Annual report and financial statements

Year ended 31 March 2022

A charitable registered society under the Cooperative and Community Benefit Societies Act 2014, registered number 007773

Group Information

Registered Office

Livv Housing Group
Lakeview
Kings Business Park
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

BDO LLP
5 Temple Square
Temple Street
Liverpool, L2 5RH

Internal Auditor

PwC
1 Hardman Square
Manchester, M3 3EB

Principal Solicitors

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham, B3 2ES

Bankers

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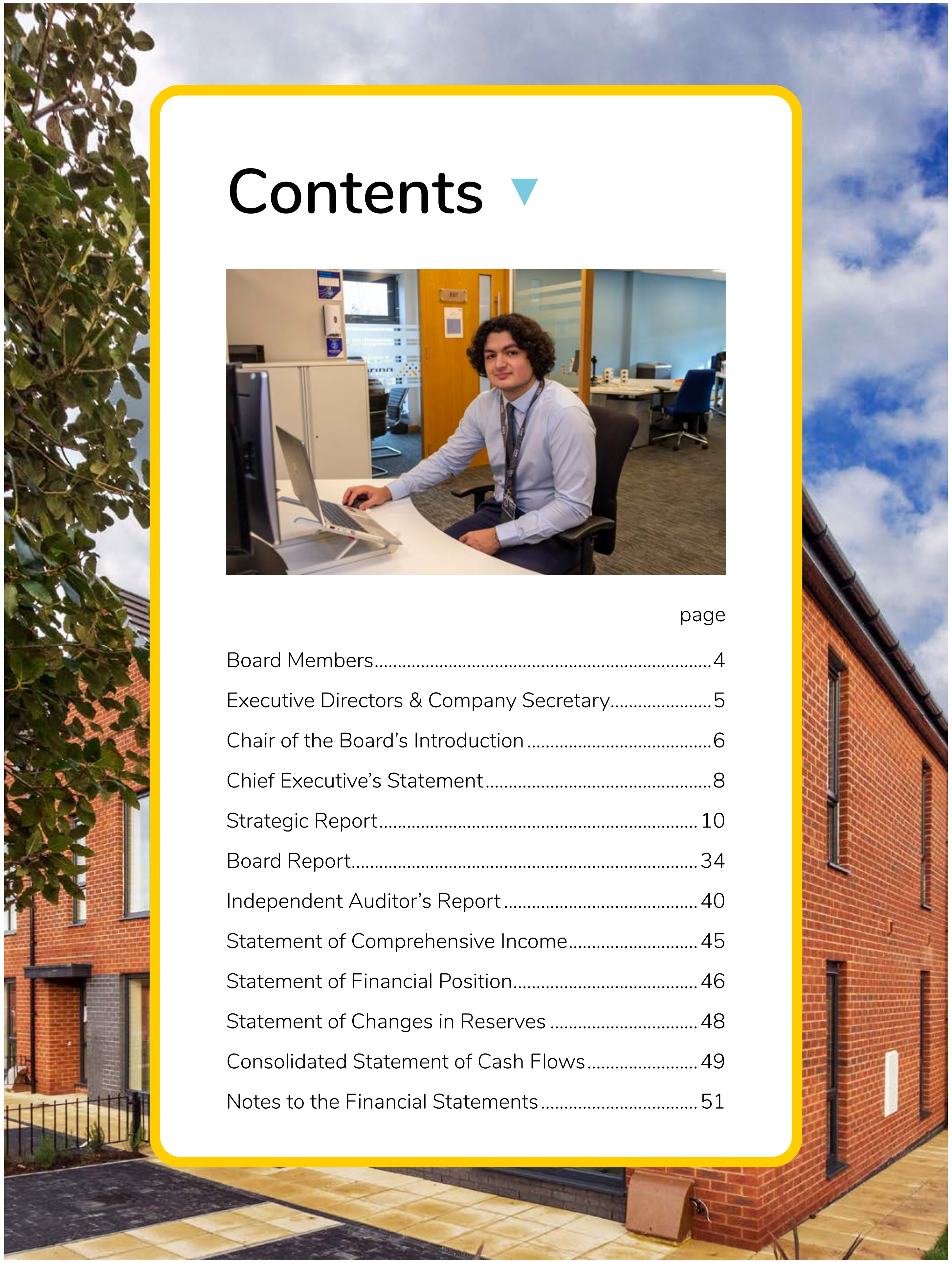
48b & 50 Lord Street
Liverpool, L2 1TD



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Board Members

Livv Housing Group

Independent Board Members


Philip Raw (Chair)


Steve Agger


John Bowker


Eleanor Bowden
(resigned 31 March)


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
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 2021/22. Livv continues to perform extremely well operationally and financially, despite the impact of the pandemic still being felt across the country. It's a challenging environment and difficult to predict, but the commitment of Livv employees has ensured our aims were accomplished. I thank all of them for their hard work this financial year.

Although the pandemic has put additional pressure on customers, our business and our colleagues, we continue to deliver. We have a clear focus on our mission, our values and our goals, and a relentless drive to raise the standard and broaden the range of our services to customers.

streamlining processes means that we improve the customer journey and ultimately, the customer experience

We've invested in the way we do all of that and will do even more as we move forward in the next financial year. Modernising services and streamlining processes means that we improve the customer journey and ultimately, the customer experience. Our customer panel, the QuIP (Quality and Improvement Panel), regularly works with us to help us understand customer expectations and to shape what we do, so that we improve the experience for all Livv customers.

We need to continue to invest in our communities, and build and maintain quality homes that our customers want to live in. As the world in which we live is changing, we've stepped up our plans to get our properties up to an EPC C rating, which we know will have a big impact on customers, when rises in the cost of living are creating financial pressures for many.

Going forward, we'll do more with partners to support our customers with the financial challenges that we expect to come. We will continue strengthen our communities, to improve our homes and to evolve our services. We've maintained an upward trajectory and our aim is to keep on moving upwards in 2022/23. As ever, I'd like to thank our board, the Executive Team and our colleagues who continue to work hard to bring our plans and ambitions to life.

Chief Executive statement

The pandemic and economic challenges continue to impact our communities, our teams and supply chains, and remains a consideration when we analyse financial performance. It's fair to say that it's been another difficult twelve months, in a fast-changing landscape.

Despite this environment and the well documented external challenges, our colleagues have pushed on with changes and worked hard on the day-to-day business. The result has been that Livv has performed well, both financially and operationally. I thank them all for their determination and focussed efforts throughout the year.

The financial management culture of the business is strong, with forecasting, budgets and cost drivers well understood across all teams. Through a focussed financial lens and an imperative to serve the customer better, the 2021/22 overall performance was improved.

That customer focus led us to accelerate our plans to move our properties up to EPC C rating, to deliver new homes for affordable rent and rent to buy and build more homes for shared ownership. Alongside this, we increased our range of services to support those customers and communities experiencing more acute challenges.

> By going back to basics, without losing our ambition, we've listened, remained authentic and reminded ourselves and our communities exactly what social housing and Livv is all about: the people.

Chief Executive statement (continued)

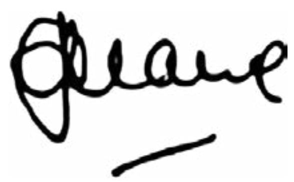
It was the strong financial focus that made this possible. We worked with customers to consistently improve the rental income collection and reduce arrears. We worked with our Employee Forum to shift a focus toward wellbeing in the workplace, reducing the costly impact of staff absence and staff turnover. We delivered real reductions in management overheads that gave an improved cost per unit performance.

A new operating model was successfully launched for our Customer Insight directorate in mid-2021/22, with a principal objective of improving the customer service offer. The benefits delivered by the programme are linked to our Corporate Plan themes of 'Livv Well' and 'Livv Together', with clear outputs of improved operational efficiency and re-shaped modernised services, that meet changing customer needs. The introduction of a new cloud-based contact centre, a digital HR system and data driven business intelligence initiatives have all supported us to deliver our business objectives.

For customers, our assets are their homes – and their feedback has been critical in helping us redefine our offer, reshape our processes and find solutions to the issues that matter to them. We carry out 100% stock condition surveys every three years, utilising real-time survey data to help us proactively manage those buildings. By maximising the life cycle of assets and gaining assurance about their compliance, we create better value for money. This, together with the greater intelligence gathered on our customers, helps us to turn assets into homes.

> The result has been that Livv has performed well, both financially and operationally.

By going back to basics without losing our ambition, we've listened, remained authentic and reminded ourselves and our communities exactly what social housing and Livv is all about: the people.



Strategic report

Business overview and structure

Livv Housing Group 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.

Livv Housing Group owns and manages circa 13,000 properties and works both independently and in partnership 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 25 to 29 of these financial statements.

Strategic objectives

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

Together with Livv Maintenance and First Ark Social Investment (FASI) 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.

Strategic report (continued)

Financial review

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	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Statement of Comprehensive Income					
Total Turnover	65,884	65,575	64,988	68,231	61,360
Operating Surplus	25,630	17,926	15,088	14,440	17,095
Surplus for the year	23,743	9,119	7,749	3,302	10,187
Pension Scheme Remeasurement	(15)	(176)	146	(101)	52
Total Comprehensive Income for the year	**23,728**	**8,943**	**7,895**	**3,201**	**10,239**
Statement of Financial Position					
Housing properties	265,023	251,998	239,234	233,661	229,562
Other fixed assets	1,000	1,594	1,545	1,754	1,963
Social investments	66	128	-	-	-
Fixed assets	**266,089**	**253,720**	**240,779**	**235,415**	**231,525**
Net current assets	42,326	35,272	28,323	20,708	16,271
Total assets less current liabilities	**308,415**	**288,992**	**269,102**	**256,123**	**247,796**
Loans due over 1 year	181,744	189,616	185,920	186,534	183,153
Pensions liability	2,135	2,187	2,040	2,286	2,265
Grants	47,612	44,024	39,636	33,783	31,535
Other long term liabilities	196	165	111	20	544
Reserves	76,728	53,000	41,395	33,500	30,299
	308,415	**288,992**	**269,102**	**256,123**	**247,796**

Strategic report (continued)

Financial performance

Livv Housing Group's operating surplus is £25.6m, compared to £17.9m in 2020/21. Whilst the current year figures include Livv Maintenance and FASI, this has not had a significant impact on trading performance. More details can be found in the Value for Money review section on pages 14 to 24.

Statement of financial position

Livv Housing Group invested £19.6m in new properties and a further £7.3m in existing properties. This is partially offset by disposals, write-offs and depreciation, resulting in a net increase of £13m in the year.

The Group is primarily debt funded as outlined in note 27 with repayments due between 2026 and 2040. The Group also has a rolling credit facility of £20m, of which £nil was drawn at 31 March 2022 (2021: £nil).

Livv Housing Group reserves at 31 March 2022 were £76.7m (2021: £53m).

Cash flow

The Group cash flow is detailed on page 49 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's 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 93% 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 21 months given the potential time required to arrange new funding. Cash balances at year end exceeded £44m for the Group (association: £43m) 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 21/22

Our Approach to Value for Money

Value for Money (VFM) means using our financial and operational resources and capacity to meet our core purpose and strategic objectives in an economic, effective and efficient way. The Board and Executive are committed to ensuring that our approach delivers the optimal value and resource balance across the group whilst also ensuring that we meet regulatory expectation.

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

Livv Housing Group is 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.

The plan is structured 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. We draw 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.

Strategic report (continued)

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.

The overarching strategic intent is to further embed VFM in a way which continues to deliver tangible, measurable and transparent benefits for us in support of the delivery of the corporate plan. We have three value for money (VFM) objectives:

- Improve operational economy, effectiveness and efficiency;
- Increase development supply and capacity; and
- Deliver economic, effective and efficient asset management.

We have twenty VFM measures and targets to track our progress across these three objectives and we compare our performance with groups of regional and national peers using the global accounts and other benchmarking sources such as Housemark and CIPD. Our ambition is to deliver customer service levels that compare well with some of the best service providers outside of housing so we also look to sectors like retail and utilities for comparison on our primary measure in that area of performance - Customer Ease.

We've reported our multi-year performance across each objective in this statement - as well as outlining our future targets and expectations - with a continuing focus on supporting our customers in these extremely challenging times and applying our resources accordingly. All of which is linked to our corporate plan aims and objectives. We also provide additional contextual VFM information to stakeholders via our Customer Annual Report and our Social Accounts.

VFM targets are set by our Boards – having looked at historic and forecast performance, benchmarks, and the operational and strategic context. During 2021/22 performance improvement remained focused on the financial position, complaints handling, the transition of our properties up to EPC C, rental income collection and arrears management, absence management, and the delivery of new homes. With stretch targets set in all of these areas and progress monitored at Board and Committee level.

We have a VFM Strategy which outlines our intent, against which progress is monitored at Board and Committee level. We also embed VFM within our other corporate strategies and in doing so we ensure VFM is considered and addressed in all strategic decisions. Key amongst which are our Asset and Development and Regeneration strategies which articulate our approach to delivering homes which meet a range of needs.

The financial management culture of the organisation is strong, and budgets and cost drivers are well understood. Detailed project and continuous improvement activity was ongoing throughout the year. Analysis undertaken during these projects has helped us better understand what is driving the efficiency and effectiveness of the processes and procedures which underly our performance – ensuring that VFM remains at the centre of our decision making on change and improvement activity. Procurement plans are updated on a rolling basis and gains identified and built into targets and plans. The Procurement Strategy was updated in 2021/22 with the intention being to drive more value through enhanced category management, having considered the maturity of our procurement approach, our planned expenditure and contractual profile, as well as taking an outward look at best practice and expectations.

Strategic report (continued)

Our Performance - VFM objective 1 - Improving Operational Economy, Effectiveness and Efficiency

Corporate Plan - Livv Well, Livv Together, Livv People, Livv Local	Actual 19/20	Actual 20/21	Actual 21/22	Target 21/22	Regional Median	National Median	Benchmark Source	Target 22/23	Target 23/24	Target 24/25	Target 25/26	Target 26/27
1a.Operating Margin Overall % * (Group)	16.1	23.6	**30.2**	24	23	23.9	Global Accounts	25.4	28.9	29.3	28.6	29.3
1b.Operating Margin Overall % * (Association)	18.6	23.6	**29.5**	23.6	22.7	25	Global Accounts	24.7	28.3	28.8	27.6	28.3
2.Operating Margin SHL % * (Group and Association)	19.4	25.9	**31.9**	25.8	25.2	26.9	Global Accounts	27.8	29	30	30.1	30
3a.EBITDA MRI % * (Group)	178.2	205.2	**248.6**	200.3	223.1	183	Global Accounts	212	276	273	248	262
3b.EBITDA MRI % * (Association)	189.4	204.9	**242.9**	197.3	235.5	186.3	Global Accounts	207.4	273	270	241.5	255
4.Headline Social Housing CPU £'s* (Group and Association)	3,244	3,234	**3,213**	3,473	3,480	3,680	Global Accounts	3,737	3,708	3,814	4,032	4,137
5.Current Arrears %+	5.5	5.4	**5**	5.1	4.3	4.1	Regional (a) National (a)	4.7	4.5	4.5	4.5	4.5
6.Customer Ease %+ (introduced FY 2020/21)	-	89.7	**83.7**	88	N/A	N/A	N/A (c)	85	85	85	85	85
7.Complaints Resolved <10 days %+ (introduced FY 2021/22)	-	-	**93.8**	85	83.3	83	Regional (a) National (a)	85	85	85	85	85
8.Short Term Absence +	3.9	3.25	**3.85**	3.4	2.83	3.03	Regional (b) National (b)	3.3	3.3	3.2	3.1	3.1

*Mandatory VFM Metrics - Benchmark data source - 2021 Global Accounts Annex – VFM Metrics, published by the Regulator of Social Housing. The Regional Median is based on an extract of North West providers, the National Median is all providers.

+Our own VFM Measures and Metrics – Benchmark data sources – a) LCR and Housemark b) CIPD and c) The benchmarks for Customer Ease that are available from Rant and Rave data can utilise different weightings (across organisations and sectors) and so are not reported within this statement but are used for internal reporting. Customer Ease historically tracks c2% above Customer Satisfaction which has been benchmarked at 82% median regionally using the LCR peer group and 88% nationally using Housemark.

Strategic report (continued)

Over the last few years our focus has remained on driving improvement in financial performance with targeted increases in operating margin and EBITDA and targeted reductions in Headline Social Housing CPU. As outlined above, our performance has consistently improved and exceeded target on operating margin and EBITDA, and Headline Social Housing Costs per Unit. At year end 2021/22 performance in all of these areas was ahead of regional and national peer medians. The year on year improvement in performance on per unit costs has been attained by delivering real reductions in management cost expenditure, with the 2021/22 position also being driven by the lower than expected level of repairs and investment expenditure (with an element of the final quarter's planned work being deferred into 2022/23). These cost drivers and deferrals combined with the higher level of rental income (driven by improvements in empty homes rent loss) to drive improvements in operating margin and EBITDA – which both ended 2021/22 significantly ahead of target. Margin and EBITDA are forecast to drop back in line with target in 2022/23 as the deferred investment expenditure is incurred and combines with the base budget level of works for 2022/23 (which had increased from prior years due to inflation, the mix of works, and the profile of planned works driven by stock condition requirements). After 2022/23 operating margin is targeted and forecast to improve consistently through to the end of 2024/25 as the surplus from new homes completions adds to the surplus on the existing stock base – with forecast rental inflation exceeding forecast cost increases.

From an operational efficiency and effectiveness perspective the main projects which contributed to the delivery of targets in 2021/22 were the Customer Insight target operating model, the cloud based contact centre, and the HR system implementation initiatives. Overall they had quantified gains targeted and delivered of c£0.5m in economic terms, with effectiveness and efficiency gains also delivered in line with project targets. The new target operating model was launched in mid-2021/22 following a robust change process. The benefits delivered by the programme and objectives achieved were principally about improving the customer journey programme and linked to our Corporate Plan themes of 'Livv Well' and 'Livv Together'.

We contributed to:

- Making a difference every day - by introducing new systems, processes and via increased automation and placing a focus on addressing the priorities that our customers tell us are important to them
- Being positively open by refining the mechanisms for listening to our customers and ensuring their voice is heard explicitly by the Board
- Forging the right way by using proactive and reactive feedback and ensuring that it is reflected as we develop our services
- Working Together as one by implementing a service delivery model that prioritises the customer over internal process.

Strategic report (continued)

Beyond project initiatives there was also a continued focus on income management and arrears collection in 2021/22. Whilst we have experienced the typical cyclical fluctuations with arrears throughout the year, the current tenant arrears percentage has been falling year on year. Each customer facing service now has a role to play to support customers to be successful in their home and tenancy through proactive rent collection, provision of support through our Advisory Services to address financial challenges and proactive arrears management informed by data led customer segmentation. Analysis of the age of outstanding debt shows that the lower than peer group level of performance is being principally driven by the high level of historic pre-2021/22 arrears. Payment plans are now in place across these customer accounts enabling year-on-year performance improvements to be delivered in line with target.

During the year we have procured a fuel card contract, a lone worker solution, and HR and expenses systems with total contract value of c£0.5m – with a target efficiency and effectiveness gain of c3%.

There remain areas of challenge and focus – with Customer Ease not achieving target in year. Dissatisfaction with the time taken to answer calls is one of the drivers for lower than target customer ease and this was impacted by a significant change in customer demand as we emerged from the pandemic. Additional resources have been established in the contact centre and this is delivering improvements in levels of abandoned calls along with reduced wait times. Satisfaction with call handling has remained strong when the customer's call is answered.

From a colleague perspective absence remains an area of focus. Gains and improvements were sustained into 2021/22, with absence excluding Covid hitting target, but absence including Covid exceeded target with mental health related absence becoming more prevalent.

Strategic report (continued)

Our Performance - VFM Objective 2 - Increasing Development Capacity and Supply

Corporate Plan - Building More Homes, Livv Green	**Actual 19/20**	**Actual 20/21**	**Actual 21/22**	**Target 21/22**	**Regional Median**	**National Median**	**Benchmark Source**	**Target 22/23**	**Target 23/24**	**Target 24/25**	**Target 25/26**	**Target 26/27**
9. New Supply (Social – Group and Association) %*	0.4	0.5	**0.6**	1.2	0.7	1.2	Global Accounts	2.5	1.4	2.6	4.1	2.4
10. New Supply (Non–Social – Group and Association) %*	0	0	**0**	0	0	0	Global Accounts	0	0	0	0	0
11. Gearing %* (Group and Association)	65.9	62	**52.1**	59.1	41.4	44.8	Global Accounts	51.5	52	52.4	52.8	48.5
12.Starts on Site +	185	293	**51**	322	N/A	N/A	N/A	300	300	300	300	300
13.Completions +	55	60	**76**	250	N/A	N/A	N/A	200	300	300	300	300
14.New homes available for Sale +	38	40	**6**	11	N/A	N/A	N/A	6	30	30	30	30

*Mandatory VFM Metrics - Benchmark data source - 2021 Global Accounts Annex – VFM Metrics, published by the Regulator of Social Housing. The Regional Median is based on an extract of North West providers, the National Median is all providers.

+Our own VFM Measures and Metrics – Benchmark data sources - we use a peer group from the Liverpool City Region where this provides the most appropriate localised comparator, with Housemark being used as a national date and benchmarking source.

Strategic report (continued)

The Development Strategy was last updated in March 2021 and reflects our corporate target to deliver 300 new homes each year from 2022/23 with a shift in tenure mix towards rented products to better meet the demographic needs of Knowsley and surrounding boroughs. Like most housing providers our plans to build new homes were delayed by the pandemic and supply side factors during 2021/22. Counterparty challenges and scheme viability were also mitigating factors which affected delivery. However, demand for shared ownership sales has remained positive - resulting in properties available for sale remaining lower than predicted. On average we sold 53% equity during 2021/22 - against a target range of 40% - 50%.

Over recent years, and looking forward, our target has been to absorb c95% of the marginal costs of managing new homes and in doing so we have delivered real savings to date and aim to realise further savings throughout the duration of our development programme. Our financial strength and capacity enables us to deliver in this way and at volume despite the challenging operating environment.

Gearing, as calculated on a VFM basis, remains high compared with peers as a result of the fair value adjustment to a non-basic loan and the low historic cost which is used when accounting for homes, but gearing on a covenant basis is much lower (meaning we have capacity to borrow) and over 34% of our units remain unencumbered by debt. This combined with the improved operational performance is reflected in the strong performance in ROCE which is above target and benchmarked performance.

During 2021/22 we transitioned loan facilities to SONIA and extended our existing facilities with Santander. LIBOR (London Interbank Offered Rate) is one of the main interest rate benchmarks used in financial markets but has now been replaced by SONIA (Sterling Overnight Index Average) with the transition not negatively impacting our financial position as a Credit Adjustment Spread was applied to “equalise” the rates.

Our updated Treasury Strategy reflects the funding requirement to support our growth agenda and the business has commenced the process of reconfiguring £45m of existing funding, whilst also raising £50m of new funding. The resulting debt profile and borrowing costs have contributed positively to the gearing position attained and forecast.

Strategic report (continued)

Our Performance - VFM Objective 3 - Deliver Economic, Efficient and Effective Asset Management

Corporate Plan - Strategic Smart Safe, Livv Together, Livv Green	**Actual 19/20**	**Actual 20/21**	**Actual 21/22**	**Target 21/22**	**Regional Median**	**National Median**	**Benchmark Source**	**Target 22/23**	**Target 23/24**	**Target 24/25**	**Target 25/26**	**Target 26/27**
15.ROCE %* (Group and Association)	5.6	6.3	8.3	6.3	3.8	3.3	Global Accounts	6.3	6.4	6.5	5.9	6.0
16.Reinvestment %* (Group and Association)	6.9	8.5	10.2	13.9	6.3	5.7	Global Accounts	17.2	14.7	16.4	17.5	6.5
17.Relet Time Days +	113	56	27.9	25	24.7	48.1	Regional – LCR National – Housemark	25	25	25	25	25
18.Net Zero Delivery %+	-	-	99.7	100	N/A	N/A	N/A	100	100	100	100	100
19. Empty Homes Rent Loss £'s +	1m	0.62m	0.28m	0.27m	N/A	N/A	N/A	0.24m	0.24m	0.24m	0.24m	0.24m
20. Operating Margin - Livv Maintenance %+	2.2	0.1	1.9	1.0	N/A	N/A	N/A	1.5	1.0	1.0	2.1	2.1

*Mandatory VFM Metrics - Benchmark data source - 2021 Global Accounts Annex – VFM Metrics, published by the Regulator of Social Housing. The Regional Median is based on an extract of NW providers, the National Median is all providers.

+Our own VFM Measures and Metrics – Benchmark data sources - we use a peer group from the Liverpool City Region where this provides the most appropriate localised comparator, with Housemark being used as a national data and benchmarking source.

Strategic report (continued)

Our ROCE performance remains better than sector medians and has improved year-on-year over the last three years, exceeding target in 2021/22. Re-let times have reduced from 113 in 19/20 to an average of 28 days in 21/22. In the year ahead we expect to achieve and maintain our target of 25 days which is a better than median level of performance across comparable providers. Investment in existing homes was identified in the Corporate Plan 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 2021/22 we fell short of the reinvestment target due to delays prior to year end on aspects of the delivery of our repairs and investment programme (principally due to a shortage of materials such as boilers) whilst also being affected by the delays on new home investment outlined above.

The Net Zero programme of work had exceeded target throughout the year (with the exception of the final months when no access issues were experienced) with programme delivery performance closing at 99.7% against a target of 100%. At year end, in excess of 70% of properties were at EPC C or above. 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 alternative uses. During the year the Board approved - and we completed - the disposal of properties in Cheshire. This better aligned our asset and housing management into our strategic operating areas and ultimately enabled customer service resources to be targeted more effectively and efficiently. This was concluded after Board consideration of alternative methods of disposal to ensure we maximised value for money in the disposal.

The severity of the lockdown interruptions continued to affect the delivery of programmes by Livv Maintenance during the year which, when combined with the impact of changed working practices to maintain social distancing on site, led to some productivity losses. The Group responded by rescheduling capital works between budget years to improve the overall mix of works, bringing forward aspects of the component replacement programme, and increasing the use of directly employed labour. Overall, these changes ultimately contributed to an improvement in results in the latter half of the year which enabled Livv Maintenance to close the year ahead of target margin.

The services agreement between Livv Housing and Livv Maintenance expired in March 2022 and it was agreed that a revised form of agreement be introduced for a fixed period of three years. A 'soft market test' was undertaken to support a value for money assessment of the service provided by Livv Maintenance and holistically this was found to be very competitive in the current market. The 'contract price' for the delivery of the services was also reviewed in line with inflationary factors and it was recommended that the price be increased, representing a real 4% increase on current costs. Areas of expenditure totalling c£15m were tested – with the Livv Maintenance cost shown overall to be c7% below the average market costs for the services based on the level of expenditure for each. This would demonstrate that the 2022/23 contract price would still be c3% below the average cost for the services based on the level of expenditure for each, representing a gain to the group of c£0.5m.

Strategic report (continued)

Future Areas of Focus, Improvement and Investment

Across each of our three objectives, and across all twenty VFM measures, performance is currently forecast to be in line with, or better than, the 2022/23 to 2026/27 targets. In support of delivery of these targets, and to strive to exceed target expectation where possible, we have identified areas of focus for 2022/23 and beyond and have set out our improvement and delivery plans accordingly – a summary of which is outlined below.

From an operational efficiency and effectiveness perspective – Objective 1 - complaint resolution improvement remains key to sustain the strong year end outturn, with an increased focus being placed on resolution within 10 days. This is seen as a key driver of Customer Satisfaction as well as an opportunity to learn from issues affecting our customers and drive service improvement, with the expected minimum level of performance for 2022/23 being set at or better than 85%. This will be reviewed should performance be sustained at the current level of in excess of 90%. With respect to short-term absence, although the impacts of the pandemic are recognised, improvement is expected in this area during 2022/23 with a target of 3.3 days set for 2022/23. Whilst underlying current arrears levels are improving, the cost of living crisis provides a challenging backdrop and performance is improving from a lower base than peer group medians. Consequently, this will remain an area of focus in 2022/23 and targets have been set accordingly. We also remain focused on enhancing Customer Engagement and will allocate resource to sustaining and creating value from this key aspect of our service offer. The risk of deterioration of repair times due to an increase in the volumes of repairs (and associated demands) also remains a big challenge for us, and others in the sector, and is a key driver of dissatisfaction. As such this will remain a performance focus area for us in 2022/23.

High cost driver areas of procurement focus for 2022/23 under this objective category include debt collection, professional services, and agency labour – with a total contract value in excess of £5m and a target gain of 2.5%.

With respect to Objective 2 - and development delivery - a stretch target of 300 starts has been set for 2022/23 alongside a target of in excess of 200 for completions. Beyond 2022/23 a more consistent average level of completions of c300 per year average is targeted and resourced in line with the strategy, all of which represents an uplift on the outturn performance for 2021/22. The delivery of new homes and associated metrics is expected to remain challenging and will continue to be a key area of oversight and scrutiny for us during 2022/23 and subsequent years.

In recognition of the inflationary outlook for construction, a series of procurement initiatives have been included within the plan to target gains in the key areas that drive cost. A direct approach to land acquisition will also be considered during 2022/23. The procurement focus will be in the high cost areas including property and land valuation, and demolition.

This objective is also supported by further targeted treasury activity in 2022/23 – with the aim of raising £50m of new finance to meet identified funding requirements, whilst also looking to deliver costs and efficiency gains via a resetting of terms on £45m of existing facilities, and an enhancement to the deployment of our security pool. Our overall target is to achieve a lower weighted average cost of funds and a cumulative margin gain of in excess of £1m on existing facilities.

Strategic report (continued)

From an asset management and repair and investment delivery perspective. Empty Homes net rent loss will continue to be an area of focus in 2022/23. Whilst we have seen significant year-on-year improvement in this area over the last two years, we expect further marginal gains in the forthcoming year with a target relet time of 25 days, and the target level of void rent loss being set at £0.24m. If this performance level is achieved, it would represent a gain of c£0.5m against budgeted levels of rent loss where a significant level of contingency has been maintained pending attainment of this target.

With respect to the transition to EPC C the plan is to move all properties to at least EPC D level by end of 22/23 and to EPC C by end of year 2024/25, with c£2.3m being spent in this area in 2021/22. During the course of the next three years a further £15m of investment will be made to support attainment of that target. The full investment requirement relating to Net Zero beyond 2025 has not yet been fully incorporated into forecasts and targets and consequently as the position evolves and the plan is updated the related targets will be refreshed.

Further stock rationalisation has been identified for 2022/23 and beyond with additional homes outside strategic delivery areas. Homes in Lancashire and Greater Manchester have been identified for disposal in quarter one 2022/23, and demolition of four taller buildings forecast to start in quarter four 2022/23, concluding in the first half of 2023/24. The total investment included in the plan in this respect is £3.5m.

We recognise that inflationary pressures will drive costs higher over the next few years and add to the incremental costs required to making our housing stock more energy efficient. However we remain committed to balancing the need for investment with the need to control costs and attain margin targets. The change to the profile of planned works in 2022/23 - contributing to Headline Social Housing Cost per Unit increases from 2021/22 under VFM Objective 1 - relates mainly to warden call system replacements, complex M&E investment, and compliance and energy efficiency related works, equating to a like for like uplift of c£2m when compared with equivalent cost category spend in 2021/22.

From a broader project perspective an end to end repairs review is underway with targeted gains for 2022/23, and procurement activity is planned across fire safety, our subcontractor framework, and insulation, with a total contract value of c£8m and target gains of 2.5%.

Conclusion

Having formulated this position statement and as a result of our self-assessment and oversight, Board believes that we are compliant with the Regulator of Social Housing's VFM standard and are well positioned to deliver further VFM gains and reinvestments, and to achieve our targets over the forthcoming years.

Howard Roberts
Executive Director – Finance, Risk & Performance

Strategic report (continued)

Governance

Livv Housing Group Structure

Livv Housing Group

The Group parent company and Registered Provider of social housing.

Livv Homes Limited

A wholly owned subsidiary of Livv Housing Group.

Livv Homes Limited has been non-trading in the year to 31 March 2022.

Future activities are likely to see Livv Homes Limited acting as a vehicle for joint ventures and development activities.

Livv Maintenance Limited

A wholly owned subsidiary of Livv Housing Group.

Livv Maintenance Limited provides a range of property repair and facilities management services to Livv Housing Group and selected external 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.

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 2021/22 and updated as of 1 April 2022.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee oversees succession planning and recruitment for the Chief Executive and Executive Team, the Boards succession plan and Board Member recruitment, together with the remuneration of Non-Executive Board Members. The Committee oversees compliance with the Code of Governance. In accordance with governance best practice, its Terms of Reference were reviewed in 2021/22 and updated as of 1 April 2022.

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 2021/22 and updated as of 1 April 2022.

Business Growth, Development and Investment Committee

The Business Growth, Development and Investment Committee scrutinises and recommends to the Board, business development, growth and investment opportunities. It reviews the business cases for proposed projects and programmes including the review of risks and returns associated with the proposal. The Committee reviews all new housing development proposals and make recommendations to the Board.

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

The Quality and Improvement Panel, (QuIP), provides an assurance, co-regulatory, scrutiny and service improvement oversight role that is customer led and representative of our communities. The QuIP has a strong relationship with Board and presents it 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 QuIP's membership are reviewed and varied training is provided to build capability.

Strategic report (continued)

Board Member Attendance

From the 1 April 2021 until the 31 March 2022 the Common Board of Livv Housing Group, Livv Maintenance Ltd and Livv Homes Ltd, the following Executive and Non–Executive Directors have served on the Common Board, with their attendance during the year being as follow:

Director	**Common Board** *(including Livv Housing Group, Livv Maintenance Ltd and Livv Homes Ltd)*
Philip Raw	100%
Steve Agger	100%
John Bowker	75%
Kevin Brady	100%
Anthony Deakin	100%
Mark Dunford	75%
Phil Pemberton	88%
John Ray	88%
Nicola Waterworth	100%
Léann Hearne	88%
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 adopted the NHF Code of Governance 2020 (the Code) from 1 April 2021, 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 2022 and the annual report on compliance with the Code for 2021/22 was received at the July 2022 Board meeting. The Board has subsequently confirmed that the Group was fully compliant with the Code for the year.

Regulatory Compliance

A self-assessment of compliance with the Regulatory standards, including the Governance & Financial Viability standard, was undertaken in June 2022 and approved by the Board in July 2022. 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 is in accordance with regulatory expectations. The Board defined Risk Appetite and Risk Management Policy and Guidelines were reviewed and updated in the year, following detailed consideration and discussion of the current and future operating environment.

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.

A review of the speed at which a strategic risk could escalate was also completed by the Board in the year. This was in consideration to controls relevant to where risks were identified with potential to escalate very rapidly.

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; and
- Ensure that Group continues to operate effectively in the context of a changing internal and external risk environment.

Strategic report (continued)

Principal risks and uncertainties

Strategic risk and outline	Mitigation and assurance
Statutory health and safety compliance 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. This includes in the servicing and maintenance of our current housing stock, the development of new housing, as well as the provision of services to tenants, and our colleague's working arrangements and their activities.	Ensure the Compliance Framework and associated systems across all areas of compliance responsibility are embedded in the business. Detailed delivery and performance targets are aligned to statutory requirements and where relevant other measures, these are scrutinised across the Group's governance structure. Quality review and validation arrangements support the integrity of data and provide assurance on the reliability of systems and data for performance reporting purposes.
Cyber security 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 effectively.	Diligent maintenance and testing of systems and continuing to develop arrangements and controls as threats emerge. This includes controls to protect our systems, IT availability and capacity and wider financial management controls. Policy arrangements define 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. Comprehensive understanding of our critical systems, planning and testing for how we will continue to provide critical systems and recovery in the short, medium and long-term in case of a business continuity threat occurring.
Development Targets to deliver an affordable housing programme providing a range of housing options relevant to community need.	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. Pipeline, financial viability, scheme management and other related targets are scrutinised across the Group's governance arrangements.

Strategic report (continued)

Strategic risk and outline	Mitigation and assurance
Financial viability Sound financial management enables the achievement of the timely and efficient achievement of corporate objectives. This includes medium and long-term financial viability, access to adequate funding, the ability to achieve loan covenants and planning for economic factors.	Defined and monitored financial regulations, and golden rules. Financial planning and embedded controls to support the integrity of financial information and reporting. Stress testing of the business plan inform the resilience planning framework including mitigation and recovery planning should an event/series of events impact our key assumptions.
Stock condition 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 optimise our stock and deliver value for money. 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.	The Asset Strategy, Net Carbon Zero Strategy and related investment plans are driven by outcomes from the Stock Condition Survey. An evidence-based approach to the delivery of investment activity is applied. 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.
Compliance There are a range of statutory, legislative and reporting obligations the Group must comply with. These also include maintaining relevant stakeholder relationships.	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 achieves its obligations. Regular scanning for updates to obligations and expectations.

Strategic report (continued)

Strategic risk and outline	Mitigation and assurance
Customer service 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. This is framed in the context of the Social Housing Regulation Bill, Building Safety Bill, Fire Safety Act and wider regulatory changes and Government plans.	A range of strategies and frameworks are embedded supporting the delivery of objectives including the Customer Engagement Strategy, Community Investment Strategy, Asset Management Strategy, Investment Plan and Compliance Framework.
Counterparty The Group has arrangements in place with a range of third parties that support the delivery of its activities and services.	Contracts with third parties are considered through a combination of factors which influence our exposure including risk, value, type and reliance on contract deliverables to maintain services and deliver objectives. These factors define the contract grading so that contract management controls are relevant to the nature of the contract. The Group maintains responsibility for managing risks where these may be related to a particular activity delivered by a third party. Compliance responsibilities e.g. data protection and data security are formally defined in any agreement with a third party, particularly where there is access to personal data.

By order of the Board.

Philip Raw
Chair of the Board

Anthony Deakin
Chair Audit & Risk Committee

Sharon Marsh
Company Secretary

15 September 2022

Board report

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2022.

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, 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 and 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 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 Chief Executive. In addition, the Remuneration and Nomination Committee is responsible for setting the remuneration of Executive Directors and their terms and conditions.

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; and
- The Enabling Customer to keep their Home Policy.

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

£11k gift aid was received in the year (2021: £Nil) by Livv Housing Group from Livv Maintenance.

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.

Board report (continued)

Group Internal Control Statement

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; and
- Performance information used within the business or for publication is reliable.

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

- Risk Management Framework defines the Board's strategy, policy and approach to identifying, assessing and managing risks to the Group. The Risk Management 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 in the internal and external environment.
- A Policy and Strategy Framework which defines 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.

Key features of the Group's control assurance arrangements include:

- Corporate Performance Framework which defines key performance measures, owners and reporting frequencies relevant to the Group's activities.
- Golden Rules that define Board expectations of financial performance with early warning triggers which alert to the potential for financial risk escalation.
- Resilience Planning Framework which supports proactive understanding and review of the Group's resilience and informs the maintenance of mitigation, contingency, response and recovery plans.
- Specialist advice and quality assurance to inform control and assurance activity including areas such as legal, financial planning, compliance and cyber security.

Board report (continued)

- Internal audit assurance, through a programme of regular independent reviews of the effectiveness and application of internal controls across the Group's activities.
- Annual review and certification process considering the effectiveness of the Group's systems of internal control and management of risk across all its activities throughout the year.

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 2021/22. 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.

The External Auditors to the Group BDO LLP 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 for the year ended 31 March 2022 and concludes that governance, risk management and internal control arrangements are operating effectively.

Board report (continued)

Going Concern

The impact of the recent economic turbulence, cost inflation and interest rate increases, and uncertainty in the supply chain has meant that the Executive Team and Board have been reviewing our financial forecasts and scenario planning more frequently, reflecting updated economic assumptions and other market information to ensure that the Group is confident that it will remain a viable going concern even in the most adverse or extreme circumstances. Our modelling included significant reductions in rent collected, furthermore extreme inflation on costs, changes to rent inflation assumptions, and significant cash requirements relating to failing development contractors or other supply side challenges, as well as changes to market conditions such as sales programmes.

This additional scrutiny has delivered some excellent insight for the organisation and has stress tested our financial resilience and given great assurance with respect to our viability and our ability to withstand a range of material single and multi-variant negative financial impacts.

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 twelve 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 2018 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.

Board report (continued)

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 2022.

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 2018.

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.

Board members' statement as to the Disclosure of Information to Auditors

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 15 September 2022, and signed on its behalf by:

Philip Raw	**Anthony Deakin**	**Sharon Marsh**
Chair of the Board	*Chair Audit & Risk Committee*	*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 2022 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 2022.

We have audited the financial statements of Livv Housing Group ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 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 including the Strategic Report 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; or
- 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 board members responsibilities statement, 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. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the Group and Association are in compliance with such laws and regulations, and we inspected any relevant regulatory and legal correspondence.

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.

DocuSigned by:
BDO LLP
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BDO LLP
Statutory Auditor
5 Temple Square, Temple Stree,
Liverpool, L2 5RH

16 September 2022

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 2022

	Notes	Group		Association	
		31 March 2022 £'000	31 March 2021 £'000	**31 March 2022 £'000**	31 March 2021 £'000
Turnover	3	**65,884**	65,575	**66,151**	65,588
Cost of Sales	3	**(3,539)**	(3,762)	**(3,539)**	(3,762)
Operating expenditure	3	**(42,460)**	(46,319)	**(43,069)**	(46,347)
Gain on disposal of property, plant and equipment (fixed assets)	9	**5,745**	2,432	**5,745**	2,432
Operating surplus	6	**25,630**	17,926	**25,288**	17,911
Interest receivable	10	**15**	21	**15**	21
Interest and financing costs	11	**(7,985)**	(7,974)	**(7,985)**	(7,974)
Movement in fair value of financial instruments	28	**6,166**	(851)	**6,166**	(851)
Surplus before tax		**23,826**	9,122	**23,484**	9,107
Taxation	12	**(83)**	(3)	**3**	(23)
Surplus for the year after tax		**23,743**	9,119	**23,487**	9,084
Re-measurement in respect of pension scheme	29	**(15)**	(176)	**(15)**	(176)
Total comprehensive income for the year		**23,728**	8,943	**23,472**	8,908

The financial statements were approved and authorised for issue by the Board on 15 September 2022 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 51 to 96 form an integral part of these financial statements.

Statement of financial position

As at 31 March 2022

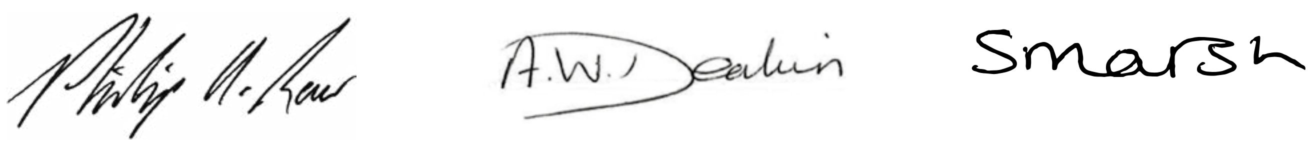
	Notes	Group		Association	
		31 March 2022 £'000	31 March 2021 £'000	**31 March 2022 £'000**	31 March 2021 £'000
Fixed Assets					
Tangible Fixed Assets					
Housing properties	13	**265,023**	251,998	**265,132**	251,999
Other property, plant & equipment	14	**1,000**	1,594	**996**	1,584
Social Investments	16	**66**	128	**66**	128
		266,089	253,720	**266,194**	253,711
Current assets					
Stock	17	**105**	81	**-**	-
Properties held for sale	18	**3,103**	2,468	**3,103**	2,468
Trade and other debtors	19	**4,680**	4,611	**4,546**	4,550
Investments	20	**1,408**	1,880	**-**	-
Cash and cash equivalents	21	**44,305**	35,279	**42,533**	33,253
		53,601	44,319	**50,182**	40,271
Creditors: amounts falling due within one year	22	**(11,275)**	(9,047)	**(10,911)**	(9,458)
Net current assets		**42,326**	35,272	**39,271**	30,813
Total assets less current liabilities		**308,415**	288,992	**305,465**	284,524

Statement of financial position (continued)

As at 31 March 2022

	Notes	Group		Association	
		31 March 2022 £'000	31 March 2021 £'000	**31 March 2022 £'000**	31 March 2021 £'000
Creditors: amounts falling due after more than one year	**23**	**229,552**	233,805	**228,546**	231,025
Provisions for liabilities					
Pension provision	**29**	**2,135**	2,187	**2,135**	2,187
		231,687	235,992	**230,681**	233,212
Reserves					
Revenue reserve		**76,656**	52,848	**74,712**	51,160
Restricted reserves		**72**	152	**72**	152
Total reserves		**76,728**	53,000	**74,784**	51,312
		308,415	288,992	**305,465**	284,524

The financial statements were approved and authorised for issue by the Board on 15 September 2022 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 51 to 96 form an integral part of these financial statements.

Statement of changes in reserves

For year ended 31 March 2022

	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 2021	-	**52,848**	**152**	**53,000**	-	**51,160**	**152**	**51,312**
Surplus for the year	-	23,743	-	23,743	-	23,487	-	23,487
Other Comprehensive Income: Re-measurement in respect of pension scheme (note 29)	-	(15)	-	(15)	-	(15)	-	(15)
Transfer between reserves	-	80	(80)	-	-	80	(80)	-
Balance at 31 March 2022	**-**	**76,656**	**72**	**76,728**	**-**	**74,712**	**72**	**74,784**

	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	-	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

The notes on pages 51 to 96 form an integral part of these financial statements.

Consolidated statement of cash flows

For year ended 31 March 2022

	2022	2021
Group	**£'000**	£'000
Net cash inflow from operating activities (Note A)	**26,404**	25,760
Cash flow from investing activities		
Purchase of fixed asset housing properties	**(26,128)**	(21,606)
Cash received on group restructure	**-**	3,417
Grants received	**4,081**	3,320
Proceeds from sale of tangible fixed assets	**13,083**	3,222
Purchase of other fixed assets	**(405)**	(120)
Interest received	**168**	195
Social Investment income	**767**	673
	(8,434)	(10,899)
Cash flow from financing activities		
Interest paid	**(7,757)**	(7,861)
(Decrease) in loan finance	**(1,187)**	(59)
	(8,944)	(7,920)
Net Change in cash and cash equivalents	**9,026**	6,941
Cash and cash equivalents at beginning of the year	**35,279**	28,338
Cash and cash equivalents at end of the year	**44,305**	35,279

Consolidated statement of cash flows (continued)

Note A - Cash flow from operating activities	**2022**	2021
	£'000	£'000
Surplus for the year after tax	**23,743**	9,119
Adjustments for non-cash items:		
Depreciation	**7,674**	7,247
Impairment	**(508)**	709
(Increase)/Decrease in stock/housing held for sale	**(659)**	1,068
Increase in trade and other debtors	**(110)**	(716)
Increase in trade and other creditors	**785**	2,542
Interest received	**(166)**	(163)
Interest payable	**7,940**	7,926
Corporation Tax	**83**	3
Pension costs less contributions payable	**(67)**	(29)
Carrying value of disposal of fixed assets	**7,338**	790
Fair value adjustment to financial instruments	**(6,166)**	851
Adjustments for investing & financing activities		
Proceeds on disposal of fixed assets	**(13,083)**	(3,222)
Amortisation of loan arrangement fees	**67**	67
Government grants amortised in the year	**(467)**	(432)
Net cash inflow from operating activities	**26,404**	25,760

The notes on pages 51 to 96 form an integral part of these financial statements.

Notes to the Financial Statements

For year ended 31 March 2022

1. Legal Status

Livv Housing Group 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, Prescot, Merseyside, L34 1PJ.

The Group has three subsidiaries; has three subsidiaries; Livv Maintenance Limited, Livv Homes Limited and FASI Limited 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 2022.

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 impact of the recent economic turbulence, cost inflation and interest rate increases, and uncertainty in the supply chain has meant that the Executive Team and Board have been reviewing our financial forecasts and scenario planning more frequently, reflecting updated economic assumptions and other market information to ensure that the Group is confident that it will remain a viable going concern even in the most adverse or extreme circumstances. Our modelling included significant reductions in rent collected, furthermore extreme inflation on costs, changes to rent inflation assumptions, and significant cash requirements relating to failing development contractors or other supply side challenges, as well as changes to market conditions such as sales programmes.

This additional scrutiny has delivered some excellent insight for the organisation and has stress tested our financial resilience and given great assurance with respect to our viability and our ability to withstand a range of material single and multi-variant negative financial impacts.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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 twelve 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.

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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 31 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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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.

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; and
- 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.

Notes to the Financial Statements (continued)

2. Principal Accounting Policies (continued)

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

	2022				
Group	Turnover £'000	Other Income £'000	Cost of Sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (Note 4a)	**60,620**	**-**	**-**	**(40,949)**	**19,671**
Other social housing activities					
Supporting people contract income	80	-	-	(20)	60
Other supporting people income	157	-	-	(112)	45
First tranche shared ownership sales	3,851	-	(3,539)	-	312
Community investment	397	-	-	(676)	(279)
Management Services	123	-	-	(75)	48
Gain on disposal of housing properties	-	5,745	-	-	5,745
Total other social housing activities	**4,608**	**5,745**	**(3,539)**	**(883)**	**5,931**
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	162	-	-	(162)	-
Facilities Management Services	494	-	-	(466)	28
Total Non-social housing activities	**656**	**-**	**-**	**(628)**	**28**
Total	**65,884**	**5,745**	**(3,539)**	**(42,460)**	**25,630**

Notes to the Financial Statements (continued)

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

	2021				
Group	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)	-
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)

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

	2022				
Association	Turnover £'000	Other Income £'000	Cost of Sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings (Note 4b)	**60,631**	**-**	**-**	**(41,274)**	**19,357**
Other social housing activities					
Supporting people contract income	80	-	-	(20)	60
Other supporting people income	157	-	-	(112)	45
First tranche shared ownership sales	3,851	-	(3,539)	-	312
Community investment	299	-	-	(578)	(279)
Management Services	123	-	-	(75)	48
Gain on disposal of housing properties	-	5,745	-	-	5,745
Total Other social housing activities	**4,510**	**5,745**	**(3,539)**	**(785)**	**5,931**
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	162	-	-	(162)	-
Internal Management Services	848	-	-	(848)	-
Total non-social housing activities	**1,010**	**-**	**-**	**(1,010)**	**-**
Total	**66,151**	**5,745**	**(3,539)**	**(43,069)**	**25,288**

Notes to the Financial Statements (continued)

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

	2021				
Association	**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)

4a. Social housing & lettings

Group	**General housing £'000**	**Supported housing & housing for older people £'000**	**Total 2022 £'000**	Total 2021 £'000
Income				
Rent receivable net of empty homes	54,521	3,354	57,875	56,843
Services charges receivable net of empty homes	1,290	667	1,957	2,025
Amortised government grants	467	-	467	432
Other	319	2	321	570
Turnover from social housing lettings	**56,597**	**4,023**	**60,620**	59,870
Operating expenditure				
Management	(14,514)	(166)	(14,680)	(15,040)
Service charge costs	(1,714)	(737)	(2,451)	(2,193)
Routine maintenance	(12,956)	(411)	(13,367)	(13,397)
Major repairs expenditure	(2,985)	(95)	(3,080)	(5,015)
Bad debts	(254)	-	(254)	(837)
Depreciation of housing properties	(7,129)	-	(7,129)	(6,887)
Impairment of housing properties	266	-	266	(529)
Fixed Asset Component disposal acceleration depreciation	(240)	-	(240)	(395)
Other costs	(14)	-	(14)	(48)
Operating expenditure on social housing lettings	**(39,540)**	**(1,409)**	**(40,949)**	(44,341)
Operating surplus on social housing lettings	**17,057**	**2,614**	**19,671**	15,529
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**238**	**35**	**273**	624

Notes to the Financial Statements (continued)

4b. Social housing & lettings

Association	General housing £'000	Supported housing & housing for older people £'000	Total 2022 £'000	Total 2021 £'000
Income				
Rent receivable net of empty homes	54,521	3,354	57,875	56,843
Services charges receivable net of empty homes	1,290	667	1,957	2,025
Amortised government grants	467	-	467	432
Other	330	2	332	570
Turnover from social housing lettings	**56,608**	**4,023**	**60,631**	59,870
Operating expenditure				
Management	(14,839)	(166)	(15,005)	(15,041)
Service charge costs	(1,714)	(737)	(2,451)	(2,193)
Routine maintenance	(12,956)	(411)	(13,367)	(13,397)
Major repairs expenditure	(2,985)	(95)	(3,080)	(5,015)
Bad debts	(254)	-	(254)	(837)
Depreciation of housing properties	(7,129)	-	(7,129)	(6,887)
Impairment of housing properties	266	-	266	(529)
Fixed Asset Component disposal acceleration depreciation	(240)	-	(240)	(395)
Other Costs	(14)	-	(14)	(48)
Operating expenditure on social housing lettings	**(39,865)**	**(1,409)**	**(41,274)**	(44,342)
Operating surplus on social housing lettings	**16,743**	**2,614**	**19,357**	15,528
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**238**	**35**	**273**	624

4c. Market rate lettings

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Garages	162	162	162	162

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				
	31.03.21 Units	Additions	Disposals	Other	31.03.22 Units
Social housing					
Owned General needs – social rent	11,305	4	(116)	-	**11,193**
Owned General needs – affordable rent	885	26	(44)	-	**867**
Owned General needs – intermediate rent	75	12	-	-	**87**
Owned – housing for older people	611	-	-	-	**611**
Shared Ownership	207	38	(17)	-	**228**
	13,083	80	(177)	-	**12,986**
Non Social housing					
Market rented	-	-	-	-	**-**
Units Managed					
Managed units general needs	-	-	-	-	**-**
Total owned and managed	13,083	80	(177)	-	**12,986**
Of which: Held for demolition / redevelopment	233				**257**

Notes to the Financial Statements (continued)

6. Operating surplus

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
The operating surplus is stated after (crediting)/charging:				
Auditors' remuneration (excluding VAT): Audit of the group financial statements	**65**	65	**57**	57
Fees payable to the Group's auditor and its associates for other services to the group:				
Taxation compliance services	**6**	6	**5**	5
Other	**5**	5	**5**	5
Operating lease rentals:				
Equipment	**23**	-	**23**	-
Vehicles	**596**	526	**-**	-
Impairment losses of housing properties	**(266)**	529	**(266)**	529
Depreciation of housing properties	**7,129**	6,887	**7,129**	6,887
Depreciation of other assets	**545**	360	**539**	354

Notes to the Financial Statements (continued)

7. Employee information

The average number of colleagues (including Executives) employed during the year expressed in full time equivalents was:

	Group		Association	
	2022 No.	2021 No.	**2022 No.**	2021 No.
Development	**15**	14	**15**	14
Housing Maintenance	**145**	142	**-**	-
Business Services	**156**	167	**108**	105
Customer and communities	**113**	111	**113**	111
Asset management	**32**	38	**32**	38
Charitable Activities	**6**	8	**6**	8
	467	480	**274**	276

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Staff costs				
Wages and salaries	**15,701**	15,593	**9,862**	9,461
Redundancy costs	**131**	94	**110**	94
Social Security costs	**1,557**	1,516	**1,004**	946
Other pension costs – defined contribution or defined benefit	**732**	711	**455**	430
	18,121	17,914	**11,431**	10,931

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	
	2022 No.	2021 No.	**2022 No.**	2021 No.
£60,000 - £70,000	**10**	9	**9**	9
£70,000 - £80,000	**2**	1	**2**	1
£80,000 - £90,000	**3**	4	**3**	4
£90,000 - £100,000	**3**	2	**3**	2
£120,000 - £130,000	**1**	1	**1**	1
£130,000 - £140,000	**2**	2	**2**	2
£150,000 - £160,000	**1**	1	**1**	1
£210,000 - £220,000	**1**	1	**1**	1
	23	21	**22**	21

Notes to the Financial Statements (continued)

8. Key management personnel and directors' remuneration

All of the Executives of Livv Housing Group and its subsidiaries, including the Chief Executive, are paid by Livv Housing Group, which is the Ultimate Parent Undertaking.

The remuneration of the highest paid director for the year, excluding pension contributions, was £214,000 (2021: £218,000).

The aggregate remuneration for key management personnel (executives) charged in the year was:

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Basic salary and bonus*	**764**	771	**764**	771
Benefits in Kind	**1**	1	**1**	1
Pension Contributions	**43**	41	**43**	41
NI Contributions	**90**	100	**90**	100
	898	913	**898**	913

*No bonus was paid in FY 2022.

Notes to the Financial Statements (continued)

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

The Chief Executive is paid by Livv Housing Group and is eligible to join 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 Chief Executive.

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

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Basic salary	**105**	98	**105**	98

		2022 £	2021 £
P.Raw	Chair	**18,000**	18,000
S.Agger	Vice Chair	**11,000**	11,000
J.Bowker	Board Member	**7,000**	7,000
P.Pemberton	Board Member	**7,000**	7,000
J.Ray	Board Member & Chair of BDGI Committee	**9,000**	7,666
N.Waterworth	Board Member & FASI Chair	**9,000**	9,000
K.Brady	Board Member	**7,000**	7,000
A.Deakin	Board Member & Chair of Audit and Risk Committee	**9,000**	9,000
M.Dunford	Board Member & Chair of Remuneration & Nominations Committee	**9,000**	9,000
E.Bowden	Board Member	**7,000**	7,000
Y.Turgut	Independent Member to Audit and Risk Committee	[1] **359**	2,625
S.Siak	Independent Member of BDGI Committee	**3,500**	[2] 1,167
H.Doyle	Independent Member to Audit and Risk Committee	**3,500**	[2] 1,167
G.Rooney	Independent Member of BDGI Committee	**3,500**	[2] 1,167
M.Ward	Independent Member to Audit and Risk Committee	[2] **1,221**	-
		105,080	97,792

There were expenses paid to Board members in the year of £1k (2021: £1k).

[1] *Covers a period of one month and 7 days.*

[2] *Covers a period of four months.*

Notes to the Financial Statements (continued)

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

	RTB / RTA £'000	**Staircasing £'000**	**Other £'000**	**Total 2022 £'000**	Total 2021 £'000
Proceeds of sales	11,994	235	854	**13,083**	3,222
Carrying value	(6,926)	(18)	(394)	**(7,338)**	(790)
Surplus	5,068	217	460	**5,745**	2,432
Recycled capital grants fund (Note 25)	-	-	-	**-**	-
	5.068	217	460	**5,745**	2,432

Other includes disposal of land at North Huyton with sales proceeds of £817k with a carrying value of £394k. This is held in the North Huyton scheme account managed by KMBC and as such is shown in accrued income within debtors (note 19).

10. Interest receivable and other income

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Interest receivable	**15**	21	**15**	21
	15	21	**15**	21

11. Interest and financing costs

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Loans and bank overdrafts	**7,940**	7,926	**7,940**	7,926
Pension interest cost	**45**	48	**45**	48
	7,985	7,974	**7,985**	7,974

Notes to the Financial Statements (continued)

12. Tax on surplus on ordinary activities

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Current tax				
UK corporation tax on surplus for the year	**88**	**3**	**-**	-
Adjustments in respect of prior years	**(5)**	**-**	**(3)**	23
	83	**3**	**(3)**	23
Deferred tax				
Origination and reversal of timing differences	**-**	-	**-**	-
Adjustment in respect of prior periods	**-**	-	**-**	-
Total tax charge/(credit)	**83**	**3**	**(3)**	23

The tax assessed in the year is lower than the standard rate of Corporation tax in the United Kingdom at 19% (2021: 19%). The differences are explained as follows:

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Surplus on ordinary activities before tax	**23,826**	9,122	**23,484**	9,107
Theoretical tax at UK corporation tax rate 19% (2021: 19%)	**4,527**	1,733	**4,462**	1,730
Income not taxable for tax purposes	**(13,612)**	(1,730)	**(13,635)**	(1,730)
Expenses not deductible for tax purposes	**9,151**	-	**9,150**	-
Tax adjustments to tax charge in respect of prior periods	**(5)**	-	**(3)**	23
Other timing differences	**22**	-	**23**	-
	83	3	**(3)**	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	330,168	17,269	13,727	2,916	**364,080**
Works to existing properties	7,255	-	-	-	**7,255**
Additions	-	17,332	38	2,232	**19,602**
Schemes completed	4,594	(4,594)	2,170	(2,170)	**-**
Reclassification	721	(92)	-	-	**629**
Disposals - properties	(7,239)	-	(1,082)	-	**(8,321)**
- components	(988)	-	-	-	**(988)**
At the end of the year	**334,511**	**29,915**	**14,853**	**2,978**	**382,257**
Depreciation					
At start of the year	(111,436)	-	(646)	-	**(112,082)**
Charge for the year	(7,010)	-	(119)	-	**(7,129)**
Impairment gain	266	-	-	-	**266**
Reclassification	(175)	-	-	-	**(175)**
Disposals - properties	1,114	-	32	-	**1,146**
- components	740	-	-	-	**740**
At the end of the year	**(116,501)**	**-**	**(733)**	**-**	**(117,234)**
Net book value at the end of the year	**218,010**	**29,915**	**14,120**	**2,978**	**265,023**
Net book value at the start of the year	218,732	17,269	13,081	2,916	251,998

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	330,168	17,270	13,727	2,916	**364,081**
Works to existing properties	7,363	-	-	-	**7,363**
Additions	-	17,332	38	2,232	**19,602**
Schemes completed	4,594	(4,594)	2,170	(2,170)	**-**
Reclassification	721	(92)	-	-	**629**
Disposals - properties	(7,239)	-	(1,082)	-	**(8,321)**
- components	(988)	-	-	-	**(988)**
At the end of the year	**334,619**	**29,916**	**14,853**	**2,978**	382,366
Depreciation					
At start of the year	(111,436)	-	(646)	-	**(112,082)**
Charge for the year	(7,010)	-	(119)	-	**(7,129)**
Impairment gain	266	-	-	-	**266**
Reclassification	(175)	-	**-**	**-**	**(175)**
Disposals - properties	1,114	-	**32**	**-**	**1,146**
- components	**740**	**-**	**-**	**-**	**740**
At the end of the year	**(116,501)**	**-**	**(733)**	**-**	**(117,234)**
Net book value at the end of the year	**218,118**	**29,916**	**14,120**	**2,978**	**265,132**
Net book value at the start of the year	218,732	17,270	13,081	2,916	251,999

The impairment provision at 31 March 2022 is £4,080k (2021: £4,347k). In addition to incorporating a provision for longer term voids, we continue to impair the 257 properties that were decommissioned in the previous financial year with demolition expected to start in financial year 2022/23.

The value of the remaining plot (phase 5) at North Huyton New Deal for Communities (NDC) is recorded at £398k. In the year, land relating to phase 2b was sold, releasing and moving a net book value of £394k to the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

13. Housing properties (continued)

Expenditure on major works to existing properties:

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Amounts capitalised	**7,255**	5,949	**7,363**	5,949
Amounts charged to income and expenditure account	**3,080**	5,015	**3,080**	5,015
	10,335	10,964	**10,443**	10,964

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	910	4,647	119	**9,226**
Additions	-	154	243	8	**405**
Reclassification	-	(629)	-	-	**(629)**
At the end of the year	**3,550**	**435**	**4,890**	**127**	**9,002**
Depreciation					
At start of the year	(2,658)	(450)	(4,413)	(111)	**(7,632)**
Charge for the year	(168)	(157)	(208)	(12)	**(545)**
Reclassification	-	175	-	-	**175**
At the end of the year	**(2,826)**	**(432)**	**(4,621)**	**(123)**	**(8,002)**
Net book value at the end of the year	**724**	**3**	**269**	**4**	**1,000**
Net book value at the start of the year	892	460	234	8	**1,594**

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	910	4,640	105	**9,205**
Additions	-	154	243	8	**405**
Reclassification	-	(629)	-	-	**(629)**
At the end of the year	**3,550**	**435**	**4,883**	**113**	**8,981**
Depreciation					
At start of the year	(2,658)	(450)	(4,408)	(105)	**(7,621)**
Charge for the year	(168)	(157)	(206)	(8)	**(539)**
Reclassification	-	175	-	-	**175**
At the end of the year	**(2,826)**	**(432)**	**(4,614)**	**(113)**	**(7,985)**
Net book value at the end of the year	**724**	**3**	**269**	**-**	**996**
Net book value at the start of the year	892	460	232	-	**1,584**

Notes to the Financial Statements (continued)

15. Fixed asset investments

As at 31 March 2022 the Group comprises the following entities, all registered in England:

Name	Incorporation and Ownership	Regulated/ Non-regulated	Nature of Business
Livv Housing Group	Co-operative and Community Benefit Society – 100%	Regulated	Housing association
Livv Maintenance Limited	Company – 100%	Non-regulated	Facilities management
FASI Limited	Company – 100%	Non-regulated	Social investment
Livv Homes Limited (non-trading)	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 FASI 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, Prescot, 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 2021	20	125	145
Investments made	-	-	-
Repayments received	-	(52)	(52)
Investment written off	-	(17)	(17)
At 31 March 2022	**20**	**56**	**76**
Impairment provision			
At 1 April 2021	-	(17)	(17)
Movement in the year	-	7	7
At 31 March 2022	-	(10)	(10)
Net book value 31 March 2022	**20**	**46**	**66**
31 March 2021	20	108	128

Notes to the Financial Statements (continued)

17. Stock

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Raw materials and consumables	**105**	81	**-**	-

18. Properties held for sale

Group and Association	**2022 £'000**	2021 £'000
Shared ownership first tranche property:		
Work in progress	**2,758**	1,947
Completed properties	**345**	521
	3,103	2,468

Notes to the Financial Statements (continued)

19. Trade and other debtors

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Rent and service charges receivable	**4,733**	4,531	**4,733**	4,531
Less: Provision for bad and doubtful debts	**(4,197)**	(4,059)	**(4,197)**	(4,059)
Net rent arrears	**536**	472	**536**	472
Amounts owed by group undertakings	**-**	-	**-**	-
Other debtors	**773**	384	**682**	369
Grant debtor	**9**	1,540	**9**	1,540
Prepayment and accrued income	**2,843**	1,696	**2,804**	1,654
Deferred tax (note 30)	**4**	4	**-**	-
Debtors due within one year	**4,165**	4,096	**4,031**	4,035
Debtors due more than one year	**515**	515	**515**	515
	4,680	4,611	**4,546**	4,550

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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Investments	**1,644**	2,359	**-**	-
Impairment Provision	**(236)**	(479)	**-**	-
	1,408	1,880	**-**	-

As at 31 March 2022 49 investments (2021: 45) had been made by the subsidiary, FASI, totalling £3,895k (2021: £3,691k).

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 £804k (2021: £887k) being received during the year to 31 March 2022.

These investments include £601k, (2021: £568k) which is repayable within 1 year.

21. Cash and cash equivalents

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cash at bank	**44,305**	35,279	**42,533**	33,253

Notes to the Financial Statements (continued)

22. Creditors: amounts falling due within one year

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Trade creditors	**2,174**	1,869	**927**	918
Rents and service charges received in advance	**2,173**	1,662	**2,173**	1,662
Other creditors	**602**	261	**509**	244
Loans due for repayment in less than one year (note 27)	**587**	-	**-**	-
Grants received in advance	**-**	-	**-**	-
Accruals and deferred income	**5,183**	4,820	**4,427**	3,711
Deferred capital grant (note 24)	**467**	432	**467**	432
Amounts owed to group undertakings	**-**	-	**2,408**	2,491
Corporation Tax	**89**	3	**-**	-
	11,275	9,047	**10,911**	9,458

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

	Group		Association	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Loans (note 27)	**182,164**	190,103	**181,158**	187,323
Finance costs	**(420)**	(487)	**(420)**	(487)
Deferred capital grant (note 24)	**47,612**	44,024	**47,612**	44,024
Recycled capital grant fund (note 25)	**32**	32	**32**	32
Disposal proceeds fund (note 26)	**-**	-	**-**	-
Leaseholder Sinking Funds	**30**	23	**30**	23
Reserve Funds	**134**	110	**134**	110
	229,552	233,805	**228,546**	231,025

Notes to the Financial Statements (continued)

24. Deferred capital grant

Group and Association	2022 £'000	2021 £'000
At start of the year	**44,456**	40,056
Grant received in the year	**4,090**	4,832
Disposals	**-**	-
Released to income in the year	**(467)**	(432)
	48,079	44,456
Amount due to be released < 1 year	**467**	432
Amount due to be released > 1 year	**47,612**	44,024
	48,079	44,456

Grant and Financial Assistance

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

	2022 £'000	2021 £'000
Government funding received	**50,926**	46,836
Grants amortised to date	**(2,847)**	(2,380)
	48,079	44,456

25. Recycled capital grant fund

Group and Association	2022 £'000	2021 £'000
At start of the year	**32**	10
Grant received in the year	**-**	22
	32	32

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At start of the year	-	-	-	-
Inputs to DPF - Funds recycled	-	-	-	-
Use/allocation of funds - New build	-	-	-	-
	-	-	-	-

27. Debt analysis

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans repayable:				
Within one year	**587**	-	-	-
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	**61,006**	62,780	**60,000**	60,000
In five years or more	**121,158**	127,323	**121,158**	127,323
Less: loan issue costs	**(420)**	(487)	**(420)**	(487)
Total loans	**182,331**	189,616	**180,738**	186,836

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 £90m Private Placement Bond is revalued annually, with the fair value of the Bond £96.2m at 31 March 2022 (2021: £102.3m).

The long-term loans totalling £175m are at fixed and variable rates of interest ranging from 1.93% to 7.16% and fall to be repaid between 2026 and 2040.

Livv Housing Group has £20m available in the form of a rolling credit facility, of which £Nil was drawn at 31 March 2022 (2021: £Nil).

Notes to the Financial Statements (continued)

The interest rate profile of Livv Housing Group (excluding FASI) at 31 March 2022 was:

	Total £'000	Variable Rate £'000	Fixed rate £'000	Average rate of interest %
Loans	181,158	13,569	167,589	4.35

At 31 March 2022 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 (£6.2m) and finance costs payable (£0.42m). The additional £6.2m 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.

Interest rate benchmark reform has been completed in the year and so:

FRS 102 requires that "an entity shall disclose information on the nature and extent of risks arising from financial instruments subject to interest rate benchmark reform, how the entity manages those risks and the entity's progress in completing the transition from interest rate benchmarks to alternative benchmark rates."

Livv Housing Group are applying the practical expedient in that hedge accounting should not be disrupted if the only change in the arrangements is the move from LIBOR to SONIA. All swaps and the underlying loans transitioned to SONIA on the same date and on the same SONIA basis, so economically the hedges are entirely undisturbed.

Notes to the Financial Statements (continued)

28. Financial instruments (Group)

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

	2022 £'000	2021 £'000
Financial assets that are debt instruments measured at amortised cost	**45,078**	35,663
Financial liabilities measured at amortised cost	**94,132**	94,243
Financial liabilities measured at fair value through profit or loss	**96,157**	102,323

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 2022 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:

	2022 £'000	2021 £'000
Carrying amount brought forward	**102,323**	101,472
Change in fair values:		
Other market factors	**(6,166)**	851
Carrying amount carried forward	**96,157**	102,323

The cumulative changes since inception of the instrument due to changes in credit risk are £Nil (2021: £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 £6.2m.

Other market factors include the underlying movement in treasury gilt rates used in the fair value calculation.

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 31 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.

Analysis of pension finance income / (costs)	2022 £'000	2021 £'000
Interest on pension scheme liabilities	(45)	(48)
Amounts charged to financing costs	(45)	(48)
Amount of gains and losses recognised in the Statement of Comprehensive Income:		
Actuarial (loss)/gain on pension scheme	(15)	(176)
Actuarial (loss)/gain recognised	(15)	(176)

Reconciliation of liabilities	2022 £'000	2021 £'000
Liabilities at start of year	(2,187)	(2,040)
Interest cost	(45)	(48)
Actuarial (loss)/gain	(15)	(176)
Benefits paid	112	77
Liabilities at end of year	(2,135)	(2,187)

Reconciliation of assets	2022 £'000	2021 £'000
Assets at start of year	-	-
Administration expenses	-	-
Employer contributions	112	77
Employee contributions	-	-
Benefits paid	(112)	(77)
Assets at end of year	-	-

Notes to the Financial Statements (continued)

29. Pension obligations (continued)

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	2.7%	3.5%
Increase in salaries	N/A	N/A
Increase in pensions in payment / deferment	2.8%	3.6%
Discount Rate	2.1%	2.8%

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	22.6 (26) years	22.4 (25.9) years
Current pensioner age 65	21.0 (24.1) years	20.9 (24.0) years

** 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 2021	4
Movement in the year	-
At 31 March 2022	**4**

The deferred tax asset is calculated using a tax rate of 19% (2021: 19%) and is set out below.

	2022 £'000	2021 £'000
Deferred tax asset	**4**	4
	4	4

31. Contingent liability

There are no contingent liabilities (2021: £nil).

32. Capital commitments

	Group		Association	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Expenditure contracted for but not provided in the accounts	**25,856**	27,665	**25,856**	27,665
Expenditure authorised by the Board but not contracted for	**17,701**	33,701	**17,701**	33,701
	43,557	61,366	**43,557**	61,366

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Others:				
In one year or less	**578**	619	**11**	12
Between one and five years	**428**	1,086	**-**	8
	1,006	1,705	**11**	20

34. Related parties

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

During the year, the Association transacted with fellow wholly owned group undertakings consolidated in the accounts of the Livv Housing Group, as set out below. There are no guarantees given over and above the normal trading terms set out in the intra-group service agreements. There is no provision required for uncollectible balances and no bad debt expense is required.

	Association	
	2022 £'000	2021 £'000
Recharge by subsidiary		
Livv Maintenance Limited - non-regulated	**859**	640
First Ark Financial Investments Limited (FASI) - non-regulated	**53**	97
	912	737
Recharge by service		
Management services	**901**	737
Gift Aid	**11**	-
	912	737

Notes to the Financial Statements (continued)

Management services are corporate recharges which include Finance, Human Resources, Finance, IT, Marketing and Communications costs, using an agreed methodology including time, headcount and service usage. Gift Aid relates to Livv Maintenance Limited's results in financial year 2020/21 but was received by the Association in financial year 2021/22.

	Association	
	2022 £'000	2021 £'000
The association received charges from:		
Livv Maintenance Limited - non-regulated	**23,601**	23,554

This charge relates to the provision of property repair and facilities management services based on an agreed fee structure set out in the service agreement between Livv Housing Group and Livv Maintenance Limited.

	Association	
	2022 £'000	2021 £'000
Creditors: amounts falling due within one year (note 22)		
Livv Maintenance Limited - non-regulated	**2,408**	2,491

35. Analysis of net debt

	Group				Association			
	At 1 April 2021 £'000	Cash flows £'000	Non-Cash Movement £'000	At 31 March 2022 £'000	At 1 April 2021 £'000	Cash flows £'000	Non-Cash Movement £'000	At 31 March 2022 £'000
Cash and Investments	35,279	9,026	-	**44,305**	33,253	9,280	-	**42,533**
Debt due within one year	-	-	(587)	**(587)**	-	-	-	**-**
Debt due within two to five years	(62,780)	1,187	587	**(61,006)**	(60,000)	-	-	**(60,000)**
Debt due after five years	(126,836)	-	6,098	**(120,738)**	(126,836)	-	6,098	**(120,738)**
Net movement	**(154,337)**	**10,213**	**6,098**	**(138,026)**	**(153,583)**	**9,280**	**6,098**	**(138,205)**

Notes to the Financial Statements (continued)

36. Post balance sheet events

No post balance sheet events to report.