Annual Report & Financial Statements

For the year ended **31 March 2021**

ASTER GROUP

Our vision is that

Everyone has a home

It's a **bold** statement but one everyone across our business is passionate about

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ASTER
GROUP

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We need to **seize** the opportunities in front of us to keep pace with the world around us

Chairman's Statement

Along with the nation as a whole, we faced extraordinary challenges in 2020/2021. Reflecting on the way all colleagues responded to the COVID-19 crisis, I have never been prouder to lead Aster.

Chairman's Statement

We have all pulled together to continue to transform the way we work in order to improve our offer to those who work for the business and our customers.

COVID-19 has highlighted the importance of corporate sustainability and the links between corporate strategy, governance, and risk. Sustainability is not just about environmental factors it is also about how we best ensure that we are here as a business long into the future.

We know if we continue to do the same things in the same way we always have we will get left behind; our business will be harder to sustain, and the risk of not succeeding in the future becomes greater. The people who will be impacted will be our customers who rely on us to ensure we can continue providing homes in all the different ways that we do.

We need to seize the opportunities in front of us to keep pace with the world around us.

Our vision is clear; everyone has a home. Looking to the year ahead we'll have one strategy, a shared set of objectives, and goals that, as a business, we'll work together to achieve. Supported by three strategic themes our approach is underpinned by a set of enablers which will deliver our future and focus on transformation, growth, financial strength, and sustainability.

I am confident that this is the right way forward and, together, through this strategy, we will be able to deliver the services and homes our customers need.

Financial strength and sustainability

We ended the year with a turnover of £224.4 million, operating profit of £73.3 million and a profit before tax of £45.5 million. Despite the challenges arising from COVID-19, we invested £170.0 million into building 928 homes this year, 478 for social and affordable rent and 339 for affordable homeownership (including shared ownership) and 111 for private sale.

The group's funding position remains strong with sufficient undrawn committed and secured facilities and cash available to fund our activities including our ambitious development programme, to build 10,700 homes over the next seven years, until January 2028.

The group priced a £250 million Sustainability Bond under our new European Medium-Term Notes (EMTN) programme, with the proceeds being used to develop new affordable housing. This 15-year bond, which was four times oversubscribed, comprised £200 million immediate funding and a further £50 million retained. It priced at a spread of Gilts plus 80bps, with an all-in cost of 1.4%, attracting investors that have not previously invested in us, demonstrating the appetite for this type of bond in the market.

Our rating of A+ (stable) from Standard and Poor's recognised our strong fundamentals and our experienced management team as well as our robust governance framework as further evidenced by the fact that we maintained our G1 governance and V1 viability ratings by the Regulator of Social Housing.

We were the first housing association outside of London to issue sustainable debt under our Framework for Sustainable Finance this year. This, coupled with our Environmental, Social and Governance (ESG) report, outlines our environmental responsibility demonstrating the positive impact our activities have on people in our communities and underlines our sustainable approach to finance.

Operating under the ISO 14001 standards, we are continuously looking at ways to reduce our carbon footprint and maximise our use of green and renewable energy. All of our new-build homes meet current sustainability targets and we are committed to ensuring that every one of our existing homes meets a minimum EPC rating of C or above by 2025; five years earlier than the government's target.

This year we diverted 94.2% of our operational waste and 100% of our office waste from landfill and, since 2014/2015, our energy consumption in our corporate buildings has reduced by 56.3%. 99% of the electricity we purchase comes from renewable sources.

Through Aster Solar Limited, we provide green electricity to our customers, reducing fuel poverty and generating profits that can be reinvested in charitable activities. Built in 2012, we have a small development of highly energy efficient Passivhaus homes near Liskeard in Cornwall and we're exploring the viability of developing a solar farm on land we own.

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

Our work with Community Land Trusts (CLTs) continues to go from strength to strength with two schemes completed this year – one in Devon and the other in Gloucestershire.

We remain a market leader in shared ownership and continue to inform and influence policy decisions through our ongoing engagement with the Ministry of Housing, Communities and Local Government as well as our work through the All-Party Parliamentary Group for Housing, Markets and Delivery.

During the first national lockdown development sites closed resulting in a fall in new properties being handed over, a reduction in our rental income and shared ownership and joint venture sales and profits being lower than expected. Although completions were lower than anticipated pre-pandemic, we saw record interest in our shared ownership properties this year and as a result very few sales fell through.

During this time, we also adapted quickly to move viewing appointments online for sales and lettings and created secure, contactless handovers.

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

Along with most businesses the measures imposed by the government to limit the spread of COVID-19 had a significant impact on our ability to deliver our services. Lockdown restrictions meant that we switched to an essential-only service during these times in an effort to limit the spread of the virus and to help keep colleagues and customers safe.

Significant investment was made in our homes, going above and beyond compliance where government imposed COVID-19 measures allowed. We invested £56.3 million in the maintenance and improvement of our existing properties; £0.9 million in our communities, and £9.8 million in a range of health and fire safety measures.

Chairman's Statement

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

We made the best use of our assets by improving the quality of shared communal areas and investing in our estates to help create communities that people are proud of. We maximised the use of our land to deliver more homes and shared facilities and, within our communities, we aim to make a positive contribution towards a net carbon reduction, improving the energy efficiency of our stock, and limiting negative impact on the environment.

We accelerated improvements to our self-serve portal – MyAster. We doubled the number of new sign-ups, and made over 10,000 wellbeing calls to our more vulnerable customers. In addition, in collaboration with the charity Re-engage, we matched our colleague volunteers with nearly 100 customers who just needed a friendly voice to talk to.

The way the sector responded throughout COVID-19 has been exceptional and this experience makes us better placed to embrace the increased scrutiny proposed by the government's Social Housing White Paper released early this year. It's important that, as a sector, we acknowledge the need for a more customer-focused approach. For Aster it is about realigning our organisational culture so that it is geared, first and foremost, towards proactively delivering the best possible customer experience.

To do this we are using data to underpin customer service design and delivery and creating more opportunities for customers to provide feedback on what is important to them. We joined the Institute of Customer Service, which will underpin the work we do, as well as shape how we enhance our customer approach by focusing on people-centred customer experience and digital workplace innovation.

Business growth

It is now over a year since we finalised our partnership with East Boro Housing Trust Limited, a Dorset-based housing association, and I have been pleased to see how the partnership has developed. As a smaller housing association, East Boro brings a very different experience to the group. Its tight bond with customers and communities means it is well placed to understand and respond to local needs quickly. The partnership has already increased both Aster's and East Boro's capacity to deliver new homes, and expand and enhance the services we offer by pooling skills, resources, and expertise.

Empowering our colleagues, customers and communities to thrive

I am delighted to share with you the first social enterprise scheme of its kind to be created by a housing association in the UK – '**inc.**'. **inc.** is designed to help tackle homelessness, mental health, financial exclusion, unemployment, and the economic recovery from COVID-19. We are supporting 10 social entrepreneurs to make a real difference in our local communities.

The work we are doing as part of Programme Experience – our business wide transformation programme, aims to improve our colleague experience, help us to become more effective and efficient, reduce our adverse environmental impact and, ultimately, improve customer satisfaction with the services we provide. The work we've done in the past year has helped us to continue to deliver our vital services in new ways throughout the pandemic while still looking for new and better ways of working - helping to ensure we are focussed on our long-term future.

We have also become a Registered Restorative Organisation, introduced a fair and consistent way to setting pay, developed our diversity principles, and launched our first LGBTQ+ network with support from Stonewall.

The way we work is evolving and what we need from our workspaces and technology is changing. Creating more choice and flexibility for our people to work in ways that suit them will help us move towards a more sustainable way of working, which is a key part of our transformation journey. Indeed, our flexible approach is one of the reasons we managed to adapt so quickly when COVID-19 hit at the start of last year.

Looking to the future

Following the departure of Michael Reece last year, the group was pleased to welcome Emma O'Shea to the executive team as Group Customer Services Director in April 2020. With experience as an operational director and as a senior business improvement consultant, Emma has led a number of large-scale transformation programmes creating long-term business sustainability. As executive lead for the customer services directorate, Emma is transforming the way we manage and maintain our customers' homes.

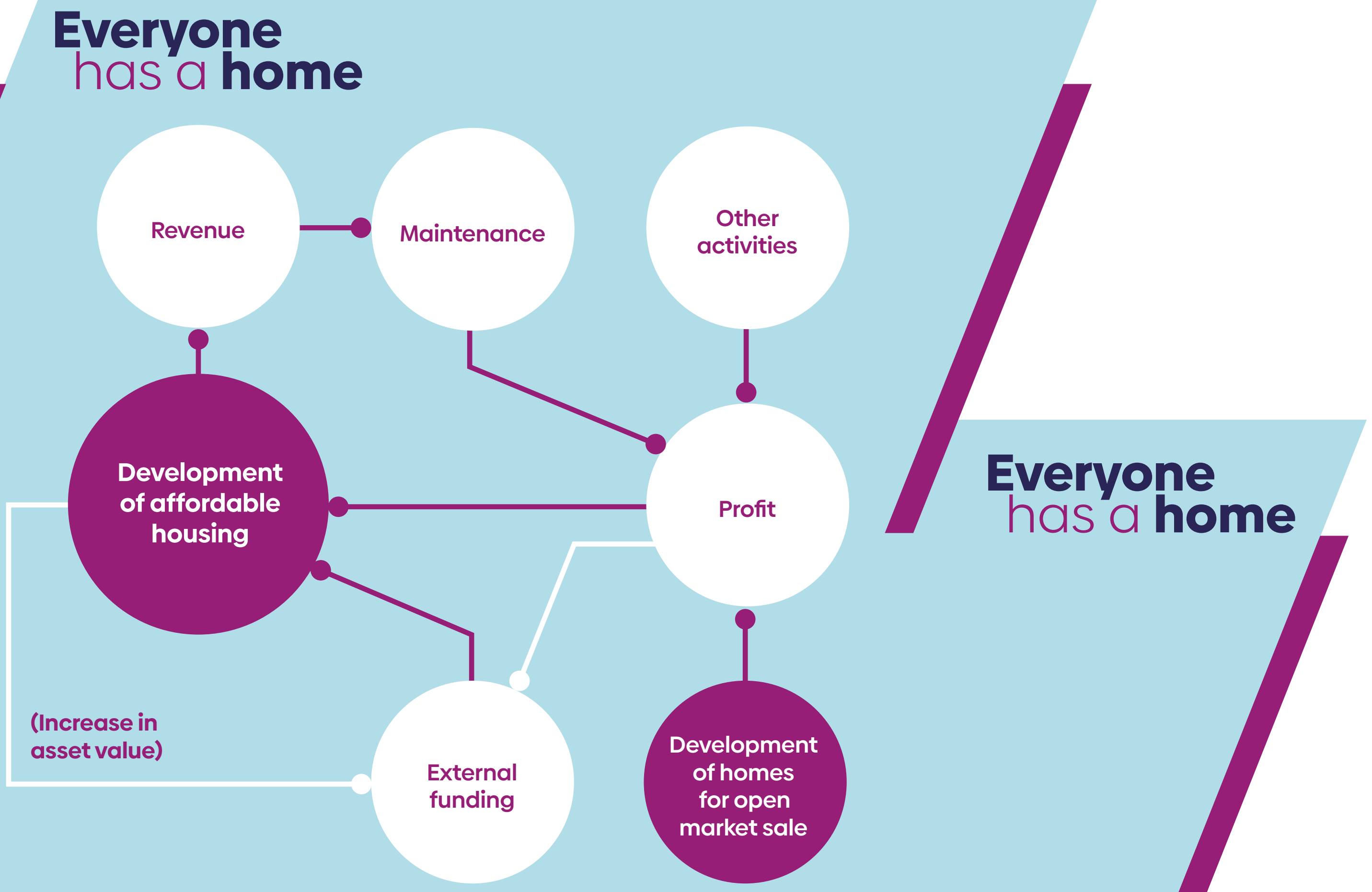
Our colleagues and customers have faced many inconveniences in a year of unprecedented challenges. These have ranged from working on the front line to juggling home schooling alongside a busy day job and I want to personally say thank you to all of our colleagues and customers for their hard work and commitment.

Although, at the time of writing this foreword, the way forward as a nation is unclear, I am confident that we will continue our dynamic approach to change, create new opportunities, and learn vital lessons for the future. I remain optimistic for a positive year ahead for Aster and for the sector.

Dr. Mike Biles
Group chairman

10 August **2021**

Our
Business Model



The group's activities are categorised into four areas:

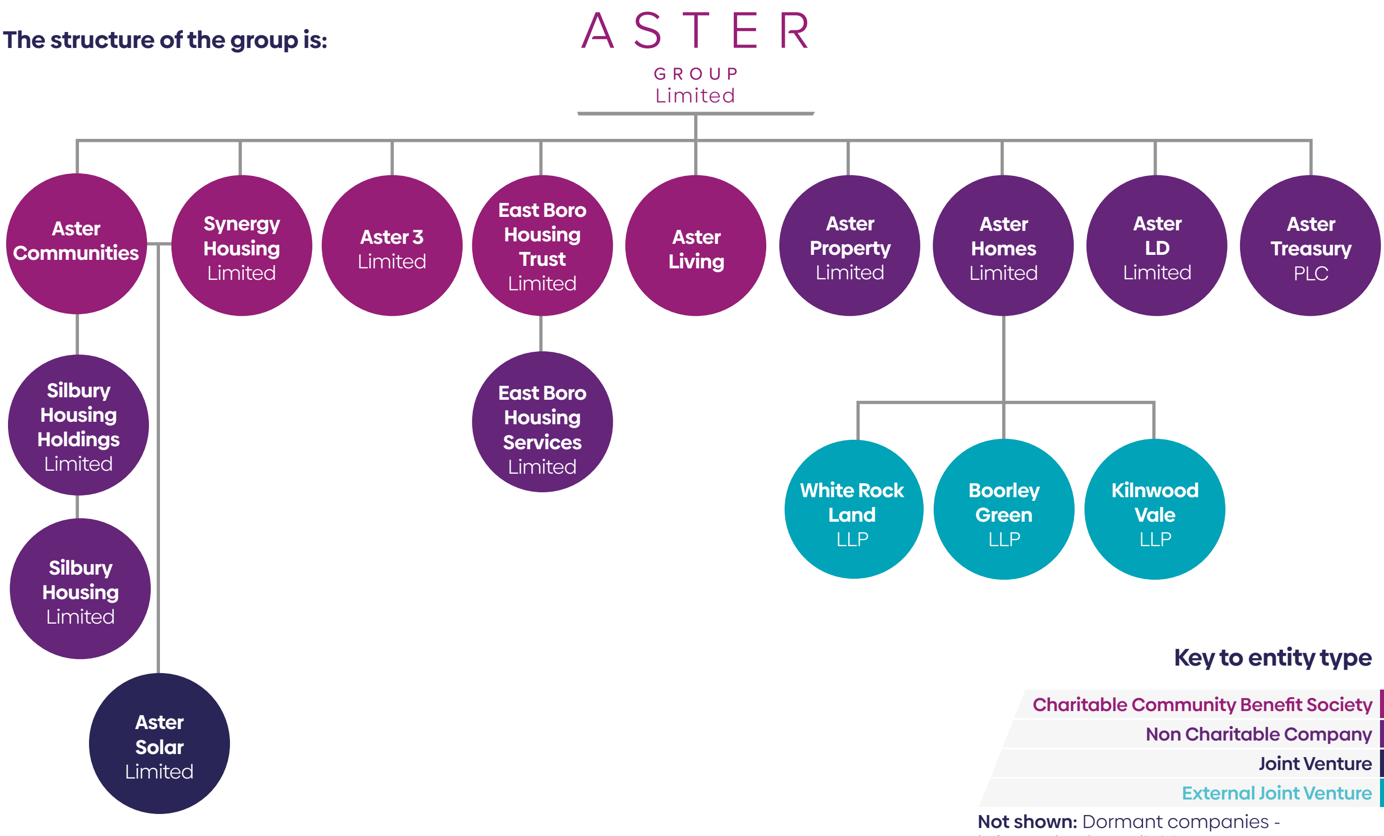
1. **Provision of housing** through its Registered Providers - Aster Communities, Synergy Housing Limited, Aster 3 Limited and East Boro Housing Trust Limited;
2. **Connected living and support services** through Aster Living;
3. **Property management and maintenance** through Aster Property Limited;
4. **Development of housing for rent and sale** through Aster Homes Limited, Aster LD Limited and joint ventures with Vistry Homes Limited (formerly Galliford Try Homes Limited) (White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP).

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), the European Investment Bank (EIB), Affordable Housing Finance (AHF) bond, part of the Affordable Homes Guarantee Programme, and more recently the sector borrowing vehicle MORhomes of which the group is also a member.

Group
Structure

The structure of the group is:



Key to entity type

Charitable Community Benefit Society
Non Charitable Company
Joint Venture
External Joint Venture

Not shown: Dormant companies - information is available on request.

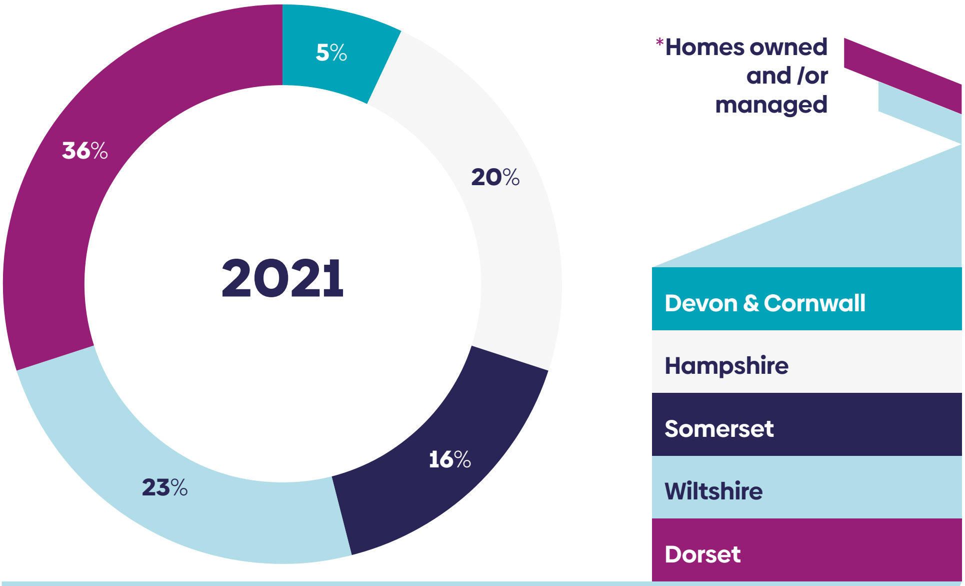
The main activity of each of the companies in the group is:

Aster Group Limited	Acts as holding company for the group and provides support services for each of the subsidiaries.
Aster Communities	Registered Provider, with properties primarily in Hampshire, Wiltshire, Somerset, Devon and Cornwall.
Synergy Housing Limited	Registered Provider, with properties primarily in Dorset, Hampshire and Wiltshire.
Aster 3 Limited	Registered Provider, to provide additional development capacity to the group.
East Boro Housing Trust Limited	Registered Provider, with properties primarily in Dorset, providing some additional support services.
Aster Living	Provision of connected living services to vulnerable people in specialist housing or their own homes.
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 Property Limited	Management and maintenance of housing stock and related areas.
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.
East Boro Housing Services Limited	Development of homes for affordable sale and the provision of social housing lettings arrangement services.
Aster Treasury Plc	Special purpose vehicle for raising bond finance on behalf of other group entities.
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

Aster Group owns and manages over 32,700 properties and provides services to more than 74,000 customers across central, southern and south west England, with the largest number of homes in Dorset and Wiltshire.

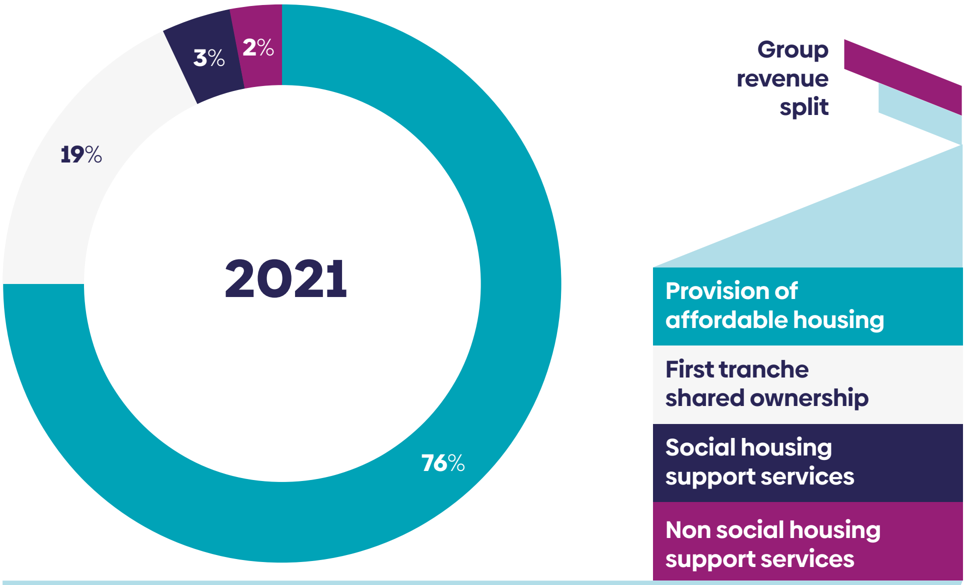


Total homes owned and managed **32,729**

*The group also owns or manages **40** properties in Berkshire, **26** in Oxfordshire and **20** in Sussex.

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 with 25,428 homes in 2013. Since then the group has grown organically, developing more than 8,000 new homes for its customers, as well as benefiting from the addition of 480 homes through the merger of East Boro Housing Trust Limited in 2020.

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 ever paid to shareholders.



Total revenue £**224** million

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 2021. 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 in addition will use profits generated from open market sale activity, primarily delivered through joint venture opportunities, to subsidise its affordable homes programme going forward. The business will also continue to seek larger opportunities for development (i.e. exceeding 20 homes) to capture economies of scale and further drive efficiencies.

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.

This year was the fourth year of its void disposals programme (VDP), a programme designed to sell under-performing void properties on the open market that no longer meet the standard the group requires. 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 71 VDP properties (2020: 91 properties). Capital generated from these sales funds the group's ambitious development pipeline to spend £2 billion building 10,700 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. The group's open market sale programme is primarily delivered with its 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 **vision** is that **everyone has a home**. It's a bold statement but one everybody across our business is passionate about.

Our purpose is to improve people's lives by providing safety and security through a range of housing services. We will continue to grow so we can maximise our impact. Our strengths are our people and our culture.

Our strategy is a shared set of objectives and goals that as a business we'll work together to achieve. Supported by three strategic themes, our approach is underpinned by a set of enablers which will deliver our future and focus on transformation, growth and financial strength and sustainability.

Everyone has a **home**

What we do enables better lives.

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.

Strategic themes

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

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

▲ **Empowering** our colleagues, customers and communities to thrive.

Enablers

▲ **Programme** Experience

▲ **Financial Strength** and **Sustainability**

▲ **Business** Growth

The **Aster** way

Chief Executive's

Statement

Without doubt this has been one of the most challenging years for all of us at Aster. The extraordinary situation we are all facing is one none of us have ever witnessed before.

As I look back on the way our business responded both in those early weeks of the pandemic and throughout the past year, I have never been prouder to lead such a committed group of individuals.

As the reality of the pandemic took hold, our ability to react so quickly is testament to the success of Aster's transformation so far. The impact of people adapting to new ways of working to meet the needs of our customers safely, connecting with one another and looking out for each other was a testament to the calibre of our people across Aster.

The impact of COVID-19 on the ways we worked was felt keenly by everyone in the business, from those on the front line, across our sales and development teams through to those delivering the administrative and support functions the business can't exist without. Everyone, without exception, gave and continues to give their very best, against a backdrop of very real concerns for their own friends and loved ones.

To support our customers in the safest way, some of our colleagues were asked to play a different role from what they would ordinarily do, and others on the frontline were flexible and understanding. All those who performed their roles from home, balancing work and home-schooling life or other caring responsibilities during these times did a remarkable job.

To support our people during this time we regularly shared a wide range of tips, information and advice through our Keeping Well and Feeling Connected programme. From advice and support for those juggling childcare and work, virtual social groups, and tips to stay emotionally and physically healthy. We're also supporting our leaders through our Connect 4 Leaders programme to help them effectively engage and manage their teams. This includes tips on managing a remote team and advice on how to keep connected.

I've said many times before that we are only custodians of a business which needs to continue long after the dust has settled on the pandemic. A strong, sustainable business needs to weather storms such as this with fortitude and flexibility. We made decisions and adapted at a pace never seen before. Decisions like pausing services and furloughing colleagues are never easy but they were made first and foremost to protect our colleagues and our customers and to ensure we are in the best possible place to continue our vital work as we recover from these times.

Our furloughed colleagues had access to the same support through our Keeping Well and Feeling Connected programme, alongside leaders regularly checking in with them. Our team of Mental Health First Aiders are also carrying out weekly calls to keep in touch.

Our Executive Board also regularly connects with our people through collaborative calls providing them with updates on how we're responding as a business and gives them an opportunity to ask any questions they might have.

For customers who may be concerned about their rent, we're continuing to work with them fairly, with compassion, support, and with respect for their circumstances. Our customer services team has been carrying out welfare calls with our vulnerable customers, seeing us make over 850 weekly calls to those who have asked us to continue checking in with them.

During those welfare calls, the team were also able to identify if a customer would benefit from additional support for loneliness. If they do, they are referred to our telephone befriending service - Aster Connect, where they will receive an additional weekly call from one of our 52 volunteers drawn from amongst our colleagues.

Part of the Executive Board's role during these times is to ensure we have the resilience to fulfil our legal and regulatory responsibilities as a landlord and employer. This requires organisations to have strong governance structures, so we were particularly pleased to have maintained our G1/V1 ratings following an in-depth assessment by the Regulator of Social Housing. The ongoing situation means that sound financial management and governance are more important than ever.

Despite all the challenges faced in this extraordinary year the group has still managed to achieve positive financial results. Turnover has grown to £224.4 million and operating profit to £73.3 million. Profit before taxation for the year of £45.5 million highlights the achievements of Aster and all of its people in this most trying of years.

As restrictions ease, we are now able to kick-start our housebuilding programme, once again actively playing our part in building the homes the country needs and to ensure everyone has a home that is of good quality, affordable, safe and secure. We also look forward to working with government, playing our part in developing the housing policies of tomorrow.

I'm confident if we continue to work together, we will all learn from this and find different and better ways of doing our jobs so we can take the positives and learn vital lessons for the future emerging from this crisis stronger than ever.

Bjorn Howard
Group chief executive

10 August **2021**

Social housing

The group manages more than 32,700 homes for more than 74,000 customers across nine counties across central, south and south west England. Services are provided through the Registered Providers Aster Communities, Synergy Housing Limited and Aster 3 Limited, and since 31 March 2020, East Boro Housing Trust Limited.

Never compromising on health and safety, the group is committed to improving the customer experience by delivering value for money and efficiency across its range of services.

Lettings

Social housing letting activities form the core of the group's business contributing £49.8 million (2020: £43.3 million) to the operating surplus before impairments with a margin of 29.2% (2020: 27.2%). The increase in margin is driven by reduced levels of major improvements works being able to be undertaken due to the restrictions in place because of the pandemic.

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

KPIs:	2020/2021 Target	**2020/2021 Actual**	2019/2020 Actual
% rent loss through vacant properties	0.76%	**0.84%**	0.68%
Average number of days to re-let	18	**24**	12
% arrears	3.0%	**2.0%**	2.2%
Overall customer net promoter score	+14	**+20**	+21
Overall satisfaction %	80%	**82%**	82%

Social housing lettings performed strongly in the year when compared to both targets and the prior year, especially given the challenges faced by the ongoing, global pandemic. Rent losses through vacant properties in the group's general needs and supported housing properties were 0.84% of rental income (2020: 0.68%) against a target of 0.76%, and the group's average re-let time was 24 days (2020: 12 days) against a target of 18 days. Although both these metrics reflect worse performance than targeted (with targets set before, and remaining unchanged throughout, the pandemic) or than in the prior year, given the national lockdowns and the challenges this presented the group believes the minor degradation of these measures show its resilience and adaptability in dealing effectively with those challenges. Despite this, the group's arrears percentage improved to 2% (2020: 2.2%) and performed better than the target of 3% emphasising the improvements in the group's procedures to support customers through these difficult times.

A key priority for the group is customer effort , and the overall customer net promoter score of +20 (2020: +21) has exceeded the target of +14, reflecting the improvements the group has made to deliver better customer service. Overall customer satisfaction has remained on par with last year and achieved better than the target with an 82% satisfaction rate (2020: 82%). The group's customers are at the heart of the business and providing a safe and reliable service is a key priority for the group, one which the new customer services directorate is charged with continuously improving.

The group's customer portal MyAster, has grown since it was launched in October 2019, and over 13,700 customers now use the service. Customers can access their account information in real time, log repairs, make a payment, access benefits advice and more. During the first lockdown the association saw a significant rise in the number of customer registrations, with customers using the 24/7 service both during and outside of traditional working hours. A new live chat functionality will soon be introduced, to let customers interact with colleagues in real time.

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

As a result of the Future of Engagement Survey, a survey sent to every customer in 2019, the Customer Voice team now have groups of customers that are consulted with on subjects that they have expressed an interest in. This more targeted engagement is leading to much higher response rates and much more valuable feedback. A Customer Voice Policy has been published, which customers fed back on as part of the consultation process. Colleagues can now access a range of consultation tools available, to help them engage with customers. During the pandemic the group has found new ways of working with customers to make sure their voice and feedback continues to shape the group's policy and strategic decisions.

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

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

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

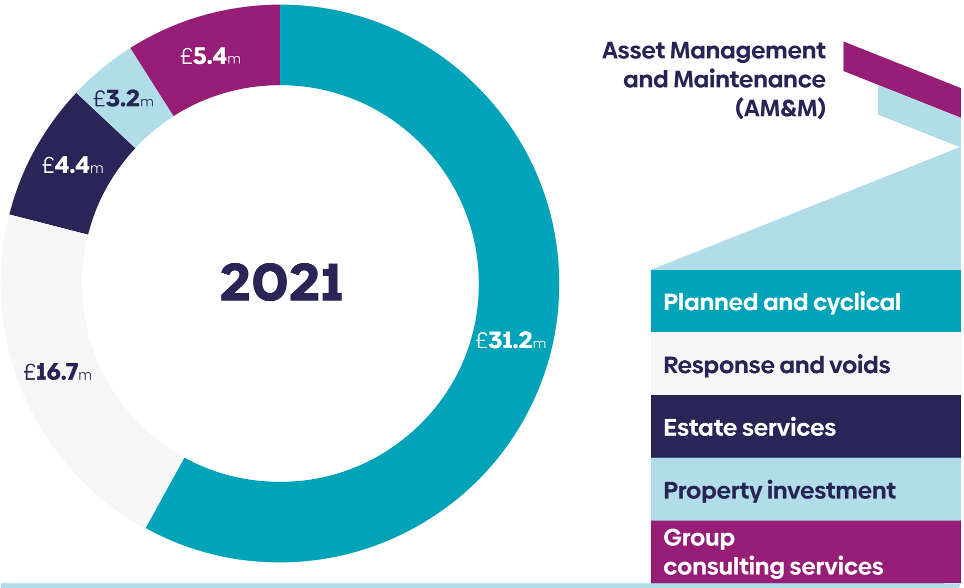
The group has become a member of the Institute of Customer Service (IoCS). The IoCS is an independent professional customer service body that celebrates exceptional customer experience. Just like the IoCS, the group wants to continually improve customer experience and plans to achieve this through Programme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

Operational
Review

Asset Management and Maintenance (AM&M)

Aster Property Limited is responsible for the group's property maintenance activities including facilities, contract and asset management. AM&M's mission is to support the group's corporate strategy by ensuring the best use of the group's assets through dynamic asset management, whilst ensuring the needs of customers are met.
To achieve this, the following are prioritised:

- Ensuring our properties are safe and well maintained for our customers;
- Income maximisation through the acquisition and disposal of assets that secure strategic social or economic value;
- Meeting legal and regulatory standards by ensuring all homes meet an agreed standard;
- Maximising the value of land by delivering more homes and community facilities; and
- Delivering sustainable investment planning and improving the energy efficiency of homes.



Total spend of £**60.9** million

2020/2021 Operational challenges throughout the pandemic

£8.7 million

Deferred capital works.

£2.5 million

The total financial impact of the pandemic throughout 2020/2021 which primarily consists of:

- £1 million of sunk costs relating to colleagues either furloughed or shielding throughout the pandemic;
- £657,000 impact of a 10% reduction in productivity as more time was required to comply with new measures; and
- £361,000 of additional expenditure relating to the purchase of specialist personal protective equipment.

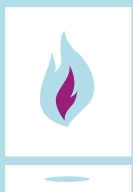
2020/2021 Operational highlights throughout the pandemic

£9.8 million

Invested in health and safety related work.

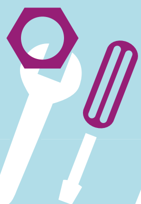
99.8%

Of homes with a valid gas safety compliance record.



73.9%

Of customers satisfied with the repairs service.



31

Apprentices employed.

£396,000

Value for money achieved.

Despite the challenges of the pandemic the company remained focussed on enhancing and improving the way we worked.

Asset Management and Maintenance (AM&M) (continued)

Set out below are AM&M's key performance indicators:

KPIs:	2020/2021 Target	2020/2021 Actual	2019/2020 Actual
% repairs completed on time	90.0%	**80.6%**	86.1%
% repairs completed first visit	85.0%	**83.0%**	79.9%
% response repairs customer effort score	85.0%	**85.4%**	92.0%
Average void turnaround time (days)	10	**9**	8
Response repairs average price per property (£)	£325.95	**£323.00**	£354.22
Average cost per void repair (£)	£2,244	**£3,104**	£2,532
Maintenance cost per home (£)	£1,995	**£1,582**	£2,030

Financial year 2021 has been a very challenging year, both financially and operationally because of the global coronavirus pandemic. However, AM&M has continued to operate strongly by tackling the direct and indirect effects of three lockdowns and government restrictions impacting on the delivery of services.

The performance of AM&M highlights the effect the coronavirus has had on the group and its services. It has adversely impacted the ability to deliver both reactive and planned maintenance programmes, but it has also demonstrated the resilience of a strong and agile team. The performance also reflects the group's commitment to keeping residents safe, agility in responding quickly to changing circumstances, and a continued focus on doing the right thing.

Reducing services to essential service delivery to protect the safety and well-being of customers and colleagues, led to the furlough of colleagues and the deferral of capital programmed work and increased costs in delivering an effective recovery plan.

Health and safety, including fire safety, is a priority for the group and is at the forefront of every business decision. Aster invested £9.8 million in health and fire safety related work ensuring the group's homes remain safe places to live and are in line with all relevant legislation and standards.

During the year the group has invested £63 million (2020: £73.1 million) on maintaining and improving its properties through responsive repairs, planned maintenance and major improvement works.

There have been over 46,000 response repair completions in the year with an average job cost of £177. A total of 1,387 void properties were re-let at an average cost of £3,104 and with an average turnaround time of nine days.

Spend on improvements such as kitchens, bathrooms, heating and roof replacements was £18.5 million. This included £10.7 million of capital investment meaning more than 248 customers received new kitchens, 142 customers new bathrooms and 490 customers new heating systems.

Cyclical maintenance spend was £11.7 million, ensuring compliance with, and where possible exceeding, legislative and regulatory obligations and health and safety legislation and guidance.

The group's void disposal programme is in its fourth year and the group is committed to selling assets which meet its disposal criteria. The group identified and disposed of 71 properties during the year as part of the void disposal programme, generating proceeds of £13.1 million. The group also operates a stock option appraisal and land enhancement programme which generated proceeds of £5.3 million in the year, primarily through the auctioning of old garage stock. All disposals through these programmes are reviewed by the Group Investment and Assets Panel and only approved where they meet the group's strict criteria for disposal. The proceeds from the void disposal, stock option appraisal and land enhancement programmes will all be reinvested to provide more homes.

Independent and Connected Living

The Independent and Connected Living services are provided through Aster Living to help vulnerable people maintain independence in their homes and improve their wellbeing. Independent living services are also provided through East Boro Housing Trust Limited.

There are approximately 4,100 customers supported by Aster's 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 a profit of £321,000 in the year (2020: loss £7,000), primarily due to the release of the sleep-in provision of £278,000 following the High Court ruling on how the minimum wage applied to on-call and sleep-in employees. The Independent Living services provided are key to Aster's purpose of improving people's lives and supplying a range of housing options. The key focus is to ensure that the independent living service remains viable and sustainable by continuing to expand the connected living service. Independent living services provided through East Boro Housing Trust Limited generated a further £279,000 of profit.

There are approximately 4,800 customers taking advantage of the connected living service. Services offered range from providing key safes, to GPS tracking and alarm packages paid on a monthly basis. This service contributed £265,000 (2020: £324,000) to the operating surplus in the year. The Connected Living website has been set up to enable customers to order directly from the website via PayPal. The website offers all Connected Living products with both self-installation and Aster managed installation available as well as the ability to refer through the website. Following implementation, it is hoped the service will grow by ensuring the process of ordering products is as seamless as possible for customers.

Silbury Housing Limited

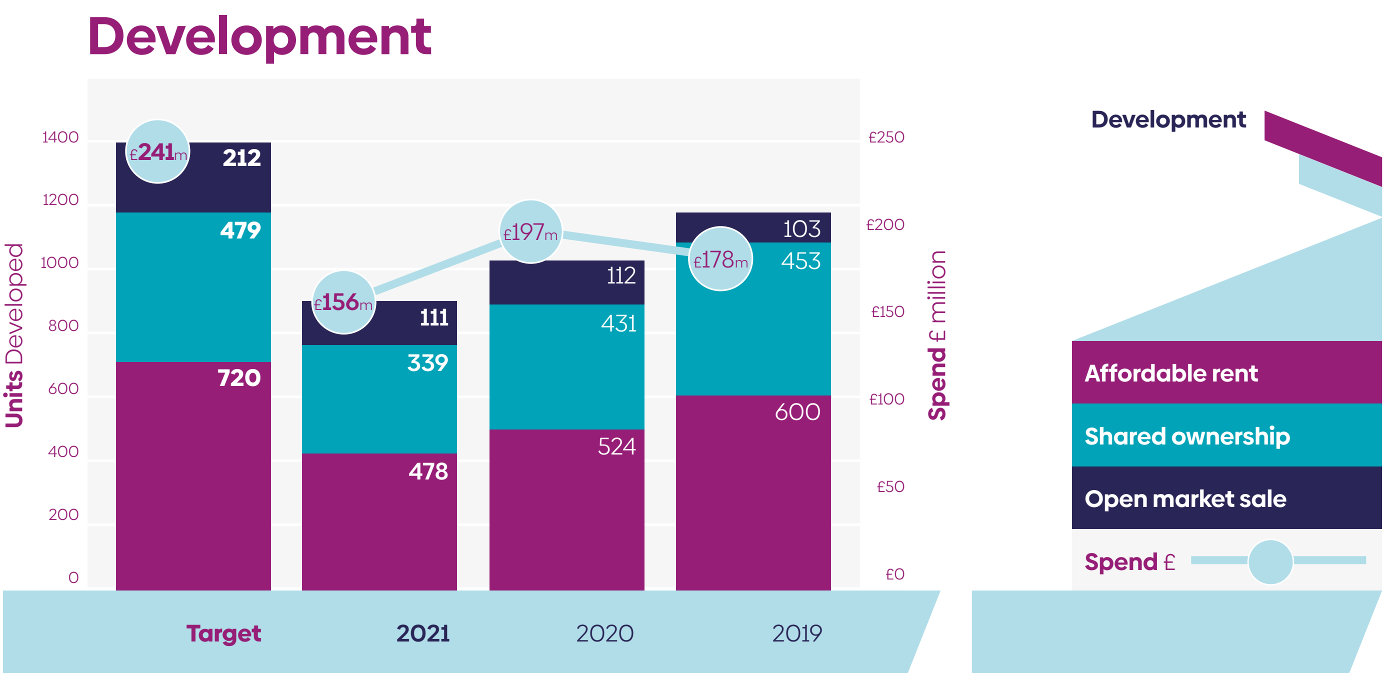
Through Silbury Housing Limited, and its parent Silbury Housing Holdings Limited, the group delivers a 22 year service concession arrangement with Wiltshire Council to develop, manage and maintain 242 affordable homes. Profit before tax for this PFI funded arrangement was £312,000 (2020: £281,000).

Operational
Review

Development and sales

Aster Homes Limited provides design and build services for developing affordable homes for the group. Private sale development projects are delivered through joint venture arrangements with Vistry Homes Limited.

A key priority of the group is to build as many homes as possible and offer a range of housing options. This is achieved through developing affordable homes for both general needs rent and shared ownership as well as developing homes for sale on the open market. The group supports housing development in rural communities and is an avid promoter of shared ownership as a mainstream tenure.



During the year the group developed 817 (2020: 955) new affordable homes, and a further 111 (2020: 112) homes were delivered for open market sale through the group's joint ventures (56 through White Rock Land LLP, 32 through Boorley Green LLP and 23 through Kilnwood Vale LLP). The group spent £155.9 million on development of affordable homes in 2020/2021 (2020: £197.3 million), and a further £14.1 million on developing homes for sale on the open market through the group's joint ventures (2020: £22 million).

The group's affordable homes programme aims to deliver 9,400 units over the next seven years, spending £1.8 billion to achieve this aim.

The scheme at Bargates Christchurch will be delivered by Aster LD Limited, which undertakes complex land-led mixed tenure schemes for the group. The scheme will deliver 77 private sale units, 38 affordable units and three commercial units. The scheme achieved planning permission in February 2021 and is estimated to start on site by January 2022. Unit completions will span from August 2023 through to November 2024.

There are three joint venture arrangements with Vistry Homes Limited, which, between them were set up to deliver 1,436 new homes, of which 209 affordable homes and 490 private homes remain to be delivered over the next two years.

Aster Solar Limited

Aster Solar Limited's main activity is to provide green electricity to the group's customers through the installation of photovoltaic panels on existing properties. The company benefits 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 Limited, together with the ability to generate profits that can be reinvested into charitable activities.

Aster Treasury Plc

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

During the year, the company twice issued Commercial Paper under the Bank of England's COVID-19 Corporate Financing Facility (CCFF). On 10 July 2020 £50 million was issued at a rate of 0.243%, which matured and was repaid on 19 March 2021, and on 21 July 2020 a second £50 million was issued at a rate of 0.209%, with a maturity of 20 July 2021. Of these amounts £69 million was on-lent to Aster Communities, £30 million to Synergy Housing Limited and £1 million to Aster Group Limited. This was repaid during the year except for £50 million on-lent to Aster Communities.

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. In total, £250 million was issued with a maturity of 27 January 2036 at a fixed interest rate of 1.405%, and of this £50 million was retained for future issue. £100 million was on-lent to Aster Communities, £50 million to Synergy Housing Limited, £40 million to Aster 3 Limited and £10 million to East Boro Housing Trust Limited, all fully owned subsidiaries of Aster Group Limited.

The company also paid interest on its current bond debt and received interest on its on-lending to group companies.

Financial
Review

Financial review

Despite the impact of the global pandemic the group had a strong year achieving turnover of £224.4 million (2020: £214.6 million) and a profit before tax of £45.5 million (2020: £59.8 million). The main movements are set out below:

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Turnover					
Social housing	**176**	163	162	162	161
First tranche shared ownership	**42**	47	42	36	21
Non-social housing	**6**	5	8	7	9
	224	215	212	205	191
Operating costs					
Social housing	**(128)**	(122)	(115)	(115)	(102)
First tranche shared ownership	**(37)**	(39)	(35)	(31)	(19)
Non-social housing	**(3)**	(2)	(2)	(2)	(6)
	(168)	(163)	(152)	(148)	(127)
Profit on asset sales	**18**	20	18	15	4
Operating profit	**74**	72	78	72	68
Other profit, including joint ventures	**-**	15	1	2	1
	74	87	79	74	69
Net finance expense	**(28)**	(27)	(24)	(24)	(25)
Profit on ordinary activities before taxation	**46**	60	55	50	44

For the first time in four years social housing rents were increased, the group applying an increase of CPI plus 1% (2.7%) and ending four years of falling social housing rents. Rental income also grew through the addition of new properties developed by the group for both affordable and shared ownership rent as well as from the 480 homes added through the merger at the end of last year with East Boro Housing Trust Limited.

The pandemic and first national lockdown caused a slowdown in the group's development programme and subsequent first tranche sales, however, following the lockdown the market remained strong in terms of both sales values and the percentage of first tranche sales achieved. The group still managed to achieve 359 first tranche shared ownership sales which exceeded the group's expectations at the outset of the pandemic.

Social housing costs have increased by £6.1 million, primarily related to lettings but also include a £1.4 million impairment relating to office space. Social housing lettings costs include additional spend of £2.8 million on routine maintenance offset by £6.3 million of reduced spend on planned maintenance and major improvements due to the restrictions on works during the national lockdowns. Further management costs of £5.5 million have been incurred which include £1.4 million of management costs brought into the group as part of the East Boro Housing Trust Limited merger as well as £1.7 million less VAT recovered due to reductions in development and maintenance activity.

First tranche sales costs fell by £2.8 million reflecting the reduction in sales. The margin on first tranche sales was 10.8% compared to 16.0% last year, a result of the changing geographies the group operates in, an increased focus on land led developments, and increased costs as a result of the pandemic. These have been partly offset by a £10,000 increase in the average sales price for a 40% first tranche share – a result of more of the group's shared ownership sales from properties in higher value areas. The average first tranche share sold also increased from 40% last year to 42%.

The group continued to rationalise its stock, disposing of void units, inefficient parcels of unused land and other cost intensive stock that failed to meet the group's asset grading tests. The overall profit on asset sales fell by £2.2 million to £17.9 million reflecting a reduction in the number of units sold, with 71 void disposal units sold this year (2020: 91 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 £29.1 million was raised. These proceeds will be directly reinvested back into the provision of new more energy efficient affordable homes than the ones sold.

Operating profit was £73.3 million (£74.7 million before impairment) and the group achieved an operating margin of 32.7% (33.3% before impairment) compared to 33.5% last year, the margin benefiting from the slippage of repair and maintenance spend into financial year 2022 due to COVID-19, offset by a reduced margin achieved on the group's first tranche sales.

Cash inflows and outflows

The detailed cash flow for the group is set out on page **93** In summary the main cash flows for the group were:

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Net cash generated from operations	**145**	130	152	152	125
Less net interest paid	**(36)**	(34)	(34)	(28)	(30)
	109	96	118	124	95
Investment in new properties	**(156)**	(197)	(177)	(180)	(120)
Social housing grant received	**5**	13	3	3	5
Purchase of other fixed assets	**(2)**	(4)	(3)	(2)	(2)
	(44)	(92)	(59)	(55)	(22)
Drawdown of borrowings	**325**	153	125	50	100
Repayment of borrowings from / (to) joint ventures	**8**	(2)	(5)	(2)	(11)
Repayment of borrowings	**(230)**	(43)	(30)	(1)	(40)
Increase / (decrease) in cash holdings	**59**	16	31	(8)	27

The group held £207 million (2020: £148 million) of cash and cash equivalents at year end and had £1,168 million (2020: £1,068 million) of bank loans and bond debt.

Net cash flows from operating activities remained strong driven by increased revenues within the lettings side of the business offset in part by a reduction in first tranche sales receipts of £5.8 million, and reduced capitalised major repairs works of £5.1 million. The group's operating cash flow ratio is 112% down from 163% in the previous year and is driven by an increase in loans repayable within one year of £53 million due to the COVID-19 Corporate Financing Facility. Excluding the impact of this short-term facility the group's operating cash flow ratio improved to 181%.

Cash invested in new properties was £156 million with the group developing 928 homes in the year, a remarkable achievement given the pandemic, but £41 million less and 146 homes fewer than 2020. Included in this figure is the group's major repairs and maintenance spend which fell from £15.7 million to £11.5 million, much of the fall due to timing with the group planning to catch up on outstanding repair and maintenance work in financial year 2022.

There were three main sources of finance for the group in the year:

- Issuance of £250 million through the group's MTN programme (with £50 million retained) in January 2021;
- Issuance of £100 million of Commercial Paper through the COVID-19 Corporate Financing Facility (CCFF); and
- Drawdowns of £15 million by Aster Communities and £10 million by Synergy Housing Limited from their revolving credit facilities.

The repayments of borrowings include £158 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 £50 million of CCFF that matured in March 2021. The remaining £50 million of CCFF was repaid 20 July 2021.

Statement of Financial Position

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Fixed assets					
Property, plant and equipment	**1,843**	1,757	1,610	1,498	1,395
Investment properties	**18**	17	17	16	15
	1,861	1,774	1,627	1,514	1,410
Current assets					
Inventory	**3**	3	2	2	1
Debtors	**105**	116	112	100	94
Shared ownership properties held for resale	**35**	37	30	23	18
Properties held for open market sale	**-**	-	-	2	-
Cash and cash equivalents	**207**	148	132	101	109
	350	304	276	228	222
Creditors: amounts falling due within one year	**(130)**	(81)	(74)	(63)	(38)
Net current assets	**220**	223	202	165	184
Creditors: amounts falling due after more than one year	**(1,152)**	(1,114)	(995)	(903)	(875)
Pension liability	**(41)**	(32)	(45)	(33)	(38)
Other provisions	**-**	(1)	(1)	(2)	-
Net assets	**888**	850	788	741	681

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

- **Property, plant and equipment -** This mainly includes the group's social and affordable rented housing properties and components. The increase is driven by the properties developed in the year and component replacements offset by depreciation;
- **Debtors -** This primarily includes the group's debtors falling due after one year as well as trade debtors and rent arrears. Debtors falling due after more than one year have reduced by £21 million due to reductions in the loans to joint ventures of £20.1 million, offset by an increase in the loans to joint ventures due within one year of £14 million. Excluding joint venture movements debtors have reduced by £3.9 million primarily due to a net reduction in rent, trade and service charge debtors of £2.7 million;
- **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 reduction relates to an increased number of shared ownership units under construction compared to last year (£1.9 million) offset with fewer unsold completed units (£3.6 million);
- **Cash -** Increased by £58.7 million due to net new borrowings (see cash flow above) offset by development spend;

- **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. The increase of £48.9 million is due to an increase of £52.8 million in loans repayable within one year driven by the remaining Corporate COVID-19 Financing Facility borrowings of £50 million;
- **Net current assets -** The group has positive net current assets with a ratio of current assets to current liabilities of 268% (2020: 375%). Adjusting for the Corporate COVID-19 Financing Facility, due to the cash raised offsetting long-term creditors, the current ratio improves to 373%;
- **Creditors: amounts falling due after more than one year -** This includes the group's long-term debt. The net increase of £37.9 million is primarily due to additional borrowing and draw-downs from the group's facilities of £325 million, of which £275 million is due after more than one year, offset by repayments of £230 million (see cashflow above), as well as £6.4 million of additional social housing grant; and
- **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 increase reflects the group's actuarial losses offset by £6 million of additional contributions the group has made to actively manage and reduce the liability.

Value for
Money

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

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

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

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

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

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

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

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

Value for Money performance at 2020/2021 year end

	2021
% overall customer satisfaction for general needs and housing for older people with services provided by Aster	**81.7%**
% customers satisfied with services provided by Aster (shared owners)	**62.8%**
% current rent arrears	**2.0%**
All voids turnaround times (days)	**23.8**

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

	2021
% customer satisfaction with the quality of their home (excluding new build)	**80.3%**
Income generated through stock rationalisation (VDP, SOAP, LEP):	
VDP - net capital receipts (£ million)	**13.1**
VDP - net profit (£ million)	**9.2**
SOAP - net capital receipts (£ million)	**4.3**
LEP - net capital receipts (£ million)	**1.0**

Our development programme is targeted at making the biggest difference to the housing shortage, by building as many homes as we can. This doesn't mean sacrificing on quality or investment into our new homes.

Our strategy is focussed on delivering our own programme of land led sites through partnership; control and quality remaining our overall focus. This programme is managed through dedicated technical teams who are involved in every step of the process, a home that balances value and quality from inception to handover. All development contracts are required to meet a number of criteria and are subject to a rigorous approval process, ensuring the balance between investment, meeting our strategic objectives and generating income is also providing value for money for our customers, communities and the business.

Our partnerships with CLT's require higher investment and this has been a conscious decision to support our corporate social responsibility, providing social value by helping to build sustainable communities through creating a supply of affordable homes to meet local need.

	2021
Number of affordable homes built	**817**
% customers satisfied with the quality of their new-build home	**76.0%**

Value for
Money

Value for money is not just about pounds and pence, and through the work of the Aster Foundation we will look to further drive social value across our landlord services. The main aims of our Foundation strategy are to maximise tenancy sustainment, improve life chances and enable independence, providing good value for our business and our customers.

Targeting our investment where we can make the most impact, looking to develop innovative ways to create environmentally active partnerships, and embed our sustainability approach that will deliver social value to our customers and communities, supporting them to thrive into the future.

Value for Money performance at 2020/2021 year end (continued)

	2021
Number of customers into work	28
% Customers who have engaged with the 'in to work service', and have moved into and sustained work past 13 weeks	71.0%
Value brought in (grants, funding and investment of time) - (£)	46,000

We will never pursue growth that has a detrimental impact on our offer to our colleagues and customers. All of our growth options are assessed thoroughly in relation to additionality or efficiencies that can be generated.

We are not looking to become bigger for the sake of it, any growth must benefit our colleagues and customers and add to our vision and purpose. Social impact is a key priority in the delivery of our growth strategy and when balanced with VFM supports our commitment to do things in an ethical way. We consider a range of options to work in partnerships to enhance our social impact in our communities.

	2021
% overall customer satisfaction for general needs and housing for older people with services provided by Aster	81.7%
Number of affordable homes built	817

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

	2021
External sentiment analysis - ratio of positive to negative sentiment across all media	+57
Internal sentiment analysis (eNPS - Quarterly Pulse and Annual Colleague Survey)	+47

ASTER
GROUP

Value for
Money Metrics

2020/2021 Performance

The group's performance in 2020/2021 provides strong evidence of the commitment set out in the approach to VFM.

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 2022. It is inappropriate to try to draw a direct comparison between the group's 2020/2021 performance and the sector scorecard due to the impact of the pandemic on the group's metrics which are not reflected in the scorecard comparison which is based on pre-pandemic data.

Aster's Performance

Reinvestment			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
8.8%	12.1%	11.8%	6.1%	9.7%	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).

Aster's Performance

New supply delivered - social housing			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
2.5%	3.0%	3.5%	1.3%	2.6%	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.

Aster's Performance

New supply delivered - non social housing			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
94.9%	94.9%	81.4%	-	-	-

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.

Aster's Performance

New supply delivered - combined			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
2.9%	3.4%	3.7%	-	-	-

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.

Aster's Performance

Gearing			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
52.8%	53.5%	52.2%	33.8%	46.1%	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.

Aster's Performance

EBITDA MRI[1] interest cover			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
210.5%	191.8%	222.8%	196.1%	286.6%	Median

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

Aster's Performance

Headline social housing cost per unit (CPU)			Scorecard 2020		Target 2022
2021	2020	2019	Median	Upper Quartile Threshold	
£3398	£3468	£3391	£4,023	£3,377	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.

Value for
Money Metrics

2020/2021 Performance (continued)

Aster's Performance

2021	2020	2019	Scorecard 2020 Median	Scorecard 2020 Upper Quartile Threshold	Target 2022
24.4%	24.2%	28.0%	21.5%	27.4%	Median

Operating margin - overall

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

Aster's Performance

2021	2020	2019	Scorecard 2020 Median	Scorecard 2020 Upper Quartile Threshold	Target 2022
29.2%	27.2%	33.0%	23.6%	29.5%	Median

Operating margin - social housing only

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 total turnover.

Aster's Performance

2021	2020	2019	Scorecard 2020 Median	Scorecard 2020 Upper Quartile Threshold	Target 2022
3.5%	3.6%	4.3%	2.8%	3.8%	Median

Return on capital employed (ROCE)

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 liabilities.

[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

2020/2021 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 it looks to achieve its vision that everybody has a home. The group's business model is worked hard to develop as many new homes as possible within the group's financial capacity and in 2020/2021 Aster built 928 total homes (of which 817 were affordable), closing the year with 32,455 homes owned (32,338 of which were affordable).

The reinvestment metric is measured as a proportion of the value of the group's properties. Although the group has completed fewer homes than in the previous year, investing £44 million less, it has nevertheless still managed to deliver 817 affordable homes and 111 for sale on the open market, spending £150 million on development in the most challenging of years, with construction suffering from significant delays or stops altogether due to the impact of the pandemic and national lockdowns. Similarly, it has delivered £12 million of capital works to its existing stock despite not being able to access customers' homes for anything other than essential repair works for long periods of time as a result of the COVID-19 pandemic.

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

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

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

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

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

Operating margins, although a good measure of overall profitability, should be viewed in the context of the diversity of activities in the sector. Both Aster's overall and social housing margins have increased on the prior year and are ahead of the sector median. The impact of the pandemic on maintenance works discussed above have led to an increase in the group's social housing margin for 2020/2021, offset at an overall margin level by a reduction in the margin the group has made on first tranche sales as the development programme expands into new geographies and increases the volume of land led schemes. Comparison this year against the sector scorecard is difficult because of the different global and market landscape between the years, however, the margins delivered by the group this financial year show a very strong underlying business that was able to respond and adapt to the challenges faced by the pandemic. However, the group acknowledges that these margins are likely to suffer in the following financial years as deferred works catch up and the longer-term economic impacts of the pandemic are realised.

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


SHO

Risk

Management

Risk management is about managing the group successfully in all situations, achieving goals and overcoming threats to success by implementing a way of working that can recognise and navigate obstacles as they arise and explore potential opportunities arising from changes in both the internal and external environment.

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.

Risk oversight is the responsibility of the Board, with the Group Risk & Compliance Committee undertaking 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 the groups' treasury management and investment policies.

The group has undertaken multi-variate scenario testing to analyse the effects of realistic economic and risk scenarios. It has modelled those identified scenarios and assessed the impact on its financial covenants and viability. To ensure the group can recover from the impact of the scenarios, mitigation strategies have been developed for each one.

The group recognises that known and understood risk can and should be taken to achieve its objectives, if it is within its 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.

Risk framework and risk appetite

The group implemented a refreshed risk framework during 2020, setting out its approach to risk management, including the risk appetite set by the Board, a matrix for assessing risk and the specific roles and responsibilities that together contribute to the group's ability to manage through uncertainty.

Risk appetite represents the amount and type of risk that the group is willing to take in pursuit of its aims and objectives. The risk appetite also sets out the risks that should not be taken in any circumstance. Measures of performance against both strategic objectives and of 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.

In August 2020, the Board reconsidered and approved the group's updated appetite for risk.

Operating during COVID-19

In February 2020, in recognition of the emerging business continuity event, a COVID-19 Response Group was formed. This group navigated the entry into and duration of the initial lockdown, taking a risk based approach to all decisions through a framework of task based, premises and individual risk assessments, and ensuring, at all times, safety first.

During the year, risk profiles were reassessed and emerging risks were identified and managed as a result of the COVID-19 pandemic. Proactive mitigation actions were taken to reduce, as far as possible, the negative impact on the financial plan, and resilience plans enabled agility and adaption of front line operations to ensure core customer services continued where permitted under government restrictions.

In May 2020, under the group's Pandemic Recovery Plan, the response group transitioned to a Recovery Coordination Group. Focus continued to be on the management of the ongoing situation and risk based decisions as infection levels and therefore government guidance and restrictions changed; on effective allocation of resources; and alongside this a programme of service improvement and transformation, taking the adaptions, feedback and learning into improved customer experience and operational efficiency for the future.

BREXIT

The group's 2020/2021 financial plan assumed a neutral impact from BREXIT however, additional multi-variate scenario tests had been undertaken based on a set of potential risks that may result from the uncertainties of the UK's exit from the European Union.

During 2020/2021 the Board continued to discuss BREXIT and the preparations made in the areas of financial and treasury management, supply chain, maintenance and IT hosting.

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

Principal risks

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

Risk	External factors	
	Potential impact	**Aster's response**
Sustained impact from COVID-19 A sustained period of operating under national or local government directed control measures could impact on the group's operating environment.	A sustained period of control measures will impact on Aster's ability to maintain service delivery, progress strategic objectives, to achieve financial targets, to deliver planned and responsive maintenance in customers' homes and on colleague and customer wellbeing.	Implementation of a Strategic Recovery Plan and Operational Recovery Plan to support delivery of key priorities and to reconstruct key services and infrastructure, progressing towards effective, efficient and safe working conditions. In year review of 2020/2021 budget, re-forecasting, and extensive stress testing of the financial plan. In year review of key performance targets.
Global and economic operating environment (inc. BREXIT) Any change which may affect the operating environment in the UK, could negatively impact profitability or negatively impact on operational delivery and services.	The impact would depend on the event. However, a key consideration following any significant world event, for instance, is the impact it might have on the group's funders and key stakeholders directly, the labour market available to the group or the view of the sector by investors, stakeholders, employees and customers.	Horizon scanning is undertaken, with emerging concerns or case studies reported to relevant governing bodies. Tactical procurement and the group's approach to contracting provide resilience to external change. A living business plan is produced on a quarterly basis that uses prudent assumptions in the long-term, with stress testing, scenario analysis and contingency planning. A treasury management plan is overseen by the group's Treasury Committee with key metrics reported.
Sales risk The property market experiences a slowdown in sales and/or a reduction in property prices, impacting on the ability to sustain a viable development programme across all tenures.	A delay (e.g. sales taking longer than planned) or reduction (e.g. a fall in sales price) to the projected cash flow may result in additional costs to fund the liquidity shortfall, may result in covenant breach and could impact on the development capacity of the group. A fall in sales price would result in a reduced income and therefore profit, impacting on the funding of further development.	Transactional sales data is monitored weekly at operational level and reported monthly to operational leadership meetings. Performance and expected performance are reported against the development strategy quarterly with a suite of performance indicators with agreed tolerances and escalation trigger points. Sales pipeline risk monitoring and regional housing market intelligence reports are reviewed regularly. Construction pace is monitored to consider speeding up or slowing down development and build rate.
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. A 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.	The group takes 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	Technical and operational issues	
	Potential impact	**Aster's response**
Health and safety Non-compliance with health and safety regulation leads to serious injury or death.	Any impact would be dependent on the severity of the non-compliance. However, in addition to the impact on the individuals concerned, it could ultimately result in a negative financial impact and detriment to the relationship with key stakeholders, e.g. regulators, customers and funders.	Operational management scrutinise live performance data with dedicated roles ensuring cyclical maintenance, inspections and servicing of components within homes and communal areas. A suite of performance measures is reported monthly relating to gas, electrical, fire risk assessments and actions, lifts and water hygiene. The measures have a defined tolerance reflective of the critical nature and potential consequences. The group applies the three lines of assurance model in all areas of safety monitoring. The group has a clear 'Safety First' culture and a diverse wellbeing programme for colleagues as well as a comprehensive set of policies and operational procedures to ensure safety of homes, customers and communities and of employees.
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 its development programme. The group's inability to charge housing assets as security for current and future funding requirements restricts the level of future borrowing and could result in an increased cost of borrowing and hence could restrict the level of housing development. 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. The group has specific resources dedicated to ensuring a 'charging pack ready' approach. A performance metric reports on the security available to be charged.
Reputational risk Reputational damage due to significant or sustained high-level crisis events.	The group relies on its reputation to help secure new development opportunities, attract new customers, employees and partner organisations, trade with funders and suppliers and support its 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'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 negatively impact on reputation. Strong governance and robust probity arrangements minimise the potential for a corporate crisis event. The group is proactive in communicating regional and national communication of positive news stories, of strategic decisions and to celebrate 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.

Principal risks (continued)

Risk	External factors	
	Potential impact	**Aster's response**
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.	The group has in place network security, malware protection, email scanning, web filtering, wireless access control and phishing protection which is monitored and updated as required. The group has a tested cyber incident response plan and undertakes 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.

COVID-19

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

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

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

Repairs services were initially essential services only in March 2020, with the aim of removing all but essential contact with non-essential works resuming after the first lockdown. However, due to the on-going nature of the restrictions during the year non-essential works have been postponed several times which led to a backlog of repairs and planned major works with the recovery thereof going into 2021/2022, which will impact results in the new financial year.

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

The impact that COVID-19 has had on the group is continually monitored with an updated budget and financial plan being produced in April 2020, as well as the usual quarterly forecasts, all of which provided an update on financial results, as circumstances changed. The 2020/2021 financial statements have been impacted significantly by the reduced service delivery with work being deferred and therefore costs to the following financial year.

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

Corporate and
Social Responsibility

Streamlined Energy and Carbon Reporting (SECR) for period
1 APRIL 2020 to 31 MARCH 2021

Energy efficiency action

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

During 2020/2021 the group has:

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

Actions planned for 2021/2022 include:

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

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

		2021	2020	% Change
Energy consumption:				
1.	Mains gas (MWh)	**14,714**	14,896	-1.2
2.	Transport fuel – company fleet (MWh)	**6,053**	7,327	-17.4
3.	Transport fuel – business travel in employee-owned vehicles (MWh)	**604**	2,859	-78.9
4.	Fuel used in plant and equipment) (MWh)	**714**	927	-23.0
5.	Purchased electricity (MWh)	**6,841**	7,648	-10.6
6.	Electricity provided by landlord at corporate sites	**332**	Included in item 5	-
7.	Energy consumed by staff working from home (MWh)	**3,208**	Not assessed	-
8.	**Total energy consumption (items 1-7) (MWh)**	**32,466**	33,657	-3.5
Greenhouse gas emissions - mandatory (SECR) reporting:				
9.	Combustion of gas (Scope 1) (tCO2e)	**2,705**	2,739	-1.2
10.	Combustion of fuel for transport (Scope 1 – company fleet) (tCO2e)	**1,457**	1,793	-18.7
11.	Combustion of fuel for transport (Scope 3 – business travel in employee-owned vehicles) (tCO2e)	**150**	686	-78.1
12.	Electricity (Scope 2, location-based) (tCO2e)	**1,595**	1,955	-18.4
13.	**Total gross emissions for which SECR reporting required (items 9-12) (tCO2e)**	**5,907**	7,173	-17.6

	2021	2020	% Change
Intensity ratio – mandatory emissions reporting:			
14. Total gross emissions (item 11) per property managed (tCO2e / property)	**0.210**	0.265	-20.8
Methodology:			
15. Greenhouse Gas Reporting Protocol – Corporate Standard			
Other emissions - non-mandatory reporting:			
16. Emissions from fuel used in plant and equipment (Scope 1) (tCO2e)	**140**	159	-11.9
17. Emissions from purchased electricity (Scope 2, market-based) (tCO2e)	**77**	25	+ 208.0
18. Emissions from electricity consumed in transmission and distribution (Scope 3) (tCO2e)	**144**	166	-13.3
19. Emissions from staff home working (Scope 3) (tCO2e)	**603**	Not assessed	-
Total gross emissions - mandatory plus non-mandatory reporting:			
20. Total of scopes 1, 2 and 3 emissions (location-based electricity) (tCO2e) (sum of items 13, 16, 18 and 19)	**6,872**	7,498	-8.3
21. Total of scopes 1, 2 and 3 emissions (market-based electricity) (tCO2e) (sum of items 9, 10, 11, 16, 17, 18 and 19)	**5,277**	5,568	-5.2
Intensity ratios – total gross emissions:			
22. Total gross emissions (item 17) per property owned and managed (location-based electricity) (tCO2e / property)	**0.244**	0.277	-11.9
23. Total gross emissions (item 18) per property owned and managed (market-based electricity) (tCO2e / property)	**0.187**	0.206	-9.2

Explanatory notes on the data

1. Mains electricity and gas consumption data derive from invoices and have been provided by Aster's energy broker, who purchase energy on the group's behalf.
2. Fleet fuel consumption has been derived from fuel card data, which covers all purchased fuel.
3. The energy consumption associated with business travel in employee-owned vehicles is not directly measured and has therefore been estimated from the mileage driven, which is captured by the company's expense handling software.
4. The consumption of fuel used in plant and equipment has been obtained from a combination of fuel card data (for petrol and diesel purchased from garage forecourts) and purchase invoices (other fuels).
5. The energy consumed by staff working from home has been calculated using the methodology set out in the EcoAct Homeworking Emissions Whitepaper.
6. Emissions have been calculated using the 2020 UK Government Greenhouse Gas Conversion Factors for Company Reporting. The exception to this is the market-based emissions factor for the main corporate (renewable) electricity supply contract, which was provided by the supplier.
7. 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.

Corporate and
Social Responsibility

The Aster Offer

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

Wellbeing

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

Diversity and Inclusion

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

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

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

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

Restorative Practice

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

Colleague Voice

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

Recognition

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

Giving back

Through the Aster Foundation, the group have continued to provide the opportunity for colleagues to support local communities and causes that matter to them through charitable donations, fundraising activities and volunteering. In 2020/2021, the group invested 158 days of volunteering into community organisations and causes. The Aster Foundation launched a new volunteering platform called Aster VIP in December 2020, which has been joined by 23 community partners looking for support.

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

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

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

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

Our companies **fulfil** their duties to act in the best interest of the individual entities

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.

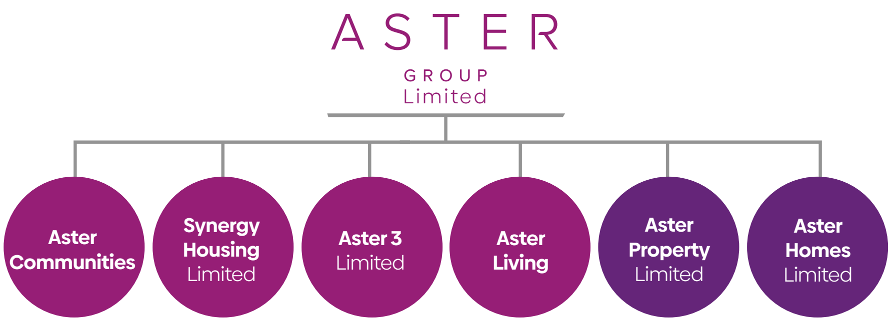
To achieve this and the aims of our corporate strategy the Board must be supported by appropriate and well managed governance processes.

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 during the year, following an in-depth assessment in the prior year.

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 Board:



Key to entity type

- Charitable Community Benefit Society
- Non Charitable Company

With the exception of Aster Communities, the same individuals sit on the Boards of Aster Group Limited, Aster Homes Limited, Aster 3 Limited, Aster Living, Aster Property Limited and Synergy Housing Limited.

In addition to those members sitting on the Overlap Boards, Aster Communities' Board includes two local council nominees.

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.

Report

The UK Corporate Governance Code

The UK Corporate Governance Code (the Code) was published by the Financial Reporting Council in May 2010 and has been revised a number of times. The most current code, published in 2018, contains broad principles and specific provisions which set out standards of good practice in relation to leadership and effectiveness, remuneration, accountability and relations with shareholders.

This Corporate Governance Report aims to report against each of these key areas. Together with the Group Remuneration and Nominations Committee Report and the Group Audit Committee Report, it describes how the group has complied with the provisions of the Code and applied its main principles during the year.

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 strategy 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.
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.
Group Audit Committee	Oversees the appointment of internal and external auditors and the scope of their work. It also reports to the Board 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.

Report

Compliance with the Code of Governance

Except as referred to below, Aster Group Limited and its subsidiaries (the group) have complied with all relevant principles of the Code throughout the year. The Board of Aster Group Limited sets the standard of governance across the group and ensures compliance with the Code.

The Code states that at least half the Board should be independent non-executive directors. Aster Group Limited and all subsidiaries covered by the group's "Overlap Boards" structure and East Boro Housing Trust Limited and East Boro Housing Services Limited comply fully with this area of the Code.

The group operates a business model that allows maximum flexibility within the spirit of the code and this model allows the remaining, specialist subsidiaries in the group the flexibility to maximise value to the group as a whole and to not fully comply with the Code as follows:

- The Board of Aster Treasury Plc. is composed of three executives and reflects the specialist nature of this vehicle. The group Board is confident that the operation of AT is under the close scrutiny of the Group Treasury Committee that consists of non-executive and independent members only;
- Silbury Housing Limited and Silbury Housing Holdings Limited delivered and now monitors the PFI contract for 242 properties in Wiltshire. The group Board feels that the mainly executive directors have the appropriate skills and experience to manage this complex project and close scrutiny is provided by the group's operational panels, Executive Board and the group's committees. The Boards have one non-executive director;
- Aster Solar Limited is a joint venture between Aster Communities and Synergy Housing Limited to deliver solar panels and other environmentally sound technologies to group properties. The four Executive Board members of Aster Solar Limited give this operationally focused company the scrutiny required by the group Board;
- The Board of Aster LD Limited is composed of four executives and reflects the specialist nature of this vehicle to deliver significant land-led developments. The group Board is confident that the executives have the appropriate balance of skills and experience;
- White Rock Land LLP, Kilnwood Vale LLP and Boorley Green LLP are joint ventures between Aster Homes Limited and the Vistry Group to deliver properties for sale on the open market to help Aster deliver more affordable housing. There are six partner representatives consisting of executives from the partner organisations. The Aster Homes Limited Board, with the support of the Executive Board, closely monitors the projects and is confident that the joint ventures are prudently managed;
- The Code states that all directors should be subject to annual re-election, however, entity Board's directors, other than those serving on the Overlap Boards entities, are not subject to annual re-election. The group Board is confident that the evaluation of the individual directors sitting on these specialist Boards, through day to day monitoring of performance by the Overlap Boards, Executive Board and operational panels, ensures they are fit for purpose; and
- The Code requires the group to carry out a formal and rigorous annual evaluation of the performance of the Board, its committees, the chair and individual directors. The group is committed to annual Board appraisals and conducted an internal evaluation in 2020, to include all group entity Boards. The group last carried out a full external evaluation of the Overlap Boards in 2018 which was reported to the Boards in May 2019.

National Housing Federation (NHF) Code of Governance 2015

East Boro Housing Trust Limited and East Boro Housing Services Limited have adopted the 2015 NHF Code of Governance.

The code aims to help Boards in all sectors to achieve a set of standards in order to be well governed. The code requires residents to be considered in strategic decision-making, along with safety measures, and risk management. The compliance statement of these entities against the NHF Code of Governance will be included in their statutory accounts.

During 2021, EBHT and EBHS will consider adopting the UK Corporate Governance Code.

National Housing Federation (NHF) Code of Conduct 2012

The NHF Code of Conduct 2012 was issued to help organisations achieve the highest standards of conduct and safeguarding for the industry. The group adopted the code in 2013. The code is based on key principles around transparency, ethical standards, and inclusion.

Compliance with the code is not a regulatory requirement, and the group uses the principles in the code to inform its policies and principles. The group complies with the requirements and provisions advised by the code.

Key activities

Governance for the group was impacted by COVID-19 restrictions within the United Kingdom during financial year 2021. Due to existing digital governance and flexible working infrastructure already in place at Aster the Boards were able to hold all scheduled meetings virtually with little disruption.

The Annual General Meetings of Aster Communities, Synergy Housing Limited and Aster Treasury Plc were also held virtually.

The role of the 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 reviews the performance of management and the operating and financial performance of the group as a whole.

It 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.

Operation of the Board

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 covered and allows Board members sufficient time for debate and challenge, particularly on areas such as strategy and risk, including risk appetite.

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

Effective scrutiny and decision making are supported by providing the Board 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.

Workforce engagement

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.

The Aster Way ensures a continuous dialogue with colleagues through its transformation network and formal workforce consultative panel, the Colleague Council, the membership of which is chosen by colleagues. The Group Audit Committee supervises the group's "Speak Up" procedures 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.

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 Chairman's and Group chief executive's roles are separate and the division of responsibilities between these roles is clearly established in the standing orders. 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.

Report

The role of the 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 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 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

The Group chief executive, 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 the broad authority from the Board to run the group and he 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 company's culture and standards throughout Aster, including those on governance.

The role of the executive directors

The executive directors have specific responsibilities relating to the areas of the business they oversee. Their duties extend beyond their own businesses to include the whole of the group's operations and activities.

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 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 chairman and the executive directors in embracing and representing the company'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 directors, and in succession planning.

The role of the senior independent director

Tracey Peters has been the senior independent director since 1 October 2019.

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 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 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 chairman, Group chief executive 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 chairman's performance. The senior independent director plays an important role by ensuring there is an orderly succession process for succession to the chairmanship of the group.

The role of the independent committee members

Independent committee members are members of the committees and customer and community network but are not full non-executive directors of the boards within the group. The role of the independent committee members 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

The role of the company secretary

David Betteridge has been the group's company secretary since February 2018. David Betteridge is secretary to the Board and its committees. David reports to the Group chairman on Board governance matters and, together with the Group chairman, David keeps the efficacy of the company'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 within 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 member and co-optee.

Board meetings

The Board meets regularly throughout the year to effectively discharge its duties; during the year it has met eight times and there is frequent contact between meetings. In addition to the formal meetings, the Board has held two strategy away days with the independent committee members and senior executives. The Board has urgency procedures to ensure that it can respond to unforeseen circumstances although forward planning ensures these arrangements are rarely used.

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 company or its subsidiaries. Each committee is also authorised by the Board to take independent advice (including legal or other professional advice), at the company's expense, as it considers necessary. Specific independent consultancy is available to the Group Remuneration and Nominations Committee and the Group Treasury Committee and the details are contained in the respective committee reports.

Group Treasury Committee

The committee provides strong technical and strategic scrutiny of the group's treasury functions. The committee is chaired by Andrew Kluth (non-executive director) and consists of four other members, Clive Barnett (non-executive), Caroline Wehrle (non-executive), Mat Cooling (independent) and David Doyle (independent). Mat Cooling and David Doyle were appointed during the year.

The committee 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;
- Approved the annual treasury plan;
- Regularly reviewed the availability of security to support financing;
- Scrutinised internal on-lending and recapitalisation arrangements;
- Approved the securities dealing policy;
- Recommended entry into a medium term note programme to Boards for approval;
- Recommended financing and lending facilities to the Boards for approval; and
- Considered the implications of moving to SONIA from LIBOR.

Report

Group Remuneration and Nominations Committee

The Group Remuneration and Nominations Committee (GRNC) is chaired by Mike McCullen. Mike has the skills and experience to chair GRNC and meets the corporate code requirements.

The committee consists of four other members, Mike Biles (Group chairman), Tracey Peters (senior independent director), Richard Teather (independent member) and David Doyle (independent member). David Doyle was appointed during the year. The committee met four times during the year.

The committee's role and work on remuneration is set out in the Remuneration Report and details of their work in relation to appointments is set out above within the review of compliance with the UK Code.

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 Group Audit Committee is chaired by Clive Barnett (non-executive) and consists of four other members, David Finch (independent member), Claire Whitaker (independent member), Richard Teather (independent member) and Mat Cooling (independent member). Mat Cooling joined during the year.

The committee met five 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 & Liabilities Framework;
- Reviewed the group's standing orders and financial regulations;
- Received regular updates on the Speak Up and Fraud registers;
- Approved the following policies:
  - Non-audit fee;
  - Gifts and Hospitality and anti-bribery policy;
- Review of the quality of internal audit;
- Approval of the External Quality Assessment provider, assurance from External Quality Assessment of the Internal Audit function and the action plan;
- Noted changes to the Institute of Internal Audit's Code of Practice;
- Received assurance from the annual review of the Delegation Matrix;
- Received the outcomes of the Homes England Compliance Audit; 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.

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 Group Risk and Compliance Committee is chaired by Caroline Wehrle (non-executive) and consists of five other members. Mike Biles (Group chairman), Mike McCullen (non-executive), David Finch (independent member) and, welcomed during the year, Cathy Day (independent member) and Gary McRae (Co-optee).

The committee met six 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 Environmental annual report;
- Received assurance form the Insurance report including learning from claims history;
- Scrutinised and recommended the Risk Appetite report;
- Provided assurance as to Aster's mitigation to the sector risk profile to the Aster Group Limited Board;
- Approved the effectiveness of the Data Protection, Privacy and Confidentiality Policy; and
- Carried out a "deep-dive" into areas of interest including:
  - Fire risk management;
  - BREXIT preparedness;
  - Risks / opportunities associated with EBHT merger;
  - 2020/21 strategic risk map threats, opportunities and watch list;
  - COVID-19 recovery phases;
  - Anti-Money Laundering; and
  - Environmental and Sustainability Risk and Opportunity session.

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 Customer and Community Network is chaired by Tracey Peters (senior independent director) and consists of ten other members, Tracy Aarons (independent member), Mark Skellon (independent member), Chris Bain (independent member), Claire Whitaker (independent member), Stephanie Taylor (independent member), Bjorn Howard (executive), and Jean Dalziel (executive). During the year Angela Powney (co-optee), Emma O'Shea (executive) and Denise Harper (independent member) joined the Network. Debbie Cattell (independent member) retired at the expiry of her term of office during the year and Rachel Credidio (executive) stepped down.

The network met four times during the year and as well as receiving regular customer related performance, compliance and risk management reports also:

- Received updates on progress against Customer Services and Aster Foundation strategies;
- Received regular updates from and fed back to the Overlap Boards, the Executive Board, the Customer Experience Panel and the Programme Experience Steering Group;
- Received updates on customer complaints and compliments, including a refocussing on the approach to complaints and a complaints self-assessment report;
- Monitored customer service programmes;
- Received reports on the review of the Customer Service Strategy, including digital evolution;
- Received deep dive reports on:
  - Home Ownership;
  - Customer Voice Commitments;
  - Frequent Customers data;
  - Building safety / Fire safety bill; and
  - Charter for Social Housing Residents Social Housing White Paper.
- Received an update to CCN's purpose and revised Terms of Reference for CCN and for Customer Overview Group;
- Received an update on Aster's membership of the Institute of Customer Service;
- Received regular reports from the Customer Overview Group and the Customer Scrutiny Panel; and
- Approved the following customer related policies:
  - Complaints Policy;
  - Service Charge Policy;
  - Recharges Policy;
  - Empty Homes Policy; and
  - Aids & Adaptations Policy.

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.

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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 the 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
Number of meetings	**8**	**4**	**16**	**4**	**5**	**4**	**6**	**4**
Clive Barnett	8 (100%)	4 (100%)			4 (80%)			4 (100%)
Chris Benn	8 (100%)	4 (100%)	16 (100%)					
Mike Biles [1]	8 (100%)	4 (100%)				4 (100%)	6 (100%)	
Bjorn Howard	8 (100%)	4 (100%)	16 (100%)	4 (100%)				
Andrew Kluth	8 (100%)	3 (75%)						4 (100%)
Mike McCullen	8 (100%)	4 (100%)				4 (100%)	6 (100%)	
Tracey Peters	8 (100%)	4 (100%)		3 (75%)		4 (100%)		
Caroline Wehrle	8 (100%)	4 (100%)					6 (100%)	4 (100%)
Claire Whitaker [2]	5 (100%)	2 (100%)		3 (75%)	5 (100%)			
Amanda Williams	7 (88%)	3 (75%)	16 (100%)					
Rachel Credidio [3]			16 (100%)	2 (100%)				
Dawn Fowler-Stevens			15 (94%)					
Emma O'Shea [4]			14 (88%)	2 (100%)				
Tracy Aarons				4 (100%)				
Chris Bain				4 (100%)				
Debbie Cattell				1 (100%)				
Jean Dalziel				4 (100%)				
Denise Harper [5]				1 (100%)				
Angela Powney [6]				1 (100%)				
Mark Skellon				4 (100%)				
Stephanie Taylor				3 (75%)				
Mat Cooling [7]					2 (100%)			1 (100%)
Cathy Day [8]							3 (100%)	
David Doyle [9]						1 (100%)		1 (100%)
David Finch					5 (100%)		6 (100%)	
Gary McRae [10]							3 (100%)	
Richard Teather					5 (100%)	4 (100%)		
Richard Clewer [11]		4 (100%)						
Nigel Woollcombe-Adams [12]		3 (75%)						

***Overlap Boards** (includes Aster Group Limited, Aster Property, Aster Living, Aster Homes, Aster 3 Limited, Aster Communities and Synergy Housing Limited).

[1] **Mike Biles** was reappointed as Group chair on 1 October 2020 for one year.

[2] **Claire Whitaker** was appointed as co-optee to the Overlap Boards on 12 August 2020 and remained as an independent member of the Customer and Community Network and the Group Audit Committee.

[3] **Rachel Credidio** stepped down as an executive member of the Customer and Community Network on 11 November 2020.

[4] **Emma O'Shea** was appointed as an executive director on 6 April 2020 and was appointed as an executive member of the Customer and Community Network on 11 November 2020.

[5] **Denise Harper** was appointed as an independent member of the Customer and Community Network on 10 February 2021.

[6] **Angela Powney** was appointed as a co-optee of the Customer and Community Network on 10 February 2021.

[7] **Mat Cooling** was appointed as an independent member of the Group Audit Committee and Group Treasury Committee on 11 November 2020.

[8] **Cathy Day** was appointed as an independent member of the Group Risk and Compliance Committee on 11 November 2020.

[9] **David Doyle** was appointed as an independent member of the Group Treasury Committee and Group Remuneration and Nominations Committee on 11 November 2020.

[10] **Gary McRae** was appointed as a co-optee of the Group Risk & Compliance Committee on 11 November 2020.

[11] **Richard Clewer** and [12] **Nigel Woollcombe-Adams**, Non-Executive Local Authority Nominees.

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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.

Effectiveness

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 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.

The Board recognises the value of independence and during 2020 the Board, supported by the Group Remuneration and Nominations Committee, reviewed its Board Membership, Recruitment and Succession Policy to reflect the UK Code and confirmed a maximum tenure on the Board of nine years, which includes any tenure as an independent member of a committee.

Appointment to the Board and its committees

The Board, through the Group Remuneration and Nominations Committee, follows a formal, rigorous and transparent procedure to select and appoint new Board directors. The processes are similar for the appointment of 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, 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, including gender diversity, 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.

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 between directors who can bring a new perspective and those who provide continuity is essential.

Directors' conflicts of interest

The Companies Act 2006 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 company's interests. 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 evaluation

Evaluation of the Board and its operational subsidiaries was considered by the Group Remuneration and Nominations Committee (GRNC) at its July 2020 meeting. Internal review was undertaken following this meeting. The GRNC considered the findings of the evaluation in February 2021 and recommendations will be reported to the Board in May 2021.

The findings considered by the GRNC painted a positive picture with Boards having the appropriate skills to fulfil their terms of reference. The relationship with the executive was seen to be effective, with the report confirming that the Board provided strong challenge to the executive. The action plan to be recommended to the Board in May 2021 reflects the positive review and focusses on enhancing the already effective arrangements.

The last external Board evaluation was undertaken by Altair Limited, a specialist housing consultancy, in 2018 which was fed back to the GRNC in January 2019.

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 chairman, senior independent director and the company secretary.

Board induction and training

Training begins following appointment, with an individual induction programme tailored to meet the needs of each new director. Independent 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 members to the group's business, its operations and its governance arrangements. These individual induction requirements are monitored by the chairman, supported by the company secretary, to ensure that new and recently appointed directors and independent members gain sufficient knowledge about the group to enable them to contribute to the Board's and committee's deliberations as swiftly as possible.

Ongoing training is essential for all our directors and independent members. Throughout the year this is supported by;

- a development plan, approved by the Group Remuneration and Nominations Committee;
- training sessions before Board meetings 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.

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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, they can seek clarification, both internally and externally with independent professional advice at the company'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 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.

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.

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 Group Remuneration and Nominations Committee 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 and identifying suitable external candidates to ensure a refreshing of talent and ideas and the ongoing maintenance of skills.

Time commitment of the 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 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 chairman and of each non-executive director are disclosed to the Board before appointment, with an indication of the time involved.

Dialogue with shareholders

The Board welcomes the opportunity to openly engage with shareholders as it recognises the importance of a continuing effective dialogue. The Board takes responsibility for ensuring that such dialogue takes place.

During the year shareholders received three copies of "Open Door" our shareholder briefing. The annual general meetings were completed virtually and followed a virtual event for all the group's stakeholders, including shareholders. It is anticipated that quarterly shareholder meetings will resume once the COVID-19 restrictions are lifted.

Report

Annual statement on internal control for the year-ending **31 MARCH 2021**

Introduction

The Aster Group Limited Board has overall responsibility for establishing and maintaining a system for internal control appropriate to the various business environments in which it operates and for reviewing the effectiveness of these 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.

Operational management

During 2020/2021, the Executive Board was supported by four operational governance panels, providing detailed scrutiny on behalf of, and providing assurance to, the Executive Board.

Internal Audit

The group's internal audit function is led by the Director of Audit. There is also an outsource arrangement with internal audit providers to provide support where there is an identified resource need or a requirement for specialist input.

The internal audit plan for 2020/2021 was risk-based and informed by the strategic plan, risk register, compliance framework and management requests.

The internal audit function received an External Quality Assessment in the year from the Chartered Institute of Internal Auditors (IIA), which gave confirmation that the working practices in use conform to the IIA's Professional Standards framework.

Regulator of Social Housing - Regulatory Standards

As a Registered Provider, the group's primary regulatory framework is the Regulator of Social Housing's (RSH) Regulatory Framework 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 these expectations through its processes, arrangements 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. Annually, a detailed self-assessment is undertaken by a second line function to provide additional assurance to the Group Risk & Compliance Committee.

Based on these assessments and mapped assurances, the Board is assured that the group is compliant with the Regulatory Framework, including the Governance and Financial Viability Standard and its supporting Code of Practice.

Legal and Regulatory Compliance

The group recognises that its commitment to complying with the legal and regulatory obligations placed upon it and taking an ethical approach to business management is critical to ensuring the continued trust of its stakeholders. In year, the balance of legal compliance against wider responsibility to assess and prioritise the safety of customers and colleagues was challenged by COVID-19. This careful balance of risk resulted in some short-term occasions of delayed compliance, with the group prioritising these activities when suitable to do so safely.

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

The group utilises 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 its approach to strong governance and assurance.

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

The 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, the directors derived assurance from the following internal and external controls during 2020/2021:

- internal business and financial monitoring reports and performance indicators;
- business critical 'protection' measures reported monthly against risk-based tolerances;
- regular reporting to the appropriate panel on key business objectives, including issues, targets and outcomes;
- implementation of policies and procedures for key business activities, approved by the appropriate panel, committee or Board;
- delegations of authority for all financial transactions and segregation of duties where appropriate and cost-effective;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- operational management team scrutiny and challenge;
- independent third-party reviews; and
- the skills and experience of all employees.

Fraud and dishonest behaviours

The group values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities, including 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 its resources are used to deliver its vital services to its customers.

The group has an honesty policy, which covers fraud, theft and bribery and also provides 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 employees and others to express any serious concerns regarding suspected misconduct or malpractice within the business or by third parties with which it works. The group also has a designated money laundering reporting officer and has, during 2020/2021, undertaken a deep dive review of anti-money laundering controls with the Group Risk & Compliance Committee.

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 the Aster Group, am satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year 2020/2021, and that those systems were aligned to an ongoing process for the management of the significant risks facing the group.

Report

Group Audit Committee

Committee members

The committee comprises:

- Clive Barnett (Board member, Chair)
- David Finch (independent member)
- Richard Teather (independent member)
- Claire Whitaker (independent member, Board co-optee)
- Mat Cooling (independent member from 12 November 2020)

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.

Activity during the year

The Director of Audit is satisfied that the group complies with the audit provisions of the UK Corporate Governance Code. A number of activities were undertaken during the year which support the ongoing work of the committee over and above its core responsibilities outlined above. Those activities include:

- A private meeting held by the members of the committee and the external auditors at the July 2020 meeting of the committee; and
- A joint meeting between members of the Group Audit Committee and the Group Risk and Compliance Committee held in the year which resulted in an action plan to further strengthen and align the workings of both committees.

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 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.

The stress testing considers the principal risks assessed to have the greatest impact. The group's focus for stress testing in its 2021 financial plan is on the continued risks and disruption caused by COVID-19, 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**	Chairman
	Clive Barnett	
	Andrew Kluth	
	Mike McCullen	
	Tracey Peters	Senior independent director
	Caroline Wehrle	
Executive directors:	**Bjorn Howard**	Group chief executive
	Chris Benn	Group finance director
	Amanda Williams	Group development director
Co-optee:	**Claire Whitaker OBE**	Appointed 12 August 2020
Executive Board:	**Bjorn Howard**	Group chief executive
	Chris Benn	Group finance director
	Rachel Credidio	Group people and transformation director
	Dawn Fowler-Stevens	Group growth and assurance director
	Amanda Williams	Group development director
	Emma O'Shea	Group customer service director - appointed 6 April 2020
Company Secretary:	**David Betteridge**	

Mike Biles
Group chairman

Mike has a doctorate in law and 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, support and building good relations between providers and customers.

Mike has taught 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 is 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 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.

Committee membership:

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

Tracey Peters
Non-executive director,
Senior independent director

Tracey is an accomplished Human Resources professional. She has worked as an Executive Board HR Professional in many industry sectors including Retail, Manufacturing and Electronic Banking and has fifteen years of Non-Executive Director experience with organisations such as Spectrum Housing Association, Dorset County Hospital Foundation Trust and Lighthouse Poole.

Tracey runs a consulting business specialising in organisational and personal development which offers executive coaching and counselling.

She is also a non-executive director and Trustee of Active Dorset, which engages with many stakeholders in the South West encouraging people to include physical activity in their everyday lives.

Tracey also works as a volunteer with Relate working in schools with children who are suffering emotional difficulties.

Committee membership:

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

Board of
Directors

Clive Barnett
Non-executive director

Clive recently retired from RBS / NatWest 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 the Homes and Communities Agency, Department for Communities and Local Government and the Council of Mortgage Lenders Housing Committee.

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.

Committee membership:

- Chair Group Audit Committee
- Group Treasury Committee

Mike McCullen
Non-executive director

Michael 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.

Michael 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.

Michael 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).

Committee membership:

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

Andrew Kluth
Non-executive director

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 Treasury Committee

Caroline Wehrle
Non-executive director

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, an MBA from Cass University.

Committee membership:

- Chair Group Risk and Compliance Committee
- Group Treasury Committee

Board of
Directors

Claire Whitaker OBE
Co-opted member

Claire has been appointed to take forward Southampton's bid to be UK City of Culture 2025, working with Southampton's communities, cultural organisations, businesses, and academic partners locally and in the wider Solent 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 positions, including being a trustee of the Paul Hamlyn Foundation, a member of the Cultural Recovery Board, an Ambassador for the Mayor of London's Cultural Leadership Board and 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 the Queen 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 arts 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 and civil society and an independent member of the Cultural Recovery Fund Board working with the Department for Digital, Culture, Media and Sport.

Committee membership:

- Group Audit Committee
- Customer and Community Network

Bjorn Howard
Group chief executive,
Executive director

Bjorn became Aster Group's CEO in 2009 and has been instrumental in driving growth, including leading Aster's successful merger with Synergy Housing in 2012. Since then, the group's housing business has grown to more than 32,000 homes.

Bjorn has worked in the housing, care and support industry for 30 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.

Committee membership:

- Customer and Community Network

Chris Benn
Group finance director, 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 and Lybrand (now PwC) in 1994.

Amanda Williams
Group development and asset director, Executive director

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 Housing Limited, 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.

Amanda is a Board Director of Silva Homes.

Report

Group Remuneration and Nominations Committee

The Group Remuneration and Nominations Committee has been chaired by Mike McCullen (non-executive) since 5 November 2019. Mike has the skills and experience to chair GRNC and meets the corporate code requirements.

The Committee consists of four other members, Mike Biles, (non-executive and Group chairman) since 1 October 2019, David Doyle (independent member) since 11 November 2020, Tracey Peters (non-executive and senior independent director) since 14 March 2017 and Richard Teather (independent member) since 6 November 2019. The committee met four times during the year.

Committee's role and responsibilities

The committee's responsibilities include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the 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 Board in the future and reviewing annually management succession planning processes in relation to the company's senior executives;
- Determining and recommending to the Board the framework and policy for the remuneration of the Group Chairman, non-executive directors and independent members; and
- Determining and recommending to the Board the framework and policy for the remuneration of the Group chief executive and executive directors.

Key activities

The committee continuously monitors its succession plan and during the year supported the Board with a number of appointments and changes to committee membership. All appointments were as a result of either planned vacancies due to Board and committee members reaching the end of their maximum term, or to fill existing vacancies in the committee structure.

In addition to monitoring marketplace trends, the UK Code 2018 action plan and succession planning, the GRNC also considered the following matters:

- Recommended changes to agreement for service to non-executive directors;
- Recommended the remuneration report for the annual report;
- Received updates on mental health first aid;
- Approved payment criteria and payments under the Project Reward Policy;
- Reviewed executive Board remuneration;
- Reviewed and recommended non-executive remuneration levels;
- Undertook Board and committee evaluations;
- Approved the revised project timescales for the universal contract project;
- Recommended appointments of new CCN members following a review of the CCN terms of reference;
- Received updates on the gender pay gap;
- Approved the new colleague pay framework;
- Reappointed the independent advisors to the GRNC; and
- Approved executive pension arrangements.

Advisors to the committee

Altair Limited acted as independent advisors to the committee throughout the year. The committee is satisfied that the advice it receives on 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, 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.

Emoluments (excluding pension contributions) payable to the highest paid director	**2021 £000**	2020 £000
Bjorn Howard	**297,506**	265,941

The total emoluments of the directors of Aster Group comprise:

	2021			
	Salaries £000	**Benefits [1] £000**	**Pension £000**	**Total £000**
Bjorn Howard, group chief executive	**263,000**	**34,506**	**24,720**	**322,226**
Other executive directors	**920,908**	**215,446**	**82,285**	**1,218,639**
Non-executive Board directors and committee members	**206,933**	**-**	**-**	**206,933**
Total executive and non-executive directors	**1,390,841**	**249,952**	**107,005**	**1,747,798**

	2020			
	Salaries £000	Benefits £000	Pension £000	Total £000
Bjorn Howard, group chief executive	255,000	10,941	24,884	290,825
Other executive directors	916,504	72,941	70,514	1,059,959
Non-executive Board directors and committee members	198,914	-	-	198,914
Total executive and non-executive directors	1,370,418	83,882	95,398	1,549,698

[1] Benefits include payments due under the group's long-term project reward bonus scheme. Payments accruing under this scheme in 2021 will not be paid to the directors until the group settles its borrowing under the COVID Corporate Financing Facility in line with the terms of that borrowing.

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

Mike McCullen
Chair of the Remuneration Committee

10 August **2021**

Report of the

Board

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

The Board's report comprises page **78**. Some of the matters required by legislation have been included in the Strategic Report (pages **4** to **46**) 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 independent living 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 £45.7 million (2020: £60.0 million). Profit before tax was £45.5 million (2020: £59.8 million).

The Board

The members of the Board are listed in the Board of Directors details on page **70** 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 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 2021 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. Following the outbreak of COVID-19 the Board has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the Group and Association budgets for 2021/2022 and the Group's medium term financial position as detailed in the cash flow forecasts and 30-year business plan, including changes arising from the COVID-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and 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 £514.3 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.

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 association's auditors are aware of that information.

By order of the Board

David Betteridge
Company secretary

10 August **2021**

Statement of
Directors' Responsibilities

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

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 Group and to prevent and detect fraud and other irregularities.

The directors have decided to prepare voluntarily a Corporate Governance Statement as if the company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters.

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

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

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.

Bjorn Howard
Group chief executive

10 August **2021**

We have **fulfilled** our ethical responsibilities

Introduction to
Financial Statements

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 2021.**

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 2021 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 Changes in Reserves, 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 and note 3 to the Association's Financial 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 2021 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 2019; 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	£4.3m (2020:£4.2m) 1.9% (2020:2%) of Revenue	
Coverage	97.5% (2020:97.6%) of group revenue	
Key audit matters		**vs 2020**
Recurring risks	Recoverability of stock and work in progress	◄►
	Valuation of post retirement benefit obligations	◄►
	Aster Group Limited- 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 judgement, 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 (£35.3 million; 2020: £36.9m) *Refer to page 51 (Group Audit Committee Report), page 96 (accounting policy) and page 129 (financial disclosures).*	Property held in stock and 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 has been sold following the year end date; — **Review stock reservations**: Verified if reservations have 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 forecasts sales and the impact on the recoverability of the development expenditure.
Valuation of post retirement benefit obligation **Net LGPS Pension Liability:** (£24.9 million; 2020: £25.7m) report this year.] **Net SHPS Pension Liability:** (£16.2 million; 2020: £6.7m) *Refer to page 51 (Group Audit Committee Report), page 96 (accounting policy) and page 141 (financial disclosures).*	The Group participates in seven defined benefit pension schemes. There are four Local Government Pension Schemes (LGPS) and three Social Housing Pension Schemes (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 the 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, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 34) disclose the range estimated by the Group.	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 that 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.

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 (£25.6 million; 2020: £22.1m) *Refer to page 51 (Group Audit Committee Report) and page 164 (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. As such, the entity will incur external expenditure and will recharge these in as per budgeted to other group companies. This results in the majority of the balance sheet items being driven by amounts owing to/ due from from group companies and the income statement is driven by costs incurred on behalf of the group and related income. Expenditure is seen to be the only external transactions going through the group company and therefore are considered to be the area where 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.

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

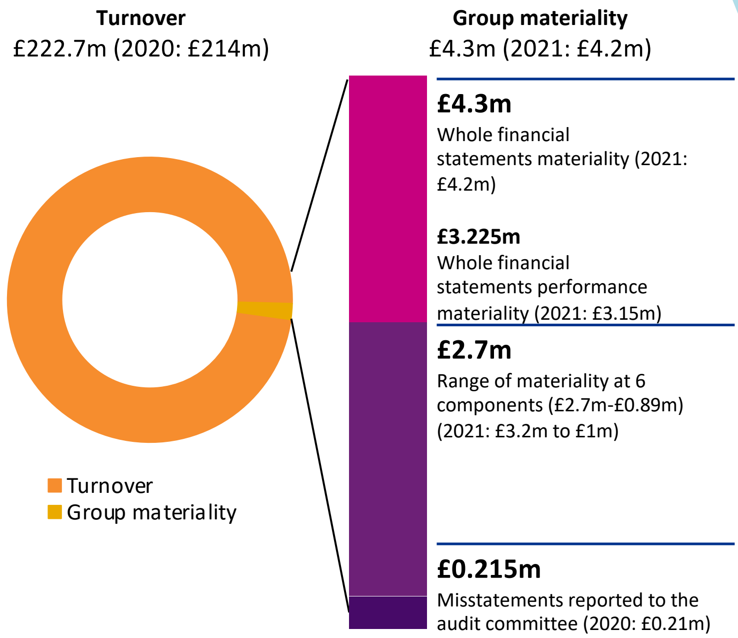
Materiality for the group financial statements as a whole was set at £4.3m, determined with reference to a benchmark of revenue, of which it represents 1.9% (2020: 2.0%).

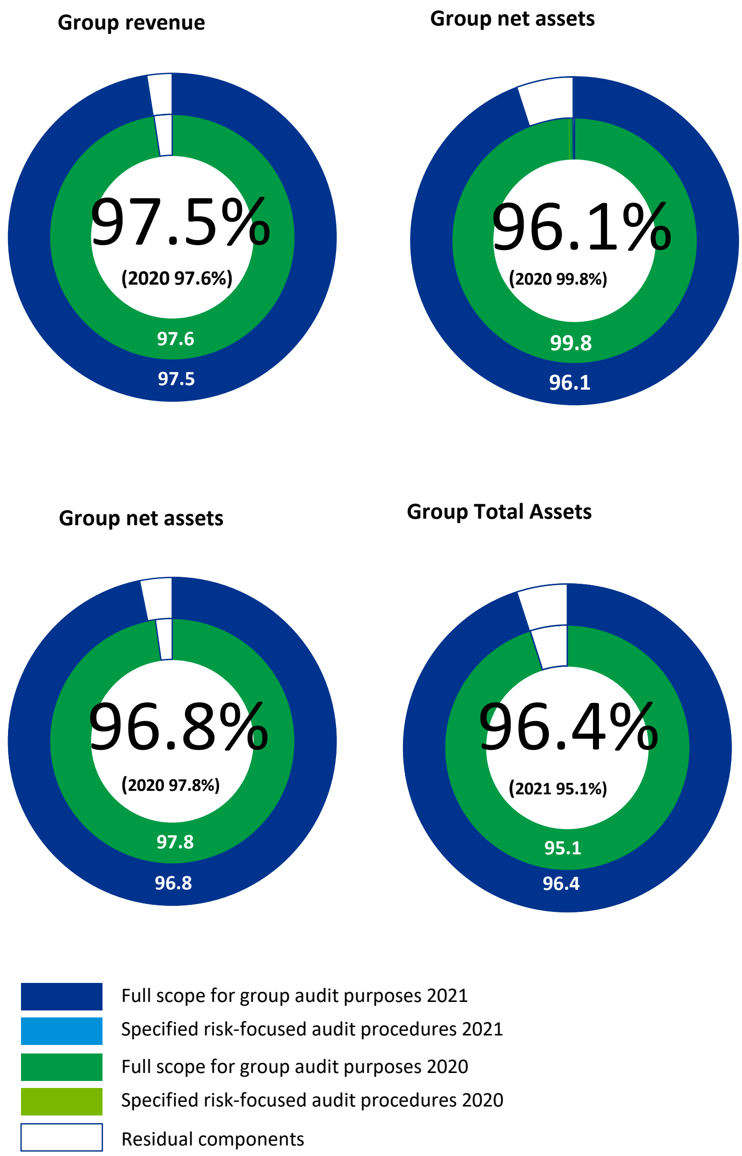
Materiality for the parent company financial statements as a whole was set at £0.8m (2020: £0.7m), determined with reference to a benchmark of expenditure, of which it represents 3.0% (2020: 3.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £215k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 14 (2020:18) reporting components, we subjected 6 (2020: 6) to full scope audits for group purposes and NIL (2020:NIL) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 2.5% of total group revenue, 1% of group surplus before tax and 5% of total group assets is represented by 11 reporting components, none of which individually represented more than 2.6% 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.





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4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Association or to cease their operations, and as they have concluded that the Group's and the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over 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").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Association's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Association's available financial resources and/or metrics relevant to debt covenants over this period was the continued impact of Covid-19 on the economy and trading for the Group and Association.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our conclusions based on this work:

- we consider that the directors' 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 directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for the going concern period; and
- we have nothing 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 the going concern period, and we found the going concern disclosure in note 4 to be acceptable

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 Group or the Association will continue in operation.

5. 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 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 channel for "whistleblowing", 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, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from development sales are recorded in the wrong period and] the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

• Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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 .

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5. **Fraud and breaches of laws and regulations – ability to detect (cont.)**

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

Firstly, 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), 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.

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

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.

6. **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

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement (page 69) 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.

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 parent Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 [A], 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 in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association'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 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

19 August 2021

Consolidated Statement of

Comprehensive Income

for the year ended **31 March 2021**

	Note	2021 £000	2020 £000
Turnover	6a	**224,379**	214,560
Operating expenditure before impairment	6a	**(130,260)**	(122,657)
Cost of sales	6a	**(37,139)**	(39,356)
Administrative expenses	6a	**(824)**	(846)
Profit on disposal of housing property, plant and equipment	7	**17,871**	20,042
Increase in fair value of investment properties	6a	**633**	-
Operating profit before impairment		**74,660**	71,743
Reversal of impairment of housing assets	8	**-**	135
Impairment of shared ownership properties held for sale	24	**(138)**	-
Impairment of office premises	16	**(1,241)**	-
Operating profit	8	**73,281**	71,878
(Loss) / profit on disposal of other property, plant, equipment and intangible assets	10	**(44)**	214
Share of profit in joint ventures	41	**400**	374
Gain on acquisition	42	**-**	14,013
Profit before interest and taxation		**73,637**	86,479
Interest receivable and similar income	11	**4,446**	5,445
Interest payable and similar charges	11	**(31,907)**	(31,112)
Interest on net pension liability	11	**(702)**	(1,013)
Net finance expense		**(28,163)**	(26,680)
Profit before taxation		**45,474**	59,799
Tax on profit	13	**223**	174
Profit for the year		**45,697**	59,973
Other comprehensive income			
Actuarial (losses) / gains in respect of pension schemes	32	**(15,689)**	9,317
Movement in pension deferred taxation	13	**514**	(308)
Effective cash flow hedge fair value gain / (loss)	12	**8,285**	(7,666)
Other comprehensive income / (expense) for the year		**(6,890)**	1,343
Total comprehensive income for the year		**38,807**	61,316

Consolidated Statement of
Financial Position

as at **31 March 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	**1,673**	1,974
Property, plant and equipment (social housing)	15	**1,821,361**	1,732,808
Property, plant and equipment (other assets)	16	**13,798**	15,471
Investment properties	17	**17,542**	17,041
HomeBuy loans receivable	18	**3,606**	3,760
Investments in joint ventures	19	**3,134**	2,734
Other investments	20	**230**	230
		1,861,344	1,774,018
Non-current assets			
Debtors: amounts falling due after more than one year	21	**67,764**	88,810
Current assets			
Inventories	22	**2,967**	2,970
Debtors: amounts falling due within one year	23	**37,767**	26,864
Shared ownership properties held for sale	24	**35,258**	36,932
Cash and cash equivalents	25	**206,761**	148,075
		282,753	214,841
Creditors: amounts falling due within one year	26	**(129,627)**	(80,706)
Net current assets		**153,862**	134,135
Total assets less current liabilities		**2,082,234**	1,996,963
Non-current liabilities			
Creditors: amounts falling due after more than one year	27	**(1,152,264)**	(1,114,339)
Pension liability - Local Government Pension Schemes	32	**(24,916)**	(25,692)
Pension liability - Social Housing Pension Scheme	32	**(16,164)**	(6,731)
Other provisions	33	**(343)**	(621)
Net assets		**888,547**	849,580
Capital and reserves			
Called up share capital	34	**-**	-
Profit and loss reserve		**515,525**	480,680
Revaluation reserve	35	**390,930**	395,234
Restricted reserve	35	**436**	295
Cash flow hedge reserve	35	**(18,806)**	(27,091)
Merger reserve	35	**462**	462
Total capital and reserves		**888,547**	849,580

The financial statements on pages **90** to **159** were approved and authorised for issue by the Board on 10 August **2021** and were signed on its behalf by:

Mike Biles
Group chairman

Bjorn Howard
Group chief executive

David Betteridge
Company secretary

Consolidated Statement of

Changes in Reserves

for the year ended **31 March 2021**

	2021					
	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 2020	**480,680**	**395,234**	**295**	**(27,091)**	**462**	**849,580**
Profit for the year	**45,697**	**-**	**-**	**-**	**-**	**45,697**
Other comprehensive expense for the year	**(15,175)**	**-**	**-**	**8,285**	**-**	**(6,890)**
Transfer from revaluation reserve to profit and loss reserve	**4,304**	**(4,304)**	**-**	**-**	**-**	**-**
Transfer to restricted reserve	**-**	**-**	**160**	**-**	**-**	**160**
Transfer from profit and loss reserve to restricted and merger reserves	**19**	**-**	**(19)**	**-**	**-**	**-**
Balance at 31 March 2021	**515,525**	**390,930**	**436**	**(18,806)**	**462**	**888,547**

	2020					
	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 2019	407,899	399,582	208	(19,425)	-	788,264
Profit for the year	59,973	-	-	-	-	59,973
Other comprehensive income for the year	9,009	-	-	(7,666)	-	1,343
Transfer from revaluation reserve to profit and loss reserve	4,348	(4,348)	-	-	-	-
Transfer from profit and loss reserve to restricted and merger reserves	(549)	-	87	-	462	-
Balance at 31 March 2020	480,680	395,234	295	(27,091)	462	849,580

Consolidated Statement of
Cash Flows

for the year ended **31 March 2021**

	Note	2021 £000	2020 £000
Net cash generated from operating activities	1	**144,801**	129,580
Taxation received		**59**	33
Cash flow from investing activities			
Acquisition and construction of social housing properties		**(120,531)**	(151,513)
Acquisition and construction of shared ownership first tranche properties for sale - capital cost		**(35,260)**	(45,678)
Acquisition and construction of investment properties		**-**	(60)
Purchase of intangible assets		**(613)**	(726)
Purchase of other assets		**(1,881)**	(3,821)
Proceeds from sale of other assets		**22**	2,610
Loans granted to joint ventures		**7,896**	(2,723)
Grants received		**5,176**	12,966
Interest received		**194**	813
Cash flow used in investing activities		**(144,997)**	(188,132)
Cash flow from financing activities			
Interest paid		**(35,969)**	(35,376)
New secured loans		**325,000**	152,926
Repayment of borrowings		**(230,208)**	(42,942)
Cash flow generated from financing activities		**58,823**	74,608
Net increase in cash and cash equivalents		**58,686**	16,089
Cash and cash equivalents at beginning of the year		**148,075**	131,986
Cash and cash equivalents at end of the year		**206,761**	148,075

1 Cash flow from operating activities

	2021 £000	2020 £000
Profit for the year	**45,697**	59,973
Adjustments for non-cash items		
Amortisation of intangible assets	**914**	966
Depreciation of property, plant and equipment	**28,943**	27,014
Impairment / (reversal) of property, plant and equipment	**1,379**	(135)
Investment property fair value adjustments	**(633)**	-
Accelerated depreciation of components	**797**	1,259
Decrease / (increase) in inventories	**3**	(643)
Gain on acquisition	**-**	(14,013)
Decrease in debtors	**6,251**	3,858
Decrease in creditors	**(6,114)**	(21,263)
Decrease in provisions	**(278)**	(70)
Movement in shared ownership properties held for sale less capital cost	**36,796**	39,004
Pension cost less contributions payable	**(7,734)**	(4,288)
Carrying amount of housing property	**11,267**	10,660
Carrying amount of property, plant and equipment	**66**	2,396
	71.657	44,745
Adjustments for investing or financing activities		
Cash and cash equivalents on acquisition of EBHT to the group	**-**	725
Proceeds from the sale of property, plant and equipment	**(22)**	(2,610)
Government grants (utilised) / recycled in the year	**(694)**	67
Interest payable	**32,609**	32,125
Interest receivable	**(4,446)**	(5,445)
	27,447	24,862
Net cash generated from operating activities	**144,801**	129,580

2 Legal status

Aster Group is registered under the Cooperative 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 2019. The association is classified as a Public Benefit Entity under FRS 102.

The financial statements are presented in Sterling (£).

Application of accounting policies

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

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.

Business combinations that are in substance a gift

East Boro Housing Trust Limited and East Boro Housing Services Limited, a registered provider, joined the group on 31 March 2020. The group concluded that the requirements of FRS 102 Section 34 Public Benefit Entity Combinations were relevant to this judgement and that both the group and East Boro Housing Trust Limited both have a primary objective to provide services to the general public and community for social benefit.

The group considered that the combination was in substance a gift and nil consideration was made or is due as a result of East Boro Housing Trust Limited 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 2021 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. Following the outbreak of COVID-19 the Board has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the Group and Association budgets for 2021/2022 and the Group's medium term financial position as detailed in the cash flow forecasts and 30-year business plan, including changes arising from the COVID-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and 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 £514.3 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 company 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

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.

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

Social housing properties and depreciation (continued)

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

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

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

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

New Build HomeBuy properties are split proportionately between property, plant and equipment and current assets based on the proportion of the share of equity sold in the first tranche. The element of a property anticipated to be sold as a first tranche sale is recognised as a current asset, whereas the element relating to second and subsequent tranche sales is treated as property, plant and equipment.

If the profit on sale of the first tranche is expected to exceed the total overall profit on sale of all tranches of that property the proportionate value of the first tranche current asset is increased to limit the profit earned to the overall profit.

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

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

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 – 15

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

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

Capitalisation of internal staff costs

a) **Housing development schemes**
Internal staff costs that are directly related to the development of housing assets are capitalised to the schemes under construction where the outcome of the scheme is certain. Where the outcome of the scheme is uncertain or aborted, the direct development administration costs are charged to the 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.

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 for the year when 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.

4 Summary of significant accounting policies (continued)

Impairment (continued)

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 10 years.

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

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

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

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 (I) of FRS 102 and will continue accounting for the scheme using the accounting policies in place prior to that date.

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

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

Service charge sinking funds

The 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 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).

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.

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

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 timescale.

Prior to transition to FRS 102 the association held its social housing properties at valuation. On translation 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 seven 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 contributions 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 contributions (stakeholder) scheme.

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

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

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

The 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.

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 contributions 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.

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.

b) **Termination benefits**
Termination benefits are only recognised once a formal plan has been approved by the group's senior management.

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. The reserve can only be used to fund investment in properties in the Mendip area, in agreement with Mendip 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.

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

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

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

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.

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

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

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

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

The directors are satisfied these estimates are reasonable. See "Pension Obligations" note 32 for further details.

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

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

6 Turnover, operating expenditure and profit

6a Turnover, operating expenditure and profit

	Note	2021		
		Turnover £000	Operating expenditure / cost of sales £000	Operating profit / (loss) £000
Income and expenditure from lettings				
Housing accommodation before impairment	6b	170,799	(120,990)	49,809
Other income and expenditure Social Housing				
Housing services provided to third parties		242	(2)	240
Independent living		2,785	(2,185)	600
Properties managed by agents		343	(38)	305
Community involvement		14	(869)	(855)
Connected living		1,349	(1,064)	285
Development costs not capitalised		-	(2,250)	(2,250)
Other		88	-	88
		4,821	(6,427)	(1,606)
Non-social housing				
Garage lettings		3,238	(1,539)	1,699
Sewerage services		187	(222)	(35)
Market rented property rental		923	(277)	646
Management services		110	(98)	12
Other		957	(707)	250
Coronavirus Job Retention Scheme Grant		1,683	-	1,683
		7,098	(2,843)	4,255
Total income and expenditure		182,718	(130,260)	52,458
Other income and cost of sales Social Housing				
First tranche shared ownership		40,999	(36,582)	4,417
Non Social Housing				
Open market property sales		662	(557)	105
Total other income and cost of sales		41,661	(37,139)	4,522
Total		224,379	(167,399)	56,980
Administrative expenses				(824)
Surplus on sale of housing property, plant and equipment	7	29,138	(11,267)	17,871
Increase in fair value of investment properties	17			633
Operating profit before impairment				74,660
Impairment of shared ownership properties held for sale	24			(138)
Impairment of office premises	16			(1,241)
Operating profit				73,281

	Note	2020 Turnover £000	2020 Operating expenditure / cost of sales £000	2020 Operating profit / (loss) £000
Income and expenditure from lettings				
Housing accommodation before impairment	6b	159,261	(115,989)	43,272
Other income and expenditure Social Housing				
Housing services provided to third parties		221	(2)	219
Independent living		1,162	(1,169)	(7)
Properties managed by agents		327	(34)	293
Community involvement		28	(846)	(818)
Connected living		1,439	(1,115)	324
Home improvements		-	5	5
Development costs not capitalised		-	(2,432)	(2,432)
Other		227	-	227
		3,404	(5,593)	(2,189)
Non-social housing				
Garage lettings		3,314	(479)	2,835
Sewerage services		246	(133)	113
Market rented property rental		872	(55)	817
Other		632	(408)	224
		5,064	(1,075)	3,989
Total income and expenditure		167,729	(122,657)	45,072
Other income and cost of sales Social Housing				
First tranche shared ownership		46,831	(39,356)	7,475
Total other income and cost of sales		46,831	(39,356)	7,475
Total		214,560	(162,013)	52,547
Administrative expenses				(846)
Surplus on sale of housing property, plant and equipment	7	30,702	(10,660)	20,042
Operating profit before impairment				71,743
Reversal on impairment of housing assets	8			135
Operating profit				71,878

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

6b **Income and expenditure from lettings**

	2021				
	General needs housing £000	Supported housing £000	Shared ownership £000	Other £000	Total £000
Income					
Rents	129,097	18,885	10,524	884	159,390
Service charges	4,058	4,708	232	1,661	10,659
Amortisation of government grants	153	209	63	-	425
Other revenue grants	226	64	34	1	325
Total net rents from lettings	133,534	23,866	10,853	2,546	170,799
Expenditure					
Management	(29,002)	(5,584)	(1,079)	(35)	(35,700)
Services	(3,438)	(5,110)	(3,674)	(164)	(12,386)
Routine maintenance	(14,866)	(2,523)	(253)	(17)	(17,659)
Planned maintenance	(10,779)	(1,549)	-	(11)	(12,339)
Major improvements and repairs	(12,734)	(2,039)	-	(14)	(14,787)
Bad debts	(436)	(101)	-	(5)	(542)
Depreciation of housing properties	(21,761)	(3,308)	(1,702)	(9)	(26,780)
Accelerated depreciation on component disposals	(475)	(322)	-	-	(797)
Operating costs on lettings	(93,491)	(20,536)	(6,708)	(255)	(120,990)
Operating profit on lettings activities before impairment	40,043	3,330	4,145	2,291	49,809
Impairment of shared ownership properties held for sale	-	-	(138)	-	(138)
Operating profit on lettings activities	40,043	3,330	4,007	2,291	49,671
Rental income is stated net of void losses as set out below:					
Void losses	967	641	105	264	1,977

	2020				
	General needs housing £000	Supported housing £000	Shared ownership £000	Other £000	Total £000
Income					
Rents	123,158	16,784	8,770	884	149,596
Service charges	3,613	4,227	88	1,198	9,126
Amortisation of government grants	116	64	49	-	229
Other revenue grants	221	56	31	2	310
Total net rents from lettings	127,108	21,131	8,938	2,084	159,261
Expenditure					
Management	(30,689)	(87)	(7)	(41)	(30,824)
Services	(4,012)	(4,021)	(3,347)	(83)	(11,463)
Routine maintenance	(14,911)	-	(31)	-	(14,942)
Planned maintenance	(9,840)	(93)	-	-	(9,933)
Major improvements and repairs	(22,016)	-	-	(197)	(22,213)
Bad debts	(416)	(55)	-	(22)	(493)
Depreciation of housing properties	(20,813)	(2,714)	(1,328)	(10)	(24,865)
Accelerated depreciation on component disposals	(1,135)	(121)	-	-	(1,256)
Operating costs on lettings	(103,832)	(7,091)	(4,713)	(353)	(115,989)
Operating profit on lettings activities before impairment	23,276	14,040	4,225	1,731	43,272
Reversal of impairment of housing assets	135	-	-	-	135
Operating profit on lettings activities	23,411	14,040	4,225	1,731	43,407
Rental income is stated net of void losses as set out below:					
Void losses	772	372	13	46	1,203

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

	2021						
	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	111,131	-	-	787	28,006	97	140,021
Synergy Housing Ltd	58,923	-	-	326	8,046	86	67,381
Aster 3 Ltd	3,189	-	-	-	4,947	-	8,136
Aster Living	-	2,450	-	-	-	19	2,469
Aster Property Ltd	-	-	61,188	-	-	1,660	62,848
Aster Homes Ltd	-	-	-	82,918	1,127	-	84,045
Aster LD Ltd	-	-	-	-	-	-	-
Aster Group Ltd	-	-	-	26,284	-	-	26,284
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	-	-	-	-	-	1,708	1,708
Aster Solar Ltd	-	-	-	-	-	337	337
East Boro Housing Trust Ltd	3,017	1,684	-	-	662	118	5,481
East Boro Housing Services Ltd	-	-	-	18	-	112	130
Eliminations	(1,113)	-	(60,962)	(109,781)	(1,127)	(1,478)	(174,461)
	175,147	4,134	226	552	41,661	2,659	224,379

Profit / (loss)

	2021							
	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	140,021	(25,607)	(61,452)	-	12,635	(17,663)	(1,241)	46,693
Synergy Housing Ltd	67,381	(7,416)	(30,687)	633	5,238	(9,622)	(138)	25,389
Aster 3 Ltd	8,136	(4,674)	(1,579)	-	-	(589)	-	1,294
Aster Living	2,469	-	(1,791)	-	-	(73)	-	605
Aster Property Ltd	62,848	-	(63,964)	-	-	(985)	-	(2,101)
Aster Homes Ltd	84,045	(77,277)	(4,701)	-	-	-	-	2,067
Aster LD Ltd	-	-	-	-	-	-	-	-
Aster Group Ltd	26,284	-	(24,596)	-	-	(968)	-	720
Aster Treasury Plc	-	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	1,708	-	(995)	-	-	-	-	713
Aster Solar Ltd	337	-	(71)	-	-	(136)	-	130
East Boro Housing Trust Ltd	5,481	(557)	(3,868)	-	98	(618)	-	536
East Boro Housing Services Ltd	130	(11)	(109)	-	-	-	-	10
Eliminations	(174,461)	78,403	93,383	-	(100)	-	-	(2,775)
	224,379	(37,139)	(100,430)	633	17,871	(30,654)	(1,379)	73,281
Net interest								(28,163)
Loss on disposal of other property, plant and equipment and intangible assets								(44)
Share of joint venture profit								400
Profit before taxation								45,474

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

6c **Segmental analysis** (continued)

Turnover

	2020						
	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	106,133	-	-	768	28,789	244	135,934
Synergy Housing Ltd	56,593	-	-	317	15,634	95	72,639
Aster 3 Ltd	2,041	-	-	-	2,408	-	4,449
Aster Living	-	2,601	-	-	-	-	2,601
Aster Property Ltd	-	-	73,940	-	-	-	73,940
Aster Homes Ltd	-	-	-	93,980	1,051	-	95,031
Aster Group Ltd	-	-	-	24,268	-	-	24,268
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	-	-	-	-	-	1,642	1,642
Aster Solar Ltd	-	-	-	-	-	304	304
East Boro Housing Trust Ltd	-	-	-	-	-	-	-
Eliminations	(1,074)	-	(73,875)	(118,816)	(1,051)	(1,432)	(196,248)
	163,693	2,601	65	517	46,831	853	214,560

Profit / (loss)

	2020						
	Turnover £000	Cost of sales £000	Operating expenditure £000	Disposal of housing properties £000	Depreciation £000	Impairment £000	Operating profit / (loss) £000
Aster Communities	135,934	(25,320)	(65,164)	14,859	(17,515)	135	42,929
Synergy Housing Ltd	72,639	(12,861)	(30,837)	5,061	(9,337)	-	24,665
Aster 3 Ltd	4,449	(2,185)	(1,181)	122	(359)	-	846
Aster Living	2,601	-	(2,180)	-	(99)	-	322
Aster Property Ltd	73,940	-	(72,296)	-	(802)	-	842
Aster Homes Ltd	95,031	(87,586)	(4,697)	15	-	-	2,763
Aster Group Ltd	24,268	-	(21,094)	-	(989)	-	2,185
Aster Treasury Plc	-	-	-	-	-	-	-
Silbury Housing and Holdings Ltd	1,642	-	(953)	-	-	-	689
Aster Solar Ltd	304	-	(59)	-	(135)	-	110
East Boro Housing Trust Ltd	-	-	-	-	-	-	-
Eliminations	(196,248)	88,596	104,194	(15)	-	-	(3,473)
	214,560	(39,356)	(94,267)	20,042	(29,236)	135	71,878
Net interest							(26,680)
Surplus on disposal of other property, plant and equipment and intangible assets							214
Share of joint venture profit							374
Gain on acquisition							14,013
Profit before taxation							59,799

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

	2021			Reclassified[1] 2020		
	Proceeds £000	Cost of sales £000	Profit / (loss) £000	Proceeds £000	Cost of sales £000	Profit / (loss) £000
Right to buy	**2,093**	**(2,201)**	**(108)**	1,514	(1,799)	(285)
Right to acquire	**1,143**	**(253)**	**890**	727	(172)	555
Shared ownership staircasing	**7,222**	**(4,537)**	**2,685**	6,739	(3,680)	3,059
Void property disposals	**15,692**	**(3,574)**	**12,118**	18,395	(5,009)	13,386
Others	**2,988**	**(702)**	**2,286**	3,327	-	3,327
	29,138	**(11,267)**	**17,871**	30,702	(10,660)	20,042

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

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

8 Operating profit

	2021 £000	2020 £000
Operating profit is stated after charging:		
Auditors' remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**216**	183
In respect of other services:		
Service charge review	**8**	4
Other non-adiut services	**57**	2
Depreciation:		
Property, plant and equipment - (social housing)	**26,696**	24,864
Accelerated depreciation of components	**797**	1,256
Property, plant and equipment - (other assets)	**2,247**	2,150
Amortisation of intangible assets	**914**	966
Impairment:		
Housing asset - (net reversal)	**-**	(135)
Shared ownership properties held for sale	**138**	-
Office premises	**1,241**	-
Profit on shared ownership properties, first tranche	**4,417**	7,475
Operating lease payments:		
Land and buildings	**81**	59
Office premises	**433**	344
Office equipment	**23**	21

9 Employee information

	2021 No.	2020 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**1,347**	1,221

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

	2021 No.	2020 No.
£59,999 or less	**1,250**	1,135
£60,000 to £69,999	**37**	29
£70,000 to £79,999	**18**	21
£80,000 to £89,999	**7**	9
£90,000 to £99,999	**12**	7
£100,000 to £109,999	**11**	8
£110,000 to £119,999	**2**	3
£120,000 to £129,999	**2**	3
£130,000 to £139,999	**1**	-
£150,000 to £159,999	**1**	-
£160,000 to £169,999	**-**	1
£170,000 to £179,999	**-**	1
£190,000 to £199,999	**1**	-
£200,000 to £209,999	**1**	2
£210,000 to £219,999	**1**	-
£220,000 to £229,999	**1**	1
£280,000 to £289,999	**-**	1
£300,000 to £309,999	**1**	-
£320,000 to £329,000	**1**	-
	1,347	1,221

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

Staff costs:

	2021 £000	2020 £000
Wages and salaries	**45,945**	41,379
Social security costs	**4,375**	4,000
Other pension costs	**3.315**	4,212
	53,635	49,591

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

Notes to the
Consolidated Financial Statements

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

	2021			2020		
	Proceeds £000	Cost of disposal £000	Profit / (loss) £000	Proceeds £000	Cost of disposal £000	Profit / (loss) £000
Motor vehicles	**18**	**-**	**18**	3	-	3
Computer equipment	**-**	**(4)**	**(4)**	2	(70)	(68)
Solar panels	**4**	**(7)**	**(3)**	5	(11)	(6)
Office premises	**-**	**-**	**-**	2,600	(2,315)	285
Office equipment	**-**	**(55)**	**(55)**	-	-	-
Total	**22**	**(66)**	**(44)**	2,610	(2,396)	214

11 Finance income and expense

	Note	2021 £000	2020 £000
Interest receivable and similar income			
Interest on short term deposits		**194**	813
Finance debtor interest receivable		**2,304**	2,397
Other interest receivable		**1,768**	1,882
Total interest income on financial assets not measured at fair value through profit or loss		**4,266**	5,092
Unwinding of trade debtor discounting		**180**	353
		4,446	5,445
Interest payable and similar charges			
Guaranteed fixed rate secured bonds		**(15,808)**	(14,767)
Fixed rate loans		**(13,533)**	(13,459)
Floating rated loans		**(3,688)**	(3,970)
Interest rate swaps		**(2,052)**	(2,931)
Less interest capitalised		**4,683**	5,174
		(30,398)	(29,953)
Disposal proceeds fund interest		**-**	(1)
Recycled capital grant fund interest		**(17)**	(17)
Interest charged on amounts due under right to buy sharing agreement		**-**	(1)
Amortisation of arrangement fees		**(340)**	(161)
Administration charge		**(888)**	(402)
Amortisation of issue costs		**(89)**	(282)
Total interest payable on financial liabilities not measured at fair value through profit or loss		**(31,732)**	(30,817)
Trade debtor discounting		**(175)**	(295)
		(31,907)	(31,112)
Interest on net pension liability			
Local government pension schemes	32	**(560)**	(673)
SHPS pension schemes	32	**(142)**	(340)
		(702)	(1,013)
Net finance expense		**(28,163)**	(26,680)

12 Gains and losses on financial instruments measured at fair value through other comprehensive income

	2021	
	Gains £000	Losses £000
Financial liabilities measured at fair value	**8,285**	**-**
	8,285	**-**

	2020	
	Gains £000	Losses £000
Financial liabilities measured at fair value	64	(7,730)
	64	(7,730)

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13 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	2021 £000	2020 £000
The tax (credit) / charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	**59**	33
Under provision in prior year	**-**	-
Total current tax	**59**	33
Deferred tax		
Origination and reversal of timing differences	**(446)**	(103)
Adjustment for prior year	**164**	(2)
Changes in tax rate or laws	**-**	(102)
Total deferred tax	**(282)**	(207)
Tax on profit on ordinary activities	**(223)**	(174)

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

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of timing differences	**(514)**	308
	(514)	308

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

	2021 £000	2020 £000
Profit on ordinary activities before taxation	**45,474**	59,799
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2020: 19%)	**8,640**	11,362
Effects of:		
Profit from charitable activities	**(9,036)**	(8,771)
Expenses not deductible	**62**	1
Effects of tax rate changes	**-**	(102)
Joint venture profit share	**(53)**	-
Non-taxable income	**-**	(2,662)
Adjustments for prior year	**164**	(2)
	(223)	(174)

(d) Deferred tax

	2021 £000	2020 £000
Asset at start of year	**(1,010)**	(1,114)
Adjustment for prior year	**(1)**	3
Deferred tax credit to income statement for the year	**(282)**	(207)
Deferred tax charge / (credit) in other comprehensive income for the year	**(514)**	308
Asset at end of year	**(1,807)**	(1,010)

(e) Tax rate changes

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. 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% (2020: 19%)

14 Intangible assets

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 April 2020	**146**	**8,520**	**8,666**
Additions	**540**	**73**	**613**
Completions	**(1)**	**1**	**-**
Disposals	**-**	**(1)**	**(1)**
At 31 March 2021	**685**	**8,593**	**9,278**
Accumulated amortisation			
At 1 April 2020	**-**	**6,692**	**6,692**
Charge for year	**-**	**914**	**914**
Disposals	**-**	**(1)**	**(1)**
At 31 March 2021	**-**	**7,605**	**7,605**
Net book value as at 31 March 2021	**685**	**988**	**1,673**
Net book value as at 31 March 2020	146	1,828	1,974

15 Property, plant and equipment (social housing)

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

	Housing properties under construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Cost					
At 1 April 2020	61,801	1,517,768	34,711	230,296	1,844,576
Additions	65,861	1,882	46,426	-	114,169
Components	-	11,533	-	-	11,533
Disposal of components	-	(2,339)	-	-	(2,339)
Completions	(60,102)	60,102	(42,230)	42,230	-
Transfer from investment properties	-	132	-	-	132
Disposals	-	(6,797)	-	(4,242)	(11,039)
At 31 March 2021	67,560	1,582,281	38,907	268,284	1,957,032
Accumulated depreciation					
At 1 April 2020	-	107,392	-	4,376	111,768
Charge for year	-	25,003	-	1,693	26,696
Disposal of components	-	(1,542)	-	-	(1,542)
Disposals	-	(1,087)	-	(164)	(1,251)
At 31 March 2021	-	129,766	-	5,905	135,671
Net book value at 31 March 2021	69,220	1,452,515	38,907	262,379	1,821,361
Net book value at 31 March 2020	61,801	1,410,376	34,711	225,920	1,732,808

The cost of completed properties during the year includes £4.7 million (2020: £5.2 million) of capitalised borrowing costs at an average cost of borrowing of 2.5% (2020: 2.4%).

Net book value of property, plant and equipment - social housing by tenure	2021 £000	2020 £000
Freehold	1,820,476	1,731,315
Long leasehold	885	1,493
Net book value	1,821,361	1,732,808

15 **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 2021, on the basis of Existing Use Value - Social Housing. The valuations were carried out in accordance with RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended).

	Housing properties under 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 2021	**-**	**1,798,780**	**-**	**254,075**	**2,052,855**
Valuation at 31 March 2020	-	1,536,458	-	192,861	1,729,319

16 Property, plant and equipment (other assets)

	Office premises £000	Leasehold office improvements £000	Assets under construction £000	Motor vehicles £000	Office and estate equipment £000	Computer equipment £000	Total £000
Cost							
At 1 April 2020	8,947	941	1	8,898	12,054	6,402	37,243
Additions	207	-	1	959	362	352	1,881
Completions	-	-	(2)	-	-	2	-
Reclassification of existing asset	63	-	-	-	(91)	28	-
Disposals	-	(33)	-	(296)	(183)	(54)	(566)
At 31 March 2021	9,217	908	-	9,561	12,142	6,730	38,558
Accumulated depreciation							
At 1 April 2020	3,044	226	-	5,859	6,903	5,740	21,772
Charge for year	194	21	-	966	607	459	2,247
Reclassification of existing asset	56	-	-	-	(56)	-	-
Impairment	1,241	-	-	-	-	-	1,241
Disposals	-	(12)	-	(296)	(138)	(54)	(500)
At 31 March 2021	4,535	235	-	6,529	7,316	6,145	24,760
Net book value at 31 March 2021	4,682	673	-	3,032	4,826	585	13,798
Net book value at 31 March 2020	5,903	715	1	3,039	5,151	662	15,471

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17 **Investment properties**

	Market rented properties £000	Freehold £000	Total investment properties £000
Fair value			
At 1 April 2020	15,970	1,071	17,041
Transfer to property, plant and equipment (social housing)	(132)	-	(132)
Fair value adjustment	633	-	633
At 31 March 2021	16,471	1,071	17,542

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

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

18 HomeBuy loans receivable

	2021 £000	2020 £000
At 1 April	**3,760**	3,966
Proceeds received from sales	**(243)**	(429)
Profits on redemption of loan	**89**	223
At 31 March	**3,606**	3,760

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.

19 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 2021 White Rock Land LLP made a loss of £0.4 million (2020: £0.3 million loss); Boorley Green LLP made a loss of £0.1 million (2020: £1.5 million profit) and Kilnwood Vale LLP made a profit of £1.3 million (2020: £0.5 million loss). White Rock Land LLP, Boorley Green LLP and Kilnwood Vale LLP made no distribution to shareholders (2020: £nil).

	2021 £000	Group's share (50%) £000	2020 £000	Group's share (50%) £000
Current assets - White Rock Land LLP	**41,227**	**20,614**	44,524	22,262
Current assets - Boorley Green LLP	**43,326**	**21,663**	47,110	23,555
Current assets - Kilnwood Vale LLP	**16,573**	**8,287**	19,412	9,706
Total current assets	**101,126**	**50,564**	111,046	55,523
Current liabilities - White Rock Land LLP	**(38,454)**	**(19,227)**	(41,375)	(20,688)
Current liabilities - Boorley Green LLP	**(40,151)**	**(20,076)**	(43,842)	(21,921)
Current liabilities - Kilnwood Vale LLP	**(16,253)**	**(8,127)**	(20,360)	(10,180)
Total current liabilities	**(94,858)**	**(47,430)**	(105,577)	(52,789)
Net assets	**6,268**	**3,134**	5,469	2,734

20 Other investments

	2021 £000	2020 £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.

The group holds 440,000 10 pence shares in MORhomes PLC, whose primary activity is to act as a borrowing vehicle for the social housing sector.

21 Debtors: amounts falling due after more than one year

	2021 £000	2020 £000
Finance debtor	**36,403**	37,712
Loan to joint ventures	**26,757**	46,874
European Investment Bank and Affordable Housing Finance liquidity reserve funds	**3,062**	3,062
MORhomes convertible financial instruments	**460**	460
MORhomes facility security	**849**	350
Deferred funding fees	**233**	352
	67,764	88,810

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.

22 Inventories

	2021 £000	2020 £000
Trade consumables	**711**	532
Properties in the course of construction	**2,256**	2,438
	2,967	2,970

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.

23 Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	**1,128**	2,167
Rent arrears	**8,592**	11,109
Service charge under-recovery	**5,100**	4,414
Less discounting of debts payable over more than 12 months	**(1,109)**	(1,115)
Less provision for bad debts - rent arrears and service charges	**(4,326)**	(4,451)
	9,385	12,124
Finance debtor	**2,979**	3,026
Loan to joint ventures	**16,690**	2,700
Other debtors	**956**	3,013
Less provision for bad debts - other debtors	**(85)**	(43)
Deferred tax	**1,807**	1,010
VAT recoverable	**420**	46
Other capital grants receivable	**9**	-
Prepayments and accrued income	**5,606**	4,988
	37,767	26,864

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

24 Shared ownership properties held for sale

	Under construction £000	Completed £000	Total £000
1 April 2020	**23,340**	**13,592**	**36,932**
Additions	**35,260**	**-**	**35,260**
Completions	**(33,364)**	**33,364**	**-**
Impairment	**-**	**(138)**	**(138)**
Disposals	**-**	**(36,796)**	**(36,796)**
31 March 2021	**25,236**	**10,022**	**35,258**

25 Cash and cash equivalents

	2021 £000	2020 £000
Short term deposits	**135,181**	116,508
Cash at bank and in hand	**71,580**	31,567
	206,761	148,075

26 Creditors: amounts falling due within one year

	Note	2021 £000	2020 £000
Trade creditors		**4,775**	5,816
Taxation and social security payable		**1,331**	1,110
Pension contributions		**562**	598
VAT payable		**376**	369
Rent paid in advance		**4,073**	4,398
Service charge over-recovery		**1,569**	1,515
Amounts due under right to buy sharing agreement		**1,277**	919
Capital grant received in advance		**821**	113
Social housing grant	28	**12,092**	13,931
Recycled capital grant fund	29	**1,595**	2,200
Disposal proceeds fund	30	**-**	473
Other creditors		**3,551**	3,216
Corporation tax	13	**59**	33
Accruals and deferred income		**25,478**	27,545
Loan interest and charges		**327**	312
Loan repayable (within 1 year)	31e	**71,741**	18,158
		129,627	80,706

27 Creditors: amounts falling due after more than one year

	Note	2021 £000	2020 £000
Loans repayable			
In less than five years	31e	**126,599**	123,238
In five years or more	31e	**945,698**	906,232
Less unamortised issue fees		**(5,346)**	(2,653)
Less unamortised discount issue fees		**(2,708)**	(2,760)
Less deferred arrangement fees		**-**	(1,101)
Less effective interest adjustments		**-**	(155)
Plus unamortised premium on issue		**32,492**	34,453
		1,096,735	1,057,254
Social housing grant	28	**31,320**	24,905
Recycled capital grant fund	29	**1,256**	1,328
Disposal proceeds fund	30	**473**	-
Interest rate swap		**18,807**	27,092
HomeBuy grants		**3,606**	3,760
Other grants		**67**	-
		1,152,264	1,114,339

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% (2020: 1.5% to 6.3%) for fixed / hedged loans between 0.3% and 0.7% (2020: between 0.1% and 0.8%) for variable loans.

At 31 March 2021, the group had undrawn loan facilities of £307.5 million (2020: £174.5 million) to finance future operating cash flows and investments. The facility has its own designated pool of security held with a security trustee.

28 Social housing grant

	2021 £000	2020 £000
Balance as at 1 April	**38,836**	26,552
Additions	**5,176**	12,966
Disposals	**(182)**	(30)
Amortised within Statement of Comprehensive Income	**(418)**	(221)
Withdrawal	**-**	(431)
Balance as at 31 March	**43,412**	38,836
Recognised in:		
Creditors: amounts falling due within one year	**12,092**	13,931
Creditors: amounts falling due after one year	**31,320**	24,905
	43,412	38,836

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

	2021 £000	2020 £000
Social housing grant	**283,887**	278,711
HomeBuy grant	**3,606**	3,760
Total government grant received	**287,493**	282,471
Recognised in:		
Profit and loss reserve	**240,475**	239,875
Creditors: amounts falling due within one year	**12,092**	13,931
Creditors: amounts falling due after more than one year	**34,926**	28,665
	287,493	282,471

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

29 Recycled capital grant fund

	2021 £000	2020 £000
Balance as at 1 April	**3,528**	3,444
Additions:		
Grants recycled	**785**	437
Interest	**17**	17
Withdrawals:		
New build	**(1,479)**	(370)
Balance as at 31 March	**2,851**	3,528
Analysis of maturity:		
- in less than one year	**1,595**	2,200
- in one to two years	**497**	848
- in more than two years	**759**	480
	2,851	3,528

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.

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30 Disposal proceeds fund

	2021 £000	2020 £000
Balance as at 1 April	**473**	472
Additions:		
Interest	**-**	1
Balance as at 31 March	**473**	473
Recognised in:		
Creditors: amounts falling due within one year	**-**	473
Creditors: amounts falling due after one year	**473**	-
	473	473

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

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 2021 the group held £18.8 million (2020: £27.1 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 of which were 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.

COVID Corporate Financing Facility Commercial Paper

On 10 July 2020 the group issued £50 million of Commercial Paper under the COVID Corporate Financing Facility (CCFF) at an interest rate of 0.32%, which matured and was repaid on 19 March 2021. On 21 July 2020 the group issued a further £50 million at an interest rate of 0.27%, repayable on 20 July 2021.

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

The interest on these loans varies or floats as the reference rate (currently London Inter-Bank Offered Rate (LIBOR)) changes. Due to this variation these loans are recognised using the effective interest method which averages the interest rate over the life of the loan. As with the 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 £164,000 (2020: £337,000) higher than the actual interest paid.

At the end of the year the group had drawn £342.1 million (2020: £354.8 million) of fixed rate loans which incurred an effective interest charge during the year of between 1.5% and 6.3% (2020: 1.5% and 6.3%). These loans have a carrying value of £342.0 million (2020: £350.4 million) giving a cumulative effective interest adjustment of £0.1 million (2020: £1.7 million).

Floating rate loans

The interest on these loans varies or floats as the London Inter-Bank Offered Rate (LIBOR) changes. In addition to LIBOR a margin is also charged which makes up the total interest rate. Within the total amount the group can borrow from its lenders there is a set amount designed as floating loans, once this limit is reached the group cannot draw down any more floating rate loans. At the end of the year the group had drawn £192.1 million (2020: £327.0 million) of floating rate loans and was charged an interest rate of between 0.3% and 0.7% (2020: 0.1% and 0.8%).

The publication of LIBOR will end on 31 December 2021. The group is in discussion with its counter-parties over the transition to a new reference rate for floating rate debt, the Sterling Over Night Index Average (SONIA).

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 2021 the balance on the finance debtor was £39.4 million (2020: £40.7 million).

31 Financial instruments (continued)

31a Financial instruments' descriptions (continued)

Disposal proceeds fund

Following the deregulation changes made to the Housing and Planning Act 2016, which came into force on 6 April 2017, the requirement to recycle grant into the disposal proceed fund and repay elapsed balances was removed. Aster Group Limited will continue to make withdrawals from the disposal proceeds fund to fund new builds. The disposal proceeds fund continued to have interest added until the end of the wind down period on 6 April 2020. The balance on the fund is £473,000 (2020: £473,000).

Convertible financial instruments

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

At 31 March 2021 the association held £460,000 (2020: £460,000) of convertible financial instruments with £nil (2020: £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 £2.9 million (2020: £3.5 million), this includes £17,000 (2020: £17,000) 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 2021 was £307.5 million (2020: £174.5 million). The cost of the undrawn facility is £794,000 (2020: £375,000).

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 2021 the group recognised £8.3 million of net effective cash flow hedge gains in Other Comprehensive Income (2020: £7.7 million losses) and £nil (2020: £nil) 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.

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31 **Financial instruments** (continued)

31c Financial instrument carrying values

	2021 £000	2020 £000
Financial assets that are debt instruments measured at amortised cost		
Finance debtor	**39,382**	40,738
Loans to limited liability partnership	**43,447**	49,574
Trade and rent debtors	**14,820**	17,690
Liquidity funds	**3,062**	3,062
Other grants receivable	**9**	-
Other debtors	**956**	3,013
	101,676	114,077
Financial assets that are equity instruments measured at cost less impairment		
Investment in joint venture	**3,134**	2,734
	3,134	2,734
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments held to manage interest rates - Interest rate swaps	**(18,807)**	(27,092)
	(18,807)	(27,092)
Financial liabilities measured at amortised cost		
Guaranteed medium term notes	**(197,872)**	-
Guaranteed fixed rate secured bonds	**(385,897)**	(390,657)
Fixed rate loans	**(341,986)**	(350,420)
Hedged floating rated loans classified as fixed rated loans	**(143,616)**	(146,848)
Floating rated loans	**(48,509)**	(180,199)
COVID Corporate Financing Facility commercial paper	**(49,960)**	-
Convertible financial instruments	**(460)**	(460)
Disposal proceeds fund	**(473)**	(473)
Recycled capital grant fund	**(2,851)**	(3,528)
Trade and rent creditors	**(10,417)**	(11,729)
Accruals	**(25,478)**	(27,545)
Other creditors	**(3,551)**	(3,216)
	(1,211,070)	(1,115,075)
Loan commitments measured at cost less impairment		
Undrawn committed borrowings	**307,500**	174,500
Carrying value of undrawn committed borrowings	**-**	-

The group's borrowing from MORhomes have been reclassified into its constituent parts being made up of a fixed rate loan and a convertible financial instrument.

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

Methods and assumptions used in the assessment of fair values

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

31d **Interest rate profile of borrowings**

	2021 £000	2020 £000
Group's borrowings comprise:		
Guaranteed fixed rate secured bonds	**360,000**	360,000
Guaranteed medium term notes	**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	**152,573**	165,261
Hedged floating rated loans classified as fixed rated loans	**143,616**	146,848
Floating rate loans	**48,509**	180,199
COVID Corporate Financing Facility commercial paper	**50,000**	-
Recycled capital grant fund	**2,851**	3,528
Disposal proceeds fund	**473**	473
	1,148,022	1,046,309

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

	2021		2020	
	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Weighted average period for which rate is fixed Years
At 31 March				
Guaranteed fixed rate secured bonds	**4.50**	**22.70**	**4.50**	**23.70**
Convertible financial instruments	**3.70**	**16.90**	**3.70**	**17.90**
Fixed rated loans	**3.23**	**12.13**	**3.67**	**14.14**
Fixed rate secured medium term notes	**1.41**	**14.84**	**n/a**	**n/a**
Commercial Paper	**0.21**	**0.30**	**n/a**	**n/a**

31e **Maturity of borrowings**

The maturity profile of the principal value of the association's loans, as shown in note 31d, is:

	2021			2020		
	Repayment			Repayment		
	By instalments £000	Not by instalments £000	Total £000	By instalments £000	Not by instalments £000	Total £000
0 - 1 years	**21,741**	**51,595**	**73,336**	18,158	-	18,158
1 - 2 years	**57,811**	**-**	**57,811**	21,299	-	21,299
2 - 5 years	**68,788**	**-**	**68,788**	101,939	-	101,939
Over 5 years	**273,396**	**674,691**	**948,087**	431,951	472,962	904,913
	421,736	**726,286**	**1,148,022**	573,347	472,962	1,046,309

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 £1,909.7 million (2020: £1,554.4 million). At 31 March 2021 properties valuing £116 million (2020: £192.5 million) were unsecured and available to be secured.

31 **Financial instruments** (continued)

31f Hedge accounting

Hedging instrument

	2021						
	Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Charge / (credit) to OCI £000	Credit to profit or loss £000
Barclays swaps	35,431	3.08	2034	Monthly	(6,288)	(2,460)	-
Credit Suisse swap	27,500	2.97	2031	Monthly	(3,366)	(1,177)	-
Credit Suisse swap	50,000	2.26	2022	Monthly	(1,090)	(947)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(2,143)	(1,065)	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(5,920)	(2,636)	-
	142,931				(18,807)	(8,285)	-

Hedging instrument

	2020						
	Restated Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Charge / (credit) to OCI £000	Credit to profit or loss £000
Barclays swaps	36,903	3.08	2034	Monthly	(8,748)	2,387	-
Credit Suisse swap	32,500	2.97	2031	Monthly	(4,543)	848	-
Credit Suisse swap	50,000	2.26	2022	Monthly	(2,037)	(64)	-
Notting Hill swap	8,000	2.96	2038	Half yearly	(3,208)	1,218	-
Notting Hill swap	22,000	2.85	2037	Quarterly	(8,556)	3,277	-
	149,403				(27,092)	7,666	-

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 seven pension schemes.

There are six defined benefit schemes:

- Wiltshire Pension Scheme (closed to new members);
- Hampshire County Council Pension Scheme (closed to new members);
- Somerset County Council Pension Scheme (closed to new members);
- Dorset County Council Pension Scheme (closed to new members);
- Social Housing Pension Scheme ('SHPS') final salary defined benefit scheme (closed 31 March 2020); and
- SHPS career average of earnings scheme (CARE) (closed to new members);

and three defined contribution ('stakeholder') schemes:

- SHPS defined contribution scheme;
- Friends Provident defined contribution scheme (closed 31 March 2020); and
- Royal London defined contribution scheme (open to East Boro Housing Trust Limited employees).

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

The Friends Provident scheme closed on 31 March 2020. Members were transferred to the SHPS defined contribution scheme.

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

The pension cost to the group for the year ended 31 March 2021 was £3.2 million (2020: £4.2 million) in respect of 1,340 (2020: 1,276) employees.

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

Summary of movements and balances in funding

	Note	2021 Total cost by scheme £000	2021 Total interest on net pension liability by scheme £000	2021 Actuarial gains / (losses) in pension scheme £000	2021 Pension deficit £000
County pension schemes					
Wiltshire	32a	**153**	**28**	**(1,446)**	**(3,329)**
Wiltshire asset ceiling	32a	**-**	**-**	**210**	**210**
Hampshire	32a	**30**	**70**	**1,400**	**(1,390)**
Hampshire - unfunded	32a	**-**	**10**	**(30)**	**(450)**
Somerset	32a	**175**	**155**	**(890)**	**(6,083)**
Dorset	32a	**436**	**297**	**(4,306)**	**(13,874)**
SHPS					
Defined benefit scheme	32b	**773**	**142**	**(10,627)**	**(16,164)**
Defined contribution scheme	32b	**1,704**	**-**	**-**	**-**
Royal London		**44**	**-**	**-**	**-**
		3,315	**702**	**(15,689)**	**(41,080)**

	Note	2020 Total cost by scheme £000	2020 Total interest on net pension liability by scheme £000	2020 Actuarial gains / (losses) in pension scheme £000	2020 Pension deficit £000
County pension schemes					
Wiltshire	32a	223	63	1,062	(1,713)
Wiltshire asset ceiling	32a	-	-	(561)	(561)
Hampshire	32a	40	60	(1,090)	(2,691)
Hampshire - unfunded	32a	-	10	(10)	(430)
Somerset	32a	260	211	1,467	(7,158)
Dorset	32a	689	329	900	(13,139)
SHPS					
Defined benefit scheme	32b	1,612	340	7,549	(6,731)
Defined contribution scheme	32b	1,381	-	-	-
Friends Provident		7	-	-	-
		4,212	1,013	9,317	(32,423)

32 **Pension obligations** (continued)

Local government pension scheme

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

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

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

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2021. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability (gross obligation: £123 million; 2020: £102.6 million) the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or association Financial Statements as at 31 March 2021.

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

32a **Local government pension funds**

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

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

	2021		2020	
	Active Members No.	**Annual pensionable payroll £000**	Active Members No.	Annual pensionable payroll £000
Dorset County Council Pension Fund	**35**	**1,163**	35	1,229
Hampshire County Council Pension Fund	**2**	**66**	2	83
Somerset County Council Pension Fund	**14**	**476**	14	457
Wiltshire Pension Fund	**12**	**410**	12	459

The funds are subject to an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to address the level of future contributions required so that the scheme can meet its pension obligations as they fall due.

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

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

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

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

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

32 **Pension obligations** (continued)

32a **Local government pension funds** (continued)

	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions	31 MARCH 2021				
	%p.a.	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - RPI	2.9	n/a	n/a	n/a	n/a
Price increases - CPI	n/a	2.7	2.7	n/a	2.9
Pension increases	2.9	2.7	n/a	2.9	2.9
Salary increases	3.9	3.7	n/a	3.9	3.3
Discount rate	2.0	2.1	2.1	2.0	2.0
Mortality	2021				
	Years	Years	Years	Years	Years
Current pensioners					
Females	24.6	25.5	25.5	24.6	24.4
Males	23.1	23.1	23.1	23.1	21.9
Future pensioners					
Females	26.0	27.3	n/a	26.0	26.2
Males	24.4	24.8	n/a	24.4	22.9
Fair value of plan assets	31 MARCH 2021				
	£000	£000	£000	£000	£000
Equities	20,111	9,400	n/a	12,809	15,213
Gilts	4,194	2,860	n/a	1,023	-
Debt instruments	2,294	-	n/a	-	-
Bonds	2,775	-	n/a	1,726	8,694
Property	3,426	1,010	n/a	1,231	3,260
Diversified Growth Fund	3,782	-	n/a	-	-
Other	-	3,010	n/a	-	-
Cash	798	230	n/a	1,023	-
	37,380	16,510	n/a	17,812	27,167
Asset ceiling adjustment	-	-	n/a	-	(640)
	37,380	16,510	n/a	17,812	26,527
Cost recognised as an expense	31 MARCH 2021				
	£000	£000	£000	£000	£000
Current service cost	414	30	n/a	168	153
Interest costs	978	370	10	455	565
Expected return on assets employed	(681)	(300)	n/a	(300)	(537)
Administration expenses	22	-	n/a	7	-
	733	100	10	330	181
Return on plan assets	5,160	3,510	n/a	3,642	4,015

	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions	31 MARCH 2020				
	%p.a.	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - RPI	2.0	2.7	2.7	n/a	1.9
Price increases - CPI	n/a	2.1	2.1	n/a	1.9
Pension increases	2.0	2.1	n/a	1.9	1.9
Salary increases	3.0	3.1	n/a	2.9	2.3
Discount rate	2.4	2.3	2.3	2.4	2.3
Mortality	2020				
	Years	Years	Years	Years	Years
Current pensioners					
Females	24.7	25.5	25.5	24.7	24.0
Males	23.3	23.0	23.0	23.3	21.7
Future pensioners					
Females	26.2	27.2	n/a	26.2	25.5
Males	24.7	24.7	n/a	24.7	22.5
Fair value of plan assets	31 MARCH 2020				
	£000	£000	£000	£000	£000
Equities	14,584	6,821	n/a	8,702	13,645
Gilts	3,468	2,750	n/a	765	-
Debt instruments	1,801	-	n/a	-	-
Bonds	2,271	-	n/a	1,270	6,823
Property	3,146	908	n/a	1,102	2,822
Diversified Growth Fund	3,084	-	n/a	-	-
Other	-	2,050	n/a	-	-
Cash	695	1,098	n/a	688	235
	29,049	13,627	n/a	12,527	23,525
Asset ceiling adjustment	-	-	n/a	-	(850)
	29,049	13,627	n/a	12,527	22,675
Cost recognised as an expense	31 MARCH 2020				
	£000	£000	£000	£000	£000
Current service cost	665	40	n/a	252	223
Interest costs	1,069	390	10	500	666
Expected return on assets employed	(740)	(330)	n/a	(289)	(603)
Administration expenses	24	-	n/a	8	-
	1,018	100	10	471	286
Return on plan assets	(1,861)	(730)	n/a	172	(1,346)

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 2021				
	£000	£000	£000	£000	£000
Opening defined benefit obligation	42,188	16,318	430	19,685	24,949
Current service cost	414	30	-	168	153
Past service cost	-	-	-	-	-
Interest cost	978	370	10	455	565
Contributions by members	80	10	-	32	29
Actuarial losses / (gains)	8,785	1,810	30	4,232	4,924
Estimated benefits paid	(1,184)	(638)	(20)	(677)	(965)
Estimated unfunded benefits paid	(7)	-	-	-	(9)
Closing defined benefit obligation	51,254	17,900	450	23,895	29,646

Reconciliation of fair value of employer assets	31 MARCH 2021				
	£000	£000	£000	£000	£000
Opening fair value of employer assets	29,049	13,627	-	12,527	22,675
Expected return on assets	681	300	-	300	537
Contributions by members	80	10	-	32	29
Contributions by employers	4,304	3	20	2,295	563
Administration expenses	(22)	-	-	(7)	-
Return on assets less interest	4,479	-	-	3,342	2,587
Unfunded contributions	-	-	-	-	9
Actuarial gains	-	3,210	-	-	891
Benefits paid	(1,191)	(640)	(20)	(677)	(965)
Unfunded benefits paid	-	-	-	-	(9)
Closing fair value of employer assets	37,380	16,510	-	17,812	26,317
Asset ceiling adjustment	-	-	-	-	210
Closing fair value of scheme assets recognised in financial statements	37,380	16,510	-	17,812	26,527
Net Pension deficit	(13,874)	(1,390)	(450)	(6,083)	(3,119)

Projected pension expense for the year to **31 MARCH 2022**	31 MARCH 2022				
	£000	£000	£000	£000	£000
Funded benefits					
Projected current service cost	577	40	-	241	207
Interest on obligation	274	20	-	116	576
Expected return on plan assets	-	-	-	-	(531)
Administration expenses	28	-	-	10	-
	879	60	-	367	252
Unfunded benefits	-	-	10	-	-
Interest on obligation	-	-	10	-	-

Reconciliation of scheme liabilities	Dorset	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 MARCH 2020				
	£000	£000	£000	£000	£000
Opening defined benefit obligation	45,131	16,430	430	21,186	28,085
Current service cost	474	30	-	181	205
Past service cost	191	10	-	71	18
Interest cost	1,069	390	10	500	666
Contributions by members	83	10	-	35	34
Actuarial losses / (gains)	(3,501)	30	10	(1,584)	(3,011)
Estimated benefits paid	(1,252)	(582)	(20)	(704)	(1,039)
Estimated unfunded benefits paid	(7)	-	-	-	(9)
Closing defined benefit obligation	42,188	16,318	430	19,685	24,949

Reconciliation of fair value of employer assets	31 MARCH 2020				
	£000	£000	£000	£000	£000
Opening fair value of employer assets	30,737	13,540	-	11,704	25,021
Expected return on assets	740	330	-	289	603
Contributions by members	83	10	-	35	34
Contributions by employers	1,373	1,387	-	1,328	566
Administration expenses	(24)	-	-	(8)	-
Return on assets less interest	(2,513)	-	-	1	-
Unfunded contributions	-	-	-	-	9
Actuarial losses	(88)	(1,060)	-	(118)	(1,949)
Benefits paid	(1,259)	(580)	-	(704)	(1,039)
Unfunded benefits paid	-	-	-	-	(9)
Closing fair value of employer assets	29,049	13,627	-	12,527	23,236
Asset ceiling adjustment	-	-	-	-	(561)
Closing fair value of scheme assets recognised in financial statements	29,049	13,627	-	12,527	22,675
Net Pension deficit	(13,139)	(2,691)	(430)	(7,158)	(2,274)

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.

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 – change in accounting policy

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 147 (2020: 175) active members of the scheme employed by Aster Communities, Synergy Housing Limited, Aster Living, Aster Property Limited and Aster Group Limited (the group). The annual pensionable payroll in respect of these members was £5.8 million (2020: £6.6 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 2021. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

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

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

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

The Social Housing Pension Scheme defined contribution scheme

The scheme is administered by the Pensions Trust. It is open to all members of staff and is the pension scheme for auto-enrolment. The company paid contributions between 4% and 10% (2020: 4% and 10%) and employees paid contributions from 3% (2020: from 3%). On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2021 there were 1,051 (2020: 1,038) 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 2021 %p.a.	31 MARCH 2020 %p.a.
Price increases - RPI	**3.2**	2.5
Price increases - CPI	**2.9**	1.5
Salary increases	**3.9**	2.5
Discount rate	**2.2**	2.3

Mortality

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

Fair value of plan assets

	31 MARCH 2021 £000	31 MARCH 2020 £000
Absolute Returns	**2,795**	2,297
Global Equity	**8,069**	6,444
Liability Driven Investment	**12,864**	14,622
Property and Infrastructure	**5,419**	5,010
Investments	**6,312**	5,537
Sharing and alterative premia risk	**3,750**	4,569
Emerging market and private debt	**3,251**	2,223
Other	**8,161**	3,356
	50,621	44,058

Cost recognised as an expense	**31 MARCH 2021 £000**	31 MARCH 2020 £000
Current service cost	**722**	1,560
Interest costs	**142**	340
Administration expenses	**51**	52
	915	1,952
Return on plan assets	**5,617**	1,008

Reconciliation of defined benefit obligation	**2021 £000**	2020 £000
Opening defined benefit obligation	**50,789**	55,980
Current service cost	**722**	1,560
Contributions by scheme participants	**4**	279
Expenses	**51**	52
Interest expense	**1,184**	1,340
Actuarial losses / (gains)	**15,202**	(7,541)
Benefits paid and expenses	**(1,167)**	(881)
Closing defined benefit obligation	**66,785**	50,789

Reconciliation of fair value of scheme assets	**2021 £000**	2020 £000
Opening fair value of scheme assets	**44,058**	41,225
Interest income	**1,042**	1,000
Actuarial gains	**4,575**	8
Contributions by the employer	**2,109**	2,427
Contributions by scheme participants	**4**	279
Benefits paid and expenses	**(1,167)**	(881)
Closing fair value of scheme assets	**50,621**	44,058
Net pension liability	**16,164**	6,731

33 Other provisions

	2021 Other £000
At 1 April	**621**
Additions during the year	**-**
Utilised during the year	**-**
Released during the year	**(278)**
At 31 March	**343**

	2020		
	Redundancy £000	Other £000	Total £000
At 1 April	37	654	691
Additions during the year	-	-	-
Utilised during the year	(37)	(33)	(70)
Released during the year	-	-	-
At 31 March	-	621	621

Other provisions relates to a provision for unused office space rented by the group under an operating lease.

34 Called up share capital

	2021 £	2020 £
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	**6**	7
Issued during the year	**-**	1
Cancelled during the year	**-**	(2)
At 31 March	**6**	6

35 Other reserves

	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Merger reserve £000	Total £000
At 1 April 2020	395,234	295	(27,091)	462	368,900
Revaluation surplus realised on disposals	(4,304)	-	-	-	(4,304)
Effective cash flow hedge fair value movements	-	-	8,285	-	8,285
Transfer to restricted reserve	-	160	-	-	160
Transfer from profit and loss reserve	-	(19)	-	-	(19)
At 31 March 2021	390,930	436	(18,806)	462	373,022

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 of some 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 area, in agreement with Mendip District Council.

The additions to restricted reserve in 2020 represents the cash received as 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.

The additions to restricted reserve represents the claw back reinvested as part of the disposal of properties in the Purbeck area. In accordance with the agreement made, the reserve can only be used to fund investments in properties in the Purbeck area.

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

	2021 £000	2020 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**347,231**	306,449
Capital expenditure that has been authorised by the Board but has not yet been contracted	**116,630**	54,381
	463,861	360,830

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

	2021 £000	2020 £000
Capital expenditure that has been contracted for within the group's joint ventures but has not been provided for in the financial statements	**95,780**	89,167

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:

	2021 £000	2020 £000
Land and buildings		
Not later than one year	**72**	109
Later than one but not later than five years	**220**	348
Later than five years	**471**	1,034
Office premises		
Not later than one year	**400**	371
Later than one but not later than five years	**994**	1,050
Later than five years	**2,007**	1,438
Office equipment		
Not later than one year	**17**	22
Later than one but not later than five years	**3**	17
Later than five years	**-**	-
	4,184	4,389

39 Homes and bed spaces in management and in development

	2021 No.	2020 No.
Under development at end of year:		
Housing accommodation	**1,288**	1,292
Shared ownership	**1,025**	909
Open market sale	**-**	-
	2,313	2,201
Under management at end of year:		
Owned and managed by the group:		
Housing accommodation		
Social rent	**19,639**	19,292
Affordable rent	**4,116**	3,665
Supported housing		
Social rent	**3,552**	4,002
Affordable rent	**68**	69
Shared ownership	**3,177**	2,888
Market rented	**94**	95
Leasehold	**1,564**	1,508
Temporary Social Housing	**153**	143
	32,363	31,662
Not owned but managed by the group:		
Housing accommodation		
Social rent	**233**	244
Leasehold	**2**	2
Temporary Social Housing	**39**	39
	274	285
Owned but managed by others at the end of the year:		
Housing accommodation		
Social rent	**69**	69
Care homes	**23**	23
	92	92
	32,729	32,039

The above table consists of:

	2021 No.	2020 No.
Homes	**32,706**	32,016
Bed spaces	**23**	23
	32,729	32,039

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.

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 2021 or 31 March 2020.

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 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 2021, the contingent liability for Aster Homes Limited was £9,000 (2020: £9,000) relating to Boorley Green LLP.

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	2021		2020			
	Accrued interest receivable £000	Loan value £000	Accrued interest receivable £000	Loan value £000	Interest rate %	Latest repayment Date
White Rock LLP	**1,354**	**-**	1,321	1,379	3.5 plus base*	31 March 2022
Tithe Barn Scheme - White Rock LLP	**3,898**	**11,438**	3,348	13,225	4.0 plus base*	31 December 2021
Boorley Green LLP	**3,553**	**15,497**	2,712	17,497	4.0 plus base*	1 July 2026
Kilnwood Vale LLP	**941**	**6,766**	596	9,496	3.5 plus base*	1 July 2028
	9,746	**33,701**	7,977	41,597		

* base rate was 0.1% for the year (2020: 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.

	2021			
	White Rock Land LLP £000	Boorley Green LLP £000	Kilnwood Vale LLP £000	Total £000
Income	**21,559**	**14,718**	**(10,910)**	**(47,187)**
Expenditure	**(21,934)**	**(14,811)**	**(9,642)**	**(46,387)**
Profit / (loss)	**(375)**	**(93)**	**1,268**	**800**
50% share of profit / (loss)	**(188)**	**(47)**	**634**	**400**
Loan interest	**583**	**841**	**344**	**1,768**
Loan balance	**16,691**	**19,050**	**7,706**	**43,447**

As at 18 August 2020, the date of signing the annual report last year, the prior year joint venture financial statements were still being audited by Vistry Home's Limited auditor. Aster Group Limited have recognised an audit adjustment of £0.6 million arising in that year on the audited financial statements in the results to 31 March 2021.

	2020			
	White Rock Land LLP £000	Boorley Green LLP £000	Kilnwood Vale LLP £000	Total £000
Income	20,895	21,773	1,405	44,073
Expenditure	(21,195)	(20,253)	(1,877)	(43,325)
Profit	(300)	1,520	(472)	748
50% share of profit	(150)	760	(236)	374
Loan interest	639	902	359	1,900
Loan balance	19,300	20,200	10,100	49,600

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 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	
			2021 £000	2020 £000	**2021 £000**	2020 £000
Aster Property Limited	Aster Communities	Property maintenance services	**38,978**	47,657	**4,312**	4,882
Aster Property Limited	Synergy Housing Limited	Property maintenance services	**21,500**	24,843	**2,178**	2,209
Aster Property Limited	Aster 3 Limited	Property maintenance services	**725**	659	**78**	151
Aster Property Limited	East Boro Housing Trust Limited	Property maintenance services	**18**	-	**1**	-
Aster Property Limited	Aster Group Limited	Facility management services	**715**	1,125	**3**	56
East Boro Housing Services Limited	East Boro Housing Trust Limited	Property development services	**18**	2,399	**24**	133
Aster Homes Limited	Aster Communities	Property development services	**59,884**	59,766	**3,864**	5,380
Aster Homes Limited	Synergy Housing Limited	Property development services	**15,852**	26,983	**586**	1,678
Aster Homes Limited	Aster 3 Limited	Property development services	**8,057**	8,638	**533**	54
Aster Living	Aster Communities	Site management services	**792**	742	**92**	(70)
Aster Living	Synergy Housing Limited	Site management services	**662**	763	**61**	51
Silbury Housing Limited	Aster Communities	Site management services	**677**	658	**-**	5
Aster Solar Limited	Aster Communities	Supply of photovoltaic panels	**2**	5	**(2)**	-
Aster Solar Limited	Synergy Housing Limited	Supply of photovoltaic panels	**2**	-	**2**	-

From regulated entity	To non-regulated entity	Nature of supply	Annual recharges		Balance as at 31 MARCH	
			2021 £000	2020 £000	**2021 £000**	2020 £000
Aster Group Limited	Aster Property Limited	Management and other services	**2,051**	1,548	**(3)**	(56)
Aster Group Limited	Aster Homes Limited	Management and other services	**5,150**	4,821	**(52)**	3,992
Aster Group Limited	Aster LD Limited	Management and other services	**71**	-	**71**	-
Aster Group Limited	Aster Living	Management and other services	**240**	212	**19**	26
Aster Group Limited	Silbury Housing Limited	Management and other services	**265**	259	**22**	22
Aster Group Limited	Aster Solar Limited	Management and other services	**7**	7	**23**	1

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

42 **Acquisition of East Boro Housing Trust Limited and East Boro Housing Services Limited**

East Boro Housing Trust Limited (EBHT) and East Boro Housing Services Limited (EBHS) joined the group on 31 March 2020 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 £14 million was recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2020. Intra-group transactions have been eliminated on consolidation.

The disposal of a related housing property in the year has triggered the obligation on the group to recycle £100,000 grant in accordance with the original grant funding terms and conditions.

43 **Key management compensation**

	2021 £000	2020 £000
Salaries and short-term benefits	**1,434**	1,255
Non-executive directors' fees	**207**	199
Post-employment benefits	**107**	96
	1,748	1,550
Of which:		
Executive directors - Group Overlap Boards	**860**	793
Non-executive directors - Group Overlap Boards	**133**	142
Non-executive directors - Subsidiaries, committee members and the Customer and Community Network	**74**	57
Executive Board members	**681**	558
	1,748	1,550

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 2021**

	Note	**2021 £000**	2020 £000
Turnover	5	**26,284**	24,268
Operating expenditure	5	**(25,564)**	(22,083)
Operating profit	6	**720**	2,185
Charitable donations received	9	**10,000**	10,000
Gift aid received	10	**3,325**	5,152
Loss on disposal of other property, plant, equipment and intangible assets	11	**-**	(1)
Profit before interest and taxation		**14,045**	17,336
Interest receivable and similar income	12	**3,824**	2,639
Interest payable and similar charges	12	**(2,443)**	(1,761)
Interest on net pension liability	12	**(34)**	(107)
Net finance income		**1,347**	771
Profit before taxation		**15,392**	18,107
Tax on profit	13	**-**	-
Profit for the year		**15,392**	18,107
Other comprehensive income			
Actuarial (losses) / gains in respect of pension schemes	23	**(4,115)**	2,138
Other comprehensive (expense) / income for the year		**(4,115)**	2,138
Total comprehensive income for the year		**11,277**	20,245

Association's Statement of

Changes in Reserves

	2021 £000	2020 £000
Retained earnings as at 1 April	**58,629**	38,384
Profit for the year	**15,392**	18,107
Other comprehensive income	**(4,115)**	2,138
Retained earnings as at 31 March	**69,906**	58,629

ASTER GROUP

Association's Statement of
Financial Position

as at **31 MARCH 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	**1,249**	1,068
Property, plant and equipment	15	**1,073**	1,257
Investments in subsidiaries	16	**19,050**	11,050
Other investments	17	**30**	30
		21,402	13,405
Non-current assets			
Debtors: amounts falling due after more than one year	18	**99,233**	86,352
Current assets			
Debtors: amounts falling due within one year	19	**3,258**	8,833
Cash and cash equivalents	20	**17,396**	18,032
		20,654	26,865
Creditors: amounts falling due within one year	21	**(3,417)**	(3,058)
Net current assets		**17,237**	23,807
Total assets less current liabilities		**137,872**	123,564
Non-current liabilities			
Creditors: amounts falling due after more than one year	22	**(62,358)**	(62,656)
Pension liability - Local Government Pension Scheme	23	**-**	-
Pension liability - Social Housing Pension Scheme	23	**(5,608)**	(2,279)
Other provisions	24	**-**	-
Net assets		**69,906**	58,629
Capital and reserves			
Called up shared capital	25	**-**	-
Retained earnings		**69,906**	58,629
Total capital and reserves		**69,906**	58,629

The financial statements on pages **160** to **181** were approved and authorised for issue by the Board on 10 August **2021** and were signed on its behalf by:

Mike Biles
Group chairman

Bjorn Howard
Group chief executive

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 2019. The association is classified as a Public Benefit Entity under FRS 102.

The financial statements are presented in Sterling (£).

Application of accounting policies

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

Going Concern

The directors, after reviewing the association's budgets for 2021/2022 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the COVID-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Presentation

The association has elected not to produce a 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.

5 Turnover, operating expenditure and profit

	2021			2020		
	Turnover £000	Operating expenditure £000	Operating profit £000	Turnover £000	Operating expenditure £000	Operating profit £000
Services provided to subsidiaries - registered providers	**19,218**	**(18,691)**	**527**	18,094	(16,465)	1,629
Services provided to subsidiaries - other	**6,869**	**(6,681)**	**188**	5,995	(5,455)	540
Services provided to third party organisations	**197**	**(192)**	**5**	179	(163)	16
	26,284	**(25,564)**	**720**	24,268	(22,083)	2,185

6 Operating profit

	2021 £000	2020 £000
Operating profit is stated after charging:		
Auditor's remuneration (excluding irrecoverable VAT)		
In their capacity as auditors:		
Financial statements audit	**11**	14
Depreciation:		
Property, plant and equipment	**536**	566
Amortisation of intangible assets	**432**	423
Loss on disposal of property, plant and equipment (other assets)	**-**	(1)
Operating lease payments:		
Office equipment	**23**	22

7 Directors' emoluments

See Directors' remuneration report on pages **76** to **77**.

8 Employee information

	2021 No.	2020 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**257**	232

FTE by salary bands: Salary includes salary, car allowance, any acting up allowances, bonuses and pension contributions made by the group.	2021 No.	2020 No.
£59,999 or less	**200**	180
£60,000 to £69,999	**19**	14
£70,000 to £79,999	**9**	13
£80,000 to £89,999	**5**	8
£90,000 to £99,999	**9**	4
£100,000 to £109,999	**7**	5
£110,000 to £119,999	**-**	1
£120,000 to £129,999	**1**	2
£130,000 to £139,999	**1**	-
£150,000 to £159,999	**1**	-
£160,000 to £169,999	**-**	1
£170,000 to £179,999	**-**	1
£190,000 to £199,999	**1**	-
£200,000 to £209,999	**1**	-
£210,000 to £219,999	**1**	2
£280,000 to £289,999	**-**	-
£300,000 to £309,999	**1**	1
£320,000 to £329,000	**1**	-
	257	232

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

Staff costs:	2021 £000	2020 £000
Wages and salaries	**11,493**	10,306
Social security costs	**1,195**	1,082
Other pension costs	**765**	1,002
	13,453	12,390

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

	2021 £000	2020 £000
Aster Communities	**10,000**	10,000

10 Gift aid received

	2021 £000	2020 £000
Aster Homes Limited	**3,211**	4,019
Aster Property Limited	**-**	616
Zebra Property Solutions Limited	**-**	503
Aster Solar Limited	**114**	14
	3,325	5,152

11 Loss on disposal of other property, plant and equipment and intangible assets

	2021			2020		
	Proceeds £000	Cost of disposal £000	Loss £000	Proceeds £000	Cost of disposal £000	Loss £000
Computer and office equipment	-	-	-	2	(3)	(1)

12 Finance income and expense

	Note	2021 £000	2020 £000
Interest receivable and similar income			
Interest on short term deposits		**15**	149
Interest receivable from other group companies		**3,809**	2,490
		3,824	2,639
Interest payable and similar charges			
Loans with other group companies		**(2,085)**	(1,742)
Amortised funding fees		**(114)**	(10)
Administration charge		**(244)**	(9)
		(2,443)	(1,761)
Interest on net pension liability			
Local government pension schemes	23	**14**	2
Social housing pension schemes	23	**(48)**	(109)
		(34)	(107)
Net finance income		**1,347**	771

13 Tax on profit on ordinary activities

(a) Tax expense included in profit or loss

	2021 £000	2020 £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

	2021 £000	2020 £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

	2021 £000	2020 £000
Profit on ordinary activities before taxation	15,392	18,107
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2020: 19%)	2,924	3,440
Effects of:		
Exempt income	(2,924)	(3,440)
	-	-

(d) Tax rate changes

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. 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% (2020: 19%)

14 Intangible assets

	Assets under construction £000	Computer software £000	Total £000
Cost			
At 1 April 2020	146	3,248	3,394
Additions	540	73	613
Completions	(1)	1	-
Disposals	-	(1)	(1)
At 31 March 2021	685	3,321	4,006
Accumulated amortisation			
At 1 April 2020	-	2,326	2,326
Charge for year	-	432	432
Disposals	-	(1)	(1)
At 31 March 2021	-	2,757	2,757
Net book value as at 31 March 2021	685	564	1,249
Net book value as at 31 March 2020	146	922	1,068

15 Property, plant and equipment

	Assets under construction £000	Office premises £000	Office and estate equipment and furniture £000	Computer equipment £000	Total £000
Cost					
At 1 April 2020	1	246	700	4,952	5,899
Additions	1	-	-	351	352
Completions	(2)	-	-	2	-
Reclassification	-	-	(28)	28	-
Disposals	-	-	(1)	-	(1)
At 31 March 2021	-	246	671	5,333	6,250
Accumulated depreciation					
At 1 April 2020	-	3	350	4,289	4,642
Charge for year	-	5	71	460	536
Disposals	-	-	(1)	-	(1)
At 31 March 2021	-	8	420	4,749	5,177
Net book value at 31 March 2021	-	238	251	584	1,073
Net book value at 31 March 2020	1	243	350	663	1,257

16 Investments in subsidiaries

	2021 £000	2020 £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**	3,000
Aster Homes Limited - 96 £1 shares and 2 £1 share each with a £5 million premium	**10,000**	5,000
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	**-**	-
	19,050	11,050

17 Investments

	2021 £000	2020 £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

	2021 £000	2020 £000
Amounts owing by group undertakings	**99,000**	86,000
Deferred funding fees	**233**	352
	99,233	86,352

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%.

Notes to the

Association's Financial Statements

19 Debtors: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	**43**	182
Amounts owed by group undertakings	**2,115**	7,196
Other debtors	**45**	24
Prepayments and accrued income	**1,055**	1,431
	3,258	8,833

Amounts owing by group undertakings are trading balances repayable on demand and non-interest bearing.

20 Cash and cash equivalents

	2021 £000	2020 £000
Short term deposits	**14,118**	15,617
Cash at bank and in hand	**3,278**	2,415
	17,396	18,032

21 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**263**	316
Taxation and social security payable	**411**	312
Pension contributions	**183**	146
VAT payable	**175**	192
Amounts owed to group undertakings	**716**	621
Other creditors	**412**	17
Accruals and deferred income	**1,257**	1,454
	3,417	3,058

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

	2021 £000	2020 £000
Amounts owed to other group undertakings	**62,358**	62,656

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.

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 four 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 one defined contribution ('stakeholder') scheme:

- SHPS defined contribution scheme.

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	2021 Total cost by scheme £000	2021 Total interest on net pension liability by scheme £000	2021 Actuarial gains / (losses) in pension scheme £000	2021 Pension deficit £000
County pension schemes					
Wiltshire	23a	**26**	**(14)**	**(515)**	**(89)**
Wiltshire - asset ceiling	23a	**-**	**-**	**89**	**89**
SHPS					
Defined benefit schemes	23b	**275**	**48**	**(3,689)**	**(5,608)**
Defined contribution scheme	23b	**464**	**-**	**-**	**-**
		765	**34**	**(4,115)**	**(5,608)**

	Note	2020 Total cost by scheme £000	2020 Total interest on net pension liability by scheme £000	2020 Actuarial gains / (losses) in pension scheme £000	2020 Pension deficit £000
County pension schemes					
Wiltshire	23a	41	(2)	244	403
Wiltshire - asset ceiling	23a	-	-	(403)	(403)
SHPS					
Defined benefit schemes	23b	584	109	2,297	(2,279)
Defined contribution scheme	23b	377	-	-	-
		1,002	107	2,138	(2,279)

The pension cost to the association for the year ended 31 March 2021 was £765,000 (2020: £1,002,000) in respect of 281 employees (2020: 287).

23 **Pension obligations** (continued)

Local government pension scheme

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

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

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

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2021. With the exception of the past service cost included in the year to 31 March 2020, no additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability (gross obligation: £9.8 million; 2020: £8.1 million) the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or association Financial Statements as at 31 March 2021.

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

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:

	2021		2020	
	Active Members No.	Annual pensionable payroll £000	Active Members No.	Annual pensionable payroll £000
Wiltshire Pension Fund	**2**	**73**	2	82

The funds are subject to an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

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

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

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

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

Pension Fund:	**Actuary:**
Wiltshire Pension Fund	Hymans Robertson LLP

Financial assumptions	**Wiltshire** 31 MARCH 2021 %p.a.	Wiltshire 31 MARCH 2020 %p.a.
Price increases	**2.9**	1.9
Pension increases	**2.9**	1.9
Salary increases	**3.3**	2.3
Expected return on assets	**2.0**	2.3
Discount rate	**2.0**	2.3

Mortality	**2021 Years**	2020 Years
Current pensioners		
Females	**24.4**	24.0
Males	**21.9**	21.7
Future pensioners		
Females	**26.2**	25.5
Males	**22.9**	22.5

Fair value of plan assets	**31 MARCH 2021 £000**	31 MARCH 2020 £000
Equities	**5,689**	4,940
Bonds	**3,251**	2,470
Property	**1,219**	1,022
Cash	**-**	85
	10,159	8,517
Less asset ceiling	**(314)**	(403)
	9,845	8,114

Cost recognised as an expense	**31 MARCH 2021 £000**	31 MARCH 2020 £000
Current service cost	**26**	41
Interest costs	**184**	218
Expected return on assets employed	**(198)**	(220)
	12	39

Return on plan assets	**1,464**	(596)

23 **Pension obligations** (continued)

23a **Local government pension funds** (continued)

Reconciliation of scheme liabilities

	Wiltshire 31 MARCH 2021 £000	Wiltshire 31 MARCH 2020 £000
Opening defined benefit obligation	**8,114**	9,179
Current service cost	**26**	37
Past service cost	**-**	4
Interest cost	**184**	218
Contributions by members	**5**	6
Actuarial (gains) / losses	**1,781**	(1,060)
Estimated benefits paid	**(265)**	(270)
Closing defined benefit obligation	**9,845**	8,114

Reconciliation of fair value of employer assets

	31 MARCH 2021 £000	31 MARCH 2020 £000
Opening fair value of employer assets	**8,114**	9,156
Expected return on assets	**198**	220
Contributions by members	**5**	6
Contributions by employers	**438**	221
Actuarial (losses) / gains	**1,266**	(816)
Benefits paid	**(265)**	(270)
	9,756	8,517
Less asset ceiling	**89**	(403)
Closing fair value of employer assets	**9,845**	8,114
Net Pension deficit	**-**	-

Projected pension expense
for the year to **31 MARCH 2022**

	31 MARCH 2022 £000
Projected current service cost	33
Interest on obligation	195
Expected return on plan assets	(205)
	23

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.

SHPS defined benefit pension plan – change in accounting policy

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 40 (2020: 48) active members of the scheme employed by Aster Group Limited. The annual pensionable payroll in respect of these members was £2.1 million (2020: £2.5 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 2017 and the results have been incorporated into the financial statements for 2021.

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

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

The Social Housing Pension Scheme defined contribution scheme

The scheme is administered by the Pensions Trust. It is open to all members of staff and is the pension scheme for auto-enrolment. The company paid contributions between 4% and 10% (2020: 4% and 10%) and employees paid contributions from 3% to 7% (2020: 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 2021 there were 224 (2020: 209) 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 2021 %p.a.	31 MARCH 2020 %p.a.
Price increases - RPI	**3.2**	2.5
Price increases - CPI	**2.9**	1.5
Salary increases	**3.9**	2.5
Discount rate	**2.2**	2.3

Mortality

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

Fair value of plan assets

	31 MARCH 2021 £000	31 MARCH 2020 £000
Absolute returns	**872**	720
Global equity	**2,517**	2,020
Liability driven investment	**4,013**	4,584
Property and infrastructure	**1,691**	1,571
Investments	**1,969**	1,735
Sharing and alterative premia risk	**1,170**	1,432
Emerging market and private debt	**1,014**	696
Other	**2,546**	1,052
	15,792	13,810

Cost recognised as an expense

	31 MARCH 2021 £000	31 MARCH 2020 £000
Current service cost	**264**	573
Interest costs	**48**	109
Administration expenses	**11**	11
	323	693
Return on plan assets	**1,764**	390

Reconciliation of defined benefit obligation

	2021 £000	2020 £000
Opening defined benefit obligation	**16,089**	17,402
Current service cost	**264**	573
Contributions by scheme participants	**-**	100
Expenses	**11**	11
Interest expense	**372**	422
Actuarial losses / (gains)	**5,129**	(2,220)
Benefits paid and expenses	**(465)**	(199)
Closing defined benefit obligation	**21,400**	16,089

Reconciliation of fair value of scheme assets

	2021 £000	2020 £000
Opening fair value of scheme assets	**13,810**	12,705
Interest income	**324**	313
Actuarial gains	**1,440**	77
Contributions by the employer	**683**	814
Contributions by scheme participants	**-**	100
Benefits paid and expenses	**(465)**	(199)
Closing fair value of scheme assets	**15,792**	13,810
Net pension liability	**5,608**	2,279

24 Other provisions

	Redundancy 2021 £000	Redundancy 2020 £000
At 1 April	-	37
Utilised during the year	-	(37)
At 31 March	-	-

25 Called up share capital

	2021 £	2020 £
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	6	7
Issued during the year	-	1
Cancelled during the year	-	(2)
At 31 March	6	6

26 Operating leases

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

	2021 £000	2020 £000
Office equipment		
Not later than one year	17	22
Later than one but not later than five years	3	17
Later than five years	-	-
	20	39

27 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.

Entity Legal
Status

28 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;
- 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 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;
- 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;
- 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;
- 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;
- 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 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; and
- East Boro Housing Trust Limited, a wholly owned 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. East Boro Housing Services Limited is incorporated under the Companies Act 2006. Company registration number 07341593;

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;
- 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.

ASTER
GROUP

Legal & 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 Bankers: **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:

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

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

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

MORhomes PLC
71 Queen Victoria Street,
London,
EC4V 4AY

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

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

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

Handelsbanken
10 Parkstone Road,
Poole, Dorset.
BH15 2PQ

First Abu Dhabi Bank
3rd Floor,
45 Cannon Street,
London,
EC4M 5SB

MUFG Bank, Ltd.
Ropemaker Place,
25 Ropemaker Street,
London,
EC2Y 9AN

J.P. Morgan
European Bank &
Business Centre,
6, route de Trèves,
L-2633 Senningerberg,
Luxembourg

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

Glossary of
Terms

Glossary of Terms and Abbreviations

AHF	Affordable Housing Finance
AM&M	Asset Management and Maintenance
ARVOS	Authority Residual value overage share
ASB	Anti-Social Behaviour
CARE	Career average of earnings
CCFF	COVID Corporate Financing Facility
CEO	Chief Executive Officer
CLT	Community Land Trust
CML	Council of Mortgage Lenders
COG	Customer Overview Group
CPI	Consumer Price Index
CPU	Cost per unit
CSP	Customer Scrutiny Panel
DCLG	Department for Communities and Local Government
EBHT	East Boro Housing Trust Limited
EBHS	East Boro Housing Services Limited
EBITDA MRI	Earning before interest, tax, depreciation, amortisation (major repairs included)
EIB	European Investment Bank
EMTN	Euro Medium Term Notes
eNPS	Employee Net Promoter Score
ESG	Environmental, Social and Governance
EUV-SH	Existing Use Value - Social Housing
FRC	Financial Reporting Council
FRED	Financial Reporting Exposure Draft
FRS	Financial Reporting Standard
FTE	Full-time equivalents
FTSE	Financial Times Stock Exchange
GAC	Group Audit Committee
GMP	Guaranteed Minimum Pensions
GRCC	Group Risk and Compliance Committee
GRNC	Group Remuneration and Nominations Committee
HCA	Homes and Communities Agency
HSE	Health and Safety Executive
IoCS	Institute of Customer Service
JV	Joint Venture
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
MHCLG	Ministry of Housing, Communities and Local Government
MTM	Mark to market
NHF	National Housing Federation
PFI	Private Finance Initiative
PLC	Public Limited Company
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
SECR	Streamlined Energy and Carbon Reporting
SHG	Social Housing Grant
SHPS	Social Housing Pension Scheme
SID	Senior Independent Director
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

ASTER
GROUP

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

T: 0333 400 8222

www.aster.co.uk **@AsterGroupUK** **AsterGroupUK**