Annual report and financial statements

Year ended 31 March 2023

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

Barclays Bank plc
48b & 50 Lord Street
Liverpool, L2 1TD

Contents

Board Members

Livv Housing Group

Independent Board Members

Philip Raw (Chair)

Steve Agger

John Bowker
(resigned 31 March 2023)

Eleanor Bowden
(appointed 1 November 2022)

Kevin Brady
(resigned 31 March 2023)

Anthony Deakin

Mark Dunford
(resigned 31 March 2023)

Phil Pemberton

John Ray

Nicola Waterworth

Ann Gibbons
(appointed 1 April 2023)

Vinod Pachu
(appointed 1 April 2023)

Caris Henry
(appointed 1 April 2023)

Executive Board Members

Léann Hearne

Christopher Howard Roberts

Executive Directors

Léann Hearne
Chief Executive

Sharon Marsh
Executive Director Resources and 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'm proud to present Livv Housing Group's financial statements for 2022/23, a robust set of results that demonstrate the strength of our partnership working and the ongoing commitment of our colleagues.

I'd like to thank my colleagues for their dedication and determination to live our values and mission daily, creating the positive impact and flourishing communities that we stand for, together as a G1 V1 business.

We've now reached a significant milestone in our Livv journey, as our Unlocking Potential Corporate Plan 2020-23 comes to the final chapter.

We've undoubtedly lived up to our ambitions. We can hold our heads high and know that we've strengthened our core as a business and that we've worked together to make a meaningful difference - to our customers, colleagues and communities.

We've unlocked the potential we set out to achieve and know that these strong foundation years will form the catalyst for the bold ambition ahead for our next chapter as we strive to do more and grow.

That unlocked potential is reflected in these statements. Livv continues to perform well financially and operationally. This is demonstrated through a c.23% operating margin and with a revenue that we'll reinvest in our operations, making an even bigger difference for our people and places moving forward.

It's boosted even further through a new funding partnership that shows how far we've come in our organisational journey in the last few years.

We've made great progress in cutting carbon emissions, with a 50% reduction between 2020-2023. This new partnership will fund the retrofit of our existing homes to improve their energy efficiency and EPC ratings to Level C by 2025, five years ahead of the Government's targets.

It will also allow us to develop an additional 1,000 affordable homes over the next three years to help alleviate the housing shortage in our communities and means we'll be able to offer more pathways into home ownership.

We're also exploring new funding partnerships and looking at ways to work with partners that will allow us to do even more.

Our G1 V1 was reaffirmed by the Regulator of Social Housing in December 2022. I'd like to thank our board, the Executive Team and our colleagues who have all played a part in getting us to this pivotal point in our story. We're in strong health and we're ready to Do More, as our new Corporate Plan 2023-26 is titled.

Working together, we're ready for this new chapter in our story. The future will see us focus on six themes that cut straight to the core of what matters most - our customers, their homes, the impact we make in our communities, our green commitment, our places and our people, as we strive to be an employer of choice and a great place to work.

Philip Raw
20 July 2023

Chief Executive statement

The reality of the cost-of-living crisis means that our customers and communities have faced additional hardship and challenge this year. Some are having to make a choice between paying for rent, fuel and food.

It's our responsibility to provide safe homes that meet housing standards for our customers to live their lives, raise their families or age with independence in. In these difficult times, that's just not enough from a social housing business like us, that's committed to positive impact and flourishing communities. It takes more.

Set against the challenges of the economy, meaningful difference has been made through our work and wider partnerships that have supported mental health and wellbeing, provided food in the community initiatives and helped customers to maximise their income.

Our dedicated colleagues in our advisory services and income teams, work with specialist partners to help our customers cope financially by exploring all available support routes. This is just as important as the quality and standard of our homes. I want to thank our colleagues for making a difference every day, it's their commitment to 'doing more' that will define us as we move forward.

> I want to thank our colleagues that make a difference every day, it's their commitment to 'doing more' that will define us as we move forward.

We continue to be financially solid and operationally strong, with a c.23% operating margin reflected in these statements. We've performed well this year, which means we can do more as we continue to make decisions based on strong data, insights and most importantly, customer feedback.

Our new £50million funding with NatWest means we can do more sooner. We're aiming to achieve EPC Level C in all our homes five years ahead of the Government target. We're also building much needed affordable homes to create brand new communities. That's alongside the investment we've made, and will continue to make, in our existing homes.

Our places are our focus. We are currently finalising the delivery of a major regeneration initiative at the Watchfactory in Prescot, whilst starting on a number of others such as Gaywood Green in Kirkby and Berrywood in Whiston. We are actively communicating, consulting, and engaging with customers and partners at local and city region level about the future regeneration ambitions in our neighbourhoods and are committed to making these better and more vibrant places to live.

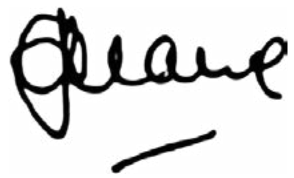
Regulation of our sector is currently rightly focussed on the standards of customers' homes. With a spotlight on damp and mould, we're aware of the difficulties the whole sector is facing. We're continuing to invest in our homes to ensure they're safe and free of damp and mould.

Affordability, safety and standard of homes, the cost of living and customer experience will be our driving force as we navigate the changing world around us, with both the challenges and opportunities that lie ahead.

> We're committing to doing more, delivering more, being more.

Collaboration will be a key part of realising that opportunity. We'll be actively looking for further strategic partnerships to help us grow, build on our successes and forge new alliances that will radiate growth into nearby areas.

We're committing to doing more, delivering more, being more. I'm looking forward to leading our people into the challenging, yet exciting journey ahead.



Léann Hearne
Chief Executive

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.

We own and manage circa 13,000 properties and work both independently and in partnership with others, to deliver low-cost home ownership, shared ownership, sheltered schemes and independent living services.

We're a charitable Co-operative and Community Benefit Society 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 24 to 28.

Strategic objectives

We're dedicated to providing great homes whilst achieving positive impact and flourishing communities.

Together with Livv Maintenance Limited and First Ark Social Investment Limited (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

Our five-year consolidated financial performance can be summarised as follows:

For the year ended 31 March	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Statement of Comprehensive Income					
Total Turnover	67,757	65,884	65,575	64,988	68,231
Operating Surplus	20,871	25,630	17,926	15,088	14,440
Surplus for the year (excl. Fair Value adjustment)	**13,283**	**17,577**	**9,970**	**7,068**	**6,732**
Fair Value adjustment	14,325	6,166	(851)	681	(3,430)
Pension Scheme Remeasurement	175	(15)	(176)	146	(101)
Total Comprehensive Income for the year	**27,783**	**23,728**	**8,943**	**7,895**	**3,201**
Statement of Financial Position					
Housing properties	289,620	265,023	251,998	239,234	233,661
Other fixed assets	2,535	1,000	1,594	1,545	1,754
Social investments	28	66	128	-	-
Fixed assets	**292,183**	**266,089**	**253,720**	**240,779**	**235,415**
Net current assets	35,086	42,326	35,272	28,323	20,708
Total assets less current liabilities	**327,269**	**308,415**	**288,992**	**269,102**	**256,123**
Loans due over 1 year	166,719	181,744	189,616	185,920	186,534
Pensions liability	1,885	2,135	2,187	2,040	2,286
Grants	53,875	47,612	44,024	39,636	33,783
Other long term liabilities	279	196	165	111	20
Reserves	104,511	76,728	53,000	41,395	33,500
	327,269	**308,415**	**288,992**	**269,102**	**256,123**

Strategic report (continued)

Financial performance

Our operating surplus is £20.9m, compared to £25.6m in 2021/22. 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 23.

Statement of financial position

We invested £23.2m in new properties and a further £12.4m in existing properties. This is partially offset by disposals, write-offs and depreciation, resulting in a net increase of £24.6m in the year.

We access debt funding to support delivery of new homes. The funding and repayment profile is outlined in note 26. We also have significant reserves at 31 Match 2023 of £104.5m (2022: £76.7m).

Cash flow

Our cash flow is detailed on pages 49 to 50 of this report.

Strategic report (continued)

Treasury management

Financial risk management and treasury policy

We finance our operations through loans, cash and working capital items such as rent arrears and trade creditors that arise directly from our operations.

These financial instruments expose us to a number of financial risks including interest rate, liquidity and credit risk. The successful identification, monitoring, and control of risk is the prime criteria by which the effectiveness of treasury management activities is measured. 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.

We know that effective treasury management will provide support towards the achievement of our business and service objectives. We're 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:

Interest rate risk

We finance our operations through a mixture of retained surpluses, bank borrowings and private placements. Our exposure to interest rate fluctuations on our 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 92% of our borrowing is on fixed interest rates; the current position is therefore inside Policy.

In managing our interest rate risk, the Board and Executive team are mindful of 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 allows for 21 months given the potential time required to arrange new funding. Cash balances at year end exceeded £35m for the Group (association: £34m) 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. We're compliant with this policy.

Strategic report (continued)

Value for Money statement 22/23

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 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 daily - We invest in our people, our customers and in the creation of a fairer society.

Being positively open - We're open to feedback at all times, as we strive to deliver a first-class customer experience.

Forging the right way - We're creating an inspiring road which others will want to follow.

Together as one - Our teams work on another level of cohesiveness to enable us to deliver better outcomes.

We generate social value, using our resources wisely to achieve lasting, beneficial change. This means really knowing and understanding our customers and communities and directing our investment to the areas and groups that need it most.

Strategic Aims and Objectives

We're dedicated to providing great homes whilst achieving positive impact and flourishing communities.

Our 2020-2023 corporate plan distils our ambition to bring people and neighbourhoods together to create better opportunities to grow, develop and thrive. Our new Corporate Plan, 'Doing More', launched in April 2023, however these accounts are still covered by the previous 2020-2023 corporate plan.

The 2020-2023 plan was 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 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 as well as our own corporate measures and metrics. They also embed the VFM principles across all areas of operation to deliver tangible benefits across the three Es; Economy, Effectiveness and Efficiency.

Livv Local Livv Green Livv People - the culture of value creation will ensure that we can preserve our viability into the long-term. We will have sufficient resources to enable community impact and social investment to deliver against the challenge of net zero carbon, 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 20 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. We have a continued focus on supporting our customers in these extremely challenging times and applying our resources accordingly. All of this is linked to our 2020 – 2023 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 2022/23 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. Stretch targets have been set in all 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 – in doing so we ensure VFM is considered and addressed in all strategic decisions. Our Asset, Development and Regeneration strategies articulate our approach to delivering homes that 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 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 20/21	Actual 21/22	**Actual 22/23**	**Target 22/23**	Regional Median	National Median	Benchmark Source	Target 23/24	Target 24/25	Target 25/26	Target 26/27	Target 27/28
1a.Operating Margin Overall % [1] (Group)	23.6	30.2	**23.1**	**25.4**	19.6	20.5	Global Accounts	21.6	25.0	27.2	24.8	25.1
1b.Operating Margin Overall % [1] (Association)	23.6	29.5	**22.7**	**24.7**	19.7	21.5	Global Accounts	21.4	24.6	26.8	24.1	24.2
2.Operating Margin SHL % [1] (Group and Association)	25.9	31.9	**25.0**	**28.0**	21.4	23.7	Global Accounts	22.2	26.2	25.7	23.4	23.2
3a.EBITDA MRI % [1 2] (Group)	205.2	248.6	**135.2**	**167.7**	155.0	145.7	Global Accounts	160.2	197.9	191.4	183.7	188.7
3b.EBITDA MRI % [1 2] (Association)	204.9	242.9	**131.2**	**163.3**	156.1	147.0	Global Accounts	161.0	196.0	189.5	177.7	179.6
4.Headline Social Housing CPU £'s* (Group and Association)	3,234	3,213	**4,085**	**3,638**	3,902	4,076	Global Accounts	4,236	4,150	4,274	4,462	4,636
5.Current Arrears % [3]	5.4	5.0	**5.1**	**4.8**	3.2	2.8	Regional (a) National (a)	4.7	4.5	4.5	4.5	4.5
6.Customer Ease % [3]	89.7	83.7	**88.8**	**87.0**	N/A	N/A	N/A (c)	87	88	90		
7.Complaints Resolved <10 days % [3]	Not measured	93.8	**75.0**	**85.0**	94.7	90.7	Regional (a) National (a)	85	87.5	90		
8.Short Term Absence [3]	3.3	3.9	**3.3**	**3.4**	2.8	4.3	Regional (b) National (b)	3.4	3.4	3.4		

[1] **Mandatory VFM Metrics** - Benchmark data source - 2022 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.

[2] We undertook planned investment in decarbonisation works during the year that attracted grant funding of £2.3m from the Liverpool City Region. The grant is excluded from the calculation, if this was added back the performance would have been 163.8% (Group) and 159.8% (Association).

[3] **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 however are included in 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 had consistently improved and exceeded target on operating margin and EBITDA, and Headline Social Housing Costs per Unit. At year end 2022/23 performance in all these areas was broadly in line with regional and national peer medians. The year-on-year increase on per unit costs has been driven by increased spend on responsive repairs due to changing customer behaviour post pandemic, with the previous year's position being suppressed 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). The deferred investment expenditure and specific accelerated decarbonisation works, combined with the slightly lower than expected rental income (driven by empty homes rent loss and delays in new unit handover) have driven a fall in operating margin and EBITDA. Both were below the 2022/23 target, margin and EBITDA are forecast to move back in line with target in 2023/24, as delayed units handover and investment expenditure normalises.

After 2023/24 the operating margin is targeted and forecast to improve consistently through to the end of 2025/26 as the surplus from new homes completions adds to the surplus on existing operations.

From an operational efficiency and effectiveness perspective the main projects which contributed to the delivery of targets in 2022/23 were the Together Wherever project, 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 and continued into 2022/23 following a robust change process. The benefits delivered by the programme and objectives achieved were principally about improving the customer journey and linked to our Corporate Plan themes of 'Livv Well' and 'Livv Together'. We contributed to:

- Making a difference daily - 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 2022/23, and we've experienced the typical cyclical fluctuations with arrears throughout the 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-2022/23 arrears. Payment plans are now in place across these customer accounts, enabling year-on-year performance improvements to be delivered in line with target.

There remain areas of challenge and focus, including decarbonisation of historic properties and the level of customer demand for repairs and maintenance that's been impacted by a significant change in customer demand as we emerged from the pandemic.

From a colleague perspective absence remains an area of focus. Gains and improvements were sustained into 2022/23, as post pandemic working patterns return to normal with absence levels hitting target, however mental health related absence is becoming more prevalent and requiring more focus.

Strategic report (continued)

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

Corporate Plan - Building More Homes, Livv Green	Actual 20/21	Actual 21/22	**Actual 22/23**	**Target 22/23**	Regional Median	National Median	Benchmark Source	Target 23/24	Target 24/25	Target 25/26	Target 26/27	Target 27/28
9. New Supply (Social – Group and Association) %*	0.5	0.6	**1.0**	**2.5**	0.8	1.3	Global Accounts	2.5	2.5	2.5		
10. New Supply (Non–Social – Group and Association) %*	0	0	**0**	**0**	0	0	Global Accounts	0	0	0		
11. Gearing %* (Group and Association)	62	52.1	**45.5**	**51.5**	42.5	44.7	Global Accounts	52.8	49.1	50.7	48.4	45.4
12.Starts on Site +	293	51	**346**	**315**	N/A	N/A	N/A	330	330	330		
13.Completions +	60	76	**126**	**332**	N/A	N/A	N/A	330	330	330		
14.New homes available for Sale +	40	6	**35**	**74**	N/A	N/A	N/A	85	85	85		

***Mandatory VFM Metrics** - Benchmark data source - 2022 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 2022 and reflects our target to deliver 330 new homes each year for the next three years. The revised strategy saw 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 economic instability and high levels of cost inflation. Counterparty challenges and scheme viability continued from the previous year, causing delays and affordability issues which affected delivery. However, demand for shared ownership sales has remained positive - resulting in properties available for sale remaining low. On average we sold 53% equity during 2022/23 - 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've 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, has traditionally been higher than peers due to the fair value adjustment to a non-basic loan (US Bond); however, VFM Gearing has fallen in 2022/23. This is due to the economic factors impacting the fair value adjustment and therefore reducing the level of gearing to below target and in line with our peers.

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.

Our updated Treasury Strategy reflects the funding requirement to support our growth agenda and the business has completed the process of raising £50m of new funding, reconfiguring the terms of our existing loans and extended our RCF by £10m to £30m.

Strategic report (continued)

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

Corporate Plan - Strategic Smart Safe, Livv Together, Livv Green	Actual 20/21	Actual 21/22	**Actual 22/23**	**Target 22/23**	Regional Median	National Median	Benchmark Source	Target 23/24	Target 24/25	Target 25/26	Target 26/27	Target 27/28
15.ROCE %* (Group and Association)	6.3	8.3	**6.4**	**6.3**	3.3	3.2	Global Accounts	6.0	6.1	5.9	5.6	4.7
16.Reinvestment %* (Group and Association)	8.5	10.2	**12.3**	**17.2**	7.7	6.4	Global Accounts	15.1	9.6	13.9	7.1	3.2
17.Relet Time Days +	56	27.9	**35.6**	**25.0**	28.9	33.4	Regional – LCR National – Housemark	25	25	25	25	25
18.Net Zero Delivery %+	-	99.7	**98.0**	**100.0**	N/A	N/A	N/A	100	100	100	100	100
19. Empty Homes Rent Loss £'s +	0.62m	0.28m	**0.41m**	**0.76m**	N/A	N/A	N/A	0.50m	0.87m	0.91m	0.96m	1.0m
20. Operating Margin - Livv Maintenance %+	0.1	1.9	**2.7**	**1.5**	N/A	N/A	N/A	0.3	0.7	0.7	0.7	0.7

***Mandatory VFM Metrics** - Benchmark data source - 2022 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 exceeded target in 2022/23. Re-let times have reduced from 113 in 19/20 to an average of 36 days in 22/23, however this is over target and remains an area of focus for the company. The increase has been driven by the high levels of demand for repairs work and the high price of materials. 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 we've 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 2022/23 we fell short of the reinvestment target due to delays during the year, however we were able to catch up on some of these delays prior to year-end. The delays in delivery of our repairs and investment programme, and our new home investments were principally due to a shortage of materials such as boilers.

At year end over 80% of properties were at EPC C or above. We've 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 non-core properties these were in Lancashire and Huyton. 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.

Future Areas of Focus, Improvement and Investment

Across each of our three objectives, and across all 20 VFM measures, performance is currently forecast to be in line with, or better than, the 2023/24 to 2027/28 targets. In support of delivery of these targets, and to strive to exceed target expectation where possible, we've identified areas of focus for 2023/24 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 2023/24 being set at or better than 85%. This will be reviewed should performance be sustained at a level of over 90%. With respect to short-term absence, improvement is expected in this area during 2023/24 with a target of 3.4 days set for 2023/24. 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. This will remain an area of focus in 2023/24 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. This will remain a performance focus area for us in 2023/24.

High-cost driver areas of procurement focus for 2023/24 under this objective category include debt collection, professional services, and

Strategic report (continued)

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 – the new 2023-2026 corporate plan aims to deliver more than 1,000 units in three years of the plan. A target of c.330 starts per year has been set from 2023/24. Beyond 2022/23 a more consistent average level of completions of c.330 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 2023/24 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 included in the plans during 2023/24. The procurement focus will be in the high-cost areas including property and land valuation and demolition.

From an asset management and repair and investment delivery perspective, Empty Homes net rent loss will continue to be an area of focus in 2023/24. Whilst we've seen significant year-on-year improvement in this area over the last few 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 £0.5m. If this performance level is achieved it'd represent a gain of c£0.25m 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 C by end of year 2024/25, with c£1.3m having been spent in this area in 2022/23. Over the next two years a further £4.6m 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 as the position evolves and the plan is updated the related targets will be refreshed.

Further stock rationalisation has been identified for 2023/24 with the demolition of four taller buildings forecast to start in quarter two 2023/24, concluding by the end 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 2023/24 - contributing to Headline Social Housing Cost per Unit increases from 2022/23 under VFM Objective 1 relates mainly to changing customer behaviours and demands, complex M&E investment, and compliance and energy efficiency related works.

From a broader project perspective, an end-to-end repairs review is underway with targeted gains for 2023/24, 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 following our self-assessment and oversight, Board believes that we're compliant with the Regulator of Social Housing's VFM standard and are well positioned to deliver further VFM gains and reinvestments, and 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 did not trade in the year to 31 March 2023.

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 and Committees

The Group is managed by a Common Board of Directors from a variety of industry sectors, bringing a wealth of skills and experience to Board deliberations. They're 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. The Board has adopted the NHF 2022 Code of Conduct with effect from 1 April 2023.

FASI is not part of the Common Board arrangements, as it's 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 and 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 2022/23.

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 2022/23.

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 customer services, making recommendations to the Group Board where improvement is required.

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. It has delegated authority to approve schemes up to the value of £5m and makes recommendations to the Board on schemes over £5m. In accordance with governance best practice, its Terms of Reference were reviewed in 2022/23.

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 Board Members. The knowledge and skills of the QuIP's membership are reviewed and training is provided to build capability.

Strategic report (continued)

Board Member Attendance

From 1 April 2022 until 31 March 2023, the following Executive and Non–Executive Directors have served on the Common Board of Livv Housing Group, Livv Maintenance Limited and Livv Homes Limited, with their attendance during the year as follows:

Director	Common Board *(including Livv Housing Group, Livv Maintenance Ltd and Livv Homes Ltd)*
Philip Raw	100%
Steve Agger	78%
John Bowker	45%
Kevin Brady	89%
Anthony Deakin	100%
Mark Dunford	78%
Phil Pemberton	89%
John Ray	100%
Nicola Waterworth	100%
Leann Hearne	100%
Eleanor Bowden	100%*
Christopher Howard Roberts	100%

*Attendance from 1 November 2022.

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

We've adopted the NHF Code of Governance 2020 (the Code), both for Livv Housing Group as the regulated entity and for the other legal entities within the Group. The Board reviews compliance with the principles of the Code via a detailed report on an annual basis. The Board also receives an annual review of each of its Committees and their performance, against their delegated Terms of Reference, to further ensure the Group is meeting its compliance requirements.

The annual reports of each Committee were received by the Board in July 2023 and the annual report on compliance with the Code for 2022/23 was received at the July 2023 Board meeting. The Board has subsequently confirmed that the Group was fully compliant with the Code for the year.

Regulatory Compliance

Self-assessment of compliance with the Regulatory standards, including the Governance & Financial Viability standard, was undertaken and approved by the Board in July 2023. Based on that assessment, the Board certifies that it considers the association to be fully compliant with the requirements of the standards.

Strategic report (continued)

Risk Management Framework

We're proactive in how we manage risk so that we understand what might affect us, how and to what extent, before it does. This means we regularly refresh and update our identified risk exposures and continually review and enhance our control and assurance activity. We recognise that there will be events that we need to react to, by being proactive we reduce the effect of these events and are equipped to deal with them efficiently and effectively.

Our management and assurance framework ensures effective identification, assessment, management and monitoring of strategic and operational risk. It aligns to governance, compliance and regulatory expectations.

Risk and assurance reporting forms a core part of our governance activity and informs strategic planning, decision-making and clarity of direction.

The Board regularly review the amount of risk the group is willing and able to take through considering risk appetite and tolerance measures in the context of risk exposure and operating environment. The Board also assess the speed a risk could affect the group should it escalate; this informs the type of control, resilience and assurance arrangements we have in place.

The risk management process is continuous to allow us to:

- be proactive, anticipating and influencing events before they occur;
- facilitate better and informed decision making; and
- make sure we continue to operate effectively in a changing internal and external risk environment.

Measuring risk exposure

The Board, Audit and Risk Committee, Executive and Management frequently review risk exposure, controls and assurance activity along with how this aligns to defined risk appetite and tolerance measures. The Board approve and monitor actions where risks may require closer alignment to risk appetite.

We proactively identify and undertake action in response to risks emerging in the operating environment. We consider the potential for future risks to increase current risk exposure along with any control enhancement or additional assurance measures that may be required. The Board, with support from the Audit and Risk Committee, approve and monitor actions planned to strengthen controls and further mitigate emerging risk issues.

Strategic and subsidiary risk registers that reflect group-wide risk exposures are maintained and frequently reported through governance arrangements. Strategic, subsidiary and operational risk registers support a continuous risk management process.

Strategic report (continued)

Principal risks and uncertainties

Strategic risk	Outline	Mitigation and assurance
Development delivery Fail to deliver sufficient planned new supply in accordance with development strategy targets and parameters.	Targets to deliver an affordable housing programme providing a range of housing options relevant to community need. The construction market remains volatile, challenges have included availability and cost inflation for skills and materials and the ongoing viability of providers through a challenging economic climate.	A development strategy and defined targets are in place along with arrangements for the achievement of the programme. Delivery is 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. Stress testing and counter party risk mitigation measures have been reviewed and enhanced to reflect construction market challenges.
Financing and viability adequacy The ability to maintain financial viability and/or adequately allocate sufficient resources to support delivery of Group-wide corporate plan objectives. This could include generating insufficient levels of surplus or having insufficient access to adequate levels of funding and liquidity which result in an inability to achieve financial performance in line with Golden Rules, non-adherence to Loan Covenant requirements, and/or an inability to adequately resource the key service and investment requirements of the Group.	Sound financial management allows for the timely and efficient achievement of corporate objectives. This includes medium and long-term financial viability, maintaining adequate liquidity, the ability to achieve loan covenants and responding to economic environment factors. There have been a range of challenges from the economic environment including factors influencing income (i.e. rent ceiling), supply and funding costs.	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 informs the resilience planning framework including mitigation and recovery planning should an event/series of events impact our key assumptions.

Strategic report (continued)

Strategic risk	Outline	Mitigation and assurance
Counterparty failure Failure of a third party or multiple counter party failure which significantly restricts our ability to maintain service delivery standards and achieve one or more strategic priorities.	We have 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. We maintain 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.
Service to customers Fail to evolve service delivery in line with changing customer expectations, societal expectations and developments in Regulatory Standards.	Defining and enabling the delivery of inclusive services aligned to customer service needs and expectations including consideration to community cohesion factors is central to our activities. This is framed in the context of the Social Housing (Regulation) Bill, Building Safety Act, 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.

Strategic report (continued)

Strategic risk	Outline	Mitigation and assurance
Cyber security attack System security fails to avoid an attack or inability to identify and/or manage an incident.	Cybercrime and related cyber security threats continue at an elevated threat level. Widespread cybercrime and cyber insecurity are recognised global threats. These threats are widespread and ever developing meaning there needs to be consistent and intensive resourcing, control and threat monitoring and management in place to manage these risks effectively. Maintaining data security and protecting access to data remains a key focus.	We've continued to implement diligent maintenance and testing of systems along with developing our arrangements and controls as threats emerge. This includes controls to protect our systems, data, IT availability and capacity. Policy arrangements define comprehensive management and monitoring procedures, processes and tools. A cyber-attack management response plan to mitigate the potential impact and extent of an attack. There is comprehensive understanding of our critical systems and data, planning, testing and response readiness training for how we'll continue to provide critical systems and recovery in the short, medium and long-term in case of a threat crystallising.
Business continuity disruption Lack of resilience and/ or inability to maintain our activities through individual or successive disruption.	In addition to a cyber security attack there are events that could affect our ability to maintain business as usual. This includes events that could affect our customers and neighbourhoods, assets, IT systems, colleagues, suppliers and other resources. Incidents can emerge from events in our operating environment i.e. extreme weather or pandemic, or internal activities i.e. IT system failure. There's also the potential for a combination of events to cause disruption.	We're flexible and resilient and can react and adapt to events in our internal and external environment. Comprehensive planning enables us to respond effectively and efficiently to incidents, minimising the impact. The business continuity framework enables us to maintain flexibility and resilience. Plans are aligned to good practice; they form part of our Resilience Plan and are underpinned by our Risk Management Framework. Training and communication activity embeds planning and contingency arrangements and supports our readiness to respond. .

Strategic report (continued)

Strategic risk	Outline	Mitigation and assurance
Stock condition and profile erosion Failure to maximise financial, social and environmental return on investment in maintaining building safety, meeting the home standard and achieving net zero targets and commitments, aligned to Government expectations.	Accurate profiling and understanding stock condition informs in delivering effective compliance, repairs and investment activity. This also allows us to align continuing customer needs and expectations to optimise 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. There's been prominence and escalation of decency challenges in the social housing sector, levels of customer reporting of damp and mould and Government and other stakeholder focus. This has informed further obligations that have been reflected in the Social Housing (Regulation) Bill to introduce legislation that landlords must investigate and fix serious problems within strict time limits.	The Asset Strategy, Net Carbon Zero Strategy and related investment plans are driven by outcomes from Stock Condition Survey. An evidence-based approach to the delivery of investment activity is applied. 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. There's a strategic approach to horizon scanning for stock condition issues that may be hazardous to customer health. A culture of awareness, comprehensive surveying and empowering colleagues to report concerns is supported by a Damp Treatment Framework and daily dashboard monitoring. Measures in the Social Housing (Regulation) Bill continue to be assessed and inform continuous improvement and control enhancement activity.
Legal and regulatory compliance Fail to maintain strategic performance in alignment with relevant law, regulation and organisational obligations including maintaining relevant strategic stakeholder relationships.	There are a range of statutory, legislative and reporting obligations we 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 we achieve our obligations. Regular scanning for updates to obligations and expectations.

Strategic report (continued)

Strategic risk	Outline	Mitigation and assurance
Statutory health and safety compliance Not maintaining statutory compliance and health and safety legislation obligations.	We have a responsibility to maintain compliance with statutory health and safety requirements so we're not risking the safety of customers, colleagues, stakeholders and the public. This includes in the servicing and maintenance of current housing stock, development of new housing, provision of services to customers and colleague working arrangements and activities.	The Compliance Framework and associated systems across all areas of compliance responsibility are embedded. Detailed delivery and performance targets are aligned to statutory requirements and where relevant other measures, these are informed by performance dashboards which are updated daily and scrutinised across our 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. There have been developments in statutory obligations through the enactment of the Building Safety Act and Fire Safety Act which are reflected in the Compliance Framework.

By order of the Board.

Philip Raw	**Anthony Deakin**	**Sharon Marsh**
Chair of the Board	*Chair Audit & Risk Committee*	*Company Secretary*

20 July 2023

Board report

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2023.

Principal Activities, Business Review and Future Developments

Details of our principal activities, our performance during the year and factors likely to affect our 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 to 5. The Board members are drawn from a wide background bringing a range of professional, commercial and local experience.

We have insurance policies in place that indemnify our 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 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

Our strength lies in the quality and commitment of our colleagues. We recognise the importance and contribution of our colleagues to the ongoing success of the business. We'll recruit the best colleagues, board members and volunteers to reflect the profile of the communities we work in and will invest in their wellbeing and development through training and initiatives to promote healthy minds and bodies.

We're committed to equality of treatment and opportunity for all of our colleagues: we embrace and value diversity and are committed to having a diverse workforce that reflects the communities within which we work.

We consult with colleagues 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 colleagues by giving everyone a voice and comprises representatives from each part of the business.

Health & Safety

The Board is aware of its responsibilities on all matters relating to health and safety. We have detailed health and safety policies, a robust safety management system in place and provide training and education to all of our colleagues on health and safety matters appropriate to their role.

Corporate Social Responsibility

Delivering Positive Social Impact by Investing in Communities is at the core of our purpose and is a key theme in the Corporate Plan. Livv stands for an unwavering commitment to serving local communities; 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 opportunities for everyone – young or old, family, couple or single person.

Investing in communities and the people who live in them connects people to place and recognises that Livv is more than just a great landlord. It builds on and contributes to long-term financial strength and capacity and demonstrates commitment to customers. We look to make a difference every day and do this by investing in people and communities and by working alongside partners to create great outcomes that enable people to thrive. Our objective is to create a fairer society by building capacity and resilience and supporting people who live in the places where we operate to improve their prospects and be the best version of themselves.

Our Community Investment Strategy outlines how it works with customers, communities and partners to identify, develop and deliver programmes of support. It describes delivery of commissioned social impact programmes and aligns them with day-to-day engagement with customers and communities. We also set out an ambition to invest in social businesses to grow capacity that is aligned to our core purpose and the priorities that need to be addressed in communities. This integration of all activities, focused on creating social value, will ensure we're responding to the issues and opportunities as they emerge.

We report on our social impact annually through our Social Accounts.

Customer Complaints

We're committed to providing excellent services to customers with the aim to get things right first time; however also understanding that sometimes this may not happen. When we fail to do what we've said we will, or where a service delivered has not met our service standards we want our customers to be able to tell us easily and without delay. We aim to resolve any dissatisfaction that customers tell us about quickly and fairly, taking into account the impact that service failure has had on them. We'll compensate where we feel there's been any financial loss or distress.

Our complaints policy sets out the ways in which a customer can make a complaint, describes how it will be investigated and gives clear timelines that they can expect to receive a response. The policy applies to all customers, including anyone who receives a service provided by us and covers actions by all Livv Housing Group entities and subsidiaries, including contractors, sub-contractors and agents. Livv Housing Group subsidiaries are Livv Homes, Livv Maintenance, and First Ark Social Investment (operating as Livv Investment). The policy reflects all current legislative and regulatory requirements and is reviewed and amended as these change to ensure that our customers are receiving the best service.

We're committed to learning from customer feedback including complaints and use this information to identify service improvements. We involve colleagues from across the business in investigating complaints, ensuring that the learning is factored into real service improvements so that the same mistakes aren't repeated. Training programmes around complaints is something that we invest time and effort in; from the initial training that a new starter will receive through to diagnostic reviews of complaints to review the root cause across all teams involved in any service failure.

Board report (continued)

We take pride in delivering an amazing service and where it succeeds, welcome the compliments customers share. Colleagues really value the power of positive feedback. This is used to share great news stories with Board about the impact that the services are having as well as using it to understand how the good practice can be replicated across our services. We love to recognise colleagues and really value when customers take the time to praise a colleague or a team; these compliments will always be shared.

Donations

£468k gift aid was received in the year (2022: £11k) by Livv Housing Group from Livv Maintenance Limited.

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.

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 we adhere 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. They do this through their 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 in the business or for publication is reliable; and
- performance information used in the business or for publication is reliable.

Key features of our 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 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.

Board report (continued)

- 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, colleagues 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 Groups 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.
- 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 UK LLP (Limited Liability Partnership), the internal auditors to the Group, provided a programme of reviews for the year 2022/23. 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 of the achievement of any recommendations made, in line with agreed timetables.

External Audit

We're committed to sound financial management in all aspects of our business and have 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 (Limited Liability Partnership), 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 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.

Board report (continued)

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 2023 and concludes that governance, risk management and internal control arrangements are operating effectively.

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 12 months after the date on which the financial statements are signed.

Therefore, it continues to adopt the going concern basis in the financial statements.

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 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 20 July 2023, 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 2023 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 2023 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 and 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.

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 to report to you if, in our opinion:

- the Association has not kept proper books of account;
- the Association has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we need for our audit.

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

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

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

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.

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be 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.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Regulator of Social Housing's regulatory standards, employment law, data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- 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; and
- 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.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. 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
829727ECC12041D...

27 July 2023

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

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 2023

	Notes	Group		Association	
		31 March 2023 £'000	31 March 2022 £'000	**31 March 2023 £'000**	31 March 2022 £'000
Turnover	3	**67,757**	65,884	**68,505**	66,151
Cost of Sales	3	**(3,423)**	(3,539)	**(3,423)**	(3,539)
Operating expenditure	3	**(48,665)**	(42,460)	**(49,532)**	(43,069)
Gain on disposal of property, plant and equipment (fixed assets)	9	**5,202**	5,745	**5,202**	5,745
Operating surplus	6	**20,871**	25,630	**20,752**	25,288
Interest receivable	10	**366**	15	**351**	15
Interest and financing costs	11	**(8,045)**	(7,985)	**(8,045)**	(7,985)
Movement in fair value of financial instruments	27	**14,325**	6,166	**14,325**	6,166
Surplus before tax		**27,517**	23,826	**27,383**	23,484
Taxation	12	**91**	(83)	**(8)**	3
Surplus for the year after tax		**27,608**	23,743	**27,375**	23,487
Re-measurement in respect of pension scheme	28	**175**	(15)	**175**	(15)
Total comprehensive income for the year		**27,783**	23,728	**27,550**	23,472

The financial statements were approved and authorised for issue by the Board on 20 July 2023 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 89 form an integral part of these financial statements.

Statement of financial position

As at 31 March 2023

	Notes	Group		Association	
		31 March 2023 £'000	31 March 2022 £'000	**31 March 2023 £'000**	31 March 2022 £'000
Fixed Assets					
Tangible Fixed Assets					
Housing properties	13	**289,620**	265,023	**289,913**	265,132
Other property, plant & equipment	14	**2,535**	1,000	**2,535**	996
Social Investments	16	**28**	66	**28**	66
		292,183	266,089	**292,476**	266,194
Current assets					
Stock	17	**102**	105	**-**	-
Properties held for sale	18	**4,608**	3,103	**4,608**	3,103
Trade and other debtors	19	**7,249**	4,680	**7,095**	4,546
Investments	20	**870**	1,408	**-**	-
Cash and cash equivalents	21	**35,742**	44,305	**34,122**	42,533
		48,571	53,601	**45,825**	50,182
Creditors: amounts falling due within one year	22	**(13,485)**	(11,275)	**(14,010)**	(10,911)
Net current assets		**35,086**	42,326	**31,815**	39,271
Total assets less current liabilities		**327,269**	308,415	**324,291**	305,465

Statement of financial position (continued)

As at 31 March 2023	Notes	Group		Association	
		31 March 2023 £'000	31 March 2022 £'000	**31 March 2023 £'000**	31 March 2022 £'000
Creditors: amounts falling due after more than one year	**23**	**220,873**	229,552	**220,072**	228,546
Provisions for liabilities					
Pension provision	**28**	**1,885**	2,135	**1,885**	2,135
		222,758	231,687	**221,957**	230,681
Reserves					
Revenue reserve		**104,511**	76,656	**102,334**	74,712
Restricted reserves		**-**	72	**-**	72
Total reserves		**104,511**	76,728	**102,334**	74,784
		327,269	308,415	**324,291**	305,465

The financial statements were approved and authorised for issue by the Board on 20 July 2023 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 89 form an integral part of these financial statements.

Statement of changes in reserves

For year ended 31 March 2023

	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 2022	-	**76,656**	**72**	**76,728**	-	**74,712**	**72**	**74,784**
Surplus for the year	-	27,608	-	27,608	-	27,375	-	27,375
Other Comprehensive Income: Re-measurement in respect of pension scheme (note 28)	-	175	-	175	-	175	-	175
Transfer between reserves	-	72	(72)	-	-	72	(72)	-
Balance at 31 March 2023	**-**	**104,511**	**-**	**104,511**	**-**	**102,334**	**-**	**102,334**
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 28)	-	(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

The notes on pages 51 to 89 form an integral part of these financial statements.

Consolidated statement of cash flows

For year ended 31 March 2023

	2023	2022
Group	**£'000**	£'000
Net cash inflow from operating activities (Note A)	**24,370**	26,404
Cash flow from investing activities		
Purchase of fixed asset housing properties	**(35,471)**	(26,128)
Grants received	**4,571**	4,081
Proceeds from sale of tangible fixed assets	**8,448**	13,083
Purchase of other fixed assets	**(1,979)**	(405)
Interest received	**247**	168
Social Investment income	**528**	767
	(23,656)	(8,434)
Cash flow from financing activities		
Interest paid	**(8,143)**	(7,757)
(Decrease) in loan finance	**(629)**	(1,187)
Loan issue costs	**(505)**	-
	(9,277)	(8,944)
Net Change in cash and cash equivalents	**(8,563)**	9,026
Cash and cash equivalents at beginning of the year	**44,305**	35,279
Cash and cash equivalents at end of the year	**35,742**	44,305

Consolidated statement of cash flows (continued)

Note A - Cash flow from operating activities	**2023**	2022
	£'000	£'000
Surplus for the year after tax	**27,608**	23,743
Adjustments for non-cash items:		
Depreciation	**7,953**	7,674
Impairment	**(55)**	(508)
(Increase) in stock/housing held for sale	**(1,502)**	(659)
(Increase) in trade and other debtors	**(37)**	(110)
Increase in trade and other creditors	**3,047**	785
Pension costs less contributions payable	**(75)**	(67)
Carrying value of disposal of fixed assets	**3,197**	7,338
Fair value adjustment to financial instruments	**(14,325)**	(6,166)
Adjustments for investing & financing activities		
Proceeds on disposal of fixed assets	**(8,448)**	(13,083)
Interest received	**(457)**	(166)
Interest payable	**7,901**	7,940
Corporation Tax	**(91)**	83
Amortisation of loan arrangement fees	**85**	67
Government grants amortised in the year	**(510)**	(467)
RCGF Movement	**49**	-
Social Investment Write Off	**30**	-
Net cash inflow from operating activities	**24,370**	26,404

The notes on pages 51 to 89 form an integral part of these financial statements.

Notes to the Financial Statements

For year ended 31 March 2023

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; Livv Maintenance Limited, Livv Homes Limited and First Ark Social investment 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, unless stated otherwise.

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.

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) 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 27.

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.

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.

Turnover in the consolidated group includes interest received on investments granted with First Ark Social Investment.

Notes to the Financial Statements (continued)

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.

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

Notes to the Financial Statements (continued)

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.

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)

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.

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.

Notes to the Financial Statements (continued)

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.

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 increditors. 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.

Notes to the Financial Statements (continued)

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.

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.

Treasury 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.

Notes to the Financial Statements (continued)

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.

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

	2023				
Group	**Turnover £'000**	**Other Income £'000**	**Cost of Sales £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (Note 4a)	**62,975**	**-**	**-**	**(47,048)**	**15,927**
Other social housing activities					
Supporting people contract income	77	-	-	(52)	25
Other supporting people income	157	-	-	(117)	40
First tranche shared ownership sales	3,493	-	(3,423)	-	70
Community investment	268	-	-	(723)	(455)
Management Services	96	-	-	(68)	28
Gain on disposal of housing properties	-	5,202	-	-	5,202
Total other social housing activities	**4,091**	**5,202**	**(3,423)**	**(960)**	**4,910**
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	157	-	-	(157)	-
Facilities Management Services	534	-	-	(500)	34
Total Non-social housing activities	**691**	**-**	**-**	**(657)**	**34**
Total	**67,757**	**5,202**	**(3,423)**	**(48,665)**	**20,871**

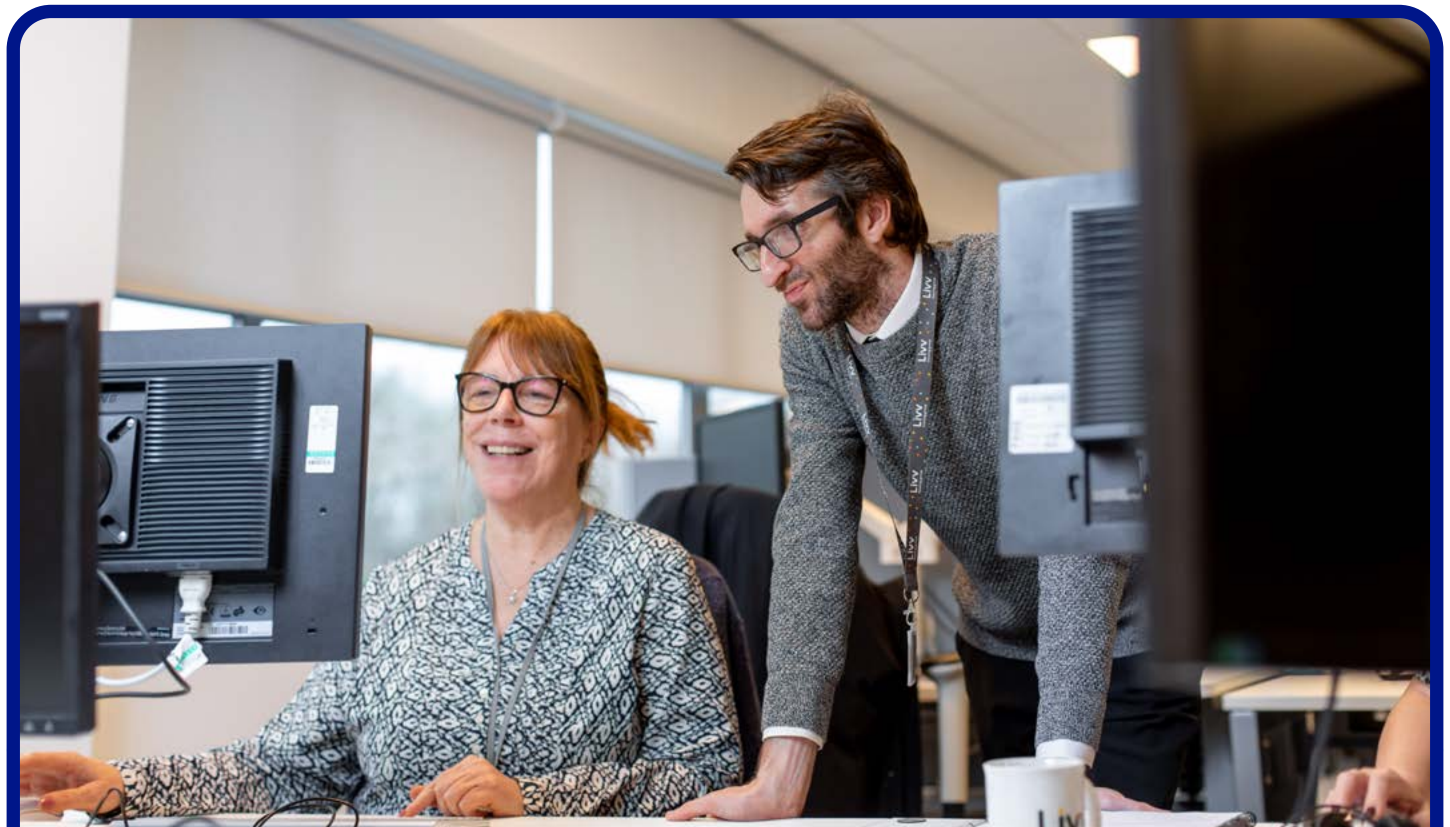
Notes to the Financial Statements (continued)

	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)

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

	2023				
Association	**Turnover £'000**	**Other Income £'000**	**Cost of Sales £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing lettings (Note 4b)	**63,443**	**-**	**-**	**(47,601)**	**15,842**
Other social housing activities					
Supporting people contract income	77	-	-	(52)	25
Other supporting people income	157	-	-	(117)	40
First tranche shared ownership sales	3,493	-	(3,423)	-	70
Community investment	200	-	-	(655)	(455)
Management Services	96	-	-	(68)	28
Gain on disposal of housing properties	-	5,202	-	-	5,202
Total Other social housing activities	**4,023**	**5,202**	**(3,423)**	**(892)**	**4,910**
Non-social housing activities					
Market rate lettings - Garages (Note 4c)	157	-	-	(157)	-
Internal Management Services	882	-	-	(882)	-
Total non-social housing activities	**1,039**	**-**	**-**	**(1,039)**	**-**
Total	**68,505**	**5,202**	**(3,423)**	**(49,532)**	**20,752**



Notes to the Financial Statements (continued)

Association	2022 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)

4a. Social housing & lettings

Group	General housing £'000	Supported housing & housing for older people £'000	Total 2023 £'000	Total 2022 £'000
Income				
Rent receivable net of empty homes	56,050	3,543	59,593	57,875
Services charges receivable net of empty homes	1,297	720	2,017	1,957
Amortised government grants	510	-	510	467
Other	853	2	855	321
Turnover from social housing lettings	**58,710**	**4,265**	**62,975**	60,620
Operating expenditure				
Management	(16,934)	(136)	(17,070)	(14,680)
Service charge costs	(2,283)	(1,132)	(3,415)	(2,451)
Routine maintenance	(14,578)	(451)	(15,029)	(13,367)
Major repairs expenditure	(3,394)	(105)	(3,499)	(3,080)
Bad debts	(461)	-	(461)	(254)
Depreciation of housing properties	(7,509)	-	(7,509)	(7,129)
Impairment of housing properties	73	-	73	266
Fixed Asset Component disposal acceleration depreciation	(167)	-	(167)	(240)
Other costs	29	-	29	(14)
Operating expenditure on social housing lettings	**(45,224)**	**(1,824)**	**(47,048)**	(40,949)
Operating surplus on social housing lettings	**13,486**	**2,441**	**15,927**	19,671
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**376**	**39**	**415**	273

Notes to the Financial Statements (continued)

4b. Social housing & lettings

Association	General housing	Supported housing & housing for older people	Total 2023	Total 2022
	£'000	£'000	£'000	£'000
Income				
Rent receivable net of empty homes	56,050	3,543	59,593	57,875
Services charges receivable net of empty homes	1,297	720	2,017	1,957
Amortised government grants	510	-	510	467
Other	1,321	2	1,323	332
Turnover from social housing lettings	**59,178**	**4,265**	**63,443**	60,631
Operating expenditure				
Management	(17,487)	(136)	(17,623)	(15,005)
Service charge costs	(2,283)	(1,132)	(3,415)	(2,451)
Routine maintenance	(14,578)	(451)	(15,029)	(13,367)
Major repairs expenditure	(3,394)	(105)	(3,499)	(3,080)
Bad debts	(461)	-	(461)	(254)
Depreciation of housing properties	(7,509)	-	(7,509)	(7,129)
Impairment of housing properties	73	-	73	266
Fixed Asset Component disposal acceleration depreciation	(167)	-	(167)	(240)
Other Costs	29	-	29	(14)
Operating expenditure on social housing lettings	**(45,777)**	**(1,824)**	**(47,601)**	(41,274)
Operating surplus on social housing lettings	**13,401**	**2,441**	**15,842**	19,357
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	**376**	**39**	**415**	273

4c. Market rate lettings

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Garages	**157**	162	**157**	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				
	31.03.22 Units	Additions	Disposals	Other	31.03.23 Units
Social housing					
Owned General needs – social rent	11,193	1	(102)	-	**11,092**
Owned General needs – affordable rent	867	75	(19)	-	**923**
Owned General needs – intermediate rent	87	17	-	-	**104**
Owned – housing for older people	611	-	(24)	-	**587**
Shared Ownership	226	34	(3)	-	**257**
Total owned and managed	12,984	127	(148)	-	**12,963**
Of which: Held for demolition / redevelopment	257				

Notes to the Financial Statements (continued)

6. Operating surplus

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
The operating surplus is stated after (crediting)/charging:				
Auditors' remuneration (excluding VAT): Audit of the group financial statements	**78**	65	**68**	57
Fees payable to the Group's auditor and its associates for other services to the group:				
Taxation compliance services	**7**	6	**6**	5
Other	**5**	5	**5**	5
Operating lease rentals:				
Equipment	**21**	23	**21**	23
Vehicles	**588**	596	**-**	-
Impairment losses of housing properties	**(73)**	(266)	**(73)**	(266)
Depreciation of housing properties	**7,509**	7,129	**7,509**	7,129
Depreciation of other assets	**444**	545	**440**	539

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	
	2023 No.	2022 No.	**2023 No.**	2022 No.
Development	**14**	15	**14**	15
Housing Maintenance	**140**	145	**-**	-
Business Services	**160**	156	**106**	108
Customer and communities	**114**	113	**114**	113
Asset management	**34**	32	**34**	32
Charitable Activities	**7**	6	**7**	6
	469	467	**275**	274

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Staff costs				
Wages and salaries	**16,826**	15,701	**10,786**	9,862
Redundancy costs	**-**	131	**-**	110
Social Security costs	**1,760**	1,557	**1,130**	1,004
Other pension costs – defined contribution or defined benefit	**766**	732	**474**	455
	19,352	18,121	**12,390**	11,431

Notes to the Financial Statements (continued)

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

	Group		Association	
	2023 No.	2022 No.	**2023 No.**	2022 No.
£60,000 - £70,000	**11**	10	**10**	9
£70,000 - £80,000	**8**	2	**8**	2
£80,000 - £90,000	**3**	3	**2**	3
£90,000 - £100,000	**6**	3	**6**	3
£150,000 - £160,000	**2**	1	**2**	1
£160,000 - £170,000	**1**	2	**1**	2
£180,000 - £190,000	**1**	1	**1**	1
£250,000 - £260,000	**1**	1	**1**	1
	33	23	**31**	22

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 £255k (2022: £214k), including car allowance of £21k (2022: £10k) and a one-off bonus of £20k (2022: £Nil).

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

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Wages and salaries (incl. car allowance and bonus)*	**915**	764	**915**	764
Benefits in Kind	**1**	1	**1**	1
Pension Contributions	**46**	43	**46**	43
NI Contributions	**126**	90	**126**	90
	1,088	898	**1,088**	898

*2023 includes car allowance and a one-off bonus payment of £142k (2022: £40k).The car allowance was uplifted in 2022/23 following an external triennial benchmarking review.

Notes to the Financial Statements (continued)

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

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

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Basic salary	**103**	105	**103**	105

		2023 £	2022 £
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**	9,000
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	[1]**2,917**	7,000
Y.Turgut	Independent Member to Audit and Risk Committee	**-**	[2]359
S.Siak	Independent Member of BDGI Committee	**3,500**	3,500
H.Doyle	Independent Member to Audit and Risk Committee	**3,500**	3,500
G.Rooney	Independent Member of BDGI Committee	**3,500**	3,500
M.Ward	Independent Member to Audit and Risk Committee	**3,500**	[3]1,221
		102,917	105,080

There were expenses paid to Board members in the year of £2k (2022: £1k).

[1] *Covers a period of five months.*

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

[3] *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 2023 £'000	Total 2022 £'000
Proceeds of sales	5,184	443	2,821	**8,448**	13,083
Carrying value	(1,126)	(288)	(1,783)	**(3,197)**	(7,338)
Surplus	4,058	155	1,038	**5,251**	5,745
Recycled capital grants fund (Note 25)	(49)	-	-	**(49)**	-
	4,009	155	1,038	**5,202**	5,745

Other includes the disposal of 24 units at Octavia Court with a surplus of £996k.

10. Interest receivable and other income

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Interest receivable	**366**	15	**351**	15
	366	15	**351**	15

11. Interest and financing costs

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Loans and bank overdrafts	**7,986**	7,940	**7,986**	7,940
Pension interest cost	**59**	45	**59**	45
	8,045	7,985	**8,045**	7,985

Notes to the Financial Statements (continued)

12. Tax on surplus on ordinary activities

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Current tax				
UK corporation tax on surplus for the year	**8**	88	**8**	-
Adjustments in respect of prior years	**(89)**	(5)	**-**	(3)
	(81)	83	**8**	(3)
Deferred tax				
Origination and reversal of timing differences	**(10)**	-	**-**	-
Adjustment in respect of prior periods	**-**	-	**-**	-
	(10)	-	**-**	-
Total tax (credit)/charge	**(91)**	83	**8**	(3)

The tax assessed in the year is lower than the standard rate of Corporation tax in the United Kingdom at 19% (2022: 19%). The differences are explained as follows:

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Surplus on ordinary activities before tax	**27,517**	23,826	**27,383**	23,484
Theoretical tax at UK corporation tax rate 19% (2021: 19%)	**5,228**	4,527	**5,203**	4,462
Income not taxable for tax purposes	**(17,211)**	(13,612)	**(17,054)**	(13,635)
Expenses not deductible for tax purposes	**11,980**	9,151	**11,856**	9,150
Utilisation of losses	**17**	-	**17**	-
Tax adjustments to tax charge in respect of prior periods	**(89)**	(5)	**-**	(3)
Other timing differences	**(16)**	22	**(14)**	23
	(91)	83	**8**	(3)

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	334,511	29,915	14,853	2,978	**382,257**
Prior Year adjustment (see note 35)	(14,357)	-	-	-	**(14,357)**
At start of the year (restated)	320,154	29,915	14,853	2,978	**367,900**
Works to existing properties	11,244	927	-	-	**12,171**
Additions	-	19,667	135	3,404	**23,206**
Schemes completed	15,157	(15,157)	3,354	(3,354)	**-**
Reclassification	-	(3,242)	-	3,242	**-**
Disposals - properties	(3,769)	-	(298)	-	**(4,067)**
- components	(849)	-	-	-	**(849)**
At the end of the year	**341,937**	**32,110**	**18,044**	**6,270**	398,361
Depreciation					
At start of the year	(116,501)	-	(733)	-	**(117,234)**
Prior Year adjustment (see note 35)	14,357	-	-	-	**14,357**
At start of the year (restated)	(102,144)	-	(733)	-	**(102,877)**
Charge for the year	(7,365)	-	(144)	-	**(7,509)**
Impairment gain	73	-	-	-	**73**
Disposals - properties	894	-	9	-	**903**
- components	669	-	-	-	**669**
At the end of the year	**(107,873)**	**-**	**(868)**	**-**	**(108,741)**
Net book value at the end of the year	**234,064**	**32,110**	**17,176**	**6,270**	**289,620**
Net book value at the start of the year	218,010	29,915	14,120	2,978	265,023

Notes to the Financial Statements (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	334,619	29,916	14,853	2,978	**382,366**
Prior Year adjustment (see note 35)	(14,357)	-	-	-	**(14,357)**
At start of the year (restated)	320,262	29,916	14,853	2,978	**368,009**
Works to existing properties	11,428	927	-	-	**12,355**
Additions	-	19,667	135	3,404	**23,206**
Schemes completed	15,157	(15,157)	3,354	(3,354)	**-**
Reclassification	-	(3,242)	-	3,242	**-**
Disposals - properties	(3,769)	-	(298)	-	**(4,067)**
- components	(849)	-	-	-	**(849)**
At the end of the year	**342,229**	**32,111**	**18,044**	**6,270**	398,654
Depreciation					
At start of the year	(116,501)	-	(733)	-	**(117,234)**
Prior Year adjustment (see note 35)	14,357	-	-	-	**14,357**
At start of the year (restated)	(102,144)		(733)	-	**(102,877)**
Charge for the year	(7,365)	-	(144)	-	**(7,509)**
Impairment gain	73	-	-	-	**73**
Disposals - properties	894	-	**9**	**-**	**903**
- components	**669**	**-**	**-**	**-**	**669**
At the end of the year	**(107,873)**	**-**	**(868)**	**-**	**(108,741)**
Net book value at the end of the year	**234,356**	**32,111**	**17,176**	**6,270**	**289,913**
Net book value at the start of the year	218,118	29,916	14,120	2,978	265,132

Notes to the Financial Statements (continued)

The impairment provision at 31 March 2023 is £4,007k (2022: £4,080k). In addition to incorporating a provision for longer term voids, we continue to impair the 257 properties that were decommissioned in a previous financial year with demolition expected to start in financial year 2023/24.

The value of the remaining plot (phase 5) at North Huyton New Deal for Communities (NDC) is recorded at £398k.

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Amounts capitalised	**12,171**	7,255	**12,355**	7,363
Amounts charged to income and expenditure account	**3,499**	3,080	**3,499**	3,080
	15,670	10,335	**15,854**	10,443

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	435	4,890	127	**9,002**
Additions	1,199	497	283	-	**1,979**
At the end of the year	**4,749**	**932**	**5,173**	**127**	**10,981**
Depreciation					
At start of the year	(2,826)	(432)	(4,621)	(123)	**(8,002)**
Charge for the year	(198)	(63)	(179)	(4)	**(444)**
At the end of the year	**(3,024)**	**(495)**	**(4,800)**	**(127)**	**(8,446)**
Net book value at the end of the year	**1,725**	**437**	**373**	**-**	**2,535**
Net book value at the start of the year	724	3	269	4	**1,000**

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	435	4,883	113	**8,981**
Additions	1,199	497	283	-	**1,979**
Reclassification	-	-	-	-	**-**
At the end of the year	**4,749**	**932**	**5,166**	**113**	**10,960**
Depreciation					
At start of the year	(2,826)	(432)	(4,614)	(113)	**(7,985)**
Charge for the year	(198)	(63)	(179)	-	**(440)**
Reclassification	-	-	-	-	**-**
At the end of the year	**(3,024)**	**(495)**	**(4,793)**	**(113)**	**(8,425)**
Net book value at the end of the year	**1,725**	**437**	**373**	**-**	**2,535**
Net book value at the start of the year	724	3	269	-	**996**

Notes to the Financial Statements (continued)

15. Fixed asset investments

As at 31 March 2023, 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	Property repairs and facilities management services
First Ark Social Investment 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 First Ark Social Investment Limited of 1 Ordinary £1 share is allotted, called up and fully paid and owned by Livv Housing Group, who is the ultimate parent undertaking.

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

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

16. Social investments

Group and association	Programme Related Investments £'000	Mixed Motive Investments £'000	Total £'000
Cost			
At 1 April 2022	20	56	76
Repayments received	-	(18)	(18)
Investment written off	(20)	(10)	(30)
At 31 March 2023	**-**	**28**	**28**
Impairment provision			
At 1 April 2022	-	(10)	(10)
Movement in the year	-	10	10
At 31 March 2023	-	-	-
Net book value 31 March 2023	**-**	**28**	**28**
31 March 2022	20	46	66

Notes to the Financial Statements (continued)

17. Stock

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Raw materials and consumables	**102**	105	**-**	-

18. Properties held for sale

Group and Association	2023 £'000	2022 £'000
Shared ownership first tranche property:		
Work in progress	**4,181**	2,758
Completed properties	**427**	345
	4,608	3,103

19. Trade and other debtors

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Rent and service charges receivable	**4,743**	4,733	**4,743**	4,733
Less: Provision for bad and doubtful debts	**(4,258)**	(4,197)	**(4,258)**	(4,197)
Net rent arrears	**485**	536	**485**	536
Other debtors	**323**	773	**243**	682
Grant debtor	**-**	9	**-**	9
Prepayment and accrued income	**5,896**	2,843	**5,836**	2,804
Deferred tax (note 29)	**14**	4	**-**	-
Debtors due within one year	**6,718**	4,165	**6,564**	4,031
Debtors due more than one year	**531**	515	**531**	515
	7,249	4,680	**7,095**	4,546

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	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Investments	**1,135**	1,644	**-**	-
Impairment Provision	**(265)**	(236)	**-**	-
	870	1,408	**-**	-

As at 31 March 2023, 49 investments (2022: 49) had been made by the subsidiary, FASI, totalling £3,895k (2022: £3,895k).

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 £509k (2022: £804k) being received during the year to 31 March 2023.

These investments include £83k, (2022: £601k) which is repayable within 1 year.

21. Cash and cash equivalents

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Cash at bank	**35,742**	44,305	**34,122**	42,533

22. Creditors: amounts falling due within one year

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Trade creditors	**3,073**	2,174	**653**	927
Rents and service charges received in advance	**2,071**	2,173	**2,071**	2,173
Other creditors	**713**	602	**536**	509
Loans due for repayment in less than one year (note 26)	**163**	587	**-**	-
Accruals and deferred income	**6,941**	5,183	**5,555**	4,427
Deferred capital grant (note 24)	**516**	467	**516**	467
Amounts owed to group undertakings	**-**	-	**4,671**	2,408
Corporation Tax	**8**	89	**8**	-
	13,485	11,275	**14,010**	10,911

Notes to the Financial Statements (continued)

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

	Group		Association	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Loans (note 26)	**167,634**	182,164	**166,833**	181,158
Finance costs	**(915)**	(420)	**(915)**	(420)
Deferred capital grant (note 24)	**53,875**	47,612	**53,875**	47,612
Recycled capital grant fund (note 25)	**83**	32	**83**	32
Leaseholder Sinking Funds	**37**	30	**37**	30
Reserve Funds	**159**	134	**159**	134
	220,873	229,552	**220,072**	228,546

24. Deferred capital grant

Group and Association	**2023 £'000**	2022 £'000
At start of the year	**48,079**	44,456
Grant received in the year	**6,883**	4,090
Disposals	**(61)**	-
Released to income in the year	**(510)**	(467)
	54,391	48,079
Amount due to be released < 1 year	**516**	467
Amount due to be released > 1 year	**53,875**	47,612
	54,391	48,079

Grant and Financial Assistance

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

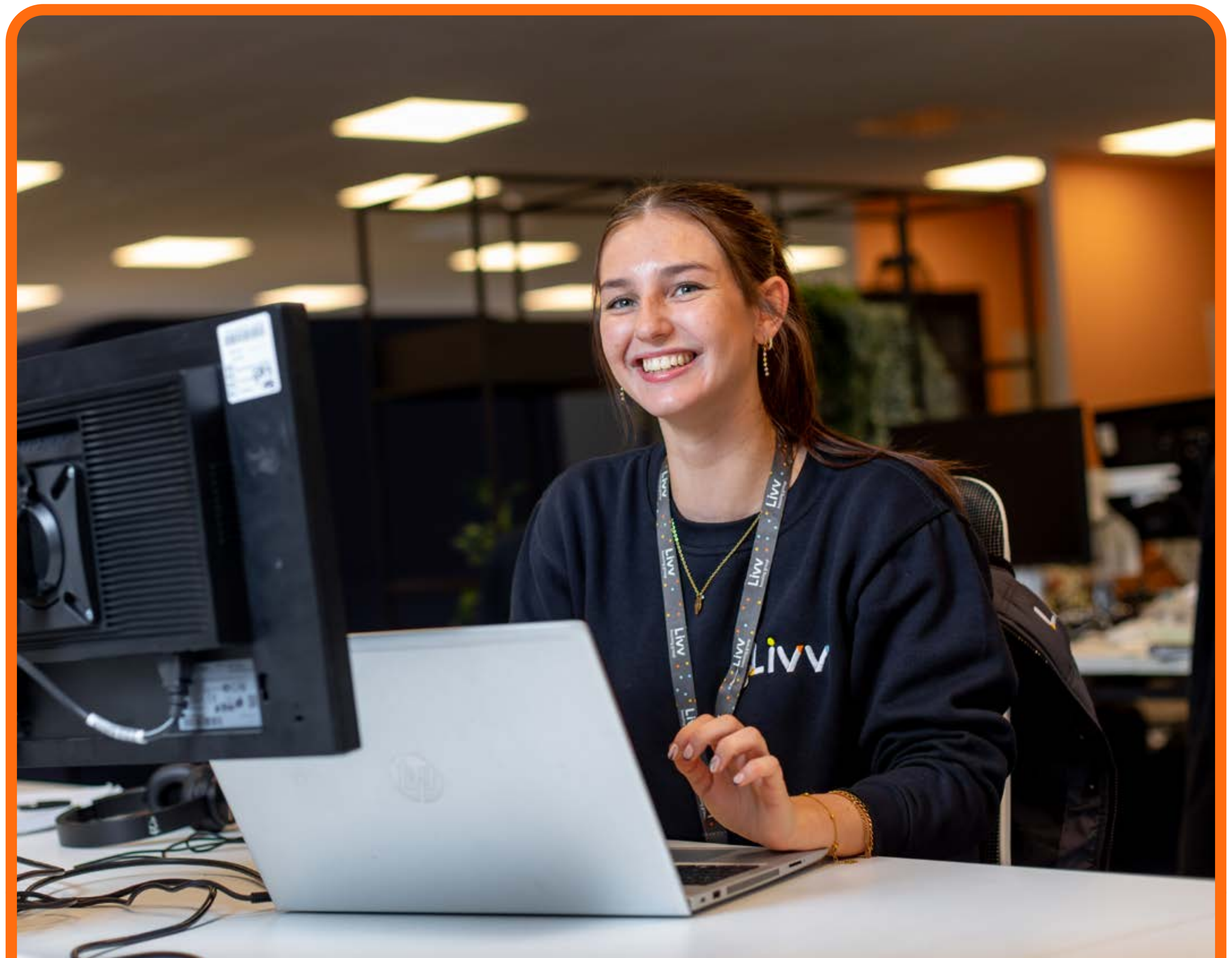
	2023 £'000	2022 £'000
Government funding received	**57,748**	50,926
Grants amortised to date	**(3,357)**	(2,847)
	54,391	48,079

Notes to the Financial Statements (continued)

25. Recycled capital grant fund

Group and Association	2023 £'000	2022 £'000
At start of the year	**32**	32
Grant received in the year	**49**	-
Interest Accrued	**2**	-
	83	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. £10k is greater than three years and may require repayment to Homes England.



Notes to the Financial Statements (continued)

26. Debt analysis

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans repayable:				
Within one year	**163**	587	**-**	-
In one year or more but less than two years	**-**	-	**-**	-
In two years or more and less than five years	**60,801**	61,006	**60,000**	60,000
In five years or more	**106,833**	121,158	**106,833**	121,158
Less: loan issue costs	**(915)**	(420)	**(915)**	(420)
Total loans	**166,882**	182,331	**165,918**	180,738

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

The £90m Private Placement Bond is revalued annually, with the fair value of the Bond £82m at 31 March 2023 (2022: £96.2m).

The long-term loans drawn total £175m and are at fixed and variable rates of interest ranging from 3.57% to 7.16% and fall to be repaid between 2026 and 2040.

The loan facilities are made up of £90m from the issue of a Private Placement Bond and £135m in bank funding.

Livv Housing Group also has £30m available in the form of a revolving credit facility, of which £Nil was drawn at 31 March 2023 (2022: £Nil).

The interest rate profile of Livv Housing Group (excluding FASI and loan issues costs) at 31 March 2023 was:

	Total £'000	Variable Rate £'000	Fixed rate £'000	Average rate of interest %
Loans	166,833	13,569	153,264	4.35

At 31 March 2023 the Group has the following undrawn borrowing facilities:

	£'000
Undrawn committed loan facilities	50,000
Undrawn revolving credit facility	30,000
	80,000

Notes to the Financial Statements (continued)

The total loans of £175m, exclude the mark to market valuation of Livv Housing Group's private placement loan (£8.2m) and finance costs payable (£0.9m).

It is a theoretical revaluation that reflects the movement in 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.

This adjustment has been made in accordance with FRS 102 accounting requirements and is required because in the unlikely event of early redemption of the private placement loan the Association would be exposed to cross currency settlement penalties, this breaches the conditions of FRS 102.11.9 and is therefore treated as a non-basic financial instrument and held at fair value.

Notes to the Financial Statements (continued)

27. Financial instruments (Group)

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

	2023 £'000	2022 £'000
Financial assets that are debt instruments measured at amortised cost (group)	**36,065**	45,078
Financial liabilities measured at amortised cost (group)	**95,776**	94,132
Financial liabilities measured at fair value through profit or loss (group and association)	**81,833**	96,158

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 within Livv Housing Group, the association. 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 2023 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:

	2023 £'000	2022 £'000
Carrying amount brought forward	**96,158**	102,323
Change in fair values:		
Other market factors (group and association)	**(14,325)**	(6,166)
Carrying amount carried forward	**81,833**	96,158

The cumulative changes since inception of the instrument due to changes in credit risk are £Nil (2022: £Nil).

The total undiscounted amount repayable at maturity in respect of the loan is £90m.

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

Notes to the Financial Statements (continued)

28. 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 (costs)	**2023 £'000**	2022 £'000
Interest on pension scheme liabilities	**(59)**	(45)
Amounts charged to financing costs	**(59)**	(45)
Amount of gains and losses recognised in the Statement of Comprehensive Income:		
Actuarial gain/(loss) on pension scheme	**175**	(15)
Actuarial gain/(loss) recognised	**175**	(15)

Reconciliation of liabilities	**2023 £'000**	2022 £'000
Liabilities at start of year	**(2,135)**	(2,187)
Interest cost	**(59)**	(45)
Actuarial gain/(loss)	**175**	(15)
Benefits paid	**134**	112
Liabilities at end of year	**(1,885)**	(2,135)

Reconciliation of assets	**2023 £'000**	2022 £'000
Assets at start of year	-	-
Administration expenses	-	-
Employer contributions	**134**	**112**
Employee contributions	-	-
Benefits paid	**(134)**	**(112)**
Assets at end of year	-	-

Notes to the Financial Statements (continued)

Pension assumptions

Duration information as at the end of the accounting period.

Macaulay duration of liabilities at latest valuation (or date of admission if later): 9 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	3.5%	2.7%
Increase in salaries	5.0%	4.2%
Increase in pensions in payment / deferment	3.6%	2.8%
Discount Rate	2.8%	4.9%

Post retirement mortality assumptions (normal health)*

Financial Assumptions	Beginning of period (p.a.)	End of period (p.a.)
Non-retired members	S3PA CMI_2021_[1.75%] (131% males, 106% females)	S3PA CMI_2021_[1.5%] (121% males, 107% females)
Retired members	S3PA CMI_2021_[1.75%] (124% males, 104% females)	S3PA CMI_2021_[1.5%] (117% males, 107% 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	22.4 (25.9) years	22.6 (25.5) years
Current pensioner age 65	20.9 (24.0) years	21.2 (23.7) 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)

29. Deferred tax (Group)

	Deferred taxation £'000
At 1 April 2022	4
Movement in the year	10
At 31 March 2023	**14**

The deferred tax asset is calculated using a tax rate of 19% (2022: 19%) and is set out below.

	2023 £'000	2022 £'000
Deferred tax asset	**14**	4
	14	4

30. Contingent liability

There are no contingent liabilities (2022: £nil).

31. Capital commitments

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expenditure contracted for but not provided in the accounts	**64,725**	25,856	**64,725**	25,856
Expenditure authorised by the Board but not contracted for	**5,070**	17,701	**5,070**	17,701
	69,795	43,557	**69,795**	43,557

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)

32. Operating Leases

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

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Others:				
In one year or less	**581**	578	**11**	11
Between one and five years	**96**	428	**30**	-
	677	1,006	**41**	11

33. 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	
	2023 £'000	2022 £'000
Recharge by subsidiary		
Livv Maintenance Limited - non-regulated	**1,350**	859
First Ark Financial Investments Limited (FASI) - non-regulated	**36**	53
	1,386	912
Recharge by service		
Management services	**918**	901
Gift Aid	**468**	11
	1,386	912

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 2021/22 but was received by the Association in financial year 2022/23.

Notes to the Financial Statements (continued)

	Association	
	2023 £'000	2022 £'000
The association received charges from:		
Livv Maintenance Limited - non-regulated	**28,382**	23,601

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	
	2023 £'000	2022 £'000
Creditors: amounts falling due within one year (note 22)		
Livv Maintenance Limited - non-regulated	**4,657**	2,408
First Ark Social Investment Limited – non-regulated	**14**	-
	4,671	2,408

34. Analysis of net debt

	Group				Association			
	At 1 April 2022 £'000	Cash flows £'000	Non-Cash Movement £'000	At 31 March 2023 £'000	At 1 April 2022 £'000	Cash flows £'000	Non-Cash Movement £'000	At 31 March 2023 £'000
Cash and Investments	44,305	(8,563)	-	**35,742**	42,533	(8,411)	-	**34,122**
Debt due within one year	(587)	424	-	**(163)**	-	-	-	**-**
Debt due within two to five years	(61,006)	205	-	**(60,801)**	(60,000)	-	-	**(60,000)**
Debt due after five years	(120,738)	-	14,820	**(105,918)**	(120,738)	-	14,820	**(105,918)**
Net movement	**(138,026)**	**(7,934)**	**14,820**	**(131,140)**	**(138,205)**	**(8,411)**	**14,820**	**(131,796)**

Notes to the Financial Statements (continued)

35. Prior year adjustments

The prior year adjustment, within Note 13 Housing Properties, aims to correct historical adjustments that have not been previously disclosed within the note. In total, it shows a reduction in original cost of £14,357k and associated reduction in cumulative depreciation of £14,357k.

£13,682k of this relates to a number of properties that have been overstated at the original cost and cumulative depreciation levels in the disclosure note, which have now been aligned to the housing fixed asset register.

The remaining £675k is to correct the accounting treatment on sale of land in financial year 2021/22, where the £348k net book value of the land disposed of was removed directly from original costs only. The accounting entries should have been £1,069k disposal of original cost and £675k disposal of cumulative depreciation.

The adjustment has a nil impact on the Statement of Comprehensive Income and Consolidated Statement of Cashflows.

36. Post balance sheet events

No post balance sheet events to report.