

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

Aster Treasury Plc

Company registration number 8749672

Aster Treasury Plc

Contents	Page
Legal and administrative details	1
Strategic Report	2
Directors' Report	7
Independent Auditor's report to the members of Aster Treasury Plc	10
Statement of Income and Retained Earnings	13
Statement of Financial Position	14
Notes to the Financial Statements	15

Aster Treasury Plc

Legal and administrative details

Registered office:	Sarsen Court, Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ								
Legal status:	<p>Aster Treasury Plc ("the company") is incorporated in England, United Kingdom under the Companies Act 2006 as a public limited company, limited by shares.</p> <p>Company registration number 8749672</p> <p>Aster Treasury Plc is a subsidiary of Aster Group Limited and a member of the Aster Group ("the group").</p>								
Members of the board:	<p>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.</p> <table><tr><td colspan="2">Directors</td></tr><tr><td>Bjorn Howard</td><td>Group CEO</td></tr><tr><td>Chris Benn</td><td>Group Finance Director</td></tr><tr><td>Paul Morgan</td><td>Director of Treasury</td></tr></table>	Directors		Bjorn Howard	Group CEO	Chris Benn	Group Finance Director	Paul Morgan	Director of Treasury
Directors									
Bjorn Howard	Group CEO								
Chris Benn	Group Finance Director								
Paul Morgan	Director of Treasury								
Company Secretary:	David Betteridge								
Independent Auditor:	<p>KPMG LLP Gateway House Tollgate Chandler's Ford Eastleigh SO53 3TG</p>								
Principal Banker:	<p>Bank of New York Mellon, London Branch One Canada Square London E14 5AL</p>								
Principal Solicitor:	<p>Trowers and Hamblins 3 Bunhill Row London EC1Y 8YZ</p>								
Financial Adviser:	<p>Chatham Financial Europe Ltd 12 St. James Square London SW1Y 4LB</p>								

Aster Treasury Plc

Strategic Report

Activities and performance

The company's principal activity is to raise external debt to finance the growth and development activities of the group and its subsidiaries. During the year ended 31 March 2020 £40 million of additional debt was raised and the company's other activities were the payment of interest on its current debt and the receipt of interest on its on-lending to group companies, Aster Communities, Synergy Housing Limited and Aster Group Limited.

Aster Treasury Plc is a subsidiary of the Aster Group Limited and has authorised and issued share capital of 50,000 ordinary £1 shares.

On 18 December 2013, the company successfully issued £250 million guaranteed fixed rate secured bonds, secured on charged properties of which £50 million was retained. The bonds are denominated in Sterling and mature on 18 December 2043 at a fixed coupon rate at 4.5% payable half-yearly in arrears. The bonds are listed on the London Stock Exchange. The retained bonds, deferred from the original transaction, were later issued in the year ended 31 March 2015.

On 16 May 2018, the existing bond was tapped for £200 million 4.5% guaranteed fixed rate secure bonds of which £150 million was retained. The first £50 million nominal value was issued on 16 May 2018 with proceeds on-lent to Aster Communities. On the 18 November 2018 a further £20 million nominal value was issued with £10 million proceeds on-lent to Aster Communities and £10 million proceeds on-lent to Synergy Housing Limited.

On 8 May 2019 a further £20 million nominal value was issued with £20 million proceeds on-lent to Aster Group. On 15 January 2020 a further £20 million nominal value was issued with £10 million proceeds on-lent to Aster Group and £10 million proceeds on-lent to Synergy Housing Limited.

On 31 March 2020, the company held £90 million of retained bonds available for issue.

In summary the bonds were issued as follows:

Issue date	Nominal value	Fixed rate	Effective rate*	
	£m			
18 December 2013	200	4.5%	4.7%	
31 October 2014	17	4.5%	4.3%	
11 March 2015	33	4.5%	3.8%	
16 May 2018	50	4.5%	3.4%	
18 November 2018	20	4.5%	3.5%	
08 May 2019	20	4.5%	2.9%	
15 January 2020	20	4.5%	2.2%	
Total	<u>360</u>	<u>4.5%</u>	<u>3.5%</u>	weighted average

* The effective interest rate includes the issue costs incurred.

The proceeds of £360 million were on-lent to Aster Group Limited, Aster Communities and Synergy Housing Limited. Aster Group Limited guarantees the timely payment of principal and interest by the company.

Under the terms of the bond loan agreements, Aster Communities, Synergy Housing Limited and Aster Group Limited are required to reimburse the company for all expenditure incurred in respect of the bond.

The main risk to the company is the non-timely payment of interest and principal to investors under the bond documentation. Interest and principal received is mainly derived from interest and principal payments from Aster Communities, Synergy Housing Limited and Aster Group Limited. The Company monitors Aster Communities, Synergy Housing Limited and Aster Group Limited to ensure they have sufficient cash to meet the timely payment of interest and principal.

Given the nature of the company, the directors are of the opinion that no additional key performance indicators are necessary to understand the development, performance and position of the company. As the company provides lending to other members of the group, its performance is dependent on that of the group. The group's key performance indicators are outlined in the group's consolidated financial statements.

The principal assets and liabilities of the company represent the proceeds of bonds of £360 million, matched by the on-lending to Aster Communities, Synergy Housing Limited and Aster Group Limited. Accrued interest payable of £4.5 million (2019: £4.1 million) is matched by accrued interest receivable from those subsidiaries.

The company does not have any business or activities other than those incidental to the financing of the group.

Aster Treasury Plc

Strategic Report (continued)

Future plans of the business

The directors anticipate the following changes in the company's activities in the foreseeable future.

Further proceeds raised from the issue of the Company's retained bonds will be on-lent to Aster Communities, Synergy Housing Limited and Aster Group Limited.

During the year ended 31 March 2019 the directors activated Aster Group Limited as a borrower and it is intended that there may be another part re-allocation of the existing bond commitment from Aster Communities and Synergy Housing Limited to Aster Group Limited via Aster Treasury Plc in the future.

Directors intend to keep the business as a vehicle to raise external capital markets debt to finance the growth and development activities of the group and its subsidiaries.

Analysis of employees

There are no direct employees of the company. The board directors are listed on page 1.

Directors' remuneration

None of the directors received remuneration from the company. Full details for the group's directors and executive management team are disclosed in the directors' remuneration report included in the group's consolidated financial statements.

Value for Money - Aster Group

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

We take a holistic approach to VFM that supports our social purpose and our strategic direction. We recognise the importance of both social and financial value and our approach balances the needs of our customers with our social value and meeting future housing need with the quality of our homes.

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

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

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

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

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

Full details are disclosed within the group's financial statements.

Aster Treasury Plc

Strategic Report (continued)

Financial risk management

The group's treasury function is responsible for the management of funds and the control of the associated risks. Its activities are governed by the group's Treasury Committee which is responsible for the treasury issues of all group legal entities and reports to the group board. The following financial risks have been identified:

a) Interest rate risk

The company has no exposure to interest rate risk as all amounts owed to external bond holders are at a fixed rate of interest, as is the interest receivable due from fellow group companies on amounts on-lent to them.

b) Liquidity risk

Liquidity risk is the risk that the company might be unable to meet its interest payment obligations to bond holders. The company is dependent on the receipt of interest from the fellow group companies who were on-lent the bond proceeds. The directors consider the liquidity risk to be very low given the fellow group companies are Registered Providers of social housing, have a good cash generative ability and a strong asset base. Liquidity risk is mitigated by the monitoring of the cash held by Aster Communities, Synergy Housing Limited and Aster Group Limited to ensure they hold sufficient cash to meet the timely payments of interest and principal.

c) Credit risk

In December 2043 the company is dependent on the repayment of the original principal amount of funds on-lent to fellow group undertakings in order to meet its contractual obligations under the bond agreement. The funds on-lent are secured by fixed charges over specified charged assets of the relevant subsidiary. In addition, and as explained above, the fellow group companies are Registered Providers of housing, have a good cash generative ability and a strong asset base.

Risk Management and Internal Control

The board is ultimately responsible for maintaining sound risk management and internal control systems (including financial controls, controls in respect of the financial reporting process and controls of an operational and compliance nature).

The group's internal control systems are implemented and reviewed from an effectiveness perspective on a group-wide basis, covering the group and its subsidiaries. The risk management systems and internal control systems are designed to meet the group's needs and to manage the risks to which it is exposed. 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.

Risk oversight is the Board's responsibility, with the Group Risk & Compliance Committee undertaking a more detailed review of risks that might adversely affect the business' strategy, operations and legislative compliance. The Group Treasury Committee ensures that risks to the financial viability of the group are managed in accordance with the Treasury Management Policy.

Managing risk is fundamental if the group is to protect its viability and deliver its strategic ambitions. It has embedded a risk management culture that identifies and mitigates current and emerging risks whilst exploring potential opportunities arising from new events. The board confirms that there is an on-going process in place for identifying, evaluating and managing the principal risks faced by the group.

Corporate and social responsibility

Equality and diversity

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

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

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

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

Aster Treasury Plc

Strategic Report (continued)

Preparing for Brexit

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

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

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

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

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

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

Covid-19

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

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

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

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

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

- Lockdowns, possibly regionally, and social distancing could mean:
 - Reduction in labour resource due to teams self-isolating;
 - Inability to complete core repairs, planned maintenance, and timely servicing of equipment; and
 - Fall in rental income with increased voids from reduced ability to let vacant and newly handed over property.
- Increased risk of the group's customers losing employment once furlough ends, resulting in a decrease in cash receipts and increased rent arrears, with potentially a higher level of bad debts.
- Increased costs around health and safety, including personal protective equipment and buying in of temporary resources to help with service recovery and reduce backlog of works and repairs.
- Increase in unproductive time relating to maintenance operatives and under recovery of staff costs, over and above furlough recovery.
- Reduced development output due to closure of sites and supply chain effect, increasing time to completion and thus realisation of profits and the ability to repay debts, resulting in increased financing costs.

Aster Treasury Plc

Strategic Report (continued)

COVID-19 (continued)

- Reduction in sales receipts from first tranche sales due to delayed delivery of new homes under development.
- Increased interest costs due to inability to capitalise interest while development sites are closed.
- Fall in sales prices for first tranche sales, joint venture properties, void disposal property sales and other asset unit sales.
- An increase in the expected time to complete the various phases of the group's joint venture builds, delivering the expected profits over a longer period.

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

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

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

Environmental Management

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

During 2019/20 the group has:

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

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

Full details are disclosed within the group's financial statements.

The Strategic Report was approved by the board and signed on its behalf by:



Director
3 August 2020

Aster Treasury Plc

Directors' Report

The directors submit their Report and Annual Financial Statements for the year ended 31 March 2020.

The directors' report comprises pages 7 to 9 of this report. Some of the matters required by legislation have been included in the Strategic Report (pages 2 to 6) as the directors consider them to be of strategic importance. In particular these are:

- future business developments; and
- financial risks.

Directors

The directors, who served during the year and up to the date of signing the financial statements are set out on page 1. None of the directors held, at any time during the year, any beneficial interest in the shares of the company.

Directors' indemnities

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

Results and dividends

The result for the financial year to 31 March 2020 was £nil (2019: £nil). The directors do not recommend the payment of a dividend.

Going concern

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

The Directors have prepared cash flow forecasts covering a period of 12 month from the date of approval of these financial statements (the going concern assessment period) which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for the period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the company is dependent on its fellow group entities Aster Communities, Synergy Housing and Aster Group Limited, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the company raised. Those forecasts are dependent on the fellow group entities having adequate resources to continue in business over the going concern assessment period.

In making this assessment the directors have considered the potential impact of the emergence and spread of COVID-19 on the Group's business plan. As well as considering the impact of a number of scenarios on the business plan the Group also adopted a stress testing framework to use four main types of sensitivity testing against the base plan. The stress testing impacted were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case scenario.

The directors, after reviewing the group and company budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, Aster Treasury Plc will have sufficient funds to meet its liabilities as they fall due over the going concern assessment period.

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

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

Viability Statement

In accordance with provision C.2.2 of the 2016 Corporate Governance Code, the directors have assessed the viability of Aster Treasury Plc and have selected a period of seven years for the assessment.

Aster Treasury Plc was set up to hold a long term bond and on-lend within the group to finance the growth and development activities of the group and its subsidiaries. The bond matures in 24 years.

The group has a 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 are used as the basis for a full suite of multi-variate stress testing over the life of the plan on a number of realistic, market relevant scenarios.

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.

Aster Treasury Plc

Directors' Report (continued)

Reduced reporting disclosures

Section 1.12 of FRS 102 allows subsidiaries to opt-out of making some disclosures in its financial statements and not to report the following:

- a) A Statement of Cash Flows as outlined in section 7 of FRS 102;
- b) The detailed disclosures of financial instruments, carrying values, terms and conditions and hedging relationships outlined in paragraph 11.41, 11.42, 11.44, 11.45, 11.48, 12.27, 12.29 and 12.29A of FRS 102;
- c) The requirement to disclose key management personnel compensation outlined in paragraph 33.7 of FRS 102.

Aster Treasury Plc has taken advantage of the above exemptions this year. A full set of disclosures are included in the group's consolidated financial statements.

Independent Auditor

Aster Treasury Plc has delegated the responsibility for appointing external auditors to the group, and as such a resolution to reappoint KPMG LLP as external auditors, will be proposed at the forthcoming annual general meeting.

Attendance at board meetings

Aster Treasury Plc

Bjorn Howard
Chris Benn
Paul Morgan

Total	Possible*	%
0	1	0
1	1	100
1	1	100

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 other irregularities (see below), 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, other irregularities 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.

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required 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.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that year. In preparing these financial statements, the directors are 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

Aster Treasury Plc

Directors' Report (continued)

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 financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Disclosure of information to auditors

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

The Directors' Report was approved by the board and signed on its behalf by:



Paul Morgan
Director
3 August 2020

Independent Auditor's report to the members of Aster Treasury Plc

1 Our opinion is unmodified

We have audited the financial statements of Aster Treasury Plc ("the Company") for the year ended 31 March 2020 which comprise the Statement of Income and Retained Earnings and Statement of Financial Position and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its result for the year then ended;
- 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 ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 6 March 2018. The period of total uninterrupted engagement is for the 3 financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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. We summarise below the key audit matters (unchanged from 2019), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Recoverability of Debtors falling due after more than one year

Long Term Debtors (amounts falling due in more than one year) £387m (2019: £333m)

Refer to page 5 (Audit Committee's Report), page 14 (accounting policy) and page 16 (financial disclosures)

The risk – low risk high value

The Company's primary activity is to issue bonds, source investor financing and on-lend to the Fellow Group Entities. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to the Fellow Group Entities.

The carrying amount of the long term intercompany debtor balance represents 98.8% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Whilst there are small amounts of financial income and financial expense during the loan period, the risk mainly stems from the expectation of the ability of the Fellow Subsidiaries to repay the loan in 23 years.

Our response

Our procedures included:

- Test of detail: Assessing 100% of intercompany long term debtors owed by the Fellow Group entities (2019: 100%) to identify, with reference to these entities financial balance sheets, whether they have a positive net asset value and therefore coverage of the debt owed as well as assessing whether they have been historically profit making.
- Assessment of fellow group entities: Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets. We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the Parent and fellow group entities in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of appropriate Covid-19 scenarios.

Our results

We found the Company's assessment of the recoverability of the long term debtor balance to be acceptable (2019 result: acceptable).

Independent Auditor's report to the members of Aster Treasury Plc

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

Materiality for the financial statements as a whole was set at £3.5m (2019: £3m), determined with reference to a benchmark of gross assets, which represents 0.9% (2019: 0.9%)

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £175k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single engagement team.

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 Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

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 Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent Auditor's report to the members of Aster Treasury Plc

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, 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 Company'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 Company 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 other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

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 (as required by auditing standards) and discussed with the directors 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 impact of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation, distributable profits legislation and taxation legislation) 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 company 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.

Whilst the company 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 amounts or disclosures in the financial statements.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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



Caroline Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG
14 August 2020

Aster Treasury Plc

Statement of Income and Retained Earnings

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Turnover		-	-
Operating expenditure before impairment		-	-
Operating profit	4	<u>-</u>	<u>-</u>
Interest receivable and similar income	6	14,831	13,244
Interest payable and similar charges	6	<u>(14,831)</u>	<u>(13,244)</u>
Net finance expense		<u>-</u>	<u>-</u>
Profit before taxation		<u>-</u>	<u>-</u>
Tax on profit	7	-	-
Profit for the year		<u><u>-</u></u>	<u><u>-</u></u>
Profit and loss account as at 1 April		-	-
Total profit for the financial year		-	-
Profit and loss account as at 31 March		<u><u>-</u></u>	<u><u>-</u></u>

Aster Treasury Plc

Statement of Financial Position

for the year ended 31 March 2020

	Note	2020 £000	2019 £000
Non-current assets			
Debtors: amounts falling due after more than one year	8	386,728	333,227
Current assets			
Debtors: amounts falling due within one year	8	4,490	4,075
Cash and cash equivalents	9	112	25
		<u>4,602</u>	<u>4,100</u>
Creditors: amounts falling due within one year	10	(4,574)	(4,072)
Net current assets		<u>28</u>	<u>28</u>
Non current liabilities			
Creditors: amounts falling due after more than one year	11	(386,706)	(333,205)
Net assets		<u>50</u>	<u>50</u>
Capital and reserves			
Called up share capital	13	50	50
Profit and loss account		-	-
Total equity		<u>50</u>	<u>50</u>

The financial statements on pages 13 to 21 were approved and authorised for issue by the board on 3 August 2020 and were signed on its behalf by:



Paul Morgan
Director

Company registration number 8749672

Aster Treasury Plc

Notes to the Financial Statements

1 Legal status

Aster Treasury Plc is incorporated in England, United Kingdom under the Companies Act 2006 as a public limited company, limited by shares. The address of its registered office is Sarsen Court, Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ.

2 Basis of preparation

The company is incorporated under the Companies Act 2006 as a public limited company. The financial statements of the company have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS102).

The financial statements are presented in Sterling (£).

Going Concern

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

The Directors have prepared cash flow forecasts covering a period of 12 month from the date of approval of these financial statements (the going concern assessment period) which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for the period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on its fellow group entities Aster Communities, Synergy Housing and Aster Group Limited, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the company raised. Those forecasts are dependent on the fellow group entities having adequate resources to continue in business over the going concern assessment period.

In making this assessment the directors have considered the potential impact of the emergence and spread of COVID-19 on the Group's business plan. As well as considering the impact of a number of scenarios on the business plan the Group also adopted a stress testing framework to use four main types of sensitivity testing against the base plan. The stress testing impacted were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case scenario.

The directors, after reviewing the group and company budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, Aster Treasury Plc will have sufficient funds to meet its liabilities as they fall due over the going concern assessment period. In order to reach this conclusion, the directors have considered the following factors:

- Rent and service charge receivable - a 20% reduction in rent over a three to nine month alongside a 25% increase in arrears turning to bed debts and a further -1% rent reduction for an additional two years followed by a rent freeze for a further four years.
- Costs - 10% increase in maintenance costs combined with a 15% increase in other social housing costs and a 50% delay in the major repairs programme over a three to nine-month period and in the longer term increase in maintenance cost of CPI+2% per annum.
- The property market - a reduction in sales prices ranging from 7.5% to 30% with a stepped recovery over three years on all asset; a delay in open market and shared ownership units of three to nine-months and a reduction in first tranche sales percentage from 40% down to 30%.
- Development and joint ventures - sales and spend pushed back between three to six months resulting in an overall six to twelve-month delay on delivery.
- Economic and inflation - 10 year significant inflation with increases in LIBOR to 6%, bank lending increases to 3% and CPI to 6.5% alongside asset deflation of 35%
- Liquidity – the group has sufficient and secured funding facilities until April 2022, 24 months from the start of the financial plan. The drawdown of loan facilities is closely linked to investment in new homes and at the end of the year the group held £148.1 million in cash and has £174.5 million of undrawn loan facilities. The group has not committed to any investment that would take it beyond the level of facilities available. The capital commitments of the group are detailed in note 36 of the group's consolidated financial statements.

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

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

Presentation

The company 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.

Aster Treasury Plc

Notes to the Financial Statements

3 Accounting policies

Interest receivable and payable

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

Taxation

The company is liable to taxation on its profit on ordinary activities. 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.

Financial Instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument. The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and section 12 'Other Financial Instruments Issues' along with reduced disclosures under exemptions available.

a) Financial assets

i) Loans advanced to other members of the group are classified as loans and receivables under section 11 of FRS 102 'Basic Financial Instruments' and are held at amortised cost using the effective interest rate method to allocate cost of issue (including the discount on issue). The loans advanced are included as long term debtors on the company's statement of financial position.

ii) Accrued interest receivable on loans advanced to the other members of the group is also classified as loans and receivables and held at amortised cost with debtors due within one year.

b) Financial liabilities

i) Bonds 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 on issue).

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

Aster Treasury Plc

Notes to the Financial Statements (continued)

4 Operating profit

	2020	2019
	£000	£000

Operating profit is stated after charging/(crediting):

Auditor's remuneration (excluding irrecoverable VAT)

In their capacity as auditors:

Financial statements audit	6	6
----------------------------	---	---

Fees in respect of services provided by the auditor for the statutory audit were paid on behalf of the company by Aster Group Limited, the ultimate parent company.

5 Directors' emoluments and employee information

Aster Treasury Plc did not directly employ any members of the group executive board or the group executive management team during the year. No charge for their services was made via the group overheads recharge and none of the directors received any remuneration during the financial year in respect of their services as directors of the company.

The company did not employ any staff during the year.

The headcount and the employee cost disclosures are included in the financial statements of the companies that directly employ the staff and members of the group executive board and management team. Refer to the consolidated group financial statements for the full head count and staff cost for the group as a whole.

6 Finance income and expense

Under the terms of the bond loan agreements Aster Communities, Synergy Housing Limited and Aster Group Limited are required to reimburse the company for all expenditure incurred in respect of the bond.

	2020	2019
	£000	£000
Interest receivable and similar income		
Interest receivable from other group companies	<u>14,831</u>	<u>13,244</u>
Interest payable and similar charges		
Interest due on bond finance	(14,767)	(13,190)
Amortisation of issue costs	<u>(64)</u>	<u>(54)</u>
	<u>(14,831)</u>	<u>(13,244)</u>
Net finance expense	<u>-</u>	<u>-</u>

Aster Treasury Plc

Notes to the Financial Statements (continued)

7 Tax on profit on ordinary activities

	2020 £000	2019 £000
(a) Tax income / expense included in profit or loss		
The tax (credit)/charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	-	-
Over/under provision in prior year	-	-
Total current tax	<u>-</u>	<u>-</u>

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

	2020 £000	2019 £000
(b) Factors affecting tax charge/(credit) for the year		
Profit on ordinary activities before taxation	<u>-</u>	<u>-</u>
Result before taxation multiplied by standard rate of Corporation Tax in the UK of 19%	<u>-</u>	<u>-</u>

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

8 Debtors

	2020 £000	2019 £000
Debtors: amounts falling due after more than one year		
Amounts owing by group undertakings:	<u>386,728</u>	<u>333,227</u>
Debtors: amounts falling due within one year		
Prepayments and accrued income owed by group undertakings	<u>4,490</u>	<u>4,075</u>

Amounts owed by group undertakings represent transactions with companies within the group, with which the company has a long-term financing relationship. These financing relationships are expected to continue for the foreseeable future.

As the loans 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 and secured on certain housing property assets. The amounts are non-instalment debts.

9 Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	<u>112</u>	<u>25</u>

£86,000 of the cash at bank and in hand is accrued interest which will form part of the next scheduled interest repayment in June 2020. This was received as proceeds from the most recent issue of the groups retained bonds in January 2020 compensating for the mismatch between the issue date and the semi-annual coupon payment.

Aster Treasury Plc

Notes to the Financial Statements (continued)

10 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Accruals and deferred income	<u>4,574</u>	<u>4,072</u>

11 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
External borrowings:		
Amounts owed to bond holders	360,000	320,000
Plus unamortised premium on issue	32,119	18,537
Less unamortised cost of issue	(2,653)	(2,520)
Less unamortised discount on issue	(2,760)	(2,812)
	<u>386,706</u>	<u>333,205</u>

On 18 December 2013, the company successfully issued £250 million guaranteed fixed rate secured bonds, secured on charged properties of which £50 million was retained. The bonds are denominated in Sterling and mature on 18 December 2043 at a fixed coupon rate at 4.5% payable half-yearly in arrears. The bonds are listed on the London Stock Exchange. The retained bonds, deferred from the original transaction, were later issued in the year ended 31 March 2015.

On 16 May 2018, the existing bond was tapped for £200 million 4.5% guaranteed fixed rate secure bonds of which £150 million was retained. The first £50 million nominal value was issued on 16 May 2018 with proceeds on-lent to Aster Communities. On the 18 November 2018 a further £20 million nominal value was issued with £10 million proceeds on-lent to Aster Communities and £10 million proceeds on-lent to Synergy Housing Limited. During the year ended 31 March 2019 the directors activated Aster Group Limited as a Borrower and re-allocated £23 million of the existing bond commitment from Aster Communities and Synergy Housing Limited to Aster Group Limited via Aster Treasury Plc.

On 8 May 2019 a further £20 million nominal value was issued with £20 million proceeds on-lent to Aster Group. On 15 January 2020 a further £20 million nominal value was issued with £10 million proceeds on-lent to Aster Group and £10 million proceeds on-lent to Synergy Housing Limited.

On 31 March 2020, the company held £90 million of retained bonds available for issue.

The amount raised from the issue of each tranche of bonds is as follows:

Issue date:	Nominal value £000	Discount on issue £000	Premium on issue £000	Proceeds £000	Fixed rate	Effective rate*
18 December 2013	200,000	(3,108)	-	196,892	4.5%	4.7%
31 October 2014	17,000	-	855	17,855	4.5%	4.3%
11 March 2015	33,000	-	4,522	37,522	4.5%	3.8%
16 May 2018	50,000	-	10,244	60,244	4.5%	3.4%
18 November 2018	20,000	-	3,647	23,647	4.5%	3.5%
08 May 2019	20,000	-	5,650	25,650	4.5%	2.9%
15 January 2020	20,000	-	8,568	28,568	4.5%	2.2%
Total	<u>360,000</u>	<u>(3,108)</u>	<u>33,486</u>	<u>390,378</u>	<u>4.5%</u>	<u>3.5%</u>

* The effective interest rate includes the issue costs incurred.

The proceeds of £390 million, less costs of £2.9 million associated with the issue, were on-lent to fellow group undertakings at an interest rate of 4.5%.

Amounts due to bond holders are secured on certain housing property assets owned by those group undertakings to which proceeds have been lent.

Aster Treasury Plc

Notes to the Financial Statements (continued)

12 Financial instruments

The company's financial instruments comprise borrowings and loans receivable. The sole purpose of these financial instruments is to finance the growth and development activities of the group.

The company does not actively engage in the trading of financial assets for speculative purposes. The main risk to the company arising from its financial instruments is credit risk, which is addressed on page 4 and in note 8.

The financial assets and liabilities have fixed interest rates, which result in interest receivable matching interest payable. As such the company has managed its interest rate risk (page 4). In addition, as the underlying instruments are denominated in sterling, they carry no foreign exchange risk. The company's finances are managed actively in conjunction with the activities of the group, to ensure that sufficient funds are available to meet liabilities as they fall due which, together with the credit facility and guarantees over certain assets of subsidiary undertakings, mitigate any liquidity risk that the company may face (page 4).

12a Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the financial assets was as follows:

	2020 £000	2019 £000
Fixed rate financial assets (dated subordinate loans)	<u>360,000</u>	<u>320,000</u>

	2020 Weighted average interest rate %	2020 Weighted average for which rate is fixed Years	2019 Weighted average interest rate %	2019 Weighted average for which rate is fixed Years
At 31 March: Dated subordinate loans	<u>4.50</u>	<u>23.70</u>	<u>4.50</u>	<u>24.70</u>

The interest rate risk profile of the financial liabilities was as follows:

	2020 £000	2019 £000
Fixed rate financial liabilities 4.50% guaranteed fixed rate secured bonds	<u>360,000</u>	<u>320,000</u>

	2020 Weighted average interest rate %	2020 Weighted average for which rate is fixed Years	2019 Weighted average interest rate %	2019 Weighted average for which rate is fixed Years
At 31 March: Fixed rate secured bonds	<u>4.50</u>	<u>23.70</u>	<u>4.50</u>	<u>24.70</u>

12b Maturity analysis of financial liabilities

The maturity of funding is managed in conjunction with the profile of the entire group. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. The company's external debt matures in 23.7 years (2019: 24.7 years).

The maturity profile of the financial liabilities, based on the expected maturity date was as follows:

	2020 £000	2019 £000
0 -1 years	-	-
1 - 5 years	-	-
Over 5 years	<u>360,000</u>	<u>320,000</u>
	<u>360,000</u>	<u>320,000</u>

Aster Treasury Plc

Notes to the Financial Statements (continued)

13 Called up share capital

	2020	2019
	£000	£000
Ordinary shares allotted, issued and fully paid of £1 each	<u>50</u>	<u>50</u>

The 50,000 ordinary shares issued to Aster Group Limited, the ultimate parent company, are fully paid. The shares provide a right to vote at general meetings.

14 Related party transactions

The company receives management and other services from its holding company, Aster Group Limited, and interest relating to the on-lending of funds from other group members.

There were no other related party transactions during the year (2019: nil).

The company 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.

15 Ultimate parent company

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

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

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