LiveWest
A home for everyone

Annual report and financial statements

Year ended 31 March 2019

During June all LiveWest colleagues came together to celebrate our successful year at LiveFest

Contents

Annual report and financial statements 2018/19 for LiveWest
Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873

Our front cover shows Beth, who we supported with one of our grants to help set up a baby allergy group in her community.

Introduction

By the Chair and Chief Executive

After our first full financial year since merger, this report reflects on what we have achieved and highlights our plans for the future.

Linda Nash our Chair and Paul Crawford our Chief Executive

When we created LiveWest we committed to transform customer services, deliver a step change in growth and create a resilient organisation. We have built on the best of each former organisation and moved with pace to achieve our aims.

As planned, we have focused this year on integrating the organisations that formed the foundation of LiveWest, creating a strong platform for the future. As part of this we are already out-performing the business case efficiencies and improvements that we planned to achieve to date.

As well as successful integration, highlights of our year have included improvements in customer services, increased development of new homes and strong financial performance that underpins our ambitious plans. Each of these is considered below:

Customer services

Our customers are core to this organisation, we emphasise the fundamental importance of quality services, trust and safety.

We contributed a submission to the government's green paper consultation on social housing, welcoming the emphasis on effective engagement with customers in service design and safety.

Our planned investment of £2bn over the next 10 years will support

7,000

jobs in the building industry and the supply chain

With integration we have prioritised our core customer services, including significant work on how we ensure the safety of customers in their homes. This has included introducing new safety standards across LiveWest for fire, gas, electrical, asbestos, lifts, legionella and radon.

We have engaged with customers on this work through wide consultation, including our recently established InFocus scrutiny group. This panel of 40 customers from across our region, including shared owners, provides review and challenge through a range of traditional and online approaches.

Our increase in customer satisfaction to 90% means we are well-placed to continue this improvement as part of our new strategy. We are now also benchmarking our performance against a range of customer metrics with the Institute of Customer Services. We are seeing strong, and still improving, performance against customer service industry standards, enabling us to compare the LiveWest customer experience with market leaders across a range of sectors.

We are using these metrics together with our broader work on customer insight to inform our customer services and digital strategies.

Developing new homes

We completed 1,047 new homes during the year. These comprised 900 affordable homes for rent and shared ownership and 147 for open market sale. Properties for open market and first-tranche shared ownership sale generated profit of £10m to support further investment in affordable homes.

The majority of the homes built help people in the South West access housing with low incomes, high rents and high house prices.

We completed 1,047 new homes during the year

We welcome the recent government announcement of further funding for Homes England partners through to 2029. In particular the certainty that this longer-term land-led programme brings has enabled us to expand our delivery pipeline, taking advantage of strategic opportunities with joint venture partners and working closely with local authorities. We will also be working with smaller housing associations to deliver this programme.

Our much-needed new homes support the local economy. Our planned investment of £2bn to develop 16,000 new homes over the next 10 years will support 7,000 jobs in the building industry and the related supply chain.

Through the Homes for the South West influencing group (the largest developing housing associations in the region) we are working with other housing associations to continue making the case for further new housing at a local and regional level, including emphasising the vital role housing plays in national and regional economic infrastructure.

The Homes England partnership funding agreement has accelerated our growth plans by a further 1,000 new homes by 2024, increasing our ten-year plans from 15,000 to 16,000 homes. Our funding agreement with Homes England was finalised in February 2019 and 200 of the additional homes are already completed or on site.

Our investment in existing homes and communities

Our new strategy (see page 6) emphasises the importance of achieving homes and communities where people love to live.

We invested £59m in maintaining and improving existing homes during the year. This ensures that our homes remain great places to live, as well as protecting our investment for the future.

We also invested £2.2m in a wide range of community investment activities, working with partners to help ensure that across our cities, towns and villages we are focusing on the social fabric that makes communities successful.

Later in 2019 we will be developing a framework for further community investment in key neighbourhoods, linked to a clear assessment of needs, social and business outcomes and a detailed understanding of customer voices, aspirations and priorities.

Our new office in Tolvaddon, Cornwall, won the Michelmores' Project of the Year Award in recognition of its adaptable, contemporary and flexible office space

Financial performance and resilience

Our financial health is reflected in our operating surplus of £81m, an increase of £12m compared to 2018.

Overall operating margin increased to 28% (2018: 27%) and on our core landlord activities social housing lettings margin increased to 33% (2018: 31%). This has resulted from achieving many of our planned merger efficiencies ahead of target, reducing management costs and enabling further investment in new homes.

Our growth plans are underpinned by strong financial metrics of gearing at 40% (2018: 38%) and EBITDA-MRI at 267% (2018: 252%).

We agreed our new business plan during the year, including extensive stress testing against all scenarios, paying particular attention to the potential impacts of Brexit. The board is satisfied with the actions we have taken and do not consider Brexit to be a significant threat to achieving our strategy.

We have retained our Moody's A2 stable credit rating, underlining the financial resilience of LiveWest to economic and market change.

Exposure to a market downturn is mitigated through our intimate knowledge of local housing markets combined with a strong track record and a range of effective controls. Importantly, we only use sales income to invest in our affordable development programme rather than to support our core business.

Our new strategy

Later in this report we set out the detail of our ambitious new strategy that builds on the best of the organisations that created LiveWest and takes forward the business case for merger into a stretching programme of work that delivers transformed services and new homes across our region.

Part of this work in developing our strategy has been careful consideration of our risk appetite in all areas of work, and how we accept well-managed and well-mitigated risk to achieve our objectives.

Our people

Our staff team are fundamental to our work, which is why we have put them at the heart of our strategy.

We have worked hard to create an empathetic workplace where colleagues are equipped to embrace change. This has been key to our work on integration, creating one team, supporting staff through change and ensuring that satisfaction and engagement remain high.

In building a workplace in which people can thrive, feel rewarded and valued we brought everyone together at our LiveFest event in June 2019 to celebrate our common purpose and vision.

As part of concluding our integration, last year we carried out substantial work on developing a harmonised reward package for staff across LiveWest. We are now engaging staff on the implementation of this major investment in our people.

We have followed the opening of our new Exeter office in June 2018 with an award-winning Cornwall office in Tolvaddon in February 2019. Together with major investment in our Weston-super-Mare office this year, and further work on supporting mobile teams, these offices provide a great working environment for staff.

The success outlined in this report would not have been possible without the leadership of the board and Executive Management team and the hard work and commitment of our 1,300 staff. We would like to take this opportunity to recognise and thank them for their crucial contribution to such a successful year, LiveWest thrives because of their dedication.

Linda Nash, Chair
Paul Crawford, Chief Executive

We are trusted by our customers

A teenager who was on the verge of homelessness has turned her life around. Stacey, 18, was evicted from her home due to anti-social problems. She needed some advice on how to get back on track and felt lonely and anxious due to unfamiliar surroundings. She needed a stable place to live so she contacted our one of our North Devon Young People Services in Bideford.

Stacey has gained a job as a care worker with the National Autistic Society which has helped her gain a new lease of life.

Stacey said: “The results have been amazing. I was over the moon when I got a job, I am more motivated and confident. I felt lonely when I arrived because I had come from shared accommodation to my own flat. Had I not gone to LiveWest, there is little doubt that my mental health would have spiralled and I would probably be homeless. Now I look at my life from a positive perspective. The staff are committed and empathetic and gave me the drive and belief to better myself and they still support me now."

We provide safe places across the South West for young people without a home. They are taught life-skills to help them lead independent lives in the future.

Highlights for the year

Income and expenditure

Turnover

£ 233m
2019

£ 231m
2018

£ 220m
2017

Surplus generated from properties built for sale

£10m
2019

£10m
2018

£10m
2017

Operating surplus - social housing lettings surplus as a percentage of turnover

33%
2019

31%
2018

33%
2017

Operating surplus as a percentage of turnover

28%
2019

27%
2018

33%
2017

Operating surplus
£81m
2019

Investment and cash flow

£59m
Spent on maintaining and improving existing homes

£115m
Spent on building new homes

£55m
Net operating cash flow after interest

Homes

36,222
Managed homes

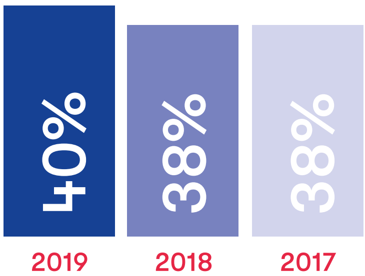
900
New homes for rent and shared ownership

147
Homes sold on the open market

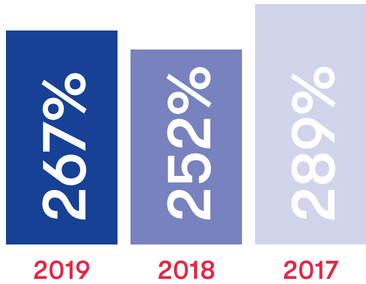
24
Working with 24 local authorities enable economies of scale and efficient customer services

Treasury

Gearing



EBITDA – MRI



A2
Moody's rating is one of the highest in our sector

People

80%
Overall staff satisfaction

406
Learning events undertaken by staff to develop their professional skills

94
Staff who have engaged in leadership development this year

1,337
Skilled and committed employees, living our values and making our strategy happen

Supporting people

434
People moved on from supported housing to live independently

395
Outcomes of helping customers get closer to finding employment

1,196
Volunteer hours donated by LiveWest staff

What our customers think

84%
Overall satisfaction with repairs and maintenance

90%
Overall customer satisfaction

95%
Satisfied with their last call to the customer service centre

01 Our three-year strategy

In May this year the board agreed our new LiveWest strategy. This followed a comprehensive process where the board considered:

- the priorities identified in our original business case for merger, together with the external and internal environment.
- our organisational values, creating the basis of our culture and behaviours.
- our purpose and vision, providing clarity on those activities that we focus on and those that we do not.
- our risk appetite together with our business plan.
- a framework of sub strategies, creating a firm foundation to deliver our strategy over the next three years.
- defined metrics to measure our success.

Our purpose is to enable access to a quality, affordable home for everyone

Our values are:

- customer focused
- challenge convention
- together we deliver

We summarise our vision as:

- trusted by our customers
- homes and communities that people love to live in
- proud to work here
- a growing business, fit for the future

Our strategic programme to deliver our purpose and vision includes:

- embedding values and behaviours as part of cultural change.
- agreement of detailed sub-strategies by March 2020 comprising:

– Customer services, including an enabling customer relationship which is based on mutual trust and respect, together with right-first-time services, achieving convenience for customers and a cost-effective approach for LiveWest.

– Asset management, including LiveWest standards in excess of Decent Homes, with a strong focus on safety and quality, together with investment in homes and estates to ensure they remain places that people love to live in.

– Supported housing, implementing our strategy agreed in March 2019, including growing our services for young people, older people and people with learning difficulties.

– Development, including the delivery of 16,000 homes over 10 years as a means of addressing the pressing demand for homes in our region, together with a focus on quality standards and design as part of building for the long term.

– Communities, including how we go beyond our landlord obligations in working with customers and business partners to support the development of successful neighbourhoods and communities, enabling them to be self-sustaining.

– Digital, including data management and infrastructure changes to provide a standardised platform widening our range of online services to improve customer choice.

– People, creating an environment where we are able to recruit, retain and develop our staff who are proud to work here and embed our values.

In developing sub-strategies, specific consideration will be given to the cross-cutting themes of our work on the environment and how to best achieve sustainability, together with mainstreaming equality, diversity and inclusion.

People who are proud to work for us

When Alex decided to leave the forces after serving in the Royal Marines for 12 years, he was understandably unsure what the future would bring.

Alex signed up with the Career Transition Partnership (CTP) – a government partnership project designed to offer departing military personnel a route into civilian employment.

The CTP seeks partner employers such as LiveWest to give members valuable work experience. Alex enrolled on our gas engineer work placement programme. After completing the scheme, we offered Alex permanent employment.

“LiveWest were the only ones I wanted to work for,” says Alex. “It’s great. I like the work, the hours and the team spirit. I feel privileged to be in this position. Lots of people I know would like to come and work for LiveWest.”

This partnership means we can help departing military personnel transition into new careers, and we can recruit people like Alex who are a huge asset to our customers and our workplace.

02 Customer services

We set out key elements of our work on customer services, putting people at the heart of everything we do.

Delivering our services

We deliver responsive and personalised customer services through a framework including:

- our customer service centre in Tolvaddon, Cornwall, responding to all telephone and social media enquiries from customers.
- mobile-working colleagues based across our region, working from our three main offices as well as multiple touchdown points that enable us to deliver services close to our customers.
- an increasing proportion of services delivered online through our web portal, with this set to further expand through development of our digital strategy.

Our InFocus scrutiny group

During the year we recruited to our new InFocus scrutiny group. The recruitment process for our 40 members has been informed by insight and demographics, ensuring that we have a wide range of membership reflecting our customer base.

We worked with involved customers from both our previous organisations to take the best of previous practices and combine these into a new approach.

We have blended real-time meetings with online interaction, informed by widespread consultation through traditional and social media. Through this we are road-testing our performance reporting and co-designing our new service offer with customers.

We have also worked with the InFocus group on our approach as early adopters of the Together with Tenants initiative led by the National Housing Federation, on which we also take an active role on the national steering group.

Customer Services committee

The Customer Services committee provides governance oversight of customer services. It reviews customer satisfaction and operational performance quarterly, providing detailed assurance to the board on quality of service and outcomes. The committee also reviews major policy areas and agrees our approach, taking into account customer consultation.

During the last year major areas of work have included our approach to housing allocations, fixed term tenancies, anti-social behaviour, customer scrutiny and in-depth reviews of key areas of satisfaction. Later this year we will be developing our new customer services strategy.

Reporting on customer services

As well as monthly reporting on customer satisfaction across all areas of services, we now also report on key indicators linked to our strategic themes including customer trust, perceptions of safety and net promoter score. This enables us to ensure that customer voices are highlighted in all parts of LiveWest.

We benchmark key indicators through the Institute of Customer Service, enabling us to compare results with leading customer service practitioners across sectors and apply subsequent learning as part of our continuous improvement approach.

Our strong performance on most areas of customer satisfaction measures gives us a firm foundation for further improvement. In two areas we are behind target; satisfaction with complaints handling and satisfaction with shared ownership services. Both of these areas are priorities for improvement during this year and we are working closely with customers to move forward on this.

We were early adopters of the Together with Tenants initiative led by the National Housing Federation

03 Business review

The operating surplus of £81m is an increase of £12m compared to 2018. Whilst both 2019 and 2018 have seen a number of non-recurring costs as well as absorbing the sector wide rent reduction, the underlying business performance has significantly improved resulting from value for money initiatives and merger efficiencies.

This is demonstrated in our operating margin and social housing letting margin which has improved as the planned benefits of merger efficiencies have started to be embedded across our organisation.

The business remains highly cash generative which supports the significant investment in our new homes. Operating cash flow after net interest payments has decreased slightly compared to last year resulting from the planned increase in properties for sale of £19m.

The following table summarises the key financial indicators for the past five years:

Key financial indicators

	2019	2018	2017	2016	2015
Operating margin	28%	27%	33%	28%	29%
Social housing lettings operating margin	33%	31%	33%	30%	33%
Operating cash flow after net interest payments	£65m	£70m	£64m	£54m	£52m
EBITDA - MRI	267%	252%	289%	264%	275%
Gearing	40%	38%	38%	36%	37%
Debt as a multiple of turnover	3.44	3.09	3.10	3.00	3.27
Net debt per dwelling owned	£22,518	£20,721	£20,213	£18,793	£18,882

Performance excludes gains on stock swaps in 2016 and 2015.

EBITDA – MRI is an indicator of how many times cash generated in the year covers interest payments which has increased as a result of a higher surplus and a benign interest rate environment. Performance is very strong with significant headroom to lenders' covenants and internal targets, which underpin our strong credit rating and financial strength.

These key metrics substantiate the benefits of last year's merger and position us well to continue to integrate our organisation, increase development and improve service offerings.

04 Financial and operational performance

Surplus

The following table summarises our results for the last five years:

	2019	2018	2017	2016	2015
	£m	£m	£m	£m	£m
Social housing lettings	175	171	168	166	151
Other turnover	58	60	52	39	36
Total turnover	**233**	**231**	**220**	**205**	**187**
Operating costs	(167)	(169)	(154)	(150)	(135)
Profit on asset disposals	14	7	7	20	17
Investment property	1	-	1	-	-
Operating surplus	**81**	**69**	**74**	**75**	**69**
Net interest payable	(24)	(26)	(23)	(28)	(21)
Other	(1)	2	1	(5)	(2)
Surplus before exceptional item	**56**	**45**	**52**	**42**	**46**
Exceptional item	-	-	-	-	37
Surplus before tax	**56**	**45**	**52**	**42**	**83**

Turnover

Total turnover was largely the same as the previous year at £233m (2018: £231m).

Social housing lettings income increased by 2% to £175m (2018: £171m) and continues to be our most significant income stream accounting for 75% of turnover (2018: 74%). The increase reflects the delivery of 900 new affordable homes which is offset by an annual rent reduction of 1% from April 2018.

Welfare reform reduced rents by 1% per annum from April 2016 and has resulted in customer savings of more than £10m to date.

Other turnover of £58m is largely represented by £29m of open market property sales and £22m of first tranche shared ownership sales. These are anticipated to increase in future years as our development ambitions are realised.

Operating costs

Total operating costs decreased to £167m (2018: £169m) largely as a result of merger efficiencies and the prior year having non-recurring costs and merger related expenditure.

Operating costs on social housing lettings marginally decreased to £118m (2018: £119m) which reflects efficiencies introduced following the merger being offset by higher maintenance costs. Merger efficiencies are ahead of target with further benefits expected to be realised in the coming year.

Maintenance spend on responsive, cyclical and major repairs increased to £59m (2018: £55m). The maintenance cost per unit of £1,701 (2018: £1,618) shows an increase in expenditure per unit compared to the previous year, reflecting the continuing investment in our homes.

Management costs decreased by £1m to £36m, reflecting merger efficiencies which have resulted in average cost per unit of £1,052 (2018: £1,083). We have aligned management and integrated processes during the year and have exceeded the efficiencies we had targeted.

Colleagues celebrating at LiveFest 2019

Operating surplus

Operating surplus increased to £81m from £69m in 2018 which results from a combination of efficiencies brought about by the merger in 2019 and non-recurring costs in 2018 of £7m. Additional non-recurring costs of £2m were incurred in 2019 as part of our integration plans.

Profit on properties built for sale totalled £10m (2018: £10m) which represents shared ownership and open market property sales.

Profit on asset sales has increased by £7m in the year as a result of the sale of former offices and the strategic sale of 90 homes outside of our operating area.

Operating surplus increased to

£81m

Interest

Interest payable, net of interest receivable, decreased to £24m from £26m in 2018. Higher borrowing in the year has resulted in £2m of additional interest which was mitigated by £4m of non-recurring costs in 2018. The average cost of borrowing in the year was 3.16% compared to 3.15% in 2018 with the organisation continuing to benefit from the low interest environment.

Surplus before tax

A successful start to merger integration cost efficiencies has resulted in surplus before tax increasing to £56m (2018: £45m).

Statement of financial position

The following table summarises the group statement of financial position for the last five years:

	2019	2018	2017	2016	2015
	£m	£m	£m	£m	£m
Housing properties	1,978	1,882	1,821	1,722	1,656
Properties for sale	69	50	31	16	14
Cash	18	23	58	79	22
Loans	(806)	(736)	(740)	(694)	(633)
Grant	(623)	(610)	(610)	(615)	(616)
Derivative liabilities	(105)	(95)	(114)	(116)	(113)
Pension liabilities	(48)	(26)	(29)	(32)	(27)
Other fixed assets	28	27	19	30	31
Other net liabilities	(24)	(53)	(35)	(33)	(19)
Net assets	**487**	**462**	**401**	**357**	**315**
Revenue reserves	461	436	399	356	311
Cash flow hedge reserve	(87)	(79)	(95)	(64)	(59)
Designated reserve	113	105	97	65	63
Total funds	**487**	**462**	**401**	**357**	**315**

Housing properties

We continue to have a substantial development programme, investing £115m in housing properties during the year which was largely funded from operational cash flows.

Properties for sale

As forecast, properties held for sale have increased by £19m in the year as a result of the increase in the development programme which is consistent with our strategic ambitions.

Cash flow

We continued to enjoy strong cash flow during the year delivering an operating inflow of £82m (2018: £93m). The reduction from 2018 reflects the planned increase of properties for sale of £19m at year end. Borrowings increased to £806m (2018: £736m) in order to fund the investment in our new homes.

Loans

Our loans are substantially long-term facilities of which 86% are repayable in more than five years' time. Of the loan portfolio of £806m, 83% is hedged against market movements. Further details are shown in the funding and treasury management section of this report.

Pension liabilities

The pension liability has increased by £22m in the year as a result of the change in accounting treatment of the Social Housing Pension Scheme.

Reserves

Total reserves increased by £25m in the year as a result of the surplus for the year of £56m being reduced by pension scheme and cash flow hedge reserve movements of £22m and £8m respectively.

Homes and communities that people love to live in

We have helped Bristol-based artist Michele to complete the Seven Saints of St Paul's murals project in time for the city's carnival in July.

The outdoor exhibition features seven individuals of the Windrush generation who made significant political and social strides for change. The Seven Saints project recognises these historical giants whose legacies will live on. The painting of Carmen Beckford MBE is being immortalised on the side of one of our homes in St Paul's.

At LiveWest we are not just a housing provider, we invest in communities, celebrate diversity and build trust with our customers. Michele finished her mural thanks to a grant from us.

Michele said: "Painting the third mural would not have been possible without the help of LiveWest. It's been great to work with a housing association which invests heavily in the area in helping to improve neighbourhoods and bring communities together."

05 Value for money and benchmarking

The Value for Money Standard introduced in 2018 by the Regulator of Social Housing and the associated sector scorecard has become a significant part of our approach to value for money (VFM) benchmarking.

As a primary factor in our merger strategy, VFM and cost control have been at the forefront of integration activity during the year which has resulted in savings being ahead of target whilst improving overall customer satisfaction.

As a result of this performance, our board has agreed to increase the merger efficiency targets previously approved from £12m by 2020/21 to £17m by 2022/23, while aiming for top quartile performance across all key indicators.

Once achieved, these additional savings will provide a more resilient financial platform and further borrowing headroom that will allow us to take advantage of opportunities to expand the number of new homes built over the current business plan of at least 7,000 homes in the next five years.

In order to achieve these ambitious efficiency targets, VFM is incorporated into our operational and strategic activities, culture, decision making and reporting which ensures that we have a transparent assessment of the performance of all assets. Target efficiencies and operational metrics are approved as part of the annual budget and is monitored monthly by the Executive Management team and our board.

Performance against the sector scorecard is also reported quarterly with additional benchmarking with our Moody's peer group annually.

Our approach to managing and delivering VFM across LiveWest considers the full sector scorecard indicators, together with other measures that we use to manage our business.

In order to benchmark business activities, we compare ourselves against a selection of Moody's rated housing associations and against a broader group of English housing associations by using HouseMark data. This enables us to measure those areas where we are performing well and to focus on those where we need to improve.

The Moody's benchmark group comprises current A2 or higher rated associations with the benchmark group comprising the following associations:

- Alliance Homes
- Bromford Housing Group Limited
- Flagship Housing Group Limited
- Guinness Partnership Limited
- Hanover Housing Association
- Midland Heart Limited
- Moat Homes Limited
- Optivo
- Orbit Group Limited
- Riverside Group Limited
- Sanctuary Housing Association
- Southern Housing Group Limited
- Sovereign Housing Association Limited
- Stonewater Limited
- WM Housing Group Limited.

We also compare ourselves with others by using HouseMark data, where available, and:

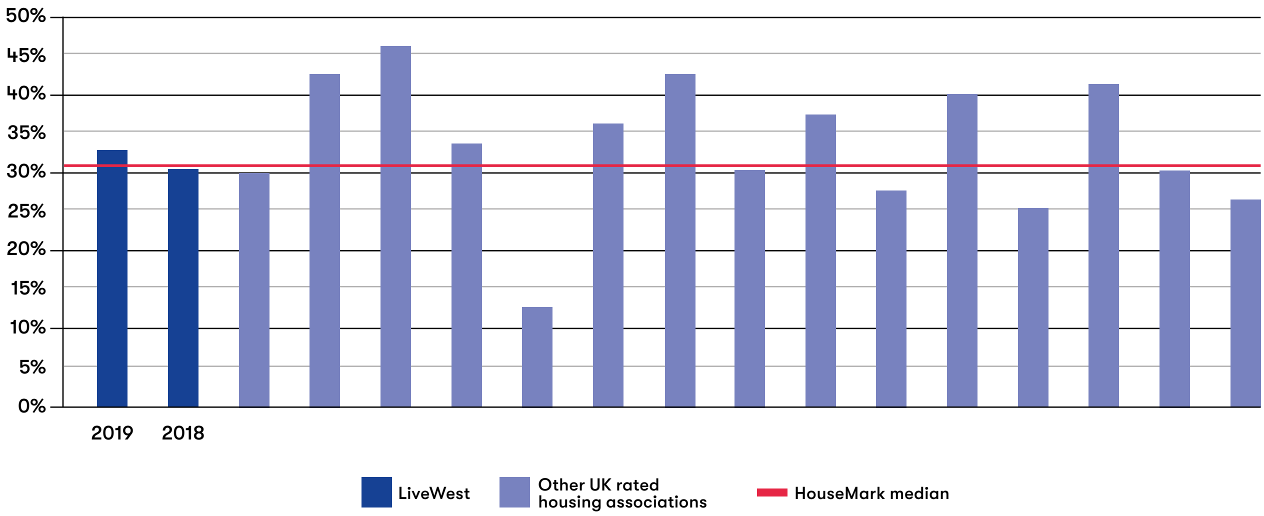
- compare our current performance to the previous year's results.
- set targets as part of our approach towards continuous improvement.

Our principal focus of VFM activities is:

- generating additional financial capacity to maximise the provision of new affordable housing through delivery of efficiency savings.
- ensuring that operational indicators and specific customer satisfaction targets for LiveWest are met and where possible exceeded.

Business health

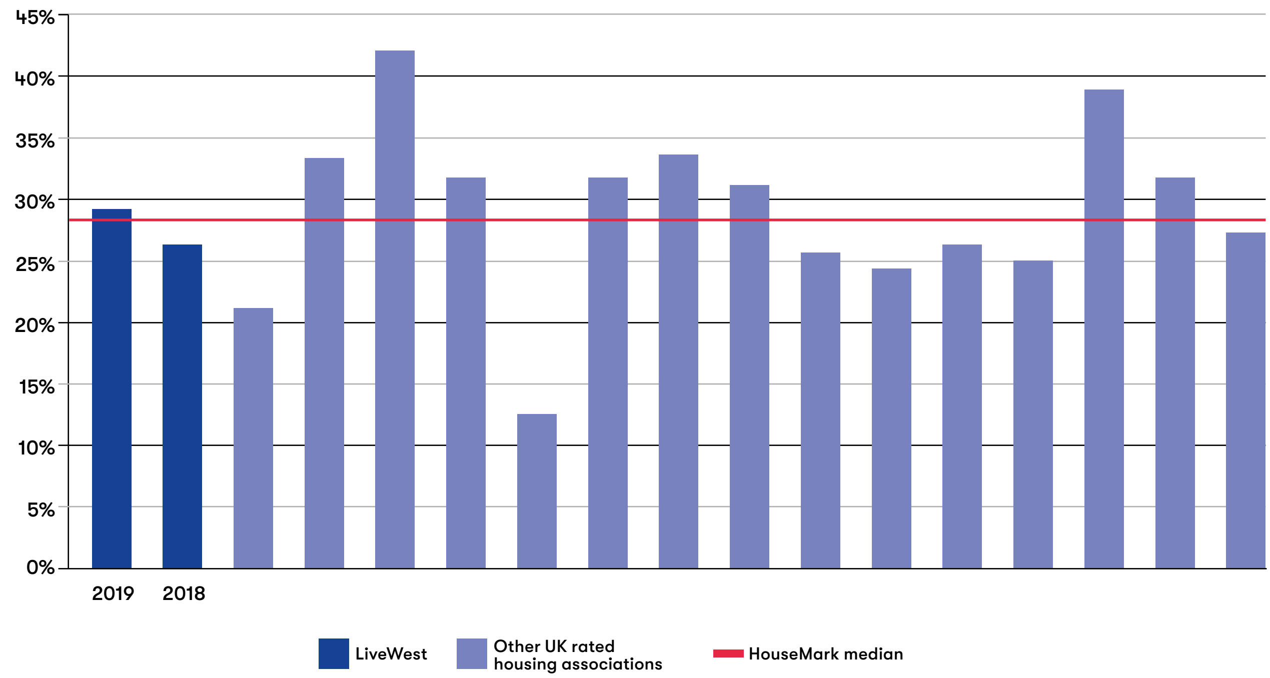
Operating margin – social housing lettings



Social housing lettings' operating margin (RSH metric) is the key driver for overall financial performance and enables us to focus on the level of operating costs that we incur to deliver our surplus. Operating margin has improved to 32.7% from 30.6% in 2017/18 and is above the HouseMark median of 31% demonstrating a continued focus on cost control across the organisation. As further efficiency savings are embedded we anticipate our margin to increase in the future.

Our Torbay Foyer provides an essential service for young people in the bay area

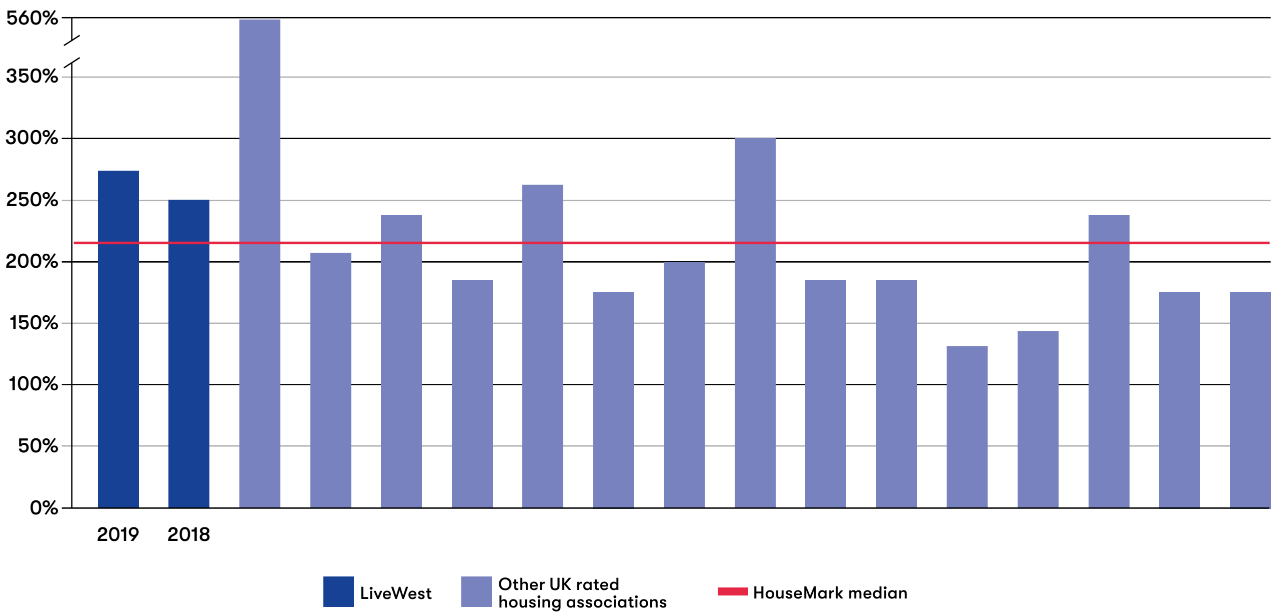
Operating margin – overall



Operating margin (RSH metric) of 28.4% has improved from 26.7% in 2017/18 and is above the HouseMark median of 27.9%. The margin is significantly influenced by social housing lettings, which is the largest part of the organisation where the operating margin improved to 32.7% from 30.6% in 2017/18.

As lower margin open market sales become a bigger proportion of our business, it will result in the overall operating margin reducing and therefore social housing letting margin provides a consistent indicator for efficiency.

EBITDA – MRI interest cover

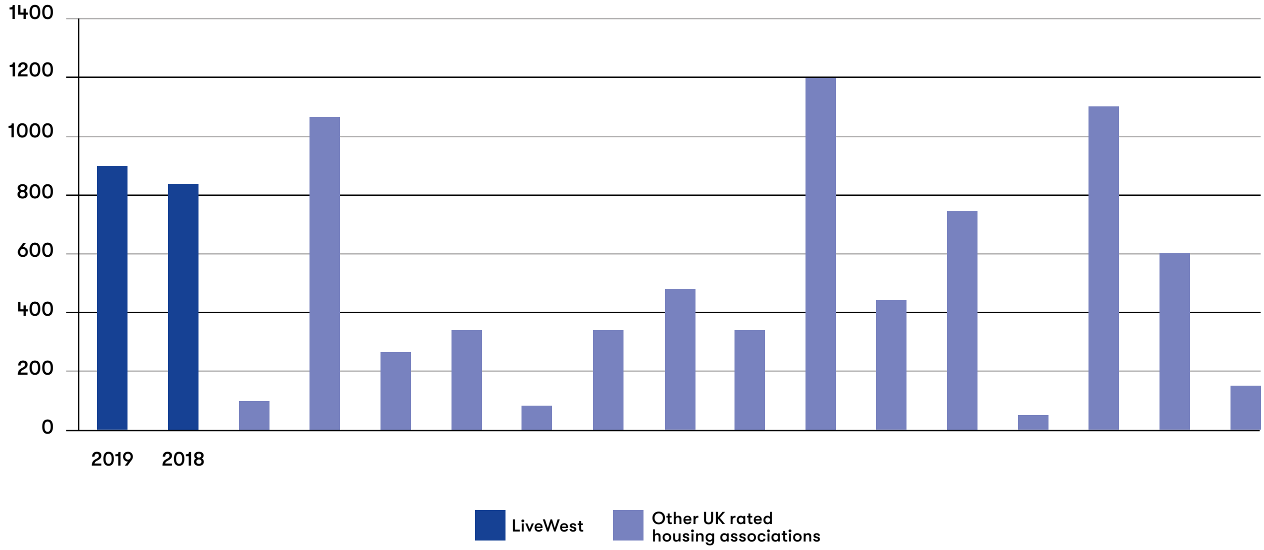


The EBITDA – MRI (RSH metric) indicator is a good approximation for the amount of cash generation in the year and covers 267% of the cash interest payments made during the year which is an improvement against 252% in 2017/18 and above the HouseMark median of 214%.

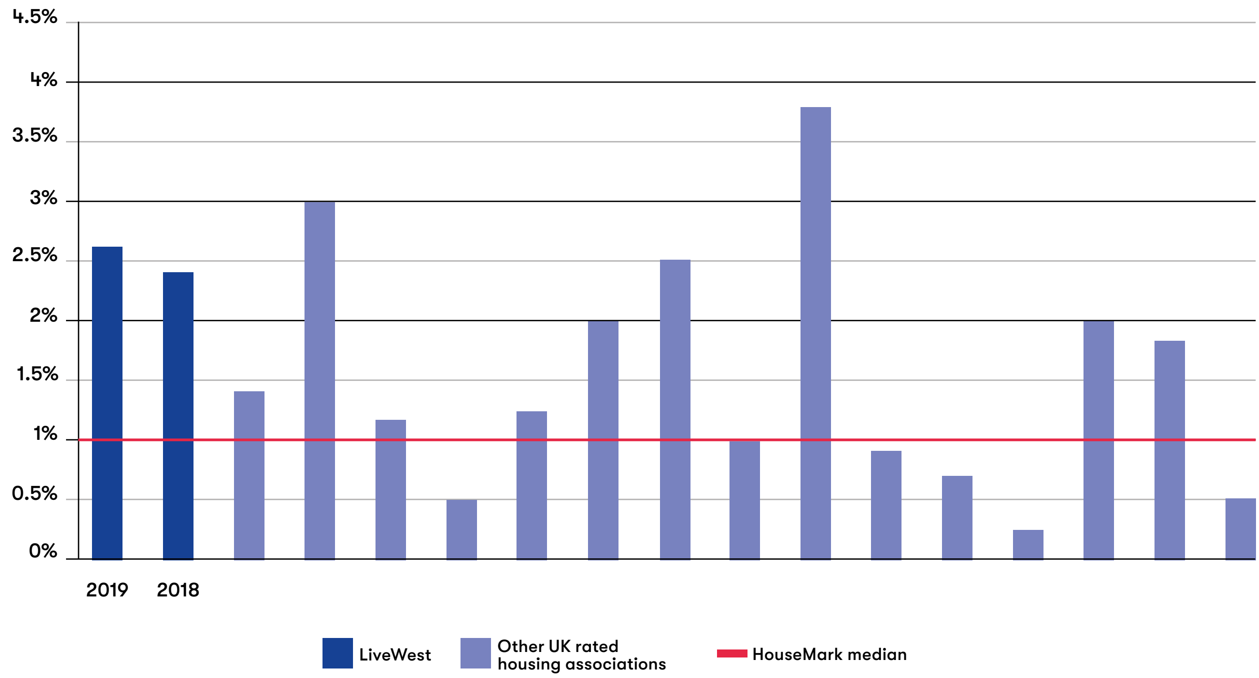
The business also closely monitors and forecasts loan interest cover which was 345% in 2018/19 which provides significant headroom to lender requirements of 110% and our internal target of 160%.

Development

Units developed (absolute) – social housing



New supply delivered – social housing

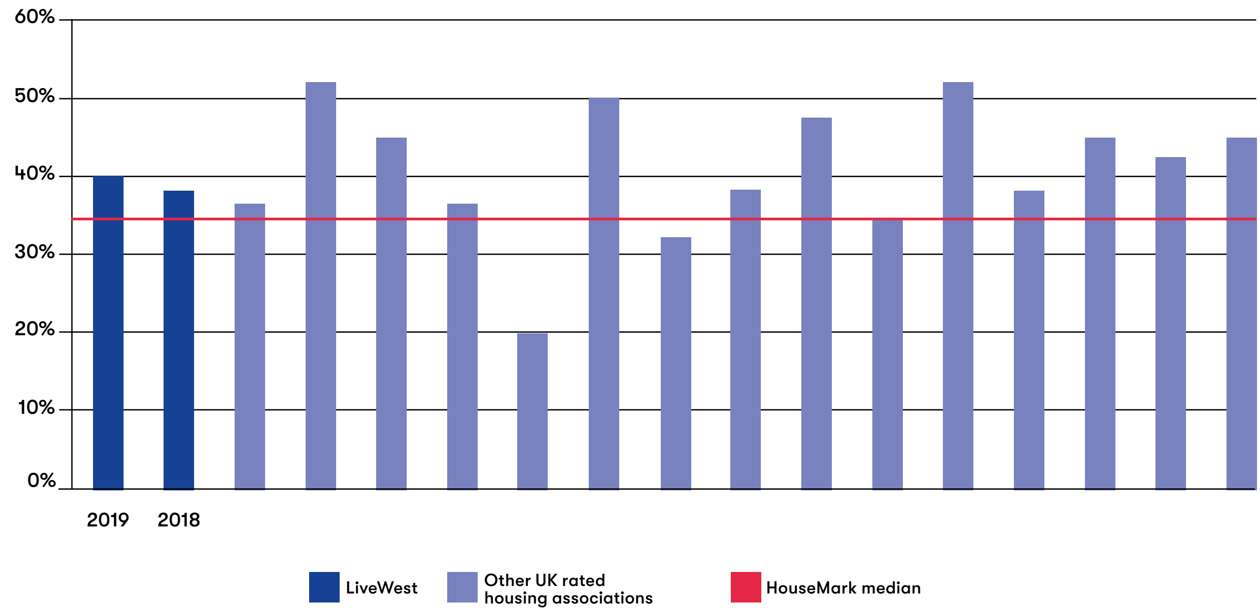


We successfully delivered the first year of our merger aspirations by developing 900 new social housing units compared to 812 in 2017/18. New supply (RSH metric) as expressed as a percentage of total stock increased to 2.6% compared to 2.4% in 2017/18, which out-performed the majority of our Moody's credit rated peer group. Significant resource has also been committed to deliver the development pipeline in 2019/20 and beyond.

We developed 115 non-social units during the year, compared to 145 in 2017/18 and the vast majority of these were market sale units.

We have budgeted to increase development with 1,218 social and 187 non-social homes in 2019/20.

Gearing



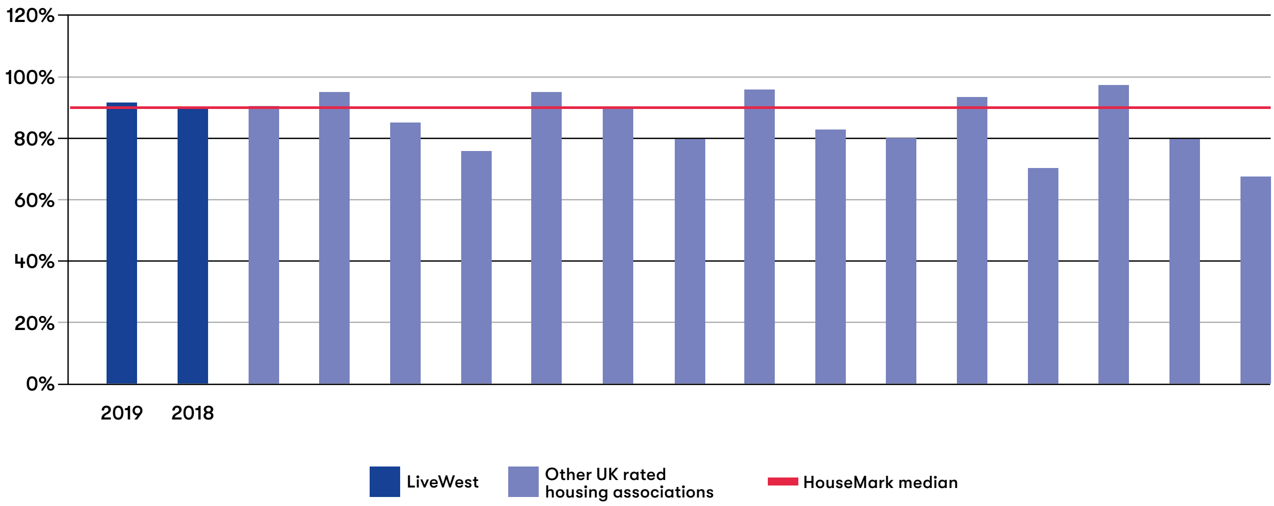
Gearing (RSH metric), as calculated by the sector scorecard, has increased to 40% from 38% in 2017/18 which reflect increased borrowing to fund our development programme. Whilst slightly above the HouseMark median, gearing is comparable with the median of the Moody's benchmark and provides headroom to fund our future development.

The gearing calculation for loan covenants is 35% compared to 33% in 2017/18, which is consistent with our internal business plan targets and provides significant financial capacity to underpin our future growth programme.

We anticipate that our gearing will increase in future years as we borrow more to fund our development aspirations.

Outcomes delivered

Customer satisfaction



Our customer satisfaction outcome of 90% has improved from 89% in 2017/18, which we particularly pleased with given the merger and subsequent changes that have taken place during the year.

This is above the HouseMark median, places us in the top quartile of our Moody's benchmark group and is an area of continual focus by management to improve our customers' experience.

As one of the main drivers to overall satisfaction, we also monitor the performance of our repairs and maintenance service which has improved considerably to 84% from 80% in 2017/18 and was higher than our target of 83%.

In 2019/20 our aim is to improve or maintain performance across all of our customer satisfaction standards.

Investment in communities

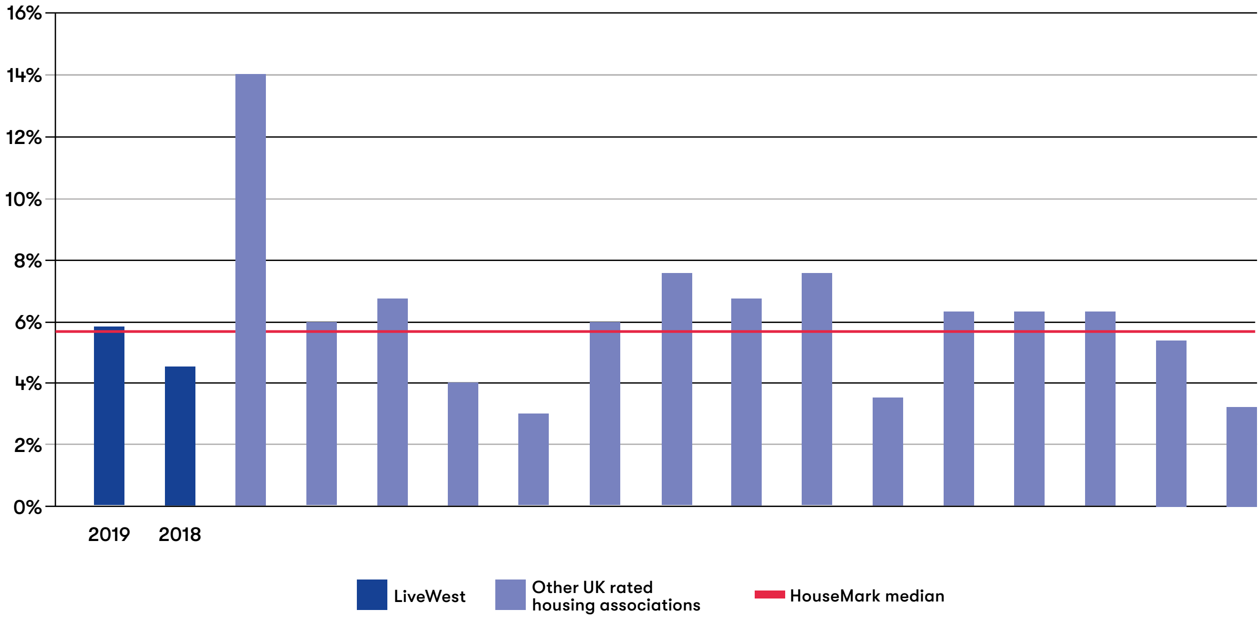
We invested £2.2m in communities during the year which is similar to 2017/18. HouseMark and the majority of the Moody's peer group have not reported data for this measure, but where information is provided, our investment is the second highest from seven reported.

Other customer outcomes

We also monitor the following customer satisfaction metrics where we aim to achieve top quartile performance:
- complaints handling
- quality of neighbourhoods
- quality of homes
- response to customer views
- calls into our customer service centre.

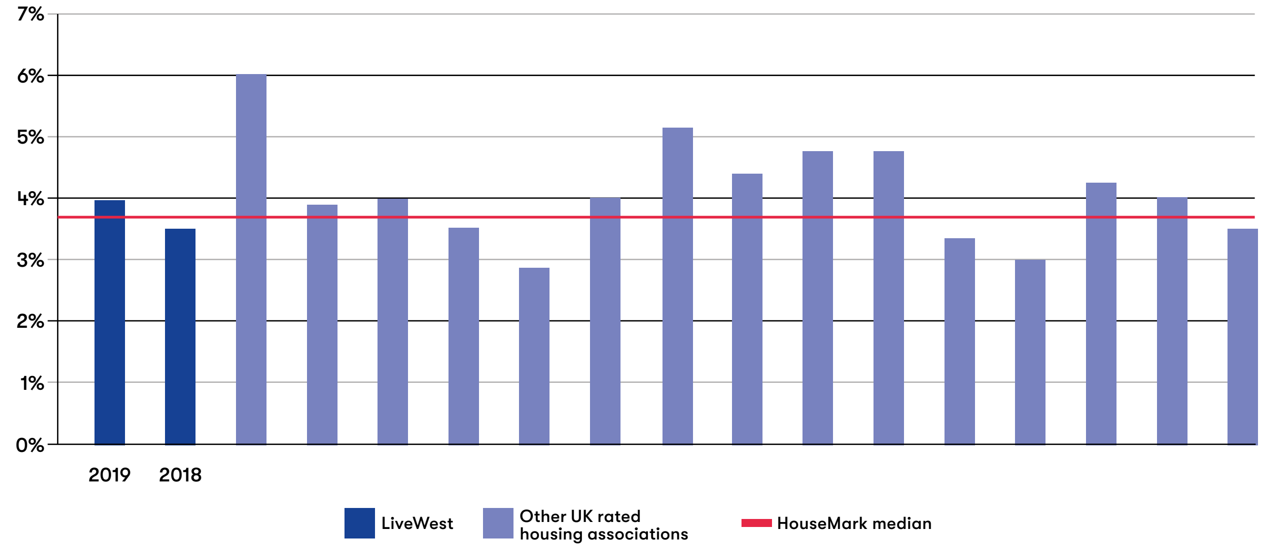
Effective asset management

Reinvestment



Reinvestment (RSH metric) is the amount of new homes expenditure compared to the total value of housing properties which increased significantly in the year reflecting the number of new units developed. It is higher than the HouseMark median and comparable to the Moody's benchmark peers.

ROCE



Return on Capital Employed (ROCE) (RSH metric) measures the financial return on our assets and has increased to 3.9% from 3.6% in 2017/18, higher than the HouseMark median and comparable with the Moody's peer group. As we increase our development spend over time, we would expect ROCE to deteriorate as the return on new homes is lower than that of our existing stock.

Occupancy

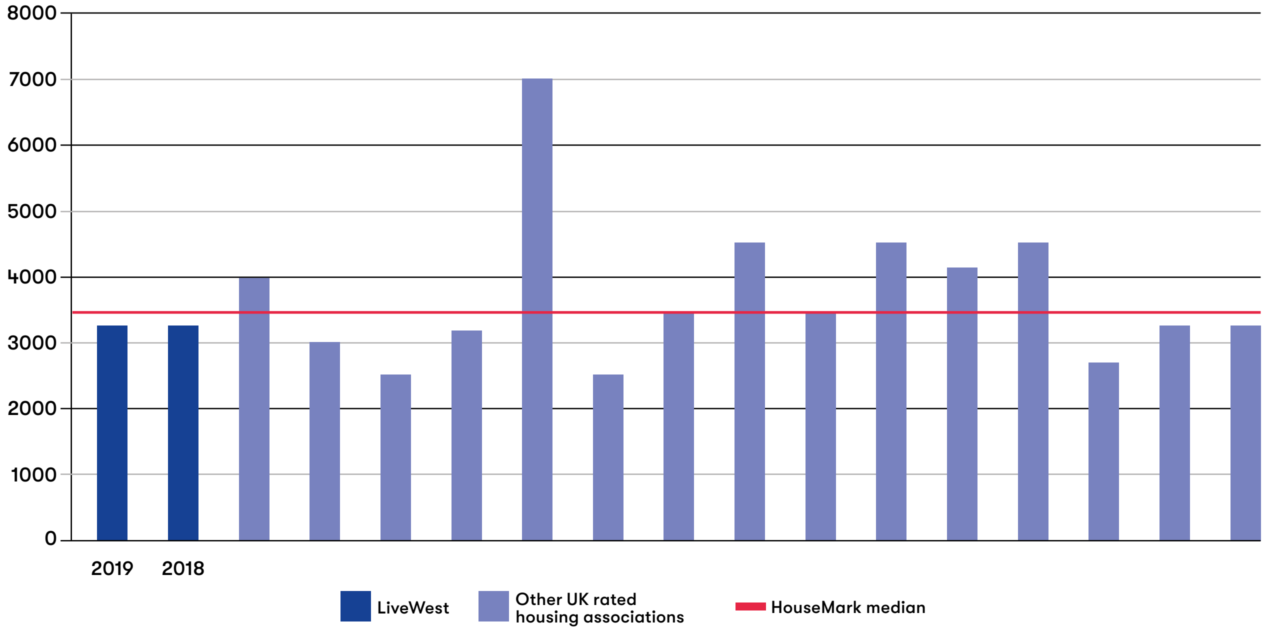
Our occupancy performance shows that 99.4% of our general needs properties were occupied at year-end, which is comparable to the HouseMark median and higher than the Moody's peer group of 98.8%.

Maintenance

The expenditure ratio of responsive to planned maintenance in 2018/19 was 67% compared to 71% in 2017/18 and a HouseMark median of 61%. This ratio can fluctuate between years depending on the replacement programme of major components which is driven by surveys on our properties.

Operating efficiencies

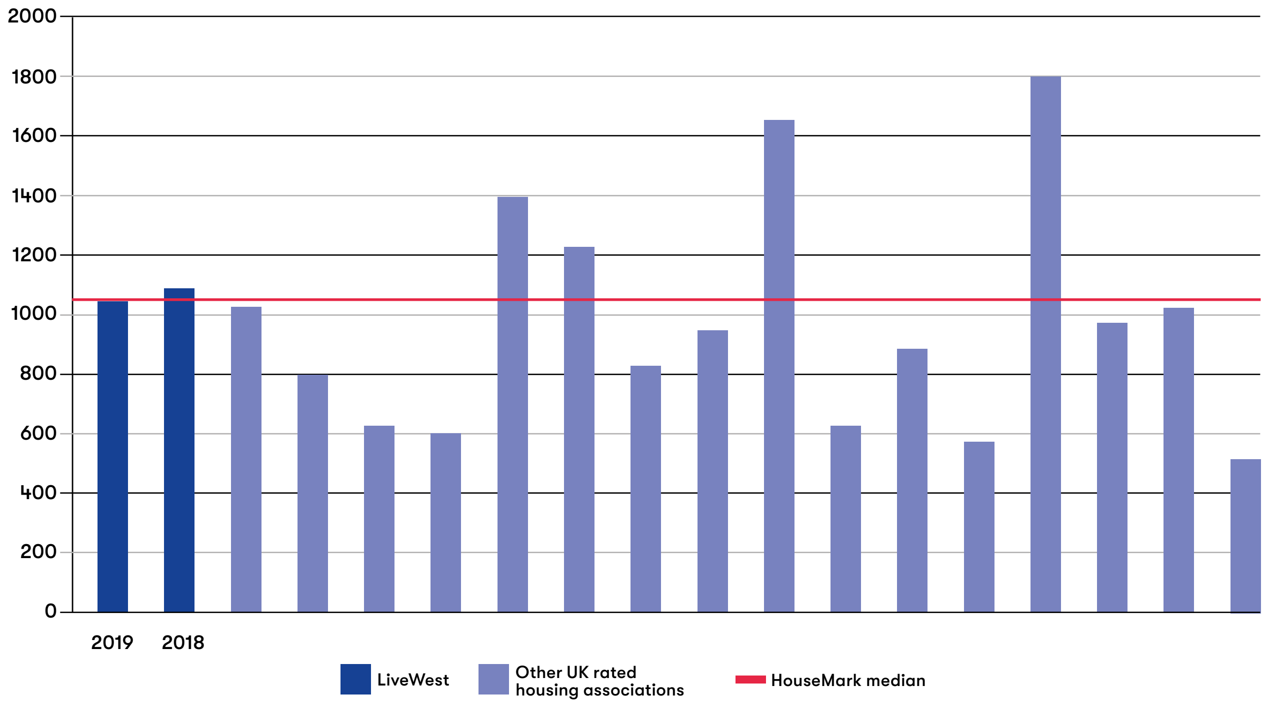
Headline social housing CPU



The headline social housing cost per unit (RSH metric) of £3,292 has increased by £68 from £3,224 in 2017/18 largely as a result of higher maintenance expenditure but continues to be below the HouseMark median.

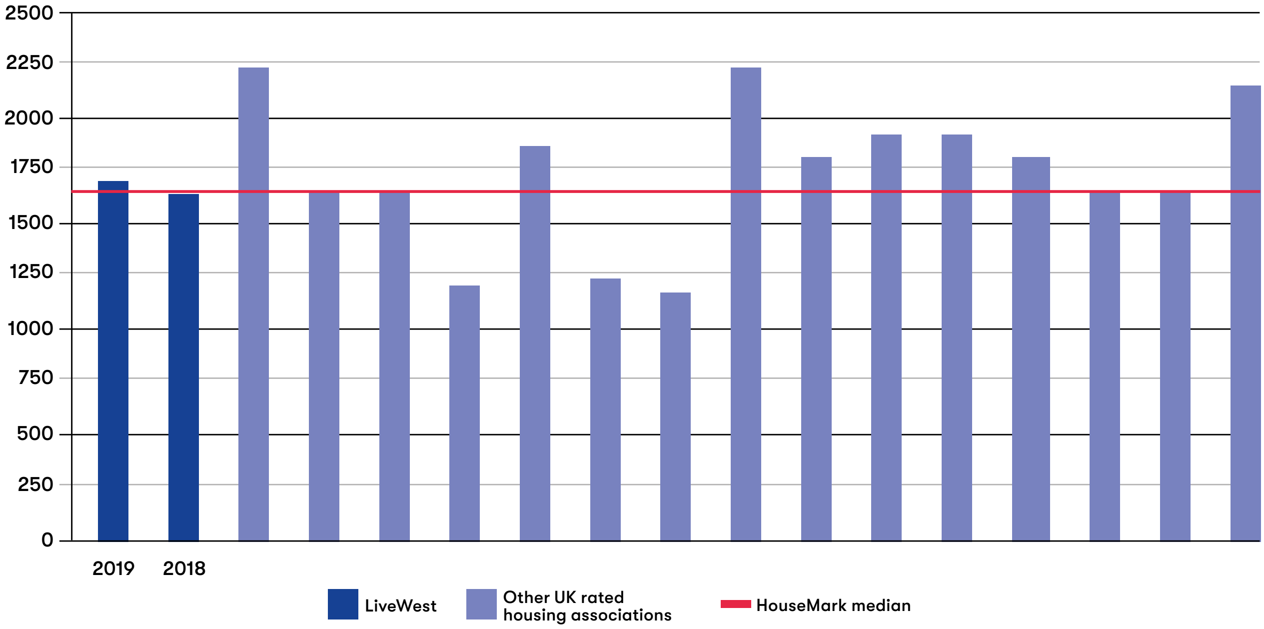
The key constituent elements of the headline cost per unit are:

Management CPU – social housing



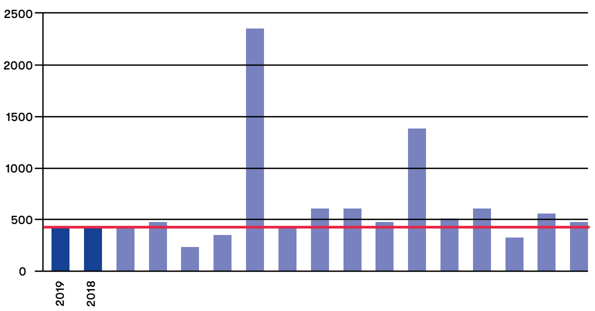
Management cost per unit of £1,052 is lower than £1,083 in 2017/18 and comparable to the HouseMark median. Whilst currently above the Moody's peer group, there are efficiency savings planned from the merger to further reduce costs in the coming year with a target of £988 in 2019/20.

Total maintenance CPU – social housing

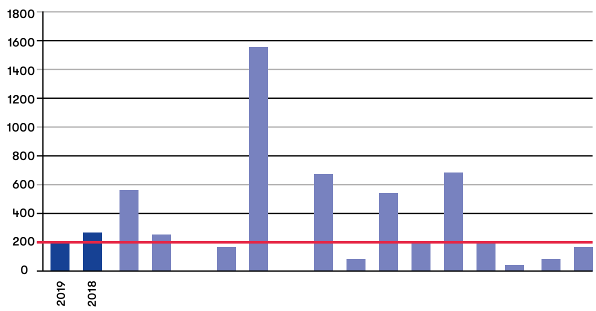


Maintenance cost per unit of £1,701 increased from £1,618 in 2017/18 and reflects the significant investment made in our homes during the year and whilst higher than the HouseMark median of £1,627, it is comparable to the majority of the Moody's peer group. During 2019/20, we will develop our asset management strategy which will ensure our housing portfolio continues to be effectively managed and maintained to high standards.

Service charge CPU - social housing



Other CPU – social housing



Service cost per unit increased to £326 from £306 in 2017/18 but was slightly lower than the HouseMark median of £332. We regularly engage with our customers to provide the services they value which are competitively tendered and procured.

The balance of other costs in the headline cost per unit are relatively constant year on year and are largely comparable to the HouseMark median and Moody's benchmark group.

Other performance indicators

The other indicators in this category of operating efficiencies measure the percentage of rent collected (general needs) properties for the year end and overheads as a percentage of turnover, with 2018/19 performance being 100% (2018: 99%) and 9.2% (2018: 11.4%) respectively which are both improvements on 2017/18.

Additionally, we monitor rent arrears as part of operational management where performance has improved to 1.8% at year-end against a target and 2017/18 outcome of 1.9%.

Building homes and communities that people love to live in

The thought of leaving the village she had grown to love was something Naomi and her family did not wish to consider.

Having lived in the village for the past 11 years, Naomi refused to give up hope of finding her own home, even though house prices in the area were out of their reach.

She kept in touch with us to relocate her family to a new development being built in the village as part of the Homes for Cornwall partnership. LiveWest offered Naomi a brand new house to rent and, naturally, she jumped at the chance.

Naomi said: “I did not want to leave St Breward so I made sure I registered my interest in one of the new LiveWest homes. It means the children could stay living close to their friends and school and my husband could remain living in the village he had grown up in.”

At LiveWest we do not just find customers a home, we also support the development of successful neighbourhoods and communities.

06 Property development and sales

During the last 12 months we were successful in securing funding through the first wave of the Homes England Strategic Partnership. This has enabled us to increase our business plan target from 15,000 to 16,000 homes over the next 10 years offering choice and flexibility across all tenures.

In the year ended 31 March 2019, we completed 900 new affordable homes for rent and sale, compared to 812 in 2018.

In July 2018, in partnership with Sovereign, we were selected by Homes England to be one of the leading organisations responsible for delivering a programme of new homes. The additional funding of £46m will enable us to deliver 935 additional affordable new homes.

Our focus on delivering shared ownership and open market sale homes remains strong, generating a revenue stream to support our investment in affordable homes. During the year we sold 252 new homes for shared ownership and 147 homes on the open market. This generated a combined operating surplus of £10m.

Our development pipeline is in an incredibly strong position with 50% of the affordable homes planned to be developed over the next three years already in contract.

Along with robust profitability hurdles for new sales schemes which limit our exposure to impairment in a market downturn, our business plan includes a key assumption that sales will not exceed 30% of total turnover.

We are part of two development consortia across our operating area, Partnership South West (PSW) and Key West. We are contracted with Homes England (HE) to develop 504 homes under the 2016-21 Shared Ownership Affordable Homes Programme (SOAHP), securing a grant of £12m. This programme will run alongside our existing commitment with HE to complete the 2015-18 programme. We also have funding from Cornwall Council to develop 150 homes by March 2019.

We completed

1,047

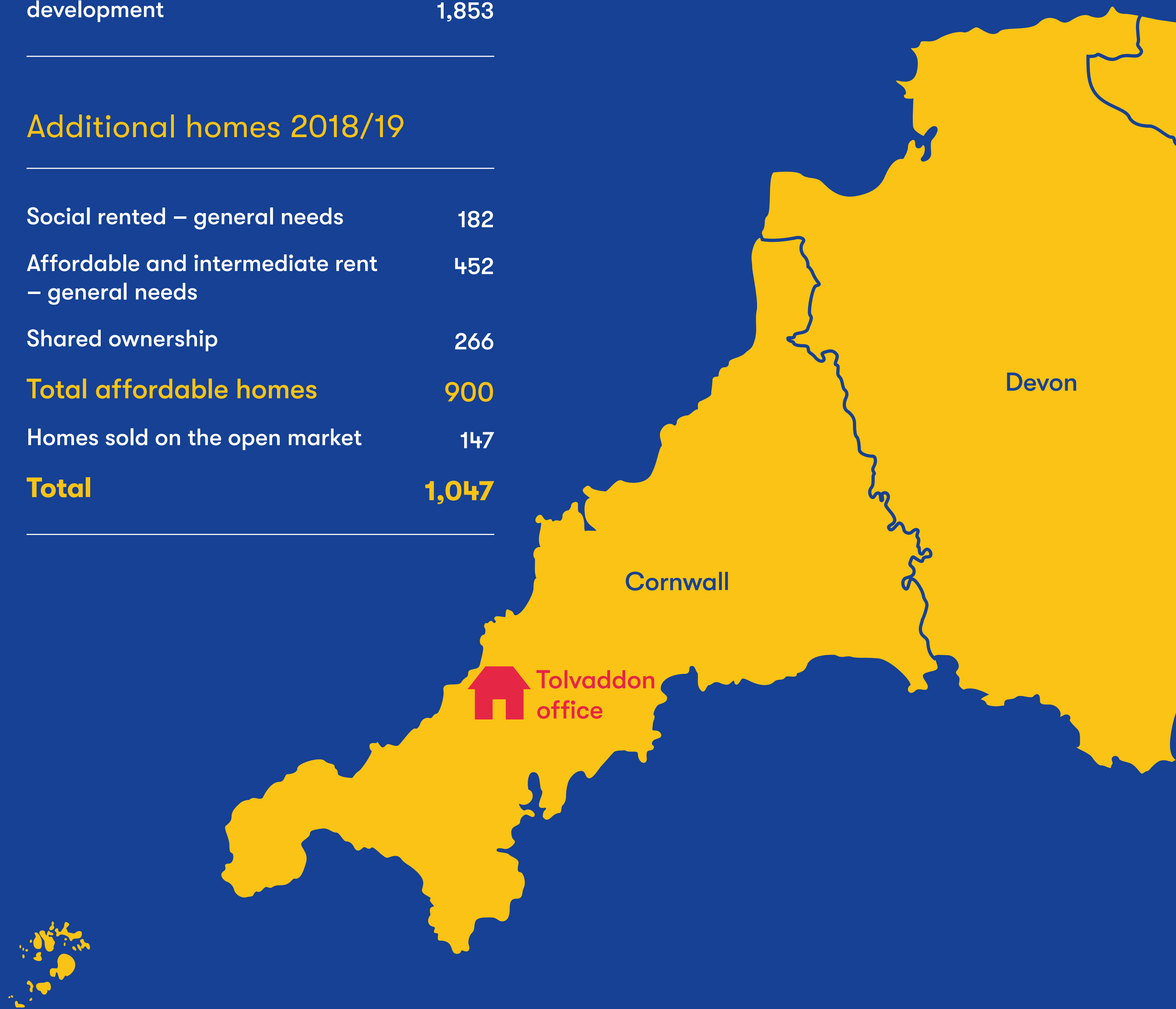
new homes for rent and sale

LiveWest housing stock 2018/19

Homes owned and managed	36,222
Homes managed by others	1,107
Affordable housing under development	1,853

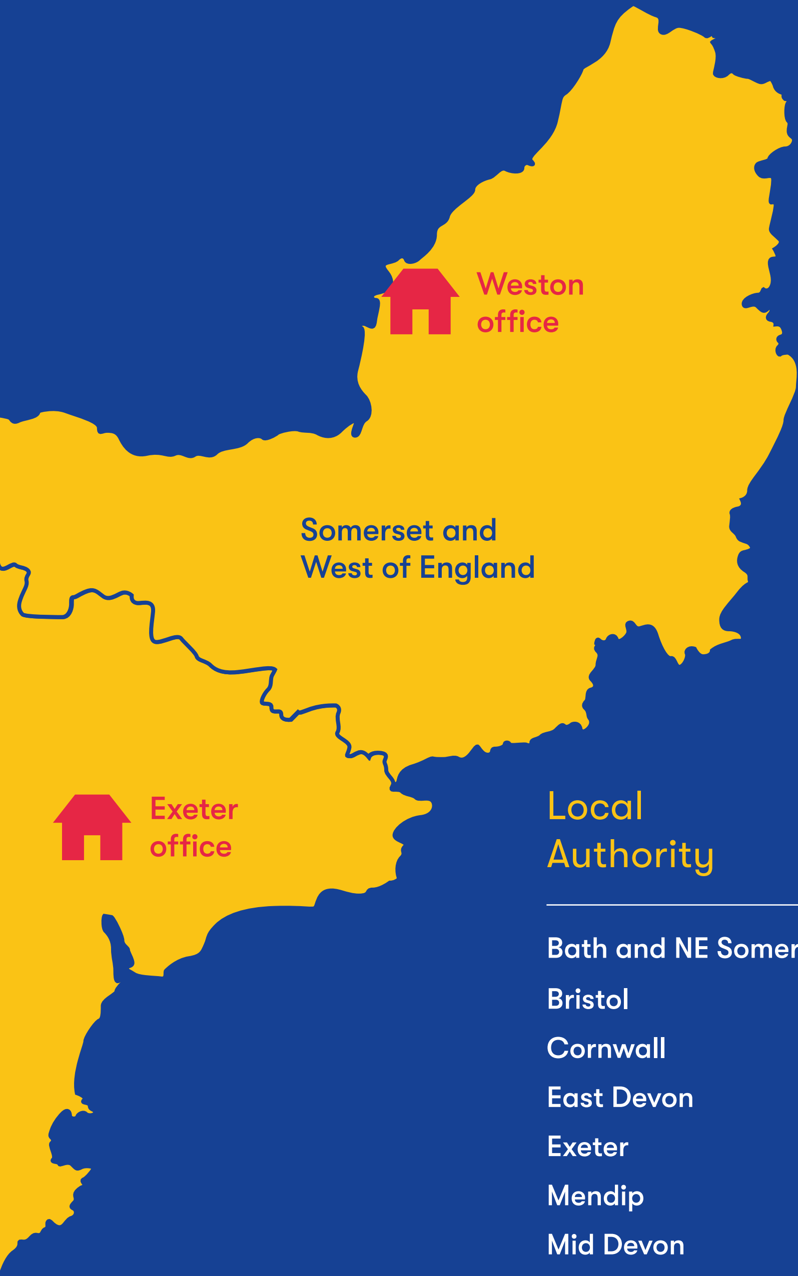
Additional homes 2018/19

Social rented – general needs	182
Affordable and intermediate rent – general needs	452
Shared ownership	266
Total affordable homes	900
Homes sold on the open market	147
Total	**1,047**



LiveWest housing stock

2017	34,473
2018	35,439
2019	**36,222**



Local Authority	Affordable Housing Completions 2018/2019	Affordable housing under development at 31/03/2019	Homes owned and managed
Bath and NE Somerset	26	25	958
Bristol	1	40	2,516
Cornwall	167	291	9,716
East Devon	142	328	1,581
Exeter	14	94	999
Mendip	6	24	1,054
Mid Devon	34	95	323
North Devon	66	131	928
North Somerset	33	-	1,615
Plymouth	81	125	3,070
Sedgemoor	33	37	1,087
South Gloucestershire	1	236	1,356
South Hams	70	106	3,797
South Somerset	38	110	789
Taunton Deane	108	60	1,623
Teignbridge	27	30	808
Torbay	5	-	568
Torridge	19	25	777
West Devon	10	39	1,883
West Somerset	-	18	209
Other	19	39	565
Total	**900**	**1,853**	**36,222**

07 Funding and treasury management

As at 31 March 2019, we had drawn debt of £806m (2018: £736m), and undrawn facilities of £296m (2018: £212m). During the year we sold £50m of notional bonds retained from our 2013 issue, raising £70m. We also arranged £130m of revolving credit facilities.

The treasury function operates within a framework of clearly defined policies and strategies that are monitored by the Treasury committee and the board quarterly and reviewed annually.

The group was compliant with its covenants to lenders in the year to 31 March 2019.

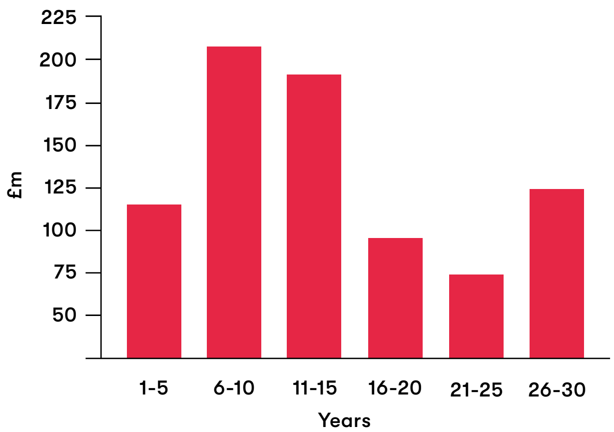
Liquidity

In addition to the undrawn facilities of £296m, at the year-end we had £18m available in cash. This provides us with sufficient liquidity to cover 34 months of planned expenditure, which is significantly higher than the 24 months required by our treasury policy.

Refinancing

We have limited short to medium term refinancing risk with less than 15% of drawn loans repayable within the next five years.

Debt repayment profile



Security

All but £40m of our facilities are fully secured and available for drawing. As at 31 March 2019, 12,655 properties (2018: 13,130), with a security value in excess of £1bn, were uncharged and available to secure future borrowings.

Interest rates

The board sets targets of fixed, variable and index linked debt in order to manage our exposure to changes in interest rates. This is monitored against market conditions throughout the year by the Treasury committee and the Executive Management team.

As at 31 March 2019, £562m of our borrowings were variable rate loans of which £386m has been hedged with free-standing and £35m with embedded fixed interest rate swaps. Overall, 80% of our debt is at fixed rates.

We also have an indirect exposure to bond rates through our pension scheme commitments.

Interest rate basis

Fixed <5 years	18%
Fixed >5 years	62%
Index linked	3%
Variable	17%

Credit risk

Our treasury management policy sets the minimum credit rating requirements for all approved forms of deposit along with limits on credit exposure to any one counterparty. All counterparties are approved by our Treasury committee. The policy also covers counterparty credit risk on free standing derivatives.

Market prices

We have no direct exposure to equity securities price risk but do have an indirect exposure in respect of obligations under the Social Housing Pensions Scheme and Devon County Council Pension Fund.

Margin call

We have free standing derivatives which can give rise to margin calls. This risk is managed by charging additional properties as security. Our approach in this area is cautious and sufficient properties are secured to cover margin calls in the event of a fall in long-term interest rates of 0.5%.

Being trusted by our customers is one of our key strategic priorities

08 Managing our risks

Risk management strategy and process

During the year, the board has agreed a risk appetite articulating the level of risk tolerated in setting out and delivering our strategy.

Our agreed risk management strategy aims to provide a high level of transparency to risk consideration and ensures the accountability and ownership of risk management is successfully embedded throughout our organisation's governance framework.

One of the key aspects of the framework is that the board has delegated to the Audit and Risk committee (ARC) the responsibility for measuring and monitoring risk, and receives a summary of high risks from ARC at each meeting.

Individual committees within our governance framework have designated specific risks which they are responsible for reviewing and assessing.

Each committee is also responsible for discussing and reviewing emerging risks at each meeting and subsequently reporting to ARC any changes to the risks, scoring or narrative.

In addition, the committees and board considered several emerging risks, including the impact of Brexit on sales, impairment and contractor exposure which are embedded within individual risks. We have stress tested a number of these scenarios and have concluded that Brexit is unlikely to have a significant impact on our business.

In this section we detail the main risks, controls and mitigating actions to which we are exposed and the movement in risk profile compared to last year.

Additionally, our risk map also includes risks related to:

- the continued roll-out of Universal Credit (welfare reform)
- business continuity
- social purpose and listening to our customers
- regulatory and legislative compliance
- data protection and information security.

Our accountability and ownership of risk management is successfully embedded throughout our organisation's governance framework

Property maintenance and customer service	Risk profile
We invest in our properties and the services we deliver to our customers and recognise the importance of responding to our customers' feedback.	^

Mitigation/actions	We have a programme of investment in our homes and a dedicated in-house maintenance team to quickly and efficiently fix problems in our homes. We have integrated our housing management activities and monitor performance against a set of key indicators. Critical controls in place include: • monthly Executive Management team and board review of performance against key indicators • analysis of customer satisfaction results and reasons for complaints • review of property information to decide on investment levels. Critical actions in the next 12 months include the agreement of a set of strategies including customer services and asset management.

Through our growth ambitions and success we will deliver 16,000 new homes over the next 10 years

Housing market and development	Risk profile
We have ambitious five-year plans for both increasing the number of affordable homes and the surpluses generated from open market and shared ownership sales. Furthermore we have entered into a strategic partnership with Homes England and Sovereign to build an additional 1,000 homes by March 2024.	^

Mitigation/actions

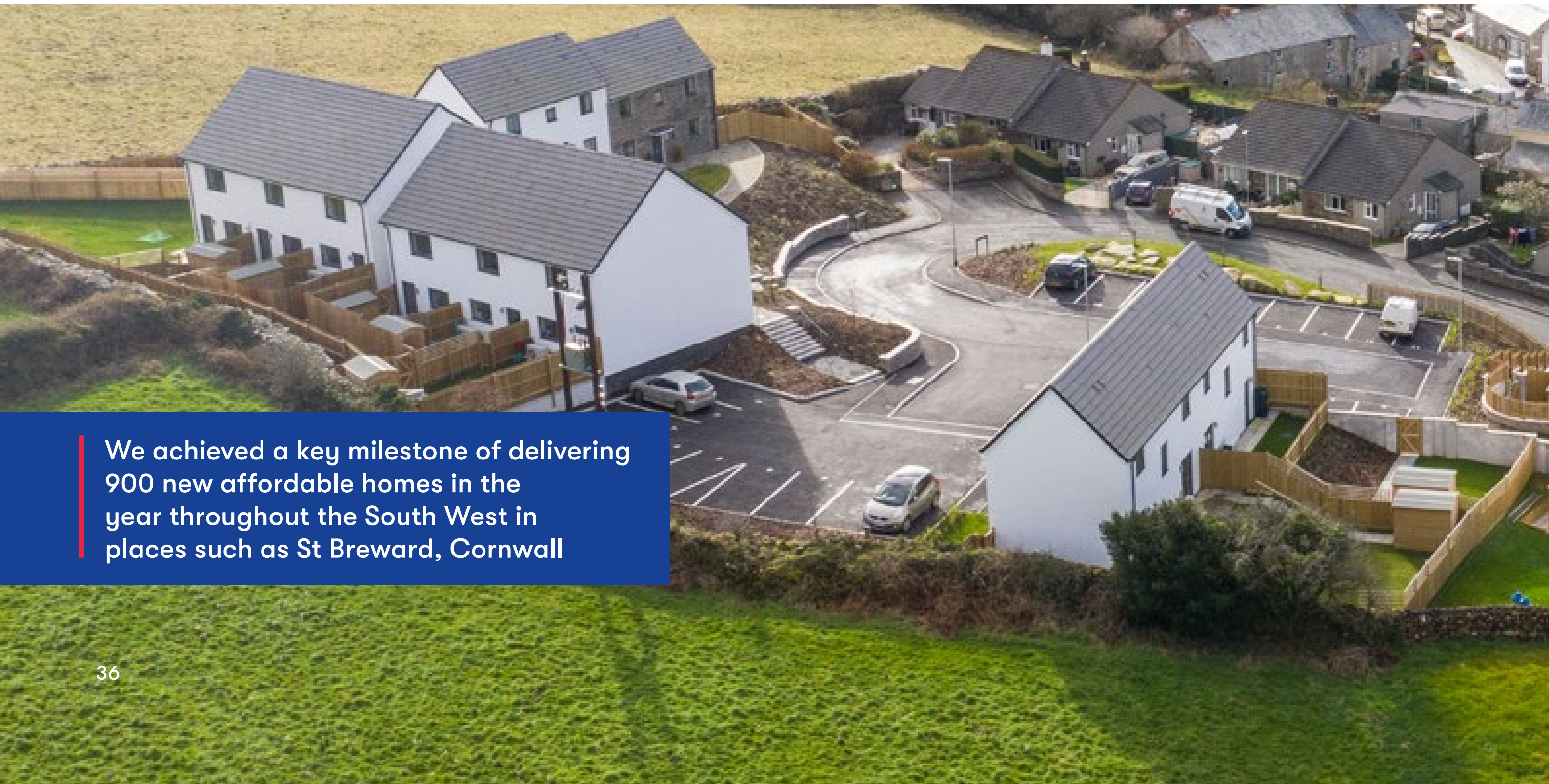
The Development Review team has oversight of our housing market activity (sales and affordable units) on a monthly basis with quarterly reporting to the Development committee.

Critical controls in place include:

- liquidity buffer comprising sale delay and house price fall
- liquidity monitoring (minimum two year cover)
- impairment assessment by individual project and business plan stress testing
- detailed reporting of financial indicators against business plan assumptions
- contractor exposure limits.

Potential housing market scenarios have been stress-tested in the business plan with the output tested against proposed mitigating actions to assess the residual level of risk exposure. Early warning trigger levels have been established which, if breached, would lead to implementation of the relevant mitigating actions. This is further strengthened by built-in flexibility of the development pipeline to changes in market conditions.

Critical risk actions in the next 12 months are to continue working to ensure that a forward programme of planning consents, an appropriate land bank is delivered and that our business plan targets are achieved. The board will also approve the development strategy, which will outline how we will meet our ambitious aspirations.



We achieved a key milestone of delivering 900 new affordable homes in the year throughout the South West in places such as St Breward, Cornwall

Financial and cost management	Risk profile
Our financial strength underpins the delivery of all our strategic aims including building new homes and investing in services for customers.	

Mitigation/actions

The assumptions for the business plan are scrutinised by a board member working group before being approved by the board. The current assumptions incorporate the impact of Britain's exit from the European Union on interest rates, house prices, the availability of finance and pressures on financial institutions. A range of detailed scenarios covering key assumptions have been tested on the business plan, which demonstrates our financial strength.

Critical controls in place include:

- timely and comprehensive financial reporting
- budget test covenant compliance
- quarterly treasury report covering loan, security and cash flow
- treasury policy and effective treasury management strategy.

Critical actions over the next 12 months include securing additional funding to meet our ambitious growth plans and a programme to deliver further efficiency savings.

Health and safety	Risk profile
We actively manage our compliance with our health and safety obligations and recognise the increased impact of health and safety failures on our customers, colleagues and the organisation as a whole.	

Mitigation/actions

We recognise and manage our risk associated with the health and safety of our customers, staff and general public.

A dedicated in-house health and safety team reporting into the quarterly Health and Safety committee ensuring that the required monitoring, reporting and actions are being undertaken.

Critical controls in place include:

- externally audited health and safety management framework with substantial assurance
- externally audited regular service compliance audits
- monthly monitoring of key performance indicators on safety.

Critical risk actions in the next 12 months include the integration of key safety controls and procedures across LiveWest.

Integration, leadership and strategic direction	Risk profile
We have set out a clear and concise programme of actions to ensure that all systems and processes are integrated across the organisation. The composition of our Executive Management team was completed in 2018 and our corporate strategy has been approved by the board. We are actively integrating our IT infrastructure to standardise the various platforms we have across the business.	∨

Mitigation/actions

Critical controls in place include:

- monthly Executive Management team and board review of performance against key indicators
- personal development plans for the Executive Management team
- development and communication of our values.

Critical risk actions in the next 12 months are to roll out our revised corporate strategy in conjunction with delivering the programme of integration activities, including the implementation of the new integrated computer system.

Group structure and corporate governance

LiveWest Homes Limited (LiveWest) is the parent company of our group, providing strong, clear leadership and directing our resources across the 36,222 properties we manage. It is registered under the Co-operative and Community Benefit Societies Act 2014 and is also registered with the Regulator of Social Housing as a provider of social housing.

Our governance arrangements are set out in LiveWest's Standing Orders and Financial Regulations and covers the terms of reference and the roles and responsibilities of board and committee members. Our delegations protocol also notes the matters reserved to the board for decision or delegated to its committees and the Executive Management team.

We have retained specialist companies within our group structure and these are listed on page 74.

Following a recent review of our corporate structure we have identified several areas of overlap or duplication. We will be seeking to make changes to our corporate structure during the 2019/20 financial year in order to simplify and streamline our decision-making.

We have adopted the National Housing Federation's Code of Governance and comply with the 2015 version in all respects.

1 Our board

We are governed by the LiveWest board, which is ultimately responsible for the control of the group, including the determination of its overall objectives and strategy. The board has delegated certain matters to five internal committees to support it with operational oversight ensuring delivery of our strategy. Our board monitors the performance of all subsidiaries within the group through the committee structure, to ensure that the subsidiaries remain financially viable and conduct their affairs properly.

The board currently comprises eight non-executive members selected on the basis of skills, qualities and experience. The Chief Executive and the Deputy Chief Executive/Executive Director of Finance are also members of the board.

No one board member is expected to exhibit all skills that are needed for direction of the group as collectively the board has amongst its membership a range of skills, experience and understanding of corporate governance, general business strategy, finance, property investment and property development and management.

Non-executive board members are paid for their services, with pay levels set following an independent assessment of comparable organisations. Board pay is accompanied by clear expectations of individual and collective board member performance. We have introduced annual appraisals to manage this, using 360-feedback online surveys for all our board and committee members thereby increasing transparency and accountability.

There have been no changes in board membership during the year. The members are shown in the information section of this report on page 91.

Members of the board are required to direct the affairs of the company in accordance with its rules. In addition, board members are required to exhibit the highest standards of probity and in particular to:

- have no financial interest either personally or through a related party in any contract or transaction with the group except as permitted under the LiveWest rules.
- act only in the interests of the group whilst undertaking its business.

2 Our committees

Our board is supported by five functional committees covering audit and risk, treasury, customer services, remuneration and development.

To strengthen our decision-making, we appointed three independent advisors during the year, to join the board members on the committees, to bring an external view and specialist skills.

Audit and Risk committee

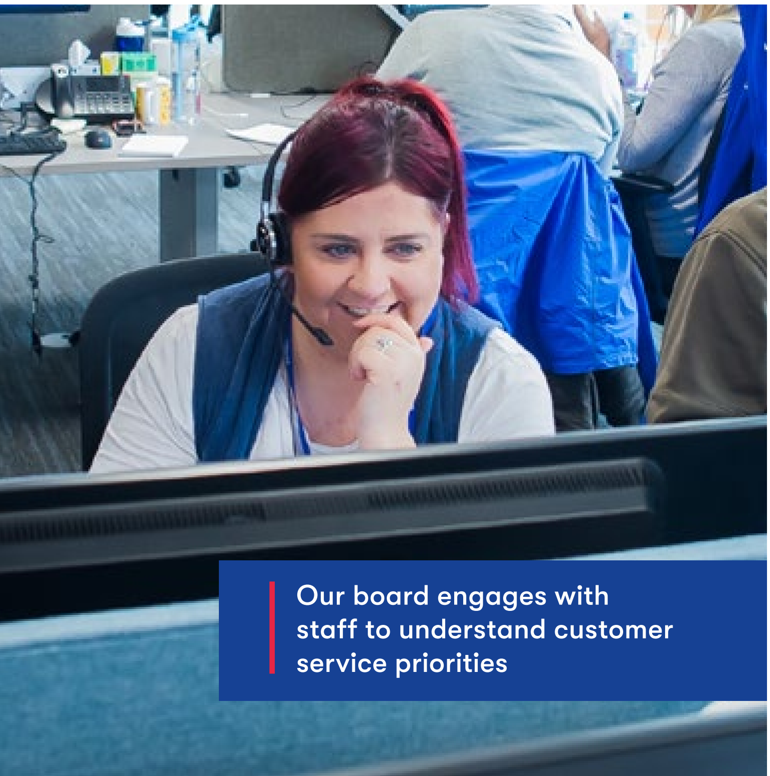
The Audit and Risk committee is responsible for monitoring and reporting to the board on the group's systems of internal control and risk assurance, regulatory compliance and for overseeing internal and external audit. The committee met five times during the year.

It consists of four non-executive board members appointed from our board, based on skills and experience, including at least one member with recent and relevant financial experience suited to reviewing the work of audit.

Treasury committee

The Treasury committee is responsible for the governance of treasury activities within the group and for proactively monitoring treasury risks and related matters and met five times during the year.

The committee consists of three non-executive board members appointed from our board, including at least one member with recent and relevant treasury experience as well as the Deputy Chief Executive/Executive Director of Finance. The committee also includes a non-executive independent adviser with treasury experience, to strengthen the skills on this committee.



Customer Services committee

During the year, the board established a Customer Services committee to provide oversight of customer services, including landlord services performance and risks, complaints and other matters.

It consists of three non-executive board members and the Executive Director of Strategy and Performance. Two non-executive independent advisers with strategic customer services experience were also appointed as committee members during the year to strengthen the skills on this committee. The committee met six times during the year.

Remuneration committee

The Remuneration committee is responsible for setting the reward and recognition strategies for our staff and is overseeing the harmonisation of these following the establishment of LiveWest by making recommendations to the board on the final offer. The committee also sets the level of board pay and the remuneration of the Chief Executive.

It consists of three non-executive board members and met six times during the year.

Development committee

The Development committee is responsible for reviewing the group's overall development activity and monitoring development risks and related matters. It has delegated authority from the board to approve schemes up to a specified size and financial limit, within our business plan and budget parameters. The committee also reviews any high-risk schemes and schemes outside the business plan and makes recommendations on these to the board for approval.

The committee consists of two non-executives from the board, the Executive Director of Development, the Deputy Chief Executive/Executive Director of Finance and the Chief Executive. The committee also includes a non-executive independent adviser with experience of large scale housing development, appointed during the year as a member, to strengthen the skills on this committee. During the year the committee met six times.

3 Customer scrutiny and the customer's voice

During the year, the board reviewed our approach to scrutiny, customer involvement and wider resident engagement. Following discussions with involved customers, a new customer scrutiny panel has been set up called InFocus.

The group will ensure that customer priorities are acted upon, assess our performance and identify key issues to address.

It will also look at value for money and the services that customers value as well as celebrating and promoting what we do well.

4 Our Executive Management team and management working groups

Our Executive Management team has delegated authority from the board and the boards of the subsidiary organisations for:

- the day-to-day operations of the group
- monitoring our operational performance and reporting appropriately to our board and the boards of our subsidiary organisations
- implementing policies and strategies agreed by our board and the boards of the subsidiary organisations, reviewing those policies
- strategies and proposing changes as appropriate.

The members of the Executive Management team are shown on page 92.

Reporting to the Executive Management team are a number of specific working groups comprising lead senior managers across the business, providing oversight and decision making across performance, risk, internal audit, value for money and other matters.

5 Regulation

The regulator's assessment on compliance with its Governance and Financial Viability Standard is expressed in grades from G1 to G4 for governance and V1 to V4 for viability. For both governance and viability, the first two grades indicate compliance with the standard.

It is a regulatory requirement that registered providers shall assess their compliance with the Governance and Financial Viability Standard at least once a year and certify in their annual accounts their compliance with the standard. The group is compliant with the standard.

Following an in-depth assessment by the Regulator of Social Housing in May 2019, the Regulatory Judgement published on the Regulator of Social Housing's (RSH) website in respect of LiveWest Homes Limited has been re-confirmed as G1, V1:

- G1 – The provider meets the requirements on governance set out in the Governance and Financial Viability Standard.
- V1 – The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios.

Our new customer scrutiny group, InFocus, will make sure our customer priorities are acted on and at the same time assess our performance and identify key issues for us to address

Board report

The LiveWest board presents its report and audited consolidated financial statements of the company and its subsidiaries (the group) for the year ended 31 March 2019.

Internal controls and directors' responsibilities

Internal controls assurance

The board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations within the group, including those not registered with the Homes and Communities Agency.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against fraud, material misstatement or loss.

In meeting its responsibilities, the board has adopted a risk based approach to establishing and maintaining internal controls, which are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the company is exposed.

The process for identifying, evaluating and managing the significant risks faced by the group is ongoing. It has been in place throughout the period commencing 1 April 2018 up to the date of approval of the annual report and financial statements as set out in the group structure and corporate governance section.

The arrangements adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, include:

- leadership by the board, its subsidiary boards and committees in analysing the strengths, weaknesses, opportunities and threats of the group.
- requiring a risk assessment before any board decision is made, and by the Audit and Risk committee reviewing internal control and major risks of the group.
- clear delegation of responsibility for risk management within the organisation as documented in the financial regulations and standing orders, board and committee terms of reference, individual job descriptions and group risk map.
- active regular assessment of risks by boards, committees and management and a formal annual review of risks and controls in place to manage them.
- accountability for risk management through formal reports by subsidiary boards, committees and management to the Audit and Risk committee and to the main board.
- embedding risk management into the culture of LiveWest by ensuring that risk is assessed as part of the decision making process by the Executive Management team and a proactive approach to identifying changes in risks and controls.
- using external means of validation through regular risk-based audits and acting on resulting recommendations.
- a LiveWest anti-fraud policy, covering prevention, detection and reporting of fraud, the recovery of assets and review of entries in the fraud register by the Audit and Risk committee.

Statement of board's responsibilities in respect of the financial statements

The board is responsible for preparing the annual report and the group and company financial statements in accordance with applicable law and regulations.

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

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

In preparing each of the group and the company financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- use the going concern basis of accounting unless they either intend to liquidate the group or the company or to cease operations or have no realistic alternative but to do so.

The board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and the company and to prevent and detect fraud and other irregularities.

The board is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Governance and financial viability standard

The group monitors its ongoing compliance with both the economic and consumer regulatory standards and compliance is reported to the board on an annual basis with any changes or implications arising within the year being reported on an ad hoc basis. As at the reporting date the board can confirm that they comply in all material respects with the standard.

Going concern

The board, after reviewing the group and company budgets for 2019/20 and the group's medium term financial position as detailed in the 30-year business plan, is of the opinion that the group and company have adequate resources to continue in business for the foreseeable future. The board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Provision of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to re-appoint KPMG LLP as auditors will be proposed at the forthcoming annual general meeting.

Report of the board

The report of the LiveWest board was approved on 8 August 2019 and signed on its behalf by:

Linda Nash
Chair

Independent auditor's report of LiveWest Homes Limited

Opinion

We have audited the financial statements of LiveWest Homes Limited for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the group's and the company's affairs as at 31 March 2019 and of the income and expenditure of the group and the company for the year then ended.
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors such as the valuation of financial instruments, valuation of investment properties, valuation of housing properties, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the board's conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Other information

The board is responsible for the other information, which comprises the strategic report, group structure and corporate governance, board report and the statement on internal controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 45 the board is responsible for the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the company'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 they either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the company in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and, in respect of the reporting on corporate governance, on terms that have been agreed. Our audit work has been undertaken so that we might state to the company those matters we are required to state to it in an auditor's report and, in respect of the reporting on corporate governance, those matters we have agreed to state to it in our 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 company for our audit work, for this report, or for the opinions we have formed.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Plym House
Plymouth, PL6 8LT

16 August 2019

Financial statements

Statement of comprehensive income

For the year ended 31 March 2019	Note	Group		Company	
		2019	2018	2019	2018
		£000	£000	£000	£000
Turnover	3	**232,943**	230,626	**202,531**	199,018
Operating costs	3	**(166,726)**	(169,024)	**(142,148)**	(142,928)
Surplus on property sales	4	**14,313**	7,255	**14,308**	7,249
Change in value of investment property	13	**879**	164	**833**	164
Operating surplus	3	**81,409**	69,021	**75,524**	63,503
Share of profit/(loss) in associate		**6**	(1)	**-**	-
Profit on sale of other fixed assets		**960**	78	**960**	78
Interest receivable and other income	8	**224**	268	**1,342**	1,053
Interest payable and similar charges	9	**(24,335)**	(26,737)	**(24,391)**	(26,905)
Other finance costs – pensions	29	**(1,037)**	(186)	**(1,037)**	(186)
Change in fair value of financial instruments		**(1,226)**	2,217	**(1,226)**	2,217
Gift aid		**-**	-	**4,264**	4,698
Surplus on ordinary activities before tax	5-7	**56,001**	44,660	**55,436**	44,458
Tax on surplus on ordinary activities	10	**-**	-	**-**	-
Surplus for the year		**56,001**	44,660	**55,436**	44,458
Other comprehensive income					
Surplus for the year		**56,001**	44,660	**55,436**	44,458
Effective portion of changes in fair value of cashflow hedges		**(8,460)**	16,493	**(8,460)**	16,493
SHPS opening balance adjustment	29	**(15,333)**	-	**(15,333)**	-
Actuarial (loss)/gain	29	**(7,898)**	678	**(7,898)**	678
Total recognised surplus relating to the year		**24,310**	61,831	**23,745**	61,629

The statement of comprehensive income was approved by the board on 8 August 2019 and was signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Executive Director of Finance)

Jill Farrar
(Company Secretary)

Statement of financial position

As at 31 March 2019

	Note	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Fixed assets					
Intangible assets	11	**2,284**	1,670	**2,284**	1,670
Housing properties - cost net of depreciation	12	**1,950,441**	1,856,041	**1,928,714**	1,829,087
Investment properties	13	**25,305**	23,990	**17,220**	16,721
		1,978,030	1,881,701	**1,948,218**	1,847,478
Other tangible fixed assets	14	**27,621**	26,778	**27,621**	26,778
Investments	15	**190**	163	**69,152**	36,000
Homebuy loans		**9,458**	10,096	**9,090**	9,695
		2,015,299	1,918,738	**2,054,081**	1,919,951
Current assets					
Properties for sale	16	**69,237**	49,459	**20,580**	14,679
Stock		**206**	212	**206**	212
Debtors	17	**46,349**	17,542	**41,862**	23,811
Cash at bank and in hand	18	**18,402**	23,394	**15,157**	22,174
		134,194	90,607	**77,805**	60,876
Creditors: Amounts falling within one year	19	**(92,656)**	(100,369)	**(103,778)**	(100,015)
Net current assets/(liabilities)		**41,538**	(9,762)	**(25,973)**	(39,139)
Creditors: Amounts falling due after more than one year	20	**(1,521,813)**	(1,439,695)	**(1,521,655)**	(1,439,537)
Provisions for liabilities and charges					
Pension liability	29	**(48,066)**	(6,633)	**(48,066)**	(6,633)
Net assets		**486,958**	462,648	**458,387**	434,642
Capital and reserves					
Called up share capital	22	**-**	-	**-**	-
Revaluation reserve		**-**	-	**-**	-
Restricted reserve		**184**	246	**184**	184
Cash flow hedge reserve		**(87,294)**	(78,834)	**(87,294)**	(78,834)
Designated reserves	23	**113,025**	104,651	**113,025**	104,651
Revenue reserves		**461,043**	436,585	**432,472**	408,641
Total funds		**486,958**	462,648	**458,387**	434,642

These financial statements were approved by the board on 8 August 2019 and were signed on its behalf by:

Paul Crawford
(Chief Executive)

Melvyn Garrett
(Executive Director of Finance)

Jill Farrar
(Company Secretary)

Statement of changes in equity

	Group						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	-	-	246	(95,327)	97,210	398,688	400,817
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	44,660	44,660
Measurement in fair value of financial instruments	-	-	-	16,493	-	-	16,493
Reserves transfer	-	-	-	-	7,441	(7,441)	-
Remeasurements of the net defined liability	-	-	-	-	-	678	678
	-	-	-	16,493	7,441	37,897	61,831
Balance at 31 March 2018	-	-	246	(78,834)	104,651	436,585	462,648

	Group						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	-	-	246	(78,834)	104,651	436,585	462,648
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	56,001	56,001
Measurement in fair value of financial instruments	-	-	-	(8,460)	-	-	(8,460)
Reserves transfer	-	-	(62)	-	8,374	(8,312)	-
Remeasurements of the net defined liability	-	-	-	-	-	(23,231)	(23,231)
	-	-	(62)	(8,460)	8,374	24,458	24,310
Balance at 31 March 2019	-	-	184	(87,294)	113,025	461,043	486,958

	Company						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	-	-	184	(95,327)	97,210	370,946	373,013
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	44,458	44,458
Measurement in fair value of financial instruments	-	-	-	16,493	-	-	16,493
Reserves transfer	-	-	-	-	7,441	(7,441)	-
Remeasurements of the net defined liability	-	-	-	-	-	678	678
	-	-	-	16,493	7,441	37,695	61,629
Balance at 31 March 2018	-	-	184	(78,834)	104,651	408,641	434,642

	Company						
	Called up share capital	Revaluation reserve	Restricted reserve	Cash flow hedge reserve	Designated reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	-	-	184	(78,834)	104,651	408,641	434,642
Total comprehensive income for the period							
Surplus for the year	-	-	-	-	-	55,436	55,436
Measurement in fair value of financial instruments	-	-	-	(8,460)	-	-	(8,460)
Reserves transfer	-	-	-	-	8,374	(8,374)	-
Remeasurements of the net defined liability	-	-	-	-	-	(23,231)	(23,231)
	-	-	-	(8,460)	8,374	23,831	23,745
Balance at 31 March 2019	-	-	184	(87,294)	113,025	432,472	458,387

Statement of cash flows

For the year ended 31 March 2019	Note	2019	2018
		£000	£000
Net cash inflow from operating activities	(a)	**81,984**	93,044
Cash inflow from investing activities			
Purchase of tangible fixed assets		**(141,985)**	(109,091)
Purchase of intangible fixed assets		**(1,433)**	(511)
Proceeds from the sale of tangible fixed assets		**4,281**	722
Purchase of investments		**(30)**	-
Grants received		**8,516**	8,736
Interest received		**224**	267
		(130,427)	(99,877)
Cash inflow from financing activities			
Interest paid		**(27,094)**	(23,188)
Interest element of finance lease payments		**(45)**	(72)
Capital element of finance lease payments		**(62)**	-
Payment of loan arrangement fees		**-**	122
New secured loans		**96,353**	42,465
Repayment of borrowings		**(25,677)**	(47,314)
		43,475	(27,987)
Net change in cash and cash equivalents		**(4,968)**	(34,820)
Cash and cash equivalents at the start of the year		**23,370**	58,190
Cash and cash equivalents at the end of the year		**18,402**	23,370

Note to the cash flow statement

(a) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	**81,409**	69,021
Depreciation charges – other fixed assets	**2,266**	2,802
Depreciation charges – housing properties	**26,922**	29,226
Depreciation charges – intangible assets	**692**	972
Impairment	**-**	2,099
Revaluation of investment properties	**(879)**	(164)
Pension cost less contributions payable	**(2,287)**	(2,507)
Government grant utilised in year	**(7,974)**	(7,933)
Increase in debtors	**(14,558)**	(2,117)
increase/(decrease) in creditors	**3,706**	(2,283)
Increase in properties for sale	**(19,772)**	(6,943)
Decrease in pension liability	**-**	(297)
Sale of housing properties	**12,459**	11,149
Sale of other fixed assets	**-**	19
Net cash inflow from operating activities	**81,984**	93,044

Notes to the financial statements

1 Principal accounting policies

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 – The applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2014 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

On 2 March 2018, Devon and Cornwall Housing, Knightstone Group Limited and Knightstone Housing Association amalgamated and subsequently changed its name to LiveWest Homes Limited on 30 August 2018.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investment property.

Going concern

The board, after reviewing the group and company budgets for 2019/20 and the group's medium term financial position as detailed in the 30-year business plan, is of the opinion that the group and company have adequate resources to continue in business for the foreseeable future.

The board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Related party transactions

Transactions within the group that require disclosure under the Accounting Direction and have been eliminated on consolidation are disclosed in note 30.

The company has taken advantage of the exemption in FRS 102 not to disclose intra-group transactions, as the company prepares consolidated financial statements.

Basic financial instruments

Tenant arrears, trade and other debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment in the financial statements of the parent company.

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries made up to 31 March 2019. Associates are incorporated using equity accounting.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments).

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the Statement of Comprehensive Income as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where the hedged risk is the variable interest rate risk in a debt instrument measured at amortised cost, the company recognises the effective part of any gain or loss on the derivative financial instrument in Other Comprehensive Income (OCI). Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income.

The hedging gain or loss recognised in OCI is reclassified to profit or loss when the hedged item is recognised in profit or loss or when the hedging relationship ends.

Intangible fixed assets

Intangible fixed assets relate to computer software and are stated at historical cost, less accumulated amortisation and any provision for impairment. Amortisation is provided in five equal annual instalments over the estimated useful economic life from the date of acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. A number of office buildings were revalued to fair value on or prior to the date of transition to FRS 102, and are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are disclosed in note 27.

Leases of assets that substantially transfer all the risks and rewards of ownership are classified as finance leases.

The assets are capitalised at commencement of the lease at the fair value of the leased asset or if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Housing properties

Housing properties include properties available for rent and retained interests in properties sold under shared ownership leases and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges during the development period and directly attributable development administration costs. Shared ownership properties in work in progress are stated net of the estimated cost of the first tranche sale.

Donated land is added to the cost of housing properties at the market value of the land at the time of the donation.

Depreciation and impairment of housing properties

Housing properties are split between land, structure costs and, where the group has a maintenance liability, major components that require periodic replacement.

No depreciation is provided on freehold land. Structure costs are depreciated by equal annual instalments over the estimated useful economic life from the date of acquisition. Where the group has a maintenance liability for components these costs are depreciated separately over their estimated useful lives.

Housing properties are reviewed annually for evidence of impairment. Where there is evidence of impairment properties are written down to their recoverable amount.

Where housing properties are swapped with other housing associations, the exchange is treated as a disposal followed by an acquisition at fair value.

Rented properties structure	New build	Not exceeding 100 years
	Other	Not exceeding 100 years
Rented properties components	Roofs	Up to 60 years
	Windows/external doors	30 years
	Bathrooms	30 years
	Kitchens	20 years
	Boilers	15 years
	Heating systems	Up to 30 years
Shared ownership properties		Not exceeding 100 years
Leasehold properties		Shorter of the remaining useful life and the remaining lease term

Enhancements to existing properties

Enhancement expenditure consists of works to existing properties which result in an increase in the net rental stream and is capitalised only to the extent that the total costs, including enhancements, do not exceed the greater of net realisable value and value in use.

Other fixed assets and depreciation

No depreciation is provided on freehold land. Depreciation is provided to write off the cost of other fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Freehold buildings	50 years
Fixtures and fittings	4 to 10 years
Computer equipment	5 years
Motor vehicles	up to 5 years

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Investment properties, whose fair value can be measured reliably without undue cost or effort, are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

No depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Investment property was valued by JLL, an external, independent valuer as at 31 March 2019, which the directors consider to accurately reflect the value of the portfolio.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

Properties held for sale and work in progress

Completed properties and properties under construction for open market sales and the estimated first tranche disposal of shared ownership properties are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress of the development scheme. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Impairment excluding stocks, investment properties

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the Statement of Comprehensive Income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the Statement of Comprehensive Income.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash flows they generate and are held for their service potential.

As assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made.

Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the surplus in the Statement of Comprehensive Income.

The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal.

Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in the surplus in the Statement of Comprehensive Income.

Surplus on property sales

The surplus or deficit on property sales includes the sale of rented properties and the sale of second and subsequent tranches of shared ownership properties. Provision is made for any expected loss, after the abatement of Social Housing Grant, on properties which have been or are expected to be repossessed.

Surpluses on Right to Acquire sales after allowable expenses, as defined in the Homes and Communities Agency Capital Funding Guide, are transferred to the Disposal Proceeds Fund (DPF). To the extent that the DPF is repayable within one year unless utilised it is included within creditors falling due within one year. The balance of the DPF is included within creditors falling due after more than one year.

Social Housing Grant and other capital grants

Social Housing Grant (SHG) and other capital grants receivable, including donated land, in respect of the capital cost of housing properties, are initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the income and expenditure as turnover income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost in line with SORP 2014.

SHG due from the Homes and Communities Agency is included as a current asset and SHG received in advance is included as a current liability.

On disposal of properties, all associated SHG are transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime. Grant is no longer recycled to the Disposal Proceeds Fund.

All SHG remains repayable unless abated or waived by the Homes and Communities Agency but, with the agency's agreement, is subordinated to other loans.

Grants received for non-capital purposes are recognised as revenue, subject to grant conditions being satisfied, in the year of receipt.

Investments

Listed investments are stated at market value. Investments held for sale are included in current assets.

Homebuy, key worker and starter home mortgages

Under the Homebuy, Key Worker and Starter Home schemes, LiveWest receives grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced meet the definition of concessionary loans and are shown as fixed assets investments in the statement of financial position. The related grant provided by the government to fund all or part of a Homebuy, Key Worker or Starter Home loan has been reclassified as deferred income under FRS 102 as a creditor due in more than one year.

In the event that the property is sold, the company recovers the equivalent loaned percentage value of the property at the time of the sale. The grant is reclassified to recyclable capital grant fund when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. LiveWest is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of proceeds is offset against the grant.

Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where LiveWest enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Restricted reserves

Where reserves are subject to external restriction they are separately recognised as a restricted reserve.

Designated reserves

The group maintains designated reserves where reserves are earmarked for particular purposes.

Major repairs reserve – The group maintains a major repairs reserve to recognise the future cost of major repairs, re-improvement and rehabilitation works to housing properties. The amount transferred is based on an estimate of expected future liabilities using the group's life cycle costing model.

Remodelling reserve – The group maintains a re-investment reserve to recognise the future cost of enhancement expenditure that does not fall within the group's policy for capitalisation.

Cyclical repairs and maintenance

The group has a regular programme for cyclical repairs and maintenance. The actual costs are charged to the Statement of comprehensive income as incurred.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

Expenses

Cyclical repairs and maintenance

The group has a regular programme for cyclical repairs and maintenance. The actual costs are charged to the Statement of Comprehensive Income as incurred.

Cost of sales

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

Open market sale through joint ventures, all of which being jointly controlled entities, represent the group's share of the turnover and cost of sales of the joint ventures as accounted for using the gross equity method providing more information than the equity method required under FRS 102.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Operating leases

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

Interest receivable and Interest payable

Interest payable and similar charges include interest payable on bank loans. Borrowing costs that are directly attributable to the acquisition, construction or production of Housing Properties that take a substantial time to be prepared for use, are capitalised as part of the cost of that asset during the construction period.

Interest income and interest payable are recognised in the Statement of Comprehensive Income as they accrue, using the effective interest method.

Supporting people income and expenditure

Block grant income and its associated expenditure are included in the financial statements as other social housing activities. Block subsidy income and its associated expenditure are included as social housing lettings activity.

Supported housing managed by agencies

Social housing capital grants are claimed by the group as developer and owner of the property and included in the statement of financial position of the group. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the group and its managing agents and on whether the group carries the financial risk.

Where the group holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the group's statement of comprehensive income.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the group. Other income and expenditure of projects in this category is excluded from the group's statement of comprehensive income.

General needs housing managed properties

Where properties are managed by other housing associations who provide housing management, maintenance and in some cases major repairs functions, the income recorded in the financial statements is the net rental income after deduction of allowance for voids and bad debts. The expenditure recorded in the financial statements relates to the fees paid to the other housing associations to provide these services.

Taxation including deferred tax

The charge for taxation is based on surpluses arising on certain activities which are liable to tax including any adjustment in respect of previous years.

Deferred tax is calculated and disclosed on timing differences that result in an obligation at the year end to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in tax computations in years different from those in which they are included in financial statements. Deferred tax is only provided to the extent that it is regarded as more likely than not that any tax will arise.

VAT

The group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent it is not recoverable. The balance of VAT payable or recoverable is included as a current liability or asset.

Pensions

The group participates in the following pension schemes:

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. At 31 March 2018 it was not possible for LiveWest to obtain sufficient information to account for the liability on a full FRS 102 valuation basis so it was accounted for as a defined contribution scheme where the net present value of the deficit contributions were recognised in the accounts as creditors falling within and more than one year.

As a result of additional information, SHPS are now able to split the pension liability by employer which has resulted in the scheme liability being accounted for adopting a full FRS 102 valuation at 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in these accounts. A reconciliation between the liability at 31 March 2018 and the provision at 31 March 2019 is shown in note 29.

The Devon County Council Pension Fund is a defined benefit final salary pension scheme and closed to future accrual on 31 May 2016. The assets of the schemes are invested and managed independently of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating costs, finance costs and, in the statement of recognised gains and losses, actuarial gains and losses. The group makes payments against the funding deficit as if it were an active member of the scheme.

2 Accounting estimates and judgements

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

Estimated useful lives of property, plant and equipment

At the date of capitalising tangible fixed assets, the group estimates the useful life of the asset based upon management's judgement and experience. Due to the significance of capital investment to the group, variances between actual and estimated economic lives could affect the group's result positively or negatively.

Impairment of trade and other account receivables

The group makes an estimate of the recoverable value of trade and other account receivables. When assessing the impairment, management consider factors including the current credit rating of the account, the ageing profile and historical experience. See note 17 for the net position of debtors and associated provision.

Pension benefits

The costs of defined benefit pension plans are determined using actuarial valuation which involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, the estimates are subject to significant uncertainty. See note 29 for details of the valuation and underlying assumptions.

Revaluation of investment properties

Investment properties are held at valuation. See note 13 for further explanation.

Impairment of non-financial assets

In accordance with FRS 102 and the 2014 SORP the group carries out an impairment test on a cash generating unit (CGU) basis when a trigger has been identified.

The book value of individual properties is compared to the depreciated replacement cost, and then reviewed at a CGU level for indicators of impairment. The depreciated replacement cost is an estimate based on the size and type of property, taking into account average costs.

3 Turnover and operating surplus

	Group					
	2019			2018		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**174,522**	**(117,536)**	**56,986**	171,169	(118,857)	52,312
Other social housing activities						
Supporting people contract income	**4,474**	**(4,501)**	**(27)**	5,005	(4,720)	285
Shared ownership fee income	**88**	**(131)**	**(43)**	54	(122)	(68)
Shared ownership initial sales	**21,596**	**(16,779)**	**4,817**	22,785	(18,346)	4,439
Development costs	**131**	**(2,530)**	**(2,399)**	315	(2,332)	(2,017)
Other	**390**	**(379)**	**11**	268	(357)	(89)
	26,679	**(24,320)**	**2,359**	28,427	(25,877)	2,550
Non-social housing						
Non-social housing lettings	**2,259**	**(842)**	**1,417**	2,172	(744)	1,428
Property sales	**29,124**	**(23,678)**	**5,446**	28,523	(23,161)	5,362
Other	**359**	**(350)**	**9**	335	(385)	(50)
	31,742	**(24,870)**	**6,872**	31,030	(24,290)	6,740
Total	**232,943**	**(166,726)**	**66,217**	230,626	(169,024)	61,602
Surplus on property sales			**14,313**			7,255
Change in the value of investment property			**879**			164
	232,943	**(166,726)**	**81,409**	230,626	(169,024)	69,021

Income and expenditure from social housing lettings

	Group				
	2019				2018
	General needs	Shared ownership	Supported housing	Total	Total
	£000	£000	£000	£000	£000
Income from social housing lettings					
Rent receivable net of identifiable service charges	**126,390**	**10,335**	**16,696**	**153,421**	151,321
Service charges receivable	**4,410**	**762**	**6,479**	**11,651**	10,800
Net rents receivable	**130,800**	**11,097**	**23,175**	**165,072**	162,121
Amortisation of grants	**5,914**	**874**	**1,166**	**7,954**	7,933
Income from others	**220**	**595**	**681**	**1,496**	1,115
Total income from social housing lettings	**136,934**	**12,566**	**25,022**	**174,522**	**171,169**
Expenditure on social housing lettings					
Rent losses from bad debts	581	4	111	696	890
Services	4,657	621	6,076	11,354	10,490
Management	27,407	2,425	6,819	36,651	37,069
Responsive maintenance	20,131	-	3,489	23,620	23,061
Cyclical maintenance	8,712	-	1,445	10,157	9,374
Major repairs expenditure	5,311	-	2,299	7,610	6,448
Depreciation of housing properties	22,409	2,031	3,008	27,448	29,426
Impairment charges	-	-	-	-	2,099
Total expenditure on social housing lettings	**89,208**	**5,081**	**23,247**	**117,536**	**118,857**
Operating surplus on social housing letting activities	**47,726**	**7,485**	**1,775**	**56,986**	**52,312**
Rent losses from voids	(639)	-	(543)	(1,182)	(1,173)

	Company					
	2019			2018		
	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Operating surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Social housing lettings	**173,933**	**(117,029)**	**56,904**	171,535	(119,218)	52,317
Other social housing activities						
Supporting people contracts	**4,474**	**(4,501)**	**(27)**	2,118	(1,801)	317
Shared ownership fee income	**88**	**(131)**	**(43)**	54	(122)	(68)
Shared ownership initial sales	**21,597**	**(16,780)**	**4,817**	22,784	(18,345)	4,439
Development costs	**187**	**(2,591)**	**(2,404)**	418	(2,437)	(2,019)
Other	**385**	**(317)**	**68**	267	(308)	(41)
	26,731	**(24,320)**	**2,411**	25,641	(23,013)	2,628
Non-social housing						
Non-social housing lettings	**1,867**	**(799)**	**1,068**	1,842	(697)	1,145
	1,867	**(799)**	**1,068**	1,842	(697)	1,145
Total	**202,531**	**(142,148)**	**60,383**	199,018	(142,928)	56,090
Surplus on property sales			**14,308**	-	-	7,249
Change in the value of investment property			**833**			164
	202,531	**(142,148)**	**75,524**	199,018	(142,928)	63,503

Income and expenditure from social housing lettings

	Company				
	2019				2018
	General needs	Shared ownership	Supported housing	Total	Total
	£000	£000	£000	£000	£000
Income from social housing lettings					
Rent receivable net of identifiable service charges	**126,050**	**10,335**	**16,696**	**153,081**	150,955
Service charges receivable	**4,406**	**762**	**6,479**	**11,647**	11,436
Net rents receivable	**130,456**	**11,097**	**23,175**	**164,728**	162,391
Amortisation of grants	**5,914**	**874**	**1,166**	**7,954**	7,933
Income from others	**150**	**559**	**542**	**1,251**	1,211
Total income from social housing lettings	**136,520**	**12,530**	**24,883**	**173,933**	171,535
Expenditure on social housing lettings					
Rent losses from bad debts	**579**	**4**	**111**	**694**	888
Services	**4,655**	**621**	**6,076**	**11,352**	11,128
Management	**27,284**	**2,391**	**6,785**	**36,460**	37,144
Responsive maintenance	**20,130**	**-**	**3,488**	**23,618**	23,052
Cyclical maintenance	**8,712**	**-**	**1,445**	**10,157**	9,374
Major repairs expenditure	**5,311**	**-**	**2,299**	**7,610**	6,448
Depreciation of housing properties	**22,084**	**2,046**	**3,008**	**27,138**	29,085
Impairment charges	**-**	**-**	**-**	**-**	2,099
Total expenditure on social housing lettings	**88,755**	**5,062**	**23,212**	**117,029**	119,218
Operating surplus on social housing letting activities	**47,765**	**7,468**	**1,671**	**56,904**	52,317
Rent losses from voids	**(639)**	**-**	**(543)**	**(1,182)**	(1,173)

4 Surplus on property sales

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Disposal proceeds	**25,963**	16,308	**25,952**	16,296
Cost of fixed assets	**(11,650)**	(9,053)	**(11,644)**	(9,047)
Surplus on property sales	**14,313**	7,255	**14,308**	7,249

5 Surplus on ordinary activities before taxation

	Group		Company	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Surplus on ordinary activities before taxation is stated after charging/(crediting)				
Auditors' remuneration - Audit of these financial statements	**97**	90	**62**	57
- Other non-audit services	**10**	6	**10**	1
Depreciation and other amounts written off housing properties	**26,922**	29,226	**26,610**	28,908
Depreciation and other amounts written off other tangible fixed assets	**2,266**	2,802	**2,266**	2,802
Amortisation of intangible assets	**692**	972	**692**	972
Impairment on property, plant and equipment	**-**	2,099	**-**	2,099
Change in fair value of derivatives through income and expenditure	**(1,226)**	2,217	**(1,226)**	2,217
Gain on disposal of property, plant and equipment	**960**	78	**960**	78
Operating lease rentals	**271**	148	**271**	148

6 Remuneration of directors and executive management team

The Chief Executive and Deputy Chief Executive/ Executive Director of Finance are directors of the group and company and are also members of the board.

The remuneration of the Chief Executive and Executive Management team are determined by the Remuneration Committee. All members of the Executive Management team are entitled to a similar range of benefits. The amounts disclosed are based on the taxable value of providing those benefits.

The remuneration of the Chair and other directors is shown opposite. Expenses reimbursed to members of the board were as follows:

	Group and Company	
	2019	2018
	£000	£000
Expenses reimbursed to board members	**11**	25

The emoluments of the board members and executive management team were as follows:

Non-executive directors		
Salary and other benefits	**117**	154

In the current year, the Chair received a salary of £26,000 and board members salaries of £13,000. Due to the merger in 2018, the board members across LiveWest, DCH Group and Knightstone Group were paid different amounts which are available in the accounts for 31 March 2018.

	Group and Company	
	2019	2018
	£000	£000
Executive directors		
Salary and other benefits	**1,822**	1,652
Compensation for loss of office	**397**	85
Pension contributions in respect of services as directors	**99**	82
	2,318	1,819
Remuneration paid to the Chief Executive who was also the highest paid director	**247**	212

Salary banding for all employees earning over £60,000 (including salaries, performance related pay, benefits in kinds, pension contributions paid by the employer and any termination payments) are:

	Group		Company	
	2019	2018	2019	2018
Bands				
£60,001 to £70,000	**18**	25	**18**	25
£70,001 to £80,000	**8**	13	**8**	13
£80,001 to £90,000	**4**	4	**4**	4
£90,001 to £100,000	**7**	9	**7**	8
£100,001 to £110,000	**6**	5	**6**	5
£110,001 to £120,000	**1**	1	**1**	1
£120,001 to £130,000	**2**	1	**2**	1
£130,001 to £140,000	**2**	-	**2**	-
£140,001 to £150,000	**1**	3	**1**	3
£150,001 to £160,000	**1**	1	**1**	1
£160,001 to £170,000	**2**	2	**2**	2
£190,001 to £200,000	**1**	-	**1**	-
£200,001 to £210,000	**1**	1	**1**	1
£210,001 to £220,000	**-**	1	**-**	1
£220,001 to £230,000	**1**	-	**1**	-
£240,001 to £250,000	**1**	-	**1**	-

7 Staff numbers and costs

	Group		Company	
	2019	2018	2019	2018
Average monthly number of full time equivalent employees:				
Housing and support	**521**	519	**521**	425
Development	**84**	83	**84**	86
Asset management	**451**	452	**451**	452
Central services	**186**	196	**186**	196
	1,242	1,250	**1,242**	1,159

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
The aggregate payroll cost of these employees was as follows:				
Wages and salaries	**41,736**	40,204	**41,736**	38,025
Social security costs	**3,835**	3,683	**3,835**	3,506
Other pension costs	**2,802**	1,587	**2,802**	1,501
	48,373	45,474	**48,373**	43,032

8 Interest receivable and other income

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank and deposits	**124**	100	**124**	105
Intra-group loans	**-**	-	**1,214**	943
Loan to non-group housing association	**4**	4	**4**	4
Other	**96**	164	**-**	1
	224	268	**1,342**	1,053

9 Interest payable and similar charges

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Loan fees written off	**-**	-	**-**	288
Intra-group loans	**-**	-	**11,455**	10,061
Bank loans and overdrafts	**26,326**	27,946	**14,927**	17,860
Other	**85**	311	**85**	23
Finance leases	**-**	72	**-**	72
Less: capitalised interest at 3.05% (2018: 2.98%)	**(2,077)**	(1,871)	**(2,077)**	(1,678)
Unwind of discount on provisions	**1**	279	**1**	279
	24,335	26,737	**24,391**	26,905

10 Taxation

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
UK corporation tax				
On surplus for the year at 20% (2018: 20%)	**-**	-	**-**	-
Adjustments in respect of prior periods	**-**	-	**-**	-
Total current tax	**-**	-	**-**	-
Deferred tax				
Fixed asset timing differences	**-**	-	**-**	-
Short term timing differences	**-**	-	**-**	-
Losses carried forward	**-**	-	**-**	-
Total deferred tax	**-**	-	**-**	-
Total tax	**-**	-	**-**	-
Reconciliation of tax charge				
Surplus for the year	**56,001**	44,660	**55,436**	44,458
Total tax expenses	**-**	-	**-**	-
Surplus excluding tax	**56,001**	44,660	**55,436**	44,458
Tax at 19%	**10,640**	8,485	**10,533**	8,447
Effects of charity relief	**(10,640)**	(8,485)	**(10,533)**	(8,447)
Total tax expenses	**-**	-	**-**	-

	2019			2018		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
	£000	£000	£000	£000	£000	£000
Group and Company						
Recognised in the Statement of Comprehensive Income	**-**	**-**	**-**	-	-	-
	-	**-**	**-**	-	-	-

The company has charitable status and its surpluses are exempt from corporation tax to the extent that they are applied for charitable purposes.

11 Intangible fixed assets

	Group and Company
	£000
Cost	
At beginning of year	6,025
Additions	1,433
Disposals	(2,416)
At end of year	**5,042**
Amortisation	
At beginning of year	4,355
Charge	692
Disposals	(2,289)
At end of year	**2,758**
Net book value	
At 31 March 2019	**2,284**
At 31 March 2018	1,670

12 Tangible fixed assets – housing properties

	Group				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	1,894,043	217,965	46,482	12,894	2,171,384
Additions in year	340	463	82,179	31,576	114,558
Components capitalised	17,893	-	-	-	17,893
Disposals	(14,050)	(4,413)	-	-	(18,463)
Transferred on completion	70,297	24,768	(70,297)	(24,768)	-
At end of year	1,968,523	238,783	58,364	19,702	2,285,372
Depreciation					
At beginning of year	295,911	19,392	40	-	315,343
Charge for year	24,886	2,036	-	-	26,922
Disposals	(6,794)	(540)	-	-	(7,334)
At end of year	314,003	20,888	40	-	334,931
Net book value					
At 31 March 2019	**1,654,520**	**217,895**	**58,324**	**19,702**	**1,950,441**
At 31 March 2018	1,598,132	198,573	46,442	12,894	1,856,041

	Company				
	Social housing				
	Completed schemes		Under construction		
	Rented	Shared ownership	Rented	Shared ownership	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	1,867,709	219,331	40,632	13,008	2,140,680
Additions in year	340	463	87,318	31,576	119,697
Transfers	(18)	18	-	-	-
Components capitalised	17,664	-	-	-	17,664
Disposals	(14,004)	(4,413)	-	-	(18,417)
Transferred on completion	70,297	24,768	(70,297)	(24,768)	-
At end of year	**1,941,988**	**240,167**	**57,653**	**19,816**	**2,259,624**
Depreciation					
At beginning of year	291,999	19,554	40	-	311,593
Charge for year	24,559	2,051	-	-	26,610
Disposals	(6,754)	(539)	-	-	(7,293)
At end of year	**309,804**	**21,066**	**40**	**-**	**330,910**
Net book value					
At 31 March 2019	**1,632,184**	**219,101**	**57,613**	**19,816**	**1,928,714**
At 31 March 2018	1,575,710	199,777	40,592	13,008	1,829,087

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Additions to housing properties in the course of construction during the year includes:				
Capitalised interest at 3.05% (2018: 2.98%)	**2,077**	1,871	**2,077**	1,678
Direct development costs	**2,891**	2,639	**2,891**	2,639
The net book value of properties comprises:				
Freehold	**1,842,588**	1,749,485	**1,823,135**	1,723,508
Long leasehold – under 50 years remaining	**1,551**	1,551	**1,550**	1,550
Long leasehold – over 50 years remaining	**106,302**	105,005	**104,029**	104,029
	1,950,441	**1,856,041**	**1,928,714**	**1,829,087**
Works to existing properties:				
Capital	**17,893**	16,501	**17,664**	16,431
Revenue	**41,387**	38,883	**41,385**	38,874

13 Tangible fixed assets – investment properties

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Cost				
At beginning of year	**23,990**	23,188	**16,721**	15,938
Additions in year	**1,152**	715	**127**	185
Revaluation	**879**	164	**833**	164
Transfers	**-**	434	**-**	434
Disposals	**(716)**	(511)	**(461)**	-
At end of year	**25,305**	23,990	**17,220**	16,721

Investment properties were independently valued by JLL, a professional property services organisation, as at 31 March 2019 which the directors consider to be an accurate reflection of the market value of the portfolio.

14 Other tangible fixed assets

	Group and Company				
	Freehold land and buildings	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	22,008	5,297	3,838	5,155	36,298
Additions	4,716	336	495	756	6,303
Disposals	(3,787)	(1,694)	(546)	(454)	(6,481)
At end of year	**22,937**	**3,939**	**3,787**	**5,457**	**36,120**
Depreciation					
At beginning of year	1,237	3,349	2,286	2,648	9,520
Charge for year	402	499	380	985	2,266
On disposals	(737)	(1,653)	(444)	(453)	(3,287)
At end of year	**902**	**2,195**	**2,222**	**3,180**	**8,499**
Net book value					
At 31 March 2019	**22,035**	**1,744**	**1,565**	**2,277**	**27,621**
At 31 March 2018	20,771	1,948	1,552	2,507	26,778

	Group and Company	
	2019	2018
	£000	£000
The net book value of properties comprises:		
Freehold	**20,392**	19,128
Long leasehold	**1,643**	1,643
	22,035	20,771

15 Investments

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Shares	**-**	-	**2,288**	2,288
Intra-group loan	**-**	-	**60,888**	27,758
Loan to other housing association	**49**	56	**49**	56
Listed investments	**30**	-	**30**	-
Investments in subsidiary companies	**-**	-	**5,897**	5,898
Interest in associate	**111**	107	**-**	-
	190	163	**69,152**	36,000

Intra-group loans consist of loans to 100% subsidiaries of LiveWest Homes Limited. Interest is payable on a variable rate basis and repayments are due in 2-5 years. There is no penalty for early repayment.

At 31 March 2019 one loan was outstanding from another housing association. The loan is repayable in equal instalments with final repayment in 2023. Interest is payable at a fixed rate.

Details of the subsidiaries are as follows:	Country of registration or incorporation	Principal activity
The company has a controlling interest in the following subsidiaries:		
LiveWest Properties Limited	England	Property management services
LiveWest Treasury Limited	England	Group borrowing vehicle
Independent Futures CIC	England	Dormant
Westco Properties Limited	England	Property development and services
LiveWest External Services Limited	England	Dormant
Great Western Assured Growth Limited	England	Property development
LiveWest Charitable Housing Limited (formerly Knightstone Charitable Housing Limited)	England	Fund raising
LiveWest Capital Plc	England	Group borrowing vehicle
Arc Developments South West Limited	England	Property development and services
Arc Homes (South West) Limited	England	Dormant
In addition:		
Advantage Southwest LLP is 25% owned by Westco Properties Limited	England	Procurement consortium

16 Properties for sale

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Properties developed for outright sale				
- cost of completed units	**1,159**	5,454	**836**	-
- cost of units under development	**42,840**	29,327	**-**	-
Shared ownership properties – first tranche sales				
- cost of completed units	**5,532**	6,413	**5,532**	6,413
- cost of units under development	**19,706**	8,265	**14,212**	8,266
	69,237	49,459	**20,580**	14,679

17 Debtors due within one year

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Rent and service charges receivable	**7,132**	7,271	**7,108**	7,244
Less: Provisions for bad and doubtful debts	**(2,267)**	(2,007)	**(2,251)**	(1,993)
	4,865	5,264	**4,857**	5,251
Service charges recoverable	**1,985**	976	**1,985**	976
Managing agent debtor	**1,756**	1,999	**1,749**	1,999
Amounts owed by group companies	**-**	-	**8,820**	4,937
Other debtors	**18,398**	4,658	**1,701**	2,713
Social Housing Grant receivable	**15,350**	1,101	**15,350**	1,101
Prepayments and accrued income	**3,995**	3,544	**7,400**	6,834
	46,349	17,542	**41,862**	23,811

Included in other debtors is £12m due after more than one year.

18 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Cash at bank and in hand	**18,402**	23,394	**15,157**	22,174
Bank overdrafts	**-**	(24)	**-**	-
Cash and cash equivalents per cash flow statement	**18,402**	23,370	**15,157**	22,174

19 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Housing loans (see note 21)	**18,874**	25,572	**18,874**	25,572
Issue costs	**(678)**	(388)	**(678)**	(388)
Bank loans and overdrafts	**-**	24	**-**	-
Recycled Capital Grant Fund & Disposal Proceeds Fund (note 26)	**9,031**	5,665	**9,031**	5,665
Trade creditors	**3,403**	2,979	**2,908**	2,931
Rent and service charges received in advance	**14,276**	13,024	**14,248**	12,995
Contracts for capital works	**6,585**	10,803	**6,320**	9,660
Interest charges	**6,015**	6,761	**1,860**	5,408
Pension deficit (note 29)	**9**	3,122	**9**	3,122
Amounts owed to group companies	**-**	-	**17,294**	6,184
Other taxation and social security	**778**	745	**757**	724
Grants	**7,956**	7,934	**7,959**	7,934
Other creditors	**3,111**	2,753	**3,099**	2,736
Accruals and deferred income	**23,296**	21,375	**22,097**	17,472
	92,656	100,369	**103,778**	100,015

20 Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Recycled Capital Grant Fund and Disposal Proceeds Fund (note 26)	**7,210**	8,937	**7,210**	8,937
Pension deficit (note 29)	**47**	16,386	**47**	16,386
Other grant	**402**	363	**402**	363
Housing loans (note 21)	**787,312**	709,993	**787,312**	709,993
Social Housing Grant	**615,319**	601,657	**615,319**	601,657
Issue costs	**(2,485)**	(2,547)	**(2,485)**	(2,547)
Other financial liabilities (see note 24)	**105,066**	95,381	**105,066**	95,381
Grant on HomeBuy equity loans	**8,942**	9,525	**8,784**	9,367
	1,521,813	1,439,695	**1,521,655**	1,439,537

The premium arising on loan issues is amortised over the term of the loan to which it relates.

The gross social housing grant received is £760m (2018: £752m) with a total of £149m (2018: £142m) being amortised into reserves.

21 Housing loans

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
The sources of loan finance are as follows:				
Banks and building societies	**506,941**	492,957	**198,731**	175,217
Capital market issues	**298,816**	242,118	**148,430**	192,118
Intra-group	**-**	-	**449,904**	367,740
Other	**429**	490	**9,121**	490
	806,186	735,565	**806,186**	735,565

	Group and Company	
	2019	2018
	£000	£000
Housing loan finance is repayable as follows:		
In one year or less	**18,874**	25,572
Between one and two years	**18,267**	18,511
Between two and five years	**74,012**	72,968
In five years or more	**695,033**	618,514
	806,186	735,565

All loans are repayable by instalments. The final instalments fall to be paid in the period 2020 to 2043.

	Group and Company	
	2019	2018
	£000	£000
Housing loans are secured as follows:		
Fixed charges on properties	**806,186**	735,565

	Group and Company	
	2019	2018
	£000	£000
Interest rate basis		
Fixed less than 5 years	**144,019**	100,401
Fixed more than 5 years	**497,580**	433,865
Index linked	**23,879**	26,290
Variable	**140,708**	175,009
	806,186	735,565

In order to manage its interest rate profile the group holds fixed rate swaps.The interest basis including fixed rate and inflation differential swaps is shown above. The fixed rates of interest range from 0.68% to 12%. The group's average cost of borrowing at 31 March 2019 was 3.16% (2018: 3.15%).

22 Called up share capital

	Group and Company	
	2019	2018
	£	£
Allotted, issued and fully paid shares of £1		
Balance at 1 April	**8**	17
Issued during year	-	8
Cancelled during year	-	(17)
Balance at 31 March	**8**	8

23 Designated reserves

	Group and Company	
	2019	2018
	£000	£000
Major repairs reserve	**110,468**	102,085
Remodelling reserve	**2,557**	2,566
	113,025	104,651

The major repairs reserve recognises the future cost of major repairs and improvement works to housing properties and is based on the expected future expenditure using the group's life cycle costing model.

24 Financial instruments

	Group and Company	
	2019	2018
	£000	£000
Carrying amount of financial instruments:		
Assets measured at amortised cost	18,592	23,557
Liabilities measured at fair value	105,066	95,381
Liabilities measured at amortised cost	806,186	735,565

Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102 for the cash flow hedge accounting models.

	Group and Company					
	2019					
	Carrying amount	Expected cash flows	1 year or less	1 to < 2 years	2 to < 5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Interest rate & inflation swaps:						
Liabilities	(105,066)	(130,613)	(10,448)	(9,160)	(24,188)	(86,817)
	(105,066)	**(130,613)**	**(10,448)**	**(9,160)**	**(24,188)**	**(86,817)**

	Group and Company					
	2018					
	Carrying amount	Expected cash flows	1 year or less	1 to < 2 years	2 to < 5 years	5 years and over
	£000	£000	£000	£000	£000	£000
Interest rate & inflation swaps:						
Liabilities	(95,381)	(123,977)	(9,995)	(9,552)	(19,713)	(84,717)
	(95,381)	(123,977)	(9,995)	(9,552)	(19,713)	(84,717)

25 Housing stock

		Group			
		Units in management		Units under development	
		2019	2018	2019	2018
Social housing					
Owned and managed by the group:	Rented	**26,541**	26,068	**1,252**	1,005
	Shared ownership	**4,224**	4,051	**601**	513
	Sheltered	**1,816**	1,816	**-**	-
	Supported housing (bedspaces)	**1,095**	1,028	**-**	-
Managed by the group:	Rented	**58**	58	**-**	-
Owned by the group:	Rented	**389**	479	**-**	-
	Shared ownership	**26**	26	**-**	-
	Supported housing (bedspaces)	**618**	633	**-**	-
	Residential care homes	**74**	74	**-**	-
		34,841	34,233	**1,853**	1,518
Non-social housing					
Owned and managed by the group:	Rented	**127**	130	**-**	-
Managed by the group:	Owner occupied	**2,361**	2,288	**-**	-
Commercial properties					
Owned and managed by the group		**74**	64	**-**	-

		Company			
		Units in management		Units under development	
		2019	2018	2019	2018
Social housing					
Owned and managed by the Company:	Rented	**26,486**	26,012	**1,252**	1,005
	Shared ownership	**4,224**	4,051	**601**	513
	Sheltered	**1,816**	1,816	**-**	-
	Supported housing (bedspaces)	**1,095**	1,028	**-**	-
Managed by the Company:	Rented	**58**	58	**-**	-
Owned by the Company:	Rented	**389**	479	**-**	-
	Shared ownership	**26**	26	**-**	-
	Supported housing (bedspaces)	**618**	633	**-**	-
	Residential care homes	**74**	74	**-**	-
		34,786	34,177	**1,853**	1,518
Non-social housing					
Owned and managed by the Company:	Rented	**79**	86	**-**	-
Managed by the Company:	Owner occupied	**1,506**	1,294	**-**	-
Commercial properties					
Owned and managed by the Company		**74**	64	**-**	-

26 Recycled Capital Grant Fund (RCGF) and Disposal Proceeds Fund (DPF)

	Group and Company	
	RCGF	DPF
	£000	£000
Balance at beggining of year	**13,500**	**1,102**
Inputs to reserve		
Grants recycled	**3,282**	**-**
Homebuy grants	**304**	**-**
Interest accrued	**73**	**7**
Withdrawals from reserve		
New build	**(1,952)**	**(75)**
Balance at end of year	**15,207**	**1,034**

27 Financial commitments

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Capital commitments for which no provision has been made:				
Housing properties – contracted	**270,672**	197,108	**178,892**	157,493
Housing properties – approved not contracted	**91,816**	96,661	**87,651**	78,654

The capital commitments will be financed primarily by existing loan finance facilities, operational cash flow and some grant funding.

Total commitment under operating leases:				
Land and buildings – lease expiring 1-2 years	**-**	1	**-**	1
Land and buildings – lease expiring 2-5 years	**271**	144	**271**	144
Land and buildings – lease expiring beyond 5 years	**1,480**	1,500	**1,480**	1,500
	1,751	1,645	**1,751**	1,645

28 Significance of financial instruments

LiveWest Treasury Limited and LiveWest Capital plc are wholly owned subsidiaries and classed as financial institutions. The following disclosures relate to these subsidiaries only and no other entities.

	2019	2018
Financial instruments are classed as follows:	£000	£000
Financial assets		
Cash flow hedges at fair value (intra-group swaps)	**87,534**	79,394
Intra-group loans measured at amortised cost	**438,516**	367,740
Financial liabilities		
Cash flow hedges at fair value (interest rate swaps)	**87,534**	79,394
Bank loans measured at amortised cost	**438,516**	367,740

Fair value

All financial instruments are valued using the Mark-To-Market (MTM) valuation method. There is no quoted (bid) price for an identical asset in an active market nor are there recent transactions for identical assets.

Nature and extent of risks arising from financial instruments

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. LiveWest Treasury Ltd offsets these risks through exactly matching financial assets or liabilities with the parent (LiveWest Homes Ltd).

Credit risk

The group defines credit risk as 'the risk of failure by a third party to meet its contractual obligations to LiveWest under an investment, borrowing, or hedging arrangement which has a detrimental effect on LiveWest's resources and/or gives rise to credit losses'.

The group's maximum exposure to credit risk was £314m consisting of £18m cash and £296m undrawn loan facilities. There is no security held which mitigates the risk on these assets. There has been no impairment on these assets.

Our treasury management policy manages credit risk by setting minimum credit rating requirements and maximum exposure limits for all deposit counterparties.

Liquidity risk

We maintain adequate cash and debt funding facilities to cover our operations and planned developments.

We actively monitor the cash flow requirements of our operating and development activities and we have a treasury management policy in place which requires us to hold short and medium term liquidity levels. Overdraft facilities of £4.5m provide us with further flexibility.

Market risk

The group has market exposure to changes in interest rates.

Our approach to interest rate management is to maintain a balanced portfolio of fixed, variable and index linked debt. This is managed through the use of fixed rate debt and standalone derivatives. As LiveWest Treasury Ltd has corresponding financial assets or liabilities with LiveWest, the risk will have no impact on the surplus and equity of the company. The group has exposure to interest rate rises through our variable rate debt. A 1% increase in rates would lead to a £1.4m additional interest charge. We also have an indirect exposure to bond rates through our pension scheme commitments.

The standalone derivatives can give rise to margin calls if interest rates fall. This risk is managed by securing sufficient properties to cover margin calls in the event of a 0.5% fall in interest rates.

Capital

The company defines capital as net assets or equity. Due to the intra-group nature of its assets and liabilities the company holds its capital levels to its share capital of £1. LiveWest holds reserve capital of £461m which are held to reduce future borrowing requirements on development spend.

29 Pension schemes

As explained in the accounting policies set out in note 1, the group operates three separate pension schemes. The assets of the schemes are held separately from those of the group.

The Pensions Trust

LiveWest participates in two schemes with the Pensions Trust, the Social Housing Pension Scheme ("SHPS") and The Growth Plan.

SHPS

SHPS is a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a defined benefit scheme. At 31 March 2018 it was not possible for LiveWest to obtain sufficient information to account for the liability on a full FRS 102 valuation basis so it was accounted for as a defined contribution scheme where the net present value of the deficit contributions were recognised in the accounts as creditors falling within and more than one year.

As a result of additional information, SHPS are now able to split the pension liability by employer which has resulted in the scheme liability being accounted for adopting a full FRS 102 valuation at 31 March 2019. In accordance with FRED 71, no restatement of prior year figures has been made in these accounts. A reconciliation between the liability at 31 March 2018 and the provision at 31 March 2019 is shown below.

SHPS opening balance adjustment	Total	Growth	SHPS
	£000	£000	£000
Creditors: amounts falling due within one year	3,122	9	3,113
Creditors: amounts falling due after more than one year	16,386	58	16,328
Balance at previously stated at 31 March 2018	**19,508**	**67**	**19,441**
SHPS opening adjustment			15,333
Balance at 31 March 2018 – restated			**34,774**
Net in year movement to 31 March 2019			7,120
Provision at 31 March 2019			**41,894**

A full actuarial valuation for the SHPS scheme was carried out with an effective date of 30 September 2017 which showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme up to 30 September 2026. LiveWest will make deficit contributions of £3.9m in 2019-20.

In October 2018 the High Court published its judgement on the case of Lloyds Banking Group and the equalisation of Guaranteed Minimum Pensions (GMP). This has consequently been assessed against the group's defined benefit schemes. The impact of GMP Equalisation in respect of the SHPS Pension Scheme have been recognised in the year.

Growth Plan

The Growth Plan is a multi-employer scheme providing benefits to non-associated employers. The schemes are classified as defined benefit schemes in the United Kingdom, however, it is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

A full actuarial valuation for the Growth Plan was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £926m and a deficit of £131m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme up to 30 September 2028 which amount to £56,000 for LiveWest of which £9,000 is due in 2019-20.

Defined benefit scheme – Devon County Council pension fund

LiveWest participates in this fund as an admitted body under the Local Government Superannuation Regulations 1986.

The Local Government Superannuation Scheme is funded jointly by employees participating in the scheme and LiveWest. The scheme is a defined benefit salary scheme based on final pensionable salary and is closed to new entrants. The scheme is administered by Devon County Council.

The scheme operated two separate admission agreements relating to Tor Homes and West Devon Homes which were consolidated into one agreement on 31 March 2016.

Past service deficit payments of £86,000 (2018: £83,000) were made during the year in accordance with the funding agreement.

The most recent valuation was carried out as at 31 March 2016 and has been updated by independent actuaries to the Devon Council Pension Fund to take account of the income and expenditure items for the period to 31 March 2019. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

This pension scheme was closed to future accrual on 31 May 2016.

The group has reviewed the impact of GMP Equalisation in respect of its Local Government Pension Scheme and identified that the approach that has been adopted by the scheme actuary. This approach ranged from a detailed assessment of the impact of the requirements in 2019 through to limited recognition of the impact as the scheme actuaries wait for guidance from the Government on the methodology to be applied in calculating the full liability. No further adjustments have been made to the present value of obligations as the effect is not considered material.

In December 2018 the Court of Appeal ruled that 'transitional arrangements' protection in respect of benefit changes to the Judicial and Fire Fighter Pension scheme amounted to unlawful discrimination ('McCloud case'). Due to similar pension reforms to the LGPS in benefits the judgement is expected to be applicable to the LGPS. Whilst the judgement might be appealed by the Government in the Supreme Court it is generally considered unlikely that this will be successful.

The directors have considered the potential impact of the McCloud case on the group and associations defined benefit liability as at 31 March 2019. No additional liability has been recognised given the profile of the scheme members and assuming a very cautious outcome on the LGPS scheme liability (gross obligation: £16m) the directors are satisfied that when fully accounted in the financial statements the impact will not be material to the group or Association Financial Statements as at 31 March 2019.

Financial assumptions

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the time scale covered, may not necessarily be borne out in practice.

The main financial assumptions in respect of the FRS102 valuation are listed below.

	SHPS		Devon County Council	
	2019	2018	2019	2018
	%	%	%	%
Discount rate	**2.3**	2.6	**2.4**	2.6
Salary / pension growth	**3.3**	3.2	**2.5**	2.4
Inflation (RPI)	**3.3**	3.2	**-**	-
Inflation (CPI)	**2.3**	2.2	**-**	-
Inflation	**-**	-	**4.0**	3.4

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at 65 are:

	SHPS		Devon County Council	
	2019	2018	2019	2018
Longevity at age 65 for current pensioners				
- Males	**21.8**	21.8	**22.4**	23.5
- Females	**23.5**	23.5	**24.4**	25.6
Longevity at age 65 for future pensioners				-
- Males	**23.2**	23.2	**24.1**	25.7
- Females	**24.7**	24.7	**26.2**	27.9

Analysis of the amount charged to the income and expenditure account

	SHPS	Devon County Council	
	2019	2019	2018
	£000	£000	£000
Service cost	2,295	6	5
Expenses	113	-	-
Total operating charge	2,408	6	5
Net interest on pension liabilities	868	169	186
Other financial costs	3,276	175	191

Movement in the fair value of assets and present value of liabilities for the year to 31 march 2019:

Fair value of assets

	SHPS	Devon County Council	
	2019	2019	2018
	£000	£000	£000
At the beginning of the year	112,745	9,758	9,788
Interest on assets	2,882	244	259
Remeasurement	2,922	322	135
Employer contributions	4,607	86	83
Employee contributions	300	-	-
Administrative expenses	-	(6)	(5)
Net benefits paid out	(3,745)	(445)	(502)
At the end of the year	119,711	9,959	9,758

Present value of liabilities

	SHPS	Devon County Council	
	2019	2019	2018
	£000	£000	£000
At the beginning of the year	147,519	16,391	16,718
Current service cost	2,295	-	-
Expenses	113	-	-
Interest on liabilities	3,790	413	445
Contributions by participants	300	-	-
Remeasurement	11,333	(228)	(271)
Net benefits paid out	(3,745)	(445)	(501)
At end of the year	161,605	16,131	16,391

The fair value of the assets held by the pension funds at 31 March 2019 is as follows:

Type

	SHPS		Devon County Council	
	2019	2018	2019	2018
	£000	£000	£000	£000
Liability driven investment	**43,780**	41,074	**-**	-
Equities	**20,143**	22,269	**5,887**	5,703
Bonds / debt	**11,322**	10,181	**514**	507
Absolute return	**10,358**	13,773	**-**	-
Infrastructure	**6,278**	2,890	**-**	-
Property	**4,455**	5,190	**892**	908
Other	**23,375**	17,368	**2,666**	2,640
Total	**119,711**	112,745	**9,959**	9,758

Funding position

	SHPS		Devon County Council	
	2019	2018	2019	2018
	£000	£000	£000	£000
Assets	**119,711**	112,745	**9,959**	9,758
Estimated liabilities	**(161,605)**	(147,519)	**(16,131)**	(16,391)
Deficit in scheme	**(41,894)**	(34,774)	**(6,172)**	(6,633)

Defined contribution scheme - social housing pension scheme

This scheme administered by the Pensions Trust is the pension scheme for auto-enrolment and is also open to all members of staff. The company paid contributions between 2% and 9% and employees paid contributions from 2%. On retirement, funds or units earned can be converted into a pension with the Trust, or used to secure a pension with another provider. At 31 March 2019 there were 793 active members (2018: 809) of the scheme.

30 Related parties

All trading transactions between LiveWest and its non-regulated subsidiaries are charged at the cost of providing the service between the subsidiaries.

Recharges are determined by an appropriate allocation depending on the nature of the cost, such as headcount, floor space and services.

	Transactions in year		Balance at year end		Nature of supply
	Income £000	Expenditure £000	Debtor £000	Creditor £000	
LiveWest from ARC	-	161	71	-	Development and sale services
ARC from LiveWest	161	-	-	71	
LiveWest from GWAG	76	-	-	4,596	Scheme management
GWAG from LiveWest	-	76	4,596	-	
LCAP from LiveWest	2,826	-	2,776	-	Treasury services
LiveWest from LCAP	-	2,826	-	2,776	
LT from LiveWest	64	-	330,388	-	Treasury services
LiveWest from LT	-	64	-	330,388	
Westco from LiveWest	25,333	-	-	56,254	Development services
LiveWest from Westco	-	25,333	56,254	-	
LP from LiveWest	-	-	-	58	Scheme management
LiveWest from LP	-	-	58	-	
LES from LiveWest	-	-	54	-	Maintenance services
LiveWest from LES	-	-	-	54	
IF from LiveWest	-	-	-	220	Support services
LiveWest from IF	-	-	220	-	
Westco from LP	-	-	5,165	-	Development services
LP from Westco	-	-	-	5,165	

GWAG = Great Western Assured Growth Limited
IF = Independent Futures
LCAP = LiveWest Capital plc

LES = LiveWest External Services Limited
LP = LiveWest Properties Limited
LT = LiveWest Treasury Limited

The daughter of the Chief Executive is employed by LiveWest Homes on a fixed term contract, which terminates on 30 September 2019. The post was filled through the normal recruitment procedures of the company and is on standards terms and conditions.

Under Section 33 of FRS 102 defined benefit pension schemes are considered to be related parties. LiveWest is a member of the following defined benefit schemes: Social Housing Pension Scheme and Devon County Council Local Government Pension Scheme. Details of transactions with the schemes are disclosed in note 29.

31 Contingent liabilities

LiveWest has acquired a number of properties where grant is considered to be part of the acquisition cost and is not accounted for separately in the balance sheet. This contingent liability will be realised if the assets to which the grant relates are disposed.

As at March 2019 this contingent liability is £77m (2018: £75m).

Companies within the group, board members, executives and advisers

Companies within the goup

LiveWest Homes Limited is the parent company of the group.

It has 10 subsidiaries and one associated company, which have been consolidated as required under Financial Reporting Standard 2 (FRS 2).

Details of the seven trading subsidiaries and their roles within the group, and the associated company, are shown below.

Company	Role
Arc Developments South West Limited	One of our two commercial development companies. All profit made is returned to LiveWest in the form of Gift Aid facilitating further investment for affordable homes in the region.
LiveWest Properties Limited	Manages our leasehold properties (including private retirement schemes) and owns a small portfolio of market rented properties.
LiveWest Treasury Limited	One of our two group treasury vehicles, with around half of the group's borrowing facilities.
Great Western Assured Growth Limited	Owns a small portfolio of properties that are managed by LiveWest.
LiveWest Capital Plc	A special purpose vehicle through which the group has raised bond finance of £100m.
LiveWest Charitable Housing Limited (formerly Knightstone Charitable Housing Limited)	Supports our charitable activities by raising funds from a variety of sources to enable projects for the benefit of residents and others in need. The activities were transferred to LiveWest Homes on 31 March 2019 and as a consequence, LiveWest Charitable will be dormant.
Westco Properties Limited (Westco)	One of our two commercial development companies. All profit made is returned to LiveWest in the form of Gift Aid. facilitating further investment for affordable homes in the region.
Advantage SW LLP (ASW)	Our procurement consortium jointly owned by Westco and three registered providers.

LiveWest Homes Limited board members

Andrew Wiles
Member of ARC and CSC

Antony Durbacz
Chair of ARC, Member of TC

Jenefer Greenwood
Chair of RC

John Newbury
Senior Independent Director
Member of ARC, CSC and DC

Linda Nash
Chair, Member of RC

Melvyn Garrett
Deputy Chief Executive and Executive Director of Finance, Member of DC and TC

Paul Crawford
Chief Executive, Member of DC

Tim Larner
Chair of DC, Member of TC

Tom Vaughan
Chair of CSC, Member of RC

Tony MacGregor
Chair of TC, Member of ARC

ARC = Audit and Risk committee
DC = Development committee
TC = Treasury committee
CSC = Customer Services committee
RC = Remuneration committee

Secretary: Jill Farrar
Registered office: 1 Wellington Way, Skypark, Clyst Honiton, Exeter EX5 2FZ
Charitable Community Benefit Society registration number: 7724
Regulator of Social Housing registration number: 4873
Auditors: KPMG LLP, Plym House, 3 Longbridge Road, Plymouth PL6 8LT
Treasury advisers: Centrus Advisers LLP, 3rd Floor, Mermaid House, 2 Puddle Dock, London EC4V 3DB

LiveWest Homes Limited Executive Management team

Anna Lawrence
Executive Director of People
(Appointed 8 June 2018)

David Greenhalgh
Executive Director of
Property Services (Strategy)

Doug Stein
Executive Director of
Property Services (Operations)

Ian Fisher
Executive Director of Digital
and Business Change
(Appointed 5 November 2018)

Jill Farrar
Executive Director of
Governance and Compliance
(Appointed 1 October 2018)

Kathy Gilmore
Executive Director, Housing
Support – Integration

Melvyn Garrett
Deputy Chief Executive /
Executive Director
of Finance

Paul Crawford
Chief Executive

Russell Baldwinson
Executive Director of
Development

Suzanne Brown
Executive Director of
Neighbourhoods and
Customer Services

Tom Woodman
Executive Director of
Strategy and Performance

Executive Director Housing Support - Asset and Community Investment: Mark Coates (Resigned 30 April 2019)
Executive Director Corporate Relations: Nick Horne (Resigned 30 Sept 2018)

Our employees came together to celebrate our successes and to show how proud they are to work here at this year's LiveFest

A home for everyone

Head Office: 1 Wellington Way, Skypark,
Clyst Honiton, Exeter EX5 2FZ

livewest.co.uk