Annual report and financial statements for the year ended 31 March 2019

Aster Treasury Plc

Company registration number 8749672.

Contents

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 Chairman Bjorn Howard Paul Morgan
Company Secretary:	David Betteridge
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 Hamlins 3 Bunhill Row London EC1Y 8YZ
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 2019 £70 million of additional debt was raised and the company's other activities were the payment of interest on its current debt and the receipt of interest on its on-lending to group companies, Aster Communities, Synergy Housing Limited and Aster Group Limited.

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

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

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

On 31 March 2019, the company held £130 million of retained bonds available for issue.

During the year ended 31 March 2019 directors activated Aster Group Limited as a Borrower under the bond structure and re-allocated £23 million of the existing bond commitment from Aster Communities and Synergy Housing Limited to Aster Group Limited via Aster Treasury Plc.

In summary the bonds were issued as follows:

Issue date	Nominal value	Fixed rate	Effective rate*
	£m		
18 December 2013	200	4.5%	4.7%
31 October 2014	17	4.5%	4.3%
11 March 2015	33	4.5%	3.8%
16 May 2018	50	4.5%	3.4%
18 November 2018	20	4.5%	3.5%
	320	4.5%	3.9%

* The effective interest rate includes the issue costs incurred.

The proceeds of £320 million were on-lent to Aster Group Limited, Aster Communities and Synergy Housing Limited. Aster Group Limited guarantees the timely payment of principal and interest by the company.

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

Strategic Report (continued)

Activities and performance (continued)

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

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

The principal assets and liabilities of the company represent the proceeds of bonds of £320 million, matched by the on-lending to Aster Communities, Synergy Housing Limited and Aster Group Limited. Accrued interest payable of £4.1 million (2018: £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

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

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

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

Analysis of employees

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

Directors’ remuneration

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

Strategic Report (continued)

Value for Money

As a group Aster have made it clear that value for money (VFM) is fully integrated in the group-wide corporate strategy and objectives setting, and this approach has helped to deliver VFM across customers, financial strength, growth, operations, development and culture in equal measure.

VFM has always formed a central part of the group's business and organisational culture. This is encapsulated in the strategy and delivered through the corporate objectives.

VFM is about being effective in planning, managing and operating the business. It means making the best use of resources to provide quality homes backed by high quality services. The group's commitment to VFM is woven throughout the governance, business planning and operational teams.

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

Brexit

In 2018/19 BREXIT continued to provide uncertainty in the market place in which the group operates, in particular, pressures on house selling prices and the performance of the housing market, available labour supply in relation to building, as well as inflationary and interest rate pressures in the economy.

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

Changes to the housing market – The sector as whole is more exposed to market fluctuations, and with this in mind, the group has conducted rigorous stress testing for a variety of market scenarios. Included within this were scenarios that forecast a steeper and more severe market downturn.

Slowdown in s106 agreements – The sector is beginning to see signs of a slowdown in s106 agreements and whilst this is not necessarily a symptom of BREXIT, it is related to wider market conditions. The group's development programme is geared towards the majority of output coming from s106 agreements. However, in 2018/19 this ratio was increasingly offset through land led development and the group has a vision to be running a 50/50 split programme within 5 years.

Building the workforce of the future – One of the few tangible outcomes from BREXIT so far has been the drop in availability of labour across the construction sector. Whilst this has been more acute in London, the group is not immune to the impact. 2018/19 was a record year for the group's apprenticeship programme, and there is a clear commitment to be the master of its own destiny with a local workforce primed for the future.

Suppliers – The group undertook a detailed analysis of its suppliers to understand how they and the group may be impacted by a no deal BREXIT. The group is not overly exposed to supply chain issues, but this is something that has been discussed and will continue to be reported to the boards to ensure it can be effectively managed.
The group's board regularly discusses and debates BREXIT and are well informed on the issues and kept up to date on the implications for the group.

The group financial plan for 2019/20 has assumed a neutral impact from BREXIT with no impact on the business from these risks although the group's stress testing scenarios very much cover the group's ability to weather the associated financial impact from these risks should they occur.

Strategic Report (continued)

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

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

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

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

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

The group's internal control systems are implemented and reviewed from an effectiveness perspective on a group-wide basis, covering the group and its subsidiaries. The risk management systems and internal control systems are designed to meet the group's needs and to manage the risks to which it is exposed. This system of internal control is in accordance with the UK Corporate Governance Code and is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

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

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

Corporate and social responsibility
Equality and diversity

Aster Treasury Plc, as a member of the group remains committed to creating a fair and inclusive culture and have embedded this aim throughout The Aster Way – our values and behaviours proposition.

This includes reviewing the group's approach to creating a more diverse and inclusive workforce, which will seek to address a number of key areas through a targeted action plan, working with members of the Transformation Network.

The group reported a reduction in its gender pay gap from last year with reportable figures for the year being 9% (2018: 18%) for Aster Group and 14% for Aster Property Limited (2018: 17%). The group are already working on a range of actions which will seek to further reduce this gap and has set some short, medium and long-term targets which have been published internally and externally.

In addition, the group remain proud to be a Disability Confident Committed employer and are working to achieve the next level of registration.

Environmental Impact and Mitigation

The group continues to maintain its externally certified environmental management system to the latest version of the ISO14001 standard and no non-conformities were raised at the most recent external audit (January 2019) as undertaken by our environmental auditors BSI Ltd.

More broadly, the group continues to deliver environmental sustainability commitments and key headlines show that our business mileage has reduced by 30% (or 830,000 miles) over the last five years exceeding the target. The corporate building energy consumption has also reduced by 21% and 99% of our office waste is now recycled.

During 2018/19 the group successfully secured green electricity contracts for its corporate real estate and communal domestic portfolio. This is a first for the group.

And as part of the group's ongoing commitment to ensure all its homes have an energy performance rating of C by 2025 it has successfully secured £1.3m of funding from the Warm Homes Fund with additional match funding of £657,000 from Southern Gas Networks to bring new efficient gas heating systems to 800 homes.

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

Paul Morgan

Director
5 August 2019

Aster Treasury Plc

Directors' Report

The directors submit their Report and Annual Financial Statements for the year ended 31 March 2019.

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 subsidiary 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 2019 was £nil (2018: £nil). The directors do not recommend the payment of a dividend.

Going concern

Aster Treasury Plc receives and pays interest relating to the on-lending of bond funds to borrowers within the group. The company also receives management, and other services from other group members. The company is party to receiving a parental guarantee covering the timely payment of interest and principal and a second cross guarantee covering the existing borrowers in the bond structure which guarantees the timely payment of interest and principal. Given this, the company’s net asset position and that of the group members it is reliant on, the directors are satisfied that the company, and the Aster Group as a whole, have adequate resources to continue in operational existence of the foreseeable future. For this reason, these financial statements are prepared on the going concern basis, under the historical cost convention.

Viability Statement

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

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

The group has a 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.

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.

Reduced reporting disclosures

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

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

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

Independent Auditor

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

Attendance at board meetings

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

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

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

Directors' Report (continued)

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.

Disclosure of information to auditors

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

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

Paul Morgan

Director
5 August 2019

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

1 Our opinion is unmodified

We have audited the financial statements of Aster Treasury Plc (“the company”) for the year ended 31 March 2019 which comprise the Statement of Comprehensive 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 2019 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 2 financial years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remain independent of, the Company in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2018), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Recoverability of Long Term Debtors
Long Term Debtors (amounts falling due in more than one year) £333m (2018: £250m).

Refer to after page 15 (accounting policy) and page 18 (financial disclosures- note 9).

<u>The risk – low risk high value</u>

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

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

Whilst there are small amounts of financial income and financial expense during the loan period, the risk mainly stems from the expectation of the ability of the fellow group entities to repay the loans in 24 years.

<u>Our response</u>

Our procedures included:

i. **Assessment of Recoverability:** Assessing 100% of intercompany long term debtors owed by fellow group entities (2018: 100%) to identify, with reference to these entities’ financial draft balance sheets, whether they have a positive net asset value and therefore coverage of the debt owed.
ii. **Test of detail:** Assessing the creditor recognised by the fellow group entities and comparing it to the debtor recognised by the company.
iii. **Test of detail:** Assessing the balance on-loaned to the fellow group entities with reference to the bond issue funds and the onward loan document between the company and the fellow group entities.
iv. **Confirmation of value:** Obtained a confirmation letter from the counterparty to assess the gross, net and repayment date of the loan to the parent.

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

Our results

We found the company's assessment of the recoverability of the long term debtor balance to be acceptable (2018 result: 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 Limited. Materiality of £3m (2018: £2.5m), 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 £0.15m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was all performed at the company's office in Poole.

4 We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

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

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

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

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

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

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

We have nothing to report in these respects.

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

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Irregularities – ability to detect
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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

Caroline Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG
9 August 2019

Aster Treasury Plc

Statement of Income and Retained Earnings

for the year ended 31 March 2019

	Note	**Year ended 31 March 2019 £000**	Year ended 31 March 2018 £000
Turnover		**-**	-
Other operating expenses		**-**	-
Operating result	**4**	**-**	-
Intra-group interest receivable and similar income	**5**	**13,244**	11,230
Interest payable and similar expenses	**6**	**(13,244)**	(11,230)
Profit before tax		**-**	-
Tax on result	**8**	**-**	-
Profit for the financial year		**-**	-
Profit and loss account as at 1 April		**-**	-
Total profit for the financial year		**-**	-
Profit and loss account as at 31 March		**-**	-

Aster Treasury Plc

Statement of Financial Position

As at 31 March 2019

	Note	**Year ended 31 March 2019 £000**	Year ended 31 March 2018 £000
Non-current assets			
Debtors: amounts falling due after more than one year	**9**	**333,227**	250,345
Current assets			
Debtors: amounts falling due within one year	**9**	**4,075**	3,183
Cash at bank and in hand	**10**	**25**	24
		4,100	3,207
Creditors amounts falling due within one year	**11**	**(4,072)**	(3,183)
Net current assets		**28**	24
Creditors: amounts falling due after more than one year	**11**	**(333,205)**	(250,319)
Net assets		**50**	50
Capital and reserves			
Called up share capital	**14**	**50**	50
Profit and loss account		**-**	-
Total equity		**50**	50

The financial statements on pages 13 to 22 were approved for issue by the board of directors on 5 August 2019 and signed on its behalf by:

Paul Morgan
Director

5 August 2019

Company number 8749672

Aster Treasury Plc

Notes to the Financial Statements for the year ended 31 March 2019

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
Aster Treasury Plc receives and pays interest relating to the on-lending of bond funds to borrowers within the group. The company also receives management, and other services from other group members. The company is party to receiving a parental guarantee covering the timely payment of interest and principal and a second cross guarantee covering the existing borrowers in the bond structure which guarantees the timely payment of interest and principal. Given this, the company's net asset position and that of the group members it is reliant on, the directors are satisfied that the company, and the Aster Group as a whole, have adequate resources to continue in operational existence of the foreseeable future. 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

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.

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 £6,000 (2018: £7,200).

5 Intra-group interest receivable and similar income

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Intra-group interest receivable and similar income	**13,244**	11,230

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

6 Interest payable and similar expenses

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Interest due on bond finance	**13,190**	11,194
Amortisation of issue costs	**54**	36
	13,244	11,230

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.

8 Tax on profit

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £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	-	-

The tax assessed for the year is the same as (year ended 31 March 2018: same as) the standard rate of corporation tax in the UK as explained below.

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
(b) Factors affecting tax credit for the year		
Result before taxation	-	-
Result before taxation multiplied by standard rate of Corporation Tax in the UK of 19% (2018: 19%)	-	-

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 18% from 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

9 Debtors

	2019	2018
	£000	£000
Amounts falling due after more than one year		
Amounts owed by group undertakings	**333,227**	250,345
Amounts falling due within one year		
Prepayments and accrued income owed by group undertakings	**4,075**	3,183

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

	2019	2018
	£000	£000
Cash at bank and in hand	**25**	24

11 Creditors

	Note	2019	2018
		£000	£000
Amounts falling due within one year			
Accruals and deferred income		**4,072**	3,183
Amounts falling due after more than one year			
External borrowings	12	**333,205**	250,319

12 External Borrowings

	2019	2018
	£000	£000
Amounts falling due after more than one year:		
Amounts owed to bond holders	**320,000**	250,000
Plus unamortised premium on issue	**18,537**	5,014
Less unamortised cost of issue	**(2,520)**	(1,822)
Less unamortised discount on issue	**(2,812)**	(2,873)
	333,205	250,319

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

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

On 31 March 2019, the company held £130 million of retained bonds available for issue.

During the year ended 31 March 2019 the directors activated Aster Group Limited as a Borrower and re-allocated £23 million of the existing bond commitment from Aster Communities and Synergy Housing Limited to Aster Group Limited via Aster Treasury Plc.

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%
16 May 2018	50,000		10,244	60,244	4.5%	3.4%
18 November 2018	20,000		3,647	23,647	4.5%	3.5%
	320,000	(3,108)	19,267	336,159	4.5%	3.9%

* The effective interest rate includes the issue costs incurred.

The proceeds of £336 million, less costs of £2.7 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.

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 the group.

The company does not actively engage in the trading of financial assets for speculative purposes. The main risk to the company arising from its financial instruments is credit risk, which is addressed on page 5 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 (page 5). In addition, as the underlying instruments are denominated in sterling, they carry no foreign exchange risk. The company's finances are managed actively in conjunction with the activities of the group, to ensure that sufficient funds are available to meet liabilities as they fall due which, together with the credit facility and guarantees over certain assets of subsidiary undertakings, mitigate any liquidity risk that the company may face (page 5).

Interest rate risk profile of financial assets and liabilities

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

	2019	2018
	£000	£000
Fixed rate financial assets (dated subordinate loans)	**320,000**	250,000

	2019		2018	
	Fixed interest rate	**Period for which rate is fixed**	Fixed interest rate	Period for which rate is fixed
	%	**Years**	%	Years
At 31 March				
Dated subordinate loans	**4.50**	**24.7**	4.50	25.7

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:

	2019	2018
	£000	£000
Fixed rate financial liabilities 4.50% guaranteed fixed rate secured bonds	**320,000**	250,000

	2019		2018	
	Fixed interest rate	**Period for which rate is fixed**	Fixed interest rate	Period for which rate is fixed
	%	**Years**	%	Years
£320 million (2018: £250 million) 4.50% guaranteed fixed rate secured bonds	**4.50**	**24.7**	4.50	25.7

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 24.7 years (2018: 25.7 years).

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

	2019	2018
	£000	£000
In less than one year	**-**	-
In one to five years	**-**	-
In more than five years	**320,000**	250,000
	320,000	250,000

14 Called up share capital

	2019	2018
	£000	£000
50,000 (2018: 50,000) ordinary shares allotted, issued and fully paid of £1 each	**50**	50

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 parent company, Aster Group Limited and interest relating to the on-lending of funds from other group members. There were no other (2018: none) 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 08 May 2019 the directors issued £20 million of retained bonds at nominal value. The proceeds were on-lent to Aster Group Limited.

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.