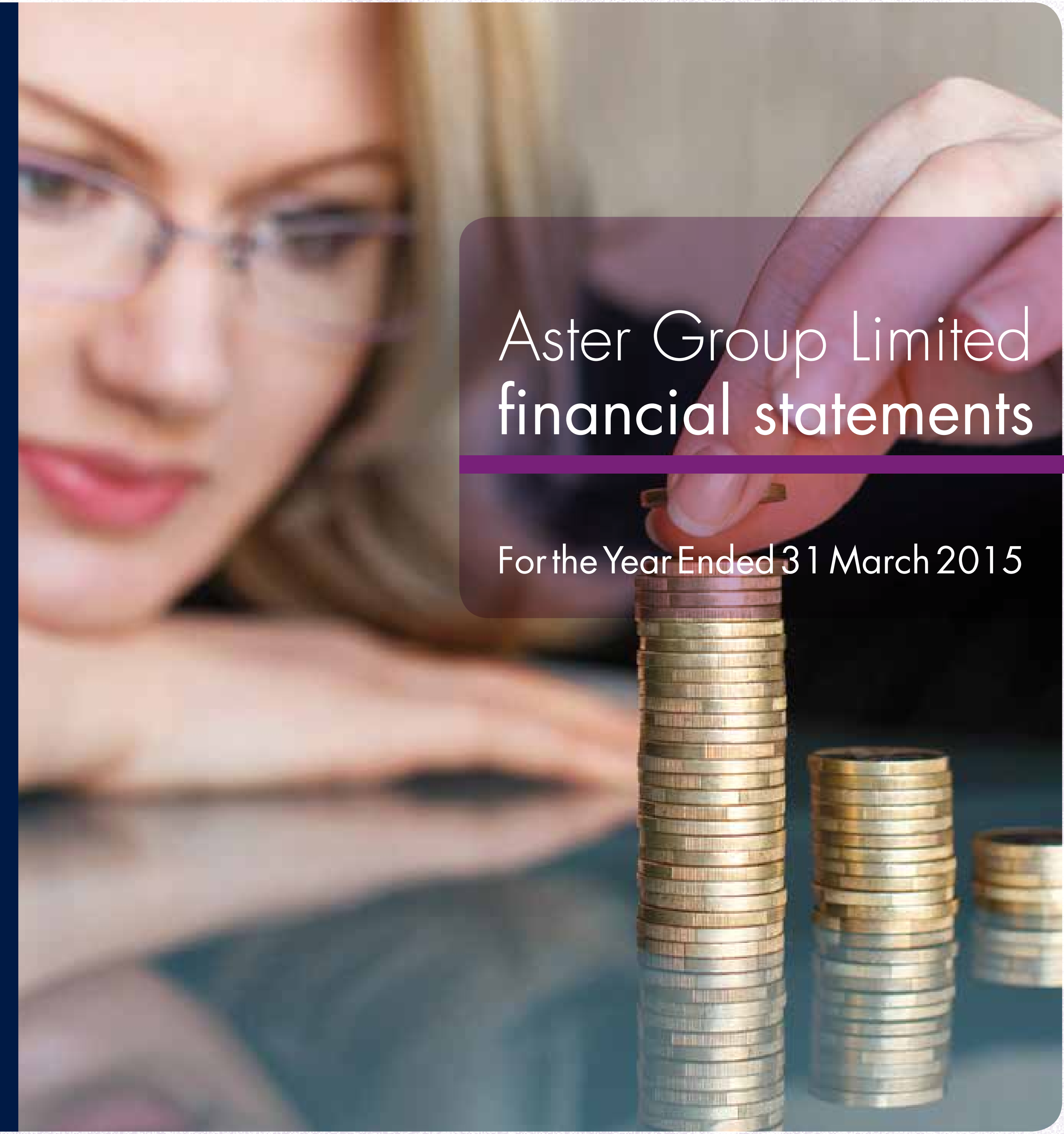


Aster Group Limited financial statements

2014-2015

For the Year Ended 31 March 2015

Contents

Legal and administrative details

For the year ended 31 March 2015

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

Legal Status: Incorporated under the Co-operative and Community Benefit Societies Act 2014, number 29573R
Registered with the Homes and Communities Agency (HCA)

Members of the board: The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise indicated, are set out below. The biographies of the current directors are set out on page 5.

Non-executive directors

Mel Cook	Chairman
Phillip Owens	Senior Independent Director – appointed 1 September 2014
Andrew Jackson	Appointed 1 September 2014
Sally Higham	
Steve Trusler	Appointed 1 September 2014
Arthur Merchant	
Mary Watkins	
John McGibbon	Resigned 31 August 2014
Peter Kingsbury	Resigned 31 August 2014
Mike Biles	Co-opted 3 March 2015

Executive directors

Bjorn Howard	Group Chief Executive
John Brace	Group Resources Director and Deputy Group Chief Executive

Executive Team:

Bjorn Howard	Group Chief Executive
John Brace	Group Resources Director and Deputy Group Chief Executive
Rachel Credidio	Group Strategic Change Director
Susan Holmes	Group Care and Support Director (until September 2014)
Michael Reece	Group Operations and Asset Director
Joanne Savage	Group Services Director (Until September 2014)
Graeme Stanley	Group Strategy and Implementation Director
Amanda Williams	Group Development Director
Brian Whittaker	Group Human Resources Director

Company Secretary:

Carolyn Filmore	Resigned 31 August 2014
Barry Gooch	Appointed 1 September 2014, resigned 19 September 2014
Douglas Smith	Appointed 22 September 2014

Independent Auditors: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Princess Court
23 Princess Street
Plymouth

Legal and administrative details

For the year ended 31 March 2015

Principal Bankers:
Barclays Bank Plc
Business Banking
3rd Floor
Windsor Court
3 Windsor Place
Cardiff CF10 3ZL

Principal Solicitors:
Trowers and Hamlins
Sceptre Court
40 Tower Hill
London EC3N 4DX

Funders:
The Royal Bank of Scotland, facility agent
1st Floor, 280 Bishopsgate
London EC2M 3RB

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

Halifax Bank of Scotland
Corporate Banking
Level 7 Bishopsgate Exchange
155 Bishopsgate
London EC2M 3YB

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

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

Security Trustees:
Prudential Trustee Company Limited
Laurence Pountney Hill
London EC4R 0HH

Valuers:
Mazars Property Consultancy Limited
45 Church Street
Birmingham B3 2RT

Savills (L&P) Limited
37-39 Perrymount Road
Haywards Heath
West Sussex RH16 3BN

Financial Advisers:
Appointed 1 April 2015:
Canaccord Genuity Ltd
88 Wood Street
London
EC2V 7QR

Until 31 March 2015:
TradeRisks Limited
3 Devonshire Square
London EC2M 4YA

Directors' biographies

Mel Cook
Aster Group Chairman

Committee Membership:
- Treasury

Mel retired from banking in 1996 after 32 years' experience with Barclays Bank in the UK and South Africa, 25 at managerial level. The latter part of his career focused on corporate banking culminating in Head of Corporate Business in Southampton. Since then he has been self-employed with a wide number of interests including business consultancy and property.

Now on the supplemental list, as a JP he served 15 years on the bench in Southampton as a magistrate, chairing in both the adult and youth courts and was a non-executive director with the Eastleigh and Test Valley South Primary Care Trust, until the NHS reorganisation in Hampshire.

Mel has been involved as a non-executive board member in the housing sector since 1998, first as a shadow and founding member of Testway Housing, becoming Chairman upon stock transfer; Group Vice Chairman of Aster following Testway's merger with Sarsen Housing and Flourish Homes; and Aster Group Chairman for four years until 2010. After two years as Chairman of Synergy Housing, he returned to the enlarged Aster Group as Chairman.

Sally Higham
Non-Executive Director

Committee Membership:
- Risk (Chair)
- Remuneration and Nominations
- Regulation

Sally is an award-winning social entrepreneur and the Chief Executive of the social purpose organisation, RunAClub. She has considerable consultancy experience forging strong strategic advisory relationships across multiple public and private sector organisations on a national basis.

Sally's key consultancy skills are in researching and evaluating policies, functions and services and advising on new methods and practices in young people's services and education along with instigating strategic fundraising/sponsorship negotiations. She has demonstrated success in supporting new ventures to evolve and works in partnership to help companies, schools, local authorities, charities and social enterprises grow and develop new products, methods and services.

Sally has a passion for motivating organisations to use technology to create social change within communities, to create sustainable community networks. She grew up in a social housing property in Wiltshire and has always maintained active community voluntary work.

Phillip Owens
Senior Independent Director

Committee Membership:
- Customer and Community Network
- Remuneration and Nominations
- Regulation

Phillip qualified as a solicitor with honours in 1973. Prior to his retirement, he was a Director, Company Secretary and Senior Managing Consultant for two respective consultancy companies. Both companies offered an extensive range of services to housing and the public sector. Phillip's achievements in this role included acting as a lead consultant in the transfer of housing stock to, and/or the establishment and development of, over 20 new housing companies and management organisations.

A major part of Phillip's earlier career was in local government, in particular as Chief Executive of Kennet District Council, which was recognised as a top performing shire district. He previously had departmental responsibilities for legal, HR, corporate governance and direct services in local authorities in London and the South East.

He has held a number of other non-executive posts including Director of the former NHS Trust Wiltshire and Swindon and Chair of its Audit and Risk Committee. Within the Aster Group Phillip was previously Chair of Aster Property Limited and Vice Chairman of the former Aster Group Board. He also chaired the Governance Review Steering Group responsible for implementing the Group's new governance framework.

Andrew Jackson
Non-Executive Director

Committee Membership:
- Audit (Chair)
- Remuneration and Nomination

Andrew was, until recently, joint Managing Director and Chief Financial Officer of MW High Tech Projects Ltd. (the UK subsidiary of the global M+W Group) and focused on the development and construction of hi-tech manufacturing installations, waste to energy power plants and science and research facilities in the UK and Europe.

Previously, as the government-appointed Chief Financial Officer of the UK Atomic Energy Authority, he led the commercialisation, and ultimate sale of, the contract delivery, consultancy and project management elements of the authority.

Over the course of a 45-year career he has also held a number of directorships with international companies, primarily in the civil engineering and construction sectors, including Alfred McAlpine, Norwest Holst Construction and Bovis International. His responsibilities have included finance, IT, HR, legal and PFI. He is commercially focused and is an expert in risk management and effective governance structures.

Andrew is a Fellow of the Chartered Institute of Management Accountants. He holds an honours degree in business studies.

Directors' biographies

Arthur Merchant
Non-Executive Director

Committee Membership:
- Audit
- Treasury

Arthur is a qualified public finance accountant and has specialised in the provision of external and internal audit services, as well as advisory services, to the education, local government and health services and not-for-profit sectors. His specialist advisory skills include value for money, business planning, governance and risk management. He recently retired from Grant Thornton LLP having been head of the firm's housing team for over 20 years. He worked with many different housing associations during that time.

Arthur is a regular speaker at housing conferences and is a contributor to the CIPFA Housing Association Panel. He is also a board member of two other housing associations.

Steve Trusler
Non-Executive Director

Committee Membership:
- Chairman of the Remuneration and Nominations

Steve Trusler took up the position of Accommodation Sector Leader at Laing O'Rourke in 2014 and is responsible for developing the Group's sector strategy and to work in partnership with private and public sector customers to deliver much needed homes across the UK. Prior to this Steve was Strategy Director at Wates Living Space. He has over 30 years experience in housing, is a passionate supporter of continuous improvement and innovation within the industry, and is committed to ensuring that issues of supply and affordability remain high on the national political agenda.

Steve became a Governing board Member of the Chartered Institute of Housing in January 2012 and is a CIH distinguished member. Steve is also non-executive board member and Chair of Aster Homes Limited and a Fellow of the Royal Institute of Chartered Surveyors.

Mary Watkins
Non-Executive Director

Committee Membership:
- Chair of the Regulation
- Risk

Mary is a Registered Nurse and was Deputy Vice-Chancellor of the University of Plymouth until 2012 where she is now Emeritus Professor of Healthcare Leadership. She is a non-executive director of South West Ambulance Service NHS Foundation Trust and chairs its Quality and Governance Committee and is also a member of the BUPA Medical Advisory Committee.

She is the author of two books relating to health care and presented at over 50 conferences covering a range of health care subjects including health care regulation, user/carer involvement in care, competency in practice and advocacy.

She has a particular interest in issues that affect health and is committed to policies that provide good housing and education for people, believing that these are two determinants that promote a healthy society.

Directors' biographies

Dr Mike Biles
Co-opted Member

Committee Membership:
- Risk
- Regulation
- Customer and Communities Network

Until November 2014 Mike was the Housing Ombudsman for England - a role he held for over 13 years. In this role Mike acquired extensive knowledge of a broad range of issues in rented housing. He championed the principle of applying the learning from feedback, complaint handling, and appropriate dispute resolution to support and improve customer service and to help sustain good relations and better understanding between providers and residents.

Mike holds a BA(Hons) degree in law. He also has a doctorate in law from Southampton University entitled "The arousal and denial of residential tenants' non-financial remedies for disrepair, unfitness, and lack of amenity in their homes".

Mike was called to the bar in 1983 by Middle Temple. He is also a Member of the Chartered Institute of Arbitrators, an Honorary Member of the Chartered Institute of Housing, and a Fellow of the Royal Society of Arts.

Mike taught and researched Land Law, Landlord and Tenant Law and Housing Law extensively. He has published articles in this field, and chaired and spoken at numerous conferences.

Mike is a Visiting Professor in Law in the Southampton Business School and, in 2010, undertook a series of engagements with the Law School at Flinders University in South Australia as a Visiting Research Fellow.

Before becoming the Housing Ombudsman, Mike was the Head of the School of Law in the Southampton Business School, a lawyer member of what was then called the Leasehold Valuation Tribunal and a member of the committee of management of a Registered Social Provider

Bjorn Howard
Group Chief Executive

Bjorn has worked in housing, care and support for more than 25 years, having started his career at a Borough Council in Essex. The majority of his working life has been spent in the not-for-dividend sector. Bjorn's first senior role was with East Hampshire Housing Association in the mid-1990s. He was then appointed Director of Housing & Care and promoted to Director of Operations at Drum Housing Group.

Bjorn has extensive board-level experience as both an executive and non-executive director. His first CEO role was at Coastline Housing in 2003, where he led the transformation of a failing business into one with excellent prospects for the future. Since then Bjorn has served as a non-executive director of an NHS Trust, educational organisations and as a government-appointee on a housing association board. Bjorn became Group CEO of Aster in May 2009 and led its successful merger with Synergy Housing in 2012 to grow its housing business to more than 27,500 homes.

In addition to holding an MA in Management, Bjorn is a Fellow of both the Chartered Institute of Housing and Chartered Management Institute and is a Member of the Institute of Directors.

John Brace
Group Resources Director/Deputy Group Chief Executive

John has been with Aster Group companies since 2000, when he joined as Sarsen's Finance Director. Having first qualified as a chartered accountant with a national firm, he then spent several years dealing with insolvent companies before moving to the commercial sector as Group Financial Controller for an insurance broking and financial services group.

John brought his commercial skills to the social housing sector in 1993 when he was appointed as Finance Director and company secretary to Brunelcare, a charitable housing association for older people. There he was instrumental in establishing a new domiciliary care service, as well as raising private finance to fund new nursing homes and housing schemes.

After joining Sarsen in 2000, John was heavily involved in the creation of Silbury Group and Aster Group, as well as the mergers that followed. In that time he has led on many successful funding initiatives including the Group's first bond issue in 2013. John is Chairman of the National Housing Federation's Regional Committee in the South West. He is also Vice-Chair of Cottsway, another housing association based in Oxfordshire.

Report of the board

The board presents its report and the audited consolidated financial statements for the year ended 31 March 2015.

Principal activities

The Aster Group's principal activities are to provide affordable homes and associated services through its Registered Providers and other member companies. It also provides care and support services to the elderly and vulnerable, maintains its properties and develops new homes for rent and sale.

The Board

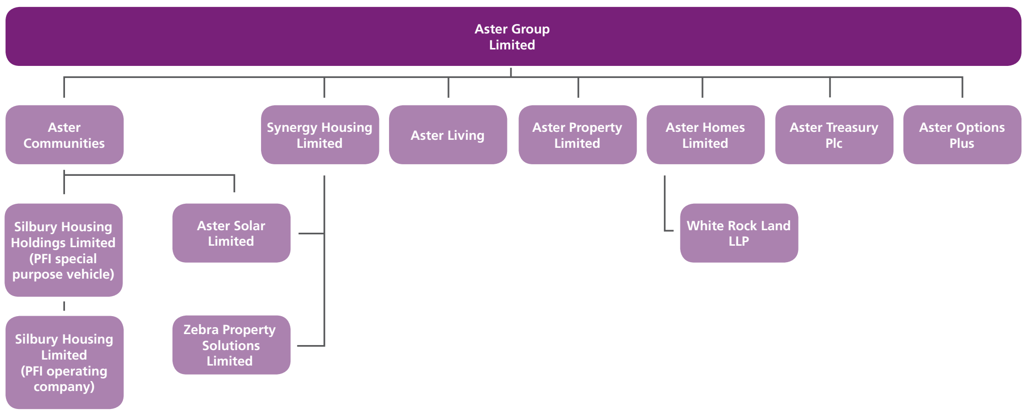
The members of the board are listed in the legal and administrative details at the beginning of this report.

Share Capital

During the year, two shares were issued and two were cancelled leaving a balance in the share capital of the company of £7 (2014: £7).

Group Structure

The current structure of the Group is:



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

Aster Group Limited	Acts as holding company for the Group, and provides support services for each of the subsidiaries.
Aster Communities	Registered Provider, with properties primarily in Hampshire, Wiltshire, Somerset and Devon and Cornwall.
Synergy Housing Limited	Registered Provider, with properties primarily in Dorset, Hampshire and Wiltshire.
Aster Living	Provision of care and support services to vulnerable people in specialist housing or their own homes.
Aster Homes Limited	Development of homes for affordable and market sale and rent.
Aster Property Limited	Management and maintenance of housing stock and related areas.
Silbury Housing Holdings Limited and Silbury Housing Limited	Special purpose vehicles for the delivery of homes in Wiltshire as part of a Private Finance Initiative (PFI).
Zebra Property Solutions Limited	The development of properties for resale and rental on the open market.
Aster Treasury PLC	Special purpose vehicle for raising bond finance on behalf of other Group entities.
Aster Options Plus Limited	Special purpose vehicle for cost sharing.
Aster Solar Limited	Special purpose vehicle for investment in photo voltaic panels on behalf of other Group entities.
White Rock Land LLP	A Limited Liability Partnership jointly owned by Aster Homes Limited and Galliford Try Homes Limited to develop properties on three sites in Devon.

Report of the board

Governance arrangements

The Group's governance structure underwent a comprehensive review during the year. As a result the committee structure changed on 1 September 2014 (see page 32).

The Group's governance structures comprise:

Aster Group Board	Responsible for the overall direction of the Group, formulating strategies and plans and monitoring the work of the committees.
Subsidiary Boards	Contribute to the overall direction and strategy, and formulate the strategy and plans for the subsidiaries in line with the overall Group.
Customer and Community Network	Oversees service delivery to all of Aster's customers, and the work we do in communities. Its focus is Aster's social purpose and social impact while being mindful of the economic and regulatory environment that Aster operates in.
Group Remuneration & Nominations Committee	Considers matters relating to the recruitment and development of board members
Group Audit Committee	Oversees the appointment of internal and external auditors, and the scope of their work. It also reports to the board on the operation of internal control arrangements.
Group Treasury Committee	Oversees all of the Group's treasury management activities, and makes recommendations to the board on those activities.
Group Risk Committee	Oversees the management of risk including the development of an effective risk management framework.
Group Regulation Committee	Oversees compliance with statutory and regulatory requirements.
Group Executive Board	Responsible for implementing the Group's strategy and for the on-going management and viability of the Group.

Until September 2014

Group Governance Committee	Considered matters relating to the governance of the Group, in particular recruitment and development of board members and the approval of policies and standing orders and regulations.
Group Audit and Risk Committee	Oversaw the appointment of internal and external auditors, and the scope of their work. It also reported to the board on the operation of risk management and internal control arrangements.
Group Treasury Committee	Oversaw all of the Group's treasury management activities, and made recommendations to the board on those activities.
Group Leadership Team	Was responsible for implementing the Group's strategy and for the ongoing management and viability of the Group.

Report of the board

Attendance at board and committee meetings Set out on the following pages are tables of attendance at board and committee meetings

Group and subsidiary boards*		Aster Group Limited	Aster Communities	Aster Homes Limited	Aster Living	Aster Property Limited	Synergy Housing Limited
No of Meetings:		8	4	8	9	8	9
Christopher	Bain				3		
Martyn	Blackman			1 50%			
John	Brace	8	1	8	6	6	6
Anthony	Brooks		1 33%				
Debbie	Cattell		3				
Alan	Clevett					2	
Mel	Cook	6 75%	1	5 83%	5 83%	5 83%	5 83%
Malcolm	Curtis			2			3
Jean	Dalziel					2	
Susan	Dear		3				
Peter	Denning				3		
Mary	Douglas		2 66%				
Warren	Finney						2 67%
Vera	French				2 67%		
Sally	Higham	8	1	6	6	6	6
Susan	Holmes				3		
Bjorn	Howard	8	1	6	6	6	6
Andrew	Jackson	6	1	6	6	8	6
Brian	Jamieson		3				
Ken	Johnson		3				

Group and subsidiary boards*		Aster Group Limited	Aster Communities	Aster Homes Limited	Aster Living	Aster Property Limited	Synergy Housing Limited
No of Meetings:		8	4	8	9	8	9
Mark	Jones			1 50%			
David	Kemp					1 50%	
Peter	Kingsbury	2					3
Joe	Logan						1 33%
Erfana	Mahmood		2 66%				
John	McGibbon	2	3				
Chris	McGowan				3		
Arthur	Merchant	8	1	6	9	6	9
Susan	Noone						3
Phillip	Owens	8	1	6	6	8	6
Geoff	Petherick						3
Michael	Reece					1 50%	
Rita	Sammons		2 66%				
Jo	Savage		3				3
Mark	Skellon						3
Steve	Trusler	6	1	8	6	6	6
Tony	Ward		3 75%				
Mary	Watkins	7 87%	0 0%	5 62%	8 89%	5 62%	5 62%
Amanda	Williams			2			
Nigel	Woollcombe-Adams		4				

* Attendance may be lower than the total number of meetings held due to the director only holding office for part of the year. Attendance is 100% of possible meetings during their time in office unless indicated.

Report of the board

Attendance at board and committee meetings

Special purpose boards*		Silbury Housing Limited	Silbury Housing Holdings Limited	Aster Treasury Plc	Aster Options Plus Limited	White Rock Land LLP	Zebra Property Solutions Limited
No of Meetings:		4	4	1	1	9	1
Chris	Benn				1	8 88%	
Martyn	Blackman					7 77%	
John	Brace	3 75%	3 75%	1			1
Clare	Crawford	3 75%	3 75%			9	
Susan	Dear	4	4				
Dawn	Fowler-Stevens				1		
Bjorn	Howard			1			1
Andrew	Jackson						
Brian	Jamieson	4	4				
Adrian	Maunders				1		
Paul	Morgan			0			
Jo	Savage			1			
Amanda	Williams				1		1

* Attendance may be lower than the total number of meetings held due to the director only holding office for part of the year. Attendance is 100% of possible meetings during their time in office unless indicated.

The Group's governance structure underwent a comprehensive review during the year. As a result the committee structure changed on 1 September 2014 (see page 32).

Group Executive Board	Total	Possible	%
Bjorn Howard	5	5	100%
John Brace	5	5	100%
Rachel Credidio	4	5	80%
Susan Holmes	4	5	80%
Michael Reece	5	5	100%
Jo Savage	5	5	100%
Graeme Stanley	2	4	50%
Amanda Williams	5	5	100%
Brian Whittaker	5	5	100%

Group Governance Committee	Total	Possible	%
Peter Denning	1	1	100%
Mel Cook	1	1	100%
Sally Higham	1	1	100%
Peter Kingsbury	1	1	100%
Peter Cruttenden	1	1	100%
Rachel Credidio	1	1	100%

Group Audit & Risk Committee	Total	Possible	%
Chris McGowan	2	2	100%
Sue Dear	2	2	100%
David Kemp	1	2	50%

Group Treasury Committee	Total	Possible	%
Peter Cruttenden	2	2	100%
Arthur Merchant	2	2	100%
Mel Cook	2	2	100%
John Brace	2	2	100%

Report of the board

Meetings after 1 September 2014

Executive Board	Total	Possible	%
Bjorn Howard	6	6	100%
John Brace	4	6	67%
Rachel Credidio	6	6	100%
Michael Reece	6	6	100%
Jo Savage	1	1	100%
Graeme Stanley	3	6	50%
Amanda Williams	6	6	100%
Brian Whittaker	6	6	100%

Customer & Community Network	Total	Possible	%
Peter Kingsbury	2	2	100%
Phillip Owens	2	2	100%
Tony Brooks	2	2	100%
Debbie Cattell	1	2	50%
Mark Skellon	2	2	100%
Chris Bain	2	2	100%
Nigel Woollcombe-Adams	2	2	100%
Mike Biles	2	2	100%
Bjorn Howard	2	2	100%
Rachel Credidio	2	2	100%
Jean Dalziel	2	2	100%

Group Audit Committee	Total	Possible	%
Andrew Jackson	2	2	100%
Arthur Merchant	2	2	100%
Malcolm Curtis	2	2	100%
Sally Higham	2	2	100%

Group Remuneration and Nominations Committee	Total	Possible	%
Steve Trusler	2	2	100%
Phillip Owens	2	2	100%
Sally Higham	2	2	100%
Andrew Jackson	2	2	100%

Group Risk Committee	Total	Possible	%
Andrew Jackson	4	4	100%
Sally Higham	2	2	100%
Mary Watkins	5	6	83%
Malcolm Curtis	6	6	100%
Mike Biles	3	4	75%

Group Regulation Committee	Total	Possible	%
Mary Watkins	2	2	100%
Phillip Owens	2	2	100%
Sally Higham	1	2	50%
Mike Biles	2	2	100%

Group Treasury Committee	Total	Possible	%
Arthur Merchant	2	2	100%
Mel Cook	2	2	100%
Andrew Kluth	2	2	100%

Report of the board

Disabled employees

Aster Group responds positively to employment applications from people with disabilities where they meet the essential requirements for a vacancy. The Group companies are accredited as "Positive About Disabled People" employers. This means they will guarantee an interview for an applicant with a disability who has the necessary knowledge, skills and experience to undertake the job. Appointments will be made on merit. Full and equal opportunities are available to employees with disabilities for training, career development and promotion. If an existing employee acquires a disability, through accident or illness, the Group will provide continuing employment wherever practicable in the same, or a suitable alternative position. The Group will provide appropriate training and support to achieve this aim.

Employee involvement

Aster Group operates a framework for employee information and consultation which complies fully with the requirements of the Information and Consultation of Employees Regulations 2004. Each of the companies in the Group has an inclusive Employee Consultative Forum, led by a member of the Group Executive Board or Group Leadership Team. During the year, our practice of providing employees with information about each of the individual companies, the Group, and our wider operating environment, has continued through the intranet, corporate employee newsletters and company-specific newsletters and colleague briefings.

Employees are encouraged to present their work-specific suggestions through a forum called 'Advise Aster', and are consulted regularly about strategies and policies. There are regular company briefings and team meetings held between local management and employees to allow a free flow of information and ideas. The Group also has various notice boards and an online HR system which keeps employees informed of job opportunities and secondments. Group companies take part in the annual 'Best Companies to Work For' survey. This allows employees to comment, anonymously, on their experience as an Aster employee. The results are benchmarked against similar-sized organisations, to provide a guide about how the Group may improve as an employer.

The Group was assessed against the Investors in People standard in November 2014 and was re-accredited as a result. The assessor interviewed a random cross section of employees in depth, about the organisation's people management practices. This was a fantastic opportunity to get real objective feedback from an external perspective.

Here are some highlights from our recent assessment where the assessor met with 71 of our employees:

'Mature and robust people management practices are evident across all of your Companies and Group functions'

'Congratulations on developing, implementing and maintaining such an effective framework of HR processes and supporting the development through really high-quality and comprehensive training and development'.

'There is a wealth of development opportunities at all levels.'

Equality and diversity

The Group is committed to promoting equality and diversity internally and in the wider community. It tries to ensure, together with suppliers, contractors, consultants and customers, that it will be fair in all dealings with people, communities and organisations. Services are therefore designed wherever possible to ensure people have equal access to them. There is a formal Equality and Diversity review and action process. This is delivered through a Group-wide Equality and Diversity Champions Group, sponsored by a Group Leadership Team member and has representatives from every company across the Group. One of the Group-wide 'Competencies', on which selection and appraisal is based, is 'Equality and Diversity'.

Report of the board

Environmental impacts and mitigation

The Group continues to maintain an externally certified ISO14001 environmental management system that helps to ensure legal compliance, prevent pollution and ensure continual improvement in environmental performance.

Environmental impacts have risen in profile during the year, thanks largely to the Way We Work project, through which the Group has pledged to leave a positive impact on the environment. A key focus of this pledge during the year has been to reduce the negative impacts of business travel. In the first year of the Way We Work business travel has reduced by 17%, to continue this downward trend the Group has developed a travel plan that includes targets and actions for reducing business mileage, reducing single occupancy commuting mileage and also a commitment to embrace the principles of the travel hierarchy (i.e. travel as a last resort).

During the year the Group has reviewed the management of waste materials with a view to reducing the cost of managing waste, reducing the amount of waste produced and also ensuring legal compliance. The recommendations made in the review will be implemented during 2015-16.

The Group continues to see the value for money opportunities from sustainability and energy projects and initiatives. For example, we have commenced a project to install 2300 solar PV systems on its housing stock which will produce around 6.9MW of energy per year.

The installations will focus on our worst performing stock and areas at highest risk of fuel poverty. During their lifetime the panels will provide energy savings for customers, carbon savings, and a financial return to Aster thanks to the Feed in Tariff payments for electricity generation. It is estimated the solar panels will save each household an average of £250 per year on energy bills, meaning over the lifetime of the panels we can expect to see savings of £14 million within our communities. The solar panels will also reduce household carbon emissions by about 1.4 tonnes per household.

In 2014-15 Aster was research partner in an Innovate UK research project that aimed to solve business problems with environmental data. The consortium, made up of global climate change adaptation experts helped Aster to understand its current and future exposure to climate related risks, such as flooding and overheating. This was the first time a project like this had calculated climate impacts in this way. The project has provided recommendations that Aster can adopt to ensure these risks are managed into the future.

Operating and Financial Review

Business

Description

Aster is a group of like-minded businesses, focused on different functions, but all aiming to make a difference in the communities in which it operates.

Aster Group Limited is the parent company of Aster Communities, Synergy Housing Limited, Aster Homes Limited, Aster Living, Aster Property Limited, Aster Treasury PLC and Aster Options Plus Limited. Subsidiary companies include Silbury Housing Holdings Limited, Silbury Housing Limited, Zebra Property Solutions Limited and Aster Solar Limited. Aster Homes has a 50% share in a joint venture company called White Rock Land LLP. The Group employs 1,365 (2014: 1,500) people, has total fixed assets of £1,306 million (2014: £1,197 million) and turnover of £175 million (2014: £195 million).

Aster Communities and Synergy Housing Limited provide over 28,000 homes. The Group provides services to more than 75,000 customers across central southern and south west England.

Aster Homes Limited is a commercial development company which aims to create excellent new homes for sale, and develop affordable homes for Aster Group companies and other housing associations. It plans to develop around 900 (2014: 800) new affordable homes per year.

Aster Living helps people to live independent lives through a variety of services, including care and support, home improvement and telecare. It has around 18,000 (2014: 20,000) customers in West Berkshire, Hampshire, Wiltshire, Somerset, Dorset, Devon and Cornwall.

Aster Property Limited maintains and repairs the homes owned by Aster Group companies and also provides property maintenance services to other organisations. It offers a broad range of maintenance services including reactive, planned and estate maintenance. The company also carries out specialist maintenance activities like gas servicing, electrical inspections, mobile caretaking, arboriculture, and work on our sewers. Its annual budget for repair and maintenance activities is over £59 million (2014: £56 million).

Aster Treasury PLC is a special purpose vehicle set up for capital market bond issues to finance Aster Communities and Synergy Housing Limited.

Aster Options Plus Limited is a special purpose vehicle set up for the purposes of cost sharing between its members.

Aster Solar Limited is a special purpose vehicle set up for the purpose of investment in photovoltaic panels on behalf of the Group.

Silbury Housing Limited was set up in order to deliver the 22 year contract with Wiltshire Council to develop, fund, manage and maintain 242 homes. The project brings together Wiltshire Council and Aster Communities with Persimmon Homes and its sister company Westbury Partnerships to deliver a mixture of one, two, three and four-bedroom houses, flats and bungalows. Land has been provided by the Council and Persimmon Homes.

White Rock Land LLP is a joint venture limited liability partnership which has been set up and jointly owned between Aster Homes Limited and Galliford Try Homes Limited to develop properties on three sites in Devon.

The Group also runs an investment and development partnership called New Futures. Aster is one of the HCA's Investment Partners and has built relationships with other progressive developers. Aster bids for grant funding on behalf of other Group companies and its New Futures partners. The partners are Severn Vale Housing Society, Elim Housing, Tamar Housing Society, Teign Housing, Wiltshire Rural Housing Association, Wyedean Housing Association, United Housing Association, and Cirencester Housing Society.

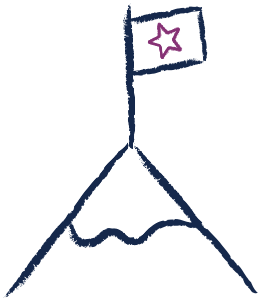
Operating and Financial Review

Our vision:
Everyone has a home

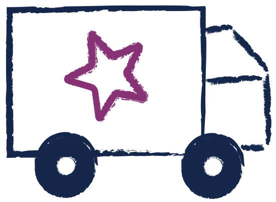
Our mission:
We are a not-for-dividend business that exists to benefit society.
We do this by providing homes.

Our ambitions:
We have four ambitions to help us meet our mission:

We will grow our business



We will be brave and bold where we can make a positive difference



We will deliver value and offer choice

We will be financially strong

We have three values that support our mission and ambitions:

- We care about our customers and communities;
- We support each other to do great work;
- We believe in openness, listening and learning.

These values guide our approach to everything we do.

Operating and Financial Review

Performance in year

The Group has had a successful financial year. Headline revenue decreased by £20.2 million to £174.9 million as revenue levels returned to normal following the one-off recognition last year of £36.1 million of revenue from the Group's Silbury Housing PFI contract. Adjusting for this, underlying revenue increased £15.9 million in 2014-15. The Group's operating surplus was £49.9 million (2014: £46.0 million), an increase of £3.9 million. Taking into account the one-off recognition noted above the Group's operating margin was largely unchanged at 28.5% (2014: 28.8%) reflecting the new baseline following the cost reductions in 2014 in line with the merger with Synergy. The potential impact of Welfare Reform was not as severe as expected and both Aster Communities and Synergy Housing revenues held up well.

Following on from the governance review a new governance structure was put into place on 1 September 2014. An overlap board structure was put in place and this has resulted in significant improvements in the responsiveness of the Group's boards.

During 2014-15 the operational teams in Aster Living, Aster Communities and Synergy Housing were restructured to align resources with service delivery to deliver additional efficiencies and savings within the Group.

Aster Homes reached new heights with the delivery of 725 homes for affordable rent and sale, a 150% increase over 2014. In line with this significant growth in development activity, Aster Homes made a net profit before tax for the year of £1.1 million, all of which will be paid to Aster Group Limited by Gift Aid.

Commercial activity, carried out through the operational joint venture with Galliford Try and Aster Homes Limited, White Rock Land LLP, generated income of £1,896,000 (2014: £nil) from sales of completed homes and £210,000 (2014: £342,000) from stage payments on the social housing element of the schemes. The first of the commercial schemes, at Newton Abbot, for 44 homes, is expected to be completed during 2015-16.

Aster Property, responsible for the Group's property and maintenance activities, increased operating profit margins achieving maintenance efficiencies of £674,000 during 2014-15. All homes remained Decent Homes Standard compliant as at 31 March 2015.

Aster Living's recovery is in line with expectations following the hand back of the Wiltshire contract in 2013-14. Operating surplus for 2014-15 increased by £167,000 with operating margin increasing to 3.8% up from 1.8% in 2014.

With oversight from the Treasury Committee, Aster Treasury successfully issued the remaining £50 million bonds deferred from the previous financial year. In October 2014 £17 million of bonds were issued with an effective interest rate of 4.3% and in March 2015 £33 million was issued with an effective interest rate of 3.8%. All proceeds have been loaned to Aster Communities and Synergy Housing Limited to fund the development programme. In addition the Treasury Committee oversaw the removal of business plan control within Synergy Housing Limited.

2014-15 saw the creation of Aster Solar set up for the purpose of investment in photovoltaic panels which will be installed on the Group's housing stock targeting homes that will benefit tenants the most.

During the year the Group spent £90.8 million on the acquisition and construction of housing properties. At the end of the year, the value of the Group's housing properties was £1,289 million (2014: £1,179 million).

Operating review

The key factors affecting the performance of the Group during the course of this year are:

- Development and delivery of 725 new homes for affordable rent / sale;
- Continued investment in our stock through the stock investment programme ensuring our homes remain Decent Homes Standard compliant;
- The issue of the retained £50 million bond, described in more detail on page 21, which, whilst providing capital for future development, has increased interest costs; offset by
- The continued low level of interest rates on the Group's existing funding arrangements.

Operating and Financial Review

The performance of each of the Group's main operating divisions is set out below:

Aster Communities
Turnover increased by £10.7 million with rent and service charge income increasing by £6.1 million to £90.5 million. This is due to the annual rent increase in April 2014, unit completions during the year and an additional 242 affordable homes in Wiltshire in line with the PFI contract. First tranche shared ownership sales income increased by £4.9 million to £10.8 million.

Operating costs were higher by £10.3 million due to an increase in first tranche shared ownership cost of sales of £6.7 million and response, planned and major repairs (net of £8.9 million component capitalisation) increase of £2.0 million. Depreciation on housing properties increased by £820,000 in 2014-15.

The surplus for the year was £16.7 million compared to £20.6 million in 2014. Net interest costs increased £3.4 million to £12.9 million reflecting the increased borrowings from last year's bond issue. Surplus on the sale of properties not developed for outright sale fell by £1 million.

Each Group business has Key Performance Indicators. Targets are set at the beginning of each year as part of the business planning process, and regular reports are drawn from each of the key operating systems to monitor performance. Key measures for Aster Communities are highlighted below:

Aster Communities	2014-15 Target	2014-15 Actual	2013-14 Actual
% rent lost through vacant properties	0.8%	0.5%	0.6%
Average number of days to re let - General Needs	14	16	16
Average number of days to re let - Housing for Older People (HOPS)	24	20	32
% arrears (General needs and HOPS)	3.0%	1.8%	1.7%
% repairs completed on time	97.0%	99.1%	98.9%
% of tenants satisfied with repair work	95.0%	96.1%	95.3%
% of all appointments kept	>90.0%	92.4%	95.2%
New homes completed for Aster Communities	578	480	310

Residents of Ryeleaze, Potterne tend the Better Off Green raised beds that Aster Communites have installed. With the beds are (from left) Kaitlin Hocquard, 8, Mia Hocquard, 11, Lana Keenen, 2 and Jai Hocquard, 8.

Highlights:

- Rental income increased due to a combination of higher rental income and reduced bad debt provisions.
- Although rent debtors have increased from £3.5 million in 2014 to £4.7 million in 2015 the associated bad debt provision has been reduced by £265,000 reflecting the age and risk of the debt.
- At the end of the year, the value of housing properties was £784.8 million (2014: £732 million) which includes £56 million spent on new and existing developments.

Operating and Financial Review

Synergy Housing Limited

Synergy Housing Limited had a similarly good year. Turnover increased by £5.1 million with general needs income increasing by £1.7 million to £35.6 million. Rental income from Supported Housing increased by £260,000 to £10.6 million and Shared Ownership income increased by £162,000 to £944,000. Increases relate to the increase in available properties and the annual rent increase of RPI +0.5%.

The operating margin on letting activities was 38.6% against 30.5% last year. Spend on major works and cyclical spend was £7.5 million, in line with last year (2014: £7.1 million) with all planned programme work completed. Routine maintenance spend was £5.0 million which was also in line with last year (2014: £4.9 million).

Interest costs increased by £1.8 million to £8.7 million and profit before tax increased £5.9 million to £12.3 million.

Highlights:

- Revenue was better due to a combination of lower than expected void loss and reduced bad debt provisions against budget.
- Operating margins were better than budget with savings in employment costs due to vacancies. Management costs are also down with efficiency savings in administration and office costs together with reduced insurance and abortive costs.
- Debtors have reduced, from £3.5 million in 2014 to £2 million, due to an increased focus on debt management and cash balances have increased at year end from £60.5 million in 2014 to £65 million in 2015. Property values have grown from £446 million in 2014 to £503 million in 2015.
- Re-letting homes for older people remains very challenging, mainly due to poor demand for bed sit accommodation. A strategic review of bedsit accommodation was commenced during the year to explore options and solutions.

Synergy Housing Limited	2014-15 Target	2014-15 Actual	2013-14 Actual
% rent lost through vacant properties	0.8%	0.5%	0.8%
Average number of days to re-let – General Needs	14	17	19
Average number of days to re-let – Housing for Older People (HOPS)	24	53	35
% arrears (General needs & Housing for Older People)	3.0%	2.7%	2.2%
% repairs completed on time	97.0%	99.1%	99.5%
% of tenants satisfied with repair work	95.0%	94.9%	95.4%
% of all appointments kept	>90.0%	92.4%	91.9%
New homes completed	312	245	169

Operating and Financial Review

Aster Property Limited

Aster Property is responsible for the Group's property maintenance and asset management activities. Services are provided using a mix of in-house staff and external contractors, suppliers and consultants. Aster Property also provides support to the Group in the areas of health and safety, sustainability and procurement.

Aster Property continues to drive margin improvements with operating profit increasing by 8% to £1.3 million (2014: £1.2 million). During the year Aster Property generated a turnover of £56.6 million (2014: £54.9 million) and a profit after taxation but before Gift Aid to charitable subsidiaries in the Group of £1.4 million (2014: £1.2 million).

Maintenance efficiencies of £674,000 (2014: £1.2 million) have been delivered, over £24,000 (2014: £381,000) more than the initial target. Aster Property also delivered maintenance services within the agreed Aster Communities and Synergy Housing Limited budgets. External income generated for the full year was £454,000 (2014: £166,000), generating a net margin of 4% (2014: 12%). Operational performance remained solid throughout the year and the majority of areas were above or close to the Key Performance Indicator set.

Each Group business has key performance indicators. Targets are set at the beginning of each year as part of the business planning process, and regular reports are drawn from each of the key operating systems to monitor performance. The table below summarises the year end position for the in-house contracting area of Aster Property:

Aster Property Limited	2014-15 Target	2014-15 Actual	2013-14 Actual
% of repairs completed on time	97.5%	98.5%	98.9%
% tenants satisfied with their completed repair in terms of customer service and quality of work	95.0%	95.5%	95.3%
% of appointments kept	90.0%	91.5%	85.2%
Productivity (Average completions per day per operative)	5.0	4.4	4.9

One Aster Homes joint venture project which saw exciting progress in 2014-15 was White Rock, a 350-home development we're delivering in partnership with Linden Homes in Paignton – one of three joint venture schemes we'll be working on together.

Aster Homes Limited

Aster Homes Limited made a net profit before tax for the year of £1,119,000 (2014: £149,000) of which £1,114,000 (2014: £141,000) will be paid to Aster Group Limited by Gift Aid. The growth in profit reflects the major growth in development activity for the year.

Turnover generated by Aster Homes Limited in the year was £66.3 million (2014: £37.5 million) of which £63.6 million (2014: £37.0 million) came from design and build (D&B) services provided to fellow Group companies, Aster Communities and Synergy Housing Limited. The increase in turnover reflects the increase in the volume of development activity which Aster Homes now undertakes on behalf of the Group. The number of homes completed is set out in the table below.

Homes completed	2015-16 Target	2014-15 Actual	2013-14 Actual
Homes completed for Aster Communities Limited	578	480	315
Homes completed for Synergy Housing Limited	312	245	170
Total affordable homes built	**890**	**725**	**485**
Commercial homes sales completed	**117**	**17**	**-**

Operating and Financial Review

Aster Living

In 2013-14 the directors decided to hand back the Wiltshire Help to Live at Home service and exit the Wiltshire private care scheme within Domiciliary Care and Supporting People as these were not financially viable.

As a result, Domiciliary Care income in 2014-15 reduced by £2 million with an associated cost saving of £1.8 million against 2013-14 reducing net operating costs by £200,000. There was however an additional £500,000 of Domiciliary Care Income for Extra Care and Learning Disabilities due to new contracts for Newton Abbott Extra Care and Torbay Home Improvement Agency.

Operating surplus for 2014-15 has shown an improvement of £167,000 against 2013-14 with one of the significant items being the reduction of net operating costs due to the exit of the Wiltshire Help to Live at Home service.

Improved Operating margins for Domiciliary Care and Helpline have contributed to an overall increase of Operating Margin from 1.8% in 2014 to 3.8% in 2015. Savings in year included employment costs, over and above those related to the Wiltshire private care exit, together with reduced costs for alarm monitoring, printing and postage

Debtors have reduced, from £1.4 million in 2014 to £1.3 million in 2015 and the provision for bad debts decreased by £38,000 due to an increased focus on debt management. Cash has increased from £231,000 in 2014 to £623,000 in 2015.

Targets are set at the beginning of each year as part of the business planning process, and regular reports are drawn from each of the key operating systems to monitor performance. Measures for Aster Living are highlighted below:

Aster Living	2014-15 Actual	2013-14 Actual
Net Growth in Care, Extra Care, Learning Difficulties and Support Hours	6,606	5,549
Net (Reduction) /Growth in Telecare Customer Base	(645)*	81
Number of Handihelp Jobs carried out	15,147	5,224

* Reduction in the Telecare customer base is due to the loss of the Hampshire contract.

Silbury Housing Limited

Silbury Housing was set up to deliver the 22 year contract with Wiltshire Council to develop, fund, manage and maintain 242 homes. During the development phase of the project (2.5 years) the company predominately managed the construction of the units through its subcontractor, Persimmon Homes Limited and managed the funding required for this period. Once completed housing units are made available for occupation. The development phase of the project concluded in February 2014, in advance of the original project plan. Throughout 2014-15 and to the end of the contract the company receives two income streams which it uses to pay sub-contractors and to repay debt drawn down during the development phase. The two income streams are the contractual unitary charge received from Wiltshire Council, and the contractual construction services agreement payment received from the Group.

In line with the construction completions, end of defect inspections are being undertaken with Persimmon Homes. All planned and cyclical work is being delivered on time with overall costs in line with the original financial model.

Peak debt occurred in September 2014 with repayments of the tranche A loan commencing at the same time.

Aster Treasury Plc

The company's principal activity is to raise external debt to finance the growth and development activities of the Group and its subsidiaries.

On 18 December 2013, the company successfully issued £200 million guaranteed fixed rate secured bonds and also deferred the issue of a further £50 million. The deferred bonds were successfully issued in October 2014 and March 2015 as set out below. The bonds are denominated in Sterling and mature on 18 December 2043 at a fixed coupon rate at 4.5% payable half-yearly in arrears and are listed on the London Stock Exchange. The bonds were issued as follows:

Issue date	Nominal value **£'000s**	Fixed rate	Effective rate**
18 December 2013	200,000	4.5%	4.7%
31 October 2014	17,000	4.5%	4.3%
11 March 2015	33,000	4.5%	3.8%

** The effective interest rate includes the issue costs incurred.

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

Future performance and principal risks

The Chancellor of the Exchequer announced in his budget on 8 July 2015 that social rents were set to fall by 1% for the next four years. Should this proposed bill be enacted by parliament this will reduce the Group's rental income although this is likely to be partly offset by savings in some cost streams. The Group holds its housing stock at valuation which is prepared by an external independent valuer based on their estimate of the future rental streams and costs of the properties the Group hold. If the proposed rental income reduction set out in the budget is enacted by parliament it is likely that value of the Group's housing stock set out in note 11 will fall. This in turn will reduce the ability of the Group to borrow money to fund its future aspirational housing development programme as well as reduce the headroom in the Group's banking covenants. The impact of this potential legislation on the value of the Group's housing stock and hence future development programme is, at the date of signing these accounts, not known. The Group will model the impact of this once all implications of this budget announcement are understood and the proposed bill has been enacted by parliament.

Aster's system for identifying and managing risks is embedded from the top down in its organisational structure, operations and management systems and accords with the risk management guidelines and principles set out in ISO 31000, the International Standard for Risk Management.

The board has overall responsibility for ensuring the Group's risk management and internal control frameworks are appropriate and applied across the organisation. The audit committee monitors and reviews the scope and effectiveness of the Group's internal control policies and procedures for the identification, assessment and reporting of risks to the board.

The risk committee is responsible for setting the strategic direction for risk management in the Group and aims to facilitate continual improvement of the risk management system. The risk committee also considers the principal risks to the business.

The risks associated with the delivery of the strategy and work programme and the associated mitigation measures and action plans are maintained in a series of risk registers at Group and operating company level.

Risk appetite

The Group Risk Appetite Statement ensures there is a common understanding between the board and senior management as to the quantum and type of risk the organisation is willing to seek and tolerate in the pursuit of its strategy and value creation. The Group recognises that its appetite for risk varies according to the activity undertaken, and acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood, and that proportionate measures to mitigate risk are established.

The risks taken through all of these activities, both specifically and in the aggregate, have been guided by the following principles:

- All risks undertaken must have an associated expected reward that is commensurate with the risk, and accretive to value when viewed over the long term; the Group has no appetite for unrewarded risks
- Risks are only undertaken to the extent that they are consistent with, and contribute to, the achievement of the Group, its mission and the execution of its business strategy; risks not fulfilling these criteria are not undertaken
- Risks are only undertaken where the Group has the demonstrable expertise to manage them
- Risk tolerances are set to manage the aggregate exposure to risk in relation to the Group's current resources and capacity, so that most adverse outcomes can be absorbed whilst safeguarding social assets

Principal risks

During 2014, the directors regularly reviewed the risks which they believed could adversely impact the business at the time. The following list provides an overview of the principal risks to the Group at the end of 2014-15. The list is not exhaustive or set out in any order of priority and is continually subject to change:

- The impact of welfare reform and other government cuts on income streams, both in terms of the level of income and the cost of collection
  - The Group has taken the approach of identifying and contacting customers that would be affected by under occupancy early on in the process of rolling out welfare reforms
  - The Group has a robust approach to monitoring arrears including KPI reporting to the board on a regular basis
  - The impact on the Group of the end of "rent convergence" is known and has been factored into the Group's financial plan
- The availability and cost of funds for development, allied to inflationary pressures on construction costs
  - The governance structure includes the Group treasury committee which oversees all of the Group's treasury management activities making recommendations to the board
  - The Group has become less reliant on bank financing as its primary source of funding following the issue of a £200 million bond in 2013
- Risk of regulatory actions from the government and / or HCA for failure to meet the economic and consumer standards as set out the Regulatory Framework
  - The Group will remain vigilant over adherence to the new Regulatory Framework including an annual review and regular reporting to boards
  - The Group Chief Executive and senior management team maintain regular contact with the HCA

Responding to the changing risk environment

As part of steps to seek continual improvement of the risk management process, the following enhancements were made in 2015:

The development of a strengthened Risk Management Framework

The board completed a risk workshop with the objective of identifying key strategic risks to the Group. Risks identified were analysed against the Group Risk Register to ensure there was alignment between the board's view of risk and the Group identified risks.

The Group Risk Appetite Statement was reviewed and approved by the board. Key changes to the statement included the introduction of specific and measurable risk tolerance levels across a number of categories of risk which set out the parameters for acceptable risk taking. These parameters will be applied by senior management in key decision making.

The board's vision for the Aster's Governance and Assurance Framework extends beyond the parameters of conventional risk management; the Group is now implementing plans to ensure principles of risk management influence its approach to leadership, organisational structure, business policies, performance monitoring, decision making and day-to-day processes and are aligned to Group Strategy.

This is not a one-time transformational activity, but an opportunity for governance and risk management to influence the culture and ethos of the Group's operations and people.

The board will continue to develop the existing risk management framework, enhancing risk governance and improving the risk culture of the organisation. The priorities for next year consist of improving our reporting capabilities and the underlying risk data by utilising risk software. The on-going work with key risk indicators enables effective and efficient risk monitoring and control.

Operating and Financial Review

Financial Review

Financial performance and position

A detailed review of the Group's performance is set out in the Operating review on pages 15 to 21.

The Group has had a successful financial year. Headline revenue decreased by £20.2 million to £174.9 million as revenue levels returned to normal following the one-off recognition last year of £36.1 million of revenue from the Group's Silbury Housing PFI contract. Adjusting for this, underlying revenue increased £15.9 million in 2014-15. The Group's operating surplus was £49.9 million (2014: £46.0 million), an increase of £3.9 million. Taking into account the one off recognition noted above the Group's operating margin was largely unchanged at 28.5% (2014: 28.8%) reflecting the new base line following the cost reductions in 2014 in line with the merger with Synergy.

This year the Group spent £90.8 million on the acquisition and construction of housing properties and built 725 new homes (2014: 479) for rent and sale, a 150% increase over 2014. Commercial activity, carried out through the operational joint venture with Galliford Try Homes Limited and White Rock Land LLP generated income of £1.9 million (2014: £nil) from sales of completed homes and £210,000 (2014: £342,000) from stage payments on the social housing element of the schemes. The first of the commercial schemes, at Newton Abbot, for 44 homes, is expected to be completed during 2015-16.

Aster Property increased operating profit margins achieving maintenance efficiency savings of £674,000 during 2014-15. All homes remained Decent Homes Standard compliant as at 31 March 2015.

Following the hand back of the Wiltshire contract in 2013-14, Aster Living's operating surplus for 2014-15 increased by £167,000 with operating margin increasing to 3.8% up from 1.8% in 2014.

At the end of the year, the value of the Group's housing properties was £1,289 million (2014: £1,179 million). The Group's long term funding amounted to £690 million (2014: £690 million), and total reserves were £675 million (2014: £611 million).

Cash inflows and outflows

The detailed cash flow for the Group is set out on page 54. In summary the main cash flows for the Group were:

	2015	2014
	£m	£m
Net cash inflows from operating activities	**50**	56
less net interest paid	**(23)**	(15)
	27	41
Investment in new properties	**(91)**	(81)
Replacement of major components	**(10)**	(15)
Social Housing Grant received	**6**	10
Proceeds from sale of housing properties	**20**	20
Purchase of other fixed assets	**(3)**	(3)
	(51)	(28)
Drawdown of loans	**51**	88
Increase in cash holdings	**-**	60

Key cash flow movements during the year were:

- Net cash from operating activities decreased due to increase in stock of unsold shared ownership units
- Net interest paid increase relates to the 2013 bond issue and a full year of interest costs
- Additional loans drawn down were used to fund the investment in new properties during the year

Capital structure

The Group contains entities in different forms (Charitable Community Benefit Societies with charitable rules and companies limited by shares). None of these are able to raise equity funding. The Group therefore finances its operations by a combination of government grants, loans from commercial banks, publicly listed bond finance and retained surpluses.

Only Aster Property Limited, Aster Homes Limited and Aster Treasury Plc could pay a dividend up to Aster Group Limited if profits are available. No dividend payments can be made outside the Group.

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 Committee reviews and approves the Group Treasury Policy before recommending it to the Group Board.

The Group's exposure to interest rate fluctuations on its borrowings is managed by using fixed rate loans and interest rate swaps. It was the Group's policy at the year end to manage interest rate risk by having at least 50% of debt subject to fixed rates for the medium to long term. As at 31 March 2015, 89% of debt was fixed (2014: 88%) for a weighted average maturity of 11.7 years (2014: 17.0 years). The 89% was in part a product of the bond issue in 2013. This is anticipated to fall as new variable rate debt is drawn. The Group finances its operations by a mixture of retained surpluses, borrowing from the capital markets, government grants and bank loans.

Current liquidity

Liquidity risk is managed by ensuring the Group can meet at least three months of committed spend from a combination of cash and loan facilities capable of immediate drawdown. In addition, loan facilities are required to be in place to finance all committed expenditure of the Group. The Group completed the issue of £50 million of retained bonds in the year and while some of these funds have been used to repay loan facilities, the Group is holding considerably more cash than three months committed capital expenditure.

At 31 March 2015, undrawn loan and overdraft facilities amounted to £150 million (2014: £270 million), all of which is committed and available for immediate drawdown.

The drawdown of loan facilities is closely linked to investment in new homes. At the end of the year, the Group had not committed to any investment that would take it beyond the scale of facilities available.

In order to maintain flexibility in the management of liquidity, the Group's policy is to ensure that no more than 10% of debt matures in any 12 month period over the next five years where no replacement finance has been arranged. Of the Group debt, £10 million (1%) is repayable within five years.

As a result of the retained bond issue, cash held at 31 March 2015 is £82.8 million (2014: £82.7 million). These funds will be used to fund the development programme over the next two years.

Credit risk

The Group's policy is to minimise borrowings and surplus funds and investments are only made with highly rated counterparties on a Group Treasury Committee approved list with a maximum investment of £20 million per counterparty or up to a limit of the principal amount outstanding of any lender to the Group.

Going concern

The directors consider that the company has adequate resources and financial support to continue in operational existence for the foreseeable future, which is defined as at least 12 months from the date of signing the financial statement.

Value for Money (VFM)

Value for Money is very important to the Aster Group and a comprehensive extract from the Group's Value for Money statement covering its value for money activities and achievements is included on page 35. The standalone version of this statement is available on the company's website at www.aster.co.uk/value-for-money.

Responsibilities of the Board

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The board is responsible for keeping proper accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Regulations thereunder the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2012. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Role of the Board

To ensure directors maintain overall control over strategic, financial, operational and compliance issues, the board meets regularly throughout the year and has formally adopted a schedule of matters which are required to be brought to it for decision.

Aster's business is diverse in scope and carries political, commercial and technical risks. Accordingly, particular attention is paid to the composition and balance of the board to ensure that it has wide experience of the sector and regulatory environment in which Aster operates, and appropriate financial, operational and risk management skills. In each board appointment, whether executive or non-executive, objectivity and integrity, as well as skills, experience, ability and diversity, assist the board in its key functions, and are prerequisites for appointment. This also applies to senior management appointments below board level and to our succession planning.

The Group considers the significant refreshment of the board during 2014 to be positive as it brings new thinking to the Group as well as ensuring that the board's collective experiences equip it to direct the Group's strategy and meet its business needs as they evolve over time. The board is also mindful that an appropriate balance between directors who can bring a new perspective and those who provide continuity is essential for a business like Aster's.

The board is supported by the Executive Board which ensures that there is effective management of, and a system of assurance between, the operations of the Aster Group, the Group Board and its sub-committees.

Responsibilities of the Board

Division of Responsibilities between Group Chairman and Group Chief Executive

The Group has a clear division of responsibilities between the Chairman and the Chief Executive, which is set out in writing and agreed by the board.

The Chairman's responsibilities include:

- the leadership and effective running of the board;
- ensuring that the board plays a full and constructive part in the determination and development of the Group's strategy;
- acting as guardian and facilitator of the board's decision-making process; and
- ensuring effective implementation of the board's decisions.

The Chairman's other significant commitments outside the Company are included in his biography on page 5 and there were no changes to these during 2014.

The Chief Executive's responsibilities include:

- managing the Group's business and proposing and developing the Group's strategy and overall commercial objectives in consultation with the board;
- leading the Executive Board (known as the Group Leadership Team prior to the governance review) in implementing the decisions of the board and its committees;
- ensuring the successful and efficient achievement of the Group's Key Performance Indicators (KPIs) and objectives; and
- providing coherent leadership of the Group in representing Aster to its stakeholders.

Senior independent director

The main responsibilities of the senior independent non-executive director are as follows:

- to provide a sounding board for the Chairman and to serve as an intermediary with other directors when necessary; and
- to meet with the other non-executive directors without the Chairman present, at least annually, in order to appraise the Chairman's performance.

Induction and support

The Group also provides the necessary resources for developing and updating its directors' knowledge and capabilities. In particular, the Group is committed to the provision of continuing professional development training to its directors. In 2014, the Group continued with its practice of undertaking a programme of seminars for board members, which are presented by the Group's external advisers/guest speakers/members of senior management, on subjects appropriate to the Group's business, including changes to legislation, regulation and market practice. During 2014, the subjects covered by these seminars included:

- scenario planning;
- a board risk workshop;
- financial planning;
- HCA Regulatory framework; and
- strategy

These seminars are held prior to board meetings and are attended by all directors present at such meetings (the Group keeps a record of attendance).

Information and support

The Group Board has full and timely access to all relevant information to enable it to perform its duties. The Company Secretary ensures the presentation of high quality information to the board and its committees and that all papers and information are delivered in a timely fashion. Board and committee papers are delivered securely through an electronic platform.

The Company Secretary is responsible for advising the board, through the Chairman, on all corporate governance matters, and each director has access to the advice and services of the Company Secretary.

Directors' and officers' liability insurance

The Group has directors' and officers' liability insurance in place.

Responsibilities of the Board

Conflicts of interest

The Group Board has in place a procedure for the consideration and authorisation of conflicts or possible conflicts with the Company's interests. All directors are aware of the requirement to submit details to the Company Secretary of any current situations (appointments or otherwise) which may give rise to a conflict, or potential conflict, of interest. The board will continue to monitor and review potential conflicts of interest on a regular basis.

Disclosure of information to auditors

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

The board's report on internal controls assurance

The directors acknowledge that they have overall responsibility for identifying and managing the risks faced by the Group and for the Group's system of internal control relating to those risks. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In accordance with Principle C.2 of the Code and the related guidance, the Group has established the procedures necessary to ensure that there is an on-going process for identifying, evaluating, managing and mitigating significant risks to the Group and for determining the nature and extent of the significant risks it is willing to take to achieve its strategic objectives. The directors confirm that such procedures have been in place for the year ended 31 March 2015 and up to the date of approval of these financial statements and have been reviewed during the year.

The principal features of this system include:

- a procedure for monitoring the effectiveness of the internal control system through a tiered management structure with clearly defined lines of responsibility and delegation of authority;
- clearly defined authorisation procedures for capital investment and acquisitions;
- strategic plans and comprehensive budgets which are prepared annually by the business areas and approved by the board;
- formal standards of business conduct (including a code of ethics and whistleblowing procedure) based on honesty, integrity, fair dealing and compliance;
- a well-established consolidation and reporting system for the financial statements and monthly management accounts;
- continual investment in IT systems to ensure the production of timely and accurate management information relating to the operation of the Group's businesses; and
- detailed manuals covering Group accounting policies and policies and procedures for the Group's treasury operations supplemented by internal control procedures at a business area level.

The directors derived assurance from the following internal and external controls during 2014-15:

- a regularly updated schedule of matters specifically reserved for a decision by the board; implementation of policies and procedures for key business activities;
- an appropriate organisational structure;
- specific delegations of authority for all financial transactions and other key technical and commercial decisions;
- segregation of duties where appropriate and cost-effective;
- business and financial reporting, including KPIs; functional management reviews;
- an annual "letters of assurance" process, through which functional managers review and confirm the adequacy of internal financial and nonfinancial controls and their compliance with Group policies, and report any control weaknesses identified in the past year and actions taken in respect of weaknesses identified in the prior year;
- an annual internal audit plan, which is approved by the audit committee and board and is driven by risks and key controls;
- reports from the audit committee and risk committee;
- reports from the external auditor on matters identified during its audit;
- independent third party reviews; and
- the skills and experience of all employees.

Responsibilities of the Board

Independence

Having reviewed the independence of each of the non-executive directors against these criteria, the board concluded that all non-executive directors demonstrated each of the required competencies to a high level and are, therefore, each considered independent by the board.

Board evaluation

The board evaluation was carried out as part of the governance review process which led to the current composition of the board. Given that the board was in place from September 2014, the effectiveness against desired outcomes from the governance review will be independently reviewed in September 2015. The 2015 board evaluation will be encapsulated in the one year on review in September 2015.

Matters reserved to the Board and delegation of authority

The board has a schedule of matters reserved for its approval and has a formal structure of delegated authority, whereby specified aspects of management and control of the Group have been delegated to the executive and the board's committees. This was reviewed and revised during the year as part of the development of the governance framework.

Compliance with HCA Regulatory Framework

The forthcoming changes in the Regulatory Framework, with the HCA committing to a more intensive and intrusive approach, show that profound changes to regulation are unlikely to let up any time soon. Failure to adapt to the changing regulatory requirements could have serious impacts for the Group, both in its relationship with regulators and potential sanctions imposed by them. The Group Board have considered the implications of this and the regulation committee have commissioned the development of an effective Regulatory Compliance Framework (RCF) to respond to these complex challenges that will be implemented during 2015-16.

The Group has maintained its top "G1" rating for its Governance and "V1" for its financial viability from its Regulator. The Group have maintained a sharp focus on Regulatory compliance during 2014-15. However, the following areas of non-compliance were reported to the Regulator:

- In May 2014 the Group became aware of a problem relating to the setting of a small number of affordable rents and in some conversions. 118 errors were identified in total. Whilst the errors have been rectified and refunded, this was a breach of the Rent Standard, which the HCA were notified of.
- Within 2013-14 an issue was identified with fair rents in relation to Kilmersdon Rural Housing Association. The fair rent increases were legal, but they did not comply with the HCA's regulatory standards. On 25th June 2014 confirmation from the HCA was received that the regulatory concerns regarding the rent setting issues highlighted covering the KRHA have now been resolved.
- During 2014-15 an investigation into the governance arrangements of the Kilmersdon Rural Housing Association management and maintenance contract was commissioned by the Housing, Care and Support Director. The investigation identified that the Statistical Data Returns to the HCA had not been completed for the previous two financial years. Whilst there has been no regulatory intervention (and technically the breach was by the separate housing associations not Aster), this requirement of the Regulatory Framework was not met. The Group have implemented a compliance register to ensure that regulatory returns for organisations whom Aster provides housing management services are completed.

Responsibilities of the Board

Board committees

The board is supported by a number of committees made up of non-executive directors, executive directors and independent members.

Group Audit Committee

Up to 1 September 2014 the committee also considered risk matters.

The Group Audit committee consists of three non-executive directors and one independent member and met four times during the year. The committee ensures that Aster has an effective system of internal controls and appropriate internal and external audit arrangements.

It also gives assurance to the Group Board that the social housing assets and liabilities have been separately identified, and a register in accordance with HCA requirements is maintained.

During the year the committee considered and approved the internal audit plan and received over 30 internal audit reports. The committee provides robust challenge and support and receives regular updates on audit follow up work. Prior to the governance review the committee received regular updates on the Group's risk map and risk management framework and the committee maintains a key role in risk policy and two meetings of the year are held jointly with the risk committee.

A primary role of the committee is to agree the accounting policies of the Group. During the year the committee considered the changes required as a result of the forth coming transition to FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland which will be used for the Group's financial statements for the year ending 31 March 2016 and reviewed the Group's preparations for this change. The committee scrutinised the annual financial statements and the external auditor's reports on those financial statements.

The committee met with the external auditors without executives present and, following the governance review also held one meeting jointly with the new risk committee.

During the year the committee approved the gifts, hospitality and anti-bribery policy and the fraud and theft policy.

The committee received a briefing on the Group's insurance arrangements and were satisfied that they were fit for purpose and providing appropriate value for money and protection.

The audit committee continues to provide robust and supportive scrutiny of the Group's systems of internal control.

Group Risk Committee

The risk committee was created on 1 September 2014. The overall role and purpose of the Group Risk Committee is to ensure that Aster has an effective risk framework and ability to manage all risks. The committee consists of four non-executive directors and one independent member and met six times during the year. During the year the committee commissioned a risk health check to be undertaken and has overseen the development of the risk management framework. Operating in a dynamic and rapidly evolving environment has required a flexible and responsive risk management process that can match the pace of change and provide management with a concise view of the Group's risk profile at any point in time. The risk committee has focussed on how to embed a culture of risk management that will contribute towards effective strategy execution, ensuring both risk and opportunities are identified and managed to deliver long-term value creation.

The risk committee will oversee the implementation of the risk management framework during 2015-16. It will do this by ensuring that the framework for the identification, assessment, mitigation and reporting on all areas of risk is fit for purpose and that appropriate assurance arrangements are in place in relation to these risks to bring them within the Risk Appetite Statement agreed by the board.

Group Regulation Committee

The regulation committee was created on 1 September 2014 as a result of the governance review. The overall role and purpose of the regulation committee is to ensure that Aster's operations comply with legal and regulatory requirements in all the sectors within which it operates. The regulation committee met twice formally during the year and its first major priority was to discuss the Regulatory Compliance Framework and the implications for Aster from the regulatory changes in the external environment. The "three lines of defence" approach is a key element of the Regulatory Compliance Framework and the committee will oversee its implementation during 2015-16. This approach will provide three levels of assurance against the risks facing the Group: first of all at the operational level; secondly through overview by functional management and the compliance unit; and thirdly through internal, external or independent audits.

A second major piece of work was to facilitate a review against the HCA's new Regulatory Framework and how it could be embedded in the business. The introduction of the Regulatory perspective under the Group's Balanced Scorecard has seen a sharp focus on Regulation and will be key to ensuring compliance with the new framework.

Responsibilities of the Board

Group Remuneration and Nominations Committee

The remuneration and nominations committee was created on 1 September 2014 as a result of the governance review. The committee's responsibilities include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and making recommendations to the board with regard to any proposed changes;
- nominating, for the approval of the board, appropriate individuals to fill board vacancies as and when they arise having considered candidates with relevant experience from a wide range of backgrounds;
- succession planning, taking into account the challenges and opportunities facing the company and the background, skills and expertise that will be required on the Board in the future, and reviewing annually management succession planning processes in relation to the company's senior executives; and
- determining, and recommending to the board the framework and policy for the remuneration of the Chair, non-executive directors and independent members.

The committee met twice formally during this year and its first major priority was to consider an independent report into remuneration of the non-executive directors and independent members. Altair were appointed specifically to provide the committee with objective and independent advice on non-executive and executive remuneration matters. The committee is satisfied that the advice provided by Altair is objective and independent.

The committee has overseen the development of a succession plan and policy for the Group. The committee regularly reviews the structure, size and composition (including the skills, knowledge and experience) required of the board and makes recommendations to the board as appropriate. The board has satisfied itself that the committee has in place appropriate plans for orderly succession to the board and senior management positions as well as procedures to ensure an appropriate balance of skills within the Group and on the board and its committees.

The board and the remuneration and nomination committee have discussed and reviewed board composition and succession planning throughout 2014 and this will continue in 2015 in view of the board changes which have taken effect during the year and the proposed appointment of a new Group Chairman.

The board and the remuneration and nomination committee are satisfied that the individuals currently fulfilling key senior management positions in the organisation have the requisite depth and breadth of skills, knowledge and experience.

The board recognises the benefit of a thorough board and committee evaluation process, leading to action to improve its effectiveness. The remuneration and nomination committee have approved a board evaluation framework that will drive this forward during 2015. A key part of the governance review was to consider board effectiveness and a 'one year on' board effectiveness review is scheduled for September 2015.

Customer and Community Network

The Customer and Community Network (CCN) was created on 1 September 2014 as a result of the governance review and oversees service delivery to all of Aster's customers and the work it does in communities. Its focus is Aster's social purpose and social impact while being mindful of the economic and regulatory environment that Aster operates in.

The CCN met twice formally during the year and its first major priority was to explore the role of the committee in the context of the new governance structure. The new committee consists of customer, non-executive and executive members and also met outside the formal structure to consider its role and used the discussion to inform its programme of work.

A second major piece of work was to facilitate a review into Aster's approach to customer involvement which was successfully completed in February 2015. The review streamlined our five Customer Boards into a single Customer Overview Group. A further comprehensive review of the wider customer involvement options and our approach to neighbourhoods is underway.

The CCN received regular activity and performance reports on matters relevant to customers and approves all customer-facing policy. The Senior Independent Director is a member of the CCN and ensures that customer matters are central to the overlap board's focus.

Responsibilities of the Board

Group Treasury Committee

The treasury committee consists of two non-executive directors and one independent member and acts as sounding board for the Group Executive Board on treasury matters and advises the Aster Group Board on performance and effectiveness of the treasury management function.

Providing additional scrutiny of treasury topics on behalf of the Aster Group Board the committee executes specific delegated decisions from the Aster Group Board and adds value through its contacts, skills and experience.

The committee met four times during the year and received regular and comprehensive treasury performance and risk reports. The focus of the committee this year was the continuing monitoring of the adherence to the Group treasury management policy and managing the associated treasury risks. The main treasury outcomes were the issuance of £50 million of retained bonds and the removal of business plan control in Synergy Housing Limited. The committee develops Aster's Treasury Management Strategy and considered options for re-financing debt where advantageous.

The committee facilitated a review of the Group's Treasury Advisors and following a tender exercise, from April 2015 appointed Canaccord to replace TradeRisks who had supported the committee during the first half of the year.

The committee has played a significant role in helping Aster to negotiate the difficult financial climate and continues to carefully monitor the treasury performance and risk reports helping to ensure compliance with covenants and that appropriate cash, funding and securitisation are in place.

Compliance with the Code of Governance

The pace of change across all sectors of the UK has grown considerably over recent years and the Aster Group Board has a duty to ensure that the governance structure of the Group remains fit for purpose.

The Group has maintained its top "G1" rating for its governance from its regulator the Homes & Communities Agency. Simple compliance is not enough and the Group board concluded a comprehensive review of its governance arrangements during the year. Following the review, supported by external consultants Altair Ltd, a new board and committee structure was adopted from 1 September 2014.

The review has resulted in significant improvements in the responsiveness of the Group's boards and included a review of the Group's committee structure. From 1 September the Group has operated an overlap board structure, meaning that the same people sit on the boards of Aster Group Limited, Aster Homes Limited, Aster Living, Aster Property Limited and Synergy Housing Limited. The Aster Communities board consists of the same people who sit on the overlap board with the addition of three council nominees. The Aster Communities board has delegated day to day running of the company to the Aster Group Limited board and meets in full four times a year to fulfil its non-delegated responsibilities and to ensure the delegated powers are being carried out diligently.

There are a number of alternative governance codes the Group could adopt and as part of the governance review, the directors have chosen to adopt the UK Corporate Governance Code 2014 (UK Code) from 1 April 2015.

The Group had previously adopted the National Housing Federation's (NHF) Code of Governance (the NHF Code) and a comparison with the NHF Code follows.

Aster Group Limited, Aster Communities, Aster Living, Aster Property and Synergy Housing are fully compliant with the NHF Code. The following Group companies have not achieved full compliance as follows.

Eight companies within the Group, Aster Homes, Aster Treasury, Aster Options Plus, Silbury Housing, Silbury Housing Holdings, Zebra Property Solutions, Aster Solar and White Rock Land LLP, have not achieved full compliance with the NHF Code.

The NHF Code states that "non-executive board members must be in the majority at board meetings", that "…board members who are executive staff must normally be in a clear minority" and that "boards shall have at least 5 members". The NHF Code also states that "the chair of the board and main committees must not be held by an executive".

Responsibilities of the Board

Compliance with the Code of Governance (continued)

Up until the revised Governance Structure the Aster Homes Board, which is a commercial company not regulated by the HCA, had six board directors and an equal number of non-executive and executive board directors. This followed the resignation of two non-executives and the board agreed to postpone recruitment of replacements pending the outcome of the governance review. This was resolved with effect from 1 September 2014 and the Board of Aster Homes is now fully compliant.

The following seven special purpose vehicles are not compliant as follows:

The Aster Treasury Board is composed of four executives only and so it too, as a business owned by the Group parent, is not fully compliant.

Aster Options Plus is a joint venture vehicle to deliver shared services and has four directors, three of the four board directors are executive board directors. The chair is an executive.

Silbury Housing and Silbury Housing Holdings share the same four board directors and consist of an equal number of non-executive and executive directors. The chair is a non-executive.

Zebra Property Solutions has three executive board directors.

During the year, the Group formed Aster Solar, a joint venture between Aster Communities and Synergy Housing to deliver solar panels to over 2,500 properties. The board of Aster Solar is also composed of four executives.

White Rock Land LLP is a joint venture between Aster Homes and Galliford Try. There are six partner representatives none of which are independent.

The Group board has confidence that the appropriate skills are available to these boards and the areas of non-compliance are not material. The arrangements are appropriate in proportion to the risks and the scrutiny that these companies receive from parent boards and committees where non-executive directors are in the majority.

The NHF Code states that "the essential functions of the board must be formally recorded in the organisation's constitutional documents, terms of reference, standing orders or financial regulations". The Group has comprehensive Standing Orders and Financial Regulations which apply to all Group companies. These contain the terms of reference of all companies except six of the seven special purpose vehicles (Zebra Property Solutions are included). The Group board has confidence that the arrangement in Financial Regulations and Standing Orders significantly reduces the need for terms of reference; following the governance review these are being written.

The NHF Code states that "the board must carry out an annual appraisal of its own performance and an annual appraisal of individual board members including the chair and any executive who sits on the board". The Group has a comprehensive board effectiveness process and the results of the last process were considered by the boards in February 2014. The board evaluation was carried out as part of the governance review process which led to the current composition of the board. Given that the board was in place from September 2014, the effectiveness against desired outcomes from the governance review will be independently reviewed in September 2015. The 2015 board evaluation will be encapsulated in the one year on review in September 2015 and annually thereafter including external review every three years.

The Group board has agreed to adopt the UK Corporate Governance Code (UK Code) from the 1 April 2015. Generally the principles on which the NHF Code and the UK Code are based are similar. An assessment of compliance against the code has been undertaken and an action plan put into place to address the following issues:

In addition to the issues raised against the NHF Code above, one non-executive member of Silbury Housing Holdings and Silbury Housing has been an active member of governance at Aster for more than 9 years. These companies relate to a specialist PFI contract and the retention of that expertise has been invaluable during the set-up of this contract. The PFI arrangement is moving into its operational phase and the governance arrangements specific to PFI are being reviewed with the support of external consultants Devonshires Business Advisory Services.

The Group does not have measurable objectives for implementing the diversity requirements of the Group's Board Members & Recruitment Policy.

The recruitment appointment of non-executive directors and the chair is not always carried out using an external search consultancy or advertising although these methods are used from time to time. The specialist nature of the sector means that candidates with the required skills are often sourced through networking. The current chair retires in 2015 and the board has agreed to appoint from existing members as the current board was recruited using external processes in 2014.

Responsibilities of the Board

Compliance with the Code of Governance (continued)

The additional requirements on publishing terms of reference and identifying the additional commitments of the chair and non-executives will be implemented during 2015.

The board directors are not subject to election by shareholders at the first AGM after appointment and while board membership is reviewed at a maximum interval of three years, these are not subject to re-election by shareholders.

In compliance with the UK Code the remuneration and nominations committee sets the Chair's remuneration following external advice. Contrary to the UK Code, the non-executive remuneration and that of senior executives is recommended to the Group board, rather than set by the committee.

The board are committed to compliance with its adopted code of governance and is confident that any areas of non-compliance are not material to the effective and transparent management of the Group's affairs.

By order of the board

Douglas Smith

Company Secretary

September 2015

Value for Money self-assessment (Year ended 31 March 2015)

The Aster Group is a collection of social businesses with the primary purpose of providing homes for those in housing need. One of its corporate ambitions is to "deliver value and choice" and "be financially strong".

The Group is committed to improving its business efficiency so it can effectively deliver its core purposes. The Group will continue to work with stakeholders to ensure it manages resources economically and efficiently and delivers value for money (VFM).

Set out on the following pages is the Group's full VFM statement which summarises the way the Group delivers value for money. The standalone version is available on the company's website at www.aster.co.uk/valueformoney .

Value for Money Introduction

Aster is a not for dividend business that exists to benefit society by providing homes.

The profits we make are reinvested back into the business to help us build more homes.

Our aim is to meet housing needs and our vision is - **everyone has a home.**

In our 2013-14 self-assessment we aimed to demonstrate our commitment to achieving value for money (VFM) and reported on our performance and plans for a number of key business areas. We also documented a number of targets we wanted to achieve in 2014-15.

In this year's statement we have provided an update on what we have been working on to improve VfM; progress against what we set out to achieve in 2014-15 and what our key targets are for 2015-16.

Following the Government's Budget announcement in July, Aster remains well placed to achieve its strategy and continue to be committed to our vision and plan to ensure our development programme is protected. We are reviewing the savings we need to make across the business to respond to the budget announcement and recognise the increased importance of achieving efficiencies and maximising the use of our resources. We are considering how we can be more efficient through working in new ways, taking advantage of technology, challenging inefficient processes, coming up with innovative ways of delivering services and thinking about which services are sustainable.

Already embedded throughout the business is the ethos that efficiency savings equal new homes and the Group has calculated that it is able to build one home for every £5,000 of costs saved on a permanent, recurring basis. (The calculation converts the annual cost saving into a theoretical equivalent rental income, ignoring costs such as maintenance, major repairs, bad debts and voids.)

Financial performance

Finance update

The Group has had a successful year, the 2014-15 surplus of **£49.9 million** was £4.1 million ahead of last year. Net surplus decreased from £29.2 million to £27.1 million with the decrease owing to the increase in interest associated with the bond. Investment in the existing housing stock through the major repairs programme was £25.7 million in 2014-15. In addition, £21.8 million was spent on responsive and cyclical repairs. All properties remained Decent Homes Standard compliant. The Group's operating margin was largely unchanged at 28.5% (2014: 28.8%) reflecting the new base line following the cost reductions in 2014 in line with the merger with Synergy. The Group generated £939,000 net profit from the sale of shared ownership and right to buy properties.

Aster/Synergy merger savings

We continued to meet the savings identified as a result of the merger between Aster and Synergy in 2013 of £14.5 million over 5 years. Net savings to date are £6.7 million, and at the end of 2015 were delivering savings of £3.3 million per year. This annual saving is expected to increase to over **£4.4 million** per year by 2017, ahead of target.

Cost sharing vehicle (CSV)

In 2014 we set up a way of working collaboratively with other organisations through a joint venture to share services and costs efficiently. This cost sharing vehicle known as Aster Options Plus is trading in line with expectations, with a year to March 2015.

Retained bond issue

On 18 December 2013, the company successfully issued £200 million guaranteed fixed rate secured bonds. The company deferred the issue of a further £50 million 4.5% guaranteed fixed rate secure bonds. The retained bonds were issued as follows:

Issue date	Nominal value £'000s	Fixed rate	Effective rate*
11 March 2015	33,000	4.5%	3.8%
31 October 2014	17,000	4.5%	4.3%

*Effective rate excludes issue costs.

Summary of key financial performance data

The following data sets out the Group's key financial performance indicators:

Operating margin			Debt per unit			Return on Assets*	
2015	2014	2013	2015	2014	2013	2015	2014
28.5%	28.8%	24.8%	£26,200	£24,307	£23,277	8%	9%

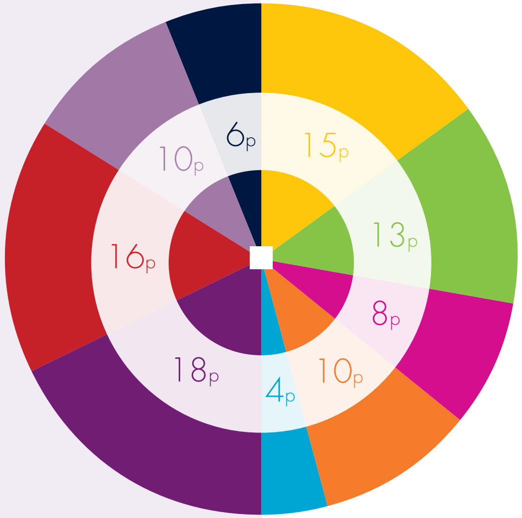
Growth in turnover

There was a decrease in turnover in 2014-15 of £20.2 million to £174.9 million as revenue levels returned to normal following the one off recognition last year of £36.1 million of revenue from the Group's Silbury Housing PFI contract. Adjusting for this, underlying revenue increased £15.2 million in 2014-15.

*The return on assets ratio represents how efficient Aster has been at using its assets in generating earnings. It is calculated as follows; Group operating surplus plus rent discount (excess of market rent over rent charged) divided by the value of the Group's housing assets on an EUV-SH basis.

Financial performance

Where our customer's pound was spent



- 15p Interest on our loans
- 13p Depreciation
- 8p Management costs - staffing and offices
- 10p Group services and overheads
- 4p Neighbourhood management and customer involvement costs
- 18p Reserves*
- 16p Planned and routine repairs to homes
- 10p Major repairs - improving homes
- 6p Service costs eg. grounds and communal maintenance

*The reserves are used to support the borrowing of additional funds. These additional funds are used to build more houses. Once these houses are built Aster is able to borrow additional funding secured against these to build more houses. Effectively, for every £1 of reserves we able to borrow around 50p, so in total have £1.50 to spend on building homes.

Adding value to the business through surpluses

aster

£49.9 m
Operating surplus

£90.3 m
New build

£50.7 m
Borrowing and cash

£6.7 m
Grants

£17 m
Existing stock

Our performance

How did we do in 2014-15?

The following tables show our performance against the targets we set for key areas: Rent arrears, voids, re-let times and response repairs:

	Target	2014-15	2013-14	2012-13
% current customer rent arrears	3%	2.1%	1.9%	2%
% rent loss through voids	0.7%	0.5%	0.6%	0.9%
Re-let times (general needs)	24 days	16.2 days	16.6 days	22 days

Response repairs

	Number of jobs		% completed on time	
	2014-15	2013-14	2014-15	2013-14
Emergency	8,983	9,202	99.77%	99.85%
Urgent	14,743	13,997	99.04%	99.51%
Routine	39,417	46,705	98.18%	98.71%
% first visit completions (target 85%)			93.72%	94.77%

95.78%
of our customers said they were satisfied with the quality of repairs
(**Our target is 95%**)
This is an improvement of **0.45%** against 2013-14

How does our performance compare to others?

Benchmarking is an important part of establishing and understanding our cost base and quality of service provision. We use benchmarking services provided by HouseMark which enables us to set out absolute and comparative costs of delivering specific services and provides robust comparisons to other organisations in our peer group.

The efficiency summary table shows data for 2013-14 and a comparison to the previous two years. 2013-14 was the first year that we provided HouseMark with combined data for the merged Aster Group and although comparisons of data against previous years is useful as a guide and we can see progress in some areas,
it is not a true comparison.

Going forward, more accurate benchmarking data will allow us to see more clearly our direction of travel and enable us to continue to monitor how we are doing year on year using this benchmarking model as a guide.

		Cost KPIs					Quality KPIs					
Business activity	Cost KPI result	Aster Group 2013-14	Aster Communities 2012-13	Synergy Housing 2012-13	Aster Group 2011-12	Synergy Housing 2011-12	Quality KPI result	Aster Group 2013-14	Aster Communities 2012-13	Synergy Housing 2012-13	Aster Group 2011-12	Synergy Housing 2011-12
Overheads	Overhead costs as % adjusted turnover	8.18% UQ	8.30% UQ	14.24% LQ	9.95% MU	13.82% LQ	Overhead costs as % direct revenue costs	19.89% UQ	16.80% UQ	31.31% LQ	22.32% MU	32.94% LQ
Major works and cyclical maintenance	Total CPP of major works and cyclical maintenance	£1,409 MU	£1,905 ML	£1,338 MU	£1,223 UQ	£1,803 MU	Percentage of tenants satisfied with the overall quality of their home (GN & HfOP)	82.30% ML	82.30% LQ	81.70% LQ	87.00% MU	No data
							Percentage of dwellings that are non-decent	0% UQ	0% UQ	0% UQ	0% UQ	0% UQ
Responsive repairs and void works	Total CPP of responsive repairs and void works	£593 UQ	£508 UQ	£770 MU	£638 UQ	£638 UQ	Percentage of tenants satisfied with repairs and maintenance	76.30% ML	77.00% LQ	77.70% LQ	84.20% MU	No data
							Average number of calendar days taken to complete repairs	10.10 ML	10.02 ML	No data	8.92 ML	10.00 ML
							Average relet time in days (standard relets)	19.90 UQ	25.41 MU	21.91 MU	22.43 MU	18.49 UQ
Housing management	Total CPP of housing management	£641 LQ	£580 LQ	£481 LQ	£605 LQ	£554 LQ	Percentage of tenants satisfied with the service provided (GN & HfOP)	87.80% MU	87.70% ML	84.50% ML	87.30% ML	No data
							Current tenant rent arrears as % of rent due	2.82% MU	3.36% MU	1.74% UQ	3.33% MU	1.97% UQ
Estate services	Total CPP of estate services	£79 UQ	£136 MU	£245 LQ	£176 ML	£205 LQ	Percentage of tenants satisfied with their neighbourhood as a place to live (GN & HfOP)	85.60% MU	85.60% MU	87.30% MU	89.80% UQ	No data

Housemark benchmarking quartile key:

UQ - Upper Quartile Housemark benchmarking peer group = LSVT national >7,500 properties
MU - Middle Upper (CPP) - Cost per Property
ML - Middle Lower (GN) - General Needs
LQ - Lower Quartile (HfOP) - Housing for Older People

Note: These figures are not truly comparable due to 2013-14 showing combined data for Aster Group and Synergy Housing and previous years showing data as two separate companies. Therefore this data has been used for benchmarking against other organisations in our peer group and a more accurate assessment of our performance will be made against 2014-15. (2014-15 HouseMark data had not been verified by the time this statement was completed).

Progress against our corporate plan objectives

Our corporate plan 2014–15 key headline objectives and what we achieved against them:

Objective	Outcomes
Aster Homes Increase our development plan to build more homes.	A total of **725** affordable homes were completed. This will provide a home for circa 3,000 people.
Aster Communities and Synergy Housing To deliver and develop profitable services to support Group's social objectives.	Key projects have been delivered and actions taken following the review of commercial services in March 2014. A new service charges system was implemented in April 2015. Savings that are made from these projects will be reported on in 2015-16.
Aster Living Ensure our systems enable our customers to access and receive services that are more streamlined (joined up and offer better value for money).	IT systems are now linked ending the need for staff to double key customer data. Customer service has improved The efficiency savings and outcomes that this will generate will be captured in 2015-16.
Aster Property Deliver efficiency savings and additional profitable income.	**£1.153 million savings**  and additional profitable income £454,000 made.
Aster Group Improve governance to support Group and businesses to achieve vision, ambitions and objectives of all companies.	A new board and committee structure adopted supported by the digital governance solution. Both these elements will secure the £100,000 targeted efficiency savings identified in last year's self-assessment.

Development

Building homes

What we achieved against our 2014-15 Development strategy targets:

We delivered **725** new affordable homes - **511 for rent and 214 for shared ownership**

Target	Outcomes
Aster Homes is targeted to make a net profit of £658,000.	A net profit of £1.120 million made.
Achieve £14 million of sales income from shared ownership sales.	Achieved first tranche shared ownership sales of £15 million.
To deliver open market sales of £6 million.	£5.3 million of open market sales were achieved; Opportunities for open market sale have now been secured that will deliver over 850 homes and £12 million of net profit over the next 5 years.
To deliver the 2011-15 HCA programme achieving grant income of £5 million for the year.	HCA programme was delivered successfully with £4.9 million of grant claimed in the year.
To rebalance the development programme in response to market conditions to deliver 80% section 106 schemes.	This was achieved, current forward programme is 93% section 106 which over the life of the business plan will deliver over 11% of savings.
Providing development agency services to smaller RP's enabling them to unlock capacity to develop new homes – actual outcome/target achieved.	We have continued to provide agency services to Teign Housing who operate in Teignbridge District Council, this included managing the delivery of their 2011-15 HCA programme schemes and building a pipeline of schemes for 2015-16 onwards. Aster leads the New Futures development consortium, this allows us to share best practice and support smaller RP's maximize funding opportunities, provide technical support and sharing market intelligence. In addition we have supported a number of Community Land Trust projects. During 2014-15 three schemes started on site which will deliver 30 new homes.
To identify two large scale redevelopment opportunities within the stock.	A pilot scheme in Somerset is progressing. This will see the potential redevelopment of 12 existing prefabricated reinforced concrete (PRC) schemes into 26 new homes. A number of similar pipeline schemes have been identified by Aster Property and are being reviewed by Aster Homes.

Asset management

We continued to develop and expand our approach to dynamic asset management, focusing on both the financial and social returns in order to drive even more efficiencies from our stock.

As part of our overarching asset management strategy, we undertook a strategic review of our housing stock using our recently introduced classification model and completed the review of our stock distribution by local authority.

We know our stock continues to be located in desirable areas benefiting from strong demand and low void levels. The stock continues to be well maintained with robust stock condition, investment planning and stock rationalisation management systems in place.

Our housing stock continued to be fully compliant with the Decent Homes standard and has maintained its position amongst the best in sector energy efficiency rating of 72.15.

We continued to work through our stock rationalisation strategy and 3 year action plan. We have undertaken a number of strategic reviews on specific asset types during the year and introduced a series of Asset Grading Tests (AGT). We have reviewed the useful life of our housing stock. This project is also linked to our Land Density Review project.

We reviewed 38 schemes over the course of the year which resulted in:

- 16 properties valued at £1.89 million being approved for disposal; the capital receipts from which will be used to support our development programme and the provision of new affordable housing.

We continued to focus on managing some of the weaker aspects of our asset portfolio, such as the garage portfolio. Although the portfolio generated £3.05 million of income last year, we know that based on current performance indicators, there is scope for improvement.

In March 2015, we introduced a service improvement plan aimed at maximising the opportunities associated with our garage portfolio. This includes maximising future income streams by cutting the current void loss from 19% (£598,000) by half in the next 12 months, and increasing rent charges in areas of high demand.

We continued to analyse the value of our stock both in terms of Existing Use Value – Social Housing (EUV-SH) and Market Value (MV). Our EUV-SH values ranged from £34,421 to £56,962.

Using our geographical information system (GIS), we have undertaken more detailed analysis of our housing stock from a Market Value perspective.

Managing our land and enhancing our estates

We carried out a number of strategic reviews associated with our land management and land enhancement projects.

This business area is projected to deliver significant efficiencies of over £14 million over the next seven years. Now in its second year, over £800,000 of income or added value has been secured. £326,000 has been received from land sales or general land matters and a further £126,000 received from external third parties seeking landlords consent. £335,000 has been added to the value of our land by securing planning consents linked to our Land Enhancement Project generating efficiency savings of £422,500.

Working closely with our Customer Boards, we have been able to use efficiency savings generated from Group activities to support Community Based Initiative Groups (CBIG). We reinvested £500,000 in a range of estate based projects from the provision of bin stores and additional drying facilities through to larger scale projects such as redesigning urban spaces and the provision of off-street parking.

Our approach to improving value for money

Ensuring we provide value for money and efficient and effective services is seen as crucial within Aster.

Over the past year we have reviewed our approach and the way we think about value for money and business efficiency. We have developed a new strategy; SMART Thinking - A strategy for improving business efficiency that was approved by the Group's Board in May 2014.

This strategy has replaced our VfM strategy and the framework that underpins it is now a core driver for improving efficiency across the business.

We have developed a business efficiency section for our Aster Group website, providing employees, customers and stakeholders with a transparent and accessible way to view strategic plans; project information and performance data.

business efficiency our approach

See the pages at www.aster.co.uk/business-efficiency

In 2014 we introduced a new performance management framework.

The key purpose of the framework is:

- To ensure that Aster has effective systems and processes in place to provide assurance to the Board and our stakeholders that the organisation is operating efficiently
- To support the delivery of strategic objectives as detailed within the corporate plan
- To provide assurance to the Board that Aster is achieving best value for money in its use of resources.

One of our 'plans for the future' in last years' self-assessment was to improve our performance management and scrutiny functions. Part of this improvement has been to introduce a new performance management tool that will have a phased implementation starting July 2015. This will streamline the process for reporting high level objective measures against our Corporate Plan, ensuring accuracy of data and having a consistent approach to information reported to our Group Board, Executive Board and Group Leadership Team.

In January 2015 Aster introduced a project management office (PMO). The PMO allow us to effectively manage projects throughout the business. We are now in a position to fully understand and report on the number and value of projects being proposed and allow for projects to be planned and implemented more efficiently with the resources available.

During 2014-15 we continued to deliver the service review statement programme which allows our customer scrutiny panel (CSP) to review the performance of a number of key business areas. This year we produced performance statements for Customer Accounts; Neighbourhoods; Gas servicing and repair; Estates and Major works. These statements were scrutinised by the CSP and positive feedback was received that these services were providing value for money.

Service review statements will be replaced by a structured business efficiency programme starting in July 2015.

Driving efficiency

Valuing the environment

During the last year we carried out a waste and resource efficiency review that aimed to determine opportunities for financial savings through more efficient waste management within our repairs and maintenance teams.

The review made ten recommendations for how Aster can reduce the cost of handling waste, improve efficiency and reduce the environmental impact of waste management. The recommendations include increasing sharing of waste storage facilities between teams, reviewing the locations of waste storage and disposal facilities and launching a new procurement for waste services. We have started work on implementing the recommendations, which includes consolidating two of our depots to one site. We will continue to implement the additional recommendations over the next year and will report the impact in due course.

We continue to maintain our ISO14001 environmental management system. The system provides value for money as it ensures we focus our resources on our most significant environmental risks. The system helps us to prevent pollution, remain legally compliant and ensures continual improvement in environmental performance. During 2014-15 the system has been particularly useful in improving the management and environmental compliance of our sewage treatment plants.

Adding value through procurement

During 2014-15 a number of procurements were undertaken ranging from tenders to assist with business improvement, through to works for Asset Management. In total arrangements put in place over the year will provide savings in excess of £2.6 million over the life of the contracts.

A number of these arrangements will provide significant benefits directly for our customers. Aster has been working hard to minimise the impact of energy prices. Over the year, new annual energy contracts have been entered into that will result in £308,000 of savings over their term. As these are service chargeable to customers, this is a direct saving for them.

Another tender covered the provision of Telecare and Telehealth monitoring services. The outcome of the procurement was to create a strategic partnership to provide a higher quality, more responsive service with the commitment to create new and advanced product and service solutions. At the same time the arrangement should realise savings of approximately £790,000 over the course of its life, thereby bringing both cost and service benefits to our customers.

More Homes project

In our 2013-14 self-assessment we made reference to our 'added value' project. This project has been developed and is now called the More Homes project.

The target set for Aster Property, Aster Communities, Aster Living and Synergy Housing is **£4 million of recurring savings** 880 NEW homes by the end of 2015-16.

Driving efficiency ▪ New ways of working

In 2013 we launched **THE WAY WE WORK** project to look at ways Aster can be fit for the future.

In 2014-15 we have focussed on getting the right frameworks and plans in place so sustainable and transformational change is possible but we have also been able to make significant savings.

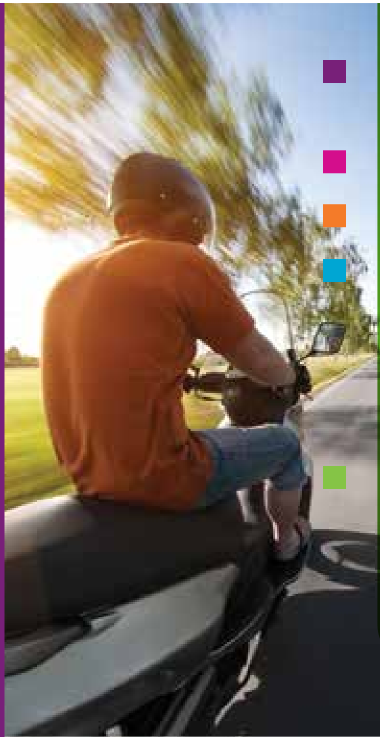
Initiative	Anticipated benefits/savings
Pool car trial live March 2014	Pool Car Trial – aims to cut carbon, improve air quality, improve staff safety and reduce business mileage costs.
Digital Governance solution - August 2014	Reduction in printing and postage - improved productivity and efficiency.
Launch of Customer Portal 'All About Me' - October 2014	Flexibility for customers, long term reduction in phone calls due to customers having more information available on line.
Office re-design - January 2015	Investment in Salisbury office enabled termination of another office lease saving £6,000 per annum.
Waste and resource efficiency review and 5 year action plan February 2015	Reduce carbon emission associated with energy consumption and reduce spend on energy bills.
Digital hot desk booking system trial live by March 2015	Supports flexible working and contributes to improved efficiency/reduction in travel.
Introduction of electronic housing benefit notification module by March 2015	Electronic HB notification - circa £43,000 a year saving in staff time.
Wellbeing programme - April 2015	Reduction in sickness absence. The introduction of flexible working contributes to reducing business mileage costs and increased productivity by reducing travel downtime.
Neighbourhoods mobile working pilot starting April 2015	Neighbourhood pilot - reduction of manual processing/rekeying of data. Expected saving of 4,500 work hours by eliminating duplication.
Group wide travel plan launch April 2015	Group Wide Travel Plan – aims to reduce mileage by 15% over the next 5 years; Reduce the volume of waste produced. Reduce spend on waste disposal. Increase the amount of materials re-used.
Phased roll out of MS Lync starting May 2015	MS Lync - provides platform for colleagues to communicate in a variety of ways contributing to reducing travel.
Business efficiency programme starting July 2015	Reviewing systems and processes to increase capacity and value for money.

Social value that we create in our communities

Neighbourhood Panel work

In 2014-15 the total spend on neighbourhood panel work was £640,260 (which includes approximately £220,000 invested by partners through match funding. This income adds significant value to the work we do in our communities).

Some of our funding outcomes:



- A youth club for young people to engage in positive activities
- Play sessions for disabled children
- Financial assistance for young carers
- Police cadets - providing people with life skills, leadership and communication skills which led to a reduction in anti-social behaviour and fear of crime
- Wheels to work scheme that provided road ready mopeds, rider equipment and mentoring.

Customer board investment

Our customer boards were allocated a budget of £630,000. The majority of this was invested in environmental improvement projects.

Financial inclusion work

We've supported job clubs in a number of areas, including "the **b-roads** project" - a youth employment project aimed at getting hard to reach young people aged 15-24 into work, education or training through initiating creative activities, courses, mentoring and work placements.

For an investment of £73,629 of which £50,000 came from external funding we had a social value return on investment of £1.256 million from hard outcomes.

Social value that we create in our communities

Scholarship scheme and apprenticeships

In 2013 Aster introduced a scholarship scheme. This scheme gives customers that live in a rented Aster property the chance to win funding worth £3,000 towards university living costs, have a paid summer work placement at Aster and will be offered a one year internship on graduation.

- We also give young people opportunities to join our apprenticeship scheme to gain skills, qualifications and rewarding career opportunities. In 2014-15 we recruited 11 apprentices across the business.

The future

A summary of what we plan to achieve in 2015-16

We launched our new five-year Group Strategy on 1st April 2015.

To support the delivery of our strategy we have an improved corporate planning process that will allow us to:

- Ensure that our employees, customers and stakeholders are able to identify who contributes to the successful achievement of our strategy
- Show how everyone works collaboratively across the businesses towards a common goal
- Set efficiency outcomes against our strategic objectives that will make sure we deliver our Group Strategy.

A major focus for us in 2015-16 is to fully embed business efficiency thinking (our new approach to VfM) by delivering a structured business efficiency programme. We want to instil in our employees the ideas and principles that business efficiency not only affects everyone, but is everyone's business.

We will focus on providing a safe, secure and healthy working environment for our staff whilst stimulating diversity, community involvement and ongoing personal development. This will be achieved by introducing 'Aster Foundation' as a vehicle to achieve our corporate social responsibility goals and targets in four specific areas: Supplier/supply chain; employees; customer experience and environment.

Our strategy and corporate plan can be found by visiting our website - www.aster.co.uk/our-strategy

Our 2015-16 corporate plan headline targets

Aster Group

- Deliver streamlined processes to enable business delivery through service review programme
- Establish Aster Foundation as a vehicle to deliver our corporate social responsibility goals and targets.

Aster Homes

- Deliver 890 affordable homes
- Make a net profit of £1.7 million
- Deliver open market sales of £15 million
- Achieve £18 million of sales income from shared ownership sales
- To ensure there is an effective link between the development strategy and the asset management strategy by working collaboratively on regeneration opportunities.

Aster Property

- Deliver £650,000 budgeted efficiencies
- Deliver 'more homes' savings of £2.4 million
- Deliver budgeted surplus of £1.5 million
- Increase net book value of housing stock by 3%
- Develop property asset social value KPIs
- Increase value of our and assets by min £500,000.

Aster Communities/Synergy Housing

- Deliver operating profit of £55.1 million
- Deliver 'more homes' efficiencies target of £1.6 million.

Independent auditors' report to the members of Aster Group Limited

Report on the financial statements

Our opinion

In our opinion, Aster Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the registered provider's affairs as at 31 March 2015 and of the Group's and the registered provider's surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2012.

What we have audited

The financial statements comprise:

- the Group and registered provider balance sheets as at 31 March 2015;
- the Group and registered provider income and expenditure accounts and statements of total recognised surpluses and deficits for the year then ended;
- the Group and registered provider statements of historical cost surpluses and deficits for the year then ended;
- the Group and registered provider cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the board has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records, system of internal control and information and explanations received

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

- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the registered provider; or
- the registered provider financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the board

As explained more fully in the Responsibilities of the Board statement set out on page 26, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the registered provider's members as a body in accordance with Section 87 (2) and Section 98(7) of the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Aster Group Limited

Responsibilities for the financial statements and the audit (continued)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the registered provider's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the board; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the board's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Heather Ancient
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth

September 2015

(a) The maintenance and integrity of the Aster Group website is the responsibility of the board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
(b Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income and Expenditure Account

For the year ended 31 March 2015

	Note	Group		Association	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Turnover	2a	**174,891**	195,130	**17,747**	17,336
Operating costs	2a	**(124,808)**	(148,859)	**(17,180)**	(16,789)
Administrative expenses	2a	**(153)**	(243)	**-**	-
Operating surplus	3	**49,930**	46,028	**567**	547
Surplus on sale of properties not developed for outright sale	7	**90**	1,009	**-**	-
Profit/(Loss) on sale of fixed assets		**6**	(241)	**-**	-
Interest receivable and other income	8	**3,644**	2,437	**-**	-
Interest payable and similar charges	9	**(25,672)**	(18,927)	**-**	-
Other finance cost		**(272)**	(841)	**(5)**	(37)
Share of joint venture's interest expense		**(600)**	(219)	**-**	-
Surplus on ordinary activities before taxation		**27,126**	29,246	**562**	510
Gift Aid receivable		**-**	-	**2,550**	1,384
Tax on surplus on ordinary activities	10	**(15)**	(78)	**-**	-
Surplus for the year	28	**27,111**	29,168	**3,112**	1,894

All amounts relate to continuing activities.
The notes on pages 55 to 107 form an integral part of these financial statements.
Company number: 29573R

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2015

	Note	Group 2015 £'000	Group 2014 £'000	Association 2015 £'000	Association 2014 £'000
Surplus on ordinary activities for the year after taxation		**27,111**	29,168	**3,112**	1,894
Actuarial loss on pension schemes	26	**(7,454)**	(333)	**(443)**	(251)
Movement in FRS 17 deferred tax provision	28	**(62)**	(69)	**-**	-
Unrealised surplus on revaluation of properties	28	**44,258**	84,694	**-**	-
Total surpluses recognised since the last annual report		**63,853**	113,460	**2,669**	1,643

Statement of Historical Cost Surpluses and Deficits

For the year ended 31 March 2015

	Note	Group 2015 £'000	Group 2014 £'000	Association 2015 £'000	Association 2014 £'000
Surplus on ordinary activities after taxation		**27,111**	29,168	**3,112**	1,894
Realisation of property revaluations on disposal	28	**1,294**	1,262	**-**	-
Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	28	**83**	4,425	**-**	-
Historical cost surplus for the year		**28,488**	34,855	**3,112**	1,894

The notes on pages 55 to 107 form an integral part of these financial statements.

Balance Sheets as at 31 March 2015

	Note	Group 2015 £'000	Group 2014 £'000	Association 2015 £'000	Association 2014 £'000
Fixed assets					
Housing properties at valuation/cost	11	**1,289,260**	1,178,572	**-**	-
Less: social housing grant	11	**(6,324)**	(4,322)	**-**	-
Net book value of housing properties	11	**1,282,936**	1,174,250	**-**	-
HomeBuy loan	12	**5,084**	6,156	**-**	-
HomeBuy grant	12	**(5,084)**	(6,067)	**-**	-
Other fixed assets	14	**23,389**	22,826	**1,930**	1,035
Investment in subsidiary		**-**	-	**50**	50
Investment in joint venture					
Share of gross assets	36	**27,463**	19,728	**-**	-
Share of gross liabilities		**(28,282)**	(19,947)	**-**	-
Total fixed assets		**1,305,506**	1,196,946	**1,980**	1,085
Current assets					
Stock	15	**1,799**	1,591	**-**	-
Debtors: amounts falling due after one year	16	**63,801**	53,172	**-**	-
Debtors: amounts falling due within one year	16	**22,645**	18,390	**4,812**	5,243
Properties held for resale	17	**-**	1,554	**-**	-
Shared ownership properties developed for sale	18	**7,400**	5,801	**-**	-
Cash at bank and in hand	19	**82,788**	82,740	**3,162**	1,457
		178,433	163,248	**7,974**	6,700
Creditors: amounts falling due within one year	20	**(30,679)**	(28,566)	**(3,109)**	(3,603)
Provisions for liabilities and charges	21	**(291)**	(510)	**(154)**	(510)
Net current assets		**147,463**	134,172	**4,711**	2,587
Total assets less current liabilities		**1,452,969**	1,331,118	**6,691**	3,672

	Note	Group 2015 £'000	Group 2014 £'000	Association 2015 £'000	Association 2014 £'000
Creditors: amounts falling due after more than one year	22	**740,777**	690,159	**-**	-
Pension liability	26	**37,652**	30,272	**1,842**	1,492
Capital and reserves					
Called up share capital	27	**-**	-	**-**	-
Revaluation reserves	28	**595,027**	552,146	**-**	-
Designated reserves	28	**493**	664	**-**	-
Restricted reserves	28	**208**	208	**-**	-
Revenue reserve	28	**113,846**	85,187	**6,749**	3,637
Pension reserve	28	**(35,034)**	(27,518)	**(1,900)**	(1,457)
		1,452,969	1,331,118	**6,691**	3,672

The notes on pages 55 to 107 form an integral part of these financial statements. The financial statements on pages 51 to 107 were approved by the board and were signed on its behalf by:

Chairman: **Mel Cook**
Group Resources Director: **John Brace**
Company Secretary: **Douglas Smith**
Company number: 29573R

Group Cash Flow Statement

For the year ended 31 March 2015	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Net cash inflow from operating activities	29		**50,399**		55,919
Returns on investments and servicing of finance					
Interest received		**3,644**		514	
Interest paid		**(26,272)**		(15,542)	
Net cash outflow from returns on investment and servicing of finance			**(22,628)**		(15,028)
			27,771		40,891
Taxation			**49**		(25)
Capital expenditure and financial investment					
Acquisition and construction of housing properties		**(90,769)**		(77,181)	
Replacement of major components		**(10,137)**		(15,485)	
Social Housing Grant received		**6,011**		9,754	
Proceeds from sale of housing properties		**19,745**		19,647	
Cost of sale of housing properties		-		(928)	
Purchase of other fixed assets		**(3,429)**		(3,341)	
Proceeds from sale of other fixed assets		**33**		37	-
Loan arrangement fee		**(182)**		(1,781)	
Net cash outflow from capital expenditure and financial investment			**(78,728)**		(69,278)
Net cash outflow before management of liquid resources and financing			**(50,908)**		(28,412)
Financing					
Bond drawdown			**50,956**		196,892
Loan repayments			**-**		(108,271)
Increase in net cash			**48**		60,209

The notes on pages 55 to 107 form an integral part of these financial statements.
The accounts reflect that under the SORP there is no requirement for a social landlord which is part of a group to prepare an individual cash flow statement where a consolidated cash flow is prepared.

Notes to the Financial Statements

1. Principal Accounting Policies

1.1. Basis of accounting

The Association is a Charitable Community Benefit Society and is registered with the Homes and Communities Agency (HCA) as a Registered Provider as defined by the Housing Act 2004. The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The financial statements comply with Schedule 1 of the Housing Act 2004, the Accounting Direction for Social Housing in England from April 2012 and the Statement of Recommended Practice ('SORP 2010') published by the National Housing Federation ('NHF') in 2010. The financial statements are prepared on the going concern basis, under the historical cost convention, except as modified by the revaluation of housing properties. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2. Group consolidation

The Group's financial statements incorporate the financial statements of the holding company, Aster Group Limited, and its subsidiaries.

Intra-group transactions have been eliminated on consolidation.

1.3. Joint ventures

Joint ventures are contractual arrangements where two or more parties enter into an economic activity that they jointly control. The Group has two types of joint venture:

- Jointly controlled entities – these are separate organisations in which each venturer has an interest. They are accounted for using the equity method;
- Jointly controlled operations – venturers use their own resources rather than establishing a separate organisation. How revenues from the activity are apportioned is laid out in the joint venture agreement. For these operations Aster recognises:
    a. The assets it controls and the liabilities it incurs; and
    b. The expenses it incurs and its share of the income from the operation.

1.4. Turnover

Turnover represents rental and service charge income receivable, fees and revenue grants from local authorities and the Homes and Communities Agency ('HCA'), first tranche sales of shared ownership housing properties developed for sale and other income. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the legal completion of sale. Properties not let from the point of completion are subject to the calculation of void costs, which reduces the value of income. Other income is recognised when, as a result of performing a service or otherwise meeting the requirements of any arrangement with a third party, the income falls due.

1.5. Fixed assets and depreciation

Tangible fixed assets, except completed housing properties, are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs incurred in bringing the asset into use. Subsequent expenditure is capitalised where it increases the value of the asset or extends its life. Completed housing properties are stated at valuation. Depreciation is charged on a straight line basis over the expected remaining economic useful lives of the assets as follows:

Freehold offices	50 years
Motor vehicles	4 – 5 years
Office, estate equipment and furniture	3 – 15 years
Computer equipment and software	3 years

Freehold premises (non-housing properties) depreciation is provided to write off the cost less estimated residual value over the useful economic life of the property and any additions and improvements are depreciated over the remaining life of the premises. A full year's charge is made in the year the asset is brought into use.

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 useful economic lives of all tangible fixed assets are reviewed annually.

1. Principal Accounting Policies (continued)

1.6. Social housing properties and depreciation

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction with cost apportioned by key components.

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

Housing properties are split between the structure and those major components which require periodic replacement. Capitalised major components are depreciated over the following useful economic lives (UEL):

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

As at the year end the total carrying value of social housing units including components are restated at Existing Use Value – Social Housing (EUV-SH) valuation. Impairment reviews are carried out on an annual basis on assets whose useful economic lives are expected to exceed 50 years, in accordance with Financial Reporting Standard 11 (Impairment of Fixed Assets and Goodwill).

The Group depreciates housing properties held on long leases 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.

Shared ownership properties are split proportionately between fixed 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 a fixed asset. 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. Social Housing Grant receivable for second or subsequent tranches is recorded against the cost of the fixed asset.

Depreciation on freehold properties and long leasehold housing properties is provided to write off the valuation less the estimated residual value of housing properties by equal instalments over their remaining estimated useful economic life (UEL). Any additions and improvements are depreciated over the remaining life of the premises. A full year's charge is made in the year the asset is brought into use at the following rates:

Structure	UEL
Pre-fabricated reinforced concrete construction	30 years
Bedsits	30 years
All other social housing properties	100 years
Freehold land is not depreciated	

Certain pre-fabricated reinforced concrete (PRC) construction properties and bedsits have a reduction in life to 10 years and 30 years respectively, where it is considered that their economic life will be less than this standard policy.

1.7. Works to existing housing properties

The Group capitalises replacements of major components of the social housing properties and depreciates these additions over their expected useful lives.

1. Principal Accounting Policies (continued)

1.8. Properties held for resale

Housing properties, identified as available for disposal, are held on the balance sheet under current assets. These properties are held at the lower of historical cost less depreciation, or net realisable value. Cost comprises materials, direct labour, direct development overheads and attributable interest. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

1.9. Donated land

Land donated by local authorities or others is added to cost at the market value of the land at the time of the donation.

1.10. Valuation

Completed housing properties are valued on the basis of Existing Use Value – Social Housing ('EUV-SH'). Valuations are carried out in accordance with the RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended). The Group has restated the value of its housing properties on the basis of independent professional valuations. Where housing properties are revalued and the valuation exceeds the carrying value (net of capital grants and any depreciation) the difference is transferred to the revaluation reserve and reported in the Statement of Total Recognised Surpluses and Deficits. Transfers from the revaluation reserve to the revenue reserve are made to reflect realised gains on the disposal of properties and the depreciation in excess of the depreciation that would have been provided based upon the historical cost of the properties. Where housing properties are revalued and the valuation is less than the carrying value then the impairment is recognised in the Income and Expenditure Account.

1.11. Social housing and other grants

Social housing grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital cost of housing properties, including land costs. Where developments are financed wholly or partly by social housing or other grants, on completion the cost and related grants are replaced by the relevant valuations.

Where grants are paid in advance, they are included in creditors until the related capital expenditure is incurred. Where the net SHG received is in excess of costs incurred it is included in current liabilities, taking into account all properties under construction.

SHG received for items of cost written off in the Income and Expenditure Account is matched against those costs but recognised as part of turnover.

SHG can be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the HCA. However, SHG may have to be repaid if certain conditions are not met and so is credited to a fund which appears as a creditor until fully utilised.

In certain circumstances, SHG may be repayable and, in that event, is a subordinated unsecured repayable debt disclosed under 'Creditors: amounts falling due within one year'.

1.12. Impairment

Housing properties are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating surplus unless it represents a reversal of a past revaluation surplus, in which case it is taken to the Statement of Total Recognised Surpluses and Deficits. Planned subsidies on the development of new homes are not treated as impairments in accordance with the technical guidance that accompanies the Statement of Recommended Practice.

1.13. Capitalisation of interest costs

Interest costs relating to the construction and acquisition of fixed assets are capitalised to the extent that they are incremental to the process and directly attributable to bringing the assets into their intended use.

1. Principal Accounting Policies (continued)

1.14. Development and administration costs

Indirect development administration costs are charged to the income and expenditure account. Direct development administration costs are capitalised to schemes under construction where the outcome of the scheme is certain and in accordance with the SORP. Where the scheme is uncertain or aborted, the direct development administration costs are charged to the income and expenditure account.

1.15. Share ownership

The cost of developing 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 fixed assets for the remaining part of the property which is expected to be retained.

First tranche sales on shared ownership properties are taken to turnover, with an appropriate proportion of development build costs (excluding any Social Housing Grant (SHG) funding) being expensed through cost of sales.

Subsequent tranches sold ('staircasing') are reflected in the surplus or deficit on sale of fixed assets. Such staircasing sales may result in SHG being deferred or abated and this is credited in the sales account in arriving at the surplus or deficit. Cost includes the acquisition of land and buildings, the cost of developing properties, plus expenditure incurred in respect of improvements.

1.16. Right to Buy

The surplus or deficit 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 Income and Expenditure Account at the date of transfer after adjusting for any local authority claw back agreement in operation.

1.17. Right to Acquire

The surplus or deficit 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 loss on disposal is recognised in the Income and Expenditure Account at the date of transfer, any gain on disposal is credited to the disposals proceeds fund.

1.18. HomeBuy

The Group operates the HomeBuy Scheme lending a proportion of the cost of a house purchase to tenants who wish to own their own home. This loan is secured on the title and on the sale of the property the same proportion of the sale proceeds will be payable to the Group. The loans are financed by Social Housing Grant ('SHG') from the Homes & Communities Agency ('HCA'). On repayment the SHG is recycled and the Group keeps any surplus. In the event of a loss, the SHG is written off and expensed through cost of sales. The loan to the purchaser is treated as a fixed asset investment made by the Group and the grant from the HCA is recognised separately as a loan to the Group. The investment is carried on the balance sheet at historical cost.

1.19. Property managed by agents

Where the Group carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Income and Expenditure Account.

Where the agency carries the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates solely to the Group.

1.20. Investments in third parties

Investments in other companies not part of the Group are held at cost.

Notes to the Financial Statements

1. Principal Accounting Policies (continued)

1.21. Leased assets

Where assets are financed by leasing agreements that give rise to rights and obligations approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Income and Expenditure Account using the annuity method.

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the period of the lease.

Assets leased to other organisations in such a way as to transfer substantially all the risks and rewards of ownership of the asset to the lessee are accounted for as finance leases. The amount due from the lessee is recorded in the Balance Sheet as a debtor at the amount of the net investment of the lease, which is calculated as the minimum lease payments plus any unguaranteed residual value, discounted at the interest rate implicit in the lease. Finance lease income, including associated interest, is allocated to accounting periods to give a constant periodic rate of return to the net cash investment in the lease for each period. Unguaranteed residual values are subject to regular review to identify potential impairment.

If there has been a reduction in the estimated unguaranteed residual value, the income allocation is revised and any reduction in respect of amounts accrued is recognised in the Income and Expenditure Account immediately.

1.22. Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Stocks are valued using a first-in-first-out methodology.

1.23. Private Finance Initiative (PFI)

Costs incurred on the Private Finance Initiative scheme 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.

1.24. Service charge sinking funds

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

1.25. Pension Costs

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 17 – 'Retirement Benefits' as amended. The Group participates in eight pension schemes. There are four Local Government Pension Schemes (LGPS) which are the Dorset County Council Pension Fund, the Hampshire County Council Pension scheme, the Somerset County Council Pension scheme and the Wiltshire Council Pension scheme. There are three separate schemes with the Social Housing Pension Scheme ('SHPS'), and one defined contribution ('stakeholder') scheme with Friends Provident. The accounting treatment for each scheme is described below.

The Local Government Pension Schemes (LGPS) are accounted for as defined benefit schemes. The assets for these schemes are held separately from those of the Group in independently administered funds. Pension scheme assets are measured using market value. 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.

1. Principal Accounting Policies (continued)

1.25. Pension Costs 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 period 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 costs. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet net of the related deferred tax. Actuarial gains and losses which arise from the difference between actual and expected performance of the scheme are taken to the pension reserve.

All LGPS schemes are closed to new starters.

There are three separate SHPS schemes. The SHPS defined benefit scheme based on final salary was closed to new starters with effect from October 2010. Employees now have a choice of joining the SHPS defined benefit scheme based on a career average of earnings, or a SHPS defined contributions ('stakeholder') scheme.

SHPS are unable to provide sufficient information to calculate the Group's share of assets and liabilities on the defined benefits schemes and so all SHPS schemes are accounted in the same way as a defined contribution scheme, with contributions being expensed as they fall due.

Since October 2010 new employees have been offered entrance to the SHPS defined benefits career average scheme or the SHPS defined contribution scheme. All payments for both schemes are charged as an expense as they fall due.

1.26. Designated reserve

The Group designates those reserves which have been set aside for future service enhancements and which prevent them, in the judgement of the board, from being regarded as part of the free reserves of the Group.

All income and expenditure relating to movements in the designated reserves is included in the Group's Income and Expenditure Account before identifying the result for the year. Use of the designated reserves is shown by making a transfer from the reserves to the accumulated surplus/(deficit) of the relevant expenditure in the year.

1.27. Restricted reserve

The Group has reserves which arise from the sale of some properties where the Transfer Agreement with the local council required the Association to retain a portion of the sale proceeds. The reserve can be used only to fund investment in properties in the Mendip area, in agreement with Mendip District Council

1.28. Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered irrecoverable.

1.29. Provisions

Provisions are recognised where the Group has an obligation as a result of a past event at the balance sheet date to incur future expenditure. The amount of provision is re-assessed each year in the light of estimated future income and costs as appropriate.

1.30. Margin Call Account

A margin call account represents the difference between the market value of Aster Communities interest rate swaps with Credit Suisse and the unsecured threshold of £3 million. The balance of cash security is held by Credit Suisse.

1.31. Accrued income

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

1.32. Deferred income

Where money has been received for goods or services not yet delivered, the amount is recorded as a liability on the balance sheet (entitled deferred income) and the revenue is recognised once the delivery has been made.

1. Principal Accounting Policies (continued)

1.33. Management expenses

Direct employee, administration and operating costs have been apportioned to the relevant section of the income and expenditure account on the basis of the costs of the staff and to the extent that they are engaged in each of the operations dealt with in the financial statements.

1.34. Interest payable

Interest on borrowings to finance property developments is charged to the cost of developments, to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or

b) interest on borrowings of the Group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable on loans is expensed to the Income and Expenditure Account in the year unless the loan is measured at amortised cost using the effective interest method. In this case the calculated effective interest for the year is expensed to the income and expenditure account in the year.

1.35. Loan finance issue costs

These were written off evenly over the expected minimum life of the related loan. Loans are stated in the balance sheet at the gross amount of the loan, less the un-amortised portion of the related issue costs.

1.36. Derivatives

The Group may use caps, collars and swaps to vary the risk profile of particular loans. The cost of these derivatives is expensed over the life of the derivative contract or the hedged loan, if shorter. Interest differentials on derivatives are recognised by adjusting net interest payable in the period to which they relate.

1.37. Taxation

The Association and some of the subsidiaries have adopted charitable rules and benefit from various exemptions from taxation afforded by the tax legislation and are therefore not liable to corporation tax on income or gains falling within those exemptions. The taxable subsidiaries are able to Gift Aid some or all of their taxable profits to the parent company.

1.38. Deferred taxation

Deferred taxation is provided using the full provision basis, in accordance with FRS 19 – 'Deferred Tax'. It is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

1.39. Value Added Tax (VAT)

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

2. Turnover, operating costs and surplus: Group

2a

	Note	2015 Turnover £'000	2015 Operating Costs £'000	2015 Operating Surplus/(Deficit) £'000	2014 Turnover £'000	2014 Operating Costs £'000	2014 Operating Surplus/(Deficit) £'000
Income and expenditure from lettings							
Housing accommodation	2b	**138,531**	**(90,517)**	**48,014**	129,636	(88,809)	40,827
Other income and expenditure							
Social Housing							
Housing services provided to third parties		**3,202**	**(2,608)**	**594**	3,115	(1,945)	1,170
Supporting People contract		**1,897**	**(1,917)**	**(20)**	2,153	(2,060)	93
Properties managed by agents		**274**	**(30)**	**244**	639	(77)	562
Community involvement and transform		**195**	**(2,381)**	**(2,186)**	152	(1,860)	(1,708)
Domiciliary care		**3,836**	**(3,818)**	**18**	5,353	(5,600)	(247)
Helpline/Telecare		**1,521**	**(1,166)**	**355**	1,694	(1,539)	155
Home improvements		**3,002**	**(3,327)**	**(325)**	3,102	(3,225)	(123)
First tranche shared ownership		**15,119**	**(14,276)**	**843**	7,563	(4,873)	2,690
Development costs not capitalised		**-**	**(76)**	**(76)**	-	(193)	(193)
Other		**318**	**(989)**	**(671)**	910	(772)	138
		29,364	**(30,588)**	**(1,224)**	24,681	(22,144)	2,537
Non Social Housing							
Finance Debtor		**-**	**-**	**-**	35,422	(35,422)	-
Garage lettings		**2,454**	**(757)**	**1,697**	2,356	(295)	2,061
Sewerage services		**373**	**(388)**	**(15)**	302	(356)	(54)
Other		**4,169**	**(2,558)**	**1,611**	2,733	(1,833)	900
		6,996	**(3,703)**	**3,293**	40,813	(37,906)	2,907
Total		**174,891**	**(124,808)**	**50,083**	195,130	(148,859)	46,271
Administrative expenses				**(153)**			(243)
Operating surplus				**49,930**			46,028

A detailed analysis of the income and expenditure from lettings is given in note 2b.

Notes to the Financial Statements

2. Income and expenditure from lettings: Group

2b

	General Needs Housing £'000	Supported Housing £'000	Shared Ownership £'000	Other £'000	Total £'000
	2015				
Income					
Rents	109,446	17,044	3,103	1,909	131,502
Service charges	2,435	3,831	752	11	7,029
Total net rents from lettings	111,881	20,875	3,855	1,920	138,531
Expenditure					
Management	23,992	183	99	1,098	25,372
Services	4,374	3,535	107	10	8,026
Routine maintenance	10,812	1,931	7	215	12,965
Planned maintenance	7,538	1,188	-	67	8,793
Major improvements and repairs	13,611	202	7	-	13,820
Bad debts	738	148	5	107	998
Property lease charges	-	-	-	83	83
Depreciation of housing properties	18,795	916	530	28	20,269
Impairment of housing properties	-	49	-	-	49
Other costs	142	-	-	-	142
Operating costs on housing lettings	80,002	8,152	755	1,608	90,517
Operating surplus on letting activities	31,879	12,723	3,100	312	48,014
Rental income is stated net of void losses as set out below:					
Void losses from rents	588	368	4	123	1083

A detailed analysis of the income and expenditure from lettings is given in note 2b.

2. Income and expenditure from lettings: Group

2b

	2014				
	General Needs Housing £'000	Supported Housing £'000	Shared Ownership £'000	Other £'000	Total £'000
Income					
Rents	103,086	16,446	2,560	1,264	123,356
Service charges	2,150	3,562	546	5	6,263
Other revenue grants	17	-	-	-	17
Total net rents from lettings	105,253	20,008	3,106	1,269	129,636
Expenditure					
Management	21,325	2,008	292	972	24,597
Services	5,081	2,458	197	76	7,812
Routine maintenance	11,823	1,807	23	84	13,737
Planned maintenance	6,605	1,209	-	-	7,814
Major improvements and repairs	12,458	678	11	6	13,153
Bad debts	1,048	40	2	21	1,111
Property lease charges	-	-	-	110	110
Depreciation of housing properties	18,482	1,426	437	9	20,354
Impairment of housing properties	53	-	-	-	53
Other costs	-	2	-	66	68
Operating costs on housing lettings	76,875	9,628	962	1,344	88,809
Operating surplus on letting activities	28,378	10,380	2,144	(75)	40,827

Rental income is stated net of void losses as set out below:

Void losses from rents	562	456	19	113	1,150

3. Operating surplus

	Group 2015 £'000	Group Restated 2014 £'000	Association 2015 £'000	Association 2014 £'000
Operating surplus is stated after charging/(crediting):				
Auditors' remuneration (including irrecoverable VAT):				
In their capacity as auditors:				
Financial statements audit	**197**	68	**7**	7
Non audit services	**-**	2	**-**	-
In respect of other services:				
Preparation of Corporation Tax returns	**12**	5	**-**	-
Other business advice	**7**	8	**-**	-
Depreciation:				
Housing properties	**20,269**	20,038	**-**	-
Other assets	**2,839**	3,192	**689**	549
Profit on disposal of properties	**(90)**	(1,009)	**-**	-
(Profit) on shared ownership properties	**(843)**	(2,690)	**-**	-
(Profit)/Loss on the disposal of other fixed assets	**(6)**	241	**-**	-
Impairment of housing properties	**(62)**	53	**-**	-
Operating lease payments:				
Land and buildings	**984**	1,438	**-**	-
Other assets	**144**	141	**-**	-

Operating lease payments for land and buildings are restated to include private sector leasing property costs not previously in this note.

4. Directors' emoluments

Members of the executive board and executive management team – Group and Association

	Group		Association	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
The aggregate emoluments paid to or receivable by directors (including employment costs)	**1,054**	1,092	**390**	460
The emoluments paid to the highest paid director of the Group excluding pension contributions	**220**	213	**220**	213

The Group Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhanced or special terms apply and there are no additional pension arrangements in place. Pension contributions of £18,833 (2014: £18,464) were made by the Association during the year on behalf of the Group Chief Executive. In addition to the Group Chief Executive there are 5 (2014: 5) other directors and members of the Group's management team who are accruing benefits under defined benefit schemes.

As at 31 March 2015 the Group Executive Management Team's remuneration, comprising base salary, car allowance and any acting up allowance, was as follows:

Name	**Position**	**Remuneration**	
		2015 £	**2014 £**
Bjorn Howard	Group Chief Executive	**219,644**	213,471
John Brace	Group Resources Director and Deputy Group Chief Executive	**169,668**	166,734
Joanne Savage	Group Services Director	**77,672**	139,086
Michael Reece	Group Operations and Asset Director	**147,391**	138,271
Amanda Williams	Group Development Director	**129,234**	127,392
Brian Whittaker	Group Human Resources Director	**119,840**	117,596
Susan Holmes	Group Care and Support Director	**92,318**	104,631
Rachel Credidio	Group Strategic Change Director	**98,049**	84,433
Total		**1,053,816**	1,091,614

Notes to the Financial Statements

4. Non-executive directors

	2015			2014		
	Aster Group Board	Other Group Boards and Committees	Total	Aster Group Board	Other Group Boards and Committees	Total
	£	£	£	£	£	£
Christopher Bain	-	4,359	4,359	-	2,588	2,588
Mike Biles	3,806	-	3,806	-	-	-
Anthony Brooks	-	4,359	4,359	-	4,080	4,080
Debbie Cattell	-	4,359	4,359	-	4,080	4,080
Alan Clevett	-	1,750	1,750	1,040	4,122	5,162
Richard Clewer	-	495	495	-	-	-
Melvyn Cook	6,585	19,205	25,790	20,400	-	20,400
Susan Coulson	-	-	-	-	2,380	2,380
Robert Cowan	-	-	-	4,542	1,123	5,665
Robert Cribb	-	-	-	4,590	-	4,590
Peter Cruttenden	4,026	-	4,026	9,180	-	9,180
Malcolm Curtis	2,664	5,328	7,992	-	7,055	7,055
Susan Dear	4,190	2,095	6,285	3,060	3,060	6,120
Peter Denning	-	4,018	4,018	4,590	4,590	9,180
Mary Douglas	-	2,081	2,081	-	4,080	4,080
Warren Finney	-	1,750	1,750	-	4,080	4,080
Spencer Flower	-	-	-	2,495	2,494	4,989
Anne Goymer	-	-	-	-	4,615	4,615
Sally Higham	2,735	7,984	10,719	8,160	-	8,160
Andrew Jackson	1,416	8,092	9,508	-	4,080	4,080
Brian Jamieson	3,444	718	4,162	-	4,080	4,080
Ken Johnson	-	1,756	1,756	-	4,080	4,080
Mark Jones	-	1,750	1,750	-	4,080	4,080
David Kemp	-	1,387	1,387	2,040	2,040	4,080
Peter Kingsbury	4,672	4,672	9,344	4,206	4,206	8,412
Joe Logan	-	1,750	1,750	-	4,080	4,080
Erfana Mahmood (Kahn)	-	1,804	1,804	-	4,080	4,080
Colin Martin	-	-	-	2,040	-	2,040
John McGibbon	-	5,041	5,041	5,610	5,610	11,220
Christopher McGowan	-	2,625	2,625	2,550	2,550	5,100
Arthur Merchant	2,393	8,974	11,367	3,934	3,934	7,868
Susan Noone	-	1,750	1,750	-	3,935	3,935
Phillip Owens	2,406	13,749	16,155	5,934	5,934	11,868
Geoff Petherick	-	1,750	1,750	-	4,080	4,080
Rita Sammons	-	1,908	1,908	-	4,080	4,080
Sandy Scott	-	-	-	-	4,080	4,080
Mark Skellon	-	4,359	4,359	-	2,156	2,156
Stephanie Taylor	-	-	-	-	1,915	1,915
Steve Trusler	1,735	9,914	11,649	-	9,180	9,180
Anthony Ward	-	2,434	2,434	-	4,080	4,080
Mary Watkins	2,992	9,976	12,968	5,100	5,100	10,200
Nigel Woollcombe-Adams	-	5,059	5,059	-	4,080	4,080
Rob Yates	-	-	-	3,060	-	3,060
	43,064	147,251	190,315	92,531	139,787	232,318

Expenses for all boards of £19,527 (2014: £30,865) were reimbursed during the year.

5. Employee information

	Group		Association	
	2015 No.	Restated 2014 No.	2015 No.	Restated 2014 No.
The average number of persons employed during the year (full time equivalents) based on a 37 hours per week was:	**1,246**	1,314	**160**	144
FTE by salary bands:				
£60,000 to £69,999	**14**	10	**6**	3
£70,000 to £79,999	**9**	7	**7**	4
£80,000 to £89,999	**10**	12	**3**	5
£90,000 to £99,999	**6**	-	**4**	-
£100,000 to £109,999	**3**	3	**1**	1
£110,000 to £119,999	**1**	1	**1**	1
£120,000 to £129,999	**1**	1	**-**	1
£130,000 to £139,999	**-**	2	**1**	-
£140,000 to £149,999	**1**	-	**-**	-
£150,000 to £159,999	**-**	-	**-**	-
£160,000 to £169,999	**1**	1	**1**	1
£170,000 to £179,999	**-**	-	**-**	-
£180,000 to £189,999	**-**	-	**-**	-
£190,000 to £199,999	**-**	-	**-**	-
£200,000 to £209,999	**-**	-	**-**	-
£210,000 to £219,999	**1**	1	**1**	1

Staff costs:	2015 £'000	Restated 2014 £'000	2015 £'000	Restated 2014 £'000
Wages and salaries	**37,088**	38,697	**6,449**	5,852
Social security costs	**3,312**	3,407	**674**	581
Other pension costs	**2,476**	1,901	**420**	372
	42,876	44,005	**7,543**	6,805

Prior year numbers have been restated due to more robust calculation methodology to bring in line across the Group.

7. Surplus on sale of properties not developed for outright sale

	2015			2014		
	Proceeds £'000	Cost of Sales £'000	Surplus/ (Deficit) £'000	Proceeds £'000	Cost of Sales £'000	Surplus/ (Deficit) £'000
Right to buy	**2,103**	**(2,575)**	**(472)**	4,732	(5,006)	(274)
Right to acquire	**100**	**(100)**	**-**	808	(779)	29
Shared ownership staircasing	**2,422**	**(1,825)**	**597**	2,202	(1,485)	717
Market Renting	**-**	**-**	**-**	282	(250)	32
Sales of void dwellings	**-**	**-**	**-**	1,274	(654)	620
Others	**-**	**(35)**	**(35)**	123	(238)	(115)
Total	**4,625**	**(4,535)**	**90**	9,421	(8,412)	1,009

8. Interest receivable and other income

	Group	
	2015 £'000	2014 £'000
Bank interest receivable	**272**	170
Finance debtor interest receivable	**2,705**	1,911
Interest receivable on lease contracts	**7**	189
Other interest receivable	**660**	167
	3,644	2,437

9. Interest payable and similar charges

	Group	
	2015 £'000	2014 £'000
On bank and other loans	**28,814**	20,352
Less: capitalised interest	**(3,174)**	(1,492)
	25,640	18,860
Other interest payable	**23**	7
Amortisation of arrangement fees	**9**	38
Amortisation of issue costs	**-**	22
	25,672	18,927

The Group capitalises interest on its property development costs.

10. Tax on surplus on ordinary activities

	Group		Association	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
(a) Analysis of the charge in the year				
The tax charge on the surplus on ordinary activities was as follows:				
Current tax				
UK Corporation Tax charge for the year	**86**	26	-	-
Total current tax	**86**	26	-	-
Deferred tax				
Origination and reversal of timing differences	**(71)**	16	-	-
Adjustment for prior year	**-**	36	-	-
Total deferred tax	**(71)**	52	-	-
Tax on surplus on ordinary activities	**15**	78	-	-

10. Tax on surplus on ordinary activities (continued)

The tax assessed for the year differs (2014:differs) from the standard rate of corporation tax in the UK as explained below.

(b) Factors affecting tax charge for the year

	Group		Association	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Surplus on ordinary activities before taxation	**27,126**	29,246	**3,112**	1,894
Surplus on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 21% (2014: 23%)	**5,698**	6,727	**654**	436
Effects of:				
Surplus from charitable activities	**(5,605)**	(6,634)	**-**	-
Expenses not deductible	**4**	7	**-**	-
Utilisation of losses	**(34)**	(94)	**-**	-
Tax at marginal rates	**-**	(1)	**-**	-
Items not allowable for tax purposes	**-**	-	**(654)**	(436)
Capital allowances less than depreciation	**19**	(16)	**-**	-
Items charged to STRSD	**(6)**	79	**-**	-
Other timing differences	**10**	(42)	**-**	-
	86	26	**-**	-

(c) Factors that may affect future tax charges

No provision has been made for deferred tax gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. At present, it is not envisaged that any such tax will become payable in the foreseeable future.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, with regard to timing differences on fixed assets and other short term timing differences, and therefore the asset has been recognised in these financial statements.

11. Housing Properties at valuation/cost – Group

	2015						
	Housing Properties Under Construction £'000	Completed Housing Properties at Valuation Restated £'000	Shared Ownership Under Construction £'000	Shared Ownership Completed £'000	Total Social Housing Properties £'000	Market Rented Properties Restated £'000	Total Housing Properties £'000
Cost or Valuation							
At 1 April 2014	35,914	1,076,124	8,647	56,573	**1,177,258**	1,335	**1,178,593**
Additions	48,799	9,596	32,099	-	**90,494**	-	**90,494**
Components	-	11,952	-	-	**11,952**	-	**11,952**
Disposal of Components	-	(1,815)	-	-	**(1,815)**	-	**(1,815)**
Impairment	-	(111)	-	-	**(111)**	-	**(111)**
Completions	(51,201)	51,201	(8,195)	8,195	**-**	-	**-**
Transfer to/from current assets	-	-	(11,928)	5,342	**(6,586)**	-	**(6,586)**
Disposals	-	(2,817)	-	(1,827)	**(4,644)**	-	**(4,644)**
Revaluation	-	17,924	-	3,483	**21,407**	-	**21,407**
At 31 March 2015	**33,512**	**1,162,054**	**20,623**	**71,766**	**1,287,955**	**1,335**	**1,289,290**
Social Housing Grant							
At 1 April 2014	3,642	-	680	-	**4,322**	-	**4,322**
Received during year	4,796	-	1,866	-	**6,662**	-	**6,662**
Completions	(3,044)	3,044	(1,616)	1,616	**-**	-	**-**
Revaluation	-	(3,044)	-	(1,616)	**(4,660)**	-	**(4,660)**
At 31 March 2015	**5,394**	**-**	**930**	**-**	**6,324**	**-**	**6,324**
Accumulated Depreciation							
At 1 April 2014	-	-	-	-	**-**	21	**21**
Charge for year	-	19,818	-	442	**20,260**	9	**20,269**
Impairment	-	(62)	-	-	**(62)**	-	**(62)**
Disposal of Components	-	(1,620)	-	-	**(1,620)**	-	**(1,620)**
Disposals	-	(107)	-	(2)	**(109)**	-	**(109)**
Revaluation	-	(18,029)	-	(440)	**(18,469)**	-	**(18,469)**
At 31 March 2015	**-**	**-**	**-**	**-**	**-**	**30**	**30**
Net book value at 31 March 2015	**28,118**	**1,162,054**	**19,693**	**71,766**	**1,281,631**	**1,305**	**1,282,936**
Net book value at 31 March 2014	32,272	1,076,124	7,967	56,573	**1,172,936**	1,314	**1,174,250**

Prior year net book values have been adjusted between market rented and completed social housing categories, in line with the published accounts of the individual companies.

11. Housing Properties at valuation/cost – Group (continued)

	2015					
	Housing Properties Under Construction £'000	Completed Housing Properties at Valuation £'000	Shared Ownership Under Construction £'000	Shared Ownership Completed £'000	Total Social Housing Properties £'000	Total Housing Properties £'000
Comparable Historic Cost						
Historic Cost	31,717	785,737	16,094	40,361	873,909	873,909
Accumulated Depreciation	-	(159,885)	-	(1,776)	(161,661)	(161,661)
Net book value at 31 March 2015	**31,717**	**625,852**	**16,094**	**38,585**	**712,248**	**712,248**

	2015 £'000	Restated 2014 £'000
Net book value of property assets by tenure:		
Long leasehold	**1,726**	1,870
Freehold	**1,281,210**	1,172,380
Net book value at 31 March 2014	**1,282,936**	1,174,250

After review of the classification of long leasehold properties a number have found to be freehold therefore they have been reclassified. The comparative figures have been restated.

Completed housing properties were valued as at 31 March 2015 by Mazars Property Consultancy Limited, Chartered Surveyors (for Aster Communities) and Savills (L&P) Limited (for Synergy Housing Limited), on the basis of Existing Use Value – Social Housing. The valuations were carried out in accordance with the RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended). The Group has revalued its housing properties as at 31 March 2015 on the basis of these independent professional valuations.

The valuation of housing stock set out in note 11 above has not been adjusted for the recent Government announcement affecting social rents (see note 38).

Prior year net book values have been adjusted between market rented and completed social housing categories, in line with the published accounts of the individual companies.

12. HomeBuy loan, HomeBuy grant

	Group	
	2015 £'000	2014 £'000
HomeBuy loan received from The Homes and Communities Agency	**5,084**	6,067
HomeBuy loan advanced to borrower	**(5,084)**	(6,156)

Homebuy was a UK government supported scheme designed to help people buy their own home.

Under the terms of the scheme, home buyers were advanced a loan of up to 25% of the purchase price of the property, depending upon the value of the property. The Group then received a grant from the Homes and Communities Agency for the same amount.

When the home owner sells their property, the Group is entitled to the respective proportion of the sale proceeds of the property and the grant is recycled through the recycled capital grant fund (RCGF).

Any profits or losses upon sale of the property are taken to the Income and Expenditure Account.

13. Social Housing Grant received

	Group	
	2015 £'000	2014 £'000
The total accumulated amount of Social Housing Grant:		
Capital	**236,127**	232,699
Revenue	**261**	261
HomeBuy	**10,205**	10,205
Total	**246,593**	243,165

14. Other fixed assets: Group

	2015						
	Office Premises £'000	Leasehold Office Improvements £'000	Assets under Construction £'000	Motor Vehicles £'000	Office & Estate Equipment & Furniture £'000	Computer Equipment & Software £'000	Total Other Fixed Assets £'000
Cost or Valuation							
At 1 April 2014	12,849	808	729	4,921	5,517	7,740	**32,564**
Additions	10	-	519	451	426	2,034	**3,440**
Reclassification of existing asset	-	(9)	(76)	-	(10)	80	**(15)**
Disposals	-	-	-	(107)	-	(86)	**(193)**
At 31 March 2015	**12,859**	**799**	**1,172**	**5,265**	**5,933**	**9,768**	**35,796**
Accumulated Depreciation							
At 1 April 2014	290	6	-	2,885	2,698	3,859	**9,738**
Charge for year	303	19	-	663	662	1,192	**2,839**
Disposals	-	-	-	(84)	-	(86)	**(170)**
At 31 March 2015	**593**	**25**	**-**	**3,464**	**3,360**	**4,965**	**12,407**
Net book value at 31 March 2015	**12,266**	**774**	**1,172**	**1,801**	**2,573**	**4,803**	**23,389**
Net book value at 31 March 2014	12,559	802	729	2,036	2,819	3,881	22,826

14. Other fixed assets: Association

	Assets Under Construction £'000	Office & Estate Equipment & Furniture £'000	Computer Equipment & Software £'000	Total £'000
Cost				
At 1 April 2014	19	253	2,450	**2,722**
Additions	519	72	993	**1,584**
Completions	(76)	-	76	**-**
Reclassification of existing asset	-	(4)	4	**-**
Disposals	-	-	(86)	**(86)**
At 31 March 2015	**462**	**321**	**3,437**	**4,220**
Accumulated depreciation				
At 1 April 2014	-	246	1,441	**1,687**
Charge for year	-	13	676	**689**
Transfers from other Group companies	-	-	-	**-**
Disposals	-	-	(86)	**(86)**
At 31 March 2015	**-**	**259**	**2,031**	**2,290**
Net book value				
At 31 March 2015	**462**	**62**	**1,406**	**1,930**
At 31 March 2014	19	7	1,009	1,035

Notes to the Financial Statements

15. Stock

	Group 2015 £'000	Group 2014 £'000
Trade consumables	**455**	309
Work in progress	**1,152**	916
Completed units for open market sales	**192**	366
	1,799	1,591

16. Debtors: Amounts falling due after more than one year

	Group 2015 £'000	Group 2014 £'000
Finance debtor	**43,608**	42,718
Loan to Limited Liability Partnership	**20,193**	10,454
	63,801	53,172

Debtors: Amounts falling due within one year

	Group		Association	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	**2,385**	2,957	**190**	121
Rent arrears	**7,582**	5,773	**-**	-
Less: provision for bad debts	**(3,420)**	(3,650)	**(11)**	(11)
Amounts owed by Group undertakings:				
Aster Living	**-**	-	**553**	169
Aster Homes Limited	**-**	-	**1,647**	165
Aster Property Limited	**-**	-	**1,387**	3,647
Silbury Housing Holdings Limited	**-**	-	**6**	4
Silbury Housing Limited	**-**	-	**19**	-
Synergy Housing Limited	**-**	-	**271**	566
Zebra Property Solutions Limited	**-**	-	**11**	12
Aster Options Plus	**-**	-	**7**	-
Finance debtor	**3,155**	4,968	**-**	-
Other debtors	**660**	1,129	**12**	11
Less: provision for bad debts	**(305)**	(164)	**-**	-
Finance lease	**1,880**	3,025	**-**	-
Deferred tax	**247**	239	**-**	-
VAT recoverable	**76**	67	**-**	29
Margin call account	**5,650**	-	**-**	-
Other capital grants receivable	**2,403**	1,394	**-**	-
Prepayments and accrued income	**2,332**	2,652	**720**	530
	22,645	18,390	**4,812**	5,243
Net investment in finance leases comprises:				
Total amounts receivable	**6,006**	4,684	**-**	-
Less: interest allocated to future periods	**(4,126)**	(1,659)	**-**	-
	1,880	3,025	**-**	-

The margin call account represents cash deposited above an agreed unsecured threshold with Credit Suisse International as security to cover the shortfall of the market value of interest rate swaps.

17. Properties held for resale

	Group	
	2015 £'000	2014 £'000
Properties for sale	**-**	1,505
Units under construction	**-**	49
Total	**-**	1,554

18. Shared ownership properties developed for sale

	Group	
	2015 £'000	2014 £'000
Unsold completed units	**4,916**	3,237
Units under construction	**2,484**	2,564
Total	**7,400**	5,801

19. Cash at bank and in hand

	Group		Association	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Short term deposits	**72,661**	65,771	**-**	-
Cash at bank and in hand	**10,127**	16,969	**3,162**	1,457
Total	**82,788**	82,740	**3,162**	1,457

Notes to the Financial Statements

20. Creditors: amounts falling due within one year

	Note	Group		Association	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Trade creditors		**4,587**	3,401	**257**	198
Taxation and social security payable		**892**	799	**199**	176
Pension contributions		**409**	558	**79**	167
VAT		**353**	36	**125**	-
Rent paid in advance		**2,694**	2,434	**-**	-
Amounts due under right to buy sharing agreement		**1,125**	1,584	**-**	-
Amounts owed to Group undertakings:					
Aster Communities		**-**	-	**1,684**	2,348
Aster Treasury Plc		**-**	-	**38**	38
Corporation Tax		**86**	22	**-**	-
Capital grant received in advance		**1,274**	-	**-**	-
Recycled capital grant	23	**657**	483	**-**	-
Disposal proceeds funds	24	**115**	-	**-**	-
Grants held on behalf of other housing associations		**-**	61	**-**	-
Other creditors		**2,318**	2,387	**31**	29
Accruals and deferred income		**15,072**	15,956	**696**	647
Loan repayable by instalments (within 1 year)		**1,107**	880	**-**	-
Less deferred arrangement fees		**(10)**	(35)	**-**	-
Total		**30,679**	28,566	**3,109**	3,603

21. Provisions for liabilities and charges

	Group		Association	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Redundancy Provision	**291**	510	**154**	510

The redundancy provision was made following a decision to restructure certain administrative functions within Aster Group Limited.

22. Creditors: amounts falling due after more than one year

	Note	Group 2015 £'000	Group 2014 £'000
Loans not repayable by instalments:			
In less than five years		**6,489**	23,043
In five years or more		**732,213**	670,306
Less unamortised issue fees		**(1,925)**	(1,773)
Less unamortised discount issue fees		**(3,038)**	-
Less deferred arrangement fee		**(880)**	(3,094)
Plus unamortised		**5,340**	(890)
		738,199	687,592
Recycled capital grant fund	23	**1,529**	1,142
Deferred recycled capital grant fund		**350**	338
Disposal proceeds fund	24	**305**	779
Tenants funds for repair and replacement		**394**	308
		740,777	690,159

Interest is payable on housing loans at varying commercial rates. Loans are secured by fixed charges on individual properties. Interest rates ranged from 2.02% to 6.19% (2014: 3.96% to 6.18%) for fixed/hedged loans, and 0.73% to 1.08% (2014: 0.69% to 0.75%) for variable loans.

At 31 March 2015, the Group had undrawn loan facilities of £150 million (2014: £270 million) to finance future operating cash flows and investments.

Notes to the Financial Statements

23. Recycled Capital Grant Fund

	Group	
	2015 £'000	**2014 £'000**
Balance as at 1 April	**1,625**	882
Additions	**704**	767
Interest	**1**	3
Withdrawals	**(144)**	(27)
Balance as at 31 March	**2,186**	1,625
Analysis of Maturity		
- in less than one year	**657**	483
- in one to two years	**868**	523
- in more than two years	**661**	619
	2,186	1,625

24. Disposal Proceeds Fund

	Group	
	2015 £'000	**2014 £'000**
Balance as at 1 April	**779**	257
Additions	**1**	521
Interest	**-**	1
Withdrawals	**(360)**	-
Balance as at 31 March	**420**	779
Analysis of Maturity		
- in less than one year	**115**	-
- in one to two years	**272**	257
- in more than two years	**33**	522
	420	779

Section 24 of the Housing Act 2004 requires Registered Social Landlords to credit the net proceeds of Right to Acquire and Voluntary Purchase Grant Sales to a Disposal Proceeds Fund.

The purpose of the Disposal Proceeds Fund is to provide replacement properties for rent, at no greater cost than properties provided through the Approved Development Programme. If the net proceeds remain unspent after the third year, the funds become repayable to the Homes and Communities Agency.

The Recycled Capital Grant Fund relates to Social Housing or Housing Association Grant previously received on social housing properties that have been sold, demolished or for which there has been a change of use which does not meet the original conditions of the Grant. The Homes and Communities Agency permits grants to be reinvested within a three year period into schemes within the Approved Development Programme. The Homes and Communities Agency requires funds which have not been reinvested within three years to be repaid.

25. Financial Instruments

Set out below is a comparison by category of book values and fair values of all the Group's financial assets and liabilities. Short term debtors and creditors have been excluded from the analysis in this note.

	Book Value 2015 £'000	Fair Value 2015 £'000	Book Value 2014 £'000	Fair Value 2014 £'000
Financial Assets				
Cash at bank and in hand	**82,788**	**82,788**	82,740	82,740
Financial Liabilities				
Short term loans and current portion of long term borrowings	**(1,110)**	**(1,110)**	(880)	(880)
Long term borrowings – Bond Issue	**(252,302)**	**(304,420)**	(196,906)	(202,216)
Long term borrowings – Bank debt	**(487,808)**	**(557,231)**	(493,349)	(538,270)
Other financial liabilities	**-**	**-**	(3,050)	(3,050)
	(741,220)	**(862,761)**	(694,185)	(744,416)
Derivative financial instruments held to manage interest rates				
Interest rate swaps and similar instruments	**-**	**(20,510)**	-	84

Summary of methods and assumptions used in the assessments 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.

Short Term Borrowings

The fair value of short term loans approximates to the carrying amount because of the short maturity of these instruments.

Long Term Borrowings - Bond Issue

The fair value of the Group's bond has been estimated using quoted market prices for the underlying Gilt.

Other Long Term Borrowings

In the case of long term floating rate debt the fair value approximates to the carrying value reported in the balance sheet as interest payments are reset to market LIBOR rates at intervals of less than one year. For all fixed borrowings an estimated mark to market valuation calculated has been used.

Derivative Financial Instruments

In the case of derivatives market data has been used to calculate 'mark to market' valuations.

25. Financial Instruments (continued)

Interest Rate Profile of Borrowings

Group borrowings comprise:	2015 £'000	2014 £'000
Fixed rate and hedged Borrowings	**622,156**	612,833
Floating rate Borrowings	**119,064**	81,352
	741,220	694,185

The weighted average interest rate for fixed rate borrowings was 4.12% (2014: 4.00%).

The weighted average period for which interest rates on fixed rate borrowings were fixed was 17.5 years (2014: 17.0 years).

Floating rate borrowings bear interest based on LIBOR.

Maturity of Undrawn Committed Borrowing

The Group has various borrowing facilities available to it. The undrawn committed facilities available in respect of which all conditions precedent had been met at that date were as follows:

	2015 £'000	2014 £'000
Expiring in one year or less	**-**	-
Expiring in more than one year but less than two years	**-**	-
Expiring in more than two years	**143,323**	124,313
	143,323	124,313

Maturity of Borrowings

The maturity profile of the Group's financial liabilities, other than short term creditors such as trade creditors and accruals was as follows:

	2015		
	Repayment		
	By Instalments £'000	Not by Instalments £'000	Total £'000
0-1 years	**1,107**	**772**	**1,879**
1-2 years	**2,479**	**1,858**	**4,337**
2-5 years	**4,011**	**720**	**4,731**
Over 5 years	**459,251**	**272,962**	**732,213**
Bond – unamortised premium/(discount) on issue	**-**	**2,302**	**2,302**
	466,848	**278,614**	**745,462**

	2014		
	Repayment		
	By Instalments £'000	Not by Instalments £'000	Total £'000
0-1 years	880	483	1,363
1-2 years	1,073	17,630	18,703
2-5 years	5,121	1,479	6,600
Over 5 years	433,399	237,214	670,613
Bond – unamortised premium/(discount) on issue	-	(3,094)	(3,094)
	440,473	253,712	694,185

26. Pension Obligations

Group Pension Schemes

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 17 – 'Retirement Benefits' as amended. The Group participates in eight pension schemes.

- There are six defined benefit schemes:
  - the Wiltshire Pension Scheme (closed to new members),
  - the Hampshire County Council Pension Scheme (closed to new members),
  - the Somerset County Council Pension Scheme (closed to new members),
  - the Dorset County Council Pension Scheme (closed to new members),
  - the Social Housing Pension Scheme ('SHPS') final salary defined benefit scheme (closed to new members),
  - the SHPS career average of earnings (CARE),
- and two defined contribution ('stakeholder') schemes:
  - the SHPS defined contribution scheme,
  - the Friends Provident defined contribution scheme (closed to new members).

The accounting treatments for each of the schemes are described below.
The pension cost to the Group for the year ended 31 March 2015 was £2,127,000 (2014: £1,815,000) in respect of 1,094 (2014: 1,280) employees.

	2015		
Summary of movement and balances in pension funding	**Total contribution by scheme £'000**	**Actuarial Losses/ (Gains) in Pension Scheme £'000**	**Pension Liability £'000**
Aster Group Consolidated			
County pension schemes			
Wiltshire	265	852	6,212
Hampshire	60	600	5,800
Somerset	194	1,723	10,215
Dorset	461	4,279	15,425
SHPS	1,471	-	-
Friends Provident	25	-	-
Total	2,476	7,454	37,652

Association Pension Schemes

Until 2002, Aster Group Limited participated in one pension scheme only, the Wiltshire Pension Fund. From June 2002, the Association decided not to offer membership of this scheme to new employees, but started to participate in the Social Housing Pension Scheme (SHPS). In October 2010 the Association made available the SHPS defined career average of earnings and the SHPS contribution scheme as an alternative to the closure of the SHPS defined final salary defined benefit scheme for new employees.

The pension cost to the Association for the year ended 31 March 2015 was £893,000 (2014: £741,000) in respect of 211 (2014: 210) employees.

26. Pension Obligations (continued)

Wiltshire Pension Fund

Presented below are two sets of figures from Wiltshire Council, the first set are the consolidated figures in respect of Aster Communities, Aster Living, Aster Property Limited, and direct employees of the Aster Group Limited (the Association).

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

As at the balance sheet date there were 8 (2014: 7) active members of the Scheme employed by Aster Group Limited and 31 (2014: 30) across the whole Group. The annual pensionable payroll in respect of these members was £288,299 (2014: £311,389) for Aster Group Limited and £954,608 (2014: £1 million) for the whole Group.

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 2015. 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. 17 – Retirement Benefits (FRS 17) are stated below. The actuary has used the projected unit credit method of valuation.

The next triennial valuation will be carried out on 31 March 2016 and the results for this will be incorporated into the financial statements for 2016-17.

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

Financial Assumptions	**31 March 2015 %p.a.**	**31 March 2014 %p.a.**
Price increases	-	2.8
Pension increases	**2.1**	2.8
Salary increases	**4.0**	4.6
Expected return on assets	**3.1**	6.0
Discount rate	**3.1**	4.3

Expected return on assets by category	**31 March 2015 %p.a.**	**31 March 2014 %p.a.**
Equities	**3.1**	6.7
Bonds	**3.1**	4.1
Property	**3.1**	4.8
Cash	**3.1**	3.7

Mortality	**Males**	**Females**
Current pensioners	**22.3 years**	24.5 years
Future pensioners	**24.1 years**	26.9 years

26. Pension Obligations (continued)

Wiltshire Pension Fund – Consolidated

Fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Equities	**13,573**	12,168
Bonds	**3,059**	2,534
Property	**1,911**	1,690
Cash	**572**	507
	19,115	16,899

Recognition in the Income and Expenditure Account	31 March 2015 £'000	31 March 2014 £'000
Current service cost	**265**	413
Interest cost	**933**	968
Expected return on employer assets	**(1,008)**	(794)
Losses on curtailments and settlements	**-**	8
Total	**190**	595
Actual return on plan assets	**2,437**	1,666

Reconciliation of defined benefit obligation	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	**22,772**	22,326
Current service cost	**265**	413
Interest cost	**933**	968
Contributions by members	**68**	99
Actuarial losses	**2,210**	1,071
Losses on curtailments	**-**	8
Liabilities Extinguished on Settlements	**-**	(1,506)
Estimated unfunded benefits paid	**(8)**	(8)
Estimated benefits paid	**(913)**	(599)
Closing defined benefit obligation	**25,327**	22,772

Reconciliation of fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of employer assets	**16,899**	16,180
Expected return on assets	**1,008**	794
Contributions by members	**68**	99
Contributions by the employer	**695**	607
Contributions in respect of unfunded benefits	**8**	8
Actuarial gains	**1,358**	1,144
Assets distributed on settlements	**-**	(1,326)
Unfunded benefits paid	**(8)**	(8)
Benefits paid	**(913)**	(599)
Closing fair value of employer assets	**19,115**	16,899

26. Pension Obligations (continued)

Wiltshire Pension Fund – Consolidated (continued)

Amounts for the current and previous accounting periods	**31 March 2015 £'000**	**31 March 2014 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Fair value of employer assets	**19,115**	16,899	16,180	14,202	11,900
Present value of defined benefit obligation	**(25,327)**	(22,772)	(22,326)	(18,796)	(15,398)
Deficit	**(6,212)**	(5,873)	(6,146)	(4,594)	(3,498)
Experience (losses)/gains on assets	**1,358**	1,144	1,003	(373)	(400)
Experience (losses)/ gains on liabilities	**201**	(55)	23	(230)	1,605

Amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)	**31 March 2015 £'000**	**31 March 2014 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Actuarial gains/(losses) recognised in STRSD	**(852)**	73	(1,558)	(1,172)	3,403
Cumulative actuarial losses	**(3,266)**	(3,898)	(3,971)	(2,413)	(1,241)

Projected pension expense for the year to 31 March 2016	**31 March 2016 £'000**
Projected current service cost	**285**
Interest on obligation	**799**
Expected return on plan assets	**(611)**
Total	**473**

26. Pension Obligations (continued)

Wiltshire Pension Fund – Association

Fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Equities	**2,798**	2,389
Bonds	**631**	498
Property	**394**	332
Cash	**118**	100
	3,941	3,319

Recognition in the Income and Expenditure Account	31 March 2015 £'000	31 March 2014 £'000
Current service cost	**88**	113
Interest cost	**208**	188
Expected return on employer assets	**(203)**	(151)
Total	**93**	150
Actual return on plan assets	**491**	316

Reconciliation of defined benefit obligation	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	**4,811**	4,149
Current service cost	**88**	113
Interest cost	**208**	188
Contributions by members	**23**	27
Actuarial losses	**717**	403
Estimated benefits paid	**(64)**	(69)
Closing defined benefit obligation	**5,783**	4,811

Reconciliation of fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of employer assets	**3,319**	2,927
Expected return on assets	**203**	151
Contributions by members	**23**	27
Contributions by the employer	**186**	131
Actuarial gains	**274**	152
Benefits paid	**(64)**	(69)
Closing fair value of employer assets	**3,941**	3,319

26. Pension Obligations (continued)

Wiltshire Pension Fund – Association (continued)

Amounts for the current and previous accounting periods	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000
Fair value of employer assets	**3,941**	3,319	2,927	2,518	2,359
Present value of defined benefit obligation	**(5,783)**	(4,811)	(4,149)	(3,333)	(3,039)
Deficit	**(1,842)**	(1,492)	(1,222)	(815)	(680)
Experience (losses)/gains on assets	**274**	152	166	(89)	59
Experience (losses)/ gains on liabilities	**34**	(217)	2	(14)	(49)

Amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000
Actuarial gains/(losses) recognised in STRSD	**(443)**	(251)	(349)	(125)	615
Cumulative actuarial losses	**(1,813)**	(1,370)	(1,119)	(770)	(645)

Projected pension expense for the year to 31 March 2016	31 March 2016 £'000
Projected current service cost	**92**
Interest on obligation	**187**
Expected return on plan assets	**(129)**
Total	**150**

26. Pension Obligations (continued)

Hampshire County Council Pension Fund

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

At the balance sheet date there were 8 (2014: 8) active members of the Scheme employed by Aster Communities. The annual pensionable payroll in respect of these members was £229,076 (2014: £253,350).

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 2015. 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. 17 ‘Retirement Benefits’ (FRS 17) are stated below. The actuary has used projected unit credit method of valuation.

The next triennial valuation will be carried out on 31 March 2016 and the results for this will be incorporated into the financial statements for 2017.

The information in the statement relating to the valuation of the pensions scheme’s assets and liabilities has been prepared by the scheme’s actuaries, Hewitt Associates Limited.

Financial Assumptions	31 March 2015 %p.a.	31 March 2014 %p.a.
Price increases – CPI	**1.8**	2.3
Pension increases	**1.8**	2.3
Salary increases	**3.3**	3.8
Discount rate	**3.2**	4.3

Expected return on assets by category	31 March 2015 %p.a.	31 March 2014 %p.a.
Equities	**3.2**	7.6
Gilts	**3.2**	3.4
Bonds	**3.2**	4.0
Property	**3.2**	6.9
Cash	**3.2**	0.9

Mortality	Males	Females
Current pensioners	24.5 years	26.3 years
Future pensioners	26.6 years	28.6 years

Fair value of employer assets	31 March 2015 £’000	31 March 2014 £’000
Equities	**6,946**	6,508
Gilts	**2,878**	2,419
Bonds	**181**	164
Property	**906**	769
Cash	**419**	390
	11,330	10,250

26. Pension Obligations (continued)

Hampshire County Council Pension Fund (continued)

Recognition in the Income and Expenditure Account	31 March 2015 £'000	31 March 2014 £'000
Current service cost	**60**	70
Interest cost	**640**	640
Expected return on employer assets	**(630)**	(530)
Past service cost/(gain)	**10**	-
Total	**80**	180
Actual return on plan assets	**1,440**	1,970

Reconciliation of defined benefit obligation	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	**15,010**	14,990
Current service cost	**60**	70
Interest cost	**640**	640
Contributions by members	**20**	20
Actuarial (gains)/losses	**1,390**	(190)
Past service cost	**10**	-
Estimated benefits paid	**(440)**	(520)
Closing defined benefit obligation	**16,690**	15,010

Reconciliation of fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of employer assets	**10,250**	8,720
Expected return on assets	**630**	530
Contributions by members	**20**	20
Contributions by the employer	**60**	60
Actuarial gain	**810**	1,440
Unfunded benefits paid	**(440)**	(520)
Closing fair value of employer assets	**11,330**	10,250

Hampshire County Council Pension Fund - Unfunded scheme

Financial Assumptions	31 March 2015 %p.a.	31 March 2014 %p.a.
Price increases – CPI	**1.8**	2.2
Discount rate	**3.2**	4.1

Mortality	Males	Females
Current pensioners	24.5 years	26.3 years

Recognition in the Income and Expenditure Account	31 March 2015 %p.a.	31 March 2014 %p.a.
Interest cost	**20**	**20**

26. Pension Obligations (continued)

Hampshire County Council Pension Fund - unfunded scheme (continued)

Amounts for the current and previous accounting periods	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000
Fair value of employer assets	**11,330**	10,250	8,720	9,000	9,030
Present value of defined benefit obligation	**(17,130)**	(15,430)	(15,420)	(14,870)	(13,470)
Deficit	**(5,800)**	(5,180)	(6,700)	(5,870)	(4,440)
Experience gains/(losses) on assets	**810**	1,440	710	(190)	(1,150)
Experience (losses)/gains on liabilities	**(1,410)**	210	(1,370)	(1,140)	990

Amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000
Actuarial gains/(losses) recognised in STRSD	**(600)**	1,630	(700)	(1,330)	(160)
Cumulative actuarial losses	**(1,500)**	(920)	(2,550)	(1,850)	(520)

Reconciliation of unfunded liabilities	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	**420**	430
Interest cost	**20**	20
Actuarial losses/(gains) recognised in STRSD	**20**	(10)
Estimated benefits paid	**(20)**	(20)
Closing defined benefit obligation	**440**	420

Projected pension expense for the year to 31 March 2016	31 March 2016 £'000
Funded benefits	
Projected current service cost	**70**
Interest on obligation	**170**
Expected return on plan assets	-
Total	**240**
Unfunded benefits	
Interest on obligation	**10**
Total	**10**

26. Pension Obligations (continued)

Somerset County Council Pension Fund

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

As at the balance sheet date there were 29 (2014: 27) active members of the Scheme employed by Aster Communities. The annual pensionable payroll in respect of these members was £747,023 (2014: £754,261).

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 2015. 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. 17 – Retirement Benefits (FRS 17) are stated below. The actuary has used the projected unit credit method of valuation.

The next triennial valuation will be carried out on 31 March 2016 and the results for this will be incorporated into the financial statements for 2017.

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

Financial Assumptions	31 March 2015 %p.a.	31 March 2014 %p.a.
Price increases	**3.2**	3.3
Pension increases	**2.4**	2.8
CPI increases	**2.4**	2.8
Salary increases	**4.2**	4.6
Discount rate	**3.3**	4.4

Expected return on assets by category	31 March 2015 %p.a.	31 March 2014 %p.a.
Equities	**6.2**	6.9
Gilts	**6.2**	3.6
Bonds	**6.2**	4.4
Property	**6.2**	6.0
Cash	**6.2**	0.5

Mortality	Males	Females
Current pensioners	23.7 years	26.1 years
Future pensioners	26.0 years	28.4 years

26. Pension Obligations (continued)

Somerset County Council Pension Fund

Fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Equities	**6,703**	6,194
Gilts	**631**	523
Bonds	**1,005**	959
Property	**879**	872
Cash	**396**	174
	9,614	8,722

Reconciliation of defined benefit obligation	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	**17,014**	15,748
Current service cost	**194**	236
Interest cost	**743**	671
Contributions by members	**50**	56
Actuarial losses	**2,299**	886
Estimated benefits paid	**(471)**	(583)
Closing defined benefit obligation	**19,829**	17,014

Recognition in the Income and Expenditure Account	31 March 2015 £'000	31 March 2014 £'000
Current service cost	**194**	236
Interest cost	**743**	671
Expected return on employer assets	**(538)**	(477)
Total	**399**	430
Actual return on plan assets	**1,114**	481

Reconciliation of fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of employer assets	**8,722**	8,588
Expected return on assets	**538**	476
Contributions by members	**50**	56
Contributions by the employer	**199**	179
Actuarial gains	**576**	6
Benefits paid	**(471)**	(583)
Closing fair value of employer assets	**9,614**	8,722

26. Pension Obligations (continued)

Somerset County Council Pension Fund (continued)

Amounts for the current and previous accounting periods	**31 March 2015 £'000**	**31 March 2014 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Fair value of employer assets	**9,614**	8,722	8,588	7,623	7,767
Present value of defined benefit obligation	**(19,829)**	(17,014)	(15,748)	(14,390)	(12,347)
Deficit	**(10,215)**	(8,292)	(7,160)	(6,767)	(4,580)
Experience (losses)/gains on assets	**576**	6	723	(390)	(824)
Experience (losses)/ gains on liabilities	**-**	136	-	-	388

Amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)	**31 March 2015 £'000**	**31 March 2014 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Actuarial gains/(losses) recognised in STRSD	**(1,723)**	(880)	(182)	(2,087)	434
Cumulative actuarial losses	**(7,081)**	(5,357)	(4,477)	(4,295)	(2,208)

Projected pension expense for the year to 31 March 2016	**31 March 2016**
	£'000
Projected current service cost	**242**
Interest on obligation	**333**
Expected return on plan assets	**4**
Total	**579**

26. Pension Obligations (continued)

Dorset County Council Pension Fund

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

As at the balance sheet date there were 57 (2014: 63) active members of the Scheme employed by Synergy Housing Limited. The annual pensionable payroll in respect of these members was £1.6 million (2014: £1.8 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 2015. 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. 17 – Retirement Benefits (FRS 17) are stated below. The actuary has used the projected unit credit method of valuation.

The next triennial valuation will be carried out on 31 March 2016 and the results for this will be incorporated into the financial statements for 2017.

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

Financial Assumptions	31 March 2015 %p.a.	31 March 2014 %p.a.
Price increases (CPI)	**2.4**	2.8
Pension increases	**2.4**	2.8
Salary increases	**3.9**	4.3
Expected return on assets	**6.2**	6.2
Discount rate	**3.3**	4.5

Expected return on assets by category	31 March 2015 %p.a.	31 March 2014 %p.a.
Equities	**6.2**	7.2
Gilts	**6.2**	3.6
Debt Instruments	**6.2**	-
Other Bonds	**6.2**	4.2
Alternative Assets	**6.2**	7.2
Absolute Return Portfolio	**6.2**	7.2
Property	**6.2**	5.9
Cash	**6.2**	3.4

Mortality	Males	Females
Current pensioners	22.8 years	25.2 years
Future pensioners	25.1 years	27.6 years

26. Pension Obligations (continued)

Dorset County Council Pension Fund (continued)

Fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Equities	**14,184**	13,027
Bonds	**2,924**	2,057
Debt Instruments	**271**	-
Other Bonds	**95**	2,286
Alternative Assets	**3,071**	914
Absolute Return Portfolio	**1,207**	914
Property	**2,357**	2,057
Cash	**635**	1,600
	24,744	22,855

Recognition in the Income and Expenditure Account	31 March 2015 £'000	31 March 2014 £'000
Current service cost	**461**	476
Interest cost	**1,513**	1,425
Expected return on employer assets	**(1,402)**	(1,081)
Losses on curtailments and settlements	**-**	117
Total	**572**	937
Actual return on plan assets	**2,307**	1,151

Reconciliation of defined benefit obligation	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	**33,783**	31,977
Current service cost	**461**	476
Interest cost	**1,513**	1,425
Contributions by members	**117**	124
Actuarial losses	**5,184**	1,054
Losses on curtailments	**-**	117
Estimated unfunded benefits paid	**(6)**	(6)
Estimated benefits paid	**(883)**	(1,384)
Closing defined benefit obligation	**40,169**	33,783

Reconciliation of fair value of employer assets	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of employer assets	**22,855**	22,758
Expected return on assets	**1,402**	1,081
Contributions by members	**117**	124
Contributions by the employer	**354**	393
Actuarial gains/(losses)	**905**	(112)
Benefits paid	**(889)**	(1,389)
Closing fair value of employer assets	**24,744**	22,855

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 April 2013 for the year to 31 March 2014). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

26. Pension Obligations (continued)

Dorset County Council Pension Fund (continued)

Amounts for the current and previous accounting periods	**31 March 2015 £'000**	**31 March 2014 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Fair value of employer assets	**24,744**	22,855	22,758	20,235	19,335
Present value of defined benefit obligation	**(40,169)**	(33,783)	(31,977)	(29,462)	(24,640)
Deficit	**(15,425)**	(10,928)	(9,219)	(9,227)	(5,305)
Experience gains/(losses) on assets	**905**	(112)	1,876	75	790
Experience gains on liabilities	**50**	509	-	-	1,774

Amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)	**31 March 2015 £'000**	**31 March 2014 £'000**	**31 March 2013 £'000**	**31 March 2012 £'000**	**31 March 2011 £'000**
Actuarial gains/(losses) recognised in STRSD	**(4,279)**	(1,165)	508	(3,682)	6,284
Cumulative actuarial losses	**(10,031)**	(5,752)	(4,587)	(5,095)	(1,413)

Projected pension expense for the year to 31 March 2016	**31 March 2016 £'000**
Projected current service cost	**579**
Interest on obligation	**503**
Expected return on plan assets	**19**
Total	**1,101**

26. Pension Obligations (continued)

The Social Housing Pension Scheme

The Group participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension 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 – now closed to new members.

Final salary with a 1/70th accrual rate – not available to employees of Aster Group.

Career average revalued earnings (CARE) with a 1/60th accrual rate – closed to new members.

From April 2010 a further two defined benefit structures have been available, namely:

Final salary with a 1/80th accrual rate – not available to employees of Aster Group.

Career average revalued earnings (CARE) with a 1/80th accrual rate – not available to employees of Aster Group.

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

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

Aster Group currently operates a final salary with a 1/60th accrual rate (closed to new members), a career average revalued earnings (CARE) with a 1/60th accrual rate (closed to new members) and a defined contribution scheme for active members offering variable levels of contribution.

In February 2014, Aster Group introduced a career average revalued earnings (CARE) with a 1/120th accrual rate.

The Trustee commissions 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 determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due.

From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting year Aster Group paid contributions at the rate of between 2% and 10% (2014: 2% and 10%), member contributions varied between 2% and 7% (2014: 2% and 7%).

As at the balance sheet date there were 1,263 (2014: 935) active members of the Scheme employed by Aster Group, of which 202 (2014:119) were employed by Aster Group Limited. The annual pensionable payroll in respect of Group members was £27.6 million (2014: £23.1million), of which £5.7 million (2014: £4.3 million) was in respect of Aster Group Limited. Aster Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

26. Pension Obligations (continued)

The Social Housing Pension Scheme (continued)

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Valuation Discount Rates:	% p.a.
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2014 from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	Long-term Joint Contribution Rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

26. Pension Obligations (continued)

The Social Housing Pension Scheme (continued)

These deficit contributions are in addition to the long-term joint contribution rates as set out above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Aster Group Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2014. At this date the estimated employer debt for Aster Group was £31.6 million (2014: £25.0 million), of which £11.7 million (2014: £7.2 million) was in respect of Aster Group Limited.

27. Called up share capital

	Group and Association	
	2015 **£**	**2014** **£**
Ordinary shares allotted, issued and fully paid of £1 each		
At 1 April	**7**	7
Issued during the year	**2**	1
Cancelled during the year	**(2)**	(1)
At 31 March	**7**	7

The shares do not carry a right to any dividend or distribution in a winding-up, and are not redeemable.

28. Reserves

Group Reserves	Revaluation Reserves £'000	Designated Reserves £'000	Restricted Reserves £'000	Revenue Reserve £'000	Pension Reserve £'000	Total Reserves £'000
At 1 April 2014	552,146	664	208	85,187	(27,518)	610,687
Surplus for the year	-	-	-	27,111	-	27,111
Actuarial loss recognised in STRSD	-	-	-	-	(7,454)	(7,454)
Movement in FRS17 deferred tax provision	-	-	-	-	(62)	(62)
Transfers between reserves	-	(171)	-	171	-	-
Revaluation surplus realised on disposals	(1,294)	-	-	1,294	-	-
Depreciation in excess of that required on historical costs	(83)	-	-	83	-	-
Surplus on revaluation	44,258	-	-	-	-	44,258
At 31 March 2015	**595,027**	**493**	**208**	**113,846**	**(35,034)**	**674,540**

Association Reserves	Revenue Reserve £'000	Pension Reserve £'000	Total Reserves £'000
At 1 April 2014	3,637	(1,457)	2,180
Surplus for the year	3,112	-	3,112
Actuarial gain recognised in STRSD	-	(443)	(443)
At 31 March 2015	**6,749**	**(1,900)**	**4,849**

29. Group cash flow

Reconciliation of operating surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating surplus	**49,930**	46,028
Depreciation charges	**23,157**	23,230
Write-off of assets under component accounting	**(1,620)**	636
Gain on sale of first tranche homebuy properties	**(843)**	(2,690)
Gain on sale of properties	**-**	(477)
Decrease in bad debt provision	**75**	128
Decrease in stock	**1,346**	12,521
Increase in investments	**600**	-
Decrease in housing property current assets	**(9,288)**	-
Increase in debtors	**(12,908)**	(32,639)
Increase in creditors	**656**	9,309
Decrease in pensions commitment	**(706)**	(127)
Net cash inflow from operating activities	**50,399**	55,919

Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Increase in cash in the year	**48**	60,209
Change in loans	**(50,956)**	(88,621)
Other non-cash changes	**5,376**	(5,546)
Change in net debt	**(45,532)**	(33,958)
Net debt at 1 April	**(611,489)**	(577,531)
Net debt at 31 March	**(657,021)**	(611,489)

30. Analysis of changes in net debt – Group

	At 1 April 2014 £'000	Cash flows £'000	Other Changes £'000	At 31 March 2015 £'000
Cash in hand and at bank	82,740	48	-	**82,788**
Debt due within one year	(880)	(227)	-	**(1,107)**
Debt due after one year	(693,349)	(50,729)	5,376	**(738,702)**
	(611,489)	(50,908)	5,376	**(657,021)**

Other changes represent the non-cash premium offered on the issue of the Group's £50 million retained bond, and accrued interest on the Silbury PFI loan.

31. Capital commitments

	Group	
	2015 £'000	2014 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**105,371**	96,665
Capital expenditure that has been authorised by the board but has not yet been contracted	**189,234**	31,916
	294,605	128,581

These commitments will be financed by loan finance and cash holdings.

Notes to the Financial Statements

32. Operating leases

	2015 £'000	2014 £'000
Aster Group has annual commitments under non-cancellable operating leases due to expire as follows:		
Land and buildings:		
Leases expiring within one year	**3**	108
Leases expiring within two to five years	**834**	48
Leases expiring in over five years	**141**	49
Office Premises:		
Leases expiring within one year	**-**	365
Leases expiring within two to five years	**15**	-
Leases expiring in over five years	**336**	45
Motor vehicles:		
Leases expiring within one year	**-**	-
Leases expiring within two to five years	**4**	31
Leases expiring in over five years	**5**	-
Office Equipment:		
Leases expiring within one year	**-**	34
Leases expiring within two to five years	**29**	18
Leases expiring in over five years	**-**	-
	1,367	698

33. Homes and bed spaces in management and in development

	Group	
	2015 No.	Restated 2014 No.
Under development at end of year:		
Housing accommodation	**861**	916
Shared ownership	**299**	307
	1,160	1,223
Under management at end of year: Owned and managed by the Group:		
Housing accommodation	**20,690**	20,251
Supported housing	**2,097**	3,697
Shared ownership	**1,305**	1,084
Market rented	**15**	15
Temporary Social Housing	**61**	57
Unavailable for letting	**-**	170
	24,168	25,274
Not owned but managed by the Group:		
Housing accommodation	**398**	351
Managed for other bodies	**103**	11
Private sector leasing	**8**	154
Temporary Social Housing	**30**	18
Long leaseholders	**1,416**	1,454
Unavailable for letting	**-**	-
	1,955	1,988
Owned but managed by others at the end of year:		
Housing accommodation	**386**	108
Supported housing	**1,627**	103
Shared ownership	**82**	83
	2,095	294
	28,218	27,556

The Group owns the freehold of all its properties, with the exception of 36 (Restated 2014: 36) which are leased. Restated due to a review of the calculation methods used across the Group being completed which has resulted in the inclusion of long leaseholders, not owned but managed.

34. Contingent Liabilities

Aster Communities

Under the terms of the Private Finance Initiative Contract, Wiltshire Council holds an option to purchase 242 properties at the end of the contract period in 2034. If Wiltshire Council does not exercise this option Aster Communities has a contractual obligation to acquire them. Regardless of the valuation of these properties, Aster Communities will need to repay their contractual debt. If Wiltshire do not take up the option, then an overage payment becomes payable to the Council. The amount due from Wiltshire Council is held on the balance sheet of the Group as a debtor at the net expected cash flows from the contract. This debtor will decrease over time as income from the obligation falls due and is received.

Aster Homes Limited

At the time of entering into contracts, the vendors of the two large sites with deferred payment terms required a parent company guarantee that Galliford Try Homes Limited, a joint venture partner of Aster Homes Limited, have provided. Aster Homes Limited agreed, through a deed of contribution entered into at site acquisition, to honour their 50% share of this guarantee. This would only be applicable in the event of the JV defaulting on payment. At 31 March 2015, this contingent liability was £5.6 million (2014: £8.6 million) for Aster Homes Limited.

35. Related party transactions

Aster Group Limited provides management and other services to all Group companies under the terms of documented service level agreements. Bjorn Howard and John Brace are employees of Aster Group Limited and both have been appointed to the board because of their positions within the company. All other board members are independent. None of the board members receive any services as a tenant from the Group.

Aster Group Limited has taken advantage of the exemption allowed under FRS 8 ‘Related Party Disclosures’ not to disclose related party transactions within the Group. All inter-group transactions are with subsidiaries that are wholly owned. These have been eliminated on consolidation in the Group’s financial statements.

Throughout 2014-15 the Aster Options Plus provided £7,000 of consultancy and internal audit services to English Rural, a member of Aster Options Plus. In addition, as a member of Aster Options Plus Limited, English Rural paid a £1,000 membership fee.

In September 2013 Aster Homes Limited set up a limited liability partnership, White Rock Land LLP, with Galliford Try Homes Limited to develop and sell properties for social and private housing.

During the year, loans were made to the LLP to fund each of the developments it was engaged in. The details of the loans at the year end are as follows:

Scheme	2015 Loan Value £’000	2014 Loan Value £’000	Interest rate %	Latest repayment date
White Rock	**7,261**	3,241	**3.5 plus base***	**31 March 2020**
Tithebarn	**11,585**	5,985	**3.5 plus base***	**31 December 2021**
Okehampton	**1,347**	1,228	**3.5 plus base***	**31 December 2021**
	20,193	10,454		

* base rate was 0.5% for the year (2014: 0.5%)

Notes to the Financial Statements

36. Joint Venture

In September 2013 Aster Homes Limited set up as a joint-venture arrangement a limited liability partnership, White Rock Land LLP, with Galliford Try Homes Limited to develop and sell properties for social and private housing. For the year to 31 March 2015 White Rock Land LLP made a loss of £1.2 million (2014: £438,000) and made no distribution to its shareholders. The balance sheet of White Rock Land LLP and the Group's share (50%) is as follows:

White Rock Land LLP	**2015 £'000**	**Group's share £'000**	2014 £'000	Group's share £'000
Current assets	**54,927**	**27,463**	39,456	19,728
Current liabilities	**(56,565)**	**(28,282)**	(39,896)	(19,947)
Net assets	**(1,638)**	**(819)**	(440)	(219)

37. Status

Aster Group Limited is the ultimate parent and ultimate controlling party within the Aster Group, which comprises:

- Aster Communities, a wholly owned subsidiary which is a registered provider;
- Aster Living, a wholly owned subsidiary whose activities include providing care and support services;
- Aster Property Limited, a wholly owned subsidiary of Aster Group Limited whose activities include property maintenance services to Group members;
- Aster Homes Limited, a subsidiary of Aster Group Limited which provides property based development services to Group members;
- Synergy Housing Limited, a wholly owned subsidiary which is a registered provider;
- Zebra Property Solutions Limited, which is a wholly owned subsidiary of Synergy Housing Limited and which provides property based development services to Group members;
- Silbury Housing Holdings Limited, which is a wholly owned subsidiary of Aster Communities and has a subsidiary, Silbury Housing Limited, which provides a private finance initiative project for Wiltshire Council;
- Aster Treasury Plc, a wholly owned subsidiary of Aster Group Limited, providing long term finance under a finance bond to Group members;
- Aster Options Plus Limited, a cost sharing vehicle;
- Aster Solar Limited, a subsidiary jointly owned by Aster Communities and Synergy Housing Limited, providing investment in photo voltaic panels on behalf of the Group;
- White Rock Land LLP, a 50% owned Limited Liability Partnership between Aster Homes Limited and Galliford Try Homes Limited to develop three sites in Devon.

Printed copies of the financial statements are available from the following address:

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

38. Post Balance Sheet Event

The Chancellor of the Exchequer announced in his budget on 8 July 2015 that social rents were set to fall by 1% for the next four years. Should this proposed bill be enacted by parliament this will reduce the Group's rental income although this is likely to be partly offset by savings in some cost streams. The Group holds its housing stock at valuation which is prepared by an external independent valuer based on their estimate of the future rental streams and costs of the properties the Group hold. If the proposed rental income reduction set out in the budget is enacted by parliament it is likely that value of the Group's housing stock set out in note 11 will fall. The impact of this potential legislation on the value of the Group's housing stock is, at the date of signing these financial statements, not known. The Group will model the impact of this once all implications of this budget announcement are understood and the proposed bill has been enacted by parliament.

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