

Statement of Accounts

2022-23

Great homes | Strong communities | Bright futures

South Liverpool Homes Limited

**Registered Social Housing Provider –
consolidated and entity**

Financial Statements

Year ended 31 March 2023

Registered Community Benefit Society No 31210R

Registered with the Regulator of Social Housing as a social landlord L4230

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Board members for the year ended 31 March 2023

David Jepson (Chair of Board)

Paul Diggory (Senior Independent Director)

Debra Rees-Armstrong (Chair of Customer Services Committee) – appointed 2 February 2023

Eric Hughes (Chair of Remuneration Committee)

Paul McGerty (Chair of Audit & Risk Committee) – appointed 29 September 2022

Danielle James (Chair of Audit & Risk Committee) – resigned 29 September 2022

Bethany McKeown (Board Member) – appointed 29 September 2022

Catherine Bett (Board Member)

Graham Pink (Board Member) – resigned 29 September 2022

Jamal Wahid (Board Co-optee)

Lee Payne (Board Member) – appointed 29 September 2022

Paula Ellis (Board Member) – appointed 29 September 2022

Yasmin Fearon (Board Member)

Executive officers for the year ended 31 March 2023

Anna Bishop (Chief Executive) – appointed 15 November 2022

Angela Perry (Executive Director of Assets & Development)

Catherine Biggs (Executive Director of Operations)

Colin Gibson (Executive Director of Culture & Communications)

Ian Cresswell (Executive Director of Innovation & Technology and Interim Chief Executive until 14 November 2022)

Mark Chambers (Executive Director of Finance)

Company Secretary

Mark Chambers

South Liverpool Homes Limited Year ended 31 March 2023

Registered Office	South Liverpool Homes Parklands Speke Liverpool L24 0TY
External Auditors	Beever and Struthers Statutory Auditors One Express 1 George Leigh Street Manchester M4 5DL
Bankers	National Westminster Bank Liverpool City Office 22 Castle Street Liverpool L2 OUP

Statement from the Chair of the Board

Welcome to the 2022/23 annual accounts for South Liverpool Homes. As you will see they provide a picture of continuing financial strength and stability in a very challenging environment.

The 12 months ending in March 2023 saw challenges as high inflation and economic uncertainty grew which had an impact in terms of supply chains and the price of materials for the business. In addition, the local community and our customers faced growing pressure on their ability to fund day to day cost of living.

As a result we continue to focus on the needs of the communities we serve in Speke and Garston and aim to provide as comprehensive and supportive service as we can consistent with ensuring the long term viability of the organisation.

The financial results presented in these statements show that as a group of businesses we were able to withstand the pressures placed on the sector and the economy in general. In 2022/23 we have delivered an operating margin of 20% and a surplus of £3.7m.

We invested £10m improving and maintaining our homes and £0.5m on community services to support our tenants in a variety of ways. There have been challenges to ensure we deliver our legal responsibilities around landlord compliance, but we are pleased that both SLH and Avela Home Service have continued to meet these challenges – in particular regarding the response to damp, mould and condensation and fire safety – and worked tirelessly to keep our tenants safe.

This year has seen the handover of 20 units from our Hale Cottages development. A project which not only delivered much needed new homes but also transformed a rundown area which blighted the neighbourhood. This was the last phase of the development programme to build 225 units by 2022. We are now moving forward with our new development programme – to build 280 units by 2027 – and making sure that the schemes that are brought forward for consideration can be delivered effectively whilst taking into account the inevitable risks development brings.

The increased economic uncertainty has led to predictable pressure on our communities. SLH's Income Team continue to adopt a supportive role in encouraging payment and offering financial advice and referral to our benefits advice team where appropriate. All this hard work meant we were able to contain arrears within our current target of 3.55%, with income collected at 99.1%.

During the year the Board adopted the National Housing Federation's 2020 Code of Governance and throughout the year the Governance & Remuneration Committee have completed a series of deep dives into each of the four principles of the code to provide assurance of compliance.

A new Customer Services Committee, which consists of five tenant members and two other SLH board members, has been established to provide additional focus on residents' needs. This helps strengthen our engagement with our communities and provides customer focused scrutiny of the organisation's performance. The chair of the committee is one of our tenants and also a full member of the SLH board which will ensure that the tenant voice is at the heart of our decision making.

Our new Corporate Plan was launched in May 2022 and provides an ambitious programme for the next five years. It has been developed via a comprehensive planning exercise working with tenants, colleagues and stakeholders. It focuses on the four P's: People (our tenants and SLH colleagues); Place (how we can continue to enhance the communities of Garston and Speke); Planet (we need to plan now to get our homes to carbon zero); Pound (how we can best demonstrate value for money).

The next five years promise to be even more challenging than the last. The cost of living crisis is not over and has the potential to impact both the income collected and the cost incurred by the organisation.

In order to take charge of events that are within our control we are working with our customers, partners and suppliers to secure our income going forward, and mitigate our cost increases.

The board has agreed to renew the successful repairs, maintenance and investment partnership with Penny Lane Builders – Avela Home Service – for another five years. This follows an independent assessment of value for

money and benchmarking against alternative models of delivery.

We have secured a new loan agreement of £40m which gives long-term funding certainty and will provide the financing required to commence the 2022 – 2027 housing development programme. As part of this agreement we have committed to meet three Environmental, Social and Governance (ESG) metrics which, if achieved, as well as being good for the environment will provide savings on the annual loan interest payable.

Our business plan will help us achieve our strategic objectives, but does so in a commercially viable manner. Rigorous stress testing has been carried out to assess the impact of both known and unknown risks. Escalating the scale of challenge to breaking point. The business plan is robust and can withstand significant downside risk, with plans in place to respond effectively if those risks crystallise.

During 2022/23 a recruitment campaign took place to find a new permanent Chief Executive. I am pleased to say that after an open, thorough and competitive process Anna Bishop was appointed and started in post in November 2022. Anna took over the reins from Ian Cresswell, who had been the interim CEO for the previous nine months. I would like to take this opportunity to thank Ian for taking on the challenge and providing an excellent interim CEO and a real support to me.

To conclude, it has been another challenging year but we have seen the continuation of strong financial and operational performance. My thanks are extended to the whole of the Executive team and colleagues for guiding the organisation through the past year and continuing to put tenants at the heart of everything we do. I would also like to thank members of the Board for the time they contribute and their continued support and challenge which drives the organisation forward and ensures it continues to meet the needs of the communities we serve.



David Jepson
Chair of the Board

Report of the Board

Principal activities and review of business

South Liverpool Homes (SLH) principal activity is the provision of social and affordable rented accommodation for people in housing need. However, the Group has a wider remit to contribute to the overall sustainable regeneration of Speke and Garston through the development and support of appropriate activities and initiatives.

- Turnover for the year ended 31 March 2023 was £21.1m (2022: £20.5m). Rent increased by £0.7m compared to the previous year.
- Operating costs were £16.9m for the year (2022: £16.9m).
- Cost of sales were £nil compared to £0.1m in the previous year.
- Proceeds (after costs) from the sale of 23 properties through Right to Buy and Right to Acquire and two staircasing properties were £0.9m (2022: 26 properties and £1.1m).
- There were no shared ownership sales (2022: £0.1m).
- Surplus for the Group was £3.7m (2022: £3.3m).
- Cash and investments £3.4m (2021: £2.5m) which provides a good level of liquidity headroom.
- Borrowings totalling £29m were drawn (2022: £30m).

Group Structure

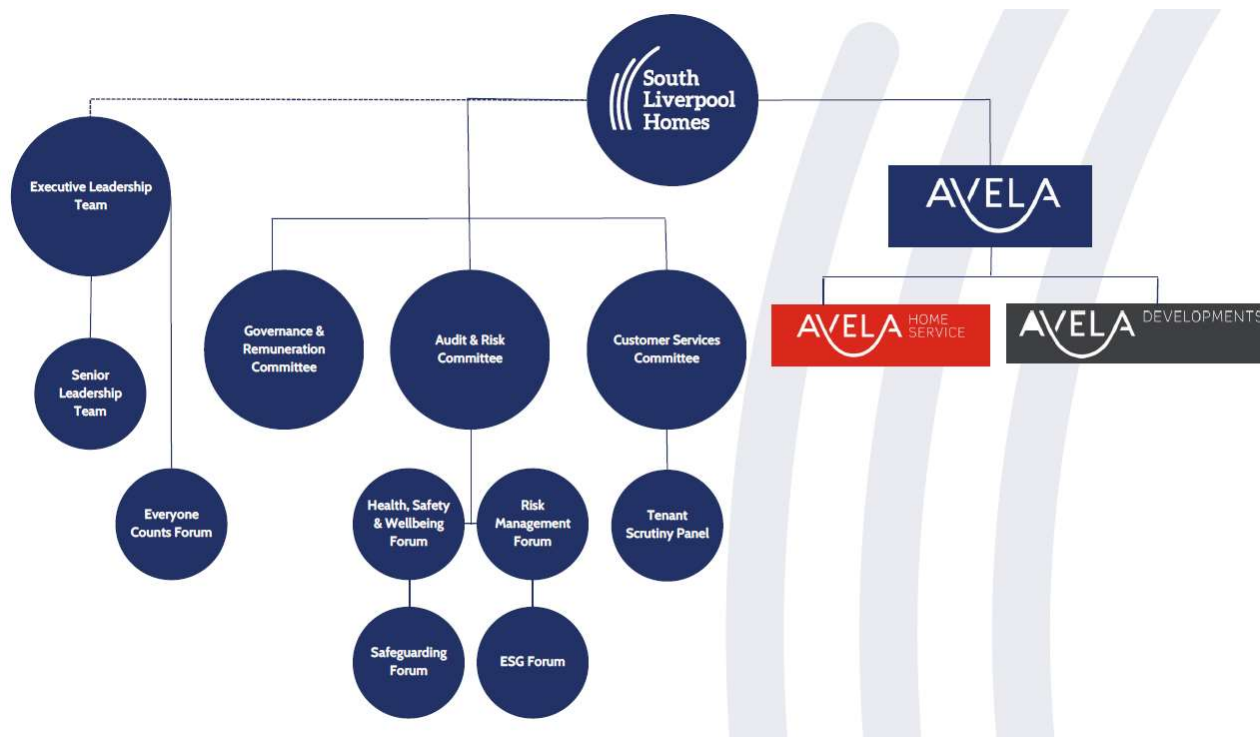
SLH is a charitable community benefit society limited by guarantee and a housing association registered with and regulated by the Regulator of Social Housing (RSH). SLH's primary activity is housing and property management.

SLH is the parent to Avela Services Limited (Avela) which is a company providing non-charity works including rental of commercial properties and income from photovoltaic solar panels. Avela owns 55% of Avela Home Service Limited Liability Partnership (LLP) and 51% of Avela Developments Limited Liability Partnership (LLP).

Avela Home Service LLP (AHS) is a partnership between Avela and Penny Lane Builders Limited which provides repairs and maintenance primarily to South Liverpool Homes Limited.

Avela Developments LLP (AD) is a partnership between Avela and Penny Lane Builders Limited. It exists for the development and construction of affordable housing mainly for and on behalf of SLH.

SLH Projects Limited was a company designed to undertake development projects and had not commenced trading. The company was dissolved on 31 January 2023.



Going concern

The Board approves a 30 year business plan at least annually giving consideration to the Group's forecast surplus, ability to repay debts and comply with financial covenants. The plan is subject to stress testing which demonstrates the ability to withstand significant risks, both in isolation and combined. The business plan was last approved in March 2023. The business plan has over £2.4m headroom on the tightest covenant, interest cover, in each of the next two years. The stress testing process demonstrated that the Group has adequate resources available to withstand considerable economic challenges.

The Group has a strong net asset position of £58.4m (2022: £53.3m). Cash collection in the year was positive and the bad debt position remained below budget despite the challenging economic conditions.

After making enquiries, the Board has a reasonable expectation that South Liverpool Homes has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Assessment of the effectiveness of internal control

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations within SLH, including those not registered with the Regulator of Social Housing (RSH).

SLH's system of internal control is designed to manage rather than eliminate the risk of failure to achieve aims and objectives, to comply with statutory requirements, and to safeguard and make best use of public funds and assets. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Board has adopted a 'four lines of defence' model when 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 Group is exposed and is consistent with the expectations of the RSH standard on Governance and Financial Viability.

Assurance on the effectiveness of internal controls was provided across a number of specific areas by a series of internal audits and external reviews. The Audit and Risk Committee has received the Annual Report of the Internal Auditor and has reported its findings to the Board.

The system of internal control continues to be maintained through an ongoing process designed to:

- Identify and evaluate principal risks to the achievement of SLH policies, aims and objectives
- Evaluate the likelihood of those risks being realised
- Mitigate the impact should they be realised
- Manage these risks efficiently, effectively, economically, and as far as is reasonably practicable

Effective Governance Arrangements

SLH is governed by a Board of non-executive directors. The core purpose of the Board is to determine vision and strategy whilst also directing, controlling and scrutinising SLH, and its subsidiaries, affairs and performance. Operational management is the responsibility of SLH's Executive Leadership Team who remain accountable to the Board.

The Avela Services Limited Board comprises independent directors, directors nominated by the SLH Board and SLH executive directors.

SLH Projects Limited comprised of one director appointed by the SLH Board and was dissolved on 31 January 2023.

The rules of SLH, reviewed in 2023, allow the Board to delegate authority to sub-committees. SLH operate three sub-committees which have their own Terms of Reference setting out the powers and responsibilities delegated to them by SLH Board.

- Audit and Risk Committee – The overall purpose of the committee is to ensure that South Liverpool Homes, Avela Services, Avela Home Service and Avela Developments' internal control systems operate satisfactorily and that each organisation has adequate risk management arrangements in place. The committee has over the last 12 months:
 - Monitored the ongoing effectiveness of the internal reporting.
 - Considered reports from external audit including the Annual Financial Statements before submission to the Board.
 - Reviewed internal audit reports and issues arising and sought assurance that action was taken through a mechanism of exception and follow up reporting.
 - Approved the internal auditor's annual plan.
 - Ensured effective arrangements exist between internal and external audit and recommended the appointment of internal and external auditors for the year.
 - Met with and considered the reports of external auditors, reviewed the financial statements, and monitored management action in response to issues raised.
 - Reviewed and obtained assurance on Landlord Compliance, Health & Safety and Service Charges
 - Continued to review compliance with SLH's Probity Framework, signing off relevant returns such as Fraud, Declarations of Interest and Gifts & Hospitality registers at each meeting.
 - Ensured that the company's assets are protected through regular reviews of the insurance arrangements.
 - Reviewed the Asset and Liability Register.
 - Undertaken a comprehensive review of the risk management processes and reporting.
- Governance and Remuneration Committee – The overall purpose of the committee is to ensure effective governance arrangements are in place at SLH and relevant assurance of this is provided to the SLH Board. This includes ensuring the boards and committees have the appropriate balance of skills, experience, independence and knowledge to enable them to discharge their respective duties and responsibilities effectively. The committee has over the last 12 months:
 - Delivered an effective board and committee member appraisal process which has been combined into the wider review of board and committee effectiveness to assess performance and compliance with SLH's governing instruments.

- Reviewed a number of policies and procedures including:
 - SLH Rules and Standing Orders
 - Board and Committee Member Recruitment and Renewal Policy
 - Board and Committee Member Induction, Appraisal and Learning & Development Policy
 - Board Member Succession Strategy in line with skills and competency framework to mitigate future risks around Board Member terms
 - Code of Conduct
 - Reviewed SLH's continued compliance with the NHF 2020 Code of Governance and progress against the Improvement Plan.
 - Reviewed deep dives into each of the consumer standards and provided assurance to Board that SLH is compliant with these standards.
 - Reviewed pay and benefits across the Group and recommended to Board the 2023/24 pay award for South Liverpool Homes colleagues and members.
 - Considered options and recommended to Board changes to the defined benefit pension offer at South Liverpool Homes, including exit from the Merseyside Pension Fund.
 - Received regular updates and supported the work streams in place in relation to EDI and culture.
 - Reviewed risks pertinent to remit of the committee.
- Customer Services Committee – the purpose of the committee is to provide a diverse cross-section of views and insight to the Board from a customer perspective. To influence the Board's decision-making on key customer-related issues as defined by the Board relating to the organisation's responsibilities as a landlord; and enable the customer voice to shape and continuously improve the homes and services that South Liverpool Homes provides. The inaugural meeting of the committee was held in January 2023 and terms of reference and a work programme for 2023/24 have been agreed.

Code of Governance

The Board is pleased to have adopted the National Housing Federation (NHF) 2020 Code of Governance and can report compliance with the applicable principles and provisions of the adopted code. Compliance with the code is reviewed by the Governance and Remuneration Committee at each quarterly meeting and reported on to the Board for approval.

In order to ensure that member succession is planned in the most effective manner, the board have agreed to extend two member terms, by one year, beyond the new six year term rule. Once the next phase of recruitment is complete it is expected that the maximum terms will be adhered to and no further extensions will be necessary.

Regulatory Standards

The Regulator conducted an In-Depth Assessment (IDA) which concluded in June 2021 with the Regulator re-grading SLH's governance rating from G1 to G2. The re-grade was in relation to the requirement to strengthen Board oversight of the business, improve the risk management and the internal control assurance framework to ensure SLH is managing affairs with sufficient effectiveness and diligence. A fundamental review of governance as part of the triennial governance review was commissioned. SLH maintained its V1 rating for financial viability. The ratings remained unchanged in the Regulator's annual stability check in November 2022.

In response to the IDA a comprehensive Strategic Improvement Plan (SIP) was developed and the actions implemented during the financial year. The Chair and CEO maintain regular dialogue with the Regulator, reporting progress and the completion of the SIP; they also provide evidence and assurance regarding the embedding of the actions and improvements.

Compliance with Governance and Financial Viability Standard

SLH assess compliance with the Governance and Financial Viability Standard at least once a year and last certified compliance with the standard in September 2022. In addition, the Board consider annually compliance with all the economic and consumer standards through self-assessments at least once a year. The Value for Money Standard and Rent Standard were reviewed as compliant in September alongside the Governance and Financial Viability Standard. Each quarter, one of the consumer standards (Home Standard, Tenancy Standard, Neighbourhood and Community Standard, Tenant Involvement and Empowerment Standard) were reviewed at Governance and Remuneration Committee and then compliance confirmed at the following board meeting. The self-assessment of performance against all the consumer standards in 2023 will also include the new Tenant

Satisfaction Measures Standard.

Board members' responsibilities and information for auditors

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations including the Statement of Recommended Practice (SORP): Accounting by registered social housing providers 2018.

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

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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 has been followed, subject to any material departures disclosed and explained in the financial statements and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time their financial position. The financial statements must comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



David Jepson
Chair of the Board

27 July 2023

Strategic Report for the year ended 31 March 2023

Vision: Great homes. Strong communities. Bright futures.

This vision supports our mission to provide homes and services to those in need. As a social landlord and a major stakeholder in the communities where we work, we see it as our duty to tackle societal issues. This plan will include closing the gap on the multiple inequalities that our communities face. Fundamental to this is the provision of good quality housing that people are proud to call their home.

We will achieve our vision through the delivery of four key objectives (the 4Ps):



The vision is underpinned by our values, which run through everything we do, enabling us to run the business effectively to meet the objectives within the 4Ps as set out in the corporate plan.

Performance during the financial year and financial position at the year end

The Board and Management have agreed a Performance Management Framework which is part of our approach to Business Assurance; it exists to manage performance across the Group. Board consider performance quarterly, benchmarking against an agreed comparator group and also approve annual corporate and operational targets.

People (Residents)

Engaged and included residents who can access a range of services to support their health, wellbeing and economic aspirations.

Description	March 2022	March 2023			
		Value	Target	Status	Trend
% Overall satisfaction with new home / tenancy	84%	89%	92%	🔴	⬆️
% Overall satisfaction with repairs service	90%	92%	93%	🔴	⬆️
% Overall satisfaction with gas servicing	New PI for 2022/23	100%	99%	🟢	➡️
% Overall satisfaction with planned maintenance service	96%	100%	99%	🟢	➡️
% Satisfaction with anti-social behaviour case handling	86%	86%	92%	🔴	⬆️
% Satisfaction with formal complaint handling	83%	62%	90%	🔴	⬆️

Overall satisfaction with new home / tenancy has not achieved target. Of the eight surveys completed in March, all were satisfied with the quality of their new home. Year-end performance is not achieving target due to dissatisfied responses in previous months. The main causes of dissatisfaction in 2022/23 included plastering issues within a small number of homes and outstanding works; all referenced outstanding works were subsequently arranged and completed.

Overall satisfaction with repairs service has increased to 92% against a target of 93%. Of the 41 responses received in March, 38 respondents were satisfied. Two respondents were neither satisfied or dissatisfied with the repairs service, and one respondent returned a dissatisfied response. The main reason for dissatisfaction in 2022/23 was repairs not being completed within one visit so follow on appointments were needed. A new key performance indicator will be reported within our performance dashboard from April 2023, to ensure follow up works are being actioned as required – % Follow on repairs completed within target.

Satisfaction with anti-social behaviour case handling has not achieved target. Year-end performance is not achieving target due to some dissatisfied responses in previous months. The trend over the last quarter has seen levels of dissatisfaction reduce.

Satisfaction with formal complaint handling remains below target. The main cause of dissatisfaction in 2022/23 is communication, an action tracker has been introduced to help improve communication with tenants when there are outstanding agreed actions.

SLH responded to the Regulator of Social Housing's consultation on the introduction of Tenant Satisfaction Measures (TSM), in line with recommendations made in the Social Housing White Paper that TSMs should give tenants meaningful information about their landlord and help the regulator ensure that landlords meet the new consumer standards. Our existing relationship based Tenant Satisfaction Survey is conducted on our behalf by IFF Research, a social and market research agency. They complete 50 telephone surveys each month. We introduced a number of the proposed tenant perception measures included in the TSM consultation from April 2022, to allow us to have a baseline of information, ready for when the requirement to collect data starts in April 2023. Following the publication of the Regulator's Decision Statement in September 2022, a further review has been undertaken to ensure that all of the necessary questions are included and all requirements are being met.

The following table shows SLH's performance against the tenant perception TSMs for 2022/23, along with our position against IFF Research's benchmarking group.

TSM code	Satisfaction measure	2021/22 results	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Trend	How we compare against IFF benchmarking group
TP01	Overall satisfaction	82%	77%	76%	79%	75%	▼	Median
TP02	Overall repairs service (repair completed in last 12 months)	New for 2022/23	65%	74%	75%	75%	—	Median
TP03	Time taken to complete repair (repair completed in last 12 months)	New for 2022/23	56%	67%	66%	68%	▲	Median
TP04	Home is well-maintained	88%*	83%*	81%*	86%	73%	▼	Bottom
TP05	Home is safe				89%	83%	▼	Median
TP06	Listening to tenants views and acting upon them	71%	67%	70%	74%	61%	▼	Median
TP07	Keep informed	New for 2022/23	77%	79%	84%	76%	▼	Median
TP08	Treat you fairly & with respect	New for 2022/23	78%	82%	84%	81%	▼	Median
TP09	Approach to complaints handling (complaint made in last 12 months)	New for 2022/23	71%**	73%**	67%	39%	▼	Median
TP10	Communal areas clean and well maintained	New for 2022/23	68%	79%	86%	79%	▼	Top
TP11	SLH make positive contribution to neighbourhood***	New for 2022/23	N/A	N/A	89%	74%	▼	Median
TP12	Approach to handling anti-social behaviour	New for 2022/23	74%	77%	74%	67%	▼	Top

* Question previously included both home well maintained and home safe. From November 2022, question split as per TSM requirements, following publication of TSM Decision Statement.

** All tenants surveyed asked, regardless of whether they had made a complaint in the last 12 months. From November, changed to only ask those who have made a complaint in the last 12 months, following publication of TSM Decision Statement.

*** Question introduced November 2022 following publication of TSM Decision Statement.

There has been a decline in satisfaction across most measures compared to quarter 3, in particular with SLH's approach to complaint handling. This seems to be a common theme across all sectors: according to the UK Customer Satisfaction Index published in January 2023, compared to January 2022, customer satisfaction has fallen, with the biggest decline evident for complaint handling.

People (Colleagues)

Colleagues who are engaged and empowered to deliver SLH's objectives.

Description	March 2022	March 2023			
		Value	Target	Status	Trend
% Short term absence	New PI for 2022/23	0.88%	0.8%		
% Performance reviews (bi-monthly 121s) completed	93%	92.2%	100%		

Short term absence remains above target. Whilst we do not have comparative benchmarking data for this measure, it is positive to note that other sickness measures benchmarked through Housemark (average working days lost due to short-term sickness absence) and the Liverpool City Region (LCR) benchmarking group (days lost to absence) show that we are achieving upper quartile for sickness absence performance.

Place

Building homes to meet current and future needs whilst investing in existing homes. Building strong communities – places where people choose to live and stay. A good quality home will be the foundation to tackling social inequality.

Description	March 2022	March 2023			
		Value	Target	Status	Short Trend
% New tenancies lasting >3 years	79.3%	85.9%	75.0%		
% Repairs appointments kept	99.9%	83.1%	99.9%		
Average number of days to re-let empty homes	42 days	23 days	30 days		
% Tenancy turnover	4.6%	4.8%	6.1%		

The performance of repair appointments kept performance has been impacted by a new IT system implementation and interface issues during quarter 4.

It is pleasing to note that average number of days to re-let empty homes and tenancy turnover have both achieved target throughout the entirety of 2022/23.

Planet

Preparing our business, our homes and our communities to meet net-zero carbon targets; going a step further by providing cleaner, greener neighbourhoods and helping our customers navigate the energy challenges they face.

Economic, Social and Governance (ESG)

As part of our £40m refinancing project completed in September 2022, the facilities agreement included three ESG metrics which, if achieved would save 0.05% of interest payable each year.

The three metrics are:

- The percentage of new developments (which have reached practical completion during the relevant Financial Year) that have an Energy Performance Certificate rating of "B" or above.
- SHIFT accreditation of "SILVER" which measures the energy efficiency of all our housing stock.
- The avoided carbon emissions resulting from operation of Market Place and other foodbanks which obtain food from local suppliers / manufacturers that would otherwise be disposed.

In addition we have introduced reporting on a fourth ESG/Planet metric which measures the energy generated by solar panels on the roofs of our housing stock.

Description	March 2022	March 2023			
		Value	Target	Status	Short Trend
New developments EPC-B or above	N/A	100%	100%	✓	▬
SHIFT Assessment	N/A	TBC	Silver		▬
Avoided carbon emissions	N/A	84.4.Tonnes (Q3 only)	28 Tonnes (Sep-22 to Mar-23)	✓	▬
Number of operational panels and energy (KWH) generation target	N/A	93% 1.896m KWH	87% 1.880m KWH	✓	▬

Our ESG officer forum monitor performance against the four KPIs during the year and going forward will propose new targets and metrics as our ESG reporting develops.

Pound

Creating a sound financial platform to deliver our vision, maximising investment opportunities and working together with others to deliver more.

Description	March 2022	March 2023			
		Value	Target	Status	Short Trend
VFM Gains	£13,676	£150,000	£150,000	✓	▬
% Void loss	0.79%	0.42%	1.00%	✓	↑
% Income collected	99.54%	99.09%	99.2%	✗	↑
% Current tenants rent arrears	3.19%	3.55%	3.57%	✓	↑
% Former tenant rent arrears	0.44%	0.29%	0.50%	✓	↓
% Total arrears	4.89%	5.02%	5.49%	✓	↑

Income collected performance for 2023/24 is 99.09%, narrowly missing target by 0.11%, which represents a shortfall in income collection of £20.8k compared to the target of 99.2%.

It is pleasing to note that current tenant arrears, former tenant arrears and total arrears have all achieved their respective year end targets.

Principal risks and uncertainties

SLH's Risk Management Framework (RMF) forms part of the approach to Business Assurance; it exists to identify, manage and reduce risk across the group to support delivery of our corporate plan. The RMF:

- Provides a systematic process of understanding, evaluating and reducing risks in order to maximise our chances of achieving our objectives;
- Provides Board with the necessary assurance that risk is being managed effectively;
- Identifies risk in relation to the business planning process and defines the Board risk appetite and tolerance against each strategic risk;
- Produces real time, accurate and relevant risk information;

- Ensures compliance with the RSH Governance and Financial Viability Standard;
- Ensures that the control framework is operating effectively.

The framework is managed by the Audit & Risk Committee and the Risk Management Forum (a group made up of members of the Executive and Senior Leadership Team and several other officers). The forum meets at least quarterly to review risk registers and consider other items such as changes in legislation, compliance, health and safety, data protection, insurance, business continuity, and any other management or operational issues.

The risk register is approved by Board and Audit & Risk Committee every quarter. Risk management is a standard item on all Board and all committee papers, agendas and Executive Leadership Team meetings.

During 2022 the SLH approach to risk and risk management has been subject to a root and branch review by external risk management consultants. This ensured that there were no blind spots in the framework or the risk registers, that the risks within it have evolved throughout the year in line with the changing requirements of the sector, and that assurance is adequately evidenced or an action plan is in place to address any gaps.

As part of the business plan approval process, Board conducted a number of multi-variate stress tests. The exercise detailed the Board's response to the crystallisation of multiple risks together. This ensures that Board better understand what stresses and combinations of stresses could put our business at risk, that they have rehearsed a range of difficult decisions, and have developed a detailed contingency plan. As part of this process, Board set the risk appetite and tolerance against each of the key strategic, principal and operational risks.

Risk Appetite

The Risk Appetite Statement represents the agreed view of the Board of South Liverpool Homes, it provides direction, guidance, and parameters on the risk appetite for all SLH's activities.

	AVERSE	CAUTIOUS	BALANCED	OPEN	HUNGRY
Risk theme	Prepared only to accept the very lowest level of risk	Willing to accept some low risks, while maintaining an overall preference for safe delivery options	Tending always towards exposure to only modest levels of risk	Prepared to consider all delivery options and select those with the highest probability of productive outcomes	Eager to seek original, creative, pioneering delivery options and to accept the associated substantial risk levels
Repairs and maintenance	The Board recognises that the repairs and maintenance service is at the core of what SLH does as a Registered Provider. The Board considers that SLH's tenants must be able to expect good quality services. The Board recognises that SLH must meet and avoid any breaches of regulatory and statutory standards. The Board considers that in delivering these priorities that some cautious risks might need to be taken. The Board requires that such exposures must be properly appraised and assessed before they are taken. Members agreed for the risk response to be noted as CAUTIOUS.				
Compliance / Regulatory	The Board feels that SLH must adopt an averse approach to this risk, as it will not take any risks which will impact on its ability to meet regulatory requirements. The Board has an AVERSE appetite in relation to regulatory compliance.				
Finance / Value for Money	The Board recognises the need for measured risk taking and has a CAUTIOUS approach to support growth whilst making best use of resources, delivering value for money and minimising the possibility of financial loss allowing SLH to develop and provide the highest standards of housing.				

	However, the Board will not take any financial risks which will have a negative impact on the overall sustainability of the organisation and has a AVERSE appetite.
Health and Safety Obligations	The Board considered that this risk is of the highest priority and that all necessary measures are adopted to manage this risk to ensure that breaches are avoided. The Board has an AVERSE appetite in relation to the health and safety of tenants, colleagues and members.
Environmental management / energy	The Board has a CAUTIOUS appetite as SLH adheres to statutory targets associated with environmental and energy management, whilst also listening to and prioritising the interests of its tenants in such matters. The Board recognises that the timeline for meeting statutory targets will enable SLH to prepare well informed plans to address these challenges. The Board accepts that in working towards these objectives it should be able to accept a cautious approach to such risks. The Board requires that such exposures must be properly appraised and assessed before they are taken.
Development programme	The Board considers that if SLH is unable to deliver the planned development programme this would present significant risks to it's reputation generally and specific risks regarding SLH's relationship with Homes England. The Board accepts that pursuing a development programme brings certain risks and that the delivery of a programme relies on many factors, many of which will be outside the control of SLH. The Board accepts that a cautious approach to risk is appropriate. The Board expects that appropriate mitigations are established and that these will be deployed as necessary. The Board has a CAUTIOUS appetite in relation to the development programme.
Innovation	SLH has an OPEN appetite for innovation and will take measured risks to maximise technological innovation and commercial opportunities to improve and transform services and ensure value for money. However, SLH is AVERSE to any risk which has the potential to compromise data security / cyber-crime.
Workforce	The Board values our people and aims to engage and empower colleagues to deliver the SLH objectives. The Board recognises that to achieve the necessary workforce objectives in terms of recruitment, training and culture, equality, diversity and inclusion and creating an agile workforce, we need to have a CAUTIOUS approach to risk.
Customers	The Board is committed to engage and include residents, to enable them to access a range of services to support their health, wellbeing and economic aspirations. The Board has a CAUTIOUS appetite.

Value for Money

SLH aim to deliver Value for Money (VFM) through our 'Pound' strategy. We seek to strike the right balance between relatively low costs, high productivity and successful outcomes.

Comparing our costs with others is an integral part of managing our performance and ensuring delivery of this strategy. Comparisons are primarily made using the Regulator's global accounts analysis and sector scorecard data.

The Sector Scorecard includes the Regulator's national VFM Metrics. The scorecard is reported to Board quarterly and includes a cross section of financial and customer outcome focused indicators to provide an

overview of VFM performance.

We compare ourselves with organisations of a similar size (statistical neighbours) or those that operate in similar geographical areas who will experience the same issues such as deprivation, crime and unemployment. We know some of the services we deliver are higher cost compared to similar organisations or indeed are services that are not delivered by other landlords. However decisions to deliver these services have been taken in an informed way, based upon the needs of our customers and our business. For example, our employability and benefits advice service supports customers to become more financially resilient and helps protect our income from increasing exposure and volatility. The impact these services have is monitored so that decisions regarding service levels can be kept under review to ensure they continue to be relevant and based on the needs of our customers and neighbourhoods.

The Board understand that investment in these areas will complement other areas of the business, like rent collection and the development programme. Investment in new supply offers less value without continued community investment. Our costs are reflective of a community-based landlord and the Board is clear on the cost base and continue to provide challenge through their quarterly review of performance against both the sector scorecard and corporate plan performance metrics.

The Board also understand that if we were to move to a median or lower cost organisation, it would compromise our ability to deliver our vision. We stress test our capacity and risks and have mitigations in place to respond to adverse social and economic conditions.

The following table shows SLH's performance for the last two years against the national VFM metrics, together with a comparison to sector and peer results for 2021/22 (which is the latest comparative data available).

VFM Metrics – Backward look

GROUP	Metric	Measure	2021-22				2022-23	
			Sector	Peer (size)	Peer (region)	SLH	Sector Quartile	SLH
1		Reinvestment %	5.8%	12.2%	6.9%	6.5%	Q2	4.9%
2A		Units developed (as a percentage of units owned) Social Housing	1.3%	4.2%	1.0%	0.2%	Q4	0.5%
3		Gearing	43.9%	46.1%	41.2%	26.7%	Q1	23.3%
4		EBITDA-MRI (as a percentage of interest)	183.0%	145.1%	141.8%	250.0%	Q1	303.8%
5		Headline social housing cost per unit	3,700	6,300	4,400	4,184	Q3	4,210
5a		Management cost per unit	1,060	1,458	957	1,299	N/A	1,251
5b		Service charge cost per unit	435	801	845	155	N/A	171
5c		Maintenance cost per unit	1,108	1,269	1,211	1,317	N/A	1,317
5d		Major Repairs cost per unit	717	1,082	1,094	1,181	N/A	1,281
5e		Other social housing cost per unit	211	1,650	247	232	N/A	190
6A		Operating Margin (social housing lettings)	26.3%	18.8%	18.4%	21.3%	Q4	23.1%
6B		Operating Margin overall	23.9%	15.2%	15.9%	16.9%	Q4	20.0%
7		Return on Capital Employed	3.3%	2.7%	2.7%	4.1%	Q2	4.6%
SLH 6B		Operating Margin overall excl. shared ownership sales	N/A	N/A	N/A	17.0%	N/A	20.0%

Reinvestment: Investment in new development and current stock is higher than the sector average but lower than peers. It has decreased by 1.6% compared to last year as a result of lower development activity. During the year £1m was spent on new developments, the majority of which was on the completion of the 20 units at the Hale Cottages site which was handed over in July 2022. The reduction from the prior year reflects the end of the 2016 – 2022 development programme and the start of the new programme to build 280 new homes by 2027. We also invested £4.2m in our current homes (2022: £3.9m).

Gearing and EBITDA-MRI metrics both continue to perform well and compare very favourably to the sector averages. They provide comfortable headroom above funders' covenants which is welcomed in the current

times of uncertainty and they provide the opportunity to invest further in new developments and to address the decarbonisation agenda in coming years.

SLH cost per unit overall has increased and reflects the pressure from rising inflation.

Management costs have reduced slightly per unit compared to the previous year, this is due to an increase in the number of overall units and the significant effort to control expenditure and find in-year efficiencies which included £150k VFM efficiencies.

SLH continue to invest in our homes through an ongoing programme of major repairs and capital investment, with a total of £5.0m spent during the year, compared to £4.5m in 2021/22. This represents a cost per unit of £1,281 for 2022/23, an increase of 8.5% on the previous year.

Service charge costs have increased following the CPI+1% increase on fixed charges and increases on variable charges to ensure contributions to sinking funds were sufficient to fund future years' estimated costs.

Other social housing expenditure, which includes community investments, the environmental team and new development programme design and feasibility, has reduced due to higher costs in 2021/22 as a result of development work which could not be capitalised.

Operating margins: 2022/23 has seen an increase in the social housing lettings (SHL) operating margin from 21.3% to 23.1%, this is due to careful management of costs and the good work to maintain performance on rent arrears. The business plan seeks to maintain this SHL margin in 2023/24 and in the medium term; it will be challenging given the inflationary pressures that are starting to come through in the cost of materials and labour.

The overall operating margin has increased to 20.0% compared to 16.9%. The Board is keen to maintain this improvement and the business plan targets an overall operating margin of above 20% in 2023/24. The association and group is performing well. The "net surplus" is comparable to previous years and includes right to buy and right to acquire sales which contribute to the net surplus (or bottom line), but are excluded from the "operating surplus" figure used to calculate this metric.

Another factor identified which impacts on overall margins is that SLH invests heavily in community activity and Board appreciate that this has an associated cost. In 2022/23, £454k was invested in local projects such as Reach employability hub, our local Marketplace, Grow Speke and investment in financial inclusion.

Return on Capital is almost static at 4.6% from 4.1% last year.

Other VFM Measures from the Sector Scorecard

Theme	Measure	Sector 2021/22	2021/22	2022/23
Development	Units developed (absolute)	N/A	8	20
Outcomes Delivered	Customers satisfied with the service provided by their social housing provider	84.7%	82.0%	76.6%
	Investment in community activities	N/A	£443,392	£454,291
Effective Asset Management	Occupancy	99.5%	99.6%	99.7%
	Ratio of responsive repairs to planned maintenance	0.70	0.44	0.42
Operating efficiencies	Rent collected (Net rental income/gross rental income)	100.0%	99.5%	99.1%
	Overheads as a percentage of social housing turnover	14.9%	14.6%	15.3%

Headlines from the other VFM indicators are as follows:

- Customer satisfaction was measured throughout the year by IFF Research who conducted telephone interviews with 600 representative tenants between April 2022 and March 2023. There has been a decline in satisfaction which is a common theme across all sectors: according to the UK Customer Satisfaction Index published in January 2023, compared to January 2022, customer satisfaction has fallen.
- Investment in communities increased during 2022/23 and in addition to the expenditure is the staff time spent supporting our most vulnerable tenants throughout the year.

- Occupancy is above the sector median and is has improved on an already high baseline.
- Overhead costs as a percentage of turnover increased due to inflationary pressures on contracts.

The following table sets out the VFM metrics for the next three years taken from SLH's 30-year Business Plan.

VFM Metrics – forward look

GROUP		Actuals		Forecast		
Metric	Measure	2021/22	2022/23	2023/24	2024/25	2025/26
1	Reinvestment %	6.5%	4.9%	3.9%	4.4%	4.0%
2A	Units developed (as a percentage of units owned) Social Housing	0.2%	0.5%	0.0%	0.2%	2.4%
3	Gearing	26.7%	23.3%	22.9%	31.7%	36.9%
4	EBITDA-MRI (as a percentage of interest)	250.0%	303.8%	309.5%	205.7%	153.0%
5	Headline social housing cost per unit	4,184	4,210	4,374	4,667	4,674
5a	Management cost per unit	1,299	1,251	1,330	1,437	1,452
5b	Service charge cost per unit	155	171	198	218	208
5c	Maintenance cost per unit	1,317	1,317	1,530	1,626	1,627
5d	Major Repairs cost per unit	1,181	1,281	1,159	1,221	1,221
5e	Other social housing cost per unit	232	190	157	165	166
6A	Operating Margin (social housing lettings)	21.3%	23.1%	25.6%	27.3%	26.7%
6B	Operating Margin overall	16.9%	20.0%	20.6%	22.2%	21.4%
7	Return on Capital Employed	4.1%	4.6%	4.1%	3.7%	3.5%
SLH 6B	Operating Margin overall adjusted for shared ownership sales	17.0%	20.0%	20.6%	22.2%	25.6%

To achieve our 2023/24 targets above we aim to:

- Deliver on a budget which achieves an overall operating margin over 20%.
- Continuously review and improve how we operate, seeking opportunities to work in partnership with others in our communities, and giving customers a voice in decision-making.
- Expand our of ESG reporting
- Update our Treasury Management Strategy to maintain the most effective approach to management of cash flows.
- Set up a new development company, which will provide the most efficient and effective way to build new homes and deliver our new development programme.
- Commence on site with three schemes to build new homes in Speke and Garston.

Resident Involvement

SLH is committed to involving tenants and the community in how our homes and neighbourhoods are managed. Community involvement is vital to delivering better services and providing South Liverpool with great homes, strong communities and bright futures. There are a variety of ways to get involved with SLH:

- Scrutiny Panel – the Scrutiny Panel is a group of tenants who work on behalf of all tenants to ensure that the services provided are achieving high levels of customer satisfaction and represent good value for money.
- Customer Services Committee – the inaugural meeting was in January 2023 and will build on the work of the Scrutiny Panel and focus on reviewing performance – operational and against the consumer standards – and providing recommendations to the SLH Board.
- Satisfaction surveys – SLH actively seek customer views through surveys. The Satisfaction Framework exists to both test the feelings of customers about SLH (relationship surveys) and their views after they

have received services (transactional surveys). These are an important way of assessing views but critically using the information to influence future service delivery.

- Grow Speke – a community garden based on a former derelict site, offers the community a chance to come together for activities, to learn new skills and to grow food and vegetables.
- Coffee and Chat mornings / Warm Hub – these sessions take place to support residents to come together, socialise and improve wellbeing.

Approval

This Strategic Report was approved by order of the Board on 27 July 2023.



David Jepson
Chair of the Board

Independent auditor's report to members of South Liverpool Homes Limited

Opinion

We have audited the financial statements of South Liverpool Homes Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Equity (Reserves), Association Statement of Changes in Equity (Reserves), Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 10, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.

South Liverpool Homes Limited Year ended 31 March 2023

- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M5 4DL

Date: 29 September 2023

Consolidated statement of comprehensive income for the year ended 31 March 2023

		2023	2022
	Note	£'000	£'000
Turnover	4	21,099	20,460
Cost of Sales	4	-	(110)
Operating costs	4	(16,871)	(16,899)
Surplus on disposal of housing properties	12	905	1,081
Operating surplus		5,133	4,532
Other interest receivable and similar income	13	19	2
Interest and financing costs	14	(1,273)	(1,210)
Change in fair value of investment properties	18	(227)	(11)
Surplus before taxation		3,652	3,313
Taxation	15	4	(5)
Surplus for the financial year		3,656	3,308
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension scheme	28	1,568	2,171
Total comprehensive income for year		5,224	5,479
Surplus for the financial year attributable to			
Non-controlling interest	19	201	164
Parent company		3,455	3,144
Surplus for the financial year		3,656	3,308
Total comprehensive income attributable to:			
Parent company		5,023	5,315
Non-controlling interest		201	164
Total comprehensive income for year		5,224	5,479

The notes on pages 34 to 75 form part of these financial statements

Association Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	4	20,683	20,049
Cost of Sales	4	-	(110)
Operating costs	4	(16,800)	(16,765)
Surplus on disposal of housing properties	12	905	1,081
Operating surplus		4,788	4,255
Gift Aid receipt from subsidiary		20	20
Other interest receivable and similar income	13	147	136
Interest and financing costs	14	(1,273)	(1,210)
Surplus before taxation		3,682	3,201
Taxation on surplus	15	-	-
Surplus for the financial year		3,682	3,201
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension scheme	28	1,568	2,171
Total comprehensive income for year		5,250	5,372

The notes on pages 34 to 75 form part of these financial statements.

Consolidated and Association Statement of financial position 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed assets					
Tangible fixed assets – housing properties	16	106,662	106,206	107,661	106,741
Tangible fixed assets - other	17	2,084	2,228	334	316
Property for Resale	20	81	-	81	-
Investment properties	18	270	497	-	-
		109,097	108,931	108,076	107,057
Current assets					
Property for Resale	20	-	-	-	-
Stocks		336	315	-	-
Debtors receivable within one year	21	1,307	1,381	1,230	1,228
Debtors receivable after one year	21	-	-	2,023	2,374
Cash and cash equivalents		3,413	2,546	2,737	2,046
		5,056	4,242	5,990	5,648
Creditors: amounts falling due within one year	22	(3,480)	(3,962)	(3,334)	(3,629)
Net current assets		1,576	280	2,656	2,019
Total assets less current liabilities		110,673	109,211	110,732	109,076
Creditors: amounts falling due after more than one year	23	(51,053)	(52,795)	(50,980)	(52,718)
Net assets excluding pension liability		59,620	56,416	59,752	56,358
Pension liability	28	(1,249)	(3,105)	(1,249)	(3,105)
Net assets		58,371	53,311	58,503	53,253
Capital and reserves					
Income and expenditure reserve		58,170	52,945	58,503	53,253
Revaluation reserve		-	202	-	-
Equity attributable to owners of the parent company		58,170	53,147	-	-
Non-controlling interest	19	201	164	-	-
		58,371	53,311	58,503	53,253

The financial statements on pages 26-75 were approved by the Board of Directors and authorised for issue on 27 July 2023


Dave Jepson
Chair


Paul McGerty
Director


Mark Chambers
Company Secretary

Group statement of changes in reserves for the year ended 31 March 2023

	Income and expenditure reserve	Revaluation reserve	Equity attributable to owners of the parent company	Non- controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	47,619	213	47,832	214	48,046
Surplus for the year	3,155	(11)	3,144	164	3,308
Actuarial gain/(loss) on defined benefit pension scheme	2,171	-	2,171	-	2,171
Drawings by non- controlling interests	-	-	-	(214)	(214)
Balance at 31 March 2022	52,945	202	53,147	164	53,311
Surplus for the year	3,657	(202)	3,455	201	3,656
Actuarial gain/(loss) on defined benefit pension scheme	1,568	-	1,568	-	1,568
Drawings by non- controlling interests	-	-	-	(164)	(164)
Balance at 31 March 2023	58,170	-	58,170	201	58,371

Association statement of changes in reserves for the year ended 31 March 2023

	Income and expenditure reserve
	£'000
Balance at 1 April 2021	47,881
Surplus for the year	3,201
Actuarial gain/(loss) on defined benefit pension scheme	2,171
Balance at 31 March 2022	53,253
Surplus for the year	3,682
Actuarial gain/(loss) on defined benefit pension scheme	1,568
Balance at 31 March 2023	58,503

Consolidated statement of cash flows for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Surplus/(deficit) for the financial year before tax		3,652	3,313
Depreciation of fixed assets - housing properties	16	4,218	3,924
Depreciation of fixed assets - other	17	395	340
Amortised grant	5	(690)	(684)
Interest payable and finance costs	14	1,273	1,210
Interest received	13	(19)	(2)
Pension costs less contributions paid	28	(223)	(179)
Impairment	18	329	11
Surplus on the sale of fixed assets	12	(905)	(1,081)
Decrease / (increase) in property for resale		(28)	110
Decrease / (increase) in trade and other debtors		(74)	65
Decrease / (increase) in stocks		(21)	(175)
Increase / (decrease) in trade creditors and accruals		(76)	(943)
Cash from operations		7,831	5,909
Taxation paid		-	-
Net cash generated from operating activities		7,831	5,909
Cash flows from investing activities			
Proceeds from sale of fixed assets – housing properties	12	1,551	1,564
Proceeds from sale of fixed assets – other	12	-	-
Purchase of fixed assets – housing properties	16	(5,923)	(7,170)
Purchases of fixed assets – other	17	(265)	(166)
Receipt of grant	24	200	190
Interest received	13	17	2
Net cash from investing activities		(4,420)	(5,580)
Cash flows from financing activities			
New loans – bank	26	5,000	500
Debt issue costs incurred	26	(454)	-
Interest paid	14	(1,090)	(1,136)
Repayment of loans - bank	26	(6,000)	(500)
Net cash used in financing activities		(2,544)	(1,136)
Net increase / (decrease) in cash and cash equivalents		867	(807)
Cash and cash equivalents at beginning of year		2,546	3,353
Cash and cash equivalents at end of year		3,413	2,546

The notes on page 34 to 75 form part of these financial statements.

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Notes to the financial statements for the year ended 31 March 2023

1 Legal status

SLH is registered in England with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator for Social Housing as a social housing provider.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for South Liverpool Homes Ltd includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments in compliance with FRS 102 and are presented in sterling £'000 for the year ended 31 March 2023.

Disclosure exemptions

In preparing the separate financial statements of South Liverpool Homes Limited, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and parent company would be identical;
- No cash flow statement has been presented for the parent company
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements present the results of South Liverpool Homes Limited – Registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Going concern

The Board approves a 30 year business plan at least annually giving consideration to the Group's ability to repay debts and comply with financial covenants. The plan is subject to stress testing which demonstrates the ability to withstand significant risks, both in isolation and combined. The business plan was last approved in March 2023. Stress testing demonstrated that the Group has adequate resources available to withstand considerable economic challenges.

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, they continue to adopt the going concern basis in preparing the Group's financial statements.

Notes to the financial statements for the year ended 31 March 2023

Non-controlling interest

Non-controlling interests consist of subsidiaries identifiable assets, liabilities and contingent liabilities. The proportions of profit or loss and changes in equity, allocated to the parent and to the non-controlling interest are determined on the basis of existing ownership interests.

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting)
- Service charges receivable
- Revenue grants and proceeds from the sale of land and property
- First tranche sales of Shared Ownership housing properties developed for sale
- Sales of properties developed for outright sales
- Revenue from third party contracts with other housing associations to provide outsourced services and consultancy.
- Feed in tariff (FIT) from the energy generated from solar photovoltaic panels.

Rental income is recognised from the point when properties under development reach practical completion and are formally let, income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Service charges

SLH adopts both the fixed and variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

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

Current and deferred taxation

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

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

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of

Notes to the financial statements for the year ended 31 March 2023

liabilities acquired and the amount that will be assessed for tax.

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

Value Added Tax

The Group 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 that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises and is credited to the Statement of Comprehensive Income.

Loan Finance costs

Loan interest costs are charged to Statement of Comprehensive Income over the term of the loan using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Loan issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

In 2022/23 the Group participated in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Merseyside Pension Fund (MPF) and a number of defined contribution pension schemes. SLH exited the MPF effective 31 March 2023.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services..

Holiday pay accrual

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

Tangible fixed assets – Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are held at cost less any impairment, and are transferred to completed properties when ready for letting.

Capitalised Interest

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowing specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. Interest is capitalised at the weighted average effective interest rate for the prior period.

Low cost home ownership (including shared ownership properties)

Under low cost home ownership (LCHO) arrangements, SLH dispose of a long lease on LCHO housing units for a share ranging between 10% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Shared ownership properties, including those under construction, are split between fixed assets and current assets. The split is determined by the percentage of the property sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a fixed asset within

Notes to the financial statements for the year ended 31 March 2023

property, plant and equipment (fixed assets) in the Statement of Financial Position. The exception to this is where this would result in a surplus on the disposal of the current asset that exceeds the anticipated overall surplus. In this circumstance any surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets.

Sales of subsequent tranches are treated as a part disposal of housing properties. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Description	Economic useful life (years)
Structure	100
Kitchen	20
Bathroom	35
Roofs (pitched)	55
Roofs (flat)	55
External doors	30
Boilers domestic	15
Specialist Electrical	10
Rewires	35
Windows	30
Building work	50
Boiler commercial	30
Adaptations	15
Tile flooring	30
Central Heating	30
Lifts	30
Solar Photovoltaic Panels	25
Garden Pump	10
Heat Pump	20

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes

Notes to the financial statements for the year ended 31 March 2023

expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Plant, machinery and vehicles	3
Fixtures, fittings, tools and equipment	3
Computers	3
FIT generating Solar Photovoltaic Panels	20

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within in the statement of comprehensive income.

Government grants

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of useful economic lives below).

Description	Economic useful life (years)
Structure	100

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised as income or expenditure.

Impairment of fixed assets

The Group considers whether indicators of impairment exist in relation to tangible assets at each reporting date. Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Group also considers expected future performance of the asset.

Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data

Notes to the financial statements for the year ended 31 March 2023

from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets' performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use. Any impairment loss is charged to the Statement of Comprehensive Income. The Group has identified a cash generating unit for impairment assessment purposes at a scheme level for completed properties and schemes for properties in developments.

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Properties developed for outright sale and the share of unsold shared ownership are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

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

Debtors and creditors

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

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group, are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instrument are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Notes to the financial statements for the year ended 31 March 2023

The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors

Financial Instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable. All financial assets and liabilities are measured at historic cost.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the accounting policies, the following judgements and key estimates have had the most significant effect on amounts recognised in the financial statements:

- Impairment of fixed assets: An impairment of £227k was recognised in respect of the annual valuation of investment properties (2022:£nil).
- Pension costs: In the year ended 31 March 2023, the Group recognised actuarial gains of £1.6m on the defined benefit pension schemes (2022: gain of £2.2m). The critical underlying assumptions in relation to the pension scheme valuations are the standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions can significantly influence the value of the liability recorded and annual gains or losses. Independent advisors have reviewed the assumptions and confirmed that they are reasonable and within normal expected ranges.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset and subsequent valuation at fair value. The commercial properties held in Avela Services have been valued independently at the end of the year resulting in a £227k decrease in value.
- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components. The Group has recorded a depreciation charge of £4.6m (2022: £4.3m).
- The estimate for rental and other receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable. As at 31 March 2023, a provision of £343k is held against current tenant arrears balances of £908k (38% compared to 37% in 2022). The charge in the year related to bad debt provision and write offs is £109k (2022: £47k).

Notes to the financial statements for the year ended 31 March 2023

4 Particulars of turnover, cost of sales, operating costs and operating surplus				
GROUP	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	20,155	-	(15,497)	4,658
Other Social Housing Activities				
First tranche shared ownership sales	-	-	-	-
Community investment activity	23	-	(454)	(431)
Other (including development costs)	17	-	(274)	(257)
	20,195	-	(16,225)	3,970
Activities other than Social Housing				
Properties developed for outright sales	-	-	-	-
Commercial & Market rental	34	-	13	47
Other*	870	-	(659)	211
	21,099	-	(16,871)	4,228
GROUP	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	19,389	-	(15,259)	4,130
Other Social Housing Activities				
First tranche shared ownership sales	110	(112)	-	(2)
Community investment activity	23	-	(409)	(386)
Development costs	(5)	-	(480)	(485)
	19,517	(112)	(16,148)	3,257
Activities other than Social Housing				
Properties developed for outright sales	-	2	-	2
Commercial & Market rental	22	-	(3)	19
Other*	921	-	(748)	173
	20,460	(110)	(16,899)	3,451

* Other activities include outsourcing of back office services to other organisations and external income in subsidiaries.

Notes to the financial statements for the year ended 31 March 2023

ASSOCIATION	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	20,155	-	(15,584)	4,571
Other Social Housing Activities				
First tranche shared ownership sales	-	-	-	-
Community investment activity	23	-	(454)	(431)
Other (including development costs)	17	-	(274)	(257)
	20,195	-	(16,312)	3,883
Activities other than Social Housing				
Properties developed for outright sales	-	-	-	-
Other**	488	-	(488)	-
	20,683	-	(16,800)	3,883

ASSOCIATION	Turnover	Cost of Sales	Operating costs	Operating surplus/ (deficit)
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	19,389	-	(15,344)	4,045
Other Social Housing Activities				
First tranche shared ownership sales	110	(112)	-	(2)
Community investment activity	23	-	(409)	(386)
Development costs	(5)	-	(480)	(485)
	19,517	(112)	(16,233)	3,172
Activities other than Social Housing				
Properties developed for outright sales	-	2	-	2
Other**	532	-	(532)	-
	20,049	(110)	(16,765)	3,174

**Other activities include outsourcing of back office services to other organisations.

Notes to the financial statements for the year ended 31 March 2023

5 Income and expenditure from social housing lettings

	General needs	Supported and Housing for Older People	Shared Ownership	Total 2023	Total 2022
GROUP	£'000	£'000	£'000	£'000	£'000
Income					
Rents receivable net of identifiable service charges	18,021	569	105	18,695	17,950
Service charge income	425	305	40	770	755
Amortised government grants	678	-	12	690	684
Turnover from social housing lettings	19,124	874	157	20,155	19,389
Expenditure					
Management	(4,325)	(152)	(27)	(4,504)	(4,981)
Service charge costs	(309)	(307)	(38)	(654)	(593)
Routine maintenance	(2,795)	(128)	(15)	(2,938)	(2,925)
Planned maintenance	(2,058)	(46)	-	(2,104)	(2,123)
Major repairs expenditure	(669)	(1)	(11)	(681)	(666)
Bad debts	(109)	-	-	(109)	(47)
Depreciation of housing properties	(3,961)	(231)	(26)	(4,218)	(3,924)
Lease Costs	(286)	(3)	-	(289)	-
Operating expenditure on social housing lettings	(14,512)	(868)	(117)	(15,497)	(15,259)
Operating surplus on social housing lettings	4,612	6	40	4,658	4,130
Void losses (being rental income lost as a result of property not being let although it is available for letting)	(74)	(8)	-	(82)	(148)

Notes to the financial statements for the year ended 31 March 2023

5.	General needs	Supported and Housing for Older People	Shared Ownership	Total 2023	Total 2022
ASSOCIATION	£'000	£'000	£'000	£'000	£'000
Income					
Rents receivable net of identifiable service charges	18,021	569	105	18,695	17,950
Service charge income	425	305	40	770	755
Amortised government grants	678	-	12	690	684
Turnover from social housing lettings	19,124	874	157	20,155	19,389
Expenditure					
Management	(4,325)	(152)	(27)	(4,504)	(4,981)
Service charge costs	(309)	(307)	(38)	(654)	(593)
Routine maintenance	(2,840)	(128)	(15)	(2,983)	(2,968)
Planned maintenance	(2,090)	(46)	-	(2,136)	(2,156)
Major repairs expenditure	(679)	(1)	(11)	(691)	(675)
Bad debts	(109)	-	-	(109)	(47)
Depreciation of housing properties	(3,961)	(231)	(26)	(4,218)	(3,924)
Lease Costs	(286)	(3)	-	(289)	-
Operating expenditure on social housing lettings	(14,599)	(868)	(117)	(15,584)	(15,344)
Operating surplus on social housing lettings	4,525	6	40	4,571	4,045
Void losses (being rental income lost as a result of property not being let although it is available for letting)	(74)	(8)	-	(82)	(148)

Notes to the financial statements for the year ended 31 March 2023

6 Particulars of turnover from non-social housing lettings

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Commercial Rented Properties	34	22	-	-
	34	22	-	-

7 Units of housing stock – Group and Association

Rent type	General needs housing			Supported	Housing for Older People	Shared Ownership	Total
	Social	Affordable	Rent to Buy	Social	Social	% equity	
At 1 April 2022	3,292	359	19	3	118	43	3,834
Additions:							
New developments	-	20	-	-	-	-	20
Market purchase	-	-	-	-	-	-	-
Disposals:							
RTB/RTA disposals	(21)	(2)	-	-	-	-	(23)
Other Disposals	-	-	-	-	-	(1)	(1)
At 31 March 2023	3,271	377	19	3	118	42	3,830

Units under development:

At 1 April 2022	-	20	-	-	-	-	20
Completed	-	(20)	-	-	-	-	(20)
Start on site	-	-	-	-	-	-	-
Adapted unit conversion	-	-	-	-	-	-	-
At 31 March 2023	-	-	-	-	-	-	-

All units are owned and managed

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

8 Operating surplus

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
This is arrived at after charging/(crediting):				
Depreciation of housing properties:				
- annual charge	3,787	3,663	3,787	3,663
- accelerated depreciation on replaced components	431	261	431	261
Depreciation of other tangible fixed assets	395	340	254	200
Amortised government grants	(690)	(684)	(690)	(684)
Operating lease charges – land & building	256	237	256	237
Operating lease charges – other	33	37	33	37
Surplus on sale of fixed assets	905	1,081	905	1,081
Auditors' remuneration (excluding VAT):				
- fees payable to the Group's auditor for the audit of the Group's annual accounts	27	22	27	22
- fees payable to the Group's auditor for the audit of the subsidiary accounts	19	16	-	-
- fees for tax computations and advice	6	4	2	2
- fees for other services	-	-	-	-

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

9 Employees

Staff costs (including Executive Management Team) consist of:

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Wages and salaries	5,828	5,971	3,551	3,538
Social security costs	584	571	388	367
Pension contributions	513	470	471	428
Other pension costs	(37)	130	(37)	130
	6,888	7,142	4,373	4,463

The association's employees were members of the Merseyside Pension fund (MPF) or of the Social Housing Pension scheme (SHPS). The employees of other group members are members of a NEST defined contribution scheme. Further information on each scheme is given in note 28.

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 35-40 hours) during the year was as follows:

	Group 2023 Number	Group 2022 Number	Association 2023 Number	Association 2022 Number
Administration	55	55	44	44
Development	2	2	2	2
Housing, Support and Care	48	43	48	43
Maintenance operatives	59	67	7	8
	164	167	101	97

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

10 Directors' and senior executive remuneration

The key management personnel are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 4.

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Key Management Personnel				
Wages and salaries (including performance related pay for the period)	560	803	560	803
Employer Pension contributions	116	119	116	119
	676	922	676	922

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Board Members				
Gross salary	90	78	74	59
	90	78	74	59

The Interim Chief Executive, Ian Cresswell was the highest paid director for the year ended 31 March 2023 and received emoluments of £109,410.

Pension contributions of £17,789 were made to a defined benefit pension on their behalf (2022: £22,133). This included £9,741 of employer contributions and £8,048 of additional pension costs to reflect salary sacrifice.

As a member of the Social Housing Pension scheme, the Chief Executive is an ordinary member of the pension scheme and no special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

The remuneration (including pension costs) paid to staff (including Executive Management Team) earning £60,000 upwards:

	Group 2023 No.	Group 2022 No.	Association 2023 No.	Association 2022 No.
£60,000 - £69,999	1	1	1	1
£70,000 - £79,999	2	1	2	1
£80,000 - £89,999	-	-	-	-
£90,000 - £99,999	-	1	-	1
£100,000 - £109,999	1	1	1	1
£110,000 - £119,999	1	2	1	2
£120,000 - £129,999	3	1	3	1
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	-	-	-	-
£150,000 - £159,999	-	-	-	-
£160,000 - £169,999	-	-	-	-
£170,000 - £179,999	-	-	-	-
£180,000 +	-	1	-	1

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

11 Board & Committee Members

	Remuneration 2023	Remuneration 2022
	£	£
Rebeca Asady	-	2,893
Stephen Casey	-	2,894
Paul Diggory	5,691	5,533
Elaine Eades	4,800	3,858
Yasmin Fearon	4,800	3,858
Christopher Heath	4,800	3,859
Eric Hughes	5,691	5,493
Danielle James	2,845	5,509
David Jepson	11,496	10,933
Karen Lowe	4,800	3,857
Angela Perry	-	2,572
Graham Pink	2,400	3,859
Mary Rasmussen	-	1,929
David Simons	4,800	3,858
John Tague	2,073	6,002
Sally-Anne Watkiss	-	1,856
John Wiss	-	2,251
Derek Gibbon	4,800	1,286
Jamal Wahid	4,800	1,608
Catherine Bett	4,800	1,286
Peter Johnson	4,800	1,286
Paul McGerty	5,245	1,608
Bethany McKeown	2,400	-
Lee Payne	2,400	-
Paula Ellis	2,400	-
Debra Rees-Armstrong	1,142	-
Adenson Gumbo	964	-
Michael Gore	964	-
Michael Rickett	964	-
Tracy Hindley	964	-
Total	90,839	78,088

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

Board member	Audit & Risk Committee	Governance & Remuneration Committee	Customer Service Committee	SLH Board	Avela Board
Paul Diggory		Y	J	Y	
Elaine Eades		Y			
Yasmin Fearon		Y		Y	
Christopher Heath					Y
Eric Hughes		Y		Y	
Danielle James	L			L	
David Jepson				Y	Y
Karen Lowe	Y				Y
Graham Pink				L	L
David Simons					Y
John Tague					L
Derek Gibbon	Y				
Jamal Wahid (co-optee)				Y	
Catherine Bett				Y	
Peter Johnson	Y				
Paul McGerty	J			Y	
Bethany McKeown	J			J	
Lee Payne				J	J
Paula Ellis			J	J	
Debra Rees-Armstrong			J	J	
Adenson Gumbo			J		
Michael Gore			J		
Michael Rickett			J		
Tracy Hindley			J		

Y = member all year

J = joined during the year

L = left during the year

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

12 Surplus on disposal of housing properties

	Right to Buy/ Right to Acquire	Low Cost Home Ownership	Total	Total
GROUP AND ASSOCIATION	2023	2023	2023	2022
	£'000	£'000	£'000	£'000
Disposal proceeds	1,418	175	1,593	1,564
Cost of disposals	(522)	(124)	(646)	(464)
Selling costs	(42)	-	(42)	(19)
Surplus on disposal of housing properties	854	51	905	1,081

13 Interest receivable and income from investments

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable from Group undertakings	-	-	128	136
Interest receivable and similar income from current accounts	19	2	19	-
	19	2	147	136

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

14 Interest payable and similar charges

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
All other loans (excluding loans from Group entities)	1,095	1,049	1,095	1,049
Amortisation of Loan Fees	104	88	104	88
Interest on pension schemes	89	120	89	120
Interest capitalised on housing properties under construction	(25)	(47)	(25)	(47)
Other fees	10	-	10	-
	1,273	1,210	1,273	1,210

The weighted average interest on borrowings of 3.54% (2022: 3.40%) was used for calculating capitalised finance costs.

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

15 Taxation on surplus on ordinary activities

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
UK corporation tax				
Current tax on surplus for the year	-	-	-	-
Adjustment to current tax charge in relation to prior periods	-	-	-	-
Total current tax	-	-	-	-
Deferred tax				
Timing differences	30	7	-	-
Investment property revaluation	(34)	(2)	-	-
Taxation on charge on ordinary activities	(4)	5	-	-

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus/(deficit) before tax. The differences are explained below:

	Group	Group
	2023	2022
	£'000	£'000
Surplus/(deficit) on ordinary activities before tax	3,495	3,351
Surplus/(deficit) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2022: 19%)	664	637
Effects of:		
Surplus not within the charge to corporation tax	(664)	(637)
Deferred tax charge/(credit)	(4)	5
Adjustment to current tax charge in relation to prior periods	-	-
Total tax charge for period	(4)	5

The aggregate current and deferred tax relating to items recognised in other comprehensive income is nil (2022: nil).

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

16 Tangible fixed assets - housing properties		General needs completed	General needs under construction	Shared ownership completed	Shared ownership under construction	Supported and Housing for Older people completed	Land & Freehold Buildings	Total
GROUP		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:								
At 31 March 2022		134,780	4,593	3,789	-	7,693	1,150	152,005
Additions:	completed scheme transfers	4,084	(4,084)	-	-	-	-	-
	ongoing construction costs	87	876	-	-	-	-	963
	capitalised interest	-	25	-	-	-	-	25
	replaced components	4,227	-	-	-	-	-	4,227
Disposals	RTB & RTA disposals	(697)	-	(145)	-	-	-	(842)
	replaced components	(1,754)	-	-	-	-	-	(1,754)
	Other	-	-	-	-	-	-	-
At 31 March 2023		140,727	1,410	3,644	-	7,693	1,150	154,624
Depreciation:								
At 1 April 2022		(43,296)	-	(249)	-	(2,254)	-	(45,799)
Charge for the year		(3,961)	-	(26)	-	(231)	-	(4,218)
Eliminated on disposals:								
-	RTB & RTA Disposals	307	-	17	-	-	-	324
-	replaced components	1,731	-	-	-	-	-	1,731
At 31 March 2023		(45,219)	-	(258)	-	(2,485)	-	(47,962)
Net book value at 31 March 2023		95,508	1,410	3,386	-	5,208	1,150	106,662
Net book value at 31 March 2022		91,484	4,593	3,540	-	5,439	1,150	106,206

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

16 Tangible fixed assets - housing properties		General needs completed	General needs under construction	Shared ownership completed	Shared ownership under construction	Supported and Housing for Older people completed	Land & Freehold Buildings	Total
ASSOCIATION								
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:								
At 31 March 2022		135,628	4,606	3,789	-	7,693	824	152,540
Additions:	completed scheme transfers	4,084	(4,084)	-	-	-	-	-
	ongoing construction costs	87	909	-	-	-	350	1,346
	capitalised interest	-	25	-	-	-	-	25
	replaced components	4,307	-	-	-	-	-	4,307
Disposals:	RTB & RTA Disposals	(697)	-	(145)	-	-	-	(842)
	replaced components	(1,754)	-	-	-	-	-	(1,754)
At 31 March 2023		141,655	1,456	3,644	-	7,693	1,174	155,622
Depreciation:								
At 1 April 2022		(43,296)	-	(249)	-	(2,254)	-	(45,799)
Charge for the year		(3,961)	-	(26)	-	(231)	-	(4,218)
Eliminated on disposals:								
-	RTB & RTA Disposals	307	-	17	-	-	-	324
-	replaced components	1,732	-	-	-	-	-	1,732
At 31 March 2023		(45,218)	-	(258)	-	(2,485)	-	(47,961)
Net book value at 31 March 2023		96,437	1,456	3,386	-	5,208	1,174	107,661
Net book value at 31 March 2022		92,332	4,606	3,540	-	5,439	824	106,741

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

17 Other tangible fixed assets

Group	Plant, machinery and vehicles	Fixtures, Fittings and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2022	2,888	1,087	3,975
Additions	0	272	272
Disposals	(50)	(194)	(244)
At 31 March 2023	2,838	1,165	4,003
Depreciation			
At 1 April 2022	(972)	(775)	(1,747)
Charge for year	(144)	(251)	(395)
Disposals	29	194	223
At 31 March 2023	(1,087)	(832)	(1,919)
Net book value			
At 31 March 2023	1,751	333	2,084
At 31 March 2022	1,916	312	2,228
Association			
	Plant, machinery and vehicles	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2022	103	1,087	1,190
Additions	-	272	272
Disposals	(13)	(194)	(207)
At 31 March 2023	90	1,165	1,255
Depreciation			
At 1 April 2022	(99)	(775)	(874)
Charge for year	(3)	(251)	(254)
Disposals	13	194	207
At 31 March 2023	(89)	(832)	(921)
Net book value			
At 31 March 2023	1	333	334
At 31 March 2022	4	312	316

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

18 Investment properties

Group	Commercial £'000
At 1 April 2022	497
Impairment	(227)
At 31 March 2023	270

The Group's investment properties are valued annually on 31 March at fair value. The valuations for the year ended were determined by Jones Lang LaSalle independent, professionally qualified valuers. There are no investments in the Association accounts.

19 Fixed asset investments

There was no premium on acquisition relating to the associated undertakings or joint venture.

As required by statute, the financial statements consolidate the results of Avela Services Limited, SLH Projects Limited, Avela Home Service LLP and Avela Development LLP which were subsidiaries of South Liverpool Homes Limited at the end of the year and are companies incorporated in England and Wales.

SLH Projects Limited is a subsidiary of South Liverpool Homes Limited and was dissolved during the current financial year (on 31 January 2023).

Avela Services Limited activity includes the rental of commercial properties and income from photovoltaic solar panels.

Avela Home Service LLP is a repairs and maintenance business which is 55% owned by Avela Services Limited and 45% owned by Penny Lane builders Limited. Avela Home Service LLP performs repairs for South Liverpool Homes Limited and third party customers. The minority interest is £167k (2022: £151k).

Avela Development LLP is a development company which is 51% owned by Avela Services Limited and 49% owned by Penny Lane builders Limited. Avela Development LLP carried out development activity for South Liverpool Homes. The minority interest is £34k (2022: £13k).

South Liverpool Homes Limited has the right to appoint members to the Board of the subsidiaries and thereby exercises control over them. The subsidiaries are not registered social landlords and South Liverpool Homes Limited is the ultimate parent undertaking.

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

Details of Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the Association has an interest in are as follows:

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity
Avela Services Ltd.	England	100%	Non charity works	Commercial company limited by shares
SLH Projects Limited	England	100%	Development company (dissolved – 31 January 2023)	Commercial company limited by shares
Avela Home Service LLP	England	55%	Repairs and maintenance activities	Limited Liability Partnership
Avela Development LLP	England	51%	Development activities	Limited Liability Partnership

20 Properties for sale

GROUP AND ASSOCIATION

Total
2023
£'000

Total
2022
£'000

Shared Ownership properties:

Completed properties	-	-
Work in progress	-	-
Properties developed for outright sale	-	-

Commercial properties:

Properties developed for outright sale	81	-
	81	-

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

21 Debtors

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Due within one year				
Rent and service charge arrears	908	840	908	840
Less: Provision for doubtful debts	(343)	(307)	(343)	(307)
	565	533	565	533
Other debtors	257	284	178	193
Prepayments and accrued income	485	564	475	494
Amounts owed by Group undertakings	-	-	12	8
	1,307	1,381	1,230	1,228
Due after one year				
Amounts owed by Group undertakings	-	-	2,023	2,374
Total debtors	1,307	1,381	3,253	3,602

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

22 Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Trade creditors	(816)	(1,193)	(274)	(351)
Rent and service charges received in advance	(391)	(400)	(391)	(400)
Amounts owed to Group undertakings	-	-	(682)	(937)
Taxation and social security	(95)	(94)	(35)	(32)
Deferred capital grant (Note 24)	(693)	(693)	(693)	(693)
Recycled capital grant fund (Note 25)	(117)	(85)	(117)	(85)
Disposal proceeds funds	-	-	-	-
Accruals and deferred income	(1,368)	(1,497)	(1,142)	(1,131)
Total	(3,480)	(3,962)	(3,334)	(3,629)

23 Creditors: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Loans and borrowings (Note 26)	(28,261)	(29,628)	(28,261)	(29,628)
Deferred capital grant (Note 24)	(22,202)	(22,698)	(22,202)	(22,698)
Recycled capital grant fund (Note 25)	(411)	(318)	(411)	(318)
Deferred taxation (Note 29)	(73)	(77)	-	-
Leaseholders Sinking Fund	(106)	(74)	(106)	(74)
Total	(51,053)	(52,795)	(50,980)	(52,718)

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

24 Deferred capital grant

GROUP and ASSOCIATION

	2023 £'000	2022 £'000
At 1 April	23,392	23,983
Grants received during the year	300	172
Disposal of grant during the year	(107)	(79)
Released to income during the year	(690)	(684)
At 31 March	22,895	23,392
Amount due in less than one year	693	693
Amount due in more than one year	22,202	22,699

25 Recycled capital grant fund

GROUP and ASSOCIATION

	2023 £'000	2022 £'000
At 1 April	403	214
Grants recycled	215	189
Interest accrued	10	-
Withdrawals	(100)	-
At 31 March	528	403
Amounts due to be utilised < 1 year	117	85
Amounts due to be utilised > 1 year	411	318

Grants recycled related to Right to Buy, Right to Acquire and Staircase sales.

Withdrawals from the Recycled Capital Grant Fund were used for the acquisition of land which will be developed to provide a new housing scheme for letting.

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

26 Loans and borrowings

Maturity of debt:

	Bank loans	Other loans	Total
GROUP and ASSOCIATION	2023	2023	2023
	£'000	£'000	£'000
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	(14,000)	(1,500)	(15,500)
In more than five years	-	(13,500)	(13,500)
Less loan issue costs	554	185	739
As at March 2023	(13,446)	(14,815)	(28,261)

	Bank loans	Other loans	Total
GROUP and ASSOCIATION	2022	2022	2022
	£'000	£'000	£'000
In one year or less, or on demand	-	-	-
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	(15,000)	(1,500)	(16,500)
In more than five years	-	(13,500)	(13,500)
Less loan issue costs	168	204	372
As at March 2022	(14,832)	(14,796)	(29,628)

Security – bank and other loans are secured by fixed charges on individual properties.

Terms of repayment and interest rates

South Liverpool Homes has loan agreements with Yorkshire Building Society (YBS), M&G Investments (M&G) and NatWest.

£10m of bank loans are repayable as a bullet payment in June 2025; interest is payable at fixed interest rates of 1.5% and 2.06%.

£4m of bank loans are repayable on expiry in September 2028; variable interest is payable at a rate of 3 month Sonia + 1% margin.

Other loans are repayable in instalments between 2026 and 2045 at a fixed interest rate of 4.39%.

The Group had undrawn loan facilities from revolving credit facilities of £11m (2022: £20m). These facilities can be drawn with variable interest rate of 3 month SONIA +1.46% (£5m) and 3 month SONIA +1% (£6m).

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

27 Financial instruments

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

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Financial assets				
Investment properties measured at fair value	270	497	-	-
Financial assets measured at historical cost				
- Trade receivables	565	533	565	533
- Other receivables	742	847	653	687
- Cash and cash equivalents	3,413	2,546	2,737	2,046
Loans receivable	-	-	2,023	2,374
Total financial assets	4,990	4,423	5,978	5,640
Financial liabilities				
Financial liabilities measured at historical cost				
- Loans payable	(28,261)	(29,628)	(28,261)	(29,628)
Financial liabilities measured at historical cost				
- Trade creditors	(816)	(1,193)	(274)	(351)
- Other creditors	(2,287)	(2,301)	(2,061)	(1,934)
Total financial liabilities	(31,364)	(33,122)	(30,596)	(31,913)

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

28 Pensions

There were two defined benefit pension schemes operated by the group in 2022/23: the Merseyside Pension Fund and the Social Housing Pension Scheme. Pension benefits depend upon age, length of service and salary level.

Merseyside Pension Fund

The Merseyside Pension Fund (MPF) is a multi-employer scheme. The MPF is administered by the regulations governing Local Government Pension Schemes.

The SLH Board approved a decision to exit the MPF effective 31 March 2023. At this point the assets and liabilities become zero.

The total employer contributions for the year ending 31 March 2023 were £42k (2022: £116k) with the employer's contribution rate at 41.7% (2022: 41.7%) of pensionable pay, including risk premium of 23.1% (2022: 23.1%).

	2023	2022
	£'000	£'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	(9,220)	(9,117)
Current service cost	(33)	(89)
Interest cost	(255)	(190)
Past service cost	-	-
Benefits paid	199	157
Member Contributions	(11)	(30)
Gain / (loss) on assumptions	3,679	49
Settlements	5,641	-
At the end of the year	-	(9,220)
Composition of plan liabilities:		
Schemes wholly or partly funded	-	(9,220)

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

	2023	2022
	£'000	£'000
Reconciliation of fair value of plan assets		
At the beginning of the year	7,283	6,678
Interest income on plan assets	202	140
Remeasurements	(748)	477
Administration expenses	(1)	(1)
Employer contributions	42	116
Member contributions	11	30
Benefits paid	(199)	(157)
Settlements	(6,590)	-
At the end of the year	-	7,283
Fair value of plan assets	-	7,283
Present value of plan liabilities	-	(9,220)
Net pension scheme liability	-	(1,937)
Amounts recognised in Statement of Comprehensive Income are as follows:		
	2023	2022
Current service cost	(33)	(89)
Past service cost	-	-
Administration expense	(1)	(1)
Amounts charged to operating costs	(34)	(90)
Net interest cost	(53)	(50)
Amounts charged to other finance costs	(53)	(50)
Analysis of actuarial gain/(loss) recognised in Other Comprehensive Income		
Changes in assumptions underlying the present value of the scheme liabilities	2,931	526
Effect of settlement	(949)	
	1,982	526

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

	2023	2022
	£'000	£'000
Composition of plan assets		
Equities	-	2,767
Government bonds	-	1,602
Other bonds	-	583
Property	-	532
Cash	-	364
Other	-	1,435
Total plan assets	-	7,283
Actual return on plan assets	(211)	618

	2023	2022
	%	%
Principal actuarial assumptions used at the balance sheet date		
Discount rates	4.8	2.8
Future salary increases	4.2	4.9
Future pension increases	2.8	3.5
Inflation assumption	2.7	3.4
Mortality rates	No. of years	No. of years
for a male aged 65 now	21.2	21.0
at 65 for a male member aged 45 now	22.6	22.6
for a female aged 65 now	23.7	24.1
at 65 for a female member aged 45 now	25.5	26.0

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

Social Housing Pension Scheme (SHPS)

The association participates in SHPS, a multi-employer scheme which provides benefits to non-associated employers. The scheme is classified as a 'last man standing arrangement', which means the association 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 scheme was carried out with an effective date of 30 September 2020. This actuarial valuation showed a deficit of £1.56bn. To eliminate the funding shortfall deficit contributions increased from £150m to £175m a year from April 2022 and the payments will increase by 5.5% a year from April 2023. SLH's deficit contribution for the year was £320k (2022: £222k).

The Trustee of the Scheme has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

	2023	2022
	£'000	£'000
Reconciliation of present value of plan liabilities		
At the beginning of the year	(11,090)	(11,455)
Current service cost	(122)	(254)
Administration expense	(8)	(8)
Interest cost	(309)	(253)
Contributions by plan participants	(2)	(1)
Actuarial (losses)/gains due to scheme experience	273	(668)
Actuarial (losses)/gains due to changes in demographic assumptions	14	157
Actuarial (losses)/gains due to changes in financial assumptions	3,918	1,049
Benefits paid and expenses	79	343
At the end of the year	(7,247)	(11,090)

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

	2023	2022
	£'000	£'000
Reconciliation of fair value of plan assets		
At the beginning of the year	9,922	8,559
Interest income	281	191
Experience on plan assets	(4,619)	1,107
Employer contributions	491	407
Contributions by plan participants	2	1
Benefits paid and expenses	(79)	(343)
At the end of the year	5,998	9,922
Fair value of plan assets	5,998	9,922
Present value of plan liabilities	(7,247)	(11,090)
Net pension scheme liability	(1,249)	(1,168)

Amounts recognised in other comprehensive income are as follows:

	2023	2022
	£'000	£'000
Current service cost	(122)	(254)
Administration expense	(8)	(8)
Amounts charged to operating costs	(130)	(262)
Net interest cost	(28)	(62)
Amounts charged to other finance costs	(28)	(62)

Analysis of actuarial (loss)/gain recognised in Other Comprehensive Income

Experience on plan assets	(4,619)	1,107
Experience on plan liabilities	273	(668)
Changes in demographic assumptions	14	157
Changes in financial assumptions	3,918	1,049
	(414)	1,645

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

	2023	2022
	£'000	£'000
Composition of plan assets		
Global equities	112	1,904
Absolute return	65	398
Alternative Risk Premia	11	327
Infrastructure	685	707
Liability driven investment	2,763	2,768
Other	2,362	3,818
Total plan assets	5,998	9,922
 Actual return on plan assets	 (4,338)	 1,298
 Principal actuarial assumptions used at the balance sheet date	 %	 %
Discount rates	4.83	2.78
Future salary increases	3.81	4.13
Future pension increases	2.81	3.13
Inflation assumption	3.16	3.44
 Mortality rates	 No. of years	 No. of years
for a male aged 65 now	21.0	21.1
at 65 for a male member aged 45 now	22.2	22.4
for a female aged 65 now	23.4	23.7
at 65 for a female member aged 45 now	24.9	25.2

Defined Contribution Schemes

The Pensions Trust

South Liverpool Homes operated SHPS defined contribution scheme during the year.

NEST

Avela Services Ltd and Avela Home Service LLP operate the NEST defined contribution scheme.

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

29 Deferred taxation

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Fixed asset timing differences	(80)	(81)	-	-
Unutilised losses	7	38	-	-
Capital gains on revaluation	-	(34)	-	-
Deferred tax (liability)	(73)	(77)	-	-

30 Contingent liabilities

The Group and Association had no contingent assets at March 2023 (2022: nil)

The Association received capital grant from Homes England, which is used to fund the acquisition and development of new housing properties and their components. In certain circumstances upon disposal of grant funded properties the group is required to recycle this grant by crediting the Recycled Capital Grant Fund. As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements. See note 32 for details of grants received and recognised as income.

Homes England grant was used to part fund the Hale Cottages development. A mock audit of grant compliance has identified some breaches of the grant funding conditions. The fact that SLH has identified the audit breaches and reported the issues to Homes England, along with having a mitigation action plan in place to ensure these breaches don't occur in the future, should protect the organisation from any material and monetary retrospective punitive measures. In the unlikely scenario that the breach was deemed severe enough to require the maximum sanction to be applied, it would mean the return of £1.6m of grant to Homes England.

The Association has been notified by the Pension Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme at 30 September 2022. The amount of employer debt on withdrawal for SLH has been calculated as £4,590,667 based on membership at 30 September 2022.

The Group and Association had no other contingent liabilities at March 2023 (2022: nil)

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

31 Operating leases

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Land and Buildings				
Not later than 1 year	-	213	-	213
Between 2 and 5 years	-	640	-	640
Later than 5 years	-	-	-	-
Others:				
Not later than 1 year	19	34	19	34
Between 2 and 5 years	4	-	4	-
Later than 5 years	-	-	-	-
Total	23	887	23	887

32 Grant and financial assistance

	2023	2022
	£'000	£'000
GROUP and ASSOCIATION		
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	22,896	23,392
Recognised as income in statement of Comprehensive Income	12,942	12,356
Total	35,838	35,748

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

33 Capital commitments

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for	(99)	(888)	(99)	(888)
Commitments approved by the Board but not contracted for	(22,883)	-	(22,883)	-
	(22,982)	(888)	(22,982)	(888)

Capital commitments for the Group and association will be funded as follows:

	Group	Group	Association	Association
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Social Housing Grant	6,445	200	6,445	200
Shared ownership proceeds	3,987	-	3,987	-
Drawdown of existing facilities	9,831	-	9,831	-
Utilisation of cash reserves	2,719	688	2,719	688
	22,982	888	22,982	888

34 Non-equity share capital

	2023	2022
GROUP and ASSOCIATION	No.	No.
Allotted Issued and Fully Paid:		
At the start of the year	8	10
Issued during the year	4	2
Repaid during the year	(2)	(4)
At the end of the year	10	8

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up and are not redeemable. Each share has full voting rights. All shares are fully paid.

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

35 Related party disclosures

During the year the Group had a co-optee on the Board and a Board member who are tenants. It is the Company's policy that board members who are tenants hold their tenancies and tenancy agreements on normal Association terms and they are not able to use their position to their advantage, the same applies to co-optees. Total rent charged to the co-optee and Board member was £9k (2022: £4k). There are no arrears on their tenancies at the reporting period end (2022: Nil).

Transactions between South Liverpool Homes (SLH) and its subsidiary Avela Services Limited (ASL):

- Intra-group management fees are receivable by the association from its subsidiary to cover the running costs the association incurs relating to the subsidiary. The management fee includes Company Secretarial, Executive Management, Asset Management, Finance, HR and Business Assurance and is allocated based on a proportion of staff time. The total charge for the year ended March 2023 was £54k (2022: £22k)
- An intra-group loan has been granted by SLH to ASL. The balance at 31 March 2023 was £2,023k (2022: £2,374k). Interest was charged in the year of £128k (2022: £136k). Interest is charged at 5.391%. The loan is secured on real property and repayable in instalments by 2036.
- In the year ended 31 March 2023, ASL paid gift aid of £20k to SLH (2022: £20k)
- In the year Avela Services sold land for development on South Parade for £350k (2022: Nil). An adjustment has been made to provide for unrealised profit of £26k (2022: Nil).
- As at 31 March 2023, ASL owed SLH £8k from trading balances (2022: £3k)

Transactions between SLH and a Group subsidiary, Avela Home Service (AHS)

- AHS carried out work on behalf of SLH with a value of £8.869m in the year ended March 2023 (2022: £8.582m). This work included repairs, voids, gas servicing, planned works, call centre costs and refurbishment work.
- As at 31 March 2023, SLH owed AHS £0.621m (2022: £0.723m)

Transactions between SLH and a Group subsidiary, Avela Development (AD)

- AD carried out construction work with a value of £717k which was invoiced to SLH (2022: £2,506k)
- As at 31 March 2023, SLH owed AD £61k (2022: £203k)

Transactions between Avela Services Limited (ASL) and Avela Home Service (AHS)

- AHS carried out maintenance work on the PV panels in ASL with costs in the year of £67k (2022: £72k)
- In the year, AHS paid £151k of profit share to AS relating to the year ended March 2023 (2022: £187k).
- As at 31 March 2023, ASL owed AHS Nil (2022: Nil)

Transactions between Avela Services Limited (ASL) and Avela Developments (AD)

- In the year, AD paid £12k of profit share to ASL relating to the year ended March 2023 (2022: £26k).
- As at 31 March 2023, AS owed AHS Nil (2022: Nil)

Transactions between Avela Home Service (AHS) and Avela Developments (AD)

- As at 31 March 2023, AD owed AHS Nil (2022: £26k)

Notes forming part of the financial statements for the year ended 31 March 2023 (continued)

36 Capital and reserves

The Revaluation Reserve represents the difference between market value and historical cost. The valuation of commercial property conducted by Jones Lang deSalle resulted in an impairment. The Revaluation Reserve as at 31 March 2023 has therefore been utilised in full and an impairment recognised in the Statement of Comprehensive Income.

37 Post balance sheet events

There are no post balance sheet events to report.