed the nature of expenditure and sample tested to third party evidence to support significant year on year movements; — **Assessment of classification:** We have assessed the classification of expenditure and ensured that the expenses are classified in correct financial statement captions through consideration of consistency between years. — **Review of cut-off:** We have assessed the cut off of expenditure through a search for unrecorded liabilities and testing transactions around the year end. — **Our results:** The results of our testing were satisfactory and we considered the classification of expenditure recognised to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

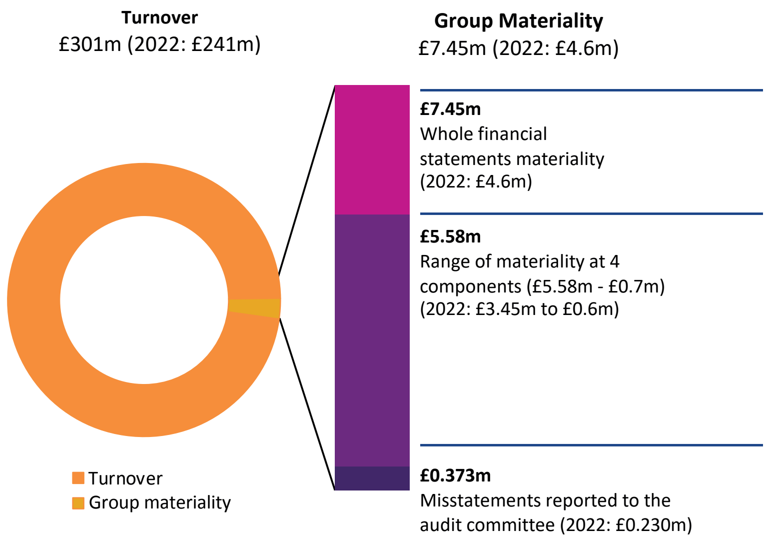
Materiality for the group financial statements as a whole was set at £7.45m, determined with reference to a benchmark of revenue, of which it represents 2.5% (2022: 2%).

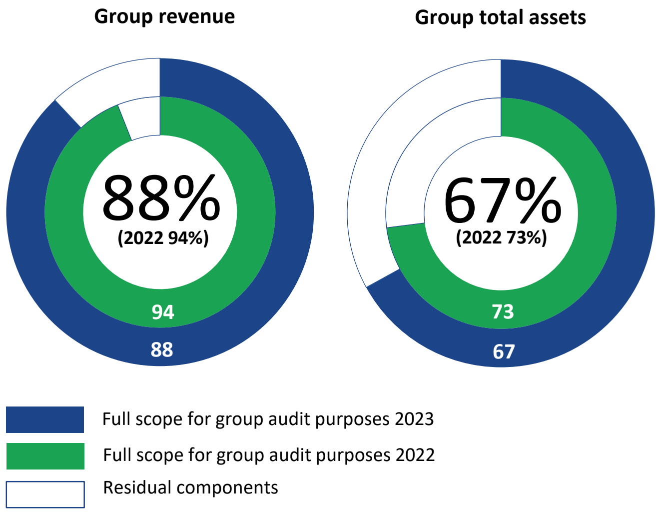
Materiality for the parent association financial statements as a whole was set at £0.94m (2022: £0.8m), determined with reference to a benchmark of total expenditure, of which it represents 3.0% (2022: 3.0%).

We agreed to report to the Group Audit Committee any corrected or uncorrected identified misstatements exceeding £0.373m (2022: £0.230m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 22 (2022: 18) reporting components, we subjected 4 (2022: 6) to full scope audits for group purposes and nil (2022: nil) to specified risk-focused audit procedures. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 12% of total group revenue, and 33% of total group assets is represented by 18 reporting components, none of which individually represented more than 12% of total group revenue, group profit before tax or total group assets. For these residual components, we performed an analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.





4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or the Group or to cease their operations, and as they have concluded that the Association's and the Group'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 their 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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 Group and the Association will continue in operation.

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 financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 4 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Association's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

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

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement (page 81) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. 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 anything to report on these statements is not a guarantee as to the Group's and Association's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

• Enquiring of directors, the group audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud , including the internal audit function, and the Group's whistleblowing channels, as well as whether they have knowledge of any actual, suspected or alleged fraud.

• Reading Board/ audit committee minutes.

• Considering remuneration incentive schemes and performance targets for management.

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

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls in particular the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition due to limited scope for manual intervention and the homogenous nature of the majority of the revenue streams. In addition property sales are recognised on receipt of a legal completion statement and cash and therefore the opportunity to manipulate revenue from sales is remote.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations of journal postings to revenue, unusual combinations of journal postings to cash and borrowings, expenses and post close journals.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in pension valuations and the value of properties developed for sale held in current assets.

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

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

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

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

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative and community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on the amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Cooperative and Community Benefit Society Act 2014, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the Group and Parent Association, or returns adequate for our audit have not been received from branches not visited by us; or

— the Group and Parent Association financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 91, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the Parent Association or to cease operations, or have 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

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

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, 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

Eastleigh

SO53 3TG

25 August 2023

ASTER GROUP

23

Financial Statements

Annual Report for the year ended **31 March 2023**

Consolidated Statement of
Comprehensive Income

for the year ended **31 March 2023**

	Note	2023 £000	2022 £000
Turnover	6a	**301,199**	240,933
Operating expenditure before impairment	6a	**(196,850)**	(147,430)
Cost of sales	6a	**(54,373)**	(38,930)
Administrative expenses	6a	**(3,360)**	(2,258)
Profit on disposal of housing property, plant and equipment	7	**20,303**	22,609
Increase in fair value of investment properties	6a	**159**	1,153
Operating profit before impairment		**67,078**	76,077
Impairment of shared ownership properties held for sale	25	**(135)**	137
Impairment of intangible assets	15	**(134)**	-
Impairment of other fixed assets	17	**(22)**	-
		(291)	137
Operating profit	8	**66,787**	76,214
Donations received	9	**386**	-
Profit on disposal of other property, plant, equipment and intangible assets	11	**6**	8
Share of profit in joint ventures	41	**1,776**	2,631
Gain on acquisition	42	**12,769**	119,409
Profit before interest and taxation		**81,724**	198,262
Interest receivable and similar income	12	**5,863**	3,969
Interest payable and similar charges	12	**(31,962)**	(30,871)
Interest on net pension liability	12	**(316)**	(762)
Net finance expense		**(26,415)**	(27,664)
Profit before taxation		**55,309**	170,598
Tax (charge) / credit on profit	14	**(774)**	1,005
Profit for the year		**54,535**	171,603
Other comprehensive income			
Actuarial gains in respect of pension schemes	32	**4,760**	16,462
Movement in deferred taxation	14	**(244)**	(426)
Effective cash flow hedge fair value gain	13	**13,064**	9,903
Other comprehensive income for the year		**17,580**	25,939
Total comprehensive income for the year		**72,115**	197,542

Consolidated Statement of
Financial Position

as at **31 March 2023**

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	15	**3,536**	2,397
Property, plant and equipment (social housing)	16	**2,221,140**	2,053,666
Property, plant and equipment (other assets)	17	**24,964**	22,438
Investment properties	18	**27,855**	19,470
HomeBuy loans receivable	19	**3,350**	3,462
Investments in joint ventures	20	**2,943**	5,766
Other investments	21	**230**	230
		2,284,018	2,107,429
Non-current assets			
Debtors: amounts falling due after more than one year	22	**52,613**	59,233
Current assets			
Inventories	23	**18,055**	7,739
Debtors: amounts falling due within one year	24	**58,338**	45,264
Shared ownership properties held for sale	25	**52,679**	49,598
Cash and cash equivalents	26	**94,309**	96,324
		223,381	198,925
Creditors: amounts falling due within one year	27	**(127,836)**	(145,964)
Net current assets		**95,545**	52,961
Total assets less current liabilities		**2,432,176**	2,219,623
Non-current liabilities			
Creditors: amounts falling due after more than one year	28	**(1,259,458)**	(1,112,806)
Pension liability - Local Government Pension Schemes	32	**(694)**	(9,739)
Pension liability - Social Housing Pension Scheme	32	**(9,229)**	(7,143)
Other provisions	33	**(3,861)**	(3,116)
Net assets		**1,158,934**	1,086,819
Capital and reserves			
Called up share capital	34	**-**	-
Profit and loss reserve		**769,134**	705,304
Revaluation reserve	35	**383,467**	388,511
Restricted reserve	35	**1,710**	1,445
Cash flow hedge reserve	35	**4,161**	(8,903)
Merger reserve	35	**462**	462
Total capital and reserves		**1,158,934**	1,086,819

The financial statements on pages **102** to **173** were approved and authorised for issue by the Board on **8 August 2023** and were signed on its behalf by:

Mike Biles
Group Chairman

Bjorn Howard
Group Chief Executive Officer

David Betteridge
Company Secretary

Consolidated Statement of
Changes in Reserves

for the year ended **31 March 2023**

	2023					
	Profit and loss reserve £000	**Revaluation reserve £000**	**Restricted reserve £000**	**Cash flow hedge reserve £000**	**Merger reserve £000**	**Total reserves £000**
Balance at 1 April 2022	**705,304**	**388,511**	**1,445**	**(8,903)**	**462**	**1,086,819**
Profit for the year	**54,535**	**-**	**-**	**-**	**-**	**54,535**
Other comprehensive expense for the year	**4,516**	**-**	**-**	**13,064**	**-**	**17,580**
Transfer from revaluation reserve to profit and loss reserve	**4,779**	**(5,044)**	**265**	**-**	**-**	**-**
Transfer from profit and loss reserve to restricted reserves	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2023	**769,134**	**383,467**	**1,710**	**4,161**	**462**	**1,158,934**

	2022					
	Profit and loss reserve £000	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Merger reserve £000	Total reserves £000
Balance at 1 April 2021	515,525	390,930	436	(18,806)	462	888,547
Profit for the year	171,603	-	-	-	-	171,603
Other comprehensive income for the year	16,036	-	-	9,903	-	25,939
Transfer from revaluation reserve to profit and loss reserve	2,419	(2,419)	-	-	-	-
Clawback reinvestment	-	-	730	-	-	730
Transfer from profit and loss reserve to restricted reserves	(279)	-	279	-	-	-
Balance at 31 March 2022	705,304	388,511	1,445	(8,903)	462	1,086,819

Consolidated Statement of
Cash Flows

for the year ended **31 March 2023**

	Note	**2023 £000**	2022 £000
Net cash generated from operating activities	1	**167,286**	175,495
Taxation		**-**	(59)
Cash flow from investing activities			
Acquisition and construction of social housing properties		**(198,853)**	(161,621)
Acquisition and construction of shared ownership first tranche properties for sale - capital cost		**(57,382)**	(46,591)
Acquisition and construction of investment properties		**(7,958)**	-
Purchase of intangible assets		**(1,596)**	(1,285)
Purchase of other assets		**(5,027)**	(2,916)
Proceeds from sale of other assets		**28**	130
Loan repayments from joint ventures		**7,045**	13,371
Dividend from joint ventures		**4,600**	-
Grants received		**24,381**	12,472
Interest received		**2,045**	134
Cash flow used in investing activities		**(232,717)**	(186,306)
Cash flow from financing activities			
Interest paid		**(39,671)**	(36,399)
Drawdown of new and existing loans		**147,647**	40,000
Repayment of borrowings		**(44,560)**	(103,168)
Cash flow generated from financing activities		**63,416**	(99,567)
Net decrease in cash and cash equivalents		**(2,015)**	(110,437)
Cash and cash equivalents at beginning of the year		**96,324**	206,761
Cash and cash equivalents at end of the year		**94,309**	96,324

Notes to the
Consolidated Financial Statements

1 Cash flow from operating activities

	2023 £000	2022 £000
Profit for the year	**54,535**	171,603
Adjustments for non-cash items		
Amortisation of intangible assets	**454**	561
Depreciation of property, plant and equipment	**34,678**	30,674
Net impairment / (reversal) of property, plant and equipment	**291**	(137)
Investment property fair value adjustments	**(159)**	(1,153)
Accelerated depreciation of components	**1,073**	1,277
Increase in inventories	**(10,338)**	(4,635)
Gain on acquisition	**(12,547)**	(116,433)
Increase in debtors	**(11,669)**	(2,765)
Increase in creditors	**16,391**	15,149
Increase in provisions	**263**	2,773
Movement in shared ownership properties held for sale less capital cost	**54,301**	38,450
Pension cost less contributions payable	**(4,129)**	(8,498)
Carrying amount of housing property	**18,505**	19,826
Carrying amount of property, plant and equipment	**22**	122
	87,136	(24,789)
Adjustments for investing or financing activities		
Proceeds from the sale of other property, plant and equipment	**(28)**	(130)
Government grants (utilised) / recycled in the year	**(1,420)**	147
Interest payable	**32,278**	31,633
Interest receivable	**(5,292)**	(2,969)
Effective interest adjustment	**77**	-
	25,615	28,681
Net cash generated from operating activities	**167,286**	175,495

2 Legal status

Aster Group is registered under the Co-operative and Community Benefit Society Act 2014, and is registered with the Regulator of Social Housing (RSH) as a Registered Provider as defined by the Housing Act 2004.

3 Basis of preparation

The financial statements of the Group have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The association is classified as a Public Benefit Entity under FRS 102.

The financial statements are presented in Sterling (£).

Application of accounting policies

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

Group consolidation

The Group is required to prepare consolidated financial statements under the Co-operative and Community Benefit Societies Act 2014 incorporating the financial statements of the association and its subsidiaries. Intra-group transactions have been eliminated on consolidation.

Basis of consolidation

Subsidiaries

Subsidiaries that are not the ultimate parent do not produce consolidated financial statements under the exemption included in section 9.3 of FRS 102.

Joint ventures

Joint ventures are contractual arrangements between two or more parties which enter into an activity that they jointly control. The Group has two types of joint venture.

i. **Jointly controlled entities –** these are separate organisations in which each party has an interest. In the Group's consolidated financial statements they are accounted for using the equity method. In the association's financial statements the investment in the joint venture is recognised at cost.

ii. **Jointly controlled operations –** each party uses their own resources rather than establishing a separate organisation. The jointly controlled operation agreement lays out how revenues from the activity are shared. For these operations the Group recognises:

- The assets it controls and the liabilities it incurs; and
- The expenses it incurs and its share of the income from the operation.

Associates

An entity is treated as an associated undertaking where the Group has significant influence, but it is neither a subsidiary nor interest in a joint venture. Significant influence is the power to participate in financial and operating decisions of the associate but not to control them.

In the Group financial statements, associates are accounted for using the equity method. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate.

Business combinations that are in substance a gift

Central & Cecil Housing Trust joined the Group on 1 January 2022. Enham Trust joined the Group on 1 October 2022.

The Group concluded that the requirements of FRS 102 Section 34 Public Benefit Entity Combinations were relevant to this judgement and that the Group, Central & Cecil Housing Trust and Enham Trust all have a primary objective to provide services to the general public and community for social benefit.

The Group considered that the combinations were in substance a gift and nil consideration was made or is due as a result of Central & Cecil Housing Trust and Enham Trust joining the Group. As such the net assets have been recognised at fair value as a gain in the Consolidated Statement of Comprehensive Income. Intra-group transactions have been eliminated on consolidation.

4 Summary of significant accounting policies

Going concern

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

The Board has prepared cash flow forecasts covering a period of 12 months from the date of approval of these financial statements (the going concern period) which indicate that, taking account of severe but plausible downsides, the Group and Association will have sufficient funds to meet their liabilities as they fall due for that period. In addition, the Board prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2023 by the Board.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The Board, after reviewing the Group and Association budgets for 2023 / 2024 and the Group's medium-term financial position as detailed in the cash flow forecasts and 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the going concern period. In reaching this conclusion, the Board has considered the following factors:

- The property market - budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs - budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities across the Group of £313.3 million which gives significant headroom for committed expenditure and other forecast cash flows over the going concern assessment period; and
- The Group's ability to withstand other adverse scenarios such as higher interest rates and increases in the number of void properties.

The Board believes the Group and Association have 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 Board is confident that the Group and Association will have sufficient funds to continue to meet their 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.

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.

Coronavirus Job Retention Scheme Grant is recognised as other income 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.

Connected living revenue – relates to providing personal monitoring systems to vulnerable customers. The charges are raised and recognised weekly from the installation of the equipment for as long as the customer requires it.

Finance debtor revenue - relates to the income received in relation to the Group's Service Concession Arrangement. It is made up of a monthly charge for each property with a certificate of availability and an annual dwelling charge payable by the grantor of the arrangement (Wiltshire County Council). Revenue is recognised from the date each property is certificated as available.

Green electricity - amounts received or receivable from the feed in tariff receivable for green electricity produced by the photovoltaic panels the Group owns. Turnover is recognised as the energy is produced. Additional kilowatts of energy generated are sold to the National Grid.

Other income, such as domiciliary care, home improvements, design and build fees 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 Group has chosen to show operating profit on the face of the Consolidated Statement of Comprehensive Income. This figure represents income, less the costs and expenses incurred to generate it, from the Group's principal activities that are not investing or financing activities.

Property managed by agents

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

Value added tax (VAT)

The Group 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 Consolidated 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 claw back 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 Consolidated Statement of Comprehensive Income for the year 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 Consolidated 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.

Taxation

The Group consists of some subsidiaries which have adopted charitable rules and benefit from various exemptions from taxation afforded by tax legislation and are therefore not liable to corporation tax on income or gains falling within those exemptions. The Group also has some subsidiaries which are subject to taxation. These taxable subsidiaries are able to gift aid some or all of their taxable profits to their parent entity and in doing so reduce or eliminate their tax liability.

Investments

The Group holds investments in companies outside the Group. These are recognised at cost less impairment.

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

4 **Summary of significant accounting policies** (continued)

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 opposite)	30 - 100
Roof	45 - 60
Heating Distribution Systems	15 - 30
Boiler	10 - 15
Bathroom	25 - 30
Windows / Doors	30 - 35
Kitchen	20
Electrical wiring	20 - 30

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

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

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

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

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

The Aster Group 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 Consolidated 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 - 25

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 Consolidated Statement of Comprehensive Income for the year.

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

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

- The asset created can be identified (such as software or a website);
- It is expected that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

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

Interest receivable and payable

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

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 Consolidated Statement of Comprehensive Income for the period to which they relate.

Consolidated Financial Statements

4 **Summary of significant accounting policies** (continued)

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 Consolidated Statement of Comprehensive Income for the period using the effective interest method.

Rentals paid under operating leases are charged to the Consolidated 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 Consolidated Statement of Comprehensive Income in the year they occur.

HomeBuy scheme

The Group 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 Group receives a proportion of the sale proceeds equal to the original percentage lent.

The loans are financed by social housing grant (SHG) from the Regulator for Social Housing (RSH). On subsequent sale by the purchaser, the SHG is recycled and the Group keeps any profit. In the event of a loss, the SHG is written off and expensed through operating expenditure.

The loan to the purchaser is treated as a fixed asset investment made by the association and the grant from the RSH is recognised separately as a loan to the association. The investment is carried on the Consolidated Statement of Financial Position at transaction cost and monitored for signs of impairment.

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.

c) **Work in process**
Speculative housing land, stock plots and work in progress, is recognised at the lower of cost and net realisable value (selling price less cost to sell). Cost comprises materials, direct labour, direct development overheads and attributable interest.

Impairment

a) **Inventories**
At the end of each reporting period inventories are reviewed for impairment. If any inventory is found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

b) **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 Consolidated Statement of Comprehensive Income for the year.

c) **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 Consolidated 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 ten years.

d) **Unsold first tranche 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.

e) **Open market 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 Consolidated Statement of Financial Position and recognised as turnover once the delivery has been made.

Service Concession Arrangements

The Group 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 Group is taking advantage of the transitional arrangement outlined in section 35.10 (l) 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 Group 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 Group, and may only be used for the benefit of the relevant schemes. These funds are held in creditors on the Consolidated Statement of Financial Position.

Financial instruments

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

a) **Rent arrears and other debts**

Rent arrears, other amounts due from tenants and other miscellaneous debts are recognised and carried at original amount of the charge, less provision for impairment. A provision is made and charged to the Consolidated 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.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

c) **Derivatives**

Derivative financial assets and 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 financial instruments derivative note.

d) **Financial liabilities**

i) Bonds, medium term notes and commercial paper are classified as other financial liabilities under section 11 of FRS 102 and held at amortised cost using the effective interest rate method to allocate costs of issue (including the discount or premium on issue).

4 **Summary of significant accounting policies** (continued)

Financial instruments (continued)

d) **Financial liabilities** (continued)

ii) Accrued interest payable on the debt is also classified as other financial liabilities and held at amortised cost.

e) **Offsetting financial instruments**
Financial assets and liabilities are offset and the net amount reported in the Consolidated 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 Consolidated 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:

I) A standalone derivative recognised at fair value through the Consolidated Statement of Comprehensive Income; or

II) 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.

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 Consolidated Statement of Comprehensive Income and subsequently in the cash flow hedge reserve. The ineffective portion of such gains and losses is recognised in the Consolidated Statement of Comprehensive Income for the period immediately.

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

k) **Interest rate exposure**
Interest rate swaps are used to manage the Group'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 profit or loss.

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 Consolidated 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 time-scale.

Prior to transition to FRS 102 the Group 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'.

The Group participates in ten pension schemes. There are four Local Government Pension Schemes (LGPS) which are the Dorset County Council Pension Fund, the Hampshire County Council Pension Scheme, the Somerset County Council Pension Scheme and the Wiltshire Council Pension Scheme. There are three separate schemes with the Social Housing Pension Scheme (SHPS). The accounting treatment for each scheme is described below.

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

The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the year 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 Consolidated 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 contribution scheme. The SHPS defined benefit CARE 120th scheme was 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 contribution (stakeholder) scheme.

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

4 **Summary of significant accounting policies** (continued)

Pension costs (continued)

Prior to 1 April 2018 SHPS were unable to provide sufficient information for the defined benefits schemes to calculate the Group's share of assets and liabilities and the scheme was accounted for as a defined contribution scheme. The SHPS scheme was in deficit and the Group had agreed to participate in a deficit funding arrangement which was recognised as a liability. The amount recognised was the present value of the contribution 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 SHPS defined benefit final salary scheme and SHPS defined benefit CARE 1/60th scheme was 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 SHPS defined benefit CARE 120th scheme were closed to new starters from June 2019.

From 1 April 2022, employees can opt to join the Aegon defined contribution pension scheme.

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. The Friends Provident scheme closed on 31 March 2020 and members were transferred to the SHPS defined contribution scheme. Between October 2010 and June 2019 new employees were 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.

East Boro Housing Trust Limited operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the Group to the fund.

Central & Cecil Housing Trust Limited operate a defined benefit pension scheme which is closed to new members. The pension scheme liability shown in the financial statements relates to the association's own defined benefit scheme. The difference between the fair value of the assets held in the association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the association's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the association is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Central & Cecil Housing Trust Limited also operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the Group to the fund.

Enham Trust operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the Group to the fund.

Provisions

a) **General provisions**

A provision is recognised in the Consolidated Statement of Financial Position where the Group 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.

Deferred taxation

Deferred taxation is provided in accordance with Section 29 of FRS 102 'Income Tax'. It is recognised in respect of all timing differences at the reporting date where transactions or events have occurred at that date that will result in either an obligation to pay more tax in the future or a right to pay less tax in the future.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Revaluation reserve

Prior to transition to FRS 102, on 1 April 2014, the Group'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 Group moved to recognising its social housing at deemed cost and no longer recorded increases in social housing property valuation.

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 are restricted. The reserve can only be used to fund investment in properties in the Mendip and Purbeck areas, in agreement with Mendip District Council and Purbeck District Council.

The restricted reserve within East Boro Housing Trust Limited represents the cash received as part of transfer of assets and operations from Soroptimist (Poole) Housing Association in 2018 and King Alfred Housing Association Limited in 2019. In accordance with the agreement made, this is restricted to being utilised on, or for the benefit of, the respective properties and their residents.

Merger reserve

On 10 March 2020 the assets and operations of the The Cyril Wood Memorial Trust Limited were transferred to East Boro Housing Trust Limited for proceeds of nil value. The transaction has been treated as a Group reconstruction in accordance with FRS 102 and the Housing SORP the assets acquired have been recognised at their net book value.

5 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 Group's accounting policies

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

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

Cash generating units

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

Impairment triggers for housing properties

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

Useful lives of social housing property assets

Social housing property assets are split into their component parts, with each component being depreciated over a separate estimated useful economic life. The annual depreciation charge for social housing property assets in total is sensitive to changes in these estimated useful economic lives The useful economic lives of individual components are re-assessed as part of a rolling stock condition survey, examining approximately 20% of the stock annually, and amended where necessary. See note 4 for the useful economic lives for each class of component.

Multi-employer defined benefit pension plan

The Group participates in a multi-employer defined benefit pension plans based on a career average of earnings, both provided by the Social Housing Pension Scheme and four local government pension schemes based on final salary earnings.

Local government pension scheme

There are uncertainties how the Court of Appeal judgement on the McCloud & Sargeant case, which relates to age discrimination within the Judicial & Fire Pension schemes, may affect LGPS members' past or future benefits. Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

The Directors have considered the potential impact of the McCloud case on the Group and associations defined benefit liability as at 31 March 2023. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability 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 2023.

Social Housing Pension Scheme

We have been notified by the Trustee of the scheme that is has performed a review of changes made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Critical accounting estimates and assumptions

The Group 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 shared ownership 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 shared ownership 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 tranche sale.

The exception to this treatment is where the overall surplus on first tranche shared ownership sales on mixed tenure developments is restricted to the net present value of future cash flows on shared ownership properties.

Notes to the
Consolidated Financial Statements

6 Turnover, operating expenditure and profit

6a Turnover, operating expenditure and profit

	Note	2023 Turnover £000	2023 Operating expenditure / cost of sales £000	2023 Operating profit / (loss) £000
Income and expenditure from lettings				
Housing accommodation before impairment	6b	210,762	(167,733)	43,029
Other income and expenditure Social Housing				
Care and transition services		9,553	(10,304)	(751)
Housing services provided to third parties		284	(2)	282
Independent living		2,386	(2,872)	(486)
Properties managed by agents		1,515	(1,513)	2
Community involvement		16	(1,581)	(1,565)
Connected living		1,016	(1,021)	(5)
Development costs not capitalised		-	(2,859)	(2,859)
Other		77	-	77
		14,847	(20,152)	(5,305)
Non-social housing				
Garage lettings		3,619	(2,070)	1,549
Sewerage services		162	(334)	(172)
Market rented property rental		981	(423)	558
Other		6,181	(6,138)	43
Coronavirus Job Retention Scheme grant		7	-	7
		10,950	(8,965)	1,985
Total income and expenditure		236,559	(196,850)	39,709
Other income and cost of sales Social Housing				
First tranche shared ownership		60,447	(50,698)	9,749
Non Social Housing				
Open market property sales		4,193	(3,675)	518
Total other income and cost of sales		64,640	(54,373)	10,267
Total		301,199	(251,223)	49,976
Administrative expenses				(3,360)
Profit on sale of housing property, plant and equipment	7	38,808	(18,505)	20,303
Increase in fair value of investment properties	18			159
Operating profit before impairment				67,078
Impairment of shared ownership properties held for sale				(135)
Impairment of intangible assets				(134)
Impairment of other fixed assets				(22)
Operating profit				66,787

	Note	Reclassified 2022 Turnover £000	Reclassified 2022 Operating expenditure / cost of sales £000	Reclassified 2022 Operating profit / (loss) £000
Income and expenditure from lettings				
Housing accommodation before impairment	6b	183,388	(135,563)	47,825
Other income and expenditure Social Housing				
Care and transition services		1,800	(2,193)	(393)
Housing services provided to third parties		243	4	247
Independent living		2,299	(2,498)	(199)
Properties managed by agents		357	(51)	306
Community involvement		-	(856)	(856)
Connected living		1,130	(967)	163
Development costs not capitalised		-	(2,400)	(2,400)
Other		99	-	99
		5,928	(8,961)	(3,033)
Non-social housing				
Garage lettings		3,373	(2,151)	1,222
Sewerage services		140	(225)	(85)
Market rented property rental		942	(345)	597
Other		2,167	(185)	1,982
Coronavirus Job Retention Scheme grant		9	-	9
		6,631	(2,906)	3,725
Total income and expenditure		195,947	(147,430)	48,517
Other income and cost of sales Social Housing				
First tranche shared ownership		44,784	(38,837)	5,947
Non Social Housing				
Open market property sales		202	(93)	109
Total other income and cost of sales		44,986	(38,930)	6,056
Total		240,933	(186,360)	54,573
Administrative expenses				(2,258)
Profit on sale of housing property, plant and equipment	7	42,435	(19,826)	22,609
Increase in fair value of investment properties				1,153
Operating profit before impairment				76,077
Net reversal of impairment of shared ownership properties held for sale	8			137
Operating profit				76,214

Central & Cecil Housing Trust Care Service has been reclassified as management consider it part of the Group's other income for social housing.

Notes to the
Consolidated Financial Statements

6 **Turnover, operating expenditure and profit** (continued)

6b **Income and expenditure from lettings**

	2023				
	General needs housing £000	Supported housing £000	Shared ownership £000	Other £000	Total £000
Income					
Rents	144,747	25,868	13,962	2,533	187,110
Service charges	7,298	11,270	490	2,458	21,516
Amortisation of government grants	366	573	76	-	1,015
Other revenue grants	745	355	31	(10)	1,121
Total net rents from lettings	153,156	38,066	14,559	4,981	210,762
Expenditure					
Management	(34,159)	(9,810)	(1,436)	(77)	(45,482)
Services	(8,464)	(13,107)	(3,636)	(248)	(25,455)
Routine maintenance	(20,982)	(5,509)	(94)	(114)	(26,699)
Planned maintenance	(11,400)	(1,326)	-	(2)	(12,728)
Major improvements and repairs	(18,480)	(4,893)	-	(52)	(23,425)
Bad debts	(709)	(138)	-	(3)	(850)
Depreciation of housing properties	(24,596)	(5,214)	(2,200)	(11)	(32,021)
Loss on component disposal	(850)	(223)	-	-	(1,073)
Operating costs on lettings	(119,640)	(40,220)	(7,366)	(507)	(167,733)
Operating profit on lettings activities before impairment	33,516	(2,154)	7,193	4,474	43,029
(Impairment) / net reversal of shared ownership properties held for sale	-	-	(204)	69	(135)
Operating profit on lettings activities	33,516	(2,154)	6,989	4,543	42,894
Rental income is stated net of void losses as set out below:					
Void losses	1,006	669	1,269	66	3,010

	Reclassified				
	2022				
	General needs housing £000	Supported housing £000	Shared ownership £000	Other £000	Total £000
Income					
Rents	134,613	20,284	12,174	1,216	168,287
Service charges	4,761	6,295	241	2,125	13,422
Amortisation of government grants	216	290	72	16	594
Other revenue grants	351	125	61	548	1,085
Total net rents from lettings	139,941	26,994	12,548	3,905	183,388
Expenditure					
Management	(32,174)	(8,326)	(1,257)	(244)	(42,001)
Services	(5,046)	(6,250)	(2,860)	(227)	(14,383)
Routine maintenance	(14,412)	(3,287)	(91)	(162)	(17,952)
Planned maintenance	(8,764)	(1,230)	-	(2)	(9,996)
Major improvements and repairs	(17,136)	(3,292)	-	(42)	(20,470)
Bad debts	(1,139)	(159)	(2)	3	(1,297)
Depreciation of housing properties	(22,852)	(3,329)	(2,016)	10	(28,187)
Loss on component disposal	(936)	(338)	-	(3)	(1,277)
Operating costs on lettings	(102,459)	(26,211)	(6,226)	(667)	(135,563)
Operating profit on lettings activities before impairment	37,482	783	6,322	3,238	47,825
Impairment of shared ownership properties held for sale	-	-	-	137	137
Operating profit on lettings activities	37,482	783	6,322	3,375	47,962
Rental income is stated net of void losses as set out below:					
Void losses	873	786	80	257	1,996

Income of £1.8 million and expenditure of £2.2 million relating to Central & Cecil Housing Trust Care Service has been reclassified from Other lettings because management consider it part of the Group's other income for social housing.

Notes to the
Consolidated Financial Statements

6 Turnover, operating expenditure and profit (continued)

6c Segmental analysis

The Group has determined the Executive Board to be the chief operating decision maker. The Executive Board reports to the Overlap Board and has operational responsibility for all aspects of the Group's business. It has the power to make operational decisions and allocate resources. The Executive Board have determined that the Group's operating segments are represented by the Group's individual subsidiaries.

The tables below are a summary of the management information received by the Executive Board for decision making purposes. Segments are reported on by expenditure and income. Segmental assets and liabilities have not been disclosed because they are not regularly provided to the Executive Board for decision making.

Turnover

	2023						
	Net rental income £000	Independent and connected living, support and care contracts £000	Repairs and maintenance income £000	Design and build and management services fees £000	First tranche and open market property sales £000	Other £000	Total £000
Aster Communities	125,458	-	-	874	33,823	77	160,232
Synergy Housing Ltd	65,272	-	-	359	15,079	99	80,809
Aster 3 Ltd	7,054	-	-	-	11,545	-	18,599
Aster Living	-	2,164	-	-	-	-	2,164
Aster Property Ltd	-	-	90,399	-	-	-	90,399
Aster Homes Ltd	-	-	-	124,117	1,642	-	125,759
Aster LD Ltd	-	-	-	-	-	-	-
Aster Group Ltd	-	-	-	31,439	-	2,001	33,440
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	-	-	-	-	-	1,903	1,903
Aster Solar Ltd	-	-	-	-	-	335	335
Aster Foundation	-	-	-	-	-	16	16
East Boro Housing Trust Ltd	3,602	1,177	-	-	-	64	4,843
Central & Cecil Housing Trust	14,466	8,263	-	7,900	4,193	1,472	36,294
Enham Trust	846	1,351	-	-	-	1,779	3,976
Eliminations	(2,008)	-	(90,399)	(161,890)	(1,642)	(1,631)	(257,570)
	214,690	12,955	-	2,799	64,640	6,115	301,199

Profit / (loss)

	2023							
	Turnover £000	Cost of sales £000	Operating expenditure £000	Fair value adjustments £000	Disposal of housing properties £000	Depreciation £000	Impairment £000	Operating profit / (loss) £000
Aster Communities	160,232	(29,548)	(78,008)	126	13,647	(19,157)	(204)	47,088
Synergy Housing Ltd	80,809	(12,910)	(40,272)	715	6,577	(9,921)	-	24,998
Aster 3 Ltd	18,599	(9,882)	(3,386)	-	307	(1,291)	-	4,347
Aster Living	2,164	-	(2,860)	-	-	(17)	-	(713)
Aster Property Ltd	90,399	-	(91,300)	-	-	(868)	-	(1,769)
Aster Homes Ltd	125,759	(115,673)	(7,583)	-	-	-	-	2,503
Aster LD Ltd	-	-	(3)	-	-	-	-	(3)
Aster Group Ltd	33,440	-	(31,530)	-	-	(710)	-	1,200
Aster Treasury Plc	-	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	1,903	-	(1,122)	-	-	-	-	781
Aster Solar Ltd	335	-	(87)	-	-	(135)	-	113
Aster Foundation	16	-	(1,234)	-	-	-	-	(1,218)
East Boro Housing Trust Ltd	4,843	-	(3,922)	-	-	(583)	-	338
Central & Cecil Housing Trust	36,294	(3,675)	(31,314)	(732)	-	(3,343)	69	(2,701)
Enham Trust	3,976	-	(6,714)	50	-	(294)	-	(2,982)
Eliminations	(257,570)	117,315	135,330	-	(228)	114	(156)	(5,195)
	301,199	(54,373)	(164,005)	159	20,303	(36,205)	(291)	66,787

Net interest	(26,415)
Donations received	386
Profit on disposal of other property, plant and equipment and intangible assets	6
Share of joint venture profit	1,776
Gain on acquisition	12,769
Profit before taxation	55,309

Notes to the
Consolidated Financial Statements

6 **Turnover, operating expenditure and profit** (continued)

6c **Segmental analysis** (continued)

Turnover

	2022						
	Net rental income £000	Independent and connected living £000	Repairs and maintenance income £000	Design and build and management services fees £000	First tranche and open market property sales £000	Other £000	Total £000
Aster Communities	116,726	-	-	799	27,610	806	145,941
Synergy Housing Ltd	60,598	-	-	331	9,197	146	70,272
Aster 3 Ltd	5,024	-	-	-	7,977	-	13,001
Aster Living	-	2,260	-	-	-	-	2,260
Aster Property Ltd	-	-	78,613	-	-	(2)	78,611
Aster Homes Ltd	-	-	-	113,324	1,540	-	114,864
Aster LD Ltd	-	-	-	-	-	-	-
Aster Group Ltd	-	-	-	26,692	-	-	26,692
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	-	-	-	-	-	1,737	1,737
Aster Solar Ltd	-	-	-	-	-	305	305
East Boro Housing Trust & Services Ltd	3,286	1,150	-	-	202	263	4,901
Central & Cecil Housing Trust	5,435	19	-	5,263	-	343	11,060
Eliminations	(1,069)	-	(78,613)	(146,166)	(1,540)	(1,323)	(228,711)
	190,000	3,429	-	243	44,986	2,275	240,933

Profit / (loss)

	2022							
	Turnover £000	Cost of sales £000	Operating expenditure £000	Fair value adjustments £000	Disposal of housing properties £000	Depreciation £000	Impairment £000	Operating profit / (loss) £000
Aster Communities	145,941	(25,171)	(66,037)	159	16,393	(18,513)	-	52,772
Synergy Housing Ltd	70,272	(8,033)	(33,651)	994	5,692	(9,887)	-	25,387
Aster 3 Ltd	13,001	(7,173)	(2,985)	-	735	(944)	-	2,634
Aster Living	2,260	-	(2,507)	-	-	(35)	-	(282)
Aster Property Ltd	78,611	-	(77,919)	-	-	(1,004)	-	(312)
Aster Homes Ltd	114,864	(105,614)	(6,709)	-	-	-	-	2,541
Aster LD Ltd	-	-	(4)	-	-	-	-	(4)
Aster Group Ltd	26,692	-	(29,572)	-	-	(851)	-	(3,731)
Aster Treasury Plc	-	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	1,737	-	(1,024)	-	-	-	-	713
Aster Solar Ltd	305	-	(78)	-	-	(135)	-	92
East Boro Housing Trust & Services Ltd	4,901	(93)	(3,768)	-	(10)	(535)	-	495
Central & Cecil Housing Trust	11,060	(5,263)	(5,178)	-	(1)	(655)	137	100
Eliminations	(228,711)	112,417	112,256	-	(200)	47	-	(4,191)
	240,933	(38,930)	(117,176)	1,153	22,609	(32,512)	137	76,214

Net interest	(27,664)
Profit on disposal of other property, plant and equipment and intangible assets	8
Share of joint venture profit	2,631
Gain on acquisition	119,409
Profit before taxation	170,598

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

	2023			2022		
	Proceeds £000	**Cost of sales £000**	**Profit / (loss) £000**	Proceeds £000	Cost of sales £000	Profit / (loss) £000
Right to buy	**2,310**	**(2,345)**	**(35)**	3,960	(4,306)	(346)
Right to acquire	**2,047**	**(439)**	**1,608**	593	(164)	429
Shared ownership staircasing	**15,462**	**(9,172)**	**6,290**	14,609	(8,152)	6,457
Void property disposals	**18,740**	**(6,321)**	**12,419**	21,962	(6,997)	14,965
Others	**249**	**(228)**	**21**	1,311	(207)	1,104
	38,808	**(18,505)**	**20,303**	42,435	(19,826)	22,609

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

8 Operating profit

	2023 £000	2022 £000
Operating profit is stated after charging:		
Auditors' remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**525**	301
In respect of other services:		
Service charge review	**-**	13
Other non-adult services	**6**	5
Depreciation:		
Property, plant and equipment - (social housing)	**32,021**	28,271
Loss on component disposal	**1,073**	1,277
Property, plant and equipment - (other assets)	**2,657**	2,403
Amortisation of intangible assets	**454**	561
Impairment:		
Shared ownership properties held for sale - charge / (net reversal)	**135**	(137)
Intangible assets	**134**	-
Other fixed assets	**22**	-
Profit on shared ownership properties, first tranche	**9,749**	5,947
Operating lease payments:		
Land and buildings	**102**	71
Office premises	**382**	415
Office equipment	**98**	132

9 Charitable donations received

	2023 £000	2022 £000
Aster Foundation	**43**	-
Enham Trust	**343**	-
	386	-

10 Employee information

	2023 No.	2022 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**1,693**	1,410

FTE by salary bands:
Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the Group.

	2023 No.	2022 No.
£59,999 or less	**1,529**	1,280
£60,000 to £69,999	**53**	46
£70,000 to £79,999	**42**	26
£80,000 to £89,999	**20**	20
£90,000 to £99,999	**7**	7
£100,000 to £109,999	**13**	13
£110,000 to £119,999	**11**	4
£120,000 to £129,999	**4**	5
£130,000 to £139,999	**-**	1
£140,000 to £149,999	**2**	2
£150,000 to £159,999	**2**	-
£160,000 to £169,999	**4**	-
£190,000 to £199,999	**-**	1
£210,000 to £219,999	**1**	1
£220,000 to £229,999	**-**	1
£230,000 to £239,999	**-**	1
£240,000 to £249,999	**1**	-
£250,000 to £259,999	**2**	1
£260,000 to £269,999	**1**	-
£310,000 to £319,999	**-**	1
£320,000 to £329,999	**1**	-
	1,693	1,410

None of the above employees received any enhanced pension payments during the year (2022: nil).

Staff costs:

	2023 £000	2022 £000
Wages and salaries	**64,682**	50,474
Social security costs	**6,662**	4,896
Other pension costs	**4,905**	4,154
	76,249	59,524

Details of the highest paid Director are included in the Directors' Remuneration Report.

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

	2023			2022		
	Proceeds £000	Cost of disposal £000	Profit / (loss) £000	Proceeds £000	Cost of disposal £000	Profit / (loss) £000
Motor vehicles	**22**	**(13)**	**9**	113	(73)	40
Solar panels	**6**	**(6)**	**-**	10	(18)	(8)
Office equipment	**-**	**(3)**	**(3)**	7	(31)	(24)
Total	**28**	**(22)**	**6**	130	(122)	8

12 Finance income and expense

	Note	2023 £000	2022 £000
Interest receivable and similar income			
Interest on short term deposits		**2,045**	134
Finance debtor interest receivable		**2,172**	2,225
Other interest receivable		**1,454**	1,384
Ineffective interest		**77**	-
Total interest income on financial assets not measured at fair value through profit or loss		**5,748**	3,743
Unwinding of trade debtor discounting		**115**	226
		5,863	3,969
Interest payable and similar charges			
Guaranteed fixed rate secured bonds		**(19,535)**	(18,096)
Fixed rate loans		**(11,611)**	(11,808)
Floating rated loans		**(6,996)**	(1,896)
Interest rate swaps		**(634)**	(3,624)
Less interest capitalised		**8,378**	6,093
		(30,398)	(29,331)
Recycled capital grant fund interest		**(228)**	(16)
Clawback fund interest		**(11)**	-
Amortisation of arrangement fees		**(286)**	(335)
Administration charge		**(895)**	(975)
Ineffective interest		**-**	(29)
Amortisation of issue costs		**(179)**	(211)
Total interest payable on financial liabilities not measured at fair value through profit or loss		**(31,997)**	(30,897)
Trade debtor discounting		**35**	26
		(31,962)	(30,871)
Interest on net pension liability			
Local government pension schemes	32	**(124)**	(416)
SHPS pension schemes	32	**(222)**	(346)
CCHT pension schemes	32	**30**	-
		(316)	(762)
Net finance expense		**(26,415)**	(27,664)

13 Gains on financial instruments measured at fair value through other comprehensive income

	2023	
	Gains £000	**Losses £000**
Financial liabilities measured at fair value	**13,064**	**-**
	13,064	**-**

	2022	
	Gains £000	Losses £000
Financial liabilities measured at fair value	9,903	-
	9,903	-

14 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	2023 £000	2022 £000
The tax (credit) / charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	**-**	-
Under provision in prior year	**-**	(59)
Total current tax	**-**	(59)
Deferred tax		
Origination and reversal of timing differences	**609**	(445)
Adjustment for prior year	**(27)**	50
Changes in tax rate or laws	**192**	(551)
Total deferred tax	**774**	(946)
Tax on profit on ordinary activities	**774**	(1,005)

(b) Tax credit included in other comprehensive income / (expense)

	2023 £000	2022 £000
Deferred tax		
Origination and reversal of timing differences	**186**	433
Changes in tax rate or laws	**58**	(7)
	244	426

The tax assessed for the year differs from the standard rate of corporation tax in the UK as explained below.

(c) **Factors affecting tax charge / (credit) for the year**

	2023 £000	2022 £000
Profit on ordinary activities before taxation	**55,309**	170,598
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2022: 19%)	**10,509**	32,414
Effects of:		
Gain on acquisition	**(2,426)**	(22,688)
Profit from charitable activities	**(70,548)**	(8,137)
Expenses not deductible	**63,431**	7
Effects of tax rate changes	**192**	(551)
Joint venture profit share	**(337)**	(2,333)
Non-taxable income	**-**	-
Losses	**(19)**	292
Adjustments for prior year	**(27)**	(9)
	775	(1,005)

(d) **Deferred tax**

	2023 £000	2022 £000
Asset at start of year	**(2,327)**	(1,807)
Adjustment for prior year	**(27)**	50
Deferred tax credit to income statement for the year	**801**	(996)
Deferred tax charge / (credit) in other comprehensive income for the year	**244**	426
Other	**164**	-
Asset at end of year	**(1,145)**	(2,327)

(e) **Tax rate changes**

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March has been calculated based on the rate of 19% (2022: 19%)

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15 **Intangible assets**

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 April 2022	**1,582**	**8,981**	**10,563**
Additions	**1,596**	**-**	**1,596**
Acquisition of Enham Trust to the Group	**131**	**-**	**131**
At 31 March 2023	**3,309**	**8,981**	**12,290**
Accumulated amortisation			
At 1 April 2022	**-**	**8,166**	**8,166**
Charge for year	**-**	**454**	**454**
Impairment of intangible assets	**134**	**-**	**134**
At 31 March 2023	**134**	**8,620**	**8,754**
Net book value as at 31 March 2023	**3,175**	**361**	**3,536**
Net book value as at 31 March 2022	1,582	815	2,397

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 construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Cost					
At 1 April 2022	**153,739**	**1,729,187**	**57,496**	**298,692**	**2,239,114**
Additions	**105,512**	**-**	**71,807**	**-**	**177,319**
Components	**-**	**20,502**	**-**	**-**	**20,502**
Disposal of components	**-**	**(6,277)**	**-**	**-**	**(6,277)**
Completions	**(162,755)**	**162,755**	**(68,304)**	**68,304**	**-**
Acquisition of Enham Trust to the Group	**856**	**27,391**	**-**	**-**	**28,247**
Disposals	**-**	**(7,836)**	**-**	**(9,588)**	**(17,424)**
At 31 March 2023	**97,352**	**1,925,722**	**60,999**	**357,408**	**2,441,481**
Accumulated depreciation					
At 1 April 2022	**-**	**177,817**	**-**	**7,631**	**185,448**
Charge for year	**-**	**29,731**	**-**	**2,290**	**32,021**
Disposal of components	**-**	**(5,204)**	**-**	**-**	**(5,204)**
Acquisition of Enham Trust to the Group	**-**	**9,441**	**-**	**-**	**9,441**
Disposals	**-**	**(1,043)**	**-**	**(322)**	**(1,365)**
At 31 March 2023	**-**	**210,742**	**-**	**9,599**	**220,341**
Net book value at 31 March 2023	**97,352**	**1,714,980**	**60,999**	**347,809**	**2,221,140**
Net book value at 31 March 2022	153,739	1,551,370	57,496	291,061	2,053,666

The cost of completed properties during the year includes £8.4 million (2022: £6.1 million) of capitalised borrowing costs at an average cost of borrowing of 2.5% (2022: 2.3%).

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

	2023 £000	2022 £000
Freehold	**2,171,718**	2,008,173
Short leasehold	**7,553**	8,635
Long leasehold	**41,869**	36,858
Net book value	**2,221,140**	2,053,666

16 **Property, plant and equipment (social housing)** (continued)

Current value of completed social housing properties

The below valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on 31 March 2023, 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 construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Existing Use Valuation - Social Housing					
Valuation at 31 March 2023	**-**	**2,411,620**	**-**	**361,160**	**2,772,780**
Valuation at 31 March 2022	-	2,108,325	-	291,730	2,400,055

17 **Property, plant and equipment (other assets)**

	Office premises £000	Leasehold office improvements £000	Motor vehicles £000	Office and estate equipment £000	Computer equipment £000	Total £000
Cost						
At 1 April 2022	**15,880**	**908**	**9,108**	**21,773**	**7,115**	**54,784**
Additions	**187**	**-**	**65**	**4,176**	**599**	**5,027**
Reclassification of existing asset	**133**	**-**	**-**	**(155)**	**22**	**-**
Acquisition of Enham Trust to the Group	**22**	**-**	**121**	**428**	**-**	**571**
Disposals	**-**	**-**	**(96)**	**(526)**	**-**	**(622)**
At 31 March 2023	**16,222**	**908**	**9,198**	**25,696**	**7,736**	**59,760**
Accumulated depreciation						
At 1 April 2022	**6,089**	**253**	**7,083**	**12,370**	**6,551**	**32,346**
Charge for year	**276**	**20**	**817**	**1,193**	**351**	**2,657**
Reclassification of existing asset	**70**	**-**	**-**	**(88)**	**18**	**-**
Acquisition of Enham Trust to the Group	**-**	**-**	**117**	**256**	**-**	**373**
Impairment	**22**	**-**	**-**	**-**	**-**	**22**
Disposals	**-**	**-**	**(84)**	**(518)**	**-**	**(602)**
At 31 March 2023	**6,457**	**273**	**7,933**	**13,213**	**6,920**	**34,796**
Net book value at 31 March 2023	**9,765**	**635**	**1,265**	**12,483**	**816**	**24,964**
Net book value at 31 March 2022	9,791	655	2,025	9,403	564	22,438

ASTER GROUP

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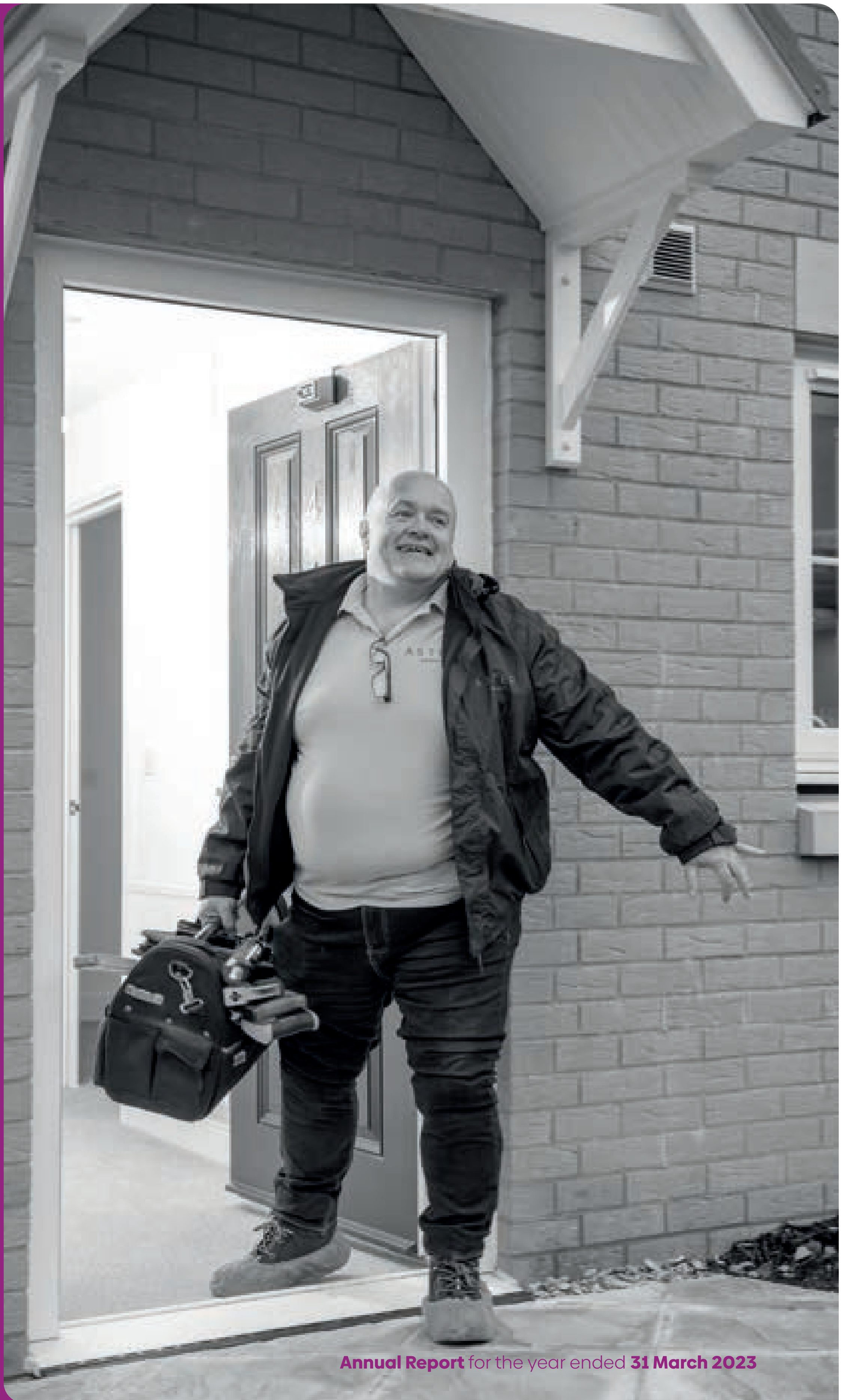

18 Investment properties

	Market rented properties £000	Freehold £000	Total investment properties £000
Fair value			
At 1 April 2022	**18,399**	**1,071**	**19,470**
Additions	**7,958**	**-**	**7,958**
Acquisition of Enham Trust to the Group	**268**	**-**	**268**
Fair value adjustment	**159**	**-**	**159**
At 31 March 2023	**26,784**	**1,071**	**27,855**

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 2023.

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

	2023 £000	2022 £000
At 1 April	**3,462**	3,606
Proceeds received from sales	**(189)**	(207)
Profits on redemption of loan	**77**	63
At 31 March	**3,350**	3,462

The Group 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 Group receives a proportion of the sale proceeds equal to the original percentage lent.

20 Investments in joint ventures

Aster Homes Limited has set up three limited liability partnership jointly controlled entities, White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP, with Vistry Homes Limited to develop and sell properties for social and private housing. For the year to 31 March 2023 White Rock Land LLP made a profit of £1.2 million (2022: £1.4 million); Boorley Green LLP made a profit of £58,000 (2022: £0.7 million) and Kilnwood Vale made a profit of £2.3 million (2022: £3.2 million). White Rock Land LLP made a distribution to shareholders of £4.0 million (2022: £nil) and Kilnwood Value LLP made a distribution to shareholders of £5.2 million (2022: £nil). Boorley Green LLP made no distribution to shareholders (2022: £nil).

	2023 £000	Group's share (50%) £000	2022 £000	Group's share (50%) £000
Total assets - White Rock Land LLP	**21,284**	**10,642**	30,996	15,498
Total assets - Boorley Green LLP	**35,633**	**17,817**	37,181	18,591
Total assets - Kilnwood Vale LLP	**1,036**	**518**	12,065	6,033
Total assets	**57,953**	**28,977**	80,242	40,122
Total liabilities - White Rock Land LLP	**(19,955)**	**(9,977)**	(26,827)	(13,414)
Total liabilities - Boorley Green LLP	**(31,682)**	**(15,841)**	(33,288)	(16,644)
Total liabilities - Kilnwood Vale LLP	**(432)**	**(216)**	(8,595)	(4,298)
Total current liabilities	**(52,069)**	**(26,034)**	(68,710)	(34,356)
Net assets	**5,884**	**2,943**	11,532	5,766

21 Other investments

	2023 £000	2022 £000
White Rock Land LLP	**-**	-
Boorley Green LLP	**-**	-
Kilnwood Vale LLP	**-**	-
MORhomes PLC	**230**	230
	230	230

Aster Homes Limited holds one £1 share in White Rock Land LLP, one £1 share in Boorley Green LLP and one £1 share in Kilnwood Vale LLP. These entities are jointly controlled with Vistry Homes Limited, with the Group holding 50%. The shares are fully paid.

Aster Group holds 20,000 fully paid 10 pence shares with a premium of 90 pence and 420,000 10 pence shares with a premium of 40 pence in MORhomes PLC, whose primary activity is to act as a borrowing vehicle for the social housing sector.

22 Debtors: amounts falling due after more than one year

	2023 £000	2022 £000
Finance debtor	**33,506**	34,997
Loan to joint ventures	**14,660**	19,042
European Investment Bank and Affordable Housing Finance liquidity reserve funds	**3,062**	3,062
MORhomes convertible financial instruments	**460**	460
MORhomes facility security	**850**	849
Deferred funding fees	**75**	117
Other debtors	**-**	706
	52,613	59,233

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.

23 Inventories

	2023 £000	2022 £000
Trade consumables	**996**	871
Properties in the course of construction	**17,059**	6,868
	18,055	7,739

Trade consumables relate to small items carried on the Group's repair vehicles to be used in minor repairs. Properties in the course of construction is comprised of the initial cost of development schemes.

24 Debtors: amounts falling due within one year

	2023 £000	2022 £000
Trade debtors	**1,948**	878
Rent arrears	**15,012**	13,139
Service charge under-recovery	**9,275**	6,246
Less discounting of debts payable over more than 12 months	**(708)**	(858)
Less provision for bad debts - rent arrears and service charges	**(5,761)**	(6,111)
	19,766	13,294
Finance debtor	**2,935**	2,947
Interest rate swap	**4,292**	-
Loan to joint ventures	**8,568**	11,063
Other debtors	**2,679**	6,249
Less provision for bad debts - other debtors	**(14)**	(13)
Deferred tax	**1,346**	2,327
VAT recoverable	**662**	1,061
Prepayments and accrued income	**18,104**	8,336
	58,338	45,264

Group deferred tax liabilities have been netted from the Group's deferred tax asset as all deferred tax relates to the same authority.

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25 Shared ownership properties held for sale

	Under construction £000	Completed £000	Total £000
1 April 2022	38,385	11,213	49,598
Additions	57,382	-	57,382
Completions	(55,181)	55,181	-
Impairment	-	(135)	(135)
Disposals	-	(54,166)	(54,166)
31 March 2023	40,586	12,093	52,679

26 Cash and cash equivalents

	2023 £000	2022 £000
Short-term deposits	53,972	45,228
Cash at bank and in hand	40,337	51,096
	94,309	96,324

27 Creditors: amounts falling due within one year

	Note	2023 £000	2022 £000
Trade creditors		5,874	5,198
Taxation and social security payable		2,077	2,138
Pension contributions		593	479
VAT payable		716	536
Rent paid in advance		5,996	6,063
Service charge over-recovery		2,568	1,628
Amounts due under right to buy sharing agreement		1,620	2,764
Capital grant received in advance		27	383
Social housing grant	29	34,175	21,726
Recycled capital grant fund	30	2,274	2,872
Other creditors		6,136	4,583
Corporation tax	14	-	-
Accruals and deferred income		47,579	39,466
Loan repayable (within 1 year)		18,201	58,128
		127,836	145,964

28 Creditors: amounts falling due after more than one year

	Note	2023 £000	2022 £000
Loans repayable			
In less than five years		**106,859**	91,089
In five years or more		**1,075,987**	948,857
Less unamortised issue fees		**(4,436)**	(4,499)
Less unamortised discount issue fees		**(2,567)**	(2,664)
Less deferred arrangement fees		**(1,024)**	(1,090)
Plus unamortised premium on issue		**34,261**	32,862
		1,209,080	1,064,555
Social housing grant	29	**44,163**	33,498
Recycled capital grant fund	30	**2,543**	1,774
Interest rate swap		**-**	8,896
HomeBuy grants		**3,350**	3,462
Other grants		**318**	148
Other creditors		**4**	473
		1,259,458	1,112,806

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% (2022: 1.5% to 6.3%) for fixed / hedged loans and between 0.9% and 4.8% (2022: between 0.3% and 1.2%) for variable loans.

At 31 March 2023, the Group had undrawn loan facilities of £219 million (2022: £280 million) to finance future operating cash flows and investments.

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29 **Social housing grant**

	2023 £000	2022 £000
Balance as at 1 April	**55,224**	43,412
Additions	**24,381**	12,472
Disposals	**(300)**	(233)
Amortised within Statement of Comprehensive Income	**(939)**	(427)
Withdrawal	**(28)**	-
Balance as at 31 March	**78,338**	55,224
Recognised in:		
Creditors: amounts falling due within one year	**34,175**	21,726
Creditors: amounts falling due after one year	**44,163**	33,498
	78,338	55,224

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

	2023 £000	2022 £000
Social housing grant	**363,029**	296,359
HomeBuy grant	**3,350**	3,462
Total government grant received	**366,379**	299,821
Recognised in:		
Profit and loss reserve	**288,041**	241,135
Creditors: amounts falling due within one year	**34,175**	21,726
Creditors: amounts falling due after more than one year	**44,163**	36,960
	366,379	299,821

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

30 Recycled capital grant fund

	2023 £000	2022 £000
Balance as at 1 April	**4,646**	2,851
Additions:		
Grants recycled	**1,070**	1,903
Interest	**228**	16
Withdrawals:		
New build	**(554)**	(124)
Repaid	**(573)**	-
Balance as at 31 March	**4,817**	4,646
Analysis of maturity:		
- in less than one year	**2,274**	2,872
- in one to two years	**971**	803
- in more than two years	**1,572**	971
	4,817	4,646

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 Financial instruments

31a Financial instruments' descriptions

The Group 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 Group 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 Group'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 2023 the Group held £4.2 million of interest rate swap financial assets (2022: £8.9 million of interest rate swap financial liabilities).

Euro medium term note programme

The company launched a £1 billion Guaranteed Secured Euro Medium Term Note (EMTN) Programme on 15 January 2021 and issued its first note under that programme on 27 January 2021. £250 million was issued (£50 million retained) with a maturity of 27 January 2036 at a fixed interest rate of 1.405% payable half-yearly in arrears. The notes are listed on the London Stock Exchange.

The notes were issued at par value with no premium or discount. Issue costs were deducted from the amount received. The carrying value of the notes in the Group's financial statements is calculated using the effective interest method. This spreads the issue fees over the life of the notes. The interest charge to profit and loss is the effective interest and not the amount actually paid.

Guaranteed fixed rate secured bonds

The Group has issued £360 million of guaranteed fixed rate secured bonds. They are listed on the London Stock Exchange with a maturity date of 18 December 2043. They are denominated in sterling and the interest or coupon rate is 4.5% payable half-yearly in arrears.

The bonds were issued in seven tranches, six tranches at a premium and one at a discount so the amount of funds received were not the same as the principal amount. Issue costs were also deducted from the amount received. The carrying value of these bonds in the Group's financial statements is calculated using the effective interest rate method. This spreads the premium or discount and the issue fees over the life of the bond. The interest charge to profit and loss is the effective interest and not the amount actually paid.

Fixed rate loans

These loans are recognised using the effective interest method (which averages the interest rate over the life of the loan) because either the margin added to the base fixed interest rate varies over the life of the loan or the costs of issuing the loan are spread over the life of the loan. As with the Group's notes and 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 £726,000 higher (2022: £454,000 lower) than the actual interest paid.

At the end of the year the Group had drawn £323.1 million (2022: £327.7 million) of fixed rate loans which incurred an effective interest charge during the year of between 1.5% and 6.3% (2022: 1.5% and 6.3%). These loans have a carrying value of £323.5 million (2022: £328.0 million) giving a cumulative effective interest adjustment of £0.2 million (2022: £0.3 million).

Floating rate loans

The interest on these loans varies or floats as Sterling Overnight Interbank Average Rate (SONIA) changes. In addition to SONIA a margin is also charged which makes up the total interest rate. Within the total amount the Group can borrow from its lenders there is a set amount designed as floating loans, once this limit is reached the Group cannot draw down any more floating rate loans. At the end of the year the Group had drawn £268.5 million (2022: £210.8 million) of floating rate loans and was charged an interest rate of between 0.9% and 4.8% (2022: 0.3% and 1.2%).

Finance Debtor

The finance debtor is a floating rate loan which represent a senior debt facility to be used for the construction and management of the social housing under contract with Wiltshire Council. The bank loan is repayable by six-monthly instalments commencing on 30 September 2014, with the outstanding balance being payable in full on 31 March 2033. As at 31 March 2023 the balance on the finance debtor was £37.9 million (2022: £37.9 million).

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 2023 the association held £460,000 (2022: £460,000) of convertible financial instruments with £Nil (2022: £Nil) fair value movement being recognised in profit or loss.

Recycled Capital Grant Fund

The Group receives social housing grant (SHG) 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 Group's recycled capital grant fund at the end of the year was £4.8 million (2022: £4.6 million), this includes £228,000 (2022: £16,000) of interest added during the year.

Loan commitments measured at cost less impairment

The Group 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 2023 was £219 million (2022: £280 million. The cost of the undrawn facility is £962,000 (2022: £807,000).

Hedge accounting

The Group has four interest rate swaps that meet the requirements under FRS 102 section 12: Other financial instruments, for hedge accounting. The Group 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 2023 the Group recognised £13.1 million gains (2022: £9.9 million gains) of net effective cash flow hedge movements in Other Comprehensive Income and £163,000 (2022: £29,000) of ineffective cash flow hedge movements in profit or loss.

31b 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.

31 **Financial instruments** (continued)

31c Financial instrument carrying values

	2023 £000	2022 £000
Financial assets that are debt instruments measured at amortised cost		
Finance debtor	**36,441**	37,944
Loans to limited liability partnership	**23,228**	30,105
Trade and rent debtors	**26,235**	20,263
Liquidity funds	**3,062**	3,062
Other debtors	**2,679**	6,249
	91,645	97,623
Financial assets that are equity instruments measured at cost less impairment		
Investment in joint venture	**2,943**	5,766
	2,943	5,766
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments held to manage interest rates - Interest rate swaps	**4,292**	(8,896)
	4,292	(8,896)
Financial liabilities measured at amortised cost		
Guaranteed medium term notes	**(198,129)**	(198,000)
Guaranteed fixed rate secured bonds	**(436,613)**	(385,049)
Fixed rate loans	**(323,492)**	(327,954)
Hedged floating rated loans classified as fixed rated loans	**(85,170)**	(88,969)
Floating rated loans	**(183,417)**	(121,847)
Convertible financial instruments	**(460)**	(460)
Recycled capital grant fund	**(4,817)**	(4,646)
Trade and rent creditors	**(14,438)**	(12,889)
Accruals	**(47,579)**	(39,466)
Other creditors	**(6,140)**	(5,056)
	(1,300,255)	(1,184,336)
Loan commitments measured at cost less impairment		
Undrawn committed borrowings	**219,000**	280,000
Carrying value of undrawn committed borrowings	**-**	-

The above loan commitments are not recognised in the Group'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.

31d Interest rate profile of borrowings

	2023 £000	2022 £000
Group's borrowings comprise:		
Guaranteed fixed rate secured bonds	**410,000**	360,000
Guaranteed medium term notes	**200,000**	200,000
Convertible financial instruments	**460**	460
MORhomes fixed rate loans	**39,540**	39,540
Affordable housing finance fixed rated loans	**150,000**	150,000
Fixed rate loans	**133,573**	138,178
Hedged floating rated loans classified as fixed rated loans	**85,170**	88,969
Floating rate loans	**183,417**	121,847
Recycled capital grant fund	**4,817**	4,646
Other grant funds	**-**	473
	1,206,977	1,104,113

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.

	2023		2022	
	Weighted average interest rate %	Weighted average for which rate is fixed Years	Weighted average interest rate %	Weighted average for which rate is fixed Years
At 31 March				
Guaranteed fixed rate secured bonds	**4.50**	**20.70**	4.50	21.70
Convertible financial instruments	**3.70**	**14.90**	3.70	15.90
Fixed rated loans	**3.34**	**12.56**	3.31	13.00
Fixed rate secured medium term notes	**1.41**	**12.80**	1.41	13.80

31e Maturity of borrowings

The maturity profile of the principal value of the Group's loans, as shown in note 31d, is:

	2023 Repayment			2022 Repayment		
	By instalments £000	Not by instalments £000	Total £000	By instalments £000	Not by instalments £000	Total £000
0 - 1 years	**17,910**	**2,565**	**20,475**	56,000	5,000	61,000
1 - 2 years	**21,533**	**971**	**22,504**	17,910	-	17,910
2 - 5 years	**85,326**	**-**	**85,326**	73,179	-	73,179
Over 5 years	**346,060**	**732,612**	**1,078,672**	278,942	673,082	952,024
	470,829	**736,148**	**1,206,977**	426,031	678,082	1,104,113

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

The above borrowings are secured against the Group's social housing properties. The value of the secured properties is £1,792 million (2022: £1,799 million). At 31 March 2023 properties valuing £1,127 million (2022: £498 million) were unsecured and available to be secured.

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31 **Financial instruments** (continued)

31f **Hedge accounting**

Hedging instrument

	2023						
	Principal £000	**Interest rate payable %**	**Maturity**	**Cash flows**	**Fair value £000**	**Credit to OCI £000**	**(Credit) / charge to profit or loss £000**
Barclays swaps	**32,716**	**3.08**	**2034**	**Monthly**	**1,488**	**(4,425)**	**(7)**
Credit Suisse swap	**22,500**	**2.97**	**2031**	**Monthly**	**651**	**(1,970)**	**1**
Notting Hill swap	**8,000**	**2.96**	**2038**	**Half yearly**	**626**	**(1,762)**	**(97)**
Notting Hill swap	**22,000**	**2.85**	**2037**	**Quarterly**	**1,527**	**(4,907)**	**26**
	85,216				**4,292**	**(13,064)**	**(77)**

Hedging instrument

	2022						
	Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Credit to OCI £000	Charge to profit or loss £000
Barclays swaps	34,018	3.08	2034	Monthly	(2,945)	(3,346)	-
Credit Suisse swap	25,000	2.97	2031	Monthly	(1,320)	(2,046)	-
Credit Suisse swap	-	2.26	2022	Monthly	-	(1,090)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(1,226)	(921)	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(3,405)	(2,500)	29
	89,018				(8,896)	(9,903)	29

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.

32 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 eleven pension schemes.

There are seven 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);
- SHPS career average of earnings scheme (CARE) (closed to new members);
- CCHT Pension Fund (closed to new members); and
- Enham Trust Growth Plan (closed to new members).

and four defined contribution ('stakeholder') schemes:

- SHPS defined contribution scheme;
- Royal London defined contribution scheme (open to East Boro Housing Trust Limited employees);
- CCHT Pension Fund defined contribution scheme; and
- Aegon defined contribution scheme (from 1 April 2022).

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

The pension cost to the Group for the year ended 31 March 2023 was £4.9 million (2022: £4.2 million) in respect of 1,978 (2022: 1,743) employees.

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

Summary of movements and balances in funding

		2023			
	Note	Total cost by scheme £000	Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
County pension schemes					
Wiltshire	32a	158	(34)	3,289	1,780
Wiltshire asset ceiling	32a	-	-	(2,114)	(2,114)
Hampshire	32a	20	(10)	2,020	2,012
Hampshire asset ceiling	32a	-	-	(2,012)	(2,012)
Hampshire - unfunded	32a	-	10	50	(360)
Somerset	32a	240	45	5,041	3,191
Somerset asset ceiling	32a	-	-	(3,191)	(3,191)
Dorset	32a	586	113	13,229	9,347
Dorset asset ceiling	32a	-	-	(9,347)	(9,347)
SHPS					
Defined benefit scheme	32b	663	222	(2,551)	(9,229)
Defined contribution scheme	32b	2,117	-	-	-
Aegon	32c	537	-	-	-
Royal London	32d	18	-	-	-
CCHT					
Defined benefit schemes	32e	376	(30)	1,443	1,097
Defined benefit scheme asset ceiling	32e	-	-	(1,097)	(1,097)
Defined contribution scheme	32e	188	-	-	-
Enham					
Growth Plan	32f	2	-	-	-
		4,905	316	4,760	(9,923)

32 **Pension obligations** (continued)

Summary of movements and balances in funding

	Note	2022 Total cost by scheme £000	2022 Total interest on net pension liability by scheme £000	2022 Actuarial gains / (losses) in pension scheme £000	2022 Pension deficit £000
County pension schemes					
Wiltshire	32a	172	44	3,208	424
Wiltshire asset ceiling	32a	-	-	(2,361)	(2,361)
Hampshire	32a	30	20	1,770	1,708
Hampshire asset ceiling	32a	-	-	(1.708)	(1.708)
Hampshire - unfunded	32a	-	10	20	(420)
Somerset	32a	259	107	2,261	(1,879)
Dorset	32a	616	235	4,913	(5,503)
SHPS					
Defined benefit scheme	32b	958	346	8,238	(7,143)
Defined contribution scheme	32b	1,896	-	-	-
Royal London		24	-	-	-
CCHT					
Defined benefit schemes	32e	121	-	121	-
Defined contribution scheme	32e	78	-	-	-
		4,154	762	16,462	(16,882)

Local government pension scheme

An allowance was made in the financial statements for the year ending 31 March 2020 in relation to the Court of Appeal judgement on the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively.

As at 31 March 2020 the total liabilities included an estimate of the impact resulting in an increase on the defined benefit obligation. It should be noted that the adjustment included 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.

There are uncertainties how this judgement may affect LGPS members' past or future service benefits. Remedial regulations are expected in 2023 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

The Director s have considered the potential impact of the McCloud case on the Group and associations defined benefit liability as at 31 March 2023. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability the Director s 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 2023.

32a **Local government pension funds**

The Group participates in four 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 the Group and the annual pensionable payroll in respect of these members was:

	2023		2022	
	Active Members No.	Annual pensionable payroll £000	Active Members No.	Annual pensionable payroll £000
Dorset County Council Pension Fund	**33**	**1,239**	33	1,182
Hampshire County Council Pension Fund	**1**	**49**	1	61
Somerset County Council Pension Fund	**13**	**517**	14	495
Wiltshire Pension Fund	**8**	**337**	9	329

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 2023. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 31 March 2022 and the results have been incorporated into the financial statements for 2023.

The next triennial valuation is due to be carried out on 31 March 2025 and the results for this will be incorporated into the financial statements for 2026.

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

Pension Fund:	Actuary:
Dorset County Council Pension Fund	Barnett Waddingham
Hampshire County Council 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.

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32 **Pension obligations** (continued)

32a **Local government pension funds** (continued)

Financial assumptions	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2023				
	%p.a.	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - CPI	2.9	2.7	2.7	n/a	3.0
Pension increases	2.9	2.7	2.7	2.9	3.0
Salary increases	3.9	3.7	n/a	3.9	3.5
Discount rate	4.8	4.8	4.8	4.8	4.8

Mortality	2023				
	Years	Years	Years	Years	Years
Current pensioners					
Females	24.2	25.7	25.7	23.2	24.4
Males	22.2	23.3	23.3	21.4	22.8
Future pensioners					
Females	25.6	26.7	n/a	24.7	26.2
Males	23.5	23.8	n/a	22.7	23.6

Fair value of plan assets	31 March 2023				
	£000	£000	£000	£000	£000
Equities	26,785	9,680	n/a	13,796	14,716
Gilts	856	2,780	n/a	623	-
Infrastructure	3,308	-	n/a	-	-
Bonds	2,715	-	n/a	1,789	8,293
Property	3,485	1,140	n/a	1,383	3,478
Diversified Growth Fund	5,744	-	n/a	-	-
Other	-	3,030	n/a	-	-
Cash	782	190	n/a	873	268
	43,675	16,820	n/a	18,464	26,755
Asset ceiling adjustment	(9,347)	(3,720)	n/a	(3,191)	(5,115)
	34,328	13,100	n/a	15,273	21,640

Cost recognised as an expense	31 March 2023				
	£000	£000	£000	£000	£000
Current service cost	555	20	n/a	229	158
Interest costs	1,291	490	10	589	740
Expected return on assets employed	(1,178)	(500)	n/a	(544)	(774)
Administration expenses	31	-	n/a	11	-
	699	10	10	285	124

Return on plan assets	(2,228)	(1,030)	n/a	(2,308)	(1,752)

	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions	31 March 2022				
	%p.a.	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - CPI	3.3	3.1	3.1	n/a	n/a
Pension increases	3.3	3.1	3.1	3.3	3.3
Salary increases	4.3	4.1	n/a	4.3	3.7
Discount rate	2.6	2.8	2.8	2.6	2.7
Mortality	2022				
	Years	Years	Years	Years	Years
Current pensioners					
Females	24.7	25.4	25.4	24.7	24.2
Males	23.1	22.9	22.9	23.1	21.7
Future pensioners					
Females	26.1	27.1	n/a	26.1	26.0
Males	24.4	24.7	n/a	24.4	22.6
Fair value of plan assets	31 March 2022				
	£000	£000	£000	£000	£000
Equities	23,685	9,890	n/a	15,185	15,310
Gilts	5,732	3,200	n/a	1,121	-
Infrastructure	3,023	-	n/a	-	-
Bonds	2,317	-	n/a	2,097	9,534
Property	4,267	1,230	n/a	1,698	3,755
Diversified Growth Fund	5,103	-	n/a	-	-
Other	-	3,280	n/a	-	-
Cash	573	858	n/a	961	289
	44,700	18,458	n/a	21,062	28,888
Asset ceiling adjustment	-	(1,708)	n/a	-	(3,001)
	44,700	16,750	n/a	21,062	25,887
Cost recognised as an expense	31 March 2022				
	£000	£000	£000	£000	£000
Current service cost	586	30	n/a	250	172
Interest costs	1,014	370	10	460	574
Expected return on assets employed	(779)	(350)	n/a	(353)	(530)
Administration expenses	30	-	n/a	9	-
	851	50	10	366	216
Return on plan assets	4,157	1,190	n/a	1,524	2,220

32 **Pension obligations** (continued)

32a **Local government pension funds** (continued)

Reconciliation of scheme liabilities	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2023				
	£000	£000	£000	£000	£000
Opening defined benefit obligation	**50,203**	**16,750**	**420**	**22,941**	**27,824**
Current service cost	**555**	**20**	**-**	**229**	**158**
Interest cost	**1,291**	**490**	**10**	**589**	**740**
Contributions by members	**88**	**-**	**-**	**35**	**25**
Actuarial losses / (gains)	**(16,635)**	**(3,550)**	**(50)**	**(7,893)**	**(5,815)**
Estimated benefits paid	**(1,170)**	**(610)**	**(20)**	**(628)**	**(947)**
Estimated unfunded benefits paid	**(4)**	**-**	**-**	**-**	**(11)**
Closing defined benefit obligation	**34,328**	**13,100**	**360**	**15,273**	**21,974**

Reconciliation of fair value of employer assets	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2023				
	£000	£000	£000	£000	£000
Opening fair value of employer assets	**44,700**	**16,750**	**-**	**21,062**	**25,887**
Expected return on assets	**1,178**	**500**	**-**	**544**	**774**
Contributions by members	**88**	**-**	**-**	**35**	**25**
Contributions by employers	**2,320**	**2**	**20**	**314**	**541**
Administration expenses	**(31)**	**-**	**-**	**(11)**	**-**
Return on assets less interest	**(2,827)**	**-**	**-**	**(766)**	**-**
Unfunded contributions	**-**	**-**	**-**	**-**	**11**
Actuarial (gains) / losses	**(579)**	**(1,530)**	**-**	**(2,086)**	**(2,526)**
Benefits paid	**(1,174)**	**(610)**	**(20)**	**-**	**(947)**
Unfunded benefits paid	**-**	**-**	**-**	**(628)**	**(11)**
Closing fair value of employer assets	**43,675**	**15,112**	**-**	**18,464**	**23,754**
Asset ceiling adjustment	**(9,347)**	**(2,012)**	**-**	**(3,191)**	**(2,114)**
Closing fair value of scheme assets recognised in financial statements	**34,328**	**13,100**	**-**	**15,273**	**21,640**
Net Pension deficit	**-**	**-**	**(360)**	**-**	**(334)**

Projected pension expense for the year to **31 March 2024**	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2024				
	£000	£000	£000	£000	£000
Funded benefits					
Projected current service cost	270	10	-	111	88
Interest on obligation	(456)	-	-	-	1,023
Expected return on plan assets	-	-	-	(153)	(1,252)
Administration expenses	32	-	-	9	-
	(154)	10	-	(33)	(141)
Unfunded benefits	-	-	20	-	-
Interest on obligation	-	-	20	-	-

Reconciliation of scheme liabilities	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2022				
	£000	£000	£000	£000	£000
Opening defined benefit obligation	51,254	17,900	450	23,895	29,646
Current service cost	586	30	-	250	172
Interest cost	1,014	370	10	460	574
Contributions by members	81	10	-	33	24
Actuarial losses / (gains)	(1,535)	(930)	(20)	(1,090)	(1,518)
Estimated benefits paid	(1,190)	(630)	(20)	(607)	(1,065)
Estimated unfunded benefits paid	(7)	-	-	-	(9)
Closing defined benefit obligation	50,203	16,750	420	22,941	27,824

Reconciliation of fair value of employer assets	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2022				
	£000	£000	£000	£000	£000
Opening fair value of employer assets	37,380	16,510	-	17,812	26,527
Expected return on assets	779	350	-	353	530
Contributions by members	81	10	-	33	24
Contributions by employers	4,309	1,378	20	2,309	542
Administration expenses	(30)	-	-	(9)	-
Return on assets less interest	3,378	-	-	1,171	632
Unfunded contributions	-	-	-	-	9
Actuarial (gains) / losses	-	840	-	-	1,058
Benefits paid	(1,197)	(630)	(20)	(607)	(1,065)
Unfunded benefits paid	-	-	-	-	(9)
Closing fair value of employer assets	44,700	18,458	-	21,062	28,248
Asset ceiling adjustment	-	(1,708)	-	-	(2,361)
Closing fair value of scheme assets recognised in financial statements	44,700	16,750	-	21,062	25,887
Net Pension deficit	(5,503)	-	(420)	(1,879)	(1,937)

32 **Pension obligations** (continued)

32b 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; and
- 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; and
- 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.

We have been notified by the Trustee of the scheme that it has performed a review of changed made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

SHPS defined benefit scheme

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

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

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

SHPS defined benefit pension plan

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions (GMP). This has consequently been assessed against the Group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPS Pension Scheme have been recognised in the year. A further High Court ruling in November 2020 has resulted in additional allowance being included in the defined benefit obligation as at 31 March 2023 to account for all members transferred out of the Scheme since 17 May 1990.

As at the balance sheet date there were 114 (2022: 133) active members of the scheme employed by Aster Communities, Synergy Housing Limited, Aster Living, Aster Property Limited, Enham Trust and Aster Group Limited (the Group). The annual pensionable payroll in respect of these members was £5.0 million (2022: £5.7 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 2023. 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 2020 and the results have been incorporated into the financial statements for 2023.

The next triennial valuation will be carried out on 30 September 2023 and the results for this will be incorporated into the financial statements for 2025.

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% (2022: 4% and 10%) and employees paid contributions from 3% (2022: from 3%). On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2023 there were 1,261 (2022: 1,074) active members of the scheme.

32 **Pension obligations** (continued)

32b **The Social Housing Pension Scheme** (continued)

The Social Housing Pension Scheme defined benefit scheme

Financial assumptions

	31 March 2023 %p.a.	31 March 2022 %p.a.
Price increases - RPI	**3.2**	3.4
Price increases - CPI	**2.8**	3.1
Salary increases	**3.8**	4.1
Discount rate	**4.8**	2.8

Mortality

	2023 Years	2022 Years
Current pensioners		
Females	**23.4**	23.7
Males	**21.0**	21.1
Future pensioners		
Females	**24.9**	25.2
Males	**22.2**	22.4

Fair value of plan assets

	31 March 2023 £000	31 March 2022 £000
Absolute Returns	**466**	2,328
Global Equity	**807**	11,135
Liability Driven Investment	**19,903**	16,190
Property and Infrastructure	**8,100**	7,193
Investments	**3,075**	7,385
Sharing and alterative premia risk	**3,262**	3,824
Emerging market and private debt	**2,155**	3,175
Cash	**311**	196
Other	**5,135**	6,593
	43,214	58,019

Cost recognised as an expense

	31 March 2023 £000	31 March 2022 £000
Current service cost	**604**	906
Interest costs	**222**	346
Administration expenses	**59**	52
	885	1,304
Return on plan assets	**(27,081)**	5,828

Reconciliation of defined benefit obligation

	31 March 2023 £000	31 March 2022 £000
Opening defined benefit obligation	**65,162**	66,785
Enham defined benefit obligation on acquisition	**12,263**	-
Current service cost	**604**	906
Contributions by scheme participants	**3**	3
Expenses	**59**	52
Interest expense	**2,153**	1,483
Actuarial gains	**(26,461)**	(3,547)
Benefits paid and expenses	**(1,340)**	(520)
Closing defined benefit obligation	**52,443**	65,162

Reconciliation of fair value of scheme assets

	31 March 2023 £000	31 March 2022 £000
Opening fair value of scheme assets	**58,019**	50,621
Enham fair value of scheme assets on acquisition	**10,571**	-
Interest income	**1,931**	1,137
Actuarial gains	**(29,012)**	4,691
Contributions by the employer	**3,042**	2,087
Contributions by scheme participants	**3**	3
Benefits paid and expenses	**(1,340)**	(520)
Closing fair value of scheme assets	**43,214**	58,019
Net pension liability	**9,229**	7,143

32c **Aegon defined contribution scheme**

The scheme is administered by the Aegon UK and is open to all employees of Aster Group Limited. The assets of the scheme are held separately from those of the association in an independently administered fund. The company paid contributions between 4% and 10% (2022: 4% and 10%) and employees paid contributions from 3% (2022: from 3%). At 31 March 2023 there were 187 (2022: nil) active members of the scheme. The pension charge represents contributions payable by the Group to the fund and amounted to £537,000 (2022: £nil).

32d **East Boro Housing Trust Limited**

East Boro Housing Trust Limited operate a defined contribution pension scheme. The scheme is administered by Royal London and is open to employees of East Boro Housing Trust Limited. The assets of the scheme are held separately from those of the association in an independently administered fund. The company paid contributions of 3% (2022: 3%) and employees paid contributions of 5% (2022: from 5%). At 31 March 2023 there were 37 (2022: 51) active members of the scheme. The pension charge represents contributions payable by the Group to the fund and amounted to £18,000 (2022: £24,000).

32 **Pension obligations** (continued)

32e Central & Cecil Housing Trust

Defined contribution scheme

A defined contribution pension scheme is operated by Central & Cecil Housing Trust. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £188,000 (2022: £290,000).

Defined benefit pension scheme

Central & Cecil Housing Trust operates a defined benefit pension scheme ('CCHT Pension Fund'). The CCHT Pension Fund is a registered defined benefit (final salary) scheme. The Fund provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement or leaving service and their length of service. The Fund closed to new entrants from 31 May 2014. Pension benefits depend upon age, length of service and salary level.

The Fund was established under trust and is governed by the Fund's definitive trust deed and rules dated 30 January 2004.

The scheme funding valuation as at 31 March 2020 revealed a funding surplus of £188,000. In accordance with the Schedule of Contributions dated 29 March 2021 the Association is expected to pay no contributions over future accounting periods. With the effect from 1 September 2020, except to the extent agreed otherwise in writing, the Association is not expected to meet any expense payments in relation to administering the Fund. These will instead be met out of the Fund's surplus assets. Over the period the Fund dis-invested the majority of its invested assets and purchased a buy-in insurance policy with Legal and General to meet all future Fund benefit payments.

In late 2021, Central & Cecil Housing Trust pension scheme purchased a buy-in insurance policy for £16.1 million covering all non-insured benefits in the Fund. The £2.8 million cost of this transaction and the on-going running costs of the Scheme were fully funded by assets held by the scheme. The scheme is now in the process of being closed in consultation with the beneficiaries. As at 31 March 2023 the Fund holds the value of that insurance policy and surplus funds held as cash.

The liabilities of the Fund are based on the current value of expected benefit payment cashflows to members approximately over the next 60 years. The average duration of the liabilities is approximately 17 years.

A full actuarial valuation of the Fund was carried out as at 31 March 2020 and has been updated to 31 March 2022 by a qualified independent actuary.

None of the assets of the Fund are invested in the Association's own financial instruments and none of the assets are properties or other assets used by the Association.

The major assumptions used by the actuary were (in nominal terms) as follows:

Financial assumptions

	31 March 2023 %p.a.	31 March 2022 %p.a.
Price increases - RPI	**3.5**	3.9
Price increases - CPI	**3.0**	3.4
Salary increases	**3.5**	3.9
Discount rate	**4.4**	2.4

Mortality

	31 March 2023 Years	31 March 2022 Years
Current pensioners		
Females	**23.9**	23.8
Males	**21.9**	21.8
Future pensioners		
Females	**25.7**	25.6
Males	**23.9**	23.8

Fair value of plan assets

	31 March 2023 £000	31 March 2022 £000
Insured annuities	**8,647**	11,698
Cash and other	**1,097**	1,462
	9,744	13,160

Cost recognised as an expense

	31 March 2023 £000	31 March 2022 £000
Administration expenses	**376**	121
	376	121
Return on plan assets	**(2,607)**	(1,579)

Reconciliation of defined benefit obligation

	31 March 2023 £000	31 March 2022 £000
Opening defined benefit obligation	**11,698**	13,207
Interest expense	**276**	52
Actuarial gains	**(2,894)**	(1,500)
Benefits paid and expenses	**(433)**	(61)
Closing defined benefit obligation	**8,647**	11,698

Reconciliation of fair value of scheme assets

	31 March 2023 £000	31 March 2022 £000
Opening fair value of scheme assets	**13,160**	14,921
Interest income	**306**	59
Actuarial gains	**(2,913)**	(1,638)
Scheme administration costs	**(376)**	(121)
Benefits paid and expenses	**(433)**	(61)
Closing fair value of scheme assets	**9,744**	13,160
Asset ceiling adjustment	**(1,097)**	(1,462)
Closing fair value of scheme assets recognised in financial statements	**8,647**	11,698
Net Pension deficit	**-**	-

The amounts recognised in profit or loss:

	31 March 2023 £000	31 March 2022 £000
Service cost	**376**	121
	376	121

Net defined benefit liability / (asset) to be shown in OCI:

	31 March 2023 £000	31 March 2022 £000
Return on assets, excluding interest income	**2,913**	1,638
Interest income as a result of unrecognised surplus	**-**	(7)
Experience gains and losses arising on the Fund liabilities	**690**	(2)
Changes in assumptions underlying the present value of the Fund liabilities	**(3,584)**	(1,498)
Change in the amount of surplus that is not recoverable (excluding interest income)	**(365)**	(252)
	(346)	(121)

32 **Pension obligations** (continued)

32f **Enham Trust**

Defined contribution scheme

A defined contribution pension scheme is operated by Enham Trust. The assets of the scheme are held separately from those of the trust in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £127,000 (2022: £167,000).

Since the merger on 1 October 2022, £60,000 of pension costs have been recognised in the Group's consolidated financial statements.

Growth plan

Enham Trust participates in the Growth Plan (the Plan), a multi-employer scheme which provides benefits to some 950 non-associated employers. The Plan is a defined benefit scheme in the UK. Whilst Enham Trust still participates in the scheme it has been closed to future accrual.

The Pensions Trust, who administer the Plan have advised Enham Trust that it would not be possible for sufficient information to be provided to Enham Trust to enable it to account for the Scheme as a defined benefit scheme. Therefore, Enham Trust has accounted for the Scheme as a defined contribution scheme.

The Scheme is subject to 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 last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2020. This valuation showed assets of £800.3 million, liabilities of £831.9 million and a deficit of £31.6 million. Recovery Plans have been put in place with the aim of removing this deficit by 30 September 2025.

As the Scheme is in deficit and Enham Trust has agreed to a deficit funding arrangement, a liability is recognised for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using a discount rate of 2.35% (2021: 0.66%).

The liability as at 31 March 2023 is £3,092 (31 March 2022: £4,850).

33 **Other provisions**

	Total £000
At 1 April 2022	**3,116**
Acquisition of Enham Trust to the Group	**684**
Additions	**100**
Released during the year	**(39)**
At 31 March 2023	**3,861**

Other provisions relate to a provision for unused office space rented by the Group under an operating lease, and dilapidation provisions on leased housing stock recognised on the acquisition of Central & Cecil Housing Trust and Enham Trust to the Group.

34 Called up share capital

	2023 £	2022 £
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	**7**	6
Issued during the year	**-**	1
At 31 March	**7**	7

35 Other reserves

	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Merger reserve £000	Total £000
At 1 April 2022	**388,511**	**1,445**	**(8,903)**	**462**	**381,515**
Effective cash flow hedge fair value movements	**-**	**-**	**13,064**	**-**	**13,064**
Transfer from profit and loss reserve	**(5,044)**	**265**	**-**	**-**	**(4,779)**
At 31 March 2023	**383,467**	**1,710**	**4,161**	**462**	**389,800**

Revaluation reserve
Prior to transition to FRS 102, on 1 April 2014, the Group'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 Group 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 and clawback of disposal of certain properties and cash received as part of an asset transfer.

The sales proceeds and clawback relates to the disposal of properties where the local council required the Group to retain a portion of the proceeds. The reserve can only be used to fund investments in properties in the Mendip and Purbeck areas, in agreement with the respective District Councils. The cash received was part of transfer of assets and operations from Soroptimist (Poole) Housing Group in 2018 and King Alfred Housing Group Limited in 2019. In accordance with the agreement made, this is restricted to being utilised on, or for the benefit of, the respective properties and their residents.

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

Merger reserve
On 10 March 2020 the assets and operations of The Cyril Wood Memorial Trust Limited were transferred to East Boro Housing Trust Limited for proceeds of £nil. The transaction has been treated as a Group reconstruction in accordance with FRS 102 and the Housing SORP the assets acquired have been recognised at their net book value in the merger reserve.

36 Capital commitments

	2023 £000	2022 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**553,016**	367,450
Capital expenditure that has been authorised by the Board but has not yet been contracted	**139,463**	207,954
	692,479	575,404

These commitments will be funded through a mixture of cash and committed borrowings. The Group's available committed borrowings are set out in note 31c.

37 Joint venture commitments

	2023 £000	2022 £000
Capital expenditure that has been contracted for within the Group's joint ventures but has not been provided for in the financial statements	**68,317**	89,520

The capital expenditure represents 100% of the joint venture commitments of which 50% is attributable to the Group.

38 Operating leases

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

	2023 £000	2022 £000
Land and buildings		
Not later than one year	**89**	70
Later than one but not later than five years	**94**	157
Later than five years	**458**	464
Office premises		
Not later than one year	**333**	382
Later than one but not later than five years	**598**	827
Later than five years	**1,809**	1,916
Office equipment		
Not later than one year	**57**	74
Later than one but not later than five years	**24**	69
Later than five years	**-**	-
	3,462	3,959

39 Homes and bed spaces in management and in development

	2023 No.	2022 No.
Under development at end of year:		
Housing accommodation	**1,747**	1,499
Shared ownership	**1,512**	1,092
Open market sale	**2**	9
	3,261	2,600
Under management at end of year:		
Owned and managed by the Group:		
Housing accommodation		
Social rent	**19,774**	19,910
Affordable rent	**4,705**	4,445
Supported housing		
Social rent	**5,340**	4,599
Affordable rent	**69**	69
Shared ownership	**3,775**	3,393
Care homes	**179**	123
Market rented	**111**	94
Sub-market rented	**112**	100
Leasehold	**1,599**	1,593
Temporary Social Housing	**130**	152
	35,794	34,478
Not owned but managed by the Group:		
Housing accommodation		
Social rent	**236**	234
Supported housing		
Social rent	**19**	-
Shared ownership	**5**	-
Leasehold	**2**	2
Private sector leasing	**2**	-
Temporary Social Housing	**31**	30
	295	266
Owned but managed by others at the end of the year:		
Housing accommodation		
Social rent	**206**	204
Care homes	**74**	74
Leasehold	**45**	46
	325	324
	36,414	35,068

The above table consists of:

	2023 No.	2022 No.
Homes	**36,212**	35,045
Bed spaces	**202**	23
	36,414	35,068

40 Contingent liabilities

Aster Group Limited

East Boro Housing Trust Limited and East Boro Housing Services Limited joined the Group on 31 March 2020. Net assets with a fair value of £14.0 million were received for nil consideration. This value included original government grant funding of £11.1 million which, through fair-value adjustments, was reduced to zero. The disposal of a related housing property has triggered the obligation on the Group to recycle £100,000 grant in accordance with the original grant funding terms and conditions. The remaining grant funding is not included as a liability on the Group's balance sheet.

Central & Cecil Housing Trust Limited joined the Group on 1 January 2022. Net assets with a fair value of £119.4 million were received for nil consideration. This value included original government grant funding of £36.0 million which, through fair-value adjustments, was reduced to zero. The disposal of a related housing property has triggered the obligation on the Group to recycle £228,000 grant in the year in accordance with the original grant funding terms and conditions (2022: £200,000). The remaining grant funding is not included as a liability on the Group's balance sheet.

Enham Trust joined the Group on 1 October 2022. Net assets with a fair value of £12.8 million were received for nil consideration. This value included original government grant funding of £1.1 million which, through fair-value adjustments, was reduced to zero. The grant funding is not included as a liability on the Group's balance sheet.

Aster Communities

Aster Communities 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 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 of £12.9 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 Aster Communities can purchase the properties. If this happens Aster Communities will repay the terminal debt balance of £12.9 million. Aster Communities will then pay Wiltshire Council 40% of ARVOS, providing the properties EUV-SH is greater than the terminal debt. As it is unknown whether or not Wiltshire Council will opt to purchase the properties at the end of the contract the Group has not recorded a related liability for this transaction at 31 March 2023 or 31 March 2022.

Synergy Housing Limited

In 2018 Synergy Housing Limited entered into a stock transaction with another social landlord. Housing properties with a fair value of £1.3 million were received in exchange for a cash payment of £1.3 million. This value includes original government grant funding of £431,000 which has an obligation to be recycled in accordance with the original grant funding terms and conditions. The association is responsible for the recycling of the grant in the event of the housing properties being disposed of. The grant funding is not included as a liability on the Group's balance sheet.

Aster Homes Limited

At the time of entering into contracts, the vendors of the three large joint venture (JV) development sites with deferred payment terms required a parent company guarantee, that would only be applicable in the event of the JV defaulting on payment. Vistry Homes Limited, a joint venture partner of Aster Homes Limited, have provided the guarantee. Aster Homes Limited agreed, through a deed of contribution entered into at site acquisition, to honour their 50% share of this guarantee. At 31 March 2023, this contingent liability was £nil (2022: £nil).

41 Related party transactions

Aster Group Limited provides management and other services to all Group companies under the terms of documented service level agreements. The Group has taken advantage of the exemption allowed under Section 33 Related Party Disclosures of FRS 102 not to disclose related party transactions with wholly owned subsidiaries within the Group. These have been eliminated on consolidation in the Group's financial statements. Set out below are other transactions that require disclosure under FRS 102:

a) Bjorn Howard, who is an Executive Director of Aster Group Limited and member of the Executive Board, has a related party working within the Group; the party related to Mr Howard is a member of the Executive Board. This related party operates independently from Mr Howard and does not directly report to him. He has no direct influence over the related party's remuneration package, which is in line with other staff in similar positions within the Group. All transactions between the related party and the Group are included within these financial statements.

b) Aster Homes Limited is party to limited liability partnerships, White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP, with Vistry Homes Limited. These LLPs develop and sell properties for social and private housing. Aster Homes Limited entered into the following transactions during the year with the LLP partnerships:

During the year, loans were made to the LLPs to fund each of the developments it was engaged in. The details of the loans at year end are as follows:

Scheme	**2023**		2022			
	Accrued interest receivable £000	**Loan value £000**	Accrued interest receivable £000	Loan value £000	Interest rate %	Latest repayment Date
Tithe Barn Scheme - White Rock LLP	**4,633**	**3,935**	4,301	6,762	4.0 plus base*	31 December 2023
Boorley Green LLP	**5,310**	**9,350**	4,319	11,252	4.0 plus base*	1 July 2026
Kilnwood Vale LLP	**-**	**-**	1,155	2,316	3.5 plus base*	1 July 2028
	9,943	**13,285**	9,775	20,330		

* base rate was for the year 0.75% - 4.25% (2022: 0.1%-0.75%).

The loans made to White Rock Land LLP; Boorley Green LLP and Kilnwood Vale LLP are secured against the land and properties being developed.

	2023			
	White Rock Land LLP £000	**Boorley Green LLP £000**	**Kilnwood Vale LLP £000**	**Total £000**
Income	**26,869**	**22,459**	**13,920**	**63,248**
Expenditure	**(25,709)**	**(22,401)**	**(11,586)**	**(59,696)**
Profit / (loss)	**1,160**	**58**	**2,334**	**3,552**
50% share of profit / (loss)	**580**	**29**	**1,167**	**1,776**
Loan interest	**333**	**991**	**44**	**1,368**
Loan balance	**8,568**	**14,660**	**-**	**23,228**

	2022			
	White Rock Land LLP £000	Boorley Green LLP £000	Kilnwood Vale LLP £000	Total £000
Income	31,771	22,961	17,615	72,347
Expenditure	(30,377)	(22,243)	(14,465)	(67,085)
Profit / (loss)	1,394	718	3,150	5,262
50% share of profit / (loss)	697	359	1,575	2,631
Loan interest	402	767	215	1,384
Loan balance	11,063	15,571	3,471	30,105

White Rock Land LLP's, Boorley Green LLP's and Kilnwood Vale LLP's principal place of business is:
11 Tower View,
Kings Hill,
West Malling,
Kent,
ME19 4UY

41 **Related party transactions** (continued)

The Aster Group 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 32.

The Aster Group has taken advantage of the exemption allowed under FRS 102 Section 33 'Related Party Disclosures' not to disclose related party transactions with other wholly owned entities within the Group that are eliminated on consolidation.

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:

From non-regulated entity	To regulated entity	Nature of supply	Annual recharges		Balance as at 31 March	
			2023 £000	2022 £000	**2023 £000**	2022 £000
Aster Property Limited	Aster Communities	Property maintenance services	**58,447**	50,636	**7,279**	7,151
Aster Property Limited	Synergy Housing Limited	Property maintenance services	**29,038**	26,538	**3,658**	3,519
Aster Property Limited	Aster 3 Limited	Property maintenance services	**2,539**	1,202	**258**	158
Aster Property Limited	East Boro Housing Trust Limited	Property maintenance services	**303**	262	**25**	112
Aster Property Limited	Aster Group Limited	Facility management services	**171**	666	**(3,099)**	(161)
Aster Property Limited	Enham Trust	Property maintenance services	**594**	-	**594**	-
Aster Homes Limited	Aster Communities	Property development services	**71,776**	61,359	**1,414**	190
Aster Homes Limited	Synergy Housing Limited	Property development services	**33,932**	24,260	**811**	(58)
Aster Homes Limited	Aster 3 Limited	Property development services	**21,199**	19,071	**83**	68
Aster Living	Aster Communities	Site management services	**920**	1,266	**50**	168
Aster Living	Synergy Housing Limited	Site management services	**917**	1,105	**80**	161
Silbury Housing Limited	Aster Communities	Site management services	**728**	687	**-**	-
Aster Solar Limited	Aster Communities	Supply of photovoltaic panels	**-**	9	**-**	-
Aster Solar Limited	Synergy Housing Limited	Supply of photovoltaic panels	**-**	1	**-**	-
Central & Cecil Construction Services Limited	Central & Cecil Housing Trust	Property development and other services	**6,769**	30,151	**-**	1,212

From regulated entity	To non-regulated entity	Nature of supply	Annual recharges		Balance as at 31 March	
			2023 £000	2022 £000	**2023 £000**	2022 £000
Aster Group Limited	Aster Property Limited	Management and other services	**3,108**	2,506	**3,099**	161
Aster Group Limited	Aster Homes Limited	Management and other services	**8,823**	7,737	**700**	2,351
Aster Group Limited	Aster LD Limited	Management and other services	**74**	83	**(63)**	80
Aster Group Limited	Aster Living	Management and other services	**680**	606	**15**	77
Aster Group Limited	Silbury Housing Limited	Management and other services	**293**	270	**24**	23
Aster Group Limited	Aster Solar Limited	Management and other services	**12**	11	**1**	1
Central & Cecil Housing Trust	Central & Cecil Innovations Limited	Management and other services	**324**	321	**6,335**	9,583
Central & Cecil Housing Trust	55 London	Management services	**1,427**	1,029	**-**	(20)
Central & Cecil Housing Trust	Central & Cecil Construction Services Limited	Management and other services	**34**	33	**-**	(1,212)
Enham Trust	Enham (Trading) Limited	Management and other services	**-**	-	**-**	3

Recharges from Aster Property Limited, Aster Homes Limited and Central & Cecil Construction Services Limited are at cost plus a margin. All other recharges are at cost.

42 Acquisition of Enham Trust

Enham Trust, Cedar Services Limited, Enham (Trading) Limited and The Papworth and Enham Foundation joined the Group on 1 October 2022 and was recognised as a non-exchange transaction. The fair values of the assets and liabilities were recognised in the Consolidated Statement of Financial Position and a gain of £12.8 million was recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2023. Intra-group transactions have been eliminated on consolidation.

Assets and liabilities acquired in the year:

	Enham Group £000	Fair value adjustment £000	Grant liability adjustment £000	Impairment / obsolesce £000	Other provisions £000	Total £000
Fixed assets						
Intangible assets	131	-	-	(131)	-	-
Property, plant and equipment (social housing)	11,516	7,290	-	-	-	18,806
Other fixed assets	197	-	-	-	-	197
Investment Properties	268	-	-	-	-	268
Other investments	4	-	-	-	(4)	-
	12,116	7,290	-	(131)	(4)	19,271
Current assets						
Inventory	98	-	-	(51)	-	47
Cash and cash equivalents	222	-	-	-	-	222
Other debtors	641	-	-	-	(37)	604
	961	-	-	(51)	(37)	873
Creditors: amount failing due within one year	(4,952)	-	-	-	(13)	(4,965)
Net current assets	8,125	7,290	-	(182)	(54)	15,179
Current assets						
Creditors: amounts failing due after more than one year	(1,507)	-	1,127	-	-	(380)
Pension liability	(1,519)	-	-	-	(44)	(1,563)
Provisions	(310)	-	-	-	(157)	(467)
Net assets	4,789	7,290	1,127	(182)	(255)	12,769

Amounts recognised in the Consolidated Statement of Comprehensive Income:

	Total £000
Gain on acquisition	12,769

43 Acquisition of Central & Cecil Housing Trust

Central & Cecil Housing Trust, Central & Cecil Construction Services Limited Central & Cecil Innovations Limited and 55 London joined the Group on 1 January 2022 and have been recognised as a non-exchange transaction. The fair values of the assets and liabilities were recognised in the Consolidated Statement of Financial Position and a gain of £119.4 million was recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2022. Intra-group transactions have been eliminated on consolidation.

The disposal of related housing property in the year has triggered the obligation on the Group to recycle £228,000 (2022: £200,000) in accordance with the original grant funding terms and conditions.

44 Key management compensation

	2023 £000	2022 £000
Salaries and short-term benefits	**1,458**	1,341
Non-Executive Directors' fees	**270**	251
Post-employment benefits	**107**	103
	1,835	1,695
Of which:		
Executive Directors - Group Overlap Boards	**836**	809
Non-Executive Directors - Group Overlap Boards	**140**	140
Non-Executive Directors - Subsidiaries, committee members and the Customer and Community Network	**130**	110
Executive Board members	**729**	636
	1,835	1,695

The value of the Executive Directors' and Board's benefits in kind have been included in the salaries and short-term benefits figure.

Association's Statement of
Comprehensive Income

for the year ended **31 March 2023**

	Note	2023 £000	2022 £000
Turnover	5	**33,440**	26,692
Operating expenditure	5	**(32,240)**	(30,423)
Operating profit / (loss)	6	**1,200**	(3,731)
Charitable donations received	9	**10,000**	10,000
Charitable donations made	10	**(515)**	-
Gift aid received	11	**4,678**	1,766
Profit before interest and taxation		**15,363**	8,035
Interest receivable and similar income	12	**6,261**	4,483
Interest payable and similar charges	12	**(3,688)**	(2,443)
Interest on net pension liability	12	**9**	(111)
Net finance income		**2,582**	1,929
Profit before taxation		**17,945**	9,964
Tax on profit	13	**-**	-
Profit for the year		**17,945**	9,964
Other comprehensive (expense) / income			
Actuarial (losses) / gains in respect of pension schemes	23	**(1,316)**	2,829
Other comprehensive (expense) / income for the year		**(1,316)**	2,829
Total comprehensive income for the year		**16,629**	12,793

Association's Statement of
Changes in Reserves

	2023 £000	2022 £000
Retained earnings as at 1 April	**82,699**	69,906
Profit for the year	**17,945**	9,964
Other comprehensive (expense) / income	**(1,316)**	2,829
Retained earnings as at 31 March	**99,328**	82,699

Association's Statement of
Financial Position

as at **31 March 2023**

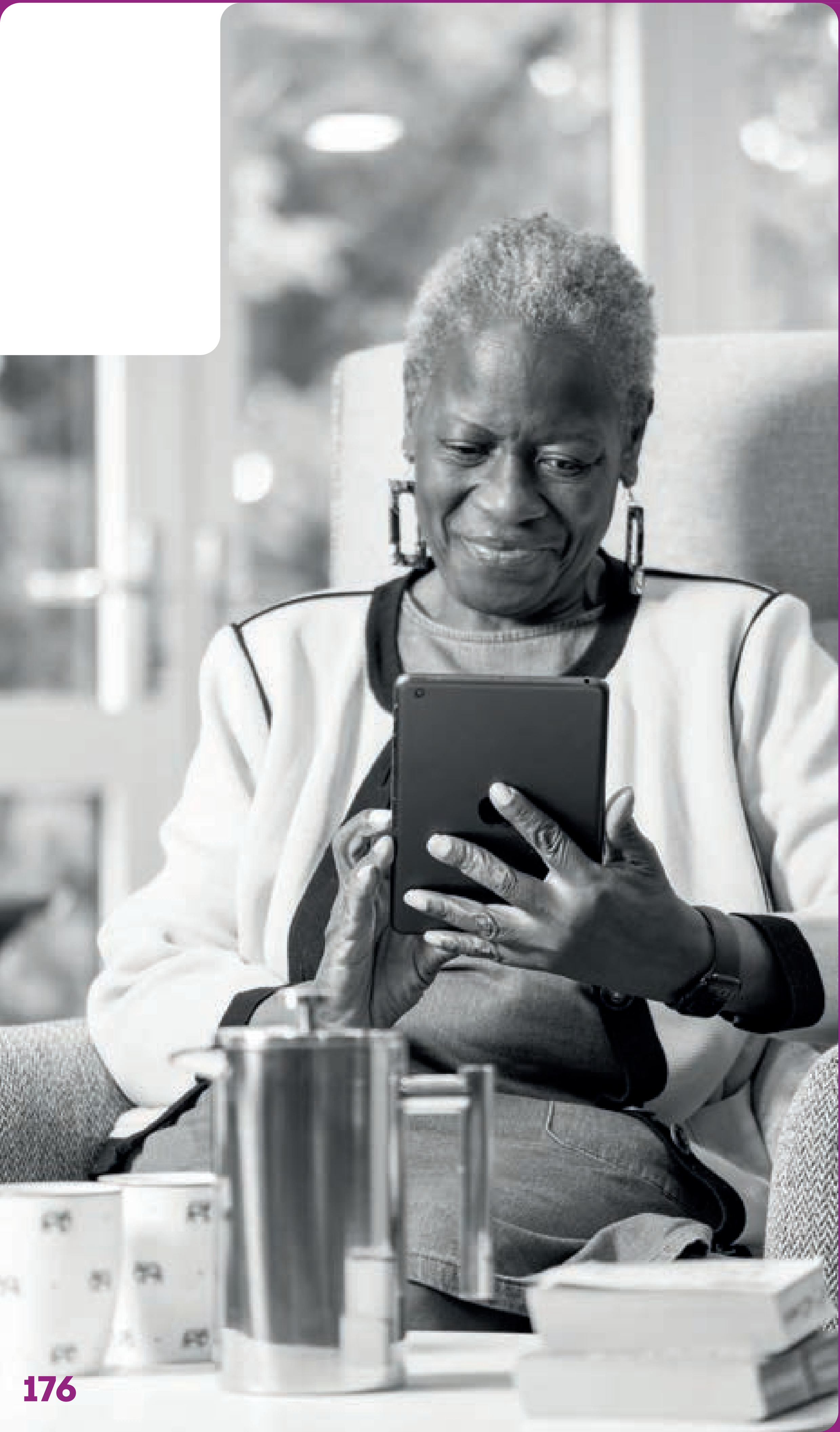
	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	14	**3,487**	2,169
Property, plant and equipment	15	**1,326**	1,013
Investments in subsidiaries	16	**19,050**	19,050
Other investments	17	**30**	30
		23,893	22,262
Non-current assets			
Debtors: amounts falling due after more than one year	18	**105,095**	114,117
Current assets			
Debtors: amounts falling due within one year	19	**69,267**	6,378
Cash and cash equivalents	20	**12,499**	8,648
		81,766	15,026
Creditors: amounts falling due within one year	21	**(5,313)**	(4,521)
Net current assets		**76,453**	10,505
Total assets less current liabilities		**205,441**	146,884
Non-current liabilities			
Creditors: amounts falling due after more than one year	22	**(103,763)**	(62,051)
Pension liability	23	**(2,350)**	(2,134)
Net assets		**99,328**	82,699
Capital and reserves			
Called up shared capital	24	**-**	-
Retained earnings		**99,328**	82,699
Total capital and reserves		**99,328**	82,699

The financial statements on pages **174** to **192** were approved and authorised for issue by the Board on **8 August 2023** and were signed on its behalf by:

Mike Biles
Group Chairman

Bjorn Howard
Group Chief Executive Officer

David Betteridge
Company Secretary



Notes to the

Association's Financial Statements

1 Legal status

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

2 Basis of preparation

The financial statements of the association have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102), the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. 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.

Going Concern

The Directors, after reviewing the association's budgets for 2023/2024 and the Group's medium term financial position as detailed in the 30-year business plan, taking account of severe but plausible downsides including the cost of living crisis, are of the opinion that the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The Directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Presentation

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

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

3 Summary of significant accounting policies

The Group's accounting policies are detailed in note 4 of the consolidated financial statements. In addition to these policies the association applies the following:

Turnover

Turnover represents:

Intra-group service income - management and other services provided to other Group entities recognised over the period the services are delivered.

Third-party service income - administration fees charged on re-sale or staircasing transactions for shared ownership properties.

Gift aid

Commercial companies can donate any excess profits in the form of gift aid to charitable Group members. These donations can only be made if the commercial company has distributable reserves for the financial year in question. Gift aid is recognised where irreversible shareholders' resolutions have been made and where cash has been paid.

Taxation

The company is liable to taxation on its profit. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Investments

Aster Group Limited holds investments in other Group companies. These are recognised at cost less impairment.

4 Critical accounting judgements and estimation uncertainty

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.

Those applied by the Aster Group can be found in the 'Critical accounting judgements and estimation uncertainty' note in the Consolidated Financial Statements. The association has no additional critical accounting judgements and estimation uncertainties.

Association's Financial Statements

5 Turnover, operating expenditure and profit / (loss)

	2023			2022		
	Turnover £000	Operating expenditure £000	Operating profit / (loss) £000	Turnover £000	Operating expenditure £000	Operating (loss) £000
Services provided to subsidiaries - registered providers	**19,321**	**(19,813)**	**(492)**	16,594	(18,913)	(2,319)
Services provided to subsidiaries - other	**11,836**	**(12,138)**	**(302)**	9,863	(11,242)	(1,379)
Services provided to third-party organisations	**282**	**(289)**	**(7)**	235	(268)	(33)
Other revenue	**2,001**	**-**	**2,001**	-	-	-
	33,440	**(32,240)**	**1,200**	26,692	(30,423)	(3,731)

6 Operating profit / (loss)

	2023 £000	2022 £000
Operating profit / (loss) is stated after charging:		
Auditor's remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**17**	12
Depreciation:		
Property, plant and equipment	**435**	488
Amortisation of intangible assets	**275**	363
Operating lease payments:		
Office equipment	**45**	34

7 Directors' emoluments

See Directors' Remuneration Report on pages **88** to **89**.

8 Employee information

	2023 No.	2022 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**312**	277

FTE by salary bands:
Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the Group.

	2023 No.	2022 No.
£59,999 or less	**226**	211
£60,000 to £69,999	**28**	22
£70,000 to £79,999	**16**	10
£80,000 to £89,999	**11**	13
£90,000 to £99,999	**6**	3
£100,000 to £109,999	**7**	6
£110,000 to £119,999	**6**	2
£120,000 to £129,999	**3**	3
£130,000 to £139,999	**-**	1
£140,000 to £149,999	**1**	1
£150,000 to £159,999	**1**	1
£160,000 to £169,999	**2**	-
£210,000 to £219,999	**1**	1
£220,000 to £229,999	**-**	1
£240,000 to £249,999	**1**	-
£250,000 to £259,999	**1**	1
£260,000 to £269,999	**1**	-
£310,000 to £319,999	**-**	1
£320,000 to £329,999	**1**	-
	312	277

None of the above employees received any enhanced pension payments during the year (2022: nil).

Staff costs:

	2023 £000	2022 £000
Wages and salaries	**14,910**	12,919
Social security costs	**1,622**	1,353
Other pension costs	**1,039**	937
	17,571	15,209

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.

9 Charitable donations received

	2023 £000	2022 £000
Aster Communities	**10,000**	10,000

10 Charitable donations made

	2023 £000	2022 £000
Aster Foundation CIO	**515**	-

11 Gift aid received

	2023 £000	2022 £000
Aster Homes Limited	**4,582**	1,641
Aster Solar Limited	**96**	125
	4,678	1,766

12 Finance income and expense

	Note	2023 £000	2022 £000
Interest receivable and similar income			
Interest on short term deposits		**471**	18
Interest receivable from other Group companies		**5,790**	4,465
		6,261	4,483
Interest payable and similar charges			
Loans with other Group companies		**(3,327)**	(2,079)
Amortised funding fees		**(117)**	(116)
Administration charge		**(244)**	(248)
		(3,688)	(2,443)
Interest on net pension liability			
Local government pension schemes	23	**59**	10
Social housing pension schemes	23	**(50)**	(121)
		9	(111)
Net finance income		**2,582**	1,929

13 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	2023 £000	2022 £000
The tax 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		
Origination and reversal of timing differences	-	-
Adjustment for prior year	-	-
Changes in tax rate or laws	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

(b) Tax credit included in other comprehensive income

	2023 £000	2022 £000
Deferred tax		
Origination and reversal of timing differences	-	-
Impact of change in tax rate	-	-
	-	-

The tax assessed for the year differs from the standard rate of corporation tax in the UK as explained below.

(c) Factors affecting tax charge / (credit) for the year

	2023 £000	2022 £000
Profit on ordinary activities before taxation	**17,945**	9,964
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2022: 19%)	**3,410**	1,893
Effects of:		
Exempt income	**(3,410)**	(1,893)
	-	-

14 Intangible assets

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 April 2022	**1,582**	**3,707**	**5,289**
Additions	**1,593**	**-**	**1,593**
At 31 March 2023	**3,175**	**3,707**	**6,882**
Accumulated amortisation			
At 1 April 2022	**-**	**3,120**	**3,120**
Charge for year	**-**	**275**	**275**
At 31 March 2023	**-**	**3,395**	**3,395**
Net book value as at 31 March 2023	**3,175**	**312**	**3,487**
Net book value as at 31 March 2022	1,582	587	2,169

15 Property, plant and equipment

	Office premises £000	Office and estate equipment and furniture £000	Computer equipment £000	Total £000
Cost				
At 1 April 2022	**246**	**714**	**5,718**	**6,678**
Additions	**-**	**149**	**599**	**748**
At 31 March 2023	**246**	**863**	**6,317**	**7,426**
Accumulated depreciation				
At 1 April 2022	**13**	**497**	**5,155**	**5,665**
Charge for year	**5**	**82**	**348**	**435**
At 31 March 2023	**18**	**579**	**5,503**	**6,100**
Net book value at 31 March 2023	**228**	**284**	**814**	**1,326**
Net book value at 31 March 2022	233	217	563	1,013

16 **Investments in subsidiaries**

	2023 £000	2022 £000
Aster Treasury Plc - 50,000 £1 shares	**50**	50
Aster Communities - 1 £1 share	**-**	-
Synergy Housing Limited - 1 £1 share	**-**	-
Aster 3 Limited - 1 £1 share	**-**	-
Aster Living - 1 £1 share	**-**	-
Aster Property Limited - 1 £1 share and 2 £1 share each with a £3 million premium	**6,000**	6,000
Aster Homes Limited - 96 £1 shares and 2 £1 share each with a £5 million premium	**10,000**	10,000
Aster Options Plus Limited - 94 £1 shares	**-**	-
Aster LD Limited - 100 £1 shares with a £3 million premium	**3,000**	3,000
East Boro Housing Trust Limited - 1 £1 share	**-**	-
Central & Cecil Housing Trust - 1 £1 share	**-**	-
Enham Trust - 1 £1 share	**-**	-
	19,050	19,050

17 **Investments**

	2023 £000	2022 £000
MORhomes PLC shares	**30**	30

Aster Group Limited holds 20,000 fully paid 10 pence shares with a premium of 90 pence and 20,000 10 pence shares with a premium of 40 pence in MORhomes PLC, whose primary activity is to act as a borrowing vehicle for the social housing sector.

18 **Debtors: amounts falling due after more than one year**

	2023 £000	2022 £000
Amounts owing by Group undertakings	**105,020**	114,000
Deferred funding fees	**75**	117
	105,095	114,117

Amounts owed by Group undertakings represent loans that have been made to fellow Group undertakings, which have sufficient net assets and facilities in place to meet their obligations to the company as they fall due, the Directors consider the credit risk to be low and no provision is made against amounts due. Amounts owed by Group undertakings are carried at amortised cost. The amounts are non-instalment debts with fixed interest rates at 4.5% (2022: 4.5%) with the exception of Central & Cecil Housing Trust with floating interest rates at Bank of England Base rate plus a margin of 1.5% (2022: fixed rate plus 1.5%) with the earliest repayment date of February 2029.

A loan of £5.6 million was issued to Enham Trust in 2023 with fixed interest rates at 4.5% with a repayment date of March 2028.

19 Debtors: amounts falling due within one year

	2023 £000	2022 £000
Trade debtors	**14**	24
Amounts owed by Group undertakings	**67,096**	4,765
Other debtors	**83**	142
Prepayments and accrued income	**2,074**	1,447
	69,267	6,378

Amounts owing by Group undertakings represent trading balances repayable on demand which are non-interest bearing and loans that have been made to fellow Group undertakings, which are repayable on demand. The fellow Group undertakings have sufficient net assets and facilities in place to meet their obligations to the company as they fall due, the directors consider the credit risk to be low and no provision is made against amounts due. Amounts owed by Group undertakings are carried at amortised cost. The amounts are non-instalment debts with fixed interest rates at 4.5% (2022: 4.5%) amounts owing from Synergy Housing Limited which is fixed at 1% (2022: 4.5%).

20 Cash and cash equivalents

	2023 £000	2022 £000
Short-term deposits	**12,000**	8,119
Cash at bank and in hand	**499**	529
	12,499	8,648

21 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	**558**	312
Taxation and social security payable	**557**	667
Pension contributions	**196**	242
VAT payable	**388**	281
Amounts owed to Group undertakings	**1,248**	664
Other creditors	**126**	163
Accruals and deferred income	**2,240**	2,192
	5,313	4,521

Amounts owed by Group undertakings are trading balances repayable on demand and non-interest bearing.

22 Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Amounts owed to other Group undertakings	**103,763**	62,051

Amounts owed to other Group undertakings represent loans that have been received from fellow Group undertakings as part of a long-term financing relationship with Aster Treasury Plc. Amounts owed to Group undertakings are carried at amortised cost and secured over specific housing assets of the original borrowers. The amounts are non-instalment debts repayable in December 2043.

23 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 association participates in five pension schemes.

There are three defined benefit schemes:

- Wiltshire Pension Scheme (closed to new members);
- Social Housing Pension Scheme (SHPS) final salary defined benefit scheme (closed 31 March 2020); and
- SHPS career average of earnings scheme (CARE) (closed to new members);

and two defined contribution ('stakeholder') scheme:

- SHPS defined contribution scheme: and
- Aegon defined contribution scheme (from 1 April 2022).

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

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

Summary of movements and balances in funding

	Note	2023 Total cost by scheme £000	2023 Total interest on net pension liability by scheme £000	2023 Actuarial gains / (losses) in pension scheme £000	2023 Pension deficit £000
County pension schemes					
Wiltshire	23a	**17**	**(59)**	**845**	**1,335**
Wiltshire - asset ceiling	23a	**-**	**-**	**(1,335)**	**(1,335)**
SHPS					
Defined benefit schemes	23b	**219**	**50**	**(826)**	**(2,350)**
Defined contribution scheme	23b	**538**	**-**	**-**	**-**
Aegon defined contribution scheme	23c	**265**	**-**	**-**	**-**
		1,039	**(9)**	**(1,316)**	**(2,350)**

	Note	2022 Total cost by scheme £000	2022 Total interest on net pension liability by scheme £000	2022 Actuarial gains / (losses) in pension scheme £000	2022 Pension deficit £000
County pension schemes					
Wiltshire	23a	19	(10)	1,204	1,644
Wiltshire - asset ceiling	23a	-	-	(1,644)	(1,644)
SHPS					
Defined benefit schemes	23b	350	121	3,269	(2,134)
Defined contribution scheme	23b	568	-	-	-
		937	111	2,829	(2,134)

The pension cost to the association for the year ended 31 March 2023 was £1,039,000 (2022: £937,000) in respect of 399 employees (2022: 319).

23 **Pension obligations** (continued)

Local government pension scheme

An allowance was made in the financial statements for the year ending 31 March 2020 in relation to the Court of Appeal judgement on the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively.

As at 31 March 2020 the total liabilities included an estimate of the impact resulting in an increase on the defined benefit obligation. It should be noted that the adjustment included 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.

There are uncertainties how this judgement may affect LGPS members' past or future service benefits. Remedial regulations are expected in 2023 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised.

The Directors have considered the potential impact of the McCloud case on the Group and associations defined benefit liability as at 31 March 2023. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability 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 2023.

23a **Local government pension funds**

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

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

	2023		2022	
	Active Members No.	**Annual pensionable payroll £000**	Active Members No.	Annual pensionable payroll £000
Wiltshire Pension Fund	**1**	**40**	1	39

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 2023. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 31 March 2022 and the results have been incorporated into the financial statements for 2023.

The next triennial valuation is due to be carried out on 31 March 2025 and the results for this will be incorporated into the financial statements for 2026.

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:**
Wiltshire Pension Fund	Hymans Robertson LLP

Financial assumptions	Wiltshire 31 March 2023 %p.a.	Wiltshire 31 March 2022 %p.a.
Price increases	**3.0**	3.2
Pension increases	**3.0**	3.2
Salary increases	**3.5**	3.6
Expected return on assets	**4.8**	2.7
Discount rate	**4.8**	2.7

Mortality	2023 Years	2022 Years
Current pensioners		
Females	**24.4**	24.2
Males	**22.8**	21.7
Future pensioners		
Females	**26.2**	26.0
Males	**23.6**	22.6

Fair value of plan assets	31 March 2023 £000	31 March 2022 £000
Equities	**5,861**	5,900
Bonds	**3,303**	3,674
Property	**1,385**	1,447
Cash	**107**	111
	10,656	11,132
Less asset ceiling	**(3,293)**	(1,958)
	7,363	9,174

Cost recognised as an expense	31 March 2023 £000	31 March 2022 £000
Current service cost	**17**	19
Interest costs	**244**	194
Expected return on assets employed	**(303)**	(204)
	(42)	9

Return on plan assets	**(676)**	832

23 **Pension obligations** (continued)

23a **Local government pension funds** (continued)

Reconciliation of scheme liabilities	Wiltshire 31 March 2023 £000	Wiltshire 31 March 2022 £000
Opening defined benefit obligation	**9,174**	9,845
Current service cost	**17**	19
Interest cost	**244**	194
Contributions by members	**3**	3
Actuarial losses / (gains)	**(1,824)**	(576)
Estimated benefits paid	**(251)**	(311)
Closing defined benefit obligation	**7,363**	9,174

Reconciliation of fair value of employer assets	31 March 2023 £000	31 March 2022 £000
Opening fair value of employer assets	**9,174**	9,845
Expected return on assets	**303**	204
Contributions by members	**3**	3
Contributions by employers	**448**	449
Actuarial gains / (losses)	**(979)**	628
Benefits paid	**(251)**	(311)
	8,698	10,818
Less asset ceiling	**(1,335)**	(1,644)
Closing fair value of employer assets	**7,363**	9,174
Net Pension deficit	**-**	-

Projected pension expense for the year to **31 March 2024**	31 March 2024 £000
Projected current service cost	13
Interest on obligation	344
Expected return on plan assets	(501)
	(144)

23b The Social Housing Pension Scheme

Aster Group Limited participates in the Social Housing Pension Scheme ('the scheme'). The scheme is funded and is contracted-out of the State Pension scheme.

The scheme 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'. Full details of the scheme and its operation can be found in note 32 of the Consolidated Financial Statements.

We have been notified by the Trustee of the scheme that is has performed a review of changes made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

SHPS defined benefit pension plan

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions (GMP). This has consequently been assessed against the Group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPs Pension Scheme have been recognised in the year. A further High Court ruling in November 2020 has resulted in additional allowance being included in the defined benefit obligation as at 31 March 2021 to account for all members transferred out of the Scheme since 17 May 1990.

As at the balance sheet date there were 28 (2022: 40) active members of the scheme employed by Aster Group Limited. The annual pensionable payroll in respect of these members was £1.6 million (2022: £2.1 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 2019. 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 2020 and the results have been incorporated into the financial statements for 2023.

The next triennial valuation will be carried out on 30 September 2023 and the results for this will be incorporated into the financial statements for 2025.

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% (2022: 4% and 10%) and employees paid contributions from 3% to 7% (2022: from 3% to 7%). 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 2023 there were 243 (2022: 244) active members of the scheme.

23 **Pension obligations** (continued)

23b **The Social Housing Pension Scheme** (continued)

The Social Housing Pension Scheme defined benefit scheme

Financial assumptions	31 March 2023 %p.a.	31 March 2022 %p.a.
Price increases - RPI	**3.2**	3.4
Price increases - CPI	**2.8**	3.1
Salary increases	**3.8**	4.1
Discount rate	**4.8**	2.8

Mortality	2023 Years	2022 Years
Current pensioners		
Females	**23.4**	23.7
Males	**21.0**	21.1
Future pensioners		
Females	**24.9**	25.2
Males	**22.2**	22.4

Fair value of plan assets	31 March 2023 £000	31 March 2022 £000
Absolute returns	**123**	748
Global equity	**212**	3,577
Liability driven investment	**5,229**	5,202
Property and infrastructure	**2,129**	2,311
Investments	**808**	2,374
Sharing and alterative premia risk	**857**	1,229
Emerging market and private debt	**566**	1,020
Cash	**82**	63
Other	**1,351**	2,119
	11,357	18,643

Cost recognised as an expense

	31 March 2023 £000	31 March 2022 £000
Current service cost	**207**	339
Interest costs	**50**	121
Administration expenses	**12**	11
	269	471
Return on plan assets	**(8,044)**	2,213

Reconciliation of defined benefit obligation

	2023 £000	2022 £000
Opening defined benefit obligation	**20,777**	21,400
Current service cost	**207**	339
Expenses	**12**	11
Interest expense	**576**	478
Actuarial losses / (gains)	**(7,744)**	(1,413)
Benefits paid and expenses	**(121)**	(38)
Closing defined benefit obligation	**13,707**	20,777

Reconciliation of fair value of scheme assets

	2023 £000	2022 £000
Opening fair value of scheme assets	**18,643**	15,792
Interest income	**526**	357
Actuarial gains	**(8,570)**	1,856
Contributions by the employer	**879**	676
Benefits paid and expenses	**(121)**	(38)
Closing fair value of scheme assets	**11,357**	18,643
Net pension liability	**2,350**	2,134

23c **Aegon defined contribution scheme**

The scheme is administered by the Aegon UK and is open to all employees of Synergy Housing Limited. The assets of the scheme are held separately from those of the association in an independently administered fund. The company paid contributions between 4% and 10% (2022: 4% and 10%) and employees paid contributions from 3% (2022: from 3%)
At 31 March 2023 there were 66 (2022: nil) active members of the scheme. The pension charge represents contributions payable by the Group to the fund and amounted to £265,000 (2022: £nil).

24 Called up share capital

	2023 £	2022 £
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	**7**	6
Issued during the year	**-**	1
At 31 March	**7**	7

25 Operating leases

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

	2023 £000	2022 £000
Office equipment		
Not later than one year	**43**	45
Later than one but not later than five years	**24**	67
	67	112

26 Related party transactions

Aster Group Limited provides management and other services to all Group companies under the terms of documented service level agreements. Overheads are apportioned on the basis of the amount of time spent and the affordability to the subsidiary. The amount of turnover relating to registered provider and other subsidiaries is shown in note 5.

Aster Group Limited 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.

ASTER GROUP

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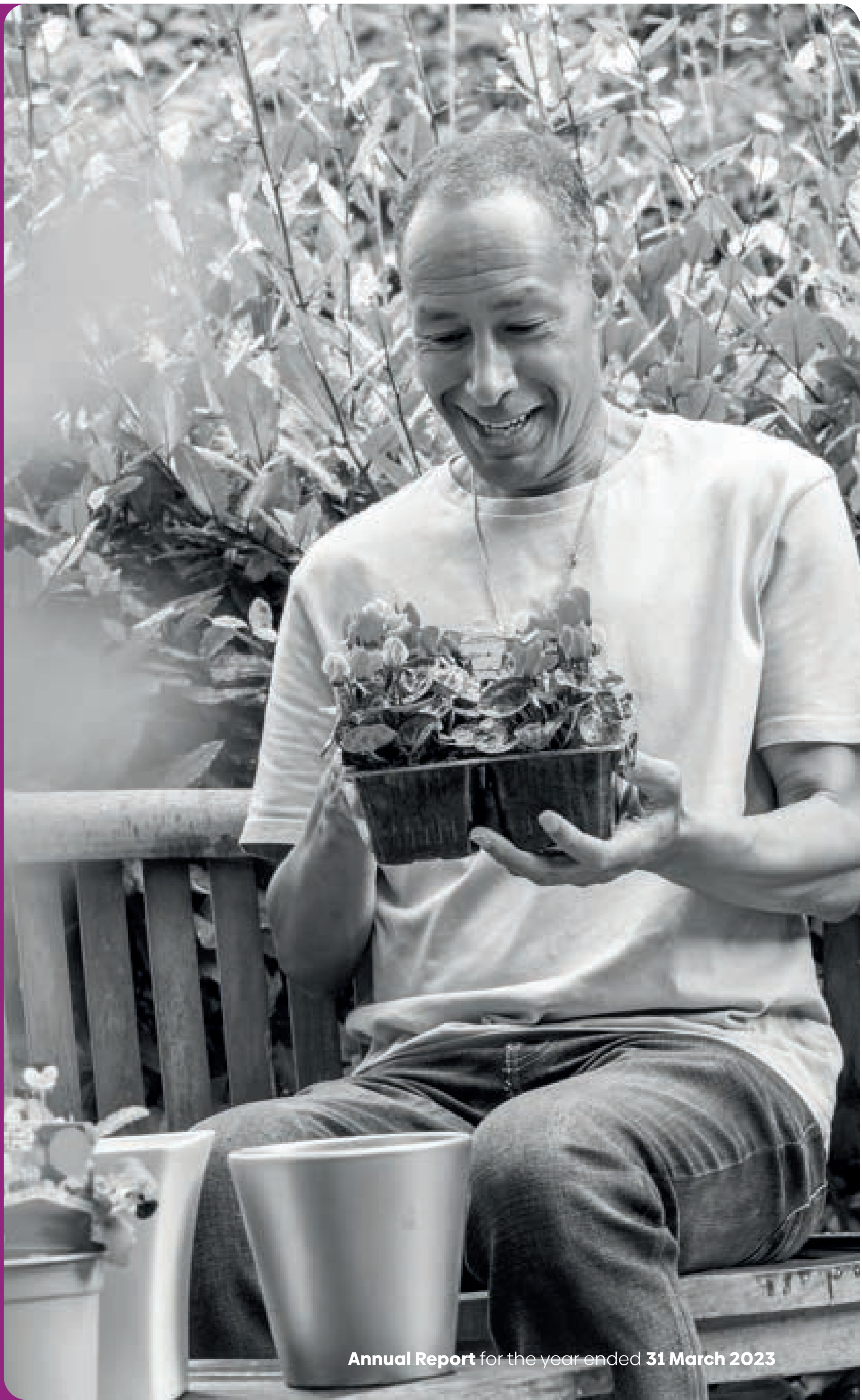
Financial Statements



Entity Legal
Status

27 **Status**

Aster Group Limited is the ultimate parent and ultimate controlling party within the Aster Group, which comprises:

- **Aster Communities**, a wholly owned subsidiary which is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH).
  Co-operative and Community Benefit Societies Act 2014 number 31530R;
- **Synergy Housing Limited**, a wholly owned subsidiary which is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH).
  Co-operative and Community Benefit Societies Act 2014 number 31447R;
- **Aster 3 Limited**, a wholly owned subsidiary which is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH).
  Co-operative and Community Benefit Societies Act 2014 number 7605R;
- **Central & Cecil Housing Trust**, a subsidiary of Aster Group Limited, is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH).
  Co-operative and Community Benefit Societies Act 2014 number 27693R;
  Central & Cecil Housing Trust has three subsidiaries:
  - **Central & Cecil Construction Services Limited** is incorporated under the Companies Act 2006. Company registration number 08904580;
  - **Central & Cecil Innovations Limited** is incorporated under the Companies Act 2006. Company registration number 08904605; and
  - **55 London** is a Charitable Community Benefit Society. Co-operative and Community Benefit Societies Act 2014 number 7884;
- **East Boro Housing Trust**, a subsidiary of Aster Group Limited, and has a subsidiary:
  - **East Boro Housing Services Limited**, is a registered provider and Charitable Community Benefit Society, registered with the Regulator of Social Housing (RSH).
    Co-operative and Community Benefit Societies Act 2014 number 16946R; and
  - **East Boro Housing Services Limited** is incorporated under the Companies Act 2006. Company registration number 07341593;
- **Enham Trust**, a subsidiary of Aster Group Limited, is a registered provider and charity, registered with the Regulator of Social Housing (RSH).
  Charity number 211235;
  Enham Trust has three subsidiaries:
  - **Enham (Trading) Limited** is incorporated under the Companies Act 2006. Company registration number 04228452;
  - **Cedar Services Limited** is incorporated under the Companies Act 2006. Company registration number 03282839; and
  - **The Papworth and Enham Foundation**, a charity and private company limited by guarantee. Charity number 277670 and Company registration number 00502119;
- **Aster Living**, a wholly owned subsidiary whose activities include providing care and support services. Aster Living is a Charitable Community Benefit Society. Charity registration number 29574R;
- **Aster Foundation**, is a charitable incorporated organisation regulated by the Charity Commission, registration number 1198145;
- **Aster Property Limited**, a wholly owned subsidiary of Aster Group Limited whose activities include property maintenance services to Group members. Aster Property Limited is incorporated under the Companies Act 2006.
  Company registration number 4628065;
- **Aster Homes Limited**, a subsidiary of Aster Group Limited which provides property based development services to Group members.
  Aster Homes Limited is incorporated under the Companies Act 2006.
  Company registration number 06424046;
- **Aster LD Limited**, a subsidiary of Aster Group Limited which provides property based development services.
  Aster LD Limited is incorporated under the Companies Act 2006.
  Company registration number 12341593;
- **Aster Treasury Plc**, a wholly owned subsidiary of Aster Group Limited, providing long term finance under a finance bond to Group members.
  Aster Treasury Plc is incorporated as a public limited company under the Companies Act 2006.
  Company registration number 8749672;
- **Silbury Housing Holdings Limited**, which is a wholly owned subsidiary of Aster Communities and has a subsidiary:
  - **Silbury Housing Limited**, which provides a service concession arrangement for Wiltshire Council.

  Both companies are incorporated under the Companies Act 2006.
  Company registration numbers 07273905 and 07276148; and
- **Aster Solar Limited**, a subsidiary jointly owned by Aster Communities and Synergy Housing Limited, provides investment in photo voltaic panels on behalf of the Group.
  Aster Solar Limited is incorporated under the Companies Act 2006.
  Company registration number 9476337.

Aster Group Limited is party to the below jointly controlled entities:

- **White Rock Land LLP**, a 50% owned Limited Liability Partnership between Aster Homes Limited and Vistry Homes Limited, established to develop sites in the South-West of England;
- **Boorley Green LLP**, a 50% owned Limited Liability Partnership between Aster Homes Limited and Vistry Homes Limited, established to develop sites in Hampshire; and
- **Kilnwood Vale LLP**, a 50% owned Limited Liability Partnership between Aster Homes Limited and Vistry Homes Limited, established to develop sites in West Sussex.

Printed copies of the financial statements are available from the following address:

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

Sarsen Court is the registered office of all but three of the Group's subsidiaries.

The registered office of
Synergy Housing Limited is:
Link House,
First Floor,
West Street,
Poole,
Dorset,
BH15 1LD

The registered office of
East Boro Housing Trust Limited is:
Faulkner House,
31 West Street,
Wimborne Minster,
Dorset,
BH21 1JS

The registered office of
Central & Cecil Housing Trust is:
Cecil House,
266 Waterloo Road,
London,
SE1 8RQ

The registered office of **Enham Trust** is:
Enham Place,
Enham Alamein,
Andover,
Hampshire,
SP11 6JS

Legal and Administrative
Details

Registered office:
Sarsen Court,
Horton Avenue,
Cannings Hill,
Devizes,
Wiltshire,
SN10 2AZ

Legal status:
Aster Group Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 number 29573R and is registered with the Regulator of Social Housing (RSH).

Independent Auditor:
KPMG LLP
Chartered Accountants and Statutory Auditor
Gateway House,
Tollgate,
Chandler's Ford,
Eastleigh,
SO53 3TG

Principal Banker:
Barclays Bank Plc
Corporate Banking
3rd Floor, Windsor Court,
1-3 Windsor Place,
Cardiff,
CF10 3ZL

Principal Solicitor:
Trowers and Hamlins
3 Bunhill Row,
London,
EC1Y 8YZ

Funders:

National Westminster Bank Plc
250 Bishopsgate,
London,
EC2M 4AA

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

Affordable Housing Finance Plc
3rd Floor,
17 St. Swithin's Lane,
London,
EC4N 8AL

Lloyds Bank Plc
25 Gresham Street,
London,
EC2V 7HN

Barclays Bank Plc
1 Churchill Place,
Canary Wharf,
London,
E14 5HP

MORhomes PLC
Future Business Centre,
Kings Hedges Rd,
Cambridge,
CB4 2HY

First Abu Dhabi Bank
3rd Floor,
45 Cannon Street,
London,
EC4M 5SB

MUFG Bank, Ltd.
Ropemaker Place,
25 Ropemaker Street,
London,
EC2Y 9AN

Santander UK Plc
2 Triton Square,
Regent's Place,
London,
NW1 3AN

Security Trustee:
Prudential Trustee Company Limited
Laurence Pountney Hill,
London,
EC4R 0HH

Valuer:
Jones Lang LaSalle Limited
30 Warwick Street,
London,
W1B 5NH

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


ASTER

Glossary of
Terms

Glossary of Terms and Abbreviations

AHF	Affordable Housing Finance
ARVOS	Authority Residual value overage share
ASB	Anti-Social Behaviour
CARE	Career average of earnings
CCHT / C&C	Central & Cecil Housing Trust Limited
CCN	Customer and Community Network
CEO	Chief Executive Officer
CIO	Charitable Incorporated Organisation
CLT	Community land trust
CML	Council of Mortgage Lenders
CPI	Consumer Price Index
CPPP	Corporate Performance and People Panel
D&I	Diversity and inclusion
DCLG	Department for Communities and Local Government
DEC	Disasters Emergency Committee
EBHT / EBHS	East Boro Housing Trust Limited / East Boro Housing Services Limited
EBITDA MRI	Earning before interest, tax, depreciation, amortisation (major repairs included)
EIA	Equality Impact Assessment
EIB	European Investment Bank
EMTN	Euro Medium Term Notes
EPC	Energy performance certificates
ESG	Environmental, Social and Governance
EUV-SH	Existing Use Value - Social Housing
FRS	Financial Reporting Standard
FTE	Full-time equivalents
FTSE	Financial Times Stock Exchange
GAC	Group Audit Committee
GHG	Greenhouse gas
GMP	Guaranteed Minimum Pensions
GRCC	Group Risk and Compliance Committee
GRNC	Group Remuneration and Nominations Committee
HCA	Homes and Communities Agency
ISDA	International Swaps and Derivatives Association
KPI	Key Performance Indicators
LEP	Land Enhancement Programme
LGPS	Local Government Pension Scheme
LIBOR	London Inter-Bank Offered Rate
LLP	Limited Liability Partnership
LSVT	Large Scale Voluntary Transfers
NHF	National Housing Federation
PFI	Private Finance Initiative
PLC	Public Limited Company
PPE	Personal protective equipment
PRC	Pre-fabricated reinforced concrete
RICS	Royal Institution of Chartered Surveyors
ROCE	Return on Capital Employed
RP	Registered Provider
RPI	Retail Price Index
RSH	Regulator for Social Housing
S106	Section 106
S&P	Standard and Poor
SECR	Streamlined Energy and Carbon Reporting
SHG	Social housing grant
SHPS	Social Housing Pension Scheme
SOAP	Stock Option Appraisal Programme
SONIA	Sterling Over Night Index Average
SORP	Statement of Recommended Practice
UEL	Useful Economic Life
VAT	Value Added Tax
VDP	Voids Disposal Programme
VFM	Value for Money

ASTER
GROUP

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Annual Report for the year ended **31 March 2023**