



Annual report and financial statements

Year ended 31 March 2021

Livv Housing Group (formerly Knowsley Housing Trust). A charitable registered society under the Cooperative and Community Benefit Societies Act 2014, registered number 007773



Group Information

Registered Office

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Prescot
Merseyside, L34 1PJ

Website

livvhousinggroup.com

Registration Number

A Charitable registered society under the Cooperative and Community Benefit Societies Act 2014, registered number 007773. Registered with the Regulator of Social Housing, number LH4343.

External Auditor

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Internal Auditor

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Board Members

Livv Housing Group

(Formerly Knowsley Housing Trust Limited)

Independent Board Members



Philip Raw (Chair)



Steve Agger



John Bowker



Eleanor Bowden



Kevin Brady



Anthony Deakin



Mark Dunford



Phil Pemberton



John Ray



Nicola Waterworth

Executive Board Members



Léann Hearne



Christopher
Howard Roberts

Executive Directors & Company Secretary



Léann Hearne
Group Chief Executive



Sharon Marsh
*Executive Director Resources
& Group Company Secretary*



Antony Cahill
Executive Director Property



Christopher Howard Roberts
*Executive Director Finance,
Risk and Performance*



Amanda Newton
Executive Director Customer Insight



Chair of the Board's introduction

I have great pleasure in presenting Livv Housing Group's financial statements for 2020/21.

After a year of significant change and progress for the organisation in 2019/20, this year has seen Livv Housing Group go from strength to strength in incredibly trying circumstances due to the pandemic. The clear governance structure that we put in place during 2019/20, the commitment, passion and diligence of every single member of staff has made this possible, so I thank them all.

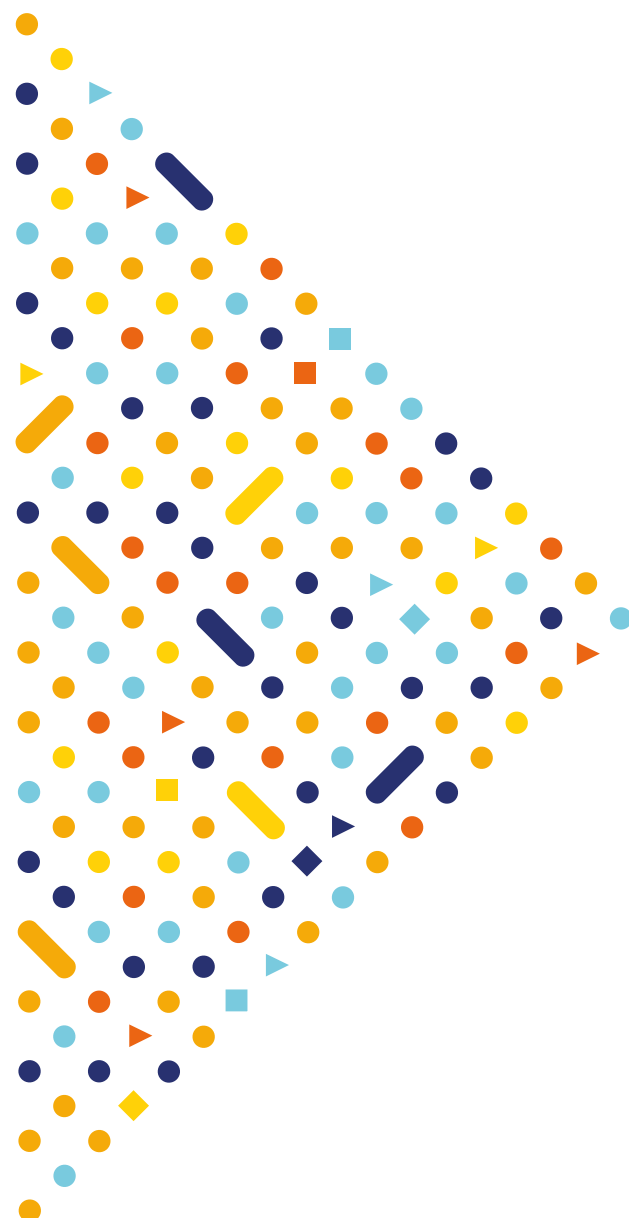


Covid-19 and the lockdown restrictions we have all lived through in the last year put new pressures on the business and our colleagues and customers. However, thanks to the strong partnership between the Board and the Executive Director team, Livv Housing Group has been able to support staff and customers without losing our clear focus on our mission and journey.

No organisation could have fully prepared for the many impacts of the pandemic, but we have undoubtedly benefited from the work that went into our corporate restructure, ensuring that the Group was in a position to react to these unprecedented circumstances with confidence and assurance.



The mission of our Corporate Plan is more important than it has ever been.



Chair of the Board's introduction (continued)

Whether this was assisting staff with the sudden switch to remote working and balancing their roles with extra home-schooling commitments or having to find new and innovative ways to deliver our services in a safe and Covid-secure manner, the Group has risen to the challenge.

Livv's commitment to creating a positive impact in people's lives and developing better communities focused us all on the importance of the role we could play in the wider community, supporting food banks and local social enterprises as well as doing more to look after our vulnerable and isolated residents.

This has taken the form of keeping in regular contact with them, delivering emergency food packages, summer fun packs for locked-down children during the school holidays, supplying laptops for schools and giving out poppy posters and Valentine's chocolates. Our staff have volunteered at food banks, distributed PPE and taken calls from the community at Knowsley Council's Community and Volunteering Hub.

Much of this work has been possible through strong partnership working with local authorities and other key organisations in Knowsley and we remain committed to maintaining these relationships for the benefit of our communities. The Borough has been significantly affected by the social and financial consequences of lockdown, so the mission of our Corporate Plan remains as important as ever.

Customer service remains of paramount importance and the results in this report are hugely encouraging. The substantial reduction in customer complaints highlights the work that has been done to ensure that we are truly hearing the voices of our customers, acting upon their feedback and delivering continuous improvements to our services.



We are truly hearing the voices of our customers, acting upon their feedback and delivering continuous improvements to our services.



Despite the global pandemic, we have delivered a very strong set of financial results - whilst also achieving positive outcomes from a Value for Money perspective. This has enabled us to maintain our focus and deliver on our wider corporate plan targets, to continue to meet our commitments and plan positively for the future.

Everyone involved should be very proud and we are all eager to maintain this upward trajectory in 2021/22. As ever I would like to thank our board, the Executive Team and our colleagues who have all worked harder than ever before to bring our plans and ambitions to life.



Philip Raw

Chief Executive statement



No-one needs reminding that these last 12 months have been a difficult and challenging time for all of us in our personal and professional lives, as well as for our communities. The impact of the Covid-19 pandemic cannot be understated and certainly cannot be ignored when analysing financial performance.

However, despite this environment, Livv Housing Group has performed extremely well both financially and operationally, which is testament to the exceptional work put in by all of our colleagues in extremely trying circumstances and I thank each and every one of them.

The results contained in this report are also a result of the robust mitigation plans that we had in place, which helped us respond swiftly and effectively to the changes that were brought about by the pandemic. This meant being able to protect the business as well as supporting our communities and our colleagues, sometimes in ways we had not experienced before.

Our Finance and Treasury strategy played a crucial role this year and coupled with our improved risk management approach, it enabled us to stay on track with the commitments we set out in our Corporate Plan - a remarkable achievement given the circumstances.



Our Value for Money statement demonstrates how we have improved operational economy, efficiency and effectiveness.



Chief Executive statement (continued)

Instead of stopping or postponing these plans, we reassessed and pivoted to take different approaches to achieve our goals. This took patience, creativity and ingenuity from the colleagues involved and I'm proud of the results they have achieved, particularly as they were adjusting to new ways of working and balancing work/life commitments like never before.

Our ability to respond to the pandemic and yet deliver the performance detailed in this report, clearly demonstrates that the changes we made to reshape our legal entity and our governance structures, have been successful. Not only in business performance, but also in achieving a compliant G2 governance grading with the Regulator of Social Housing.

We have seen performance across the key financial metrics improve throughout the course of the last two financial years – with the strong level of operating margin boosted by reductions in the cost base, improved empty homes performance and improvements in staff absence levels.

Indeed, our financial performance from year to year is more stable and consistent than ever before and our Value for Money statement demonstrates how we have improved operational economy, efficiency and effectiveness despite the impact of the pandemic.

These successes show that we can remain ambitious, and our plans for 2021/22 include delivery of 250 new homes and over 300 starts on site. We have strong expectations across our operational and Value for Money targets – delivering gains across economy, efficiency and effectiveness.



We have shown that we can be there for our communities and colleagues, emerging stronger together.



This will be driven by further improvements to customer services and experience - with initiatives to improve performance further in areas such as decarbonisation, complaints handling and tenancy management.

Livv Housing Group has shown great resilience this year to come out of a challenging 12-month period, with results and achievements that we can all be proud of. We have shown that we can be there for our communities and colleagues, emerging stronger together because of the inspirational work we have put in to get where we are today.

Léann Hearne



Strategic report

Business overview and structure

Livv Housing Group (formerly Knowsley Housing Trust) is a Registered Provider of social housing regulated by the Regulator of Social Housing (RoSH). It operates from its main head office at Kings Business Park, Prescot, with a satellite office at Page Moss, Huyton, Liverpool.

The association was set up in July 2002 to receive the transfer of homes from Knowsley Metropolitan Borough Council (KMBC) and its principal activity is the provision and management of social housing. Livv Housing Group owns and manages over 13,000 properties and works both independently and

in partnerships with others, to deliver low cost home ownership, shared ownership, sheltered schemes and independent living services.

Livv Housing Group is a charitable Co-operative and Community Benefit Society (CBS) registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Registration number 007773).

The full Group and Board structure is outlined on pages 23 to 27 of these accounts.

Strategic objectives

Livv Housing Group is a business dedicated to providing great homes whilst achieving positive impact and flourishing communities.

Together with colleagues in Livv Maintenance and First Ark Social Investment our ambition is to bring people and neighbourhoods together to create better opportunities to grow, develop and thrive.

We achieve this by:

- Building more homes to meet the needs of our communities
- Embracing insight, innovation and technology to enhance our understanding of our

customers, communities and assets which will enable us to target resources more effectively.

- Tackling the problems of financial and digital exclusion by focusing our social investment on supporting education, skills and employability
- Maintaining high standards of governance and risk management which underpin our commitment to sound finances.

Our strategic objectives and approach are explained in more detail on Pages 14 to 22 within our Value for Money statement.



Strategic report (continued)

Five year financial summary

The five-year consolidated financial performance of Livv Housing Group can be summarised as follows:

For the year ended 31 March	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000

Statement of Comprehensive Income					
Total Turnover	65,575	64,988	68,231	61,360	62,139
Operating Surplus	17,926	15,088	14,440	17,095	23,427
Surplus for the year	9,119	7,749	3,302	10,187	8,964
Pension Scheme Remeasurement	(176)	146	(101)	52	(365)
Total Comprehensive Income for the year	8,943	7,895	3,201	10,239	8,599

Statement of Financial Position					
Housing properties	251,998	239,234	233,661	229,562	227,417
Other fixed assets	1,594	1,545	1,754	1,963	1,868
Social investments	128	-	-	-	-
Fixed assets	253,720	240,779	235,415	231,525	229,285
Net current assets	35,272	28,323	20,708	16,271	6,944
Total assets less current liabilities	288,992	269,102	256,123	247,796	236,229

Loans due over 1 year	189,616	185,920	186,534	183,153	184,350
Pensions liability	2,187	2,040	2,286	2,265	2,407
Grants	44,024	39,636	33,783	31,535	28,041
Other long term liabilities	165	111	20	544	1,371
Reserves	53,000	41,395	33,500	30,299	20,060
	288,992	269,102	256,123	247,796	236,229



Strategic report (continued)

Financial performance

Livv Housing Group's operating surplus is £17.9m, compared to £15.1m in 2019/20. Whilst the current year figures include Livv Maintenance and FASl, this has not had a significant impact on trading performance with the improved operating surplus a result of effective operating cost management within the simplified group structure. More details can be found in the Value for Money review section on pages 14 to 22.

Statement of financial position

Livv Housing Group invested £15.3m in new properties and a further £6.0m in existing properties. This is partially offset by disposals, write-offs and depreciation, resulting in a net increase of £12.8m in the year (before consolidation adjustments).

The Group is primarily debt funded as outlined in note 27 with repayments due between 2025 and 2040. The Group also has a rolling credit facility of £20m, of which £nil was drawn at 31st March 2021 (2020 £nil).

Livv Housing Group reserves at 31st March 2021 were £53.0m (2020 £41.4m).

Cash flow

The Group cash flow is detailed on page 47 of this report.



Strategic report (continued)

Treasury management

Financial risk management and treasury policy

The Group finances its operations through a range of financial instruments, including loans, cash and working capital items such as rent arrears and trade creditors that arise directly from its operations.

These financial instruments expose the Group to a number of financial risks including interest rate risk, liquidity risk and credit risk. The Group regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on the risk implications for the Group, and in particular Livv Housing Group, and any financial instruments entered into to manage these risks.

The Group acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is committed to the principles of achieving value for money (VFM) in treasury management, and employing comprehensive performance measurement techniques, to effectively manage the principal treasury management risks faced by the Group:

Interest rate risk

The Group finances its operations through a mixture of retained surpluses, bank borrowings and private placements. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

Our treasury policy states that the ratio of fixed (hedged) to variable (unhedged) interest rates should be between 70%-100% of drawn debt. Currently 94% of the association's borrowing is on fixed interest rates; The current position is therefore inside Policy.

In managing the Group's interest rate risk, the Board and Executive team pay due regard to the following:

- current levels of interest rates compared with historic trends;
- anticipated future trend movements;

- the impact on revenue of estimated movements in interest rates;
- sensitivity of the financial covenants to movements in interest rates; and policy and/or budgetary implications.

Liquidity risk

The regulatory requirement is for a minimum of 18 months' liquidity to be available. Our Treasury Policy amends this to 24 months given the potential time required to arrange new funding. Cash balances at year end exceeded £35m for the Group (association: £33m) and the business is compliant with its liquidity policy.

Credit risk

Our Policy sets out the minimum credit rating for deposit-taking financial institutions. The maximum amount invested at any time with an approved investment institution may not exceed the greater of £5m or 40% of the total surplus funds invested, and have a maturity not exceeding 364 days. The Group is compliant with this policy.

Strategic report (continued)

Value for Money statement 20/21

The Board and Executive are committed to ensuring that we have an approach to Value for Money (VFM) that delivers the optimal value and resource balance for the Group and meets or exceeds regulatory expectation. The overarching strategic intent is to further embed our approach to VFM - in a way which delivers tangible, measurable and transparent benefits for the Group in support of the delivery of its corporate plan objectives.

Core purpose and values

Livv stands for an unwavering commitment to serving local communities, by forging strong partnerships, pioneering new ways of working and building a highly skilled, steadfast team to deliver ambitious strategies.

We're here for the long term to help people live happy, successful and fulfilled lives in diverse, welcoming places where they want to stay. Our mission is to provide homes and opportunities for everyone – young or old, family, couple or single person.



The values that motivate and drive us to do this are:

Making a difference every day

Investing in our people, customers and a fairer society

Being positively open

Welcoming feedback to help us provide first-class homes and experiences

Forging the right way

Creating an inspiring road for others to follow

Together as one

Every team and person working cohesively to deliver better outcomes

We generate social value – using our resources wisely to achieve lasting, beneficial change and be an attractive organisation to work for and with. This means really knowing and understanding both customers and communities and directing our investment to the areas and groups that need it most.

Strategic aims and objectives 2020 to 2023

On 1 April 2020, First Ark Group transformed into Livv Housing Group – a business dedicated to providing great homes whilst achieving positive impact and flourishing communities.

Our corporate plan distils our ambition to bring people and neighbourhoods together to create better opportunities to grow, develop and thrive.

Having created Livv Housing Group on 1 April 2020 our subsequent return to regulatory compliance in October 2020 was the next key milestone in the delivery of our corporate plan “Unlocking Potential”. The first three years of the decade are our chance to make an even greater mark on the lives and prospects of people in the North West of England.

Strategic report (continued)

The plan is structured as follows around the three key themes of Livv Life, Livv Now and Livv People :

Building more homes - the new homes in our plan are primarily for general needs affordable rent - with more tailored provision being considered where there is a demonstrable need. Development is undertaken in areas where we can make the greatest impact and where we have a strong presence or community affinity. Value for Money considerations are key, with growth targeted geographically at areas where we can procure and provide management and maintenance services economically, efficiently, and effectively.

Strategic, smart, safe - our new name and identity signal a determined effort to modernise and upgrade the way we work. We'll embrace insight, technology and innovation to know our customers, communities and assets better and target our resources more effectively.

Livv together - working alongside our customers and other community stakeholders - drawing on their first-hand knowledge of what the issues are and their ideas about how we can best match our offer to local needs.

Livv well - the financial plans which underpin our corporate plan and strategies reinforce the Board's commitment to deliver improved performance against the mandatory VFM metrics and our own corporate measures and metrics, and embed the VFM principles across all of the areas of operation to deliver tangible benefits across the three Es; Economy, Effectiveness and Efficiency.

Livv local Livv green Livv people - the culture of value creation will ensure that the Group can preserve its viability into the long-term and will have sufficient resources to enable community impact and social investment, to deliver against the challenge of net zero carbon,

and to enable regeneration and support our communities through apprenticeships and return to work schemes.

VFM considerations and measures and metrics are embedded in strategies and resource proposals considered by the Board, Committees and the Executive. Performance against targets is measured via a clear set of our own financial and non-financial measures and metrics - with an established dashboard reporting hierarchy from Board through to Committee level - together with a report on the mandatory VFM metrics.

Progress against plans, our own measures and metrics and the mandatory metrics is reported on an ongoing basis to Boards and Committees – and summarised annually. The reporting is supported by processes for assessing and implementing the necessary corrective actions or interventions - ensuring economic, efficient and effective delivery of operational and strategic objectives which are ultimately captured in the summary improvement plan.

The financial management culture of the organisation has improved, and budgets are well understood. In addition to VFM being at the forefront of investment decision-making, detailed work was undertaken during the financial year to understand better the top cost-drivers in the current cost base of the business. Whilst the cost and margin-based metrics have improved over time - as one-off compliance and regulatory costs have dropped out – this ongoing effort seeks opportunities to intervene more proactively and address outlying areas of high cost and/or low quality. This data has informed initiatives to reduce the discretionary cost base, improve repair and re-let times for empty homes and make gains from targeted investments in new technology and processes.

Strategic report (continued)

Benchmark groups

Throughout this report we compare our performance on the mandatory VFM metrics against the Regulator's VFM metric Global Accounts Annex 2020 medians at a national and NW regional level. Our own measures and metrics are drawn from our Board Strategic Measures and Committee dashboards and compared with peer groups using sources such as Housemark and CIPD.

Our performance and improvement plans

The Strategic Measures dashboard is reported to Board and incorporates our own key measures and metrics across all strands of the Corporate Plan. The results across the primary measures for 2020/21 are outlined below:

Strategy	Customer	Colleague	Development	Property	Finance	Risk
20/21 Primary measure	Customer ease	Employer of Choice rating	IRR	Operating expenditure ratio	Financial strength	Uncontrolled loss
20/21 target	90.00%	A	4.80%	41.8%	A2	0
20/21 outturn	89.70%	A	5.60%	42.3%	A2	0

Following consultation with the Board and Executive our corporate 2021/22 measures and metrics – reflected in the Strategic Measures and Committee dashboards – have remained largely intact from those used in 2020/21. New measures and metrics have been introduced where necessary to better align the dashboards with either regulatory expectation, strategic intent or in response to a key area of emerging risk. Targets for 2021/22 have also been updated to align with resource and priority revisions, appropriate benchmarks and strategic objectives. Each primary Strategic Measure has supporting measures, metrics and targets that provide context and assist in directing balanced corrective action as follows :

Strategy	Customer	Colleague	Development	Property	Finance	Risk
21/22 Primary measure	Customer ease	Employer of Choice rating	Starts on site	Operating expenditure ratio	Financial strength	Uncontrolled loss
21/22 target	90.00%	A	322	35.3%	A2	0
Benchmark				34.9%		
Supporting measures	Complaints mgt Social value	Retention Total days lost per FTE	Unsold units Completions	Net zero programme Reinvestment	Operating margin Gearing	Overall compliance Rental income

The Operating Expenditure Ratio Benchmark has been compiled using sector-wide data from the 2020 Global Accounts Annex – Value for Money Metrics.

VFM performance is summarised below across the three pillars of :

- improving operational economy, efficiency, and effectiveness,
- increasing development capacity and new supply and,
- improving the economy, efficiency and effectiveness of our asset management.

Strategic report (continued)

Improving operational economy, effectiveness and efficiency – Livv well, Livv together, Livv people, Livv local

The simplification of the Group's legal entity structure, together with continued focus on a consistent, comprehensive suite of measures has provided greater transparency on performance at every level of our management structure and underpinned improvements in financial and operational performance.

Improving Operational Economy, Effectiveness & Efficiency - Livv Well, Livv together, Livv People, Livv Local	FY 18/19	FY 19/20	FY 20/21	Target 20/21	All Sector Benchmark - Median	North West Benchmark - Median	Target 21/22	Forecast Target 22/23	Forecast Target 23/24	Forecast Target 24/25
Operating Margin % - LHG (Group)*	15.5%	16.1%	23.6%	22.5%	23.1%	18.5%	24.8%	26.4%	30.2%	32.1%
Operating Margin % - LHG (Company)*	16.9%	18.6%	23.6%	22.2%	24.6%	20.3%	24.7%	26.6%	30.4%	32.3%
Operating Margin % - Livv Maintenance**	4.0%	2.2%	0.1%	0.7%	1.0%	1.0%	1.0%	0.7%	0.7%	0.7%
Operating Margin % - Social Housing*	18.5%	19.4%	25.9%	24.8%	26.8%	22.7%	27.4%	29.7%	32.6%	34.1%
EBITDA MRI %*	168.8%	189.4%	204.9%	206.0%	171.0%	185.0%	210.9%	251.5%	285.2%	299.0%
Headline Social Housing Cost per unit (£)*	£3,525	£3,244	£3,234	£3,227	£3,710	£3,620	£3,322	£3,238	£3,211	£3,176
Staff Absence (Days)**	8.9	9.6	8.5	8.5	8.4	9.9	8.5	8.4	8.4	8.4
Current Tenant Arrears**	5.6%	5.5%	5.4%	4.5%	4.7%	3.8%	4.5%	4.5%	4.5%	4.5%

*Mandatory VFM Metrics ** VFM Headlines from our own Measures and Metrics

The full investment requirement relating to Net Carbon Zero has not yet been fully incorporated into forecast targets. Consequently as the position evolves the related targets may be subject to change.

Benchmark data source - 2020 Global Accounts Annex – Value for Money Metrics, published by the Regulator of Social Housing, CIPD (Staff Absence), Housemark (Current Tenant Arrears).

During the year the Group has made gains by :

- Delivering a step change in operating margins via simplified structures and the removal of costs.
- Reducing arrears to 5.4% from 5.5% against a backdrop of UC migration and the onset of Covid-19.
- Reducing rent losses from 1.8% of rental income to 1.1%

Strategic report (continued)

- Reducing tenancy turnover from 6.5% to 6.3%
- Reducing staff absence from 9.6 days to 8.5 days
- Delivering a 76% reduction in customer complaints.

The Covid-19 pandemic presented a financial risk and customer service challenge but the business was able to respond quickly, utilising previously agreed and rehearsed Business Continuity Response protocols. The direct costs associated with the initial tactical response have been offset by compensating savings in discretionary expenditure and the Group has embraced the lessons learned from the pandemic for the long-term benefit of our business via:

- Implementation of technology changes - accelerated to facilitate working at home including the roll-out of Microsoft Office 365 and Microsoft teams
- Introduction of electronic signatures - for a range of documents including tenancy agreements
- Rationalisation of rent payment options to reduce reliance on cash payments by our tenants
- Introduction of agile working arrangements to reduce shift and overtime costs
- Rationalisation of office space reduced the immediate costs associated with achieving and maintaining a Covid secure working environment.

The severity of the first lockdown interrupted the delivery of programmes by Livv Maintenance which, when combined with the impact of changed working practices to maintain social distancing on site, led to some sourcing

challenges and productivity losses in the first half of the year. The Group responded by rescheduling capital works between budget years to improve the overall mix of works, bringing forward our boiler replacement programme by 6 months and using directly employed labour resources for works that were previously scheduled for delivery by sub-contractors. Overall, these changes contributed to an improvement in results in the latter half of the year, but those early losses were not completely recovered as is reflected in the lower overall operating margin when compared to target.

Despite an increase in Universal Credit Claims the business did not see an increase in current tenant arrears as refreshed policies and procedures were embedded. There remains more to do in this area to achieve our targets. Despite improvements in 2020/21 the business is also focussed on continuing to reduce short term staff absence to improve operational efficiency which will be supported by a change to sickness absence policies.

Subject to two areas of one-off cost - for Customer Service improvements and the demolition of high-rise properties at Gaywood Green - the forecast financial performance is stable and improving year on year. As financial performance has improved significantly since 2019 the Group is now very well placed to attract competitively priced debt. The Group has a significant level of unsecured property and has positive levels of asset and interest cover and indebtedness. New funding would be utilised - together with other capital receipts (e.g. from RTB) and the sale of out of borough properties - to fund income generating new homes which will have lower early years average management and maintenance obligations than the existing asset portfolio thereby further strengthening the operating margin position of the Group.

Strategic report (continued)

When the pay back from the customer service investment crystallises and the decommissioning costs drop out of the forecast, and as more new build completions handover, the margin position will show a step change improvement – up to more than 30% by 2023/24. In 21/22 we will conclude changes to our organisation, systems and processes designed to deliver a step change in our customer service as benchmarked externally, with the intention being to realise gains by:

- Further reductions in defects and customer complaints
- Further reductions in tenancy turnover
- Reducing cost to serve by 10% as a result of reduced re-work costs
- Increasing opportunities for local employment and apprenticeships.

Increasing development capacity and supply – Building more homes

The Development Strategy was updated during the year and reflects our target of c1,500 homes over five years with a shift in tenure mix towards rented products to better meet the demographic needs of Knowsley and surrounding boroughs.

Increasing Development Capacity & Supply - Building More Homes	FY 18/19	FY 19/20	FY 20/21	Target 20/21	All Sector Benchmark - Median	North West Benchmark - Median	Target 21/22	Forecast Target 22/23	Forecast Target 23/24	Forecast Target 24/25
New Supply % (Social)*	0.9%	0.4%	0.5%	0.4%	1.4%	0.8%	1.9%	2.3%	1.6%	2.5%
New Supply % (Non-Social)*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing - LHG (Company)*	70.9%	65.9%	62.0%	62.4%	44.5%	39.4%	59.8%	57.2%	56.8%	54.7%
Starts on Site**	56	185	293	300			322	100	400	160
Handovers **	116	55	60	60			250	301	213	333
Initial Shared Ownership Sales**	54	48	47	70			62	59	27	12

*Mandatory VFM metrics ** VFM Headlines from our own measures and metrics

The full investment requirement relating to Net Carbon Zero has not yet been fully incorporated into forecast targets. Consequently as the position evolves the related targets may be subject to change.

Benchmark data source - 2020 Global Accounts Annex – Value for Money Metrics, published by the Regulator of Social Housing.

In terms of VFM headlines and gains throughout the 2020/21 the Group has :

Delivered 293 starts on site, 60 completions and 47 sales (with first tranche sale percentages averaging 48%) - and built a programme which will generate an NPV gain of £6.4m over five years.

The pandemic caused an initial slowdown because of reduced site activity and longer lead times in local authority administration, and consequently the business did not achieve its anticipated reinvestment targets as stage payment positions were not reached. This is expected to reverse in 2021/22 such that the cumulative position by March 2022 will be as originally envisaged.

Strategic report (continued)

These plans and achievements were reflected in an updated Treasury Strategy requirement and the business has commenced the renewal of its revolving credit facility and the raising of new finance. Gearing, as calculated on a VFM basis, remains high as result of the fair value adjustment to a non-basic loan and the historic cost basis used in accounting for homes, but gearing on a covenant basis is 41% and over 35% of our units remain unencumbered and this, combined with the improved operational performance is reflected in the strong performance in EBITDA MRI% - which is above target and benchmarked performance.

In 2021/22 our key VFM initiatives and objectives can be summarised as:

- Updated development strategy implementation targeting 250 new home completions and 322 starts on site across tenures
- Containment in costs of construction via targeted procurement activity across the development supply chain
- Review existing funding to incorporate SONIA and leverage gearing performance improvement and a lower weighted average cost of funds via new finance arranged in the year.

Economic, efficient and effective asset management – Strategic smart safe, Livv together, Livv green

Investment in existing homes was identified by Livv Housing Group as a core area for improvement and the Group has developed a comprehensive Asset Strategy with a detailed investment plan driven by stock condition data, compliance test results, customer demographics and local economic conditions. In 2020/21 strong compliance performance and reduction in elapsed time for the repair and re-let of empty homes have resulted in improved financial returns to fund reinvestment.

Progress against the revised Asset Strategy and associated VFM performance has been tracked using several metrics and measures and comprehensive systems are in place to collate and track data by property in line with our “intelligence-driven” philosophy.

Economic, Efficient and Effective Asset Management - Strategic, Smart, Safe, Livv Together, Livv Green	FY 18/19	FY 19/20	FY 20/21	Target 20/21	All Sector Benchmark - Median	North West Benchmark - Median	Target 21/22	Forecast Target 22/23	Forecast Target 23/24	Forecast Target 24/25
Return on Capital Employed %*	5.6%	5.6%	6.3%	5.9%	3.5%	3.6%	6.3%	6.3%	6.2%	6.2%
Re-let times (Days)**	94	113	56	55	28	21	30	30	30	30
Reinvestment %*	7.1%	6.9%	8.5%	13.7%	6.9%	6.8%	19.8%	15.0%	16.9%	11.7%

*Mandatory VFM metrics ** VFM Headlines from our own measures and metrics

The full investment requirement relating to Net Carbon Zero has not yet been fully incorporated into forecast targets. Consequently as the position evolves the related targets may be subject to change.

Benchmark data source - 2020 Global Accounts Annex – Value for Money Metrics, published by the Regulator of Social Housing, Housemark (Re-let times).

Strategic report (continued)

Our ROCE performance remains better than sector medians and has improved year on year. Re-let times have reduced from 113 in 19/20 to an average of 56 days in 20/21 - the headline figures have been negatively impacted by the long-term voids that we have brought back into use in the last 12 months, but in the year ahead we expect to achieve 30 days which is a median level of performance for comparable providers. The Group has implemented a new system for the management of Empty Homes refurbishment which is the final milestone in our project to transform our performance against this key metric.

We have continued our programme of option appraisal of all properties with a negative 30-year Net Present Value (NPV) to identify how we can develop the financial or social returns from each property or to consider alternatives. The initial workshops were completed in November 2020, with properties being assigned to “action groups” for delivery of solutions. Financial returns are one element of our decision making: social and environmental factors also influence our investment plans so we can regenerate neighbourhoods and meet the zero-carbon challenge.

Quick win solutions have been found for 196 properties to enhance their NPV. This includes changing the tenure of some properties (mostly commonly between sheltered and general needs). More than 1,100 will benefit from more sustainable investment e.g., by utilising different heating solutions, whilst another 529 properties will benefit from external refurbishment works and neighbourhood face-lift programmes.

Future VFM initiatives and objectives for 2021/22 where gains are targeted include:

- A continuation of joint procurement programmes to ensure equivalent quality and choice of components in new and existing homes
- Rationalisation of our supplier and professional consultant base to deliver procurement economies and efficiencies
- Trials of heating and insulation solutions to inform both our retrofit and new development solutions to achieve carbon reduction targets
- Reshaping our asset portfolio to reduce the number of high-rise and out-of-borough properties.



Strategic report (continued)

Cost drivers and procurement

Our key cost drivers and procurement focus have been reviewed during the year and will result in a continued focus throughout 2021/22 on managing:

- Staff Costs – driven by employee numbers, combined with pay settlements, other terms and conditions and investment in training
- Asset Repair and Investment Costs – driven via a combination of our stock condition requirements, component life cycles, replacement policies, compliance requirements, specifications, productivity, and volumes. The business has been successful in managing inflation of these costs through a combination of procurement and process improvements. In 2021/22 efforts will continue to drive economies from our material supply contract by rationalising our supplier base and optimising material stock holdings
- Land Costs – driven by acreage, ground conditions, and market value
- Above Ground Costs – driven by square metrage, specification, and time to construct
- Preliminary Costs – driven by time and percentage related assumptions
- On Costs - driven by contractor and consultant percentages - and will be reduced by rationalising the number of external consultants, continuing to tender all consultant appointments, and via standardisation.

Procurement processes have been updated and audited in 20/21 with the intention being to recruit more in-house expertise that can drive value through enhanced category management in 2021/22. The risk associated with cost inflation is assessed in detail, together with the real gains expected from our procurement plan, in our Procurement Strategy.

Conclusions

In formulating this position statement and as a result of our self-assessment Board believes that we are compliant with the Regulator of Social Housing's VFM standard.



Howard Roberts
Executive Director – Finance, Risk & Performance

Strategic report (continued)

Governance

Livv Housing Group Structure

Livv Housing Group (formerly Knowsley Housing Trust Limited)

The Group parent company and Registered Provider of social housing

Livv Homes Limited (formerly KHT Services Limited)

A wholly owned subsidiary of Livv Housing Group, this company acts as a vehicle for joint ventures and selected developments of low cost homes. It is not currently trading.

Livv Maintenance Limited (formerly Vivark Limited)

A wholly owned subsidiary of Livv Housing Group. Launched in 2012, the Group commercial arm delivering facilities management, repairs, maintenance and refurbishment services both internally and externally to selected partners.

First Ark Social Investment Limited (FASI)

A wholly owned subsidiary of Livv Housing Group. FASI is a special purpose vehicle established in 2016 to deliver a single social investment fund known as “Invest for Impact” with funding provided from Big Society Capital and the Big Lottery Fund.

The legal entities of First Ark Limited and One Ark Limited were fully removed from the structure through dissolution and strike off during 2020/21. The process to strike off KHTS Development Limited was completed in September 2020.

KHTS Development Limited

KHTS Development Ltd, a dormant subsidiary of KHT set up with the specific future role of delivering homes for shared ownership – Formally dissolved on 29/09/20.

One Ark Limited

One Ark was launched in 2013 as a registered charity to secure funding and investment to provide life-changing opportunities to people in Knowsley and the surrounding communities. Formally dissolved on 27/04/21.

First Ark Limited

Created in 2010, First Ark Limited was the parent company and provided a range of corporate services to the subsidiary members of the First Ark Group. Formally dissolved on 30/12/20.



Strategic report (continued)

The Board & Committees

The Group is managed by a Common Board of Directors, bringing a wealth of skills and experience to Board deliberations, from a variety of industry sectors, committed to the highest standards of conduct in carrying out their individual roles. All Board Members are signed up to our Code of Conduct, which is based on the National Housing Federation (NHF) Board Member Code of Conduct and sets out the obligations and expectations placed on them both individually and collectively.

FASI is not part of the Common Board arrangements, as it is a special purpose vehicle to distribute Big Society Capital and the Big Lottery Fund funding, having specific governance requirements under its funding agreements. The FASI Board comprises two Executive Directors and one Non-Executive Director from the Common Board as Chair.

During the year, the Common Board delegated various matters to the following committees:

Audit and Risk Committee (ARC)

ARC is responsible to the parent Board for both internal and external audit issues, business assurance, risk management oversight and internal control systems. The Committee also receives the Group's Annual Report & Financial Statements and recommends them to the Board for approval, monitors the Group's long-term strategic financial health and supports the Board in overseeing regulatory, charitable and legal compliance issues. In accordance with governance best practice, its Terms of Reference were reviewed in 2020/21 and updated as of 1 April 2021.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee oversees succession planning and recruitment for the Chief Executive and Executive Team, the Boards of the Group companies, together with the remuneration of Non-Executive Board Members. In accordance with governance best practice, its Terms of Reference were reviewed in 2020/21 and updated as of 1 April 2021.



Strategic report (continued)

Customer Services Committee

The Customer Services Committee monitors the ongoing quality of services provided to customers through the review of operational performance, customer feedback and customer service standards. It considers statutory compliance, regulatory compliance and risk management for delivery of the customer services, making recommendations to the Group Board where improvement is required. In accordance with governance best practice, its Terms of Reference were reviewed in 2020/21 and updated as of 1 April 2021.

Business Growth, Development and Investment Committee *(formerly Social Investment and Enterprise Committee)*

The Social Investment and Enterprise Committee oversaw the operational and financial performance of One Ark Ltd and First Ark Social Investment Ltd. It monitored the delivery of their strategic objectives and contractual obligations and had oversight of their risk management. It also approved charitable investment activity within the delegations and parameters agreed by the Group Board. In accordance with governance best practice, its Terms of Reference were reviewed in 2019/20 and the Committee was removed from the structure from 1 April 2020 to be replaced by a Business Growth, Development and Investment Committee that better reflects the needs of the business following the Group restructuring.

Quality Improvement Panel (QulP) *(formerly Customer Assurance Panel (CAP))*

The Quality and Improvement Panel, (QulP), provides an assurance, co-regulatory, scrutiny and service improvement oversight role that is customer led and representative of our communities. The QulP has a strong relationship with Board and presents its findings either directly or as delegated to one of the Committees. Membership reflects the demography and geography of our customer base and the terms of office mirror that of the Board Members. The knowledge and skills of the QulP's membership are reviewed and varied training is provided to build capability.



Strategic report (continued)

Board Member Attendance

From the 1 April 2020 until the 31 March 2021 the Common Board of Livv Housing Group, Livv Maintenance and Livv Homes, the following Executive and Non-Executive Directors have served on the Common Board, with their attendance during the year being as follows:

Director	Common Board (including Livv Housing Group, Livv Maintenance and Livv Homes)
Philip Raw	100%
Steve Agger	100%
John Bowker	100%
Kevin Brady	100%
Anthony Deakin	100%
Mark Dunford	100%
Phil Pemberton	100%
John Ray	83%
Nicola Waterworth	100%
Léann Hearne	100%
Eleanor Bowden	100%
Christopher Howard Roberts	100%

Our Board Members bring a wealth of skills and experience, from a variety of industry sectors, to Board deliberations and are committed to the highest standards of conduct in carrying out their individual roles. All Board Members have signed up to our Code of Conduct, which is based on the NHF Board Member Code of Conduct and sets out the obligations and expectations placed on them both individually and collectively. This is further reflected in their Agreement for Services and forms part of the annual Board Member appraisal process.

The Board and its Committees have scheduled meetings for regular business items and an annual All Board Away Day to discuss strategy and direction of travel. Board Members also attend regular workshops and development sessions and keep training and development logs that form part of the appraisal process.

The Board may convene between meetings if urgent decisions are necessary. Our rules allow attendance by telephone, or video conference, or decision-making via written resolutions, which assists effective governance. Where necessary we hold virtual meetings to facilitate the timely consideration of individual matters between scheduled meetings.

Strategic report (continued)

Governance Compliance

The Group has adopted the NHF Code of Governance 2015 (the Code) both for Livv Housing Group as the regulated entity and for the other legal entities within the Group. The Board reviews compliance with the principles of the Code via a detailed report on an annual basis. The Board also receives an annual review of each of its Committees and their performance, against their delegated Terms of Reference, to further ensure the Group is meeting its compliance requirements.

The annual reports of each Committee were received by the Board in July 2021 and the annual report on compliance with the Code for 2020/21 was received at the July 2021 Board meeting. The Board has subsequently confirmed that the Group was fully compliant with the Code for the year.

The Group has adopted the new NHF 2020 Code of Governance from 1 April 2021, for Livv Housing Group as the regulated entity and for the other legal entities within the Group, and compliance against this will be reported in the 2021/22 annual accounts.

Regulatory Compliance

A self-assessment of compliance with the Regulatory standards, including the Governance & Financial Viability standard, was undertaken in June 2021 and approved by the Board in July 2021. On the basis of that assessment the Board certifies that it considers the association to be fully compliant with the requirements of the standards.



Strategic report (continued)

Principal risks and uncertainties

Risk Management

The Group's Risk Management and Assurance Framework supports the effective identification, assessment, management and monitoring of strategic and operational risk in alignment with governance, leadership, compliance and service delivery activity.

Risk and assurance reporting forms a core part of the Group's governance arrangements and informs the Groups strategic planning and decision-making activity, enabling clarity of direction and well-informed decision making across the Group.

The Risk Management and Assurance Framework has been reviewed and refreshed in the year to continue to align risk management expectations to the Group's operating environment. The review also confirmed that Group's risk management arrangements are in accordance with regulatory expectations.

The Board defined risk appetite and tolerance measures are monitored in respect of all identified risks, with frequent review at Board, Committee, Executive and Management level. Board approved actions are taken where risks may require closer alignment to risk appetite.

Regular horizon scanning of risks in the Group's operating environment informs the ongoing review and maintenance of the strategic and operational risk registers.

Risk management is a continuous process that enables the Group to:

- Take a proactive approach, anticipating and influencing events before they occur
- Facilitate better and informed decision making
- Ensure that Group continues to operate effectively in the context of a changing internal and external risk environment.

Impact of Covid-19

The Group has responded to the situation in alignment with UK Government measures as they arose throughout the year. This involved short, medium and long-term considerations and actions, with temporary measures implemented across the Group through the course of the more severe restrictions, which enabled the continuation of our services.

Throughout the year the Group has responded at a strategic and tactical level maintaining mitigating measures and controls and ensuring safe working practices for our teams and the safe delivery of necessary services to customers. Through the use of risk assessment measures the Group has continued to deliver its activities and services consistently and robustly.

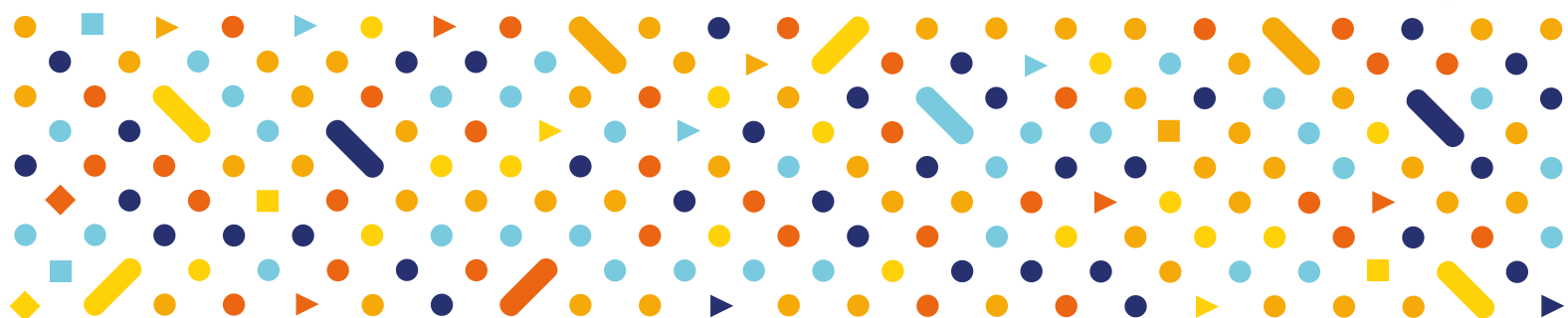
Strategic report (continued)

Principal risks and uncertainties

Strategic risk and outline	Mitigation and assurance
<p>Statutory health and safety compliance</p> <p>We have a responsibility to maintain compliance with statutory health and safety requirements, thereby not risking the safety of our customers, employees, stakeholders and the public at large.</p> <p>This includes the servicing and maintenance of our current housing stock, development of new housing, provision of services to tenants and colleague working arrangements and activities.</p>	<p>The Compliance Framework and associated systems across all areas of compliance responsibility are embedded.</p> <p>Detailed delivery and performance targets are aligned to statutory requirements and where relevant additional measures, these are scrutinised across the Group's governance structure.</p> <p>Quality review and validation arrangements support the integrity of data and provide assurance on the reliability of systems and data for performance reporting purposes.</p>
<p>Cyber security</p> <p>Cybercrime and related cyber security threats continue to be major global risks. Threats are widespread and ever developing, meaning there needs to be consistent and intensive resourcing and control in place to manage these risks consistently.</p>	<p>Diligent maintenance and testing of systems and continuing to develop arrangements and controls in line with emerging threats to our network including controls to protect our systems, IT availability and capacity and wider financial management controls.</p> <p>Our Information and System Security Policy defines arrangements on comprehensive management, monitoring procedures, processes and tools and a cyber-attack management response plan to mitigate the impact and extent of any attacks should these occur.</p> <p>Comprehensive understanding of our critical systems and planning for how we will continue to provide critical systems and recovery in the short, medium and long-term in the event of a business continuity threat occurring.</p>

Strategic report (continued)

Strategic risk and outline	Mitigation and assurance
<p>Development</p> <p>Targets to deliver an affordable housing programme providing a range of housing options relevant to community need.</p>	<p>The development strategy and defined targets in place along with arrangements for the achievement of the programme. Supported by development scheme, financial and compliance controls.</p> <p>Pipeline, financial viability, scheme management and other related targets are scrutinised across the Group's governance arrangements.</p>
<p>Financial viability</p> <p>Sound financial management enables the achievement of the timely and efficient achievement of corporate objectives.</p> <p>This includes long-term financial viability, access to adequate funding, the ability to achieve loan covenants and planning for economic factors.</p>	<p>Defined and monitored financial regulations, and golden rules. Financial planning and embedded controls to support the integrity of financial information and reporting.</p> <p>Stress testing of the business plan to inform resilience and planning for recovery should an event/series of events impact our key assumptions.</p>
<p>Stock condition</p> <p>Accurate profiling and stock condition understanding informs us in delivering effective compliance, repairs and investment activity. This also enables us to align continuing customer needs and expectations to optimising our stock and delivering value for money.</p> <p>This includes undertaking efficiently planned works and making sound investment decisions through understanding and maintaining data in relation to stock condition, completed works and customer need.</p>	<p>The Asset Strategy, Net Carbon Zero Strategy and related investment plans are driven by outcomes from Stock Condition Survey. An evidence-based approach to the delivery of investment activity is applied.</p> <p>Asset management systems are in place, structured to support the maintenance of comprehensive and reliable stock information with quality review arrangements to support data integrity.</p>



Strategic report (continued)

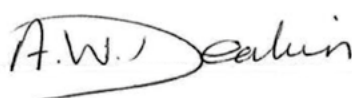
Strategic risk and outline	Mitigation and assurance
<p>Compliance</p> <p>There are a range of statutory, legislative and reporting obligations the Group must comply with in the course of its activities. These obligations support evidencing transparent and sustainable performance in the delivery of corporate objectives.</p>	<p>The statutory reporting framework and related review of reporting for the comprehensive identification of all relevant laws and regulations, along with the timely and accurate reporting of how the Group complies with its obligations.</p> <p>Regular scanning for updates to obligations and expectations.</p>
<p>Customer service</p> <p>Defining and enabling the delivery of inclusive services aligned to customer service needs and expectations including consideration to community cohesion factors is central to the Group's activities.</p> <p>This is framed in the context of the Social Housing White Paper, Building Safety Bill, Fire Safety Bill and wider regulatory changes and Government plans.</p>	<p>A range of strategies and frameworks are embedded supporting the delivery of objectives including the Customer Engagement Strategy, Community Investment Strategy, Customer Access Strategy, Asset Management Strategy, Investment Plan and Compliance Framework.</p>

By order of the Board.



Philip Raw

Chair of the Board



Anthony Deakin

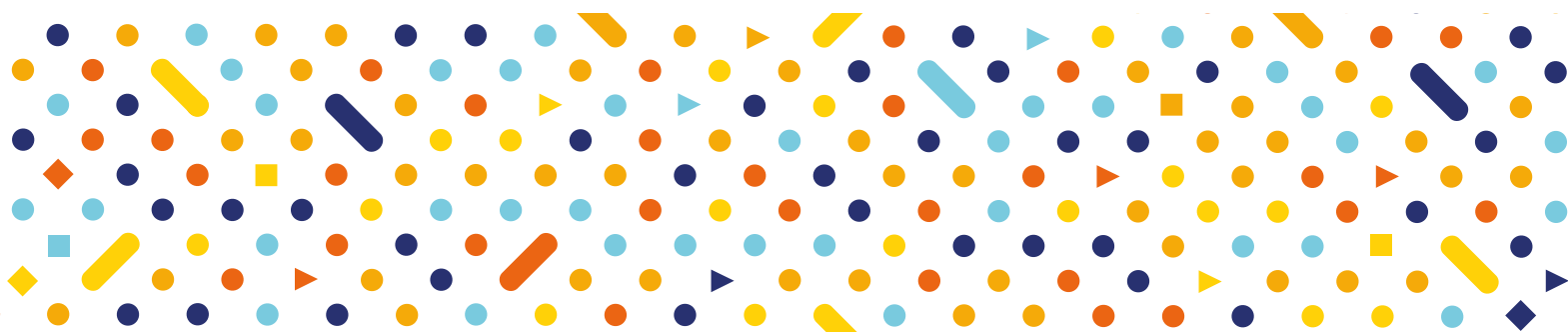
Chair Audit & Risk Committee



Sharon Marsh

Company Secretary

14 September 2021



Board report

The Board presents its report and the Group's audited financial statements for the year ended 31st March 2021.

Principal Activities, Business Review and Future Developments

Details of the Group's principal activities, its performance during the year and factors likely to affect its future development are contained within the Strategic Report which precedes this report.

Board Members, Group Chief Executive and Executive Directors

The current Board members and Executive Directors, and those who served during the year, are set out on pages 4-5. The Board members are drawn from a wide background bringing a range of professional, commercial and local experience.

The Group has insurance policies in place that indemnify its Board members and Executive Directors against liability when acting on behalf of the Group.

Remuneration Policy

A Remuneration and Nomination Committee is responsible for recommending, to the Board, the Group's pay policy and terms and conditions of employment for the Group Chief Executive. In addition, the Remuneration and Nomination Committee is responsible for setting the remuneration of Executive Directors and their terms and conditions, including an annual salary review.

Pensions

All Group employees, including the Chief Executive and the Executive Directors, are eligible to join a defined contribution scheme which the Group contributes towards on behalf of its employees.

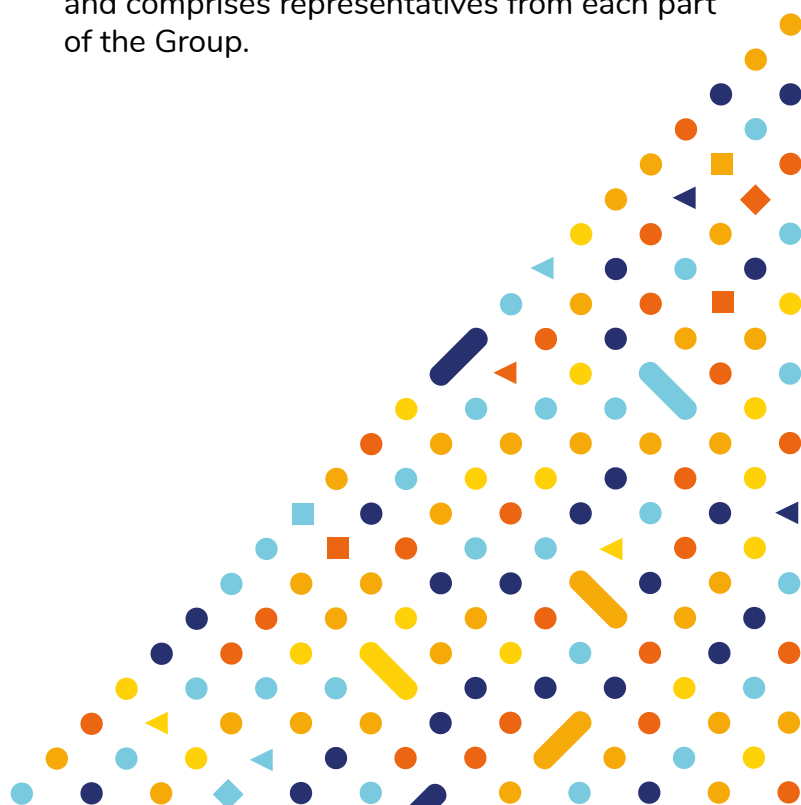
Employees

The strength of the Group lies in the quality and commitment of its employees. The Group recognises the importance and contribution of the employees to the ongoing success of the business. We will recruit the best colleagues, board members and volunteers to reflect the profile of the communities where we work and will invest in their wellbeing and development through training and initiatives to promote healthy minds and bodies.

The Group is committed to equality of treatment and opportunity for all of its employees: we embrace and value diversity and we are committed to having a diverse workforce that reflects the communities within which we work

The business consults with its employees on matters affecting the workforce through two representative Groups:

- The Joint Consultative Committee, which includes representation of recognised Trade Unions and;
- The Employee Forum which was created to support employees by giving everyone a voice and comprises representatives from each part of the Group.



Board report (continued)

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The group has prepared detailed health and safety policies, has a robust safety management system in place, and provides training and education to all of its staff on health and safety matters appropriate to their role.

Corporate Social Responsibility

Livv Housing Group has an unwavering commitment to serving local communities by helping them to live happy, successful and fulfilled lives in diverse, welcoming and sustainable places. Investment in our homes and communities plays a key part in achieving our vision. It connects people to place, builds on and contributes to our long-term financial strength and capacity and demonstrates our commitment to our customers.

Our Community Investment Strategy is underpinned by a number of policies and strategies that extend across all aspects of being a socially responsible business including:

- The Environment policy;
- The People strategy;
- The Value for Money strategy;
- The Procurement policy;
- The Volunteering policy;
- The Tenancy Sustainability Strategy.

The Group reports on its social impact annually through its Social Accounts.

Customer Complaints

Livv Housing Group is committed to providing excellent services to our customers. We want to get things right first time; however we understand that sometimes this may not happen. If a customer believes that there has been a failure in service or we have not met our standards we want them to be able to make a complaint in a way that suits them. Our complaints policy sets out our approach to receiving, investigating and responding to complaints.

When complaints are received we aim to resolve them fairly and efficiently in line with our policy. We are committed to learning from customer feedback including complaints and use this information to identify service improvements. All staff are briefed on the policy and procedures to ensure that complaints are dealt with consistently and fairly.

Donations

No gift aid was received in the year (2020: £500k).

Livv Housing Group and its subsidiaries did not make any political donations.

Payment of Creditors

Our policy is to pay undisputed purchase invoices within 30 days of the invoice date or earlier if agreed with the supplier.

National Housing Federation (NHF) Excellence in Governance 2015

The Group complies with the principal recommendations of the NHF guidance, Excellence in Governance 2015 as set out in the Strategic report on Pages 10 to 31.

Board report (continued)

Internal Control Report

The Board has overall responsibility for the system of internal control and risk management across Livv Housing Group and for reviewing its effectiveness. This includes ensuring that the Group adheres to the Regulator of Social Housing Governance and Financial Viability standard and its associated Code of Practice.

The Audit and Risk Committee is responsible for reporting to the Board on the adequacy of risk management arrangements and effectiveness of the internal control system through its oversight and scrutiny of the Risk Management and Assurance Framework which includes internal and external audit arrangements and outputs from other assurance activity.

The system of internal control is designed to manage risk and provide reasonable assurance that:

- Objectives are achieved
- Assets, including social housing assets are safeguarded
- Proper accounting records are maintained
- Financial information used within the business or for publication is reliable
- Performance information used within the business or for publication is reliable.

Key features of the Group's internal control environment include:

- The Risk Management and Assurance Framework defines the Board's strategy, policy and approach to identifying, assessing and managing risks to the Group. The Risk Management and Assurance Policy defines the Board's risk appetite and tolerance measures.
- An established governance and management structure, with clearly defined levels of responsibility, scrutiny and approval including clear lines of delegated authority.

- Financial Regulations which provide a framework of control and delegation over the Group's financial resources and guidance on how those resources must be managed to support the achievement of the Group's corporate plan objectives. In addition, the Regulations are designed to support the Group in meeting its legal and regulatory requirements relating to financial and viability matters, together with the safeguarding of Group assets, and the management of financial risk.
- A programme of stress testing for Group and entity level financial plans aligned to key strategic risk exposures and in the internal and external environment, the outcome of which informs Group and entity mitigation and resilience planning.
- A Corporate Performance Framework which defines the Key Performance Indicator measures, owners and reporting frequencies relevant to all the Group's activities.
- A Policy and Strategy Framework which defines the expectations for the development, review and approval of policy and strategy to meet the needs of the business, employees and customers, as well as regulatory and legislative requirements.
- Internal audit assurance, through a programme of regular independent reviews of the effectiveness and application of internal controls across the Group's activities.
- An annual review and certification process considering the effectiveness of the Group's systems of internal control and management of risk across all of its activities throughout the year.



Board report (continued)

Internal Audit

The system of internal control is subject to a regular programme of independent review. PwC, the internal auditors to the Group, provided a programme of reviews for the year 2020/21. The Audit and Risk Committee approved this programme and kept it under regular review throughout the year.

The Audit and Risk Committee has been presented with regular reporting of the outputs from internal audit reviews throughout the year, along with monitoring in relation to the achievement of any recommendations made, in line with agreed deadlines.

External Audit

The Group is committed to sound financial management in all aspects of its business and has robust business planning and budgeting frameworks in place. Financial and performance management reporting is provided to the Board to enable scrutiny of the achievement of objectives.

In line with contractual obligations and its Terms of Reference, the Audit and Risk Committee reviewed external audit arrangements in the year and approved to undergo a formal tender exercise for external audit services. This exercise resulted in the Audit and Risk Committee recommending and the Board approving the appointment of BDO LLP as external auditor for the Group and its subsidiaries.

The External Auditors liaise with the Audit and Risk Committee on the nature and scope of the planned audit programme and provide feedback to the Committee on the operation of financial internal controls, reviewed as part of their annual audit activity, through their management letter.

Fraud

The Board has a Financial Crime Policy in place that includes fraud prevention and detection. A Fraud Register is maintained throughout the year and reported to the Audit and Risk Committee on a regular basis.

The Board has a responsibility to ensure material fraud is reported to the Regulator of Social Housing immediately. There have been no cases of fraud reportable to the Regulator of Social Housing within the year.

The Board also has a Whistleblowing Policy in place that promotes openness, accountability and transparency by enabling serious concerns to be raised and investigated in a robust manner. A Whistleblowing Register is maintained throughout the year and reported to the Audit and Risk Committee on a regular basis.

Conclusion

The Board acknowledges that its responsibility applies to the full range of risks and controls across all Group activities. The Board has considered the effectiveness of the system of internal control in place in the year ended 31 March 2021 and concludes that governance, risk management and internal control arrangements are operating effectively.

Going Concern

The principal uncertainty faced by the Group in the year arose from the Covid-19 pandemic. The Group's mitigation plan and its tactical response, aligned to the UK Government measures, meant that the Group was able to minimise the impact on productivity and continue to deliver services to customers, whilst ensuring their safety and that of our employees. The Group absorbed the immediate net costs of the pandemic response by reducing discretionary expenditure and has embraced the learning that arose from flexible working to move permanently to more flexible working arrangements which is expected to reduce operating costs in the medium to long term.

Board report (continued)

The pandemic continues to be a source of uncertainty for the Group. When reviewing the Group Business plan the Board considered its impact, both specifically and on the UK economy, together with risks around principle economic assumptions and regulatory changes.

The business plan forecasts improvements in financial performance and indicates that each legal entity within Livv Housing Group has sufficient liquid funds and long-term debt facilities in place that provide adequate resources to fund all committed capital expenditure and investment programmes together with day-to-day activities. The Group also has a mitigation plan which sets out our response in the event of any negative pressures on income or costs.

The Group's activities are expected to continue unchanged for the foreseeable future and the uncertainties considered, including the pandemic, are not expected to have a material long term impact on the Group's financial viability. On this basis the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the financial statements are signed. Therefore, it continues to adopt the going concern basis in the financial statements.

Statement of the responsibilities of the Board for the report and financial statements

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 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 group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply 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 Private Registered Providers of Social Housing 2019.

Board report (continued)

They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

In so far as each of the Board members is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Report of the Board was approved by the Board on 14 September 2021, and signed on its behalf by:



Philip Raw
Chair of the Board



Anthony Deakin
Chair Audit & Risk Committee



Sharon Marsh
Company Secretary



Independent Auditor's Report to the Members of Livv Housing Group

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2021 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Livv Housing Group ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in reserves, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).



Independent Auditor's Report to the Members of Livv Housing Group (continued)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.



Independent Auditor's Report to the Members of Livv Housing Group (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Strategic Report and Board Report for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the responsibilities of the board, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the Members of Livv Housing Group (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and parent Association, and the sector in which they operate, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the consolidated financial statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:
 - whether there are indicators of impairment of tangible assets;
 - appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches;
 - the useful economic lives of tangible fixed assets;
 - recoverability of receivable balances outstanding at the year-end;
 - assumptions used to calculate the pension liabilities; and
 - the fair value of financial instruments.
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;

Independent Auditor's Report to the Members of Livv Housing Group (continued)

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of relevant registers such as those associated with risk and fraud;
- identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- a review of minutes of meetings of those charged with governance both during the period, and post year end;
- considering internal audit findings; and
- considering whether there is any correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Hamid Ghafoor

BDO LLP
Statutory Auditor
Liverpool, UK

20 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income

For year ended 31 March 2021

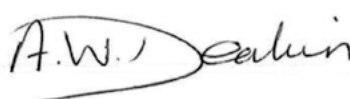
	Notes	Group		Association	
		31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Turnover	3	65,575	64,988	65,588	63,474
Cost of Sales	3	(3,762)	(5,220)	(3,762)	(3,845)
Operating expenditure	3	(46,319)	(47,842)	(46,347)	(47,831)
Gain on disposal of property, plant and equipment (fixed assets)	9	2,432	3,162	2,432	3,162
Operating surplus	6	17,926	15,088	17,911	14,960
Interest receivable	10	21	119	21	138
Interest and financing costs	11	(7,974)	(8,125)	(7,974)	(8,125)
Movement in fair value of financial instruments	28	(851)	681	(851)	681
Surplus before tax		9,122	7,763	9,107	7,654
Taxation	12	(3)	(14)	(23)	-
Surplus for the year after tax		9,119	7,749	9,084	7,654
Re-measurement in respect of pension scheme	29	(176)	146	(176)	146
Total comprehensive income for the year		8,943	7,895	8,908	7,800

The financial statements were approved and authorised for issue by the Board on 14 September 2021 and were signed on its behalf by:



Philip Raw

Chair of the Board



Anthony Deakin

Chair Audit & Risk Committee



Sharon Marsh

Company Secretary

The notes on pages 49 to 94 form an integral part of these financial statements.

Statement of financial position

As at 31 March 2021

	Notes	Group		Association	
		31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Fixed Assets					
Tangible Fixed Assets					
Housing properties	13	251,998	239,234	251,999	239,234
Other property, plant & equipment	14	1,594	1,545	1,584	1,545
Social Investments	16	128	-	128	-
		253,720	240,779	253,711	240,779
Current assets					
Stock	17	81	-	-	-
Properties held for sale	18	2,468	3,531	2,468	3,531
Trade and other debtors	19	4,611	3,397	4,550	3,337
Investments	20	1,880	-	-	-
Cash and cash equivalents	21	35,279	28,338	33,253	28,165
		44,319	35,266	40,271	35,033
Creditors: amounts falling due within one year	22	(9,047)	(6,943)	(9,458)	(6,921)
Net current assets		35,272	28,323	30,813	28,112
Total assets less current liabilities		288,992	269,102	284,524	268,891



Statement of financial position

(continued)

As at 31 March 2021

	Notes	Group		Association	
		31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000
Creditors: amounts falling due after more than one year	23	233,805	225,667	231,025	225,667
Provisions for liabilities					
Pension provision	29	2,187	2,040	2,187	2,040
		235,992	227,707	233,212	227,707
Reserves					
Revenue reserve		52,848	41,395	51,160	41,184
Restricted reserves		152	-	152	-
Total reserves		53,000	41,395	51,312	41,184
		288,992	269,102	284,524	268,891

The financial statements were approved and authorised for issue by the Board on 14 September 2021 and were signed on its behalf by:

Philip Raw
Chair of the Board

Anthony Deakin
Chair Audit & Risk Committee

Sharon Marsh
Company Secretary

Livv Housing Group, a charitable registered society under the Cooperative and Community Benefit Societies Act 2014, registered number 007773.

The notes on pages 49 to 94 form an integral part of these financial statements.



Statement of changes in reserves

For year ended 31 March 2021

	Group				Association			
	Non-Equity share capital £'000	Revenue Reserves £'000	Restricted Reserves £'000	Total £'000	Non-Equity share capital £'000	Revenue Reserves £'000	Restricted Reserves £'000	Total £'000
Balance as at 31 March 2020	-	41,395	-	41,395	-	41,184	-	41,184
Capital Contribution relating to group restructure (note 36)	-	2,501	161	2,662	-	1,059	161	1,220
Surplus for the year	-	9,119	-	9,119	-	9,084	-	9,084
Other Comprehensive Income:								
Re-measurement in respect of pension scheme (note 29)	-	(176)	-	(176)	-	(176)	-	(176)
Transfer between reserves	-	9	(9)	-	-	9	(9)	-
Balance at 31 March 2021	-	52,848	152	53,000	-	51,160	152	51,312

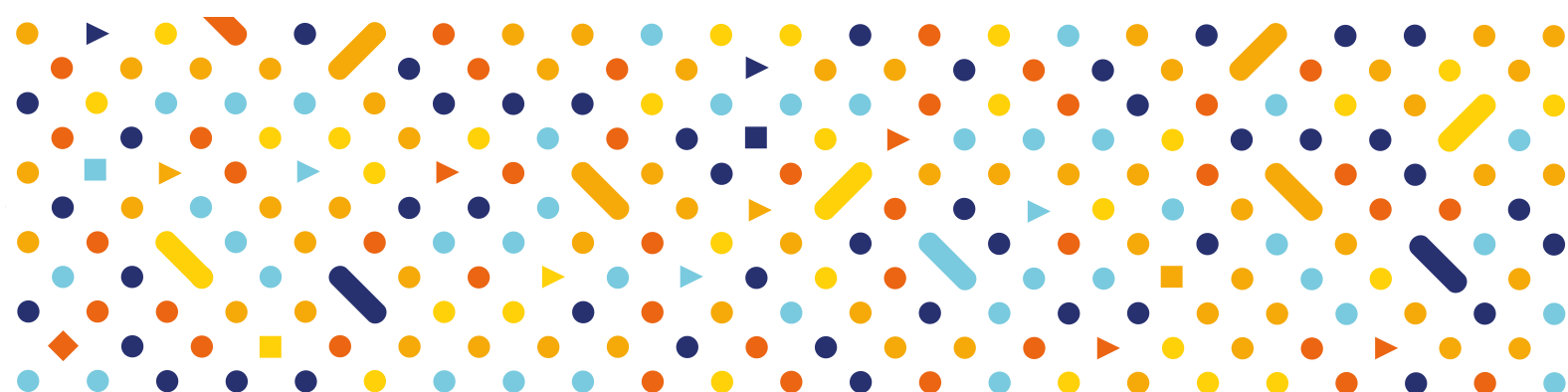
	Group				Association			
	Non-Equity share capital £'000	Revenue Reserves £'000	Restricted Reserves £'000	Total £'000	Non-Equity share capital £'000	Revenue Reserves £'000	Restricted Reserves £'000	Total £'000
Balance as at 31 March 2019	-	33,500	-	33,500	-	33,384	-	33,384
Surplus for the year	-	7,749	-	7,749	-	7,654	-	7,654
Other Comprehensive Income:								
Re-measurement in respect of pension scheme (note 29)	-	146	-	146	-	146	-	146
Transfer between reserves	-	-	-	-	-	-	-	-
Balance at 31 March 2020		41,395		41,395		41,184		41,184

The notes on pages 49 to 94 form an integral part of these financial statements.

Consolidated statement of cash flows

For year ended 31 March 2021

		2021	2020
Group	Notes	£'000	£'000
Net cash inflow from operating activities	A	25,760	19,210
Cash flow from investing activities			
Purchase of fixed asset housing properties		(21,606)	(16,200)
Cash received on group restructure (note 36)		3,417	-
Grants received		3,320	7,039
Proceeds from sale of tangible fixed assets		3,222	4,702
Purchase of other fixed assets		(120)	-
Interest received		195	108
Social Investment income		673	-
Gift Aid		-	500
		(10,899)	(3,851)
Cash flow from financing activities			
Interest paid		(7,861)	(7,997)
(Decrease) in loan finance		(59)	-
		(7,920)	(7,997)
Net Change in cash and cash equivalents		6,941	7,362
Cash and cash equivalents at beginning of the year		28,338	20,976
Cash and cash equivalents at end of the year		35,279	28,338



Consolidated statement of cash flows (continued)

Note A - Cash flow from operating activities	2021	2020
	£'000	£'000
Surplus for the year after tax	9,119	7,749
Adjustments for non-cash items:		
Depreciation	7,247	8,341
Impairment	709	930
Fair value adjustment to financial instruments	851	(681)
Surplus on disposal of fixed assets	(2,432)	(3,162)
Gift Aid	-	(500)
Adjustment for investing activities	58	279
Government grants amortised in the year	(432)	(420)
Amortisation of loan arrangement fees	67	67
Decrease in stock	1,068	378
Increase in trade and other debtors	(716)	(903)
Increase in trade and other creditors	2,484	(761)
Pension costs less contributions payable	(29)	(100)
Interest payable	7,926	8,072
Interest received	(163)	(100)
Corporation Tax	3	21
Net cash inflow from operating activities	25,760	19,210

The notes on pages 49 to 94 form an integral part of these accounts.



Notes to the Financial Statements

1. Legal Status

Livv Housing Group (formerly Knowsley Housing Trust) is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing.

The registered office is Lakeview, Kings Business Park, Prescott, Merseyside, L34 1PJ.

The Group has three subsidiaries; Livv Maintenance (formerly Vivark Limited), Livv Homes (formerly KHT Services Limited) and First Ark Social Investment registered under the Companies Act.

2. Principal Accounting Policies

Basis of Accounting

The financial statements of the group and association have been prepared in accordance with applicable UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are presented in £ sterling and rounded to the nearest £'000.

They are prepared on the historical cost basis, other than as modified for the fair value of certain financial instruments as set out in the policies below.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions:

- The requirement to present a parent company statement of cash flows and related notes;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

Going Concern

The principal uncertainty faced by the Group in the year arose from the Covid-19 pandemic. The Group's mitigation plan and its tactical response, aligned to the UK Government measures, meant that the Group was able to minimise the impact on productivity and continue to deliver services to customers, whilst ensuring their safety and that of our employees. The Group absorbed the immediate net costs of the pandemic response by reducing discretionary expenditure and has embraced the learning that arose from flexible working to move permanently to more flexible working arrangements which is expected to reduce operating costs in the medium to long term.

The pandemic continues to be a source of uncertainty for the Group. When reviewing the Group Business plan the Board considered its impact, both specifically and on the UK economy, together with risks around principle economic assumptions and regulatory changes.



Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

The business plan forecasts improvements in financial performance and indicates that each legal entity within Livv Housing Group has sufficient liquid funds and long-term debt facilities in place that provide adequate resources to fund all committed capital expenditure and investment programmes together with day-to-day activities. The Group also has a mitigation plan which sets out our response in the event of any negative pressures on income or costs.

The Group's activities are expected to continue unchanged for the foreseeable future and the uncertainties considered, including the pandemic, are not expected to have a material long term impact on the Group's financial viability. On this basis the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the financial statements are signed. Therefore, it continues to adopt the going concern basis in the financial statements.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

1) Capitalisation of property development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Initial capitalisation of costs is based on management's judgement that

a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

1) Impairment

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date in accordance with FRS 102 27.7. Indicators include changes in government policy, a reduction in the market value of properties where the occupant has the right to acquire, a reduction in the demand for a property, losses from operating that property, obsolescence of a property or contamination of a site. Indicators for properties under construction include any unforeseen additional costs that do not add value. Where no such indicators of impairment are identified to have occurred at the reporting date, it is assumed that there is no impairment.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Where there is an indicator of impairment we have followed the process outlined below:

- Determined the level at which the recoverable amount is to be assessed. This was determined to be at individual property level;
- Estimated the recoverable amount of the property using the higher of EUV-SH valuations or depreciated replacement cost, using appropriate construction costs and land prices;
- Calculated the carrying amount of the property; and
- Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

2) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3) Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to

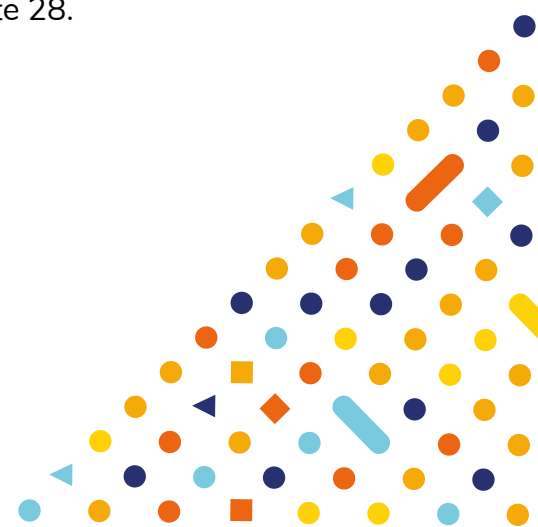
its major components and to depreciate each component separately over its useful economic life. The association considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

4) Provisions

Provision is made for certain operating liabilities and for amounts owed to the business that are considered to be uncollectable, including former and current tenant rent arrears. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

5) Fair value measurement

Management obtains external expert valuations to determine the fair value of non-basic financial instruments (where active market quotes are not available). The valuation technique used involves developing estimates and assumptions consistent with how market participants would price the instrument, based on observable data or the best information available. More details are set out in note 28.



Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Basis of Consolidation

The consolidated financial statements present the results of Livv Housing Group and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

On 1 April 2020 a group restructure took place that resulted in previous parent undertaking First Ark Limited transferred all of its trade and assets into the Association for £nil consideration. As part of this transaction the Association became the parent of Livv Maintenance Limited and First Ark Social Investment Limited. In addition, fellow subsidiary undertaking One Ark Limited completed a business transfer of its entire trade and assets to the Association on 1 April 2020, again for £nil consideration.

As explained in note 36 this transaction has taken advantage of the group restructuring reliefs available and recorded the assets and liabilities received under the transfers at their book values as at the transaction date. As a transaction under the direction of the previous parent undertaking, First Ark Limited, the gain on receipt of the net assets received has been recorded in the statement of changes in reserves as a capital contribution in the Group and Association respectively. The results of the entities acquired as part of this transaction have been included in the Group results from the date of the transfer of engagements.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, service charge income, income from shared ownership first tranche sales, sales of properties built for sale, support services and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Service charge income is recognised in the period to which it relates net of losses from voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.



Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Loan finance issue costs

Loan finance issue costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

Where periodic expenditure is required, a provision may be built up over the years in consultation with the residents. Until these costs are incurred, this liability is held in the Statement of Financial Position within long term creditors.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The group is partially exempt in relation to Value Added Tax (VAT), and accordingly is able to recover from HM Revenue & Customs part of the VAT incurred on expenditure. At the year-end VAT recoverable or payable is included in the statement of financial position. Irrecoverable VAT is accounted for in the statement of comprehensive income.

Livv Homes can recover 100% of the VAT it incurs as all of its services are subject to VAT.

Tangible fixed assets and depreciation

Housing properties

Housing properties are properties held for the provision of social housing or otherwise provide social benefit. Properties are available for rent and are stated at cost, less accumulated depreciation less impairment.

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

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The Group considers whether there are any indications that the useful lives require revision at each reporting date to ensure that they remain appropriate.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

The UELs for identified components are as follows:

Component	Useful economic life
Structure	85 years
Kitchens	25 years (1)
Bathrooms	30 years (1)
Roofs	65 years (2)
Windows and doors	40 years (2)
Mechanical installation	40 years (2)
Boilers / storage heaters	15 years (2) - new 20 years (2) - existing
Electrical installation	30 years (2)
Lift	20 years (2)
Shower	30 years (2)
Solar panels	20 years (2)

(1) Or remaining life of the property, whichever is shorter

(2) Or remaining life of the property

The Group depreciates housing properties held on long term 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.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected useful economic lives which are as follows:

Fixed asset type	Useful economic life
Office premises	10-20 years
Plant and machinery	4 years
Computer equipment	3 years
Furniture, equipment and vehicles	4 years

Shared ownership properties

The costs of low-cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in Turnover.

The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Donated land and other assets

Land and other assets donated by local authorities and other government sources is added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development, and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Impairment

Housing properties are assessed for impairment indicators annually. Where indicators are identified an assessment for impairment is undertaken comparing the property's carrying amount to its recoverable amount. Where the carrying amount of a property is deemed to exceed its recoverable amount, the property is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where the property is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their useful economic lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the lease.

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stocks of materials and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate, and receivable or payable within one year, are recorded at the transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown as the present value, discounted at a market rate.

Rent arrears

Where a repayment schedule is in place for rent arrears, a net present value adjustment is made to reflect the impact of the timing of future cash flows. Where arrears from former and current tenants are not expected to be recovered, and there is no repayment schedule in place, a provision is made for the full value of the debt.

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a

property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Reserves

It is the policy of the Group to hold reserves to accumulate income in order to set aside funds for special purposes or as reserves against future expenditure.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pensions

Contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Livv Housing Group previously participated in a multi-employer funded defined benefit scheme, the Merseyside Pension Fund (MPF). Livv Housing Group exited the fund on 31st December 2015.

The Group retains liability for pensions that were being paid at that date. Scheme liabilities are measured on an actuarial basis. The liability is presented separately from other net assets on the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Public benefit entity concessionary loans

Public benefit entity concessionary loans are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest. Any impairment loss

is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Investment policy

The Group ensures adequate liquidity is maintained at all times to meet unexpected expenditure requirements that may arise. A minimum of £5m is held in cash deposits available to withdraw immediately. The funds are kept in an interest-bearing deposit account in an attempt to maximise interest wherever possible in the event of the association having surplus funds, consideration will be given firstly to supporting its capital investment programmes and the subsequently to repay its debt.

Financial Instruments

Financial assets and financial liabilities are measured at the transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as shown below, without any deduction for transaction costs the entity may incur on sale or other disposal:

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables, and are held at amortised cost using the effective interest method;
- Financial liabilities such as bank loans are held at amortised cost using the effective interest method;
- Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the statement of comprehensive income.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in statement of comprehensive income immediately.

The following financial instruments are assessed individually for impairment:

(a) All equity instruments regardless of significance; and

(b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows, on the following instruments measured at cost or amortised cost:

(a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate; and

(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If in a subsequent period the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the statement of comprehensive income immediately.

Notes to the Financial Statements (continued)

3a. Turnover, cost of sales, operating expenditure and operating surplus

Group	2021				
	Turnover £'000	Other Income £'000	Cost of Sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (Note 4a)	59,870	-	-	(44,341)	15,529
Other social housing activities					
Supporting people contract income	76	-	-	(4)	72
Other supporting people income	157	-	-	(158)	(1)
First tranche shared ownership sales	4,094	-	(3,762)	-	332
Community investment	593	-	-	(1,072)	(479)
Management Services	118	-	-	(86)	32
Gain on disposal of housing properties	-	2,432	-	-	2,432
Total Other social housing activities	5,038	2,432	(3,762)	(1,320)	2,388
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	162	-	-	(162)	-
Internal Management Services	-	-	-	-	-
Facilities Management Services	505	-	-	(496)	9
Total Non-social housing activities	667	-	-	(658)	9
Total	65,575	2,432	(3,762)	(46,319)	17,926

Notes to the Financial Statements (continued)

3a. Turnover, cost of sales, operating expenditure and operating surplus (continued)

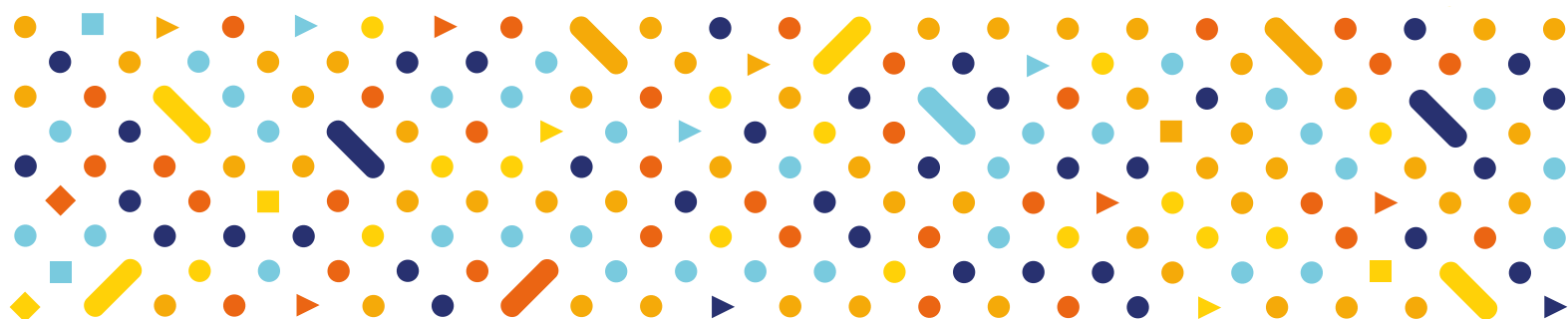
Group	2020				
	Turnover £'000	Other Income £'000	Cost of Sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (Note 4a)	58,844	-	-	(47,449)	11,395
Other social housing activities					
Supporting people contract income	65	-	-	(5)	60
Other supporting people income	157	-	-	(136)	21
First tranche shared ownership sales	5,635	-	(5,220)	-	415
Community investment	-	-	-	-	-
Other Livv Housing Group Services	-	-	-	(11)	(11)
Management Services	123	-	-	(77)	46
Gain on disposal of housing properties	-	3,162	-	-	3,162
Total Other social housing activities	5,980	3,162	(5,220)	(229)	3,693
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	164	-	-	(164)	-
Total Non-social housing activities	164	-	-	(164)	-
Total	64,988	3,162	(5,220)	(47,842)	15,088



Notes to the Financial Statements (continued)

3b. Turnover, cost of sales, operating expenditure and operating surplus

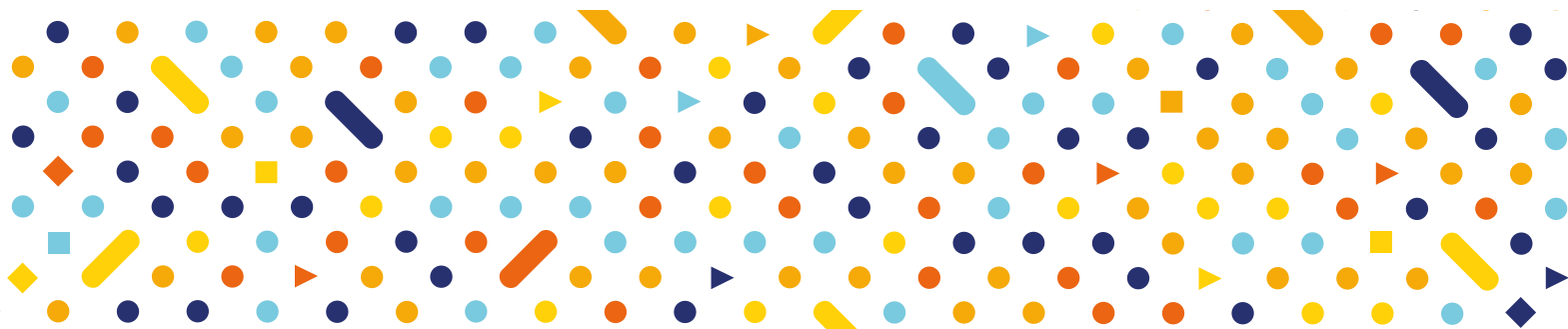
Association	2021				
	Turnover £'000	Other Income £'000	Cost of Sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (Note 4b)	59,870	-	-	(44,342)	15,528
Other social housing activities					
Supporting people contract income	76	-	-	(4)	72
Other supporting people income	157	-	-	(158)	(1)
First tranche shared ownership sales	4,094	-	(3,762)	-	332
Community investment	471	-	-	(950)	(479)
Management Services	118	-	-	(91)	27
Gain on disposal of housing properties	-	2,432	-	-	2,432
Total Other social housing activities	4,916	2,432	(3,762)	(1,203)	2,383
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	162	-	-	(162)	-
Internal Management Services	640	-	-	(640)	-
Total Non-social housing activities	802	-	-	(802)	-
Total	65,588	2,432	(3,762)	(46,347)	17,911



Notes to the Financial Statements (continued)

3b. Turnover, cost of sales, operating expenditure and operating surplus (continued)

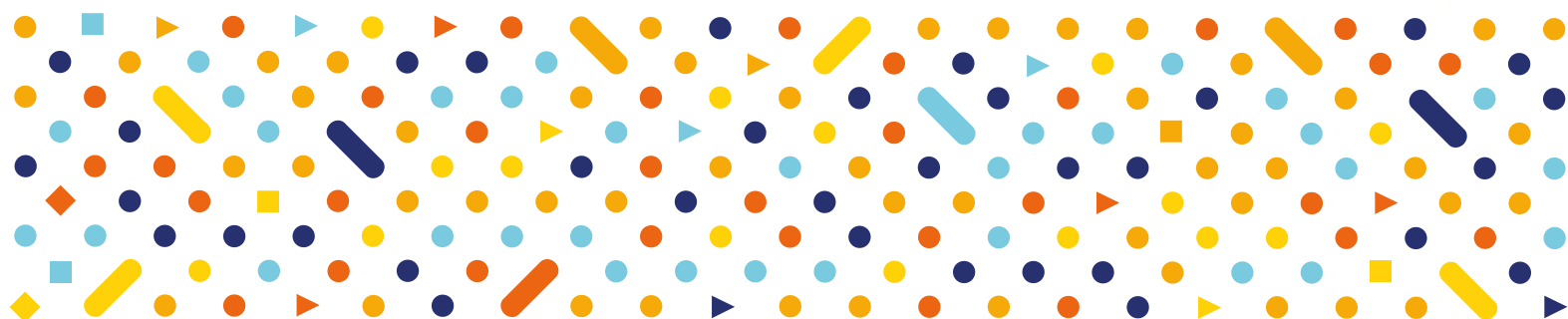
Association	2020				
	Turnover £'000	Other Income £'000	Cost of Sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (Note 4b)	58,844	-	-	(47,449)	11,395
Other social housing activities					
Supporting people contract income	65	-	-	(5)	60
Other supporting people income	157	-	-	(136)	21
First tranche shared ownership sales	4,121	-	(3,845)	-	276
Community investment	-	-	-	-	-
Management Services	123	-	-	(77)	46
Gain on disposal of housing properties	-	3,162	-	-	3,162
Total Other social housing activities	4,466	3,162	(3,845)	(218)	3,565
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	164	-	-	(164)	-
Total Non-social housing activities	164	-	-	(164)	-
Total	63,474	3,162	(3,845)	(47,831)	14,960



Notes to the Financial Statements (continued)

4a. Social housing & lettings

Group	General housing £'000	Supported housing & housing for older people £'000	Total 2021 £'000	Total 2020 £'000
Income				
Rent receivable net of empty homes	53,497	3,346	56,843	55,412
Services charges receivable net of empty homes	1,485	540	2,025	1,978
Amortised government grants	432	-	432	420
Other	567	3	570	1,034
Turnover from social housing lettings	55,981	3,889	59,870	58,844
Operating expenditure				
Management	(14,832)	(208)	(15,040)	(13,393)
Service charge costs	(1,608)	(585)	(2,193)	(2,142)
Routine maintenance	(12,861)	(536)	(13,397)	(15,858)
Major repairs expenditure	(4,814)	(201)	(5,015)	(5,759)
Bad debts	(837)	-	(837)	(354)
Depreciation of housing properties	(6,887)	-	(6,887)	(8,341)
Impairment of housing properties	(529)	-	(529)	(930)
Fixed Asset Component disposal accelerated depreciation	(395)	-	(395)	(279)
Other costs	(48)	-	(48)	(393)
Operating expenditure on social housing lettings	(42,811)	(1,530)	(44,341)	(47,449)
Operating surplus on social housing lettings	13,170	2,359	15,529	11,395
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	587	37	624	1,004



Notes to the Financial Statements (continued)

4b. Social housing & lettings

Association	General housing £'000	Supported housing & housing for older people £'000	Total 2021 £'000	Total 2020 £'000
Income				
Rent receivable net of empty homes	53,497	3,346	56,843	55,412
Services charges receivable net of empty homes	1,485	540	2,025	1,978
Amortised government grants	432	-	432	420
Other	567	3	570	1,034
Turnover from social housing lettings	55,981	3,889	59,870	58,844
Operating expenditure				
Management	(14,833)	(208)	(15,041)	(13,393)
Service charge costs	(1,608)	(585)	(2,193)	(2,142)
Routine maintenance	(12,861)	(536)	(13,397)	(15,858)
Major repairs expenditure	(4,814)	(201)	(5,015)	(5,759)
Bad debts	(837)	-	(837)	(354)
Depreciation of housing properties	(6,887)	-	(6,887)	(8,341)
Impairment of housing properties	(529)	-	(529)	(930)
Fixed Asset Component disposal accelerated depreciation	(395)	-	(395)	(279)
Other costs	(48)	-	(48)	(393)
Operating expenditure on social housing lettings	(42,812)	(1,530)	(44,342)	(47,449)
Operating surplus on social housing lettings	13,169	2,359	15,528	11,395
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	587	37	624	1,004

4c. Market rate lettings

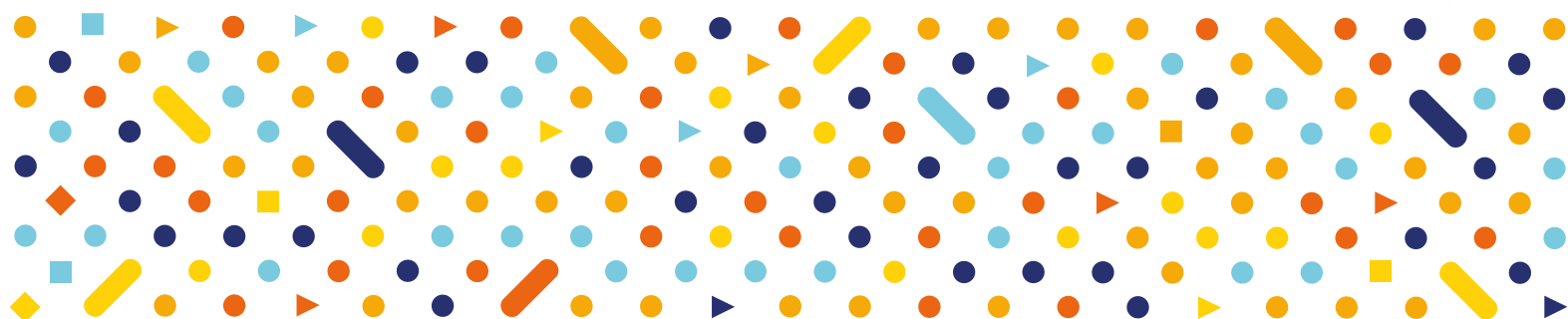
	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Garages	162	164	162	164

Notes to the Financial Statements (continued)

5. Accommodation owned, managed and in development

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group			
	31.03.20	Additions	Disposals	Other
	Units			
31.03.21				
Units				
Social housing				
Owned General needs – social rent	11,381	-	(74)	(2)
Owned General needs – affordable rent	850	33	(1)	3
Owned General needs – intermediate rent	76	-	-	(1)
Owned – housing for older people	707	-	(96)	-
Shared Ownership	192	15	-	-
	13,206	48	(171)	-
Non Social housing				
Market rented	-	-	-	-
Units Managed				
Managed units general needs	-	-	-	-
Total owned and managed	13,206	48	(171)	-
Of which:				
Held for demolition / redevelopment	316			233



Notes to the Financial Statements (continued)

6. Operating surplus

Group		Association	
2021 £'000	2020 £'000	2021 £'000	2020 £'000

The operating surplus is stated after charging:-

Auditors' remuneration (excluding VAT):

Audit of the group financial statements

65 29 57 27

Fees payable to the Group's auditor and its associates for other services to the group:

Taxation compliance services

6 5 6 4

Other

5 - 5 -

Operating lease rentals

Vehicles

526 - - -

Impairment losses of housing properties

529 930 529 930

Depreciation of housing properties

6,887 8,341 6,887 8,341

Depreciation from other assets

360 200 354 200



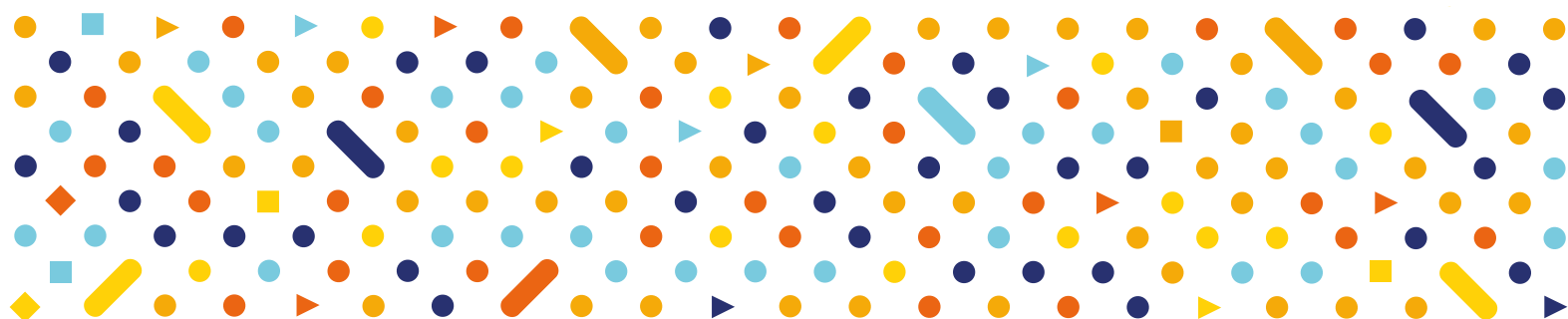
Notes to the Financial Statements (continued)

7. Employee information

The average number of persons including Executive Directors employed during the year expressed in full time equivalents (35 hours per week) was:

	Group		Association	
	2021 No.	2020 No.	2021 No.	2020 No.
Development	14	-	14	-
Housing Maintenance	142	-	-	-
Business Services	167	-	105	-
Customer and communities	111	89	111	89
Asset management	38	27	38	27
Charitable Activities	8	-	8	-
	480	116	276	116

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Staff costs				
Wages and salaries	15,593	3,392	9,461	3,392
Redundancy costs	94	-	94	-
Social Security costs	1,516	318	946	318
Other pension costs – defined contribution or defined benefit	711	151	430	151
	17,914	3,861	10,931	3,861



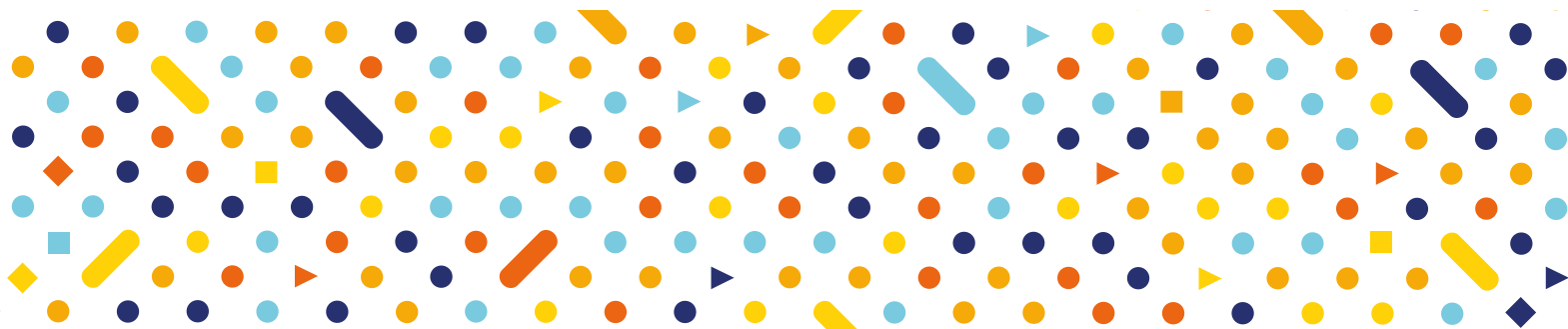
Notes to the Financial Statements (continued)

7. Employee information (continued)

The full-time equivalent number of staff who received remuneration exceeding £60,000 in the year:

	Group		Association	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,000 - £70,000	9	4	9	4
£70,000 - £80,000	1	-	1	-
£80,000 - £90,000	4	2	4	2
£90,000 - £100,000	2	1	2	1
£120,000 - £130,000	1	-	1	-
£130,000 - £140,000	2	-	2	-
£150,000 - £160,000	1	-	1	-
£210,000 - £220,000	1	-	1	-
	21	7	21	7

The Group Chief Executive is paid by Livv Housing Group and is eligible to join the Livv Housing Group's defined contribution scheme on the same terms as all other employees. The Group does not make any further contribution to an individual pension arrangement for the Group Chief Executive.



Notes to the Financial Statements (continued)

8. Key management personnel and directors' remuneration

All of the Executive Directors of Livv Housing Group and its subsidiaries, including the Chief Executive, are paid from Livv Housing Group which is the Ultimate Parent Undertaking. In the previous financial year, prior to the Group restructure, explained in note 36, all Executive Directors, including the Chief Executive, were paid by First Ark Limited.

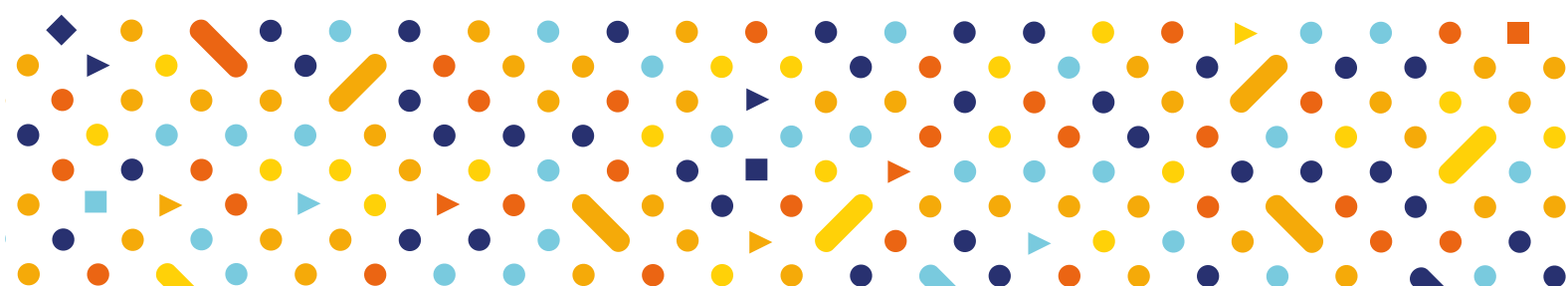
The Chief Executive's remuneration for the year, including pension contributions, was £230,000 (2020: £204,000).

The aggregate remuneration for key management personnel charged in the year is:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Basic salary	771	-	771	-
Benefits in Kind	1	-	1	-
Pension Contributions	41	-	41	-
NI Contributions	100	-	100	-
	913	-	913	-

The aggregate emoluments paid to or receivable by non-executive Board Members in the year is:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Basic salary	98	-	98	-



Notes to the Financial Statements (continued)

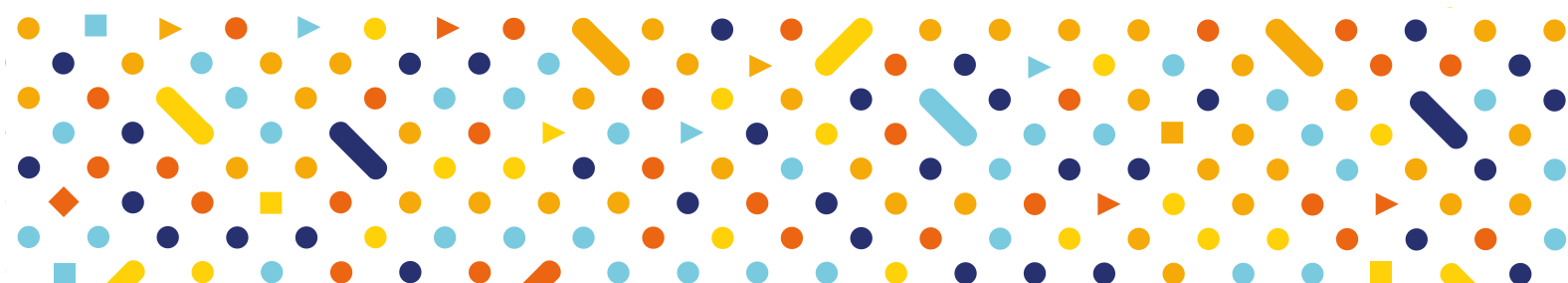
8. Key management personnel and directors' remuneration (continued)

In detail:

		2021 £	2020 £
P.Raw	Chair	18,000	-
S.Agger	Vice Chair	11,000	-
J.Bowker	Board Member	7,000	-
P.Pemberton	Board Member	7,000	-
J.Ray	Board Member & Chair of BDGI Committee	7,666	-
N.Waterworth	Board Member & FASI Chair	9,000	-
K.Brady	Board Member	7,000	-
A.Deakin	Board Member & Chair of Audit and Risk Committee	9,000	-
M.Dunford	Board Member & Chair of Remuneration & Nominations Committee	9,000	-
E.Bowden	Board Member	7,000	-
Y.Turgut	Independent Member to Audit and Risk Committee	2,625	-
S.Siak	Board Member & Member of BDGI Committee	1,167	-
H.Doyle	Independent Member to Audit and Risk Committee	1,167	-
G.Rooney	Board Member & Member of BDGI Committee	1,167	-
		97,792	-

In 2020, all Non-Executive Board Members were paid by First Ark Limited.

There were expenses paid to Board members in the year of £1k (2020: £nil).



Notes to the Financial Statements (continued)

9. Gain on disposal of fixed assets (Group and association)

	RTB / RTA £'000	Staircasing £'000	Other £'000	Total 2021 £'000	Total 2020 £'000
Proceeds of sales	3,183	30	9	3,222	4,632
Carrying value	(772)	(18)	-	(790)	(1,470)
Surplus	2,411	12	9	2,432	3,162
Recycled capital grants fund (Note 25)	-	-	-	-	-
	2,411	12	9	2,432	3,162

10. Interest receivable and other income

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest receivable	21	119	21	138
	21	119	21	138

11. Interest and financing costs

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans and bank overdrafts	7,926	8,072	7,926	8,072
Pension interest cost	48	53	48	53
	7,974	8,125	7,974	8,125



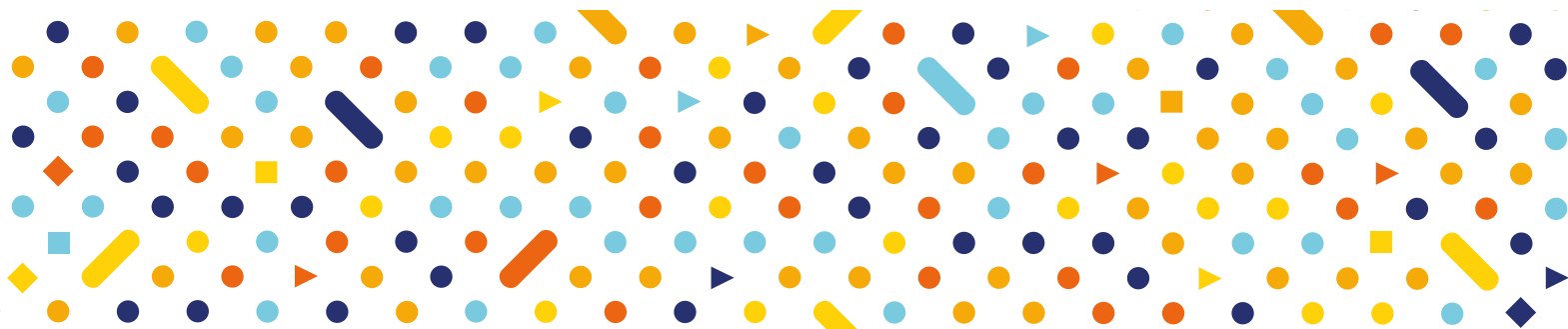
Notes to the Financial Statements (continued)

12. Tax on surplus on ordinary activities

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current tax				
UK corporation tax on surplus for the year	3	21	-	-
Adjustments in respect of prior years	-	(7)	23	-
	3	14	23	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Adjustment in respect of prior periods	-	-	-	-
Total tax charge	3	14	23	-

The tax assessed in the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

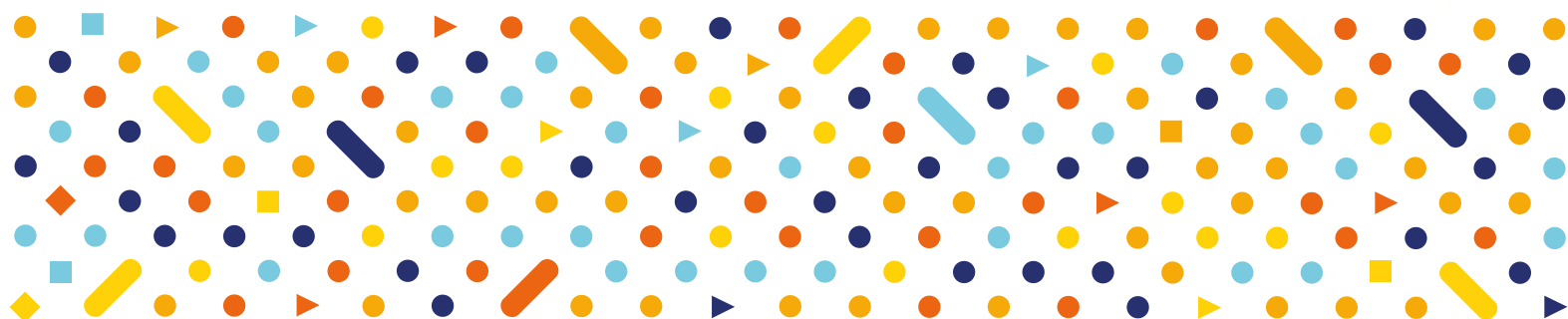
	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Surplus on ordinary activities before tax	9,122	7,763	9,107	7,654
Theoretical tax at UK corporation tax rate 19% (2020: 19%)	1,733	1,475	1,730	1,454
Income not taxable for tax purposes	(1,730)	(1,454)	(1,730)	(1,454)
Tax adjustments to tax charge in respect of prior periods	-	(7)	23	-
	3	14	23	-



Notes to the Financial Statements (continued)

13. Housing properties

Group	Social housing properties completed £'000	Social housing properties under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total housing properties £'000
Cost					
At start of the year	322,327	9,737	13,486	974	346,524
Works to existing properties	5,970	-	-	-	5,970
Additions	284	13,031	(355)	2,368	15,328
Schemes completed	4,736	(4,736)	596	(596)	-
Reclassification	593	(763)	-	170	-
Disposals - properties	(2,389)	-	-	-	(2,389)
- components	(1,353)				(1,353)
At the end of the year	330,168	17,269	13,727	2,916	364,080
Depreciation					
At start of the year	(106,780)	-	(510)	-	(107,290)
Charge for the year	(6,751)	-	(136)	-	(6,887)
Impairment losses	55	-	-	-	55
Disposals - properties	1,082	-	-	-	1,082
- components	958				958
At the end of the year	(111,436)	-	(646)	-	(112,082)
Net book value at the end of the year	218,732	17,269	13,081	2,916	251,998
Net book value at the start of the year	215,547	9,737	12,976	974	239,234



Notes to the Financial Statements (continued)

13. Housing properties (continued)

Association	Social housing properties completed £'000	Social housing properties under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total housing properties £'000
Cost					
At start of the year	322,327	9,737	13,486	974	346,524
Works to existing properties	5,971	-	-	-	5,971
Additions	284	13,031	(355)	2,368	15,328
Schemes completed	4,736	(4,736)	596	(596)	-
Reclassification	592	(762)	-	170	-
Disposals - properties	(2,389)	-	-	-	(2,389)
- components	(1,353)	-	-	-	(1,353)
At the end of the year	330,168	17,270	13,727	2,916	364,081
Depreciation					
At start of the year	(106,780)	-	(510)	-	(107,290)
Charge for the year	(6,751)	-	(136)	-	(6,887)
Impairment losses	55	-	-	-	55
Disposals - properties	1,082	-	-	-	1,082
- components	958	-	-	-	958
At the end of the year	(111,436)	-	(646)	-	(112,082)
Net book value at the end of the year	218,732	17,270	13,081	2,916	251,999
Net book value at the start of the year	215,547	9,737	12,976	974	239,234

The impairment provision at 31st March 2021 is £4,347k (2020: £4,402k). This £55k reduction reflects a write-back on the provision built for 98 units which were demolished in the year in advance of the Watch Factory (phase II) development (£584k).

This has been offset by an increased charge (of £529k), and this has been based on an impairment review which now reflects a provision for the demolition of 256 units at Gaywood Green (of which 232 units were decommissioned at 31st March 2021).

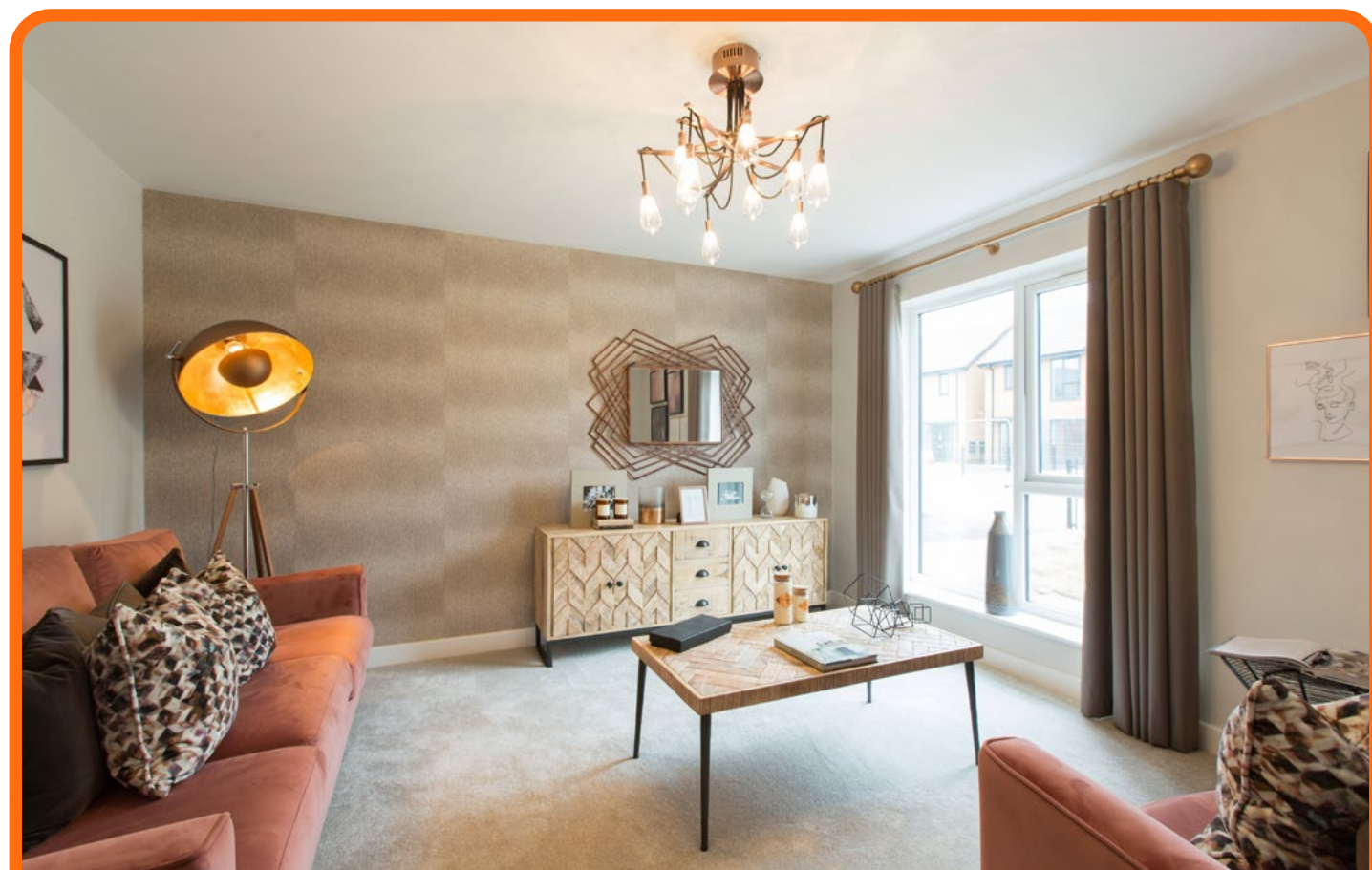
The value of the two remaining North Huyton New Deal for Communities (NDC) plots (phases 2b and 5) is recorded at £742k.

Notes to the Financial Statements (continued)

13. Housing properties (continued)

Expenditure on works to existing properties:

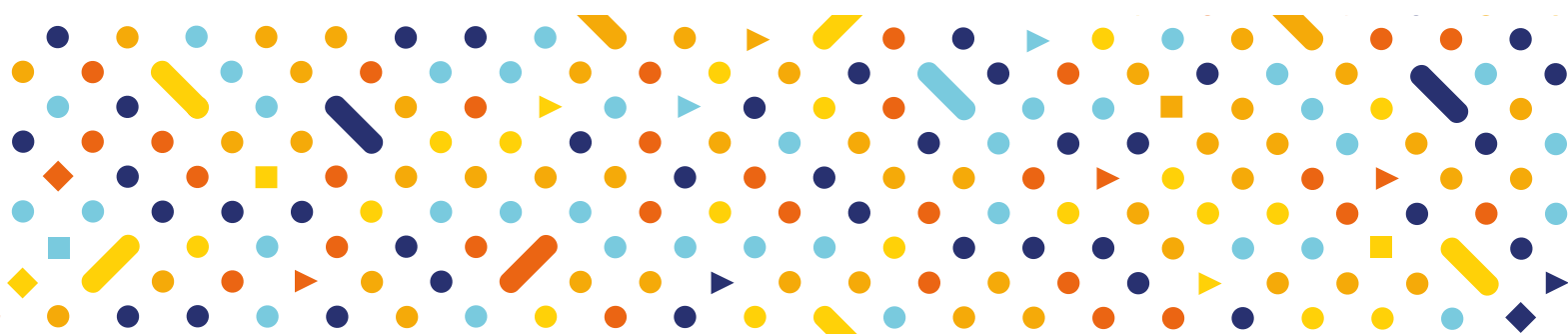
	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Amounts capitalised	5,949	4,781	5,949	4,781
Amounts charged to income and expenditure account	5,015	5,759	5,015	5,759
	10,964	10,540	10,964	10,540



Notes to the Financial Statements (continued)

14. Other property, plant & equipment – Group and association

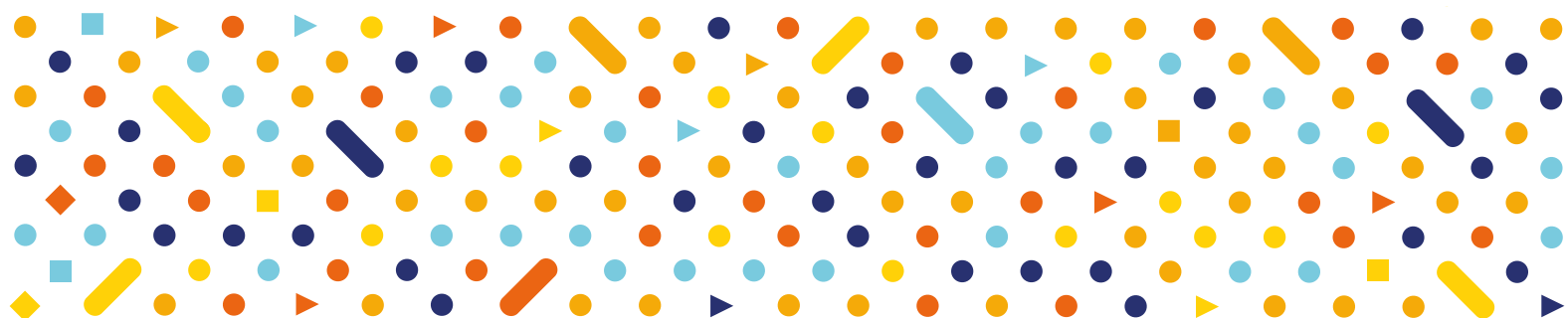
Group	Offices £'000	Furniture fixings and fittings £'000	Computers and office equipment £'000	Plant and machinery £'000	Total other property, plant & equipment £'000
Cost					
At start of the year	3,550	908	3,973	105	8,536
Additions	-	-	120	-	120
Transfer of Engagements: First Ark Limited (note 36)		2	547	-	549
Transfer as a result of group restructure: Livv Maintenance Ltd (note 36)	-	-	7	14	21
At the end of the year	3,550	910	4,647	119	9,226
Depreciation					
At start of the year	(2,489)	(444)	(3,953)	(105)	(6,991)
Charge for the year	(169)	(6)	(181)	(4)	(360)
Transfer of Engagements: First Ark Limited (note 36)	-	-	(276)	-	(276)
Transfer as a result of group restructure: Livv Maintenance Ltd (note 36)	-	-	(3)	(2)	(5)
At the end of the year	(2,658)	(450)	(4,413)	(111)	(7,632)
Net book value at the end of the year	892	460	234	8	1,594
Net book value at the start of the year	1,061	464	20	-	1,545



Notes to the Financial Statements (continued)

14. Other property, plant & equipment – Group and association (continued)

Association	Offices £'000	Furniture fixings and fittings £'000	Computers and office equipment £'000	Plant and machinery £'000	Total other property, plant & equipment £'000
Cost					
At start of the year	3,550	908	3,973	105	8,536
Additions	-	-	120	-	120
Transfer of Engagements : First Ark Limited (note 36)	-	2	547	-	549
At the end of the year	3,550	910	4,640	105	9,205
Depreciation					
At start of the year	(2,489)	(444)	(3,953)	(105)	(6,991)
Charge for the year	(169)	(6)	(179)	-	(354)
Transfer of Engagements: First Ark Limited (note 36)	-	-	(276)	-	(276)
At the end of the year	(2,658)	(450)	(4,408)	(105)	(7,621)
Net book value at the end of the year	892	460	232	-	1,584
Net book value at the start of the year	1,061	464	20	-	1,545



Notes to the Financial Statements (continued)

15. Fixed asset investments

As at 31 March 2021 the Group comprises the following entities, all registered in England:

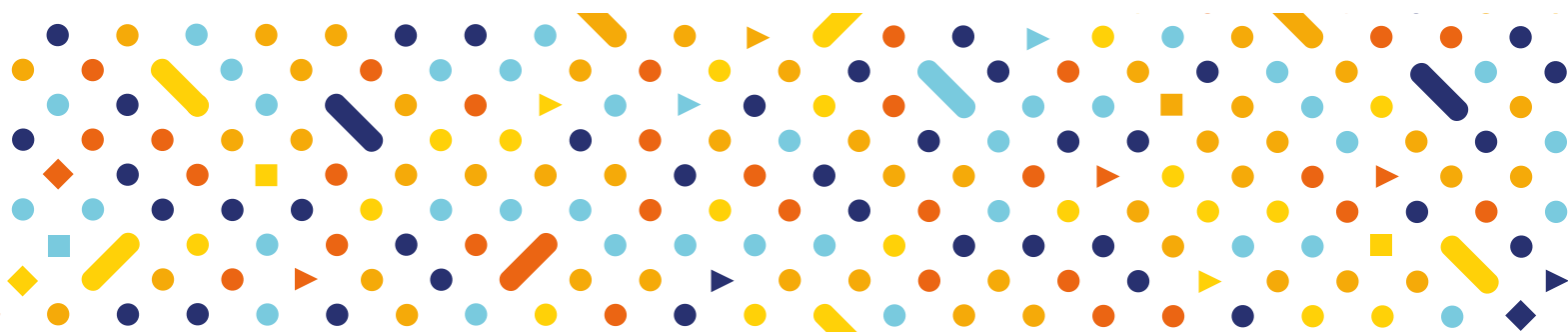
Name	Incorporation and Ownership	Regulated/ Non-regulated	Nature of Business
Livv Housing Group (formerly Knowsley Housing Trust Limited)	Co-operative and Community Benefit Society – 100%	Regulated	Housing association
Livv Maintenance Limited (formerly Vivark Limited)	Company – 100%	Non-regulated	Facilities management
First Ark Social Investment Limited	Company – 100%	Non-regulated	Social investment
Livv Homes Limited (formerly KHT Services Limited)	Company – 100%	Non-regulated	Combined facilities support activities

The authorised Share Capital of Livv Maintenance Limited of 1 Ordinary £1 share is allotted, called up and fully paid and owned by Livv Housing Group, who is the ultimate parent undertaking.

The authorised Share Capital of First Ark Social Investment Limited of 1 Ordinary £1 share is allotted, called up and fully paid and owned by Livv Housing Group, who is the ultimate parent undertaking.

The authorised Share Capital of Livv Homes Limited of 1 Ordinary £1 share is allotted, called up and fully paid and owned by Livv Housing Group, who is the ultimate parent undertaking.

The registered office of all subsidiaries listed above is Lakeview, Kings Business Park, Prescott, Merseyside, L34 1PJ.

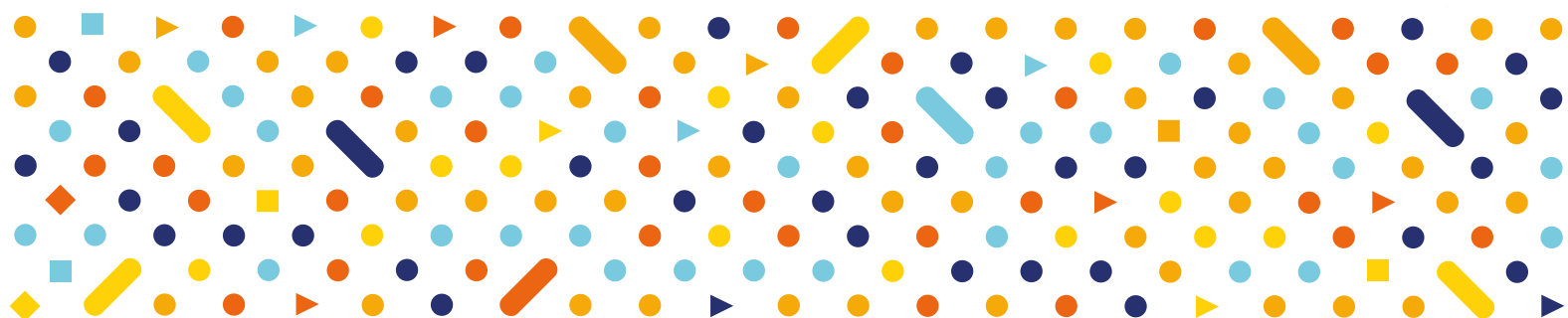


Notes to the Financial Statements (continued)

16. Social investments

Group and association	Programme Related Investments £'000	Mixed Motive Investments £'000	Total £'000
Cost			
At 1 April 2020	-	-	-
Transfer of engagements (note 36)*	20	239	259
Investments made	-	-	-
Repayments received	-	(114)	(114)
At 31 March 2021	20	125	145
Impairment provision			
At 1 April 2020	-	-	-
Movement in the year	-	(17)	(17)
At 31 March 2021	-	(17)	(17)
Net book value 31 March 2021	20	108	128
31 March 2020	-	-	-

*The social investment assets were transferred from One Ark Limited to Knowsley Housing Trust under a Business Transfer Agreement on 1 April 2020 for £nil consideration. Knowsley Housing Trust became the Ultimate Parent Undertaking of the Group from 1 April 2020 and the Group was renamed Livv Housing Group.



Notes to the Financial Statements (continued)

17. Stock

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Raw materials and consumables	81	-	-	-

18. Properties held for sale

Group and association	2021 £'000	2020 £'000
Shared ownership first tranche property:		
Work in progress	1,947	948
Completed properties	521	2,583
	2,468	3,531

This note has been updated to differentiate between work in progress and completed but unsold properties. This includes representing financial year 2020 for both Group and Association.



Notes to the Financial Statements (continued)

19. Trade and other debtors

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Rent and service charges receivable	4,531	4,093	4,531	4,093
Less: Provision for bad and doubtful debts	(4,059)	(3,851)	(4,059)	(3,851)
Net rent arrears	472	242	472	242
Amounts owed by group undertakings	-	569	-	569
Other debtors	384	582	369	583
Grant debtor	1,540	18	1,540	18
Prepayment and accrued income	1,696	1,471	1,654	1,410
Deferred tax (note 30)	4	-	-	-
Debtors due within one year	4,096	2,882	4,035	2,822
Debtors due more than one year	515	515	515	515
	4,611	3,397	4,550	3,337

Given the outstanding amount of the grant debtor, £1,540k (2020: £18k) at 31st March 2021, this has been disclosed separately in the note. FY 2020 has been represented for both Group and Association.

Debtors due more than one year relate to public benefit entity concessionary loans issued to customers by way of a deposit for a new home following a compulsory buy-out arrangement. The loans are secured against the new properties purchased and are therefore only recoverable once title is exchanged.



Notes to the Financial Statements (continued)

20. Current asset investments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investments	2,359	-	-	-
Impairment Provision	(479)	-	-	-
	1,880	-	-	-

As at 31st March 2021 45 investments (2020: 43) had been made by the subsidiary, First Ark Social Investment, totalling £3,691k (2020: £3,504k).

These investments are funded by loan, grant and recycled cash. The investments are repayable over a maximum period of 5 years with interest and capital repayments totalling £887k (2020: £594k) being received during the year to 31st March 2021.

These investments include £568k, (2020:£724k) which is repayable within 1 year.

21. Cash and cash equivalents

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank	35,279	28,338	33,253	28,165

Notes to the Financial Statements (continued)

22. Creditors: amounts falling due within one year

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	1,869	410	918	410
Rents and service charges received in advance	1,662	1,315	1,662	1,315
Other creditors	261	20	244	19
Loans due for repayment in less than one year (note 27)	-	-	-	-
Grants received in advance	-	6	-	6
Accruals and deferred income	4,820	3,174	3,711	3,174
Deferred capital grant (note 24)	432	420	432	420
Amounts owed to group undertakings	-	1,577	2,491	1,577
Corporation Tax	3	21	-	-
	9,047	6,943	9,458	6,921

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

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans (note 27)	190,103	186,473	187,323	186,473
Finance costs	(487)	(553)	(487)	(553)
Deferred capital grant (note 24)	44,024	39,636	44,024	39,636
Recycled capital grant fund (note 25)	32	10	32	10
Disposal proceeds fund (note 26)	-	-	-	-
Leaseholder Sinking Funds	23	16	23	16
Reserve Funds	110	85	110	85
	233,805	225,667	231,025	225,667

Notes to the Financial Statements (continued)

24. Deferred capital grant

Group and association	2021 £'000	2020 £'000
At start of the year	40,056	34,168
Grant received in the year	4,832	6,308
Disposals	-	-
Released to income in the year	(432)	(420)
	44,456	40,056
Amount due to be released < 1 year	432	420
Amount due to be released > 1 year	44,024	39,636
	44,456	40,056

Grant and Financial Assistance

The total accumulated government grant and financial assistance received or receivable at 31 March:

	2021 £'000	2020 £'000
Government funding received	47,554	42,722
Grants amortised to date	(3,098)	(2,666)
	44,456	40,056

25. Recycled capital grant fund

Group and association	2021 £'000	2020 £'000
At start of the year	10	10
Grant received in the year	22	-
	32	10

Withdrawals from the capital grants fund are used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

Notes to the Financial Statements (continued)

26. Disposal proceeds fund

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At start of the year	-	10	-	10
Inputs to DPF - Funds recycled	-	-	-	-
Use/allocation of funds - New build	-	(10)	-	(10)
	-	-	-	-

Withdrawals from the disposal proceeds fund were used for approved works to new build housing properties.

27. Debt analysis

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loans repayable:				
Within one year	-	-	-	-
In one year or more but less than two years				
In two years or more and less than five years	62,780	-	60,000	-
In five years or more	127,323	186,473	127,323	186,473
Less: loan issue costs	(487)	(553)	(487)	(553)
Total loans	189,616	185,920	186,836	185,920

The bank loans are secured by a floating charge on allocated housing properties.

The facility is made up of £90m from the issue of a Private Placement Bond and £85m in bank funding.

The Private Placement Bond is revalued annually, with the fair value of the Bond increasing to £102.3m (£101.5m 2020).

The long-term loans totalling £175m are at fixed and variable rates of interest ranging from 3.57% to 7.16% and fall to be repaid between 2025 and 2040.

Livv Housing Group has £20m available in the form of a rolling credit facility, of which £Nil was drawn at 31st March 2021 (£Nil 2020).

Notes to the Financial Statements (continued)

The interest rate profile of Livv Housing Group (excluding First Ark Social Investment) at 31 March 2021 was:

	Total £'000	Variable Rate £'000	Fixed rate £'000	Average rate of interest %
Loans	187,323	9,569	177,754	4.54
	187,323	9,569	177,754	4.54

At 31st March 2021 the Group has the following borrowing facilities:

	£'000
Undrawn committed facilities	-
Undrawn facilities	20,000
	20,000

The total loans £175m, exclude the mark to market valuation of Livv Housing Group's private placement loan (£12.32m) and finance costs payable (£0.49m). The additional £12.32m represents the liability to lenders that would crystallise in the event of Livv Housing Group choosing to exercise an early redemption of the loan.

It is a theoretical revaluation that reflects the increased market value of this debt to the lenders, when compared with the interest rates that could currently be achieved when issuing this level of debt over the long term. This adjustment does not impact the total amount repayable by the Group if the loan runs to the original term.

It would only need to be paid in the event of a financial covenant breach, which caused the loan to be called in, or a Livv Housing Group decision to refinance the loan in advance of the full term. This adjustment has been made in accordance with FRS 102 accounting requirements and is required because in the unlikely event of early redemption of the private placement loan the Association would be exposed to cross currency settlement penalties, this breaches the conditions of FRS 102.11.9 and is therefore treated as a non-basic financial instrument and held at fair value.



Notes to the Financial Statements (continued)

28. Financial instruments (Group)

The Group's financial instruments may be analysed as follows:

	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost	35,663	29,489
Financial liabilities measured at amortised cost	94,243	88,052
Financial liabilities measured at fair value through profit or loss	102,323	101,472

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, accruals and other creditors.

Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss comprise a bond under private placement. The financial liability has been accounted for as a non-basic financial instrument in accordance with the requirements of Section 12 of FRS 102. The fair value of the financial liability as at 31 March 2021 has been based on an equivalent instrument using gilt rates at the balance sheet date plus an appropriate premium.

Movements in the carrying amount of the financial liability are presented below:

	2021 £'000	2020 £'000
Carrying amount brought forward	101,472	102,153
Change in fair values:		
Other market factors	851	(681)
Carrying amount carried forward	102,323	101,472

The cumulative changes since inception of the instrument due to changes in credit risk are £nil (2020: £nil).

The total undiscounted amount repayable at maturity in respect of the loan is £90m, equivalent to a difference between the carrying amount and the amount repayable of £12.32m.

Notes to the Financial Statements (continued)

29. Pension obligations

The Merseyside Pension Fund (Group and association)

The Merseyside Pension Fund (MPF) is a multi-employer scheme with more than one participating employer, which is administered by Wirral Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Livv Housing Group terminated its participation in the Fund on the 31st December 2015, and the result of the termination is final assets and funded benefit obligations of zero.

There is still a liability in respect of unfunded benefits, and this is included in the Pension liability figures, although this will now be dealt with directly by Livv Housing Group independently of the Fund. There is a provision under Section 21 of FRS102 for the unfunded benefit to certain employees.

	2021 £'000	2020 £'000
Analysis of pension finance income / (costs)		
Interest on pension scheme liabilities	(48)	(53)
Amounts charged to financing costs	(48)	(53)
Amount of gains and losses recognised in the Statement of Comprehensive Income:	(176)	146
Actuarial (loss)/gain on pension scheme		
Actuarial (loss)/gain recognised	(176)	146
	2021 £'000	2020 £'000
Reconciliation of liabilities		
Liabilities at start of year	(2,040)	(2,286)
Interest cost	(48)	(53)
Actuarial (loss)/gain	(176)	146
Benefits paid	77	153
Liabilities at end of year	(2,187)	(2,040)
	2021 £'000	2020 £'000
Reconciliation of assets		
Assets at start of year		
Administration expenses	-	-
Employer contributions	77	153
Employee contributions	-	-
Benefits paid	(77)	(153)
Assets at end of year	-	-

Notes to the Financial Statements (continued)

29. Pension obligations

Pension assumptions

Duration information as at the end of the accounting period.

Estimated Macaulay duration of liabilities (at later of 31 March 2019 & admission date): 12 years retired.

Duration profile used to determine assumptions:

Financial Assumptions	Beginning of period (p.a.)	End of period (p.a.)
CPI inflation / CARE benefits revaluation	2.1%	2.7%
Increase in salaries	N/A	N/A
Increase in pensions in payment / deferment	2.2%	2.8%
Discount Rate	2.4%	2.1%

Post retirement mortality assumptions (normal health)*

Financial Assumptions	Beginning of period (p.a.)	End of period (p.a.)
Non-retired members	S3PA CMI_2018_[1.75%] (131% males, 106% females)	S3PA CMI_2018_[1.75%] (131% males, 106% females)
Retired members	S3PA CMI_2018_[1.75%] (124% males, 104% females)	S3PA CMI_2018_[1.75%] (124% males, 104% females)

Life expectancy of a male (female)

Financial Assumptions	Beginning of period (p.a.)	End of period (p.a.)
Future pensioner age 65 in 20 years' time	22.5 (25.9) years	22.6 (26) years
Current pensioner age 65	20.9 (24) years	21 (24.1) years

*Start and end of period mortality uses a smoothing parameter of 7.5, no addition to initial improvements and "middle" tables for females.



Notes to the Financial Statements (continued)

30. Deferred tax (Group)

	Deferred taxation £'000
At 1 April 2020	-
Balance on Group restructure (note 36)	4
Movement in the year	-
At 31 March 2021	4

The deferred tax asset is calculated using a tax rate of 19% (2020: 19%) and is set out below.

	2021 £'000	2020 £'000
Balance on Group restructure (note 36)	4	-
	4	-

31. Contingent liability

There are no contingent liabilities (2020: £nil)

32. Capital commitments

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Expenditure contracted for but not provided in the accounts	27,665	14,900	27,665	14,900
Expenditure authorised by the Board but not contracted for	33,701	22,003	33,701	22,003
	61,366	36,903	61,366	36,903

These commitments will be financed from cash reserves, future retained surpluses and borrowings available for drawdown from existing loan facilities. The development programme will also receive grant support, and will generate sales proceeds income.

Notes to the Financial Statements (continued)

33. Operating Leases

During the year, the group and the association had minimum lease payments outstanding under non-cancellable operating leases as follows:

	Group		Association	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Others:				
In one year or less	451	-	12	-
Between one and five years	804	-	8	-
	1,255	-	20	-

34. Related parties

Livv Housing Group (formerly Knowsley Housing Trust) became the Ultimate Parent Undertaking of the Group from 1 April 2021.

The association maintains a register of interests of Board members. This register is available for inspection at the association Head Office.

The association has taken advantage of exemptions conferred by Financial Reporting Standard 102 from disclosing transactions with fellow wholly owned group undertakings consolidated in the accounts of the Livv Housing Group.

35. Analysis of net debt

	Group				Association			
	At 1st April 2020 £'000	Cash flows £'000	Non-Cash Movement £'000	At 31st March 2021 £'000	At 1st April 2020 £'000	Cash flows £'000	Non-Cash Movement £'000	At 31st March 2021 £'000
Cash and Investments	28,338	6,941	-	35,279	28,165	5,088	-	33,253
Debt due within two to five years	-	-	(62,780)	(62,780)	-	-	(60,000)	(60,000)
Debt due after five years	(185,920)	-	59,084	(126,836)	(185,920)	-	59,084	(126,836)
Net movement	(157,582)	6,941	(3,696)	(154,337)	(157,755)	5,088	(916)	(153,583)

Notes to the Financial Statements (continued)

36. Business combinations

During the 2019/20 financial year, the First Ark Group undertook a review of its governance structure and reduced the number of companies resulting in a more streamlined structure that supported the strategic aims of the organisation more effectively. The following changes were made to deliver the new structure:

- The Group parent company, First Ark Limited, was registered as a charitable Co-operative and Community Benefit Society with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Registration number 008298) on 15 January 2020. This enabled the transfer of all assets and liabilities, including subsidiary undertakings Livv Maintenance Limited and First Ark Social Investment Limited (FASI), to Knowsley Housing Trust under a Transfer of Engagement. This transfer completed on 1 April 2020 for £nil consideration.
- All the assets and liabilities of One Ark Limited were transferred to Knowsley Housing Trust under a Business Transfer Agreement on 1 April 2020 for £nil consideration.

These changes resulted in Knowsley Housing Trust becoming the Ultimate Parent Undertaking of the Group from 1 April 2020. Following the simplification of corporate entities, the Group was renamed Livv Housing Group. The legal entities of First Ark Limited and One Ark Limited were removed from the structure through dissolution and strike off during 2020/21.

In accounting for these transactions the group have taken advantage of the group restructuring reliefs available and recorded the assets and liabilities received under the transfers at their book values as at the transaction date. As a transaction under the direction of the previous parent undertaking, First Ark Limited, the gain on receipt of the net assets received has been recorded in the statement of changes in reserves as a capital contribution in the Group and Association respectively.



Notes to the Financial Statements (continued)

36. Business combinations (continued)

	First Ark £'000	One Ark £'000	Transfer to Association £'000	Livv Maintenance £'000	FASt £'000	Transfer via Group Restructure £'000	Total transfer to Group £'000
Fixed Assets							
Other property, plant & equipment	272	-	272	16	-	16	288
Social Investments	-	259	259	-	-	-	259
	272	259	531	16	-	16	547
Current Assets							
Stock	-	-	-	86	-	86	86
Investments	-	-	-	-	2,618	2,618	2,618
Trade and other debtors	450	78	528	1,784	-	1,784	2,312
Cash and cash equivalents	229	1,193	1,422	1,762	233	1,995	3,417
	679	1,271	1,950	3,632	2,851	6,483	8,433
Creditors less than 1 Year	(634)	(627)	(1,261)	(2,206)	(13)	(2,219)	(3,480)
Net Current Assets	45	644	689	1,426	2,838	4,264	4,953
Creditors greater than 1 Year	-	-	-	-	(2,838)	(2,838)	(2,838)
Capital contribution received	317	903	1,220	1,442	-	1,442	2,662

37. Post balance sheet events

No post balance sheet events to report.

