Annual report and financial statements for the year ended 31 March 2025

Aster Communities

Co-operative and Community Benefit Societies Act 2014 number 31530R

Aster Communities

Contents	Page
Legal and Administrative Details	1
Report of the Board	3
Independent Auditor's report to the members of Aster Communities	15
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Reserves	20
Notes to the Financial Statements	21

Aster Communities

Legal and Administrative Details

Registered office: Sarsen Court, Horton Avenue, Cannings Hill, Devizes, Wiltshire, SN10 2AZ

Legal status: Aster Communities ('the association') is incorporated under the Co-operative and Community Benefit Societies Act 2014 number 31530R and is a wholly owned subsidary of Aster Group Limited and a member of the Aster Group ('the group').

The association is registered with the Regulator for Social Housing.

Members of the board: The directors of the association who were in office during the year and up to the date of signing the financial statements, unless otherwise indicated, are set out below.

Non-executive directors

Stephen Trusler	Chairperson
Clive Barnett	
Mike McCullen	
Tracey Peters	Senior Independent Director
Caroline Wehrle	
Claire Whitaker CBE	
Mehul Desai	

Local council nominees

Richard Clewer	Appointment ended - 10 June 2025

Executive directors

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

Executive Team:

Bjorn Howard	Group Chief Executive Officer
Chris Benn	Chief Financial Officer
Rachel Credidio	Chief Innovation Officer & Enham Lead
Dawn Fowler-Stevens	Chief of Staff (Chief Strategy Officer to 10 March 2025)
Amanda Williams	Chief Investment Officer
Emma O'Shea	Chief Operating & Technology Officer

Company Secretary:

David Betteridge	Resigned - 1 September 2025
Dawn Fowler-Stevens	Appointed - 1 September 2025

Independent Auditor:
KPMG LLP
New Kings Court
Suite 6, Tollgate
Chandler's Ford
Eastleigh
SO53 3LG

Principal Banker:
Barclays Bank Plc
1 Churchill Place
Canary Wharf
London
E14 5HP

Principal Solicitor:
Trowers and Hamlins
3 Bunhill Row
London
EC1Y 8YZ

Legal and Administrative Details (continued)

Funders:

National Westminster Bank plc
250 Bishopsgate
London
EC2M 4AA

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

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

MORhomes PLC
Future Business Centre
Kiings Hedges Road
Cambridge
CB4 2HY

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

Affordable Housing Finance Plc
3rd Floor, 17 St Swithin's Lane
London
EC4N 8AL

Barclays Bank Plc
1 Churchill Place
Canary Wharf
London
E14 5HP

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

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

Security Trustee:

Prudential Trustee Company Limited
Laurence Pountney Hill
London
EC4R 0HH

Valuer:

Jones Lang LaSalle Limited
30 Warwick Street
London
W1B 5NH

Financial Adviser:

Chatham Financial Europe Limited
12 St. James Square
London
SW1Y 4LB

Aster Communities

Report of the Board

The board presents its report and the audited financial statements for the year ended 31 March 2025.

Principal activities

The association's principal activity is to provide affordable homes and associated services as a Registered Provider.

The board does not anticipate any significant changes in the association's activities in the foreseeable future.

Results for the year

The profit for the year was £9.3 million (2024: £20.1 million).

The Board

The members of the board are listed on page 1. No members of the board held, at any time during the year, any beneficial interest in the shares of the association.

Directors' indemnities

The association 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.

Going concern

The directors, after reviewing the association's budgets for 2025/26 and the group's medium term financial position as detailed in the 30-year business plan, are of the opinion that the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Reduced reporting disclosures

Section 1.12 of FRS 102 allows subsidiaries to take advantage of certain disclosure exemptions in their financial statements. The following exemptions have been taken:

a) A Statement of Cash Flows as outlined in section 7 of FRS 102; and
b) The requirement to disclose key management personnel compensation outlined in paragraph 33.7 of FRS 102.

The association has taken advantage of some of these exemptions this year as set out in note 3. A full set of disclosures are included in the group's consolidated financial statements.

Paragraph 4.4 of the Housing SORP 2018 allows registered providers that are subsidiaries of a group to opt out of providing a Strategic Report. The association has taken this exemption and not produced a Strategic Report. The group's strategic report, including Aster Communities, is accordingly represented in the financial statements of Aster Group Limited.

Report of the Board (continued)

Review of the association's business

The association owns and/or manages approximately 37,000 homes and is a developer of new affordable housing. The association is a 50% partner in Aster Solar Limited, a joint venture with a fellow group subsidiary, Synergy Housing Limited, which provides green electricity to the association's tenants using photovoltaic panels. The association provides housing management services to Silbury Housing Limited, a fellow subsidiary of Aster Group, as part of Silbury Housing Limited's service concession arrangement with Wiltshire Council.

Operational performance

Turnover increased by £8.2 million to £173.0 million. Lettings income increased by £10.8 million to £144.7 million. First tranche shared ownership income decreased by £3.3 million to £23.1 million during the year. The association made a profit on disposal of housing property, plant, and equipment of £17.4 million, a decrease of £0.6 million on the prior year, driven by 82 void disposal programme sales (2024: 101).

Operating costs (before impairment) increased by £8.3 million to £136.7 million. This was mainly due to £3.3 million increase for maintenance works carried out within our schemes; and £0.7 million increase in depreciation. There was a decrease of £3.0 million in first tranche shared ownership cost of sales reflecting the related decrease in revenue. Other movements include a £8.0 million increase in management costs which include employment costs and group overheads and a reduction of £0.3 million of service charge costs.

Operating profit before impairment decreased by £0.6 million from £54.5 million to £53.9 million.

The organisation made a charitable cash donation to Aster Group Limited of £10.0 million and £0.4 million to Aster Foundation to further the charitable aims of the group.

On 1 April 2024, the association exited the LGPS and ceased to have any active members triggering a cessation event. The resulting impact to the association is a settlement cost of £9.5 million to operating profit, partially offset by an actuarial gain of £9.0 million to OCI and a net cash outflow of £0.9 million.

The association, alongside Aster Property Limited providing asset management and maintenance services, is committed to embedding Value For Money (VFM) within the Customers Services Strategy by delivering efficient and value for money services, without compromising on health and safety.

The following table sets out the association's key performance indicators (KPIs):

	2024/25 Target	2024/25 Actual	2023/24 Actual
% rent loss through vacant properties	1.00%	0.62%	0.66%
Average number of days to re-let	21	17	21
Current tenant arrears %	2.50%	1.40%	1.62%
New homes delivered	405	352	510
Overall satisfaction %	80%	75%	79%

Social housing lettings performed well in the year. Rent loss through vacant properties in the association's general needs and housing for older people properties were 0.62%, a reduction of 0.04% on 2024 and under the target for the year of 1.00%. The associations average re-let time of 17 days (2024: 21 days) was a reduction against the 21 days in 2024 and lower than the target of 21 days.

The association's arrears percentage was an improvement on the prior year at 1.4% (2024: 1.62%) and has continued to perform better than the target of 2.5%, which given current economic climate, is a significant achievement.

A key priority of the group is customer focus; therefore, it is disappointing that overall customer satisfaction decreased when compared to last year with a 75% satisfaction rate (2024: 79%). The group's customers are at the heart of the business and providing a safe and reliable service is a key priority for the group, one which the customer services directorate is charged with continuously improving.

Report of the Board (continued)

Value for Money (VfM) Statement - Aster Group

Value for Money is recorded, and accordingly disclosures below, are on a group basis of which Aster Communities is part of.

Our operating environment remained highly challenging, with economic uncertainty enduring throughout and likely to persist in the year ahead. The UK economy continues to experience declining business and consumer confidence in response to government policy, while the wider global economy remains changeable following the commencement of a second Trump administration. At the same time, challenges specific to the housing sector continue unabated; including, for example, the increased cost of investing in our stock to ensure our customers live in safe and suitable homes, now and in the long term. The housing market has also remained weaker than in previous years, which has impacted our development and disposal programmes this year, where we saw a slower sales rate being achieved.

The need to deliver value for money (VFM) in all that we do remains paramount. Whilst the rent settlement returned to CPI+1% this year, we continue to feel the substantial impact of previous rent caps. This coupled with the aforementioned investment pressures, means we finish the year more financially constrained than in previous years. However, with plans to continue delivering our ambitious customer services modernisation programme with a sharpened focus on technology, we're confident that we will drive increased efficiency and effectiveness; build back our financial strength while also ensuring we continue to meet the needs of our customers, colleagues and communities.

It is imperative that we seek ways to drive increased VFM as we continue to prioritise quality, safety and good customer service. We believe VFM is about delivering social, financial, and environmental value across everything we do, underpinned by being effective in how we plan, manage and operate our business. One of the key enablers of this is how we make evidence-based decisions, ensuring that we have increasingly accessible data and insight for everything that we do and this year we have started to implement a new data operating model that will strengthen our approach.

Corporate Strategy

VFM forms a central part of our business and organisational culture. We believe our Corporate Strategy reflects this and continues to be fit for purpose. This year we introduced our five long-term Strategic Priorities that are core to the delivery of our strategy over the coming years, ensuring we prioritise activities that deliver against a central tenet of our strategy: to provide safety and security through a range of housing and services. With our resources more stretched than ever, VFM considerations are baked into each priority – not just in terms of delivering our services more efficiently, but also delivering better outcomes for our customers and their communities.

Through our treasury and business planning processes, which have been strengthened in the past 12 months, we understand our future funding requirements, and are making sure they can be effectively put in place to allow us to deliver our Corporate Strategy and Strategic Priorities. The Group looks to make best use of its capacity – analysing risks through scenario testing – by maximising borrowing and effectively utilising security whilst also maintaining credit strength. Achieving VFM is embedded in our capital and treasury structure, augmented by appropriate funding structures such as the Group's bonds, to achieve interest cost savings which are re-invested in maintenance and new developments.

Progress against our Strategic Priorities is monitored quarterly by our Executive and Overlap Boards. Meanwhile, our corporate performance framework continues to provide a complementary view of the business's financial health and performance against our health and safety obligations, legal, contractual and regulatory requirements. This is where we monitor the Regulator's Value for Money metrics. We will continue to benchmark our performance against a limited number of peer organisations that, collectively, we believe provide us with the most suitable barometer against which to assess and challenge how we are doing.

Procurement

Maintaining the financial health of our business requires colleagues to make sound, commercially driven decisions: procuring the right things, at the right time, in the right way. Over the last 12 months we have worked towards successfully embedding new procurement policies and procedures into our ways of working. Our focus remains on maintaining compliance with the Procurement Act 2023, while proactively preparing for and adapting to the evolving requirements being introduced throughout the next couple of years.

By evolving our procurement governance and controls, we continue to empower our colleagues while positioning procurement activities to maximise opportunities and VFM for both the business and our customers.

VFM remains a core principle, not just about cost savings at the expense of quality, but about optimising the use of our resources and assets to drive efficiencies and achieve the best possible outcomes. These principles are deeply embedded in our procurement policy and procedures, ensuring VFM is considered and gained at all stages of the procurement process.

Linked to our wider transformation and customer services modernisation projects, we have increased our focus on realising the benefits of technology to support transparency, VFM, and gaining benefits for our customers and communities. We are implementing management and culture changes in response to the findings of a contract management internal audit, driving benefits from greater visibility, control, and commercialism. This seeks to elevate Aster as a client within third-party relationships and underpin the development of a well-rounded and standardised approach to entire contract life cycle management, ensuring it is embedded in Group-wide practices with measurable and reportable outcomes.

Additionally, we have started to develop a Strategic Alliance contract model to support collaborating with supply chain contractors on long-term partnerships. This model seeks to incentivise participating organisations to deliver better outcomes collectively.

Report of the Board (continued)

Value for Money (VfM) Statement - Aster Group (continued)

Efficiency

Over the last 12 months we have taken action to unlock annually recurring savings of £3.6m and have plans in place to increase by a further £5m over the next three years as our customer services modernisation and technology programmes progress. Our efficiencies are being driven from a range of sources: including but not limited to the further integration of our operational teams following recent acquisitions, initial outputs of our customer service modernisation programme, the roll out of service reviews across many areas of the business, and procurement. Our efficiency programme is also seeking to streamline the provision of our central services; for example, maximising the opportunities provided by the rollout of Microsoft Dynamics in Finance and Dayforce for HR and Payroll.

Governance

Our G1 rating (reaffirmed following a stability check in November 2024) indicates that our governance processes are sound, and we are getting VFM from the investment we make in our governance, risk and assurance frameworks. Our internal governance framework provides assurance through various mechanisms:

- Our VFM measures and targets are monitored and scrutinised by our Operational Scrutiny and Assurance Panel (OSAP) and are also presented regularl to the Overlap Boards.
- The delivery of our efficiency programme is reported through our Corporate Performance Framework, and reported into our Executive Board, Grou Treasury and Finance Committee, and Overlap Boards.
- OSAP also monitors and tracks projects and initiatives which deliver savings, efficiency improvements and additional benefits.
- Our Group Investment and Assets Panel (GIAP) considers VFM in all decisions relating to our strategic asset, investment and development programmes We recognise the challenging economic environment and ensure that contractor performance and viability are key considerations in that decision making.
- We track our social value through the work of the Aster Foundation, and through our wider activity across Aster Group, including within Enham Trust.

For the most part, we have fully implemented the outcomes of the organisation wide governance review conducted in 2023, ensuring our structures and processes remain appropriate for our enlarged Group. Only two elements are ongoing and will be further progressed in the coming year: refining our approach to hearing our customer voice (our new Customer Voice Committee will meet for the first time in June 2025) and commencing, on a phased basis, a streamlining of our corporate structure to ensure it remains fit for the future and offers the right balance between flexibility and VFM.

Report of the Board (continued)

Value for Money performance - Aster Group

2024/25 VFM Performance

The Group's performance in 2024/25 provides strong evidence of the commitment set out in the approach to VFM.

Performance against the VFM key metrics

Set out below is the Group's sector scorecard comparison showing the median and upper quartile positions as well as the Group's target for 2026.

Performance against the VFM key metrics

Performance is in the upper quartile
Performance is median
Performance is in the lower quartile

	Aster Performance				Scorecard 2024		Target
	2025	2024 (Restated)	2024	2023	Median	Upper Quartile Threshold	2026
REINVESTMENT							
Reflects the investment in social housing properties (existing stock and new supply) as a percentage of the total value of social housing properties held (Aster measure the total value of social housing propertes at deemed cost).	10.2%	11.2%	11.2%	11.5%	7.7%	11.0%	Upper Quartile
NEW SUPPLY DELIVERED - SOCIAL HOUSING							
Sets out the number of new social housing units, excluding those homes delivered through the group's joint venture, that have been acquired or developed as a proportion of total social housing units owned at the period end.	2.3%	2.5%	2.5%	3.3%	1.4%	2.2%	Upper Quartile
NEW SUPPLY DELIVERED - NON SOCIAL HOUSING							
Sets out the number of new non social housing units, including those homes delivered through the group's joint venture, that have been acquired or developed as a proportion of total non social housing units owned at the period end.	60.2%	35.5%	35.5%	38.3%	-	-	
NEW SUPPLY DELIVERED - COMBINED							
Sets out the total number of new housing units, including those homes delivered through the group's joint venture, that have been acquired or developed as a proportion of total housing units owned at the period end.	2.6%	2.7%	2.7%	3.6%	-	-	
GEARING							
Calculated as net debt (loans less cash) as a proportion of social housing assets. Shows how much of the social housing assets are made up of debt, and the degree of dependence on debt finance. It also sets out the potential capacity for further borrowing which can be used to fund the future development of new housing.	52.1%	52.2%	52.2%	51.0%	45.6%	54.3%	Upper Quartile
EBITDA MRI[1] INTEREST COVER							
Seeks to measure the level of surplus generated compared to interest payable. It is a key indicator for liquidity and investment capacity.	69.0%	117.6%	125.9%	164.7%	122.0%	153.0%	Median
HEADLINE SOCIAL HOUSING COST PER UNIT (CPU)							
Assesses the headline social housing cost per unit as defined by the regulator. Costs include management costs, service charges, maintenance, major repairs, other social housing costs and other operating costs on housing lettings, but excludes depreciation.	£5,721	£5,461	£5,461	£4,836	£5,136	£6,350	Median
OPERATING MARGIN - OVERALL							
Demonstrates the profitability of operating assets before exceptional expenses. Defined as operating profit, excluding surplus on sale of property, plant and equipment, as a percentage of total turnover.	6.0%	14.1%	15.5%	15.4%	18.5%	23.4%	Median
OPERATING MARGIN - SOCIAL HOUSING ONLY							
Demonstrates the profitability of social housing operating assets before exceptional expenses. Defined as operating profit derived from social housing activities, excluding surplus on sale of property, plant and equipment, as a percentage ofsocial housing turnover.	21.5%	21.4%	21.4%	20.4%	20.4%	25.8%	Median
RETURN ON CAPITAL EMPLOYED (ROCE)							
Compares the operating profit[2] to total assets less current liabilities.	1.7%	2.6%	2.8%	2.8%	2.8%	3.4%	Median

[1] EBITDA MRI is Earning before interest, tax, depreciation, amortisation, excluding profit on disposal of property, plant and equipment, but including the cost of capitalised major repairs (major repairs included). Interest includes the group's interest payable plus interest capitalised during the year but excluding interest on the net pension liability.

[2] Operating profit includes the group's operating profit inclusive of profit from disposal of property, plant and equipment, and the share of profit in joint ventures.

Report of the Board (continued)

Value for Money performance - Aster Group (continued)
The Group is committed to being a leader in the sector for both reinvestment and new supply delivered. This continues to be a priority of the Group as we look to achieve our vision that every one has a home. The business model is worked hard to develop as many new homes as possible within the Group's financial capacity and in 2025 we built 984 homes (of which 863 were affordable), closing the year with 37,608 homes owned (37,407 of which were affordable).

The Reinvestment metric is measured as a proportion of the value of the Group's properties. We delivered slightly fewer homes, compared to 997 units in the prior year, and have spent £227.9 million on development with a higher value of units under construction at 31 March 2025. We have also invested £31.2 million in capital work on existing stock being £1.5 million less than 2024, resulting in the decrease in reinvestment to 10.2% from 11.2% in the prior year, seeing us fall to just below the upper quartile threshold of 11.0%.

Despite delivering slightly less homes than in the prior year, the New supply delivered metric has remained in the upper quartile at 2.3%, reaffirming our belief that the greatest role to play in tackling the housing crisis is "building as many homes as we can" and is a key strategic theme for the Group.

Our ambition is also highlighted by the level of gearing which has remained consistent with the previous years. This underlines the strength of the Group's balance sheet and provides capacity for the Group to borrow further to support its development program. The growth in the Group's housing properties of £157.2 million and increase in net debt of £78.2 million, reflects a consistent risk appetite.

EBITDA MRI interest cover has decreased to 69.0%, primarily due to two one-off costs included in operating costs, being the pension cessation cost of £29.0 million and impairment charge on joint venture loan of £1.6 million, which if excluded would bring the metric to 126.8%, being broadly in line with previous years, reflecting a strong underlying position. The operating costs also includes impairment on housing assets of £2.8 million, which if excluded would result in an EBITDA MRI interest cover metric of 132.0%. Following the restatement of the 2024 operating profit (see note 3), the EBITDA MRI interest cover has decreased from 125.9%, as previously reported to 117.6%. The Group continues to progress with its development programme despite the challenges the sector is facing, including, persistent inflationary pressures and the broader economic environment.

The social housing cost per unit has increased by £260 compared to the prior year, primarily driven by higher spend on major repairs (£167) and routine and planned maintenance (£138), net of a reduction in capitalised major repairs (£52). Our approach to value for money (VFM) is not focused solely on minimising cost, but on delivering excellent value by providing safe, high-quality homes and reliable services for our customers.

While operating margins provide a useful measure of overall profitability, they should be considered in the context of all business activities across the Group. Aster's underlying operating margin was 15.3%, however for statutory purposes decreased to 6.0%, due to the two one-off items totalling £30.6 million, as detailed above. The prior year underlying operating margin of 15.5% has been restated to 14.1% following the recognition of an impairment charge on the Boorley Green loan. Although the Group's overall operating margin continues to perform below the sector median, we are focused on cost and ensuring business operations are as efficient as possible. During the year we achieved annualised recurring savings of over £3.6m, almost double the £2m target set at the beginning of the year. The Group has identified further annualised recurring cost savings of c£5m over the next three years.

Social housing operating margins remain consistent with the prior years and continue to perform slightly above the sector median. This reflects the Group's operational efficiency in delivering high-quality social housing services.

While return on capital employed (ROCE) provides an overall indication of how effectively the Group's assets generate financial returns, our asset management strategy is equally focused on enhancing asset performance and improving the quality of our homes. ROCE declined by 0.9 percentage points to 1.7%, which, includes the two one-off costs, as detailed above; excluding this the ROCE would be 2.9%, being consistent with prior years. This was partially offset by the reduction in the Group's share of joint venture losses and an increase in the Group's asset base. The prior year ROCE of 2.8% has been restated to 2.6% following the recognition of an impairment charge on the Boorley Green loan in 2024.

Full details of the Group's VFM statement are included in the Aster Group's Consolidated Financial Statements.

Report of the Board (continued)

Principal risks

During 2024/25, the Board regularly reviewed the ten strategic risk themes which it believes could adversely impact on the achievement of objectives or impact on the delivery of good services to customers. The Board also focused on the uncertainties which could present opportunity to further deliver the Group's vision and purpose. The following list provides an overview of those principal risks to the Group at the end of March 2025.

Customer Satisfaction and wider perception - Our service delivery doesn't meet customers' needs and expectations, or significant events erode stakeholder trust

Our response:
Through defined strategic priorities, work continues to challenge and improve our repairs service, invest in our customer's homes and focus on our customer contact experience offering a consistent and modern omni-channel approach, known collectively as our Modernisation Programme.
Aster Group is a member of the Institute of Customer Service and conduct customer and colleague surveys. This benchmarking information works alongside wider insight from Tenant Satisfaction Measures, operational performance data and transactional satisfaction data to inform priority setting within the programme. Customer voice comes through consultation forums and involved customer groups, with the overall aim of focusing the Group's change programme on areas that will improve customer satisfaction, reduce complaints and ensure the quality of customer's homes.
Service levels and delivery are monitored by management through a range of Operational Performance Indicators (OPIs) and dashboards with monthly KPI reporting. This data is used to identify and prioritise improvement areas.

Delivery of new homes - External factors restrict the ability to deliver the planned developer led or land led new build programmes

Our response:
The Group takes a proactive approach to building and maintaining stakeholder relations including developers and local authorities.
The Group Investment and Asset Panel (GIAP) monitor delivery and forward forecast. This panel oversight is complemented by a range of management controls, such as development review meetings, tracking of KPIs and OPIs and programme forecasting and monitoring.
The Living Business Plan reflects changes in the forward programme and forecasted handovers.
The Groups land led development programme is delivered under a mini-framework agreement. To manage counterparty risk, all build contracts are financially scrutinised and financial checks undertaken with additional securities implemented proportionate to the risk of the contract.

Investment in Homes and Sustainability - Investing in homes to meet current and future decent home and building fabric requirements, carbon reduction milestones

Our response:
A key part of the Group's assurance about the condition of customers' homes is provided by stock condition survey data. This stock data has been used to update the living business plan, reflecting an increased programme of investment works for the coming years alongside disposal of homes that perform least well for customers and will cost more to improve.
The programming of works includes allowing for the alignment of different workstreams into linked delivery phases where enhanced values for money and minimised customer disruption can be achieved by doing so.

Property Market - The property market experiences a slowdown and/or a reduction in property values

Our response:
The Marketing and Sales intelligence reporting submitted to GIAP quarterly, whilst retrospective, offers assurance on the market environment and acts as an early warning indicator of changing risk profile.
Sales and market performance trends are monitored at GIAP and by the development leadership team monthly which includes analysis on % sales unsold, average first tranche % shares, off plan sales rates, unsold stock and market valuation trends.
The Group conducts continuous stress testing on a wide range of scenarios including a property market downturn. In addition, a property market downturn is modelled at the same time as other significant factors like high borrowing costs.

Financial Performance and Resilience - Below acceptable operating and profit margins and /or challenges accessing viable funding and re-financing options

Our response:
Budgets are rigorously set and re-forecast through the year, flowing into a Living Business Plan. Through KPIs and OPIs, performance is continuously reviewed against budget and against key metrics and golden rules set out in the Group's Treasury Management policy.
Stress testing through multi-variant scenarios covers a range of different potential economic scenarios to ensure the Group can mitigate against potential economic risks. Other relevant scenarios are tested as and when appropriate.
The Group operates a mixed funding strategy and as a result this minimises exposure to a single source of funding.

Report of the Board (continued)

Principal risks (continued)

Regulatory Standing - Our governance, service delivery or an incident result in a decline in our relationship and reputation with a regulator

Our response:
While the priority focus is on prevention of any incident that may result in non-compliance with any regulatory regime, the Group does recognise the value in maintaining transparent and effective relationships with key regulators.
Oversight comes from a comprehensive compliance framework that encompasses all legal and regulatory responsibilities. The Group regularly reviews services and internal controls against regulatory standards, recognising the breakdown in trust that could occur because of a failure and are committed to providing good quality and compliant services.
Strong governance and robust probity arrangements minimise the potential for a corporate crisis event.

Health and Safety - A health & safety issue leads to serious injury or ill health

Our response:
The Group's Health & Safety Policy, arrangements and management system set the framework for a consistent safety culture.
Property safety activity is controlled by a set of system driven programmes. Cyclical inspection and servicing, and remedial works arising from those programmes are similarly captured and fulfilment monitored via KPIs and OPIs, reported monthly. The measures have a defined tolerance reflective of the critical nature and potential consequences.

Technology and change management - Our technology infrastructure is unable to support our current or future needs, and/or our change activity and investment is unsustainable, uncoordinated or misdirected

Our response:
Change programmes are aligned to the identified strategic priorities, key enabling activity or to regulatory driven change. This ensures collective focus on and investment in, the activity most critical to the delivery our strategic aims and core services.
Delivery of the change programme is monitored by the Operational Scrutiny and Assurance Panel (OSAP), supported by focused groups overseeing integration or specific linked projects.
A new Technology Plan, approved during 2024/25 will ensure continued evolution of our technology infrastructure to meet the Group's needs.

People and culture - We don't have the culture, people, diversity of thought or skills we need to realise our potential into the future

Our response:
Colleague voice has shaped a new people and culture plan to be delivered from 2025/26. Through a range of insights this plan focuses on an employment offer that enables everyone to deliver their best work and for the Group to attract and retain a diverse range of talent.
Through a strategic approach to workforce planning the Group can ensure the right skills are identified and developed to meet future needs and operational delivery.
We use our apprentice programme and access to the apprenticeship levy to enable colleagues to develop new skills and have access to professional qualifications. This enables us to provide opportunity for development and to grow our own talent through upskilling and reskilling and to retain top talent and colleagues with potential.

Data Security, Quality and Integrity - A lack of quality data or a breakdown in data integrity control frameworks, or an IT security breach causing data loss and/or system compromise/failure

Our response:
A new Data Plan, data quality framework and records management framework were approved in 2024/25 and alongside establishment of a new data operating model will modernise how the Group governs data. Initiatives were informed and prioritised following a data management maturity assessment during the year.
The Group holds Cyber Essentials accreditation and is continuing to further strength a security rating that already benchmarks higher than peers. There is proactive security monitoring, with disaster recovery and cyber response plans tested regularly.

Treasury policy

The Group operates a centralised Treasury Management function whose primary purpose is to manage liquidity, funding, investment and the Group's financial risk, including risk from volatility in interest rates and liquidity. The Group Treasury and Finance Committee reviews and approves the Group Treasury Policy before recommending it to the Group Board. Details of the policy are included in the Aster Group's consolidated financial statements.

Corporate and Social Responsibility

People & Culture

As part of the Group, Aster Commnities continues to embed the diversity and inclusion principles to support an inclusive culture.

Employee experience
We are serious about creating the best possible environment for our people to thrive and feel at home doing their best work. Right at the heart of that is a belief that a person's ability to do their job is what is important, not their gender, age, sexuality, or any other personal factor.
We are determined that this will be reflected at all points in the colleague journey at Aster. This year, we have continued our commitment to using colleague insight to continually improve our ways of working, recognising that our diverse workforce has a range of different needs and priorities, when it comes to our colleague offer.

This year, we conducted two colleague engagement surveys, in June and December, with digital, paper and Easy Read options to ensure inclusivity. We were pleased to see an increased response rate with nearly 3,100 comments from 1,079 colleagues in our December survey, providing a valuable view into how our colleagues are feeling. Key themes included a continued appreciation for the flexibility that many colleagues benefit from, and the high standard of support provided by line managers and peers. Decision-making and investment in our colleague offer were raised as opportunities to improve, and this insight has been used to inform our people strategy going forward.

In addition to our engagement surveys, we've spent time talking to colleagues to understand their needs when it comes to evolving our approach to workspaces, making sure the way we work in a more digital world helps create the best conditions for our colleagues to connect and collaborate in the ways that work for them. We have continued to offer access to co-working spaces in addition to Aster-specific workspaces, to give colleagues as much choice as possible in finding the best spaces for them and the work they need to do on any given day.

We've brought all our colleagues together each quarter in collaborative calls. One of our most popular engagement channels, these calls have provided a great opportunity to share progress against our strategy and to create a space for open and honest communication, with Q&A sessions allowing colleagues the chance to ask our Executive Board questions directly. We have enhanced our colleague communication approach to be more inclusive by introducing weekly printed news updates to make sure our colleagues who aren't digitally active can easily access key messages. We have also introduced a regular leader cascade, ensuring that all leaders can effectively share key messages with their teams. To help build connections across the business, we have introduced a regular 'Spotlight On' podcast, showcasing the work of different individuals and teams.

Diversity and Inclusion (D&I)
Our D&I learning and awareness offer has continued to develop. This includes our popular 'Active Inclusion' session which covers unconscious bias, micro-behaviours, and inclusive language, along with bespoke Disability Awareness session and e-learning. This year, we have added content to promote understanding of Active Inclusion and Allyship and developed the skills within the team to deliver Inclusive Leadership training to all leaders.

Our colleague networks provide safe spaces for colleagues to come together to share experiences, celebrate key events and help shape key guidance for colleagues and leaders. In January, our Disability Confident Network helped to launch our D&I EnAble magazine, dedicated to celebrating the diverse experiences and talents of individuals with disabilities and those who are neurodivergent, shining a light on the challenges they face while emphasising their invaluable contributions.

We continued to promote the importance of inclusivity by participating in our fifth annual National Inclusion Week, which focused on a week-long programme of sessions and content focused on the theme of 'Impact Matters'.

Our progress in this area has been recognised again this year through our silver Talent Inclusion and Diversity Evaluation (TIDE) award, awarded by the Employers' Network for Equality and Inclusion (Enei). We have continued to work with Enei to measure our D&I approach and outcomes and are delighted that this year our overall score increased by 26% from our first benchmarking submission in 2021, which means we are operating at Enei's highest level of 'sustain'.

Environmental and Social - Energy efficiency action

As part of the Group, Aster Commnities is acutely aware of the responsibility we have, to work in a conscious way to reduce the impact on our natural environment.

With nearly 38,000 properties across the south of England and London, the Group knows we have a part to play in helping the UK meet its climate change targets. We know there are a raft of ways we can achieve this with energy performance of our homes being one key metric to address. During 2024/25 we:
* Maintained our commitment to energy efficiency in the way we work, by rationalising our office space, using leased space where appropriate, and continuing to facilitate home working. This approach gives us the flexibility to adapt to the evolving needs of our colleagues and the business, and ensure offices are modern, appropriately sized and utilise resources effectively.
* Achieved an Energy Performance Certificate (EPC) rating of B or higher for 99.1% of the new homes we built, with the remainder achieving EPC C. All of our new homes achieved an Environmental Impact Rating (EIR) of C or better. We continue to deliver a high standard of energy efficiency while balancing this with the need to deliver affordable homes in a challenging market.
* Delivered over 150 homes with the benefit of air source heat pumps, PV or solar panels.

Report of the Board (continued)

Corporate and Social Responsibility (continued)

Environmental and Social - Energy efficiency action (continued)

During 2024/25 we (continued):

* Through our strategic partnership with Homes England, we have secured uplift funding through the Affordable Homes Programme to deliver 34 homes which meet the Government's Modern Methods of Construction Criteria of Cat 2a. This not only reduces waste and the embodied carbon emissions associated with these homes, but will help us develop our approach to MMC in the future,
* Successfully received over £1.2m from the government's Warm Homes: Social Housing Fund Wave 3 to retrofit around 750 homes across our portfolio, helping to progress towards all properties achieving a minimum EPC rating of 'C' by 2030. Additional funding was also acquired through our membership of the West of England Combined Authority. We have procured a partner to deliver this programme, ensuring work can start in 2026.
* Upgraded 91 homes through our Social Housing Decarbonisation Fund Wave 2 funding, taking the project total to 103 homes and taking us closer to ensuring customer's homes are net zero by 2050.
* Continued to gather feedback from customers on our NextGen and Comfortframe retrofit pilot projects to understand how easy these technologies are to use, as well as how effective they have been.
* Through our planned maintenance programme, improved the loft insulation in 441 individual homes and a further 8 blocks, upgrading almost 500 homes. We also added cavity wall insulation to 66 properties plus 10 blocks and upgraded the windows in 659 properties and 8 blocks.
* Carried out 1241 domestic boiler upgrades, and plant upgrades in 16 blocks, covering more than 400 further households. We also installed 20 air source heat pumps for customers that wanted them, and upgraded 268 storage heaters, with four of these fuel swaps from solid to electric. A further 19 homes had fireplaces removed/ made redundant.
* Took delivery of 111 new vehicles, replacing almost a quarter of our fleet with more efficient, lower emission models.
* Launched a salary sacrifice car scheme in May 2024, offering colleagues a more affordable route to hybrid and electric vehicle ownership. Eight colleagues have signed up so far, with five selecting fully electric vehicles.

Streamlined Energy and Carbon Reporting (SECR) for period 1 April 2024 to 31 March 2025

		Current reporting year 2024/25	2023/24	2022/23	2021/2022
Energy consumption					
1	Mains gas (MWh)	28,862	28,570	27,031	17,137
2	Transport fuel – company fleet (MWh)	6,195	7,093	6,775	6,702
3	Transport fuel – business travel in employee-owned vehicles (MWh)	2,131	2,094	1,579	1,096
4	Fuel used in plant and equipment) (MWh)	583	577	570	877
5	Purchased electricity (MWh)	8,760	8,857	8,875	7,472
6	Electricity provided by landlord at corporate sites (MWh)	682	392	371	352
7	Energy consumed by staff working from home (MWh)	2,916	2,800	3,343	3,125
8	**Total energy consumption (items 1-7) (MWh)**	**50,130**	**50,385**	**48,544**	**36,761**
Greenhouse gas emissions - mandatory (SECR) reporting					
9	Combustion of gas (Scope 1) (tCO_{2e})	5,279	5,143	4,866	3,139
10	Combustion of fuel for transport (Scopes 1 - owned fleet & Scope 3 - leased fleet) (tCO_{2e})	1,481	1,693	1,635	1,587
11	Combustion of fuel for transport (Scope 3 – business travel in employee-owned vehicles) (tCO_{2e})	510	511	391	270
12	Purchased electricity (Scope 2, location-based) (tCO_{2e})	1,814	1,834	1,716	1,586
13	**Total gross emissions for which SECR reporting required (items 9-12) (tCO_{2e})**	**9,084**	**9,180**	**8,608**	**6,582**
Intensity ratio – mandatory (SECR) reporting					
14	**Total gross emissions per property managed (tCO_{2e}/property)**	**0.252**	**0.259**	**0.255**	**0.209**
Methodology					
15	**Greenhouse Gas Reporting Protocol – Corporate Standard**				
Other emissions - non-mandatory reporting					
16	Emissions from combustion of fuel for transport (Outside of Scopes - owned & leased fleet)	94	Not reported	Not reported	Not reported
17	Emissions from fuel used in plant & equipment (Scopes 1&3 + Outside of Scopes) (tCO_{2e})	155	148	156	173
18	Emissions from electricity used in rented offices & yards (Scope 3, location-based) (tCO2e)	141	81	72	75
19	Emissions from electricity (purchased and landlord-provided) (Scopes 2&3, market-based) (tCO_{2e})	1,467	1,215	1,118	414
20	Emissions from electricity consumed in transmission & distribution (Scope 3) (tCO_{2e})	173	166	164	147
21	Emissions from staff home working (Scope 3) (tCO_{2e})	541	502	623	580
22	Emissions from business travel - hotel stays (Scope 3) (tCO2e)	5	5	5	Not reported
23	Fugitive emissions (Scope 1)	82	5	38	Not reported
Total gross emissions – SECR-mandatory plus non-mandatory reporting					
24	Total of all emissions (location-based electricity) (tCO_{2e}) (sum of items 13, 16, 17, 18, 20, 21, 22, 23)	**10,276**	**10,088**	**9,666**	**7,557**
25	Total of all emissions (market-based electricity) (tCO_{2e}) (sum of items 9, 10, 11, 16, 17, 19, 20, 21,22, 23)	**9,788**	**9,388**	**8,996**	**6,310**
Intensity ratios – SECR-mandatory plus non-mandatory reporting					
26	Total gross emissions (item 24) per property owned & managed (location-based electricity) (tCO_{2e}/property)	**0.285**	**0.284**	**0.287**	**0.240**
27	Total gross emissions (item 25) per property owned & managed (market-based electricity) (tCO_{2e}/property)	**0.272**	**0.265**	**0.267**	**0.200**

Corporate and Social Responsibility (continued)

Environmental and Social - Energy efficiency action (continued)

Actions planned for 2025-26 include:
* Starting construction of a 39-unit scheme in Totnes in partnership with Transition Homes Community Land Trust, where all units will meet EPC A. This will deliver the long-term benefit for the local community of efficient, warm and affordable homes.
* Refurbishing our Enham Hub, exploring how we can incorporate sustainable technology to improve energy efficiency.
* Preparing for our 3-year retrofit programme, which will begin in 2026-27 and use the funding from our successful Warm Homes: Social Housing bid to upgrade homes across our portfolio.
* Through our planned maintenance programme and other ongoing projects, upgrading the loft insulation on 259 homes, insulate the cavity walls of 98 homes, and replace the windows on 836 homes. We will also carry out heating upgrades to 1,240 properties and replace the night storage heaters in 350 homes.
* Replacing 94 vehicles with lower emission models, at least 15 of which will be Electric Vehicles. This order will also include mild hybrid vehicles as part of our transition to a low and zero emission fleet.
* Consulting on and publishing our Sustainability Strategy, which will include targets to reduce our emissions and procure materials and services that have a lower carbon impact.

Full details of the Group's Streamlined Energy and Carbon Reporting (SECR) are included in the Aster Group's Consolidated Financial Statements.

Viability Statement

In accordance with principle C and provision one of the 2018 Corporate Governance Code, the directors have assessed the viability of the Group and have selected a period of seven years for the assessment. The Group has a property development programme that runs for a rolling seven-year period. This programme forms the basis of the Group's financial plan that covers the seven-year period and is then extrapolated over a further 23 years, resulting in a 30-year plan. For these reasons the Group uses a seven-year strategic planning cycle and the directors have determined that seven years is also an appropriate period over which to provide its viability statement.

The financial plan considers the Group's future financial stability, property development and investment strategies and the viability of future expense reduction programmes by measuring a broad range of financial metrics and other key metrics such as exposure to the property market. In addition, the Group closely monitors its financial covenants being primarily asset cover, interest cover and net worth over the seven-year period together forming the Group's financial plan tolerances.

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.

Throughout the year the Group has complied with the RSH's Governance and Financial Viability Standard in full and has maintained its G1/V1 rating, with the ratings being reaffirmed by the RSH during the year.

Full details of the Group's viability statement are included in the Aster Group's Consolidated Financial Statements.

Report of the Board (continued)

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

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

- use the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Attendance at board meetings

	Aster Communities Board			Aster Group Limited		
Non-executive directors	Total	Possible*	%	Total	Possible*	%
Clive Barnett	4	4	100%	8	8	100%
Mike McCullen	4	4	100%	8	8	100%
Tracey Peters	3	4	75%	5	8	63%
Caroline Wehrle	4	4	100%	8	8	100%
Claire Whitaker CBE	4	4	100%	8	8	100%
Mehul Desai	3	4	75%	7	8	88%
Stephen Trusler	4	4	100%	8	8	100%
Richard Clewer	1	4	25%			
Executive directors						
Bjorn Howard	4	4	100%	8	8	100%
Chris Benn	4	4	100%	8	8	100%
Amanda Williams	3	4	75%	7	8	88%

*Possible attendance may be lower than the total number of meetings held due to the director only holding office for part of the year.

In addition to the Aster Group Limited, of which there are a maximum of 8 possible meetings, there are 4 separately held Aster Communities board meetings. Both executive and non-executive directors attend these meetings, as well as one (2024: one) locally appointed council nominees. On 10 June 2025, Richard Clewer stood down from his tenure on the Aster Communities Board and will not be replaced, therefore moving forward there will be no locally appointed council nominees at the board meetings.

Disclosure of information to auditor

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



Dawn Fowler-Stevens
Company Secretary
9 September 2025

Independent Auditor's report to the members of Aster Communities

Opinion

We have audited the financial statements of Aster Communities ("the Association") for the year ended 31 March 2025 which comprise the association's Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the Association as at 31 March 2025 and of its income and expenditure for the year then ended;

- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and

- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

In our evaluation of the Board's conclusions, we considered the inherent risks to the Association's business model and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and

- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of board, the audit committee and internal audit as to the Association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association's channel for "whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board and audit committee minutes.

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

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

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls in particular the risk that management may be in a position to make inappropriate accounting entries.
On this audit we do not believe there is a fraud risk related to revenue recognition due to limited scope for manual interventions and the homogeneous nature of the majority of the revenue streams. In addition, property sales are recognised on receipt of a legal completion statement and cash and therefore the opportunity to manipulate revenue from sales is remote.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation of the Association wide fraud risk management controls.

We also performed procedures including:

- pre-screening all journal entries in the year and made inquiries with management based on the screening results with consideration of seldom used accounts, users activities and specific key words.

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

- assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of properties developed for sale held in current assets and in the valuation of the defined benefit obligation.

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

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

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

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

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

Whilst the Association 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.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed

non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion 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.

We have nothing to report in these respects.

Independent Auditor's report to the members of Aster Communities

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or - the Association has not maintained a satisfactory system of control over its transactions; or

- the financial statements are not in agreement with the Association's books of account; or

- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 14, the Association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008 . Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, for our audit work, for this report, or for the opinions we have formed.



Harry Mears (Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Suite 6 New Kings Court
Tollgate Chandler's Ford
Eastleigh SO53 3LG
Date: 22 September 2025

Aster Communities

Statement of Comprehensive Income

for the year ended 31 March 2025

	Note	2025 £000	2024 £000
Turnover	5a	**173,000**	164,795
Operating expenditure	5a	**(116,294)**	(104,925)
Cost of sales	5a	**(20,376)**	(23,426)
Profit on disposal of housing property	6	**17,396**	18,027
Change in fair value of investment properties	5a	**125**	25
Operating profit before impairment		**53,851**	54,496
Impairment of housing	5a	**(2,750)**	(2,811)
Impairment of shared ownership propertieis held for sale	5a	**-**	(303)
Pension cessation costs	5a	**(9,493)**	-
Operating profit		**41,608**	51,382
(Loss) / profit on disposal of other property, plant and equipment	10	**(143)**	780
Charitable donations made	11	**(10,397)**	(10,366)
Profit before interest and taxation		**31,068**	41,796
Interest receivable and similar income	12	**4,006**	4,573
Interest payable and similar charges	12	**(25,631)**	(26,425)
Interest on net pension liability	12	**(126)**	192
Net finance expense		**(21,751)**	(21,660)
Profit before taxation		**9,317**	20,136
Tax on profit	14	**-**	-
Profit for the year		**9,317**	20,136
Other comprehensive income / (expenses)			
Actuarial gains / (losses) in respect of pension schemes	32	**9,446**	(885)
Effective cash flow hedge fair value gain	13	**1,394**	679
Other comprehensive income / (expense) for the year		**10,840**	(206)
Total comprehensive income for the year		**20,157**	19,930

The accompanying notes form part of these financial statements.

Aster Communities

Statement of Financial Position

as at 31 March 2025

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	15	-	6
Property, plant and equipment (social housing)	16	1,380,950	1,320,264
Property, plant and equipment (other assets)	17	4,347	4,693
Investment properties	18	2,225	2,100
HomeBuy loans receivable	19	3,133	3,218
Investments	20	150	150
Investments in subsidiaries	21	-	-
Investments in joint ventures	22	4,500	4,500
		1,395,305	1,334,931
Non-current assets			
Debtors: amounts falling due after more than one year	23	34,498	37,719
Current assets			
Debtors: amounts falling due within one year	24	13,214	19,822
Shared ownership properties held for sale	25	22,291	25,194
Cash and cash equivalents	26	5,684	18,943
		41,189	63,959
Creditors: amounts falling due within one year	27	(158,786)	(111,415)
Net current liabilities		(117,597)	(47,456)
Total assets less current liabilities		1,312,206	1,325,194
Non current liabilities			
Creditors: amounts falling due after more than one year	28	(733,410)	(765,166)
Pension liability - Local Government Pension Scheme	32	-	(364)
Pension liability - Social Housing Pension Scheme	32	(1,899)	(2,924)
Net assets		576,897	556,740
Capital and reserves			
Called up share capital	33	-	-
Profit and loss reserve		354,144	331,065
Revaluation reserve	34	217,796	222,112
Restricted reserve	34	208	208
Cash flow hedge reserve	34	4,749	3,355
Total capital and reserves		576,897	556,740

The accompanying notes form part of these financial statements.

The financial statements on pages 18 to 58 were approved and authorised for issue by the board on 9 September 2025 and were signed on its behalf by:

Stephen Trusler
Chairperson

Bjorn Howard
Group Chief Executive Officer

Dawn Fowler-Stevens
Company Secretary

Aster Communities

Statement of Changes in Reserves

for the year ended 31 March 2025

	2025				
	Profit and loss reserve £000	**Revaluation reserve £000**	**Restricted reserve £000**	**Cash Flow Hedge reserve £000**	**Total reserves £000**
Balance at 1 April 2024	**331,065**	**222,112**	**208**	**3,355**	**556,740**
Profit for the year	**9,317**	**-**	**-**	**-**	**9,317**
Other comprehensive income for the year	**9,446**	**-**	**-**	**1,394**	**10,840**
Transfer from revaluation reserve to income and expenditure reserve	**4,316**	**(4,316)**	**-**	**-**	**-**
Balance at 31 March 2025	**354,144**	**217,796**	**208**	**4,749**	**576,897**

	2024				
	Profit and loss reserve £000	Revaluation reserve £000	Restricted reserve £000	Cash Flow Hedge reserve £000	Total reserves £000
Balance at 1 April 2023	308,351	225,575	208	2,676	536,810
Profit for the year	20,136	-	-	-	20,136
Other comprehensive (expense) / income for the year	(885)	-	-	679	(206)
Transfer from revaluation reserve to income and expenditure reserve	3,463	(3,463)	-	-	-
Balance at 31 March 2024	331,065	222,112	208	3,355	556,740

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Legal status

Aster Communities is registered under the Cooperative and Community Benefit Societies Act 2014, and is registered with the Regulator for Social Housing ('RSH') as a Registered Provider as defined by the Housing Act 2004.

2 Basis of preparation

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

The financial statements are presented in Sterling (£).

Application of accounting policies

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

Going Concern

The directors, after reviewing the association's budgets for 2025/26 and the group's medium term financial position as detailed in the 30-year business plan, are of the opinion that the association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Presentation

The association has elected not to produce a strategic report, statement of cash flows and disclosure relating to key management compensation within the individual subsidiary financial statements in line with exemptions available within FRS 102 and the Housing SORP 2018.

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

The association has not prepared consolidated financial statements as it is a wholly owned subsidiary of Aster Group Limited and its results are included within the consolidated financial statements of the group.

3 Accounting policies

Turnover

Turnover represents:

Rental, service charge income and garage lettings - recognised from the point at which the properties under development reach practical completion or otherwise become available for letting.

Service charge income - an amalgamation of the budgeted charge for the year and the under or over recovery from previous years.

Revenue fees and grants from local authorities and the RSH - recognised over the period the related costs are incurred.

Asset related fees and grants from local authorities and the RSH - recognised over the life of the related asset. For grants relating to completed properties the grant is amortised through turnover over the effective useful life of the property's structure.

Income from first tranche sales of New Build HomeBuy and housing properties developed for sale - recognised at the legal completion of the sale.

Other income, such as domiciliary care and sewerage services - recognised when the performance of a service is completed, or when the requirements of an agreement with a third party or other group subsidiary are met.

Operating Profit

The association has chosen to show operating profit on the face of the Statement of Comprehensive Income. This figure represents income, less the costs and expenses incurred to generate it, from the association's principal activities that are not investing or financing activities.

Property managed by agents

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

Value added tax (VAT)

The association is registered for VAT and, while turnover is stated excluding VAT, a large portion of its income, including its rents, is exempt for VAT purposes. The majority of its expenditure is subject to VAT which cannot be reclaimed and therefore expenditure is shown inclusive of irrecoverable VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Right to buy

The gain or loss on disposal of housing properties under the right to buy arrangement is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property. The gain or loss on disposal is recognised in the Statement of Comprehensive Income for the year at the date of transfer after adjusting for any local authority claw back agreement in operation. The relevant local authority clawback is recognised as a liability until it is repaid to the authority.

Right to acquire

The gain or loss on the disposal of housing properties under the right to acquire arrangement is calculated as being the difference between the proceeds of sale of a property and the carrying value of that property. Any gain or loss on disposal is recognised in the Statement of Comprehensive Income for the period at the date of transfer.

New build shared ownership properties

The cost of developing new build shared ownership properties is split between current assets for that part of the property which is expected to be sold by way of a first tranche sale and property, plant and equipment for the remaining part of the property which is expected to be retained.

First tranche sales on new build shared ownership properties are recognised in turnover, with an appropriate proportion of development build costs being expensed through cost of sales.

Subsequent tranches sold (staircasing) are reflected in the Statement of Comprehensive Income on sale of property, plant and equipment. Such staircasing sales may result in social housing grant being deferred or abated until it can be recycled or repaid. Cost includes the acquisition of land and buildings, the cost of developing properties, plus expenditure incurred in respect of improvements.

3 Accounting policies (continued)

Intangible assets and amortisation – computer software

Intangible assets are identifiable non-monetary assets without physical substance such as computer software. Intangible assets are stated at cost less accumulated amortisation. Cost includes the original purchase price of the asset and any directly attributable costs of preparing the asset for its intended use. Amortisation is charged on a straight line basis over the expected remaining useful economic life (UEL) of the assets as follows:

Asset	UEL (years)
Computer software	3
Main computer systems software	10

Social housing properties and depreciation

Properties rented for social benefit are classified as property, plant and equipment and referred to as social housing. These properties are rented at below market rate to people put forward by the relevant local authorities from their housing lists. Social housing properties under construction are stated at cost and are not depreciated. These are reclassified as social housing properties on practical completion of construction with cost apportioned by key components.

Freehold land is not depreciated. Freehold properties are depreciated by component on a straight line basis over the estimated useful economic lives of the component categories.

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

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

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

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

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

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

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

Freehold land is not depreciated.

It was elected to take the transitional exemption laid out in paragraph 35.10(d) of FRS 102 and use the 31 March 2014 valuation as the deemed cost of social housing properties at that date. All social housing properties completed after that date are recognised at cost.

3 Accounting policies (continued)

Donated land and social housing properties

Land donated by local authorities and others is added to the cost of the development scheme at the market value of the land at the time of the donation. If the land is donated by a local authority the market value is recognised as a government grant and accounted for using the accruals method. If the land is donated by a non-government party the market value is recognised as turnover in the Statement of Comprehensive Income for the year.

Where social housing properties are donated by one group member to another the transfer is made at the properties net book value with the resulting expense or income being recognised as a donation.

Property, plant and equipment and depreciation, non-social housing

Property, plant and equipment, is stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent expenditure is capitalised where it increases the value of the asset or extends its life. Completed social housing properties are covered by a separate policy. Depreciation is charged on a straight line basis over the expected remaining UEL of the assets as follows:

Asset	UEL (years)
Freehold offices	50
Photovoltaic panels	25
Motor vehicles	4 - 5
Office, estate equipment and furniture	3 - 15

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

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

Capitalisation of internal staff costs

a) Housing development schemes

Internal staff costs that are directly related to the development of housing assets are capitalised to the schemes under construction where the outcome of the scheme is certain. Where the outcome of the scheme is uncertain or aborted, the direct development administration costs are charged to the Statement of Comprehensive Income for the year.

b) Development of internally created assets

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

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

- The asset created can be identified (such as software or a website);

- It is expected that the asset created will generate future economic benefits; and

- The development cost of the asset can be measured reliably.

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

Notes to the Financial Statements (continued)

3 Accounting policies (continued)

Capitalisation of interest costs

Interest costs relating to the construction and acquisition of housing assets are charged to the cost of the development scheme, over the period of its development. The amount capitalised represents either:

- Interest costs incurred specifically for financing the development programme after the deduction of social housing grant in advance; or

- Interest costs of the group as a whole after the deduction of interest on social housing grant in advance to the extent that they are funding the development programme.

Other interest costs are recognised in the Statement of Comprehensive Income for the period to which they relate.

Interest receivable and payable

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

Leased assets

Where assets are financed by leasing agreements that transfers substantially all the risks and rewards of ownership, they are treated as if they had been purchased outright. The amount capitalised is the lower of the present value of the minimum lease payments payable during the lease term or the fair value of the leased asset. The corresponding leasing commitments are shown as the present value of the obligations to the lessor. Lease payments are treated as consisting of a finance charge and a reduction in the liability. The finance charge is charged to the Statement of Comprehensive Income for the period using the effective interest method.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income for the period on a straight line basis over the period of the lease.

Investment properties

Investment properties are properties held for capital appreciation, rented at a market rate where there are no restrictions on who can be a tenant, or both.

Investment properties are re-valued each year to their fair or market value. Any changes in value are recognised in the Statement of Comprehensive Income in the year they occur.

Inventories

a) General inventories
Inventories are valued at the lower of cost and net realisable value, after making allowances for any obsolete and/or slow moving items. Net realisable value is the price which inventories can be sold for in the normal course of business after allowing for the costs of realisation. Inventories are valued using a first-in-first-out methodology.

b) Properties developed for market sale
Properties that have been developed for market sale are recognised at cost less cost to sell. Cost comprises materials, direct labour, direct development overheads and attributable interest. Sales proceeds are included in turnover.

Impairment

a) Other tangible and intangible assets

Other tangible and intangible assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, the affected assets are written down to the recoverable amount. Any such write down is charged to the Statement of Comprehensive Income for the year.

b) Social housing

Social housing properties are subject to impairment trigger reviews on completion and then annually thereafter. If there is a trigger and evidence of impairment is found the carrying value of the property is compared to its depreciated replacement cost. This represents the amount it would cost the group to replace the property. For properties built or acquired prior to 1 April 2014 this replacement cost is depreciated from 1 April 2014. For properties built or acquired after 1 April 2014 depreciation starts from the build or acquisition date. If the property's carrying value is higher than its depreciated replacement cost the carrying value must be reduced to the depreciated replacement cost, the write down is charged to the Statement of Comprehensive Income for the year.

In the portfolio there are some pre-fabricated reinforced concrete construction properties and bedsits. Where an impairment review indicates that their useful economic life is likely to be less than the standard policy they have been re-lifed to 10 years.

Notes to the Financial Statements (continued)

3 Accounting policies (continued)

Impairment (continued)

c) Unsold first tranche current assets

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

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

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

d) Open markets properties held for sale

Open market properties held for sale are classified as current assets and are reviewed for impairment if there are indications that the market value of the property has dropped below its carrying value If any current assets are found to be impaired the carrying value is reduced to the selling price less costs to complete and sell.

Accrued income

When, as a result of performing a service or otherwise meeting the requirements of an agreement with a third party, income falls due but has not been invoiced in the period, an accrual is made for this income.

Deferred income

Where payment has been received for goods or services not yet delivered, the amount is initially recorded as a liability in the Statement of Financial Position and recognised as turnover once the delivery has been made.

Service Concession Arrangements

The association has a Service Concession Arrangement, previously known as a Private Finance Initiative scheme, with Wiltshire Council which was entered into before 1 April 2014. The association is taking advantage of the transitional arrangement outlined in section 35.10 (l) of FRS 102 and will continue accounting for the scheme using the accounting policies in place prior to that date.

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

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

Service charge sinking funds

The association owns a number of schemes which require it to manage sinking funds in order to maintain the upkeep of the properties. These funds are held separately by the association, and may only be used for the benefit of the relevant schemes. These funds are held in creditors on the Statement of Financial Position.

3 Accounting policies (continued)

Financial instruments

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

a) Rent arrears and other debts
Rent arrears, other amounts due from tenants and other miscellaneous debts are recognised and carried at original amount of the charge, less provision for impairment. A provision is made and charged to the Consolidated Statement of Comprehensive Income for the year when there is objective evidence that the group will not be able to collect all amounts due in accordance to the original terms.

Any tenants or miscellaneous debtors who have a payment arrangement to pay their debts over a period of longer than the normal terms of business are treated as having a financing transaction. These transactions are recognised at their present value rather than transaction value. The discount rate used for the present value calculation is based upon an estimate of the rate the debtor could obtain in their own right.

b) Cash and cash equivalents
Cash and cash equivalents includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of twelve months or less.

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

c) Derivatives
Derivative financial assets and liabilities are recognised at fair value. They represent some of the financial instruments that have been designated as hedging instruments. Hedging is further explained below in the derivative note.

d) Financial liabilities
i) Bonds, medium term notes and commercial paper are classified as other financial liabilities under section 11 of FRS 102 and held at amortised cost using the effective interest rate method to allocate costs of issue (including the discount or premium on issue).
ii) Accrued interest payable on the debt is also classified as other financial liabilities and held at amortised cost.
iii) When bonds are repurchased and subsequently cancelled, the difference between the carrying amount of the bonds and the consideration paid for their repurchase is recorded as profit or loss. Given the indistinguishable nature of the bonds in the secondary market, the company retains the discretion to designate any of the tranches as the bonds to be cancelled.

e) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

f) Trade creditors
Trade creditors are not interest-bearing and are stated at their transaction value.

g) Trade debtors
Trade debtors are recognised at amortised cost.

h) Committed borrowings and bank overdrafts
Interest-bearing loans and overdrafts are recorded at the amounts received, net of direct issue costs, using the effective interest method. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption, are charged to the profit or loss for the period as incurred using the effective interest rate method and are added to the carrying value of the borrowings or overdraft to the extent they are not settled in the period in which they arise.

When a loan facility agreement is entered into, any associated costs are capitalised, discounted at the prevailing market rate of interest amortised over the life of the related loans.

i) Derivative financial instruments
Various derivative financial instruments are used to manage exposure to interest rate risks, including interest rate swaps and options or a combination of these. All derivative instruments are recorded in the Consolidated Statement of Financial Position at fair value. The recognition of gains or losses on derivative instruments depends on whether or not the instrument is designated as a hedging instrument. Derivatives are designated as either:

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

II) A cash flow hedging instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the derivative matures in more than twelve months, and as a current asset or liability when the derivative matures in less than twelve months.

3 Accounting policies (continued)

Financial instruments (continued)

j) Cash flow hedges
The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income within the Consolidated Statement of Comprehensive Income and subsequently in the cash flow hedge reserve. The ineffective portion of such gains and losses is recognised in the Consolidated Statement of Comprehensive Income for the period immediately.

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow reserve at that time is recognised in the Consolidated Statement of Comprehensive Income for the period.

k) Interest rate exposure
Interest rate swaps are used to manage the group's exposure to fluctuations in interest rates on its floating rate borrowings. The maturity profile of these swaps is matched with the underlying debt. Hedging policy is to leave no more than 50% of borrowings on a floating rate. The expected future debt profile is based on estimates of the timings and size of future housing developments' funding demands offset by an estimate of cash generated by operating activities.

l) Convertible financial instruments
Convertible financial instruments can be converted into third-party equity under certain circumstances. They do not meet the criteria for basic financial instruments under section 11 of FRS 102 and are recognised at their fair value, which is measured at the end of each reporting year with any changes being recognised in profit or loss.

Social housing and other grants

Social housing grant (SHG) is receivable from the Regulator for Social Housing (RSH). It is accounted for under section 24 of FRS 102 'Government Grants' using the accrual model. Once properties have been completed the grant is classified as a long-term creditor and amortised to the Statement of Comprehensive Income for the year over the life of the properties' structure. Where grants are paid in advance, they are included in creditors until performance is completed.

If a property which received a grant is subsequently sold, or another relevant event takes place the SHG appears as a creditor due in less than one year. It can be recycled for use in a project approved by the RSH or repaid to the RSH if it is not used within the agreed timescale.

Prior to transition to FRS 102 the association held its social housing properties at valuation. On transition this became the deemed cost. All SHG received prior to transition on 1 April 2014 was transferred to the profit and loss reserve. It is recycled from this reserve if a relevant event occurs.

Government grants received after 1 April 2014 are recognised in income over periods in which the related costs are recognised for which the grant is intended to compensate, over the useful economic life of the property's structure.

Other government grants received are also accounted for under section 24 of FRS 102 using the accrual model.

When part of the government grant is deferred, it is recognised as deferred income within creditors and allocated between due within one year and due after more than one year as appropriate.

Pension Costs

The cost of providing retirement pensions and related benefits is accounted for in accordance with Section 28 of FRS 102 'Employee Benefits'.

Aster Communities actively participates in three pension schemes. There are two separate schemes with the Social Housing Pension Scheme ('SHPS'), and one defined contribution ('stakeholder') scheme with Aegon.
The accounting treatment for each scheme is described below.

a) Defined benefit scheme
The SHPS defined benefit scheme based on final salary and the SHPS defined benefit CARE 1/60th scheme closed on 31 March 2020 and members were automatically transferred to the SHPS defined benefit CARE 120th scheme. Employees could opt to be transferred to the SHPS defined contribution scheme. The SHPS defined benefit CARE 120th scheme was closed to new applicants on 30 June 2019 with the exception of employees transferring from the defined benefit schemes.

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

3 Accounting policies (continued)

Pensions (continued)

The increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in operating expenditure. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the Consolidated Statement of Financial Position net of the related deferred tax. Actuarial gains and losses which arise from the difference between actual and expected performance of the scheme are recognised in Other Comprehensive Income.

b) Defined contribution scheme
Employees have a choice of joining the SHPS defined contribution ('stakeholder') scheme, or the Aegon defined contribution scheme. Defined contribution scheme costs are charged to the Consolidated Statement of Comprehensive Income as they fall due.

Employees joining Flourish Homes (now part of Aster Communities) between September 2003 and September 2010 were only offered entrance to a defined contribution ('stakeholder') scheme with Friends Provident. Between October 2010 and June 2019 new employees have been offered entrance to the SHPS defined benefits career average scheme or the SHPS defined contribution scheme. Since July 2019 new employees have been offered entrance to the SHPS defined contribution scheme. Payments for both schemes are charged as an expense as they fall due.

Provisions

a) General provisions

A provision is recognised in the Statement of Financial Position where the association has an obligation as a result of a past event, and it is probable that economic benefits will be required to settle the obligation. The amount of provision is re-assessed each year in the light of estimated future income and costs as appropriate.

Restricted Reserve

Reserves which arise from the sale of some properties where the transfer agreement with the local council requires the association to retain a portion of the sale proceeds. The reserve can only be used to fund investment in properties in the Mendip area, in agreement with Mendip District Council.

4 Critical accounting judgements and estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates, which are shown below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the association's accounting policies

Fair value

The directors have made the following judgements regarding fair value:

- If land is donated at below market cost it is recognised at its fair value. The directors judge this to be its market value at the time of the donation.

- Investment properties are recognised each year at their fair value. The directors judge this to be their market value at the end of the reporting period.

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

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

Cash generating units

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

Impairment triggers for housing properties

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

Impairment triggers for financial assets

Throughout the duration of the joint venture investment, the Directors monitor a range of indicators that could suggest an impairment of the Group's financial assets. This includes regular assessment of the joint venture's financial performance, profitability, and cash flow forecasts as well as consideration of market conditions and operational risks affecting the scheme. The recoverability of the loans advanced to the joint venture is reviewed on an ongoing basis, with particular focus on whether projected returns are sufficient to support full repayment. Where evidence arises that the carrying amount of the loan may not be recoverable, the Directors assess the need for an impairment charge.

Useful lives of social housing property assets

Social housing property assets are split into their component parts, with each component being depreciated over a separate estimated useful economic life. The annual depreciation charge for social housing property assets in total is sensitive to changes in these estimated useful economic lives. See note 4 for the useful economic lives for each class of component.

Multi-employer defined benefit pension plan

The group participates in a multi-employer defined benefit pension plan based on a career average of earnings, provided by the Social Housing Pension Scheme.

The cost of defined benefit pension schemes and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Assumptions used are informed by actuarial advice and through the use of pension advisors.

4 Critical accounting judgements and estimation uncertainty (continued)

Social Housing Pension Scheme

We have been notified by the Trustee of the scheme that is has performed a review of changes made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the summer of 2025. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Rebalancing surpluses from HomeBuy first tranche sales

Where social housing development schemes consist of social rental and shared ownership properties the cost of development is split between the individual properties by property classification. As these costs cannot be accurately assigned to individual properties management assumes that they are evenly spread by floor area.

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

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

Notes to the Financial Statements (continued)

5 Turnover, operating expenditure and profit

5a

	Note	2025 Turnover	Operating expenditure/ cost of sales	Operating profit /(loss)
		£000	£000	£000
Income and expenditure from lettings				
Housing accommodation	5b	144,663	(111,538)	33,125
Other income and expenditure				
Social Housing				
Housing services provided to third parties		1,166	(1,045)	121
Properties managed by agents		49	(105)	(56)
Community involvement		-	(309)	(309)
Development costs not capitalised		-	(1,202)	(1,202)
Other		97	-	97
		1,312	(2,661)	(1,349)
Non Social Housing				
Garage lettings		3,363	(1,302)	2,061
Sewerage services		440	(689)	(249)
Market rented property rental		69	(29)	40
Other		5	(75)	(70)
		3,877	(2,095)	1,782
Total income and expenditure		149,852	(116,294)	33,558
Other income and cost of sales				
Social Housing				
First tranche shared ownership		23,148	(20,376)	2,772
Total other income and cost of sales		23,148	(20,376)	2,772
Total		173,000	(136,670)	36,330
Surplus on sale of housing property, plant and equipment	6	28,477	(11,081)	17,396
Increase in fair value of investment properties	18			125
Operating profit before impairment				53,851
Impairment of housing stock				(2,750)
Impairment of shared ownership properties held for sale	25			-
Pension cessation	32a			(9,493)
Operating profit				41,608

Notes to the Financial Statements (continued)

5 Turnover, operating expenditure and profit
5a

	Note	Turnover	2024 Operating expenditure/ cost of sales	Operating profit /(loss)
		£000	£000	£000
Income and expenditure from lettings				
Housing accommodation before impairment	5b	133,901	(100,146)	33,755
Other income and expenditure				
Social Housing				
Housing services provided to third parties		951	(868)	83
Properties managed by agents		38	(86)	(48)
Community involvement		-	(297)	(297)
Development costs not capitalised		-	(1,690)	(1,690)
Other		67	-	67
		1,056	(2,941)	(1,885)
Non Social Housing				
Garage lettings		3,221	(1,396)	1,825
Sewerage services		180	(389)	(209)
Market rented property rental		64	(53)	11
Other		(2)	-	(2)
		3,463	(1,838)	1,625
Total income and expenditure		138,420	(104,925)	33,495
Other income and cost of sales				
Social Housing				
First tranche shared ownership		26,375	(23,426)	2,949
Total other income and cost of sales		26,375	(23,426)	2,949
Total		164,795	(128,351)	36,444
Surplus on sale of housing property, plant and equipment	6	27,138	(9,111)	18,027
Increase in fair value of investment properties	18			25
Operating profit before impairment				54,496
Impairment of shared ownership properties held for sale	25			(303)
Impairment of housing stock				(2,811)
Operating profit				51,382

Notes to the Financial Statements (continued)

5 Income and expenditure from lettings

5b

	2025				
	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Other £000	Total £000
Income					
Rents	110,274	10,259	12,617	816	133,966
Service charges	3,653	3,606	258	1,915	9,432
Amortisation of government grants	177	65	104	-	346
Other revenue and grants	732	30	156	1	919
Total net rents from lettings	114,836	13,960	13,135	2,732	144,663
Expenditure					
Management	(27,363)	(2,826)	(1,182)	(38)	(31,409)
Services	(4,084)	(4,069)	(2,979)	(131)	(11,263)
Routine maintenance	(21,393)	(2,624)	(62)	(143)	(24,222)
Planned maintenance	(7,912)	(985)	-	(4)	(8,901)
Major improvements and repairs	(11,949)	(2,391)	-	(36)	(14,376)
Bad debts	(283)	(27)	2	(3)	(311)
Depreciation of housing properties	(16,581)	(1,525)	(1,918)	(9)	(20,033)
Loss on component disposals	(887)	(136)	-	-	(1,023)
Operating costs on lettings	(90,452)	(14,583)	(6,139)	(364)	(111,538)
Operating profit on lettings activities	24,384	(623)	6,996	2,368	33,125
Rental income is stated net of void losses as set out below:					
Void losses	717	197	101	57	1,072

Notes to the Financial Statements (continued)

5 Income and expenditure from lettings
5b

	2024				
	General Needs Housing £000	Supported Housing £000	Shared Ownership £000	Other £000	Total £000
Income					
Rents	101,477	9,473	10,875	835	122,660
Service charges	4,204	3,562	227	2,154	10,147
Amortisation of government grants	158	65	68	-	291
Other revenue grants	667	24	111	1	803
Total net rents from lettings	106,506	13,124	11,281	2,990	133,901
Expenditure					
Management	(20,464)	(1,907)	(991)	(72)	(23,434)
Services	(4,619)	(3,892)	(2,947)	(129)	(11,587)
Routine maintenance	(18,715)	(2,429)	(78)	(139)	(21,361)
Planned maintenance	(7,573)	(921)	-	(11)	(8,505)
Major improvements and repairs	(11,563)	(2,713)	-	(25)	(14,301)
Bad debts	(391)	(55)	(6)	(6)	(458)
Depreciation of housing properties	(15,999)	(1,514)	(1,733)	(9)	(19,255)
Loss on component disposals	(1,116)	(129)	-	-	(1,245)
Operating costs on lettings	(80,440)	(13,560)	(5,755)	(391)	(100,146)
Operating profit on lettings activities	26,066	(436)	5,526	2,599	33,755
Rental income is stated net of void losses as set out below:					
Void losses	674	246	74	46	1,040

Notes to the Financial Statements (continued)

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

	2025			2024		
	Proceeds £000	**Cost of Sales £000**	**Profit / (loss) £000**	Proceeds £000	Cost of Sales £000	Profit / (loss) £000
Right to buy	**479**	**(543)**	**(64)**	239	(268)	(29)
Shared ownership staircasing	**8,601**	**(5,121)**	**3,480**	4,788	(2,471)	2,317
Void property disposals	**17,632**	**(5,417)**	**12,215**	20,013	(6,192)	13,821
Market rented properties	**-**	**-**	**-**	170	(180)	(10)
Others	**1,765**	**-**	**1,765**	1,928	-	1,928
	28,477	**(11,081)**	**17,396**	27,138	(9,111)	18,027

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

7 Operating profit

			2025 £000	2024 £000
Operating profit is stated after charging:				
Auditor's remuneration				
	In their capacity as auditor's:			
	Financial statements audit		**65**	59
Depreciation:				
	Property, plant and equipment - (social housing)		**19,884**	19,255
	Loss on disposal of components		**1,042**	1,245
	Property, plant and equipment - (other assets)		**382**	399
Amortisation of intangible assets			**6**	11
Impairment:				
	Shared ownership properties held for sale	**5a**	**-**	303
	Housing properties under construction	**16**	**(651)**	2,811
	Completed housing properties	**16**	**3,401**	-
Operating lease payments:				
	Land and buildings		**25**	25
	Office premises		**279**	110

8 Directors' emoluments

Members of the executive board and executive management team
The association did not directly employ any members of the Executive Board or the executive management team during the year. A charge for the executive management team's services was made via the group overheads recharge to the association. This recharge included £317,588 (2024: £246,000) for executive directors' services and £215,630 (2024: £164,000) for the executive team's services. These amounts are included in the association's profit for the year.

Non-executive directors
The association operates as part of the group Overlap Boards. The non-executive directors are paid by Aster Group Limited. A charge of £151,779 (2024: £130,000) was made for their services via the group overheads recharge to the association. This amount is included in the profit for the year.

Local council nominees
The association's non-executive directors includes one local council nominee (2024: one). A charge of £1,352 (2024: £1,352) was made for their services via the group overheads recharge to the association. This amount is included in the profit for the year.

9 Employee information

	2025 No.	2024 No.
The average number of persons employed during the year (full time equivalents 'FTE') based on 37 hours per week	**348**	354

FTE by salary bands:

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

	2025 No.	2024 No.
£59,999 or less	**327**	331
£60,000 to £69,999	**7**	5
£70,000 to £79,999	**4**	7
£80,000 to £89,999	**7**	6
£90,000 to £99,999	**1**	-
£100,000 to £109,999	**-**	1
£110,000 to £119,999	**-**	1
£120,000 to £129,999	**1**	-
£130,000 to £139,999	**-**	1
£150,000 to £159,999	**1**	1
£160,000 to £169,999	**-**	1
	348	354

None of the above employees received any enhanced pension payments during the year (2024: nil).

	2025 £000	2024 £000
Staff costs:		
Wages and salaries	**11,703**	12,250
Social security costs	**1,098**	1,145
Other pension costs	**10,160**	868
	22,961	14,263

Other pension costs include pension cessation costs of £9.5 million (2024: nil).

Employee information reflects the cost of staff that hold employment contracts with the association. Some of the above costs are then recharged to other parts of the group.

10 (Loss) / profit on disposal of other property, plant and equipment

	2025			2024		
	Proceeds £000	**Cost of disposal £000**	**Loss £000**	Proceeds £000	Cost of disposal £000	Profit / (loss) £000
Office premises	**-**	**(133)**	**(133)**	2,500	(1,714)	786
Office equipment	**-**	**(10)**	**(10)**	-	(6)	(6)
	-	**(143)**	**(143)**	2,500	(1,720)	780

11 Charitable donations made

	2025 £000	2024 £000
Aster Group Limited	**10,000**	10,000
Aster Foundation	**397**	366
	10,397	10,366

12 Finance income and expense

	Note	2025 £000	2024 £000
Interest receivable and similar income			
Interest on short term deposits		**866**	2,239
Interest receivable from other group companies		**3,050**	2,241
Total interest income on financial assets not measured at fair value through profit or loss		**3,916**	4,480
Unwinding of trade debtor discounting		**90**	93
		4,006	4,573
Interest payable and similar charges			
Fixed rate loans		**(6,909)**	(7,233)
Variable rate loans		**(5,678)**	(6,465)
Interest rate swaps		**937**	1,053
Loans with other group companies		**(17,428)**	(17,501)
Less interest capitalised		**3,951**	4,382
		(25,127)	(25,764)
Recycled capital grant fund interest	**30**	**(147)**	(195)
Ineffective interest		**(15)**	(30)
Amortisation of arrangement fees		**-**	(116)
Administration charge		**(378)**	(396)
Total interest payable on financial liabilities not measured at fair value through profit or loss		**(25,667)**	(26,501)
Trade debtor discounting		**36**	76
		(25,631)	(26,425)
Interest on net pension liability			
Local government pension schemes	**32**	**-**	304
SPHS pension schemes	**32**	**(126)**	(112)
Net finance expense		**(21,751)**	(21,660)

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

	2025 Other comprehensive income	
	Gains £000	**Losses £000**
Financial liabilities measured at fair value through other comprehensive income	**1,394**	**-**
	1,394	**-**

	2024 Other comprehensive income	
	Gains £000	Losses £000
Financial liabilities measured at fair value through other comprehensive income	679	**-**
	679	-

14 Tax on profit on ordinary activities

	2025 £000	2024 £000
(a) Tax expense included in profit or loss		
The tax charge on the profit on ordinary activities was as follows:		
Current tax		
UK corporation tax expense	-	-
Under provision in prior year	-	-
Total current tax	-	-
Deferred tax		
Deferred tax for the year	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	-

	2025 £000	2024 £000
(b) Factors affecting tax charge for the year		
Profit on ordinary activities before taxation	**9,317**	20,136
Profit on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 25% (2024: 25%)	**2,329**	5,034
Effects of:		
Profit from charitable activities	**(48,596)**	(47,361)
Expenses not deductible	**46,267**	42,327
	-	-

15 Intangible assets

	Computer software £000
Cost	
At 1 April 2024	**3,275**
Additions	-
Disposals	**(3,216)**
At 31 March 2025	**59**
Accumulated amortisation	
At 1 April 2024	**3,269**
Charge for year	**6**
Disposals	**(3,216)**
At 31 March 2025	**59**
Net book value as at 31 March 2025	-
Net book value as at 31 March 2024	6

16 Property, plant and equipment (social housing)

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

	Housing properties under construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Cost					
At 1 April 2024	**58,884**	**1,089,954**	**27,590**	**262,836**	**1,439,264**
Additions	48,172	-	29,255	-	**77,427**
Components	-	15,809	-	-	**15,809**
Disposal of components	-	(4,890)	-	-	**(4,890)**
Completions	(36,573)	36,573	(29,368)	29,368	**-**
Impairment	(38)	(3,401)	-	-	**(3,439)**
Disposals	-	(5,500)	-	(5,038)	**(10,538)**
At 31 March 2025	**70,445**	**1,128,545**	**27,477**	**287,166**	**1,513,633**
Accumulated depreciation					
At 1 April 2024	**-**	**110,681**	**-**	**8,319**	**119,000**
Charge for year	-	17,952	**-**	1,932	**19,884**
Disposal of components	-	(3,848)	**-**	-	**(3,848)**
Impairment	-	(923)	**-**	-	**(923)**
Disposals	-	(1,186)	**-**	(244)	**(1,430)**
At 31 March 2025	**-**	**122,676**	**-**	**10,007**	**132,683**
Net book value at 31 March 2025	**70,445**	**1,005,869**	**27,477**	**277,159**	**1,380,950**
Net book value at 31 March 2024	58,884	979,273	27,590	254,517	1,320,264

The cost of completed properties during the year includes £4.0 million (2024: £4.4 million) of capitalised borrowing costs at an average cost of borrowing of 3.3% (2024: 3.5%).

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

	2025 £000	2024 £000
Freehold	**1,380,844**	1,320,155
Long leasehold	**106**	109
Net book value	**1,380,950**	1,320,264

Current value of completed social housing properties

The below valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on 31 March 2025, on the basis of Existing Use Value - Social Housing. The valuations were carried out in accordance with RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended).

	Housing properties under construction £000	Completed housing properties £000	Shared ownership under construction £000	Shared ownership completed £000	Total £000
Existing Use Valuation - Social Housing					
Valuation at 31 March 2025	**-**	**1,617,950**	**-**	**312,542**	**1,930,492**

Notes to the Financial Statements (continued)

17 Property, plant and equipment (other assets)

	Office premises £000	Motor vehicles £000	Office & estate equipment & furniture £000	Computer equipment £000	Total £000
Cost					
At 1 April 2024	**4,750**	**66**	**4,083**	**784**	**9,683**
Additions	58	-	-	-	58
Transfers to group company	-	-	121	-	121
Disposals	(595)	(66)	(1,959)	(784)	(3,404)
At 31 March 2025	**4,213**	**-**	**2,245**	**-**	**6,458**
Accumulated depreciation					
At 1 April 2024	**1,795**	**66**	**2,345**	**784**	**4,990**
Charge for year	147	-	235	-	382
Transfers to group company	-	-	-	-	-
Disposals	(462)	(66)	(1,949)	(784)	(3,261)
At 31 March 2025	**1,480**	**-**	**631**	**-**	**2,111**
Net book value at 31 March 2025	**2,733**	**-**	**1,614**	**-**	**4,347**
Net book value at 31 March 2024	2,955	-	1,738	-	4,693

18 Investment properties

	Market rented properties £000	Freehold £000	Total investment properties £000
Fair value			
At 1 April 2024	**1,215**	**885**	**2,100**
Increase in fair value of investment properties	125	-	125
Disposals	-	-	-
At 31 March 2025	**1,340**	**885**	**2,225**

The above valuation was carried out by Jones Lang LaSalle Limited Chartered Surveyors on the basis of Market Value using the comparison method at 31 March 2025.

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

19 HomeBuy loans receivable

	2025 £000	2024 £000
At 1 April	**3,218**	3,350
Proceeds received from sales	**(182)**	(199)
Profits on redemption of loan	**97**	67
At 31 March	**3,133**	3,218

The association operates the HomeBuy Scheme lending up to 25% of the cost of a property purchase to tenants who wish to own their own home. This loan is secured on the title of the property. On subsequent sale of the property by the purchaser the association receives a proportion of the sale proceeds equal to the original percentage lent.

20 Investments

	2025 £000	2024 £000
MORhomes PLC	**150**	150

The association owns 300,000 £0.10 ordinary shares with a premium of £0.40 in MORhomes PLC whose primary activity is to act as a borrowing vehicle for the social housing sector.

21 Investments in subsidiaries

	2025 £000	2024 £000
Silbury Housing Holding Limited	**-**	-

The association owns 100 £1 ordinary shares in Silbury Housing Holdings Limited, company number 7273905, whose principle activity is to provide on-lending in the form of loan notes.

22 Investments in joint ventures

	2025 £000	2024 £000
Aster Solar Limited - Class B shares	**4,500**	4,500

The association owns 4.5 million £1 Class B shares in Aster Solar Limited, company number 9476337, whose principle activity is the supply of photovoltaic panels.

23 Debtors: amounts falling due after more than one year

	2025 £000	2024 £000
Amounts owing by group undertakings	**28,435**	32,321
European Investment Bank liquidity reserve funds	**1,615**	1,615
MORhomes convertible financial instruments	**345**	345
Interest rate swap	**4,103**	3,438
	34,498	37,719

The European Investment Bank (EIB) loans, require Aster Group to hold an amount of at least twelve months' interest payments in liquidity reserve funds as security against default on interest payments. These funds are controlled by the EIB and the Aster Group can only access the funds when the principal of the loans are repaid.

Under certain circumstances the MORhomes PLC fixed rate unsecured convertible financial instruments ('CoCo Loan Notes') can be converted to equity.

Amounts owing by group undertakings represent loans with Aster Homes Limited and Silbury Housing Holdings Limited. The loan with Aster Homes Limited is secured by a floating charge over the assets of Aster Homes Limited and repayable in instalments. The loan due for repayment on 20 March 2032 and bears interest at 3.5% over SONIA. The loan with Silbury Housing Holdings Limited is secured subordinated loan notes which are secured by a floating charge over all freehold, leasehold and commonhold properties of Silbury Housing Holdings Limited. Interest is charged at a fixed rate of 12% per annum (2024: 12%).

During the year, the company reviewed the classification of its interest rate swap arrangement. As a result of this review, the interest rate swap has been reclassified from debtors falling due within one year to debtors falling due after more than one year, reflecting the updated assessment of the contractual maturity profile and the company's intention to hold the instrument beyond 12 months from the reporting date.

24 Debtors: amounts falling due within one year

	2025 £000	2024 £000
Trade debtors	**215**	412
Rent arrears	**4,031**	7,721
Service charge under-recovery	**4,539**	6,164
Less discounting of debts payable over more than 12 months	**(259)**	(386)
Less provision for bad debts - rent arrears and service charges	**(3,067)**	(3,288)
	5,459	10,623
Amounts owing by group undertakings	**1,408**	4,641
Prepayments and accrued income	**6,347**	4,558
	13,214	19,822

Amounts owed by group undertakings are trading balances payable on demand and non interest bearing.

25 Shared ownership properties held for sale

	Under construction £000	Completed £000	Total £000
1 April 2024	**18,458**	**6,736**	**25,194**
Additions	16,329	-	**16,329**
Completions	(16,404)	16,404	**-**
Disposals	-	(19,232)	**(19,232)**
31 March 2025	**18,383**	**3,908**	**22,291**

26 Cash and cash equivalents

	2025 £000	2024 £000
Short term deposits	**1,222**	10,915
Cash at bank and in hand	**4,462**	8,028
	5,684	18,943

27 Creditors: amounts falling due within one year

	Note	2025 £000	2024 £000
Trade creditors		**958**	446
Taxation and social security payable		**-**	322
Pension contributions		**5**	189
VAT payable		**151**	315
Rent paid in advance		**3,802**	3,014
Service charge over-recovery		**1,128**	1,255
Amounts due under right to buy sharing agreement		**359**	170
Amounts owed to group undertakings		**59,374**	44,472
Capital grant received in advance		**2**	2
Social Housing Grant	**29**	**49,218**	33,011
Recycled capital grant fund	**30**	**2,127**	894
Other creditors		**2,662**	2,275
Corporation tax	**14**	**-**	-
Accruals and deferred income		**15,000**	12,921
Loan repayable (within 1 year)	**31e**	**24,000**	12,129
		158,786	111,415

28 Creditors: amounts falling due after more than one year

	Note	2025 £000	2024 £000
Loans repayable			
In 1 to 2 years	31e	**20,250**	24,000
In 2 to 5 years	31e	**64,750**	55,000
In five years or more		**226,548**	207,471
Less deferred arrangement fees		**(1,927)**	(1,957)
		309,621	284,514
Amounts owed to other group undertakings		**380,757**	442,372
Social Housing Grant	29	**38,311**	32,889
Recycled capital grant fund	30	**1,356**	1,871
WarmHomes Grant		**232**	302
HomeBuy Grants		**3,133**	3,218
		733,410	765,166

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties. Interest rates ranged from 1.5% to 6.4% (2024: 1.5% to 6.4%) for fixed/hedged loans and between 4.8% and 5.5% (2024: between 4.5% and 5.5%) for variable loans.

At 31 March 2025, the association had undrawn loan facilities of £78 million (2024: £135 million) to finance future operating cash flows and investments. The facility has its own designated pool of security held with a security trustee.

Under the terms of an arrangement with Aster Treasury Plc, Aster Communities has guaranteed the repayment of all amounts due by Synergy Housing Limited, Aster 3 Limited, East Boro Housing Trust and Aster Group Limited to Aster Treasury plc. In the case of Synergy Housing Limited, Aster 3 Limited, East Boro Housing Trust or Aster Group Limited not making any repayments of the loan, Aster Communities will become liable to settle the amount due. The total amount payable by Aster Communities as at 31 March 2025 is £nil (2024: £nil).

29 Social housing grant

	2025 £000	2024 £000
Balance as at 1 April	**65,900**	48,437
Additions	**22,172**	17,845
Disposals	**(179)**	(91)
Amortised within Statement of Comprehensive Income	**(364)**	(291)
Balance as at 31 March	**87,529**	65,900
Recognised in:		
Creditors: amounts falling due within one year	**49,218**	33,011
Creditors: amounts falling due after one year	**38,311**	32,889
	87,529	65,900

SHG is receivable from the RSH. Grant received for properties under construction is classified as a creditor due in less than one year as the grant would be repayable should the delivery of properties not be completed. Once properties have been completed the grant is classified as a long-term creditor and amortised to the profit or loss for the period over the life structure of the property.

Cumulative government grants received

	2025 £000	2024 £000
Social housing grant	**228,319**	206,147
Homebuy grant	**3,133**	3,218
Total government grant received	**231,452**	209,365
Recognised in:		
Profit and loss reserve	**140,790**	140,247
Creditors: amounts falling due within one year	**49,218**	33,011
Creditors: amounts falling due after more than one year	**41,444**	36,107
	231,452	209,365

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

Notes to the Financial Statements (continued)

30 Recycled capital grant fund

	2025	2024
	£000	£000
Balance as at 1 April	**2,765**	3,794
Additions:		
Grants recycled	**571**	1,667
Interest	**147**	195
Withdrawals:		
New build	**-**	(2,891)
Balance as at 31 March	**3,483**	2,765
Analysis of Maturity:		
- in less than one year	**2,127**	894
- in one to two years	**638**	976
- in more than two years	**718**	895
	3,483	2,765

The Recycled capital grant fund relates to social housing or housing association grant previously received on social housing properties that have been disposed off. The RSH permits grants to be reinvested within a three year period and requires funds which have not been reinvested within three years to be repaid. A waiver was granted for elapsed balances which are all committed.

31 Financial instruments

31a Financial instruments' descriptions

The association holds several different types of financial instrument which it uses to fund its activities and manage its interest rate risk. The characteristics of the main classes of financial instrument held are given below:

Interest rate swaps

An interest rate swap is an agreement between two parties to exchange interest rate types. Floating rate interest is exchanged for fixed rated interest and vice-versa. During the year the association managed its interest rate risk and reduced interest rate volatility through three interest rate swaps, exchanging floating rated interest for fixed rated interest.

The value of the association's interest rate swaps is measured at each year end at the instrument's fair value using a mark-to-market valuation. Where an instrument has a positive mark-to-market valuation it is treated as an asset and conversely where the mark-to-market value is negative it is treated as a liability. Any changes in the mark-to-market fair value are recognised in profit or loss unless the interest rate swap is designated as a hedging instrument and used in a hedging relationship for hedge accounting. Hedge accounting is outlined below.

At 31 March 2025 the association held £4.1 million of interest rate swap financial assets (2024: £3.4 million assets).

Fixed rate loans

The association's fixed rate loans have a base fixed interest rate plus a margin that varies over the life of the borrowing. Due to this variation these loans are recognised using the effective interest method which averages the interest rate over the life of the loan. As with the association's bonds the interest charged to profit or loss is the effective interest and not the amount actually paid. During the year the effective interest charged to profit and loss was £0.4 million lower (2024: £0.1m lower) than the actual interest paid.

At the end of the year the association had drawn £206.1 million (2024: £209.4 million) of fixed rate loans which incurred an effective interest charge during the year of between 1.5% and 6.4% (2024: 1.5% and 6.4%). These loans have a carrying value of £204.9 million (2024: £208 million) giving a cumulative effective interest adjustment of £1.2 million (2024: £1.4 million).

Floating rate loans

The interest on these loans varies or floats as Sterling Overnight Interbank Average Rate (SONIA) changes. In addition to SONIA a margin is also charged which makes up the total interest rate. Within the total amount the association can borrow from its lenders there is a set amount designated as floating loans, once this limit is reached the association cannot draw down any more floating rate loans. At the end of the year the association had drawn £128.7 million (2024: £88.6 million) of floating rate loans and was charged an interest rate of between 4.8% and 5.5% (2024: 4.5% and 5.5%).

Recycled capital grant fund

The group receives social housing grant from the Regulator for Social Housing ('RSH') to build social housing. When the tenant of a New Build HomeBuy property purchases a further tranche of the property, if there are sufficient sales proceeds, the associated grant will be recycled via the recycled capital grant fund. Like the disposal proceeds fund a notional amount of interest is added to the fund each year depending on the value of the fund. The balance in the association's recycled capital grant fund at the end of the year was £3.5 million (2024: £2.8 million), this includes £146,912 (2024: £195,592) of interest added during the year.

Loan commitments measured at cost less impairment

The association has various borrowing facilities available to it. The undrawn committed facilities are valued at cost less impairment. The amount of undrawn borrowings at 31 March 2025 was £78.1 million (2024: £135 million). The cost of the undrawn facility is £0.3m (2024: £0.2m). It is not considered to be impaired.

Hedge accounting

The association has two interest rate swaps that meet the requirements under FRS 102 section 12: Other financial instruments, for hedge accounting. The association uses hedge accounting to manage the volatility of the fair value movements of its interest rate swaps. The hedging relationship is between an interest rate swap, the hedging instrument, and a loan, the hedged item. The relationship allows the fair value movements in the hedging instrument that are equal to the fair value movements in the hedged item, the effective part, to be recognised through other comprehensive income in the cash flow hedge reserve rather than profit or loss. The parts of the movement that do not match, the ineffective part, are recognised in profit or loss. Where an interest rate swap in a hedge accounting relationship is terminated but the hedged item remains, the amount held in the cash flow hedge reserve relating to that swap is taken to profit and loss in proportion to how the underlying hedged item affects profit and loss. One interest rate swap was terminated during the year.

For the year ended 31 March 2025, the association recognised £1.3 million gains (2024: £0.7 million gains) of net effective cash flow hedge gains in other comprehensive income and movement of £30,000 (2024: £45,000) of cash flow hedge movements in profit and loss.

31 Financial instruments (continued)

31a Financial instruments' descriptions (continued)

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

At 31 March 2025 the association held £345,000 (2024: £345,000) of convertible financial instruments with £Nil (2024:£nil) of fair value gains/(losses) being recognised in profit and loss.

31b Financial instruments' classifications

Amortised cost
Basic financial instruments such as loans are measured at amortised cost. This is calculated using the effective interest rate method. For floating rate loans and fixed rate loans with no interest rate changes the effective interest will equal the amount of interest paid. For fixed rated loans which have changes in interest rate over the life of the loan the effective interest rate will average the different interest rates over the life of the loan. The effective interest is the amount that is recognised in profit or loss.

Fair value through profit or loss
Complex financial instruments, such as derivatives are recognised at fair value through profit or loss. At the end of each financial year their value is calculated by looking at an active market of similar instruments and establishing what their value would be if they were traded on that market, their fair value. Any changes in the fair value are recognised in the Consolidated Statement of Comprehensive Income.

Equity
Equity is the difference between an entity's total assets and total liabilities. Where an association has joint or a controlling interest in another company its share of the equity in that company is recognised in its financial statements.

31c Financial instrument carrying values

	2025	2024
Financial assets measured at amortised cost	**£000**	£000
Trade and rent debtors	**8,785**	14,297
Intercompany loans	**28,435**	32,321
Intercompany trade debtors	**1,408**	4,641
Liquidity funds	**1,615**	1,615
	40,243	52,874
Financial liabilities measured at fair value through profit or loss		
Derivative financial instruments held to manage interest rates - Interest rate swaps	**4,103**	3,438
	4,103	3,438
Financial liabilities measured at amortised cost		
Fixed rate loans	**(204,541)**	(207,684)
Hedged floating rated loans classified as fixed rated loans	**(30,000)**	(50,000)
Floating rated loans	**(98,735)**	(38,614)
Convertible financial instruments	**(345)**	(345)
Intercompany loans	**(380,757)**	(442,372)
Intercompany loans - repayable on demand	**(45,750)**	(34,250)
Recycled capital grant fund	**(3,483)**	(2,765)
Trade and rent creditors	**(5,888)**	(4,715)
Intercompany trade creditors	**(13,624)**	(10,222)
Accruals	**(15,000)**	(12,921)
Other creditors	**(2,662)**	(2,275)
	(800,785)	(806,163)
Loan commitments measured at cost less impairment		
Undrawn committed borrowings	**78,129**	135,000
Carrying value of undrawn committed borrowings	**-**	-

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

Methods and assumptions used in the assessment of fair values

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

Notes to the Financial Statements (continued)

31 Financial instruments (continued)

31d Interest rate profile of borrowings

	2025 £000	2024 £000
Association's borrowings comprise:		
Intercompany loan - fixed rate loan	**420,500**	465,250
Convertible financial instruments	**345**	345
MORhomes fixed rate loans	**29,655**	29,655
Affordable Housing Finance Fixed rated loans	**100,000**	100,000
Fixed rate loans	**76,136**	79,386
Hedged floating rated loans classified as fixed rated loans	**30,000**	50,000
Floating rate loans	**98,735**	38,614
Recycled Capital Grant Fund	**3,483**	2,765
	758,854	766,015

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

	2025 Weighted average interest rate %	2025 Weighted average for which rate is fixed Years	2024 Weighted average interest rate %	2024 Weighted average for which rate is fixed Years
At 31 March				
Intercompany loans	**4.11**	**12.77**	4.24	13.12
Convertible financial instruments	**3.70**	**12.90**	3.70	13.90
Fixed rated loans	**3.16**	**10.58**	3.19	10.85

31e Maturity of borrowings

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

	2025 Repayment By instalments £000	2025 Repayment Not by instalments £000	2025 Total £000	2024 Repayment By instalments £000	2024 Repayment Not by instalments £000	2024 Total £000
0 -1 years	**24,000**	**47,877**	**71,877**	12,129	35,144	47,273
1 - 2 years	**20,250**	**638**	**20,888**	24,000	976	24,976
2 - 5 years	**64,750**	**718**	**65,468**	55,000	895	55,895
Over 5 years	**195,871**	**404,750**	**600,621**	176,871	461,000	637,871
	304,871	**453,983**	**758,854**	268,000	498,015	766,015

The repayment profile is based on loan documentation and considering the impact of undrawn facilities.

The above borrowings are secured against the association's social housing properties. The value of the secured properties is £1,503 million (2024: £1,298 million). At 31 March 2025 properties valuing £458 million (2024: £504 million) were unsecured and available to be secured.

Notes to the Financial Statements (continued)

31 Financial instruments (continued)

31f Hedge accounting

2025

Hedging instrument	Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Credit to OCI £000	(Credit) / Charge to profit or loss £000
Notting Hill swap	8,000	2.96	2038	Half yearly	1,167	(379)	(25)
Notting Hill swap	22,000	2.85	2037	Quarterly	2,936	(925)	(6)
	30,000				4,103	(1,304)	(30)
Credit Suisse swap (terminated)	-	-	-	-	-	(90)	-
	30,000				4,103	(1,394)	(30)

2024

Hedging instrument	Principal £000	Interest rate payable %	Maturity	Cash flows	Fair value £000	Credit to OCI £000	Charge to profit or loss £000
Credit Suisse swap	20,000	2.97	2031	Monthly	608	42	(1)
Notting Hill swap	8,000	2.96	2038	Half yearly	813	(227)	(40)
Notting Hill swap	22,000	2.85	2037	Quarterly	2,017	(494)	(4)
	50,000				3,438	(679)	(45)

The objective of the hedge is to use an interest rate swap to eliminate the variability of cash flows associated with the interest payments on an associated portion of a floating loan.

The cash flows of the loans hedged by the Notting Hill interest rate swaps occur monthly and are recognised in profit or loss with this frequency. The Notting Hill interest swap cash flows occur half yearly and quarterly. They affect profit or loss with this frequency. Interest accruals are used to match the frequencies until the cash flows occur.

In June 2024 an interest rate swap with Credit Suisse with a notional principal amount of £20 million was terminated, for which Aster Communities received £0.9 million. The swap formed part of an effective cash flow hedge, hedging floating rate debt. The cumulative gain in the cash flow hedge reserve will be released to the Statement of Comprehensive Income over the life of the hedged loan. The cash flow hedge reserve at termination was £0.9 million. The amount released to the Statement of Comprehensive Income during the year was £179,000.

32 Pension Obligations

Aster Communities pension schemes

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 102 section 28 – 'Employee Benefits'. Aster Communities participates in six pension schemes.

There are four defined benefit schemes:
- Wiltshire Pension Scheme (closed on 1 April 2024),
- Hampshire County Council Pension Scheme (closed on 1 April 2024),
- Somerset County Council Pension Scheme (closed on 1 April 2024),
- SHPS career average of earnings scheme (CARE) (closed to new members),

and two defined contribution ('stakeholder') schemes:
- SHPS defined contribution scheme,
- Aegon defined contribution scheme (from 1 April 2022).

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

The pension cost to the company for the year ended 31 March 2025 was £10.2 million (2024: £868,000) in respect of 386 (2024: 416) employees.

The association makes scheduled contribution payments throughout the year to reduce the association's SHPS pension liability deficit.

On 1 April 2024 Aster Communities ceased to participate in the LGPS schemes. As a result, there are no remaining liabilities, obligations, or future contributions associated with the scheme. All necessary settlements and accounting adjustments have been reflected in these financial statements.

Summary of movements and balances in funding

	Note	2025 Total cost by scheme £000	Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
Local government pension schemes					
Wiltshire	**32a**	**1,757**	**-**	**-**	**-**
Wiltshire - asset ceiling	**32a**	**-**	**-**	**95**	**-**
Hampshire	**32a**	**510**	**-**	**-**	**-**
Hampshire - asset ceiling	**32a**	**-**	**-**	**4,161**	**-**
Hampshire - unfunded	**32a**	**-**	**-**	**-**	**-**
Somerset	**32a**	**7,226**	**-**	**-**	**-**
Somerset - asset ceiling	**32a**	**-**	**-**	**4,746**	**-**
SHPS					
Defined benefit schemes	**32b**	**17**	**126**	**444**	**(1,899)**
Defined contribution scheme	**32b**	**592**	**-**	**-**	**-**
Aegon					
Defined contribution scheme	**32c**	**58**	**-**	**-**	**-**
		10,160	**126**	**9,446**	**(1,899)**

	Note	2024 Total cost by scheme £000	Total interest on net pension liability by scheme £000	Actuarial gains / (losses) in pension scheme £000	Pension deficit £000
Local government pension schemes					
Wiltshire	32a	29	15	423	95
		-	-	(95)	(95)
Hampshire	32a	8	(181)	150	441
Hampshire - asset ceiling	33a	-	-	(441)	(441)
Hampshire - unfunded	32a	-	15	(16)	(364)
Somerset	32a	134	(153)	1,536	1,555
Somerset - asset ceiling	32a	-	-	(1,555)	(1,555)
SHPS					
Defined benefit schemes	32b	130	112	(887)	(2,924)
Defined contribution scheme	32b	474	-	-	-
Aegon					
Defined contribution scheme	32c	93	-	-	-
		868	(192)	(885)	(3,288)

Notes to the Financial Statements (continued)

32 Pension Obligations (continued)

32a Local government pension funds

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

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

	2025		2024	
	Active Members No.	**Annual pensionable payroll £000**	Active Members No.	Annual pensionable payroll £000
Hampshire County Council Pension Fund	**-**	**-**	1	41
Somerset County Council Pension Fund	**-**	**-**	12	575
Wiltshire Pension Fund	**-**	**-**	2	125

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

Each scheme actuary has prepared a final cessation actuarial report as at 1 April 2024 and the results were incorporated into the financial statements for 2025. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation.

The last triennial valuation was performed on 31 March 2022 and the results have been incorporated into the financial statements for 2025.

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

Pension Fund:	**Actuary:**
Hampshire County Council Pension Fund	Hymans Robertson LLP
Somerset County Council Pension Fund	Barnett Waddingham
Wiltshire Pension Fund	Hymans Robertson LLP

Hampshire County Council also provides unfunded pension scheme. This relates to unfunded pension arrangements provided by the group. These are termination benefits made on a discretionary basis upon early retirement in respect of members of the LGPS.

On 1 April 2024 Aster Communities ceased to participate in the Somerset County Council pension fund which triggered a cessation event. FRS102 valuations prepared at this cessation date showed a £2.48 million deficit. The operating cost of £7.23 million has been separately disclosed on the Statement of Comprehensive Income. The actuarial gain of £4.75 million due to the unwinding of the asset ceiling has been shown in Other Comprehensive Income. The deficit was paid on 24 March 2025 and so there was no outstanding debt as at the balance sheet date.

On 1 April 2024 Aster Communities ceased to participate in the Hampshire County Council pension fund which triggered a cessation event. FRS102 valuations prepared at this cessation date showed a £3.29 million surplus. The operating cost of £0.51 million has been separately disclosed on the Statement of Comprehensive Income. The actuarial gain of £4.16 million due to the unwinding of the asset ceiling has been shown in Other Comprehensive Income. The surplus was received on 30 July 2024 and so there was no outstanding balance as at the balance sheet date.

On 1 April 2024 Aster Communities ceased to participate in the Wiltshire County Council pension fund which triggered a cessation event. FRS102 valuations prepared at this cessation date showed a £1.66 million deficit. The operating cost of £1.76 million has been separately disclosed on the Statement of Comprehensive Income. The actuarial gain of £0.10 million due to the unwinding of the asset ceiling has been shown in Other Comprehensive Income. The deficit was paid on 24 December 2024 and so there was no outstanding debt as at the balance sheet date.

Notes to the Financial Statements (continued)

32 Pension Obligations (continued)

32a Local government pension funds (continued)

	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
Financial assumptions		**31 March 2025**				31 March 2024		
	%p.a.	**%p.a.**	**%p.a.**	**%p.a.**	%p.a.	%p.a.	%p.a.	%p.a.
Price increases - RPI	**n/a**	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a
Price increases - CPI	**n/a**	**n/a**	**n/a**	**n/a**	2.8	2.8	3.0	2.8
Pension increases	**n/a**	**n/a**	**n/a**	**n/a**	2.8	2.8	3.0	2.8
Salary increases	**n/a**	**n/a**	**n/a**	**n/a**	3.8	n/a	4.0	3.3
Discount rate	**n/a**	**n/a**	**n/a**	**n/a**	4.8	4.8	4.9	4.8
Mortality		**2025**				2024		
	years	**years**	**years**	**years**	years	years	years	years
Current pensioners								
Females	**n/a**	**n/a**	**n/a**	**n/a**	24.7	24.7	23.0	24.6
Males	**n/a**	**n/a**	**n/a**	**n/a**	22.1	22.1	21.1	21.7
Future pensioners								
Females	**n/a**	**n/a**	**n/a**	**n/a**	25.7	n/a	24.4	25.8
Males	**n/a**	**n/a**	**n/a**	**n/a**	22.6	n/a	22.4	23.0
Fair value of plan assets		**31 March 2025**				31 March 2024		
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Equities	**-**	**-**	**-**	**-**	10,852	n/a	14,639	5,386
Gilts	**-**	**-**	**-**	**-**	-	n/a	854	-
Bonds	**-**	**-**	**-**	**-**	5,515	n/a	2,422	2,789
Property	**-**	**-**	**-**	**-**	1,245	n/a	1,433	1,346
Cash	**-**	**-**	**-**	**-**	178	n/a	585	96
Other	**-**	**-**	**-**	**-**	-	n/a	-	-
	-	**-**	**-**	**-**	17,790	n/a	19,933	9,617
Less asset ceiling	**-**	**-**	**-**	**-**	(4,161)	-	(4,746)	(95)
	-	**-**	**-**	**-**	13,629	-	15,187	9,522
Cost recognised as an expense		**31 March 2025**				31 March 2024		
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Service cost	**-**	**n/a**	**-**	**-**	8	n/a	124	29
Cessation cost	**874**	**(364)**	**7,226**	**1,757**	-	-	-	-
Interest costs	**-**	**-**	**-**	**-**	614	15	716	448
Expected return on assets employed	**-**	**n/a**	**-**	**-**	(795)	n/a	(869)	(433)
Administration expenses	**-**	**n/a**	**-**	**-**	-	n/a	10	-
	874	**(364)**	**7,226**	**1,757**	(173)	15	(19)	44
Return on plan assets	**-**	**n/a**	**-**	**-**	1,485	n/a	2,196	775

Hampshire unfunded obligations have no assets and all members have already retired, meaning that some assumptions are not applicable.

32 Pension Obligations (continued)

32a Local government pension funds (continued)

	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire	Hampshire County Council - Funded	Hampshire County Council - Unfunded	Somerset County Council	Wiltshire
	31 March 2025				31 March 2024			
Reconciliation of scheme liabilities	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000
Opening defined benefit obligation	**13,629**	**364**	**15,187**	**9,522**	13,100	360	15,273	9,713
Settlement cost arising from cessation of scheme	**(13,629)**	**(364)**	**(15,187)**	**(9,522)**				
Current service cost	**-**	**-**	**-**	**-**	8	-	124	29
Past service cost	**-**	**-**	**-**	**-**	-	-	-	-
Interest cost	**-**	**-**	**-**	**-**	614	15	716	448
Contributions by members	**-**	**-**	**-**	**-**	4	-	42	11
Actuarial losses/(gains)	**-**	**-**	**-**	**-**	540	16	(209)	(81)
Estimated benefits paid	**-**	**-**	**-**	**-**	(637)	(27)	(759)	(587)
Estimated unfunded benefits paid	**-**	**-**	**-**	**-**	-	-	-	(11)
Closing defined benefit obligation	**-**	**-**	**-**	**-**	13,629	364	15,187	9,522

	31 March 2025				31 March 2024			
Reconciliation of scheme assets	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000
Opening fair value of employer assets	**13,629**	**-**	**15,187**	**9,522**	13,100	-	15,273	9,379
Decrease in pension surplus assets in excess of obligation - not recoverable	**4,161**	**-**	**4,746**	**95**	-	-	-	-
Settlement cost arising from cessation of scheme	**(14,503)**	**-**	**(22,413)**	**(11,279)**	-	-	-	-
Payment made to / (received) from scheme on cessation	**(3,287)**	**-**	**2,480**	**1,662**	-	-	-	-
Expected return on assets	**-**	**-**	**-**	**-**	795	-	869	433
Contributions by members	**-**	**-**	**-**	**-**	4	-	42	11
Contributions by employers	**-**	**-**	**-**	**-**	118	27	-	39
Administration expenses	**-**	**-**	**-**	**-**	-	-	(10)	-
Return on assets less interest	**-**	**-**	**-**	**-**	-	-	1,327	342
Unfunded contributions	**-**	**-**	**-**	**-**	-	-	-	11
Actuarial gains	**-**	**-**	**-**	**-**	690	-	-	-
Benefits paid	**-**	**-**	**-**	**-**	(637)	(27)	(759)	(587)
Unfunded benefits paid	**-**	**-**	**-**	**-**	-	-	-	(11)
Closing fair value of employer assets	**-**	**-**	**-**	**-**	14,070	-	16,742	9,617
Less asset ceiling	**-**	**-**	**-**	**-**	(441)	-	(1,555)	(95)
Closing fair value of employer assets	**-**	**-**	**-**	**-**	13,629	-	15,187	9,522
Net Pension deficit	**-**	**-**	**-**	**-**	-	(364)	-	-

32 Pension Obligations (continued)

32b The Social Housing Pension Scheme

As part of the Aster Group, Aster Communities participates in the Social Housing Pension Scheme ("the scheme").

SHPS is a multi-employer defined benefit scheme. Employer participation in the scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate
- Final salary with a 1/70th accrual rate
- Career average revalued earnings (CARE) with a 1/60th accrual rate

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

In February 2014, Aster Group introduced a career average revalued earnings (CARE) with a 1/120th accrual rate which closed to new starters in June 2019.

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

In April 2024 the SHPS defined benefit scheme was closed to future accrual with all affected employees ceasing to be members of those schemes with members being offered a choice of membership in either the Social Housing Pension Scheme or Aegon defined contribution pension schemes.

We have been notified by the Trustee of the scheme that is has performed a review of changes made to the scheme's benefits over the years and the result is that there is uncertainty surrounding some of those changes. The Trustee has been advised to seek clarification from the court on these items. The process is ongoing and the matter is unlikely to be resolved before the summer of 2025. It is recognised that this could potentially impact the value of the scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

SHPS defined benefit scheme

Aster Communities participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

SHPS defined benefit pension plan

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions ('GMP'). This has consequently been assessed against the group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPS Pension Scheme have been recognised in the year. A further High Court ruling in November 2020 has resulted in additional allowance being included in the defined benefit obligation as at 31 March 2022 to account for all members transferred out of the Scheme since 17 May 1990.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. Aster Communities is currently considering the implications of the case for the Social Housing Pension Scheme. In addition, the association has been informed by the scheme's Trustee that this will be affected by questions which are being put to the High Court in the case of Verity Trustees Limited v Wood and others, which commenced on 12 February 2025. An outcome is expected no earlier than the summer of 2025. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and at this stage the directors do not consider it necessary to make any adjustments as a result of the Virgin Media case.

As at the balance sheet date there were 28 (2024: 30) active members of the scheme employed by Aster Communities. The annual pensionable payroll in respect of these members was £nil (2024: £1.4 million).

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

The scheme actuary has prepared an actuarial report that provides an approximate update on the funding position of the scheme as at 31 March 2025. The principal assumptions used by the independent qualified actuaries in updating the latest valuation in order to provide the disclosures required by Financial Reporting Standard No. 102 section 28 – Employee Benefits are stated below. The actuary has used the projected unit credit method of valuation

The last triennial valuation was carried out on 30 September 2023 and the results for this have been incorporated into the financial statements for 2025.

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

Notes to the Financial Statements (continued)

32 Pension Obligations (continued)

32b The Social Housing Pension Scheme (continued)

Financial assumptions	**31 March 2025**	31 March 2024
	%p.a.	%p.a.
Price increases - RPI	**3.1**	3.1
Price increases - CPI	**2.8**	2.8
Salary increases	**3.8**	3.8
Discount rate	**5.9**	4.9

Mortality	**2025**	2024
	years	years
Current pensioners		
Females	**23.0**	23.0
Males	**20.5**	20.5
Future pensioners		
Females	**24.5**	24.4
Males	**21.7**	21.8

Fair value of plan assets	**31 March 2025**	31 March 2024
	£000	£000
Absolute returns	**-**	475
Global equity	**1,332**	1,211
Liability driven investment	**3,600**	4,946
Property and infrastructure	**600**	1,794
Investments	**235**	426
Sharing & alterative premia risk	**-**	1,097
Emerging market and private debt	**-**	635
Liquid alternatives	**2,204**	-
Private credit	**1,455**	-
Real assets	**1,423**	-
Cash	**161**	240
Other	**877**	1,329
	11,887	12,153

Cost recognised as an expense	**31 March 2025**	31 March 2024
	£000	£000
Current service cost	**-**	113
Interest costs	**126**	112
Administration expenses	**17**	17
	143	242

Return on plan assets	**(566)**	(495)

Reconciliation of defined benefit obligation	**2025**	2024
	£000	£000
Opening defined benefit obligation	**15,077**	14,925
Current service cost	**-**	113
Contributions by scheme participants	**-**	3
Expenses	**17**	17
Interest expense	**730**	715
Actuarial (gains)/losses	**(1,614)**	(211)
Benefits paid and expenses	**(424)**	(485)
Closing defined benefit obligation	**13,786**	15,077

Reconciliation of fair value of scheme assets	**2025**	2024
	£000	£000
Opening fair value of scheme assets	**12,153**	12,238
Interest income	**604**	603
Actuarial losses/(gains)	**(1,170)**	(1,098)
Contributions by the employer	**724**	892
Contributions by scheme participants	**-**	3
Benefits paid and expenses	**(424)**	(485)
Closing fair value of scheme assets	**11,887**	12,153

Net pension liability	**1,899**	2,924

32b The Social Housing Pension Scheme (continued)

The Social Housing Pension Scheme defined contribution scheme

The scheme is administered by the Pensions Trust. It is open to all members of staff and is the pension scheme for auto-enrolment. The company paid contributions between 4% and 10% (2024: 4% and 10%) and employees paid contributions from 3% (2024: from 3%). On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2025 there were 331 (2024: 323) active members of the scheme.

32c Aegon defined contribution scheme

The scheme is administered by the Aegon UK and is open to all employees of Aster Communities. The assets of the scheme are held separately from those of the association in an independently administered fund. The company paid contributions between 4% and 10% (2024: 4% and 10%) and employees paid contributions from 3% (2024: from 3%). At 31 March 2025 there were 31 (2024: 17) active members of the scheme.The pension charge represents contributions payable by the group to the fund and amounted to £58,000 (2024: £93,000).

33 Called up share capital

Ordinary shares allotted, issued and fully paid of £1 each	2025 £	2024 £
At 1 April	**23**	28
Issued during the year	**-**	2
Cancelled during the year	**(7)**	(7)
At 31 March	**16**	23

34 Other reserves

	Revaluation reserve £000	Restricted reserve £000	Cash flow hedge reserve £000	Total £000
At 1 April 2024	**222,112**	**208**	**3,355**	**225,675**
Revaluation surplus realised on disposals	**(4,316)**	-	-	**(4,316)**
Effective cash flow hedge fair value movements	-	-	**1,394**	**1,394**
At 31 March 2025	**217,796**	**208**	**4,749**	**222,753**

Revaluation reserve
Prior to transition to FRS 102, on 1 April 2014, the association's social housing properties were revalued each year. The revaluation reserve represents the increases in value of properties held at this date. On transition to FRS 102 the association moved to recognising its social housing at deemed cost and no longer recorded increases in social housing property valuation.

Restricted reserve
The restricted reserve consists of the sales proceeds of some properties where the local council required the association to retain a portion of the proceeds. The reserve can only be used to fund investments in properties in the Mendip area, in agreement with Mendip District Council.

Cash flow hedge reserve
The cash flow hedge reserve is used to record the effective transactions from the association's cash flow hedging arrangements.

35 Capital commitments

	2025 £000	2024 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**288,552**	325,189
Capital expenditure that has been authorised by the board but has not yet been contracted	**43,642**	30,543
	332,194	355,732

These commitments will be funded through a mixture of cash and committed borrowings. The association's available committed borrowings are set out in note 31c.

36 Operating leases

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

	2025 £000	2024 £000
Land and buildings		
Not later than one year	**-**	25
Later than one but not later than five years	**-**	-
Later than five years	**-**	-
Office premises		
Not later than one year	**218**	152
Later than one but not later than five years	**712**	260
Later than five years	**498**	534
	1,428	971

37 Homes and bed spaces in management and in development

	2025 No.	2024 No.
Under development at end of year:		
Housing accommodation	**899**	967
Shared ownership	**671**	744
Open market sale	**-**	6
	1,570	1,717
Under management at end of year:		
Owned and managed by Aster Communities:		
Housing accommodation		
Social rent	**12,810**	12,576
Affordable rent	**3,256**	2,965
Supported housing		
Social rent	**1,714**	1,720
Affordable rent	**64**	64
Shared ownership	**2,881**	2,544
Market rented	**6**	5
Leasehold	**1,037**	1,017
Temporary social housing	**98**	93
	21,866	20,984
Not owned but managed by Aster Communities:		
Housing accommodation		
Social rent	**7,301**	1,046
Affordable rent	**2,282**	1,351
Supported housing		
Social rent	**3,502**	78
Shared ownership	**1,585**	1,019
Care Homes	**178**	-
Private sector leasing	-	-
Market rented	**104**	77
Sub-Market rented	**90**	-
Temporary social housing	**8**	29
Long leaseholders	**578**	26
	15,628	3,626
Owned but managed by others at the end of the year:		
Housing accommodation		
Social rent	**6**	74
Affordable rent	**-**	125
Supported housing		
Social rent	**60**	68
Care homes (bed spaces)	**23**	23
Shared ownership	**1**	214
Market rented	**1**	-
	91	504
	37,585	25,114

Aster Communities now manages units on behalf of Synergy Housing, East Boro Housing Trust, Central & Cecil Housing Trust and Enham Trust, who are all part of the Aster Group. The risk and rewards remain unchanged and still lie with the ownership of the relevant Registered Provider, hence there is no impact on the income or expense recognition of the Registered Providers.

38 Contingent liabilities

The association has entered into a service concession arrangement contract (previously known as a private finance initiative contract) with Wiltshire Council. The 242 properties covered by the contract are available for occupation and the costs of construction have been transferred to a finance debtor that is recovered over the contract period on an annuity basis.

Wiltshire Council holds an option to purchase the properties at the end of the contract period in 2034 at a price equal to the Existing Use Valuation – Social Housing (EUV-SH) of the properties less 40% of the 'authority residual value overage share' (ARVOS). ARVOS is the difference between the EUV-SH and the terminal debt, £13.0 million, providing EUV-SH is greater than the terminal debt. If EUV-SH is less than the terminal debt there is no ARVOS. If Wiltshire Council does not take up this option the association can purchase the properties. If this happens the association will repay the terminal debt balance of £13.0 million. The association will then pay Wiltshire Council 40% of ARVOS, providing the properties EUV-SH is greater than the terminal debt, £13.0 million.

Notes to the Financial Statements (continued)

39 Related party transactions

The association receives management and other services from its holding company, Aster Group Limited, and property services from Aster Property Limited and Aster Solar Limited, both fellow group companies under the terms of documented Service Level Agreements.

The association uses Silbury Housing Holdings Limited, a subsidiary of the association, to on lend to Silbury Housing Limited, a fellow group company, to fund a service concession arrangement.

The association has taken advantage of the exemption allowed under FRS 102 Section 33 'Related Party Disclosures' not to disclose related party transactions within the group. This exemption is available providing the transactions are entered into between two or more members of a group, so long as any subsidiary which is party to the transaction is wholly owned.

The association has a number of pension schemes for the benefit of its employees and all these schemes and any transactions and outstanding balances are detailed in note 33.

The Accounting Direction for Private Registered Providers of Social Housing requires disclosure of the material recharges for services between non-regulated and regulated entities during the year and the balance outstanding as at the year end. The recharges for services in the year are:

		Annual recharges		**Balance as at 31 March**	
		2025	2024	**2025**	2024
From non-regulated entity	**Nature of supply**	**£000**	£000	**£000**	£000
Aster Property Limited	Property maintenance services	**73,479**	69,043	**10,161**	8,467
Aster Homes Limited	Property development services	**57,162**	64,179	**2,294**	(106)
Aster Living	Site management services	**559**	1,083	**78**	2
Silbury Housing Limited	Site management services	**880**	832	**-**	-

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

One locally appointed council member sits on the Aster Communities board (2024: one). They received renumeration of £1,352 (2024: £1,352) which was paid by the association's parent company, Aster Group Limited.

40 Ultimate parent company

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

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

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