

**Annual report and financial
statements for the year ended
31 March 2018**

Aster Treasury Plc

Company registration number 8749672.

Aster Treasury Plc

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Aster Treasury Plc

Legal and Administrative Details

Registered office:	Sarsen Court, Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ	
Legal status:	Aster Treasury Plc ("the company") is incorporated in England, United Kingdom under the Companies Act 2006 as a public limited company, limited by shares. Company registration number 8749672. Aster Treasury Plc is a subsidiary of Aster Group Limited and a member of the Aster Group ("the group").	
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: Chris Benn Appointed as Chairman 31 October 2017 Bjorn Howard John Brace Retired 31 October 2017 Paul Morgan	
Company Secretary:	David Betteridge Appointed 1 February 2018 Andrew Palmer Retired 1 February 2018	
Independent Auditor:	KPMG LLP Chartered Accountants and Statutory Auditor Gateway House Tollgate Chandler's Ford Eastleign SO53 3TG	
Principal Banker:	Bank of New York Mellon, London Branch One Canada Square London E14 5AL	
Principal Solicitor:	Trowers and Hamblins Sceptre Court 40 Tower Hill London EC3N 4DX	
Financial Adviser:	J.C. Rathbone Associates Limited 12 St. James Square London SW1Y 4LB	

Aster Treasury Plc

Strategic Report

Activities and performance

The company's principal activity is to raise external debt to finance the growth and development activities of the group and its subsidiaries. During the year ended 31 March 2018 no additional debt was raised and the company's only activities were the payment of interest on its current debt and the receipt of interest on its on-lending to group companies, Aster Communities and Synergy Housing Limited.

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

On 18 December 2013, the company successfully issued £200 million guaranteed fixed rate secured bonds, secured on charged properties. The bonds are denominated in Sterling and mature on 18 December 2043 at a fixed coupon rate at 4.5% payable half-yearly in arrears. The bonds are listed on the London Stock Exchange. Also on 18 December 2013, the company deferred the issue of a further £50 million 4.5% guaranteed fixed rate secure bonds. The retained bonds were later issued in the year ended 31 March 2015. In summary the bonds were issued as follows:

Issue date	Nominal value £m	Fixed rate	Effective rate*
18 December 2013	200	4.5%	4.7%
31 October 2014	17	4.5%	4.3%
11 March 2015	33	4.5%	3.8%
	<u>250</u>	<u>4.5%</u>	<u>4.6%</u>

* The effective interest rate includes the issue costs incurred.

The proceeds were loaned to Aster Communities and Synergy Housing Limited, subsidiaries of Aster Group Limited. Aster Group Limited guarantees the timely payment of principal and interest by the company.

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

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

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

Aster Treasury Plc

Strategic Report (continued)

Activities and performance (continued)

The principal assets and liabilities of the company represent the proceeds of bonds of £250.4 million, matched by the on-lending to Aster Communities and Synergy Housing Limited. Accrued interest payable of £3.2 million (2017: £3.2 million) is matched by accrued interest receivable from those subsidiaries.

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

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

Future plans of the business

The bond is on-lent to Aster Communities and Synergy Housing Limited.

In future, directors will activate Aster Group Limited as a Borrower and it is intended that there will be a part re-allocation of the existing bond commitment from Aster Communities and Synergy Housing Limited to Aster Group Limited via Aster Treasury Plc.

Directors tapped into the existing bond on 16 May 2018, for £50 million nominal value. The proceeds were on-lent, to Aster Communities. Retained bonds of £150 million were also created.

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

Analysis of employees

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

Directors' remuneration

None of the directors received remuneration from the company. Full details for the Aster Group's directors and executive management team are disclosed in the directors' remuneration report included in the Aster Group's consolidated financial statements. Remuneration for directors who are not members of the Aster Group Limited board or executive team is included in the consolidated employee information note 8 of the group's Consolidated Financial Statements.

Brexit

The British Government has triggered Article 50 which starts the process of Britain leaving the EU, scheduled to occur on 29 March 2019. An agreement has been reached between government and the EU on a 21-month transition period to run from 29 March 2019 to 31 December 2020 to allow businesses to prepare for the moment when the new post-Brexit rules between the UK and EU begin. The exact outcome and consequences of the decision remain unknown. The company's principal risks are explained below and Brexit could potentially trigger some or all of these risks.

Aster Treasury Plc

Strategic Report (continued)

Financial risk management

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

a) Interest rate risk

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

b) Liquidity risk

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

c) Credit risk

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

Risk Management and Internal Control

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

Aster Group's internal control systems (including of the application of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC in September 2014 – FRC Guidance) are implemented and reviewed from an effectiveness perspective on a group-wide basis, covering the group and its subsidiaries. The risk management systems and internal control systems are designed to meet the group's needs and to manage the risks to which it is exposed, including the risks of failure to achieve business objectives and of material misstatement or loss. However, such risks cannot be eliminated. Systems can only provide reasonable, but not absolute, assurance. They can never completely protect against such factors as unforeseeable events, human fallibility or fraud.

The board confirms that there is an on-going process in place (established in accordance with the FRC Guidance) for identifying, evaluating and managing the principal risks faced by the group. This process is regularly reviewed by the group's Executive Board, the group's Risk and Compliance Committee and the group's Audit Committee as appropriate and has been in place during the year and up to the date of approval of this annual report.

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



Paul Morgan

Director

Aster Treasury Plc

Directors' Report

The directors submit their Report and Annual Financial Statements for the year ended 31 March 2018.

The directors' report comprises pages 5 to 7 of this report. Some of the matters required by legislation have been included in the Strategic Report (pages 2 to 4) as the directors consider them to be of strategic importance. In particular these are:

- future business developments; and
- principal risks.

Directors

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

Directors' indemnities

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

Results and dividends

The result for the financial year to 31 March 2018 was £nil (2017: £nil). The directors do not recommend the payment of a dividend.

Aster Treasury Plc

Directors' Report (continued)

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future given its expected cash flows. For this reason, it continues to adopt the going concern basis in the financial statements.

Viability Statement

Aster Treasury Plc's long term viability is assessed as part of the Aster Group's viability assessment. Based on the results of this analysis the directors confirm that they have a reasonable expectation that the group and Aster Treasury Plc will be able to continue in operation and meet its liabilities as they fall due over the next seven years. Full details of the viability assessment are included in the group's consolidated financial statements.

Reduced reporting disclosures

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

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

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

Independent Auditor

Aster Treasury Plc has delegated the responsibility for appointing and assessing the effectiveness of external auditor to the group. Provision of the group's external audit services was recently tendered, in line with best practice, as the previous provider, PricewaterhouseCoopers (PwC), had reached the end of their contracted period. KPMG LLP were appointed following the tender and will be providing external audit service to the group for four years, with two possible three year extensions starting with the year ended 31 March 2018 financial statements. The group will re-tender for external audit provision in four, seven or ten years time depending on the extension take up. A resolution to re-appoint KPMG LLP as external auditor, will be proposed at the forthcoming annual general meeting.

Aster Treasury Plc

Directors' Report (continued)

Attendance at board meetings

Set out below is a table of attendance at board meetings:

Aster Treasury Plc	Total	Possible	%
John Brace	2	2	100%
Bjorn Howard	2	2	100%
Chris Benn	2	2	100%
Paul Morgan	1	2	50%

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

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

We confirm that to the best of our knowledge:

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

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

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



Paul Morgan
Director

Independent Auditor's Report to the Members of Aster Treasury Plc

1 Our opinion is unmodified

We have audited the financial statements of Aster Treasury ("the Company") for the year ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

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

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £250.3m (2017: £250.3m)

Refer to page 20 (Audit Committee's Report), page 16 (accounting policy) and page 19 (financial disclosures)

The risk – low risk high value

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

The carrying amount of the long term intercompany debtor balance represents 99.99 % of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Independent Auditor's Report to the Members of Aster Treasury Plc (continued)

Our response

Our procedures included:

- i. **Tests of detail:** Assessing 100% of intercompany long term debtors owed by the Registered Providers to identify, with reference to the relevant entities financial draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed.
- ii. **Assessment of Borrowers:** Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets. This included assessment of the fair value headroom available on those net assets, and therefore the ability of the entities to fund repayment of the receivable.
- iii. **Assessment of Covenants:** Assessment of any covenants in place with the group entities and the securities underlying the covenant agreements to assess that there is sufficient recoverability of the debt from the group entities if required.

Our results

We found the Company's assessment of the recoverability of the Long term debtor balance to be acceptable.

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

Aster Treasury Plc is part of a Group headed by Aster Group Ltd. Materiality of £0.25m, as communicated by the Group audit team, has been applied to the audit of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.125m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of Aster Treasury Plc was undertaken to the materiality level specified above and was all performed at the Company's head office in Poole.

4 We have nothing to report on going concern

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

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Aster Treasury Plc (continued)

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

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

Irregularities – ability to detect

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

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

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

**Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

Gateway House

Tollgate

Chandlers Ford

Aster Treasury Plc

Statement of Income and Retained Earnings

for the year ended 31 March 2018

		Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Turnover		-	-
Other operating expenses		-	-
Operating result	4	<u>-</u>	<u>-</u>
Intra-group interest receivable and similar income	5	11,230	11,230
Interest payable and similar expenses	6	(11,230)	(11,230)
Profit before tax		<u>-</u>	<u>-</u>
Tax on result	8	-	-
Profit for the financial year		<u><u>-</u></u>	<u><u>-</u></u>
Profit and loss account as at 1 April		-	-
Total profit for the financial year		-	-
Profit and loss account as at 31 March		<u><u>-</u></u>	<u><u>-</u></u>

Aster Treasury Plc

Statement of Financial Position

As at 31 March 2018

	Note	2018 £000	2017 £000
Non-current assets			
Debtors: amounts falling due after more than one year	9	<u>250,345</u>	<u>250,365</u>
Current assets			
Debtors: amounts falling due within one year	9	3,183	3,183
Cash at bank and in hand	10	<u>24</u>	<u>24</u>
		<u>3,207</u>	<u>3,207</u>
Creditors amounts falling due within one year	11	<u>(3,183)</u>	<u>(3,183)</u>
Net current assets		<u>24</u>	<u>24</u>
Creditors: amounts falling due after more than one year	11	<u>(250,319)</u>	<u>(250,339)</u>
Net assets		<u><u>50</u></u>	<u><u>50</u></u>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account		-	-
Total equity		<u><u>50</u></u>	<u><u>50</u></u>

The financial statements on pages 11 to 20 were approved for issue by the board of directors on 17 August 2018 and signed on its behalf by:



Paul Morgan
Director

17 August 2018

Company number 8749672

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018

1 Legal status

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

2 Basis of preparation

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

The financial statements are presented in Sterling (£).

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future given its expected cash flows. For this reason, it continues to adopt the going concern basis in the financial statements. For this reason, these financial statements are prepared on the going concern basis, under the historical cost convention.

Presentation

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

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

3 Summary of Significant Accounting Policies

Interest receivable and payable

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

Taxation

The company is liable to taxation on its profit on ordinary activities. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Financial Instruments

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

a) Financial assets

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

b) Financial liabilities

- i. Bonds are classified as other financial liabilities under section 11 of FRS 102 and held at amortised cost using the effective interest rate method to allocate costs of issue (including the discount on issue).
- ii. Accrued interest payable on the bonds is classified as other financial liabilities and held at amortised cost.

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

4 Operating profit

Fees in respect of services provided by the auditor for the statutory audit were paid on behalf of the company by Aster Group Limited, the parent company, and amounted to £7,200 (2017: £9,652). There were no fees payable to the auditor in respect of non-audit services.

5 Intra-group interest receivable and similar income

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Intra-group interest receivable and similar income	<u>11,230</u>	<u>11,230</u>

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

6 Interest payable and similar expenses

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Interest due on bond finance	11,194	11,196
Amortisation of issue costs	36	34
	<u>11,230</u>	<u>11,230</u>

7 Directors and employees

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

The company did not employ any staff during the year.

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

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

8 Tax on profit

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
(a) Tax income / expense included in profit or loss		
The tax on the profit was as follows:		
Current tax		
UK corporation tax expense	-	-
Over provision in previous years	-	-
Total current tax	<u>-</u>	<u>-</u>

The tax assessed for the year is the same as (year ended 31 March 2017: same as) the standard rate of corporation tax in the UK as explained below.

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
(b) Factors affecting tax credit for the year		
Result before taxation	<u>-</u>	<u>-</u>
Result before taxation multiplied by standard rate of Corporation Tax in the UK of 19% (2017: 20%)	-	-
Prior year adjustment relating to over provision	-	-
	<u>-</u>	<u>-</u>

(c) Tax rate changes

The Finance Act 2015 was substantively enacted on 26 October 2015 and reduced the main rate of corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 was substantively enacted on 15 September 2016 and reduced the main rate of corporation tax to 17% from 1 April 2020.

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

9 Debtors

	2018 £000	2017 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>250,345</u>	<u>250,365</u>
Amounts falling due within one year		
Prepayments and accrued income owed by group undertakings	<u>3,183</u>	<u>3,183</u>

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

As the loans have been made to fellow group undertakings, which have sufficient net assets and facilities in place to meet their obligations to the company as they fall due, the directors consider the credit risk to be low and no provision is made against amounts due.

Amounts owed by group undertakings are carried at amortised cost and secured on certain housing property assets. The amounts are non-instalment debts.

10 Cash at bank and in hand

	2018 £000	2017 £000
Cash at bank and in hand	<u>24</u>	<u>24</u>

11 Creditors

	Note	2018 £000	2017 £000
Amounts falling due within one year			
Accruals and deferred income		<u>3,183</u>	<u>3,183</u>
Amounts falling due after more than one year			
External borrowings	12	<u>250,319</u>	<u>250,339</u>

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

12 External Borrowings

	2018 £000	2017 £000
Amounts falling due after more than one year:		
Amounts owed to bond holders	250,000	250,000
Plus unamortised premium on issue	5,014	5,127
Less unamortised cost of issue	(1,822)	(1,858)
Less unamortised discount on issue	(2,873)	(2,930)
	<u>250,319</u>	<u>250,339</u>

On 18 December 2013, the company issued £200 million 4.5% guaranteed fixed rate secure bonds due to mature on 18 December 2043. Also on 18 December 2013 the company deferred the issue of a further £50 million 4.5% guaranteed fixed rate secure bonds and issued these in two further tranches on 31 October 2014 and 11 March 2015. The amount raised from the issue of each tranche of bonds is as follows:

Issue date	Nominal value £000	Discount on issue £000	Premium on issue £000	Proceeds £000	Fixed rate	Effective rate*
18 December 2013	200,000	(3,108)	-	196,892	4.5%	4.7%
31 October 2014	17,000	-	855	17,855	4.5%	4.3%
11 March 2015	33,000	-	4,521	37,521	4.5%	3.8%
	<u>250,000</u>	<u>(3,108)</u>	<u>5,376</u>	<u>252,268</u>	<u>4.5%</u>	<u>4.6%</u>

* The effective interest rate includes the issue costs incurred.

The proceeds of £252.3 million, less costs of £2.0 million associated with the issue, were loaned to fellow group undertakings at an interest rate of 4.5%.

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

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

13 Financial Instruments

The company's financial instruments comprise borrowings and loans receivable. The sole purpose of these financial instruments is to finance the growth and development activities of Aster Group Limited and its subsidiaries.

The company does not actively engage in the trading of financial assets for speculative purposes. The main risk to the company arising from its financial instruments is credit risk, which is addressed on page 4 and in note 9.

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

Interest rate risk profile of financial assets and liabilities

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

	2018 £000	2017 £000
Fixed rate financial assets (£250 million dated subordinate loans)	<u>250,000</u>	<u>250,000</u>

	2018		2017	
	Fixed interest rate	Period for which rate is fixed	Fixed interest rate	Period for which rate is fixed
	%	Years	%	Years
At 31 March				
£250 million dated subordinate loans	<u>4.50</u>	<u>25.7</u>	<u>4.50</u>	<u>26.7</u>

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

13 Financial Instruments (continued)

Interest rate risk profile of financial assets and liabilities (continued)

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

	2018	2017
	£000	£000
Fixed rate financial liabilities (£250 million 4.50% guaranteed fixed rate secure bonds)	<u>250,000</u>	<u>250,000</u>

	2018		2017	
	Fixed interest rate	Period for which rate is fixed	Fixed interest rate	Period for which rate is fixed
	%	Years	%	Years
£250 million 4.50% guaranteed fixed rate secure bonds	<u>4.50</u>	<u>25.7</u>	<u>4.50</u>	<u>26.7</u>

Maturity analysis of financial liabilities

The maturity of funding is managed in conjunction with the profile of the entire group. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. The company's external debt matures in 25.7 years (2017: 26.7 years).

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

	2018	2017
	£000	£000
In less than one year	-	-
In one to five years	-	-
In more than five years	<u>250,000</u>	<u>250,000</u>
	<u>250,000</u>	<u>250,000</u>

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

14 Called up share capital

	2018	2017
	£000	£000
50,000 (2017: 50,000) ordinary shares allotted, issued and fully paid of £1 each at 1 April 2017 and 31 March 2018	<u>50</u>	<u>50</u>

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

15 Related party transactions

The company receives management and other services from its holding company, Aster Group Limited and interest relating to the on-lending of funds from other group members. There were no other (2017: nil) related party transactions during the year. The company has taken advantage of the exemptions allowed under FRS 102 section 33.1A 'Related Party Disclosures' not to disclose related party transactions within the group. This exemption is allowed to wholly owned subsidiaries (directly or indirectly) of parent companies where the financial statements of the parent company are publicly available.

16 Post Balance Sheet Events

On the 16 May 2018 the directors tapped into the existing bond for £50 million nominal value, with the proceeds on-lent. Retained bonds of £150 million were also created.

17 Ultimate parent company

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

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

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