

LiveWest Treasury PLC

Financial Statements

Year ended 31 March 2024

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LiveWest Treasury PLC

Company Information

for the year ended 31 March 2024

Company information

LiveWest Treasury PLC

DIRECTORS

Melvyn Garrett

Andrew Sloman

Andrew Hart

SECRETARY

Lisa Maunder

AUDITOR

KPMG LLP

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Block

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Plymouth

PL1 3RP

REGISTERED OFFICE

1 Wellington Way

Skypark

Clyst Honiton

Exeter

England

EX5 2FZ

LiveWest Treasury PLC

Strategic Report

for the year ended 31 March 2024

The directors present their report and the audited financial statements of the company for the year ended 31 March 2024.

Principal activity

The company's principal activity is raising finance for on-lending to its parent company.

Financial review and future developments

The company is a wholly owned subsidiary of LiveWest Homes Limited (LiveWest Homes). The registered office address is 1 Wellington Way, Skypark, Clyst Honiton, Exeter, EX5 2FZ.

The company has total long term facilities of £941.9m. In May 2023 the company arranged a new £90m 5-year bank facility. This facility was undrawn at the year end.

All loans held by the company and all notes issued under the EMTN Programme are secured against properties owned by the parent company LiveWest Homes Limited under a security trust deed. As at 31 March 2024 the company had drawn £728.4m (2023: £684.1m) which was fully on-lent to LiveWest Homes under a group funding agreement.

In order to manage interest rate risks for the group, the company has fixed rate swaps with a nominal value of £279.5m (2023: £195.5m). The Company entered into 3 new short term (2 years or less) fixed rate swaps with a total notional value of £90m in the year ending March 2024, £50m of which replaced fixed rate swaps which had matured during the year. All derivative agreements are matched by intra-group swap agreements with LiveWest Homes. As at 31 March 2024 the swaps had a negative mark to market value of £6.9m (2023: £10.3m).

The Company posted cash collateral of £30m in March 2021 against the mark to market of one of its ISDA Agreements. The company chose to reduce this by £20m in the year ending March 2022 following a reduction in the mark to market valuation as a result of increases to the SONIA swap curve in the year. The remaining £10m cash was repaid to the company at maturity in September 2023. The interest received in the 6 months to September 2023 was £236k.

During the period the company incurred interest and similar charges on its bank and capital markets debt of £21.1m (2023: £21.6m) which were recharged in full to LiveWest Homes in accordance with the group funding agreement.

The company does not employ any staff directly but has a staff sharing arrangement with LiveWest Homes whereby work done by its staff is charged at cost. The company levies a management charge to LiveWest Homes covering all operating costs. After making a Gift Aid payment of £3,091 (2023: £2,958) to LiveWest Homes, the company increased revenue reserves by £nil (2023: £nil).

As at 31 March 2024 the company had undrawn facilities of £213.5m which it expects to on-lend to LiveWest Homes over the next five years. The main external risks to which the company is exposed relate to counterparty credit, liquidity and interest rates. These risks transfer to LiveWest Homes under the group funding agreement and are discussed in its financial statements. In the

LiveWest Treasury PLC

Strategic Report

for the year ended 31 March 2024

opinion of the directors the properties charged under the security trust deed will provide sufficient cover to meet any anticipated loan draw-downs and margin calls over the coming year.

Principal Risks and Uncertainties

LiveWest Treasury PLC on-lends all of its proceeds from capital market transactions to its parent company, LiveWest Homes Limited. The underlying assets relating to this issuance therefore belong to LiveWest Homes Limited and are held through a security trust arrangement with the Prudential Trustee Company Limited.

As LiveWest Treasury PLC is not obliged to provide incremental funding to other Group asset owning subsidiaries, LiveWest Treasury PLC is not at risk if it cannot obtain further funding for the LiveWest Homes Group. All of LiveWest Treasury PLC's costs relating to providing funding services are met by LiveWest Homes Limited.

Long Term Viability

The Company's obligations are of a long term nature, being the servicing and eventual repayment of the loan facilities and notes. The Company's obligations are guaranteed by LiveWest Homes Limited, and further secured by assets pledged by LiveWest Homes Limited as security under the terms of the on-lending agreement. The group business plan forecasts demonstrate the ability of LiveWest Homes Limited to service its debt, and therefore the Company's ability to service its debts, and maintain its long term viability over the next 5 years.

The Strategic Report was approved by the Directors on 8 August 2024 and signed on their behalf by:



Andrew Sloman

Director

LiveWest Treasury PLC

Directors' Report

for the year ended 31 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Capital Structure and Internal controls

LiveWest Treasury PLC is a wholly owned subsidiary of LiveWest Homes Ltd, the parent company of "the Group". LiveWest Treasury PLC adheres to the Group's treasury policies, procedures and internal controls approved by the parent company LiveWest Homes Limited. These cover funding, interest rate exposures, cash management and the investment of surplus cash.

Risk Management Objectives and Policies

LiveWest Homes Limited's finance function is responsible for treasury management activities and control of associated risks. Its activities are governed by the Treasury Management Policy, approved by the Board of LiveWest Homes Limited, which is ultimately responsible for treasury issues in all of LiveWest Homes' group legal entities, which include the Company. The Group finance function does not operate as a profit centre.

LiveWest Treasury PLC

Directors' Report

for the year ended 31 March 2024

The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance costs.

Interest Rate Risk/Hedging

Our approach to interest rate management is to maintain a balanced portfolio of fixed, variable and index linked debt. This is managed through the use of fixed rate debt and standalone derivatives. As LiveWest Treasury PLC has corresponding financial assets or liabilities with LiveWest Homes the risk will have no impact on profit/loss and equity of the company.

The standalone derivatives can give rise to margin calls if interest rates fall. This risk is managed by securing sufficient properties to cover margin calls in the event of a 1% fall in long term interest rates.

Liquidity Risk

The Company maintains adequate cash and debt funding facilities to cover its operations and planned developments.

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

Credit Risk

All of the Company's bank and capital markets financing proceeds are available to be on-lent to LiveWest Homes Limited, which represents the only credit risk to the Company. This credit risk is mitigated through a number of factors, including the housing asset security which stands behind the loan, the overall Regulator of Social Housing's assessment of the Group's financial viability and the contractual protection of the loan agreement between the Company and LiveWest Homes Limited.

Going Concern

The Board, after reviewing the company budgets for 2024/25 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

LiveWest Treasury PLC

Directors' Report

for the year ended 31 March 2024

Disclosure of information to auditors

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

Auditor

A resolution to re-appoint KPMG LLP as auditors will be proposed at the board meeting at which these financial statements are approved.



Andrew Sloman

Director

LiveWest Treasury PLC

1 Wellington Way, Skypark, Clyst Honiton, Exeter, EX5 2FZ

Company number: 06392963

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVEWEST TREASURY PLC

1 Our opinion is unmodified

We have audited the financial statements of LiveWest Treasury Plc ("the Company") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In arriving at our audit opinion above, the key audit matter was the recoverability of long term debtors (unchanged from 2022):

Recoverability of Long-Term Debtors

Debtors (amounts falling due after more than one year) £712m (2023: £697m)

Refer to page 4 (Directors' Report), pages 14 (accounting policy) and pages 18 (financial disclosures).

The risk – low risk high value

The Company's primary activity is to issue bonds, source investor financing and on-lend to the Parent. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to the Parent.

The carrying amount of the long-term intercompany debtor balance represents 95% (2023: 97%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the

Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- i. **Tests of detail:** Assessing the long-term intercompany debtors representing 100% (2023: 100%) of the total long-term intercompany debtors balance to identify, with reference to the parent's draft balance sheet, whether it had a positive net asset value and therefore coverage of the debt owed, as well as assessing whether the debtor company has historically been profit-making.
- ii. **Evaluating ability of the parent to repay the receivable:** critically assessing the Company's assessment of the ability of the parent to meet its obligations to the Company by inspecting the financial statements and internally provided cash flow projections of the parent. This included evaluating the reasonableness of the key assumptions in those projections against our knowledge of the group and experience of the industry in which it operates.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £5.5m (2023: £5.4m), determined with reference to a benchmark of total assets, of which it represents 0.75% (2023: 0.75%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £4.1m (2023: £4m).

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £277k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the parent's inability to meet its obligations to the Company during the going concern assessment period, which would result in the inability of the Company to meet its own external debt obligations as they fall due.

Given the purpose of the Company, our procedures in relation to going concern are inherently linked with our key audit matter in relation to the recoverability of the long-term intercompany debtor. Our procedures on going concern also included:

- Inspecting internally provided cash flow projections over the going concern assessment period for the intercompany counterparty and the level of available financial resources indicated by those financial projections to assess the ability of the parent to make scheduled repayments to the Company.
- Critically assessing the downside scenarios considered by the Directors against our understanding of the wider group and the sector in which it operates.
- Assessing whether those group projections included repayments of loan interest and principal in line with the Company's external debt obligations; and
- Examining the parent's financial statements, including the going concern disclosures.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit and risk committee and internal audit as to the Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit and risk committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not generate revenue as part of its core activities.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations of journal postings to revenue.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company’s regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing 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, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the strategic report and the directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Tollgate

Chandler's Ford

Eastleigh

Hampshire

SO53 3TG

13 August 2024

LiveWest Treasury PLC
Company No: 06392963

Statement of Comprehensive Income
For the year ended 31 March 2024

	<i>Note</i>	2024 £000	2023 £000
Turnover		92	84
Operating Expenditure		(89)	(81)
Operating Profit	3	3	3
Interest receivable and other income	7	21,364	21,645
Interest payable and similar charges	8	(21,364)	(21,645)
Profit on ordinary activities before taxation		3	3
Taxation	9	-	-
Profit on ordinary activities for the year		3	3
Other comprehensive income		-	-
Total Comprehensive income for the year		3	3

All activities are continuing.

The notes on pages 16 to 23 are an integral part of these financial statements.

These financial statements were approved by the Board on 8 August 2024 and were signed on its behalf by:



Andrew Sloman
Director



Andrew Hart
Director

LiveWest Treasury PLC
Company No: 06392963

Statement of Financial Position
As at 31 March 2024

	<i>Note</i>	2024 £000	2023 £000
Current assets			
Debtors: Amounts falling due within one year	10	33,557	18,555
Debtors: Amounts falling due after more than one year	10	711,929	696,936
Cash at Bank		12	12
Less:			
Creditors: Amounts falling due within one year	11	(33,557)	(18,555)
Total assets less current liabilities		<u>711,941</u>	<u>696,948</u>
Creditors: Amounts falling due after more than one year	12	(711,929)	(696,936)
Net Assets		<u>12</u>	<u>12</u>
Reserves			
Called up share capital	13	12	12
Cashflow hedge reserve		-	-
Revenue reserves		-	-
Equity Shareholders		<u>12</u>	<u>12</u>

The notes on pages 16 to 23 are an integral part of these financial statements.

These financial statements were approved by the Board on **8 August 2024** and were signed on its behalf by:



Andrew Sloman
Director



Andrew Hart
Director

LiveWest Treasury PLC
Company No: 06392963

Statement of Changes in Equity
For the year ended 31 March 2024

	Called-up Share Capital £000	2023 Retained Earnings £000	Total £000
Balance as at 1 April 2022	12	-	12
Profit for the year	-	3	3
Gift Aid payment	-	(3)	(3)
At 31 March 2023	<u>12</u>	<u>-</u>	<u>12</u>
		<u>2024</u>	
	Called-up Share Capital £000	Retained Earnings £000	Total £000
Balance as at 1 April 2023	12	-	12
Profit for the year	-	3	3
Gift Aid payment	-	(3)	(3)
At 31 March 2024	<u>12</u>	<u>-</u>	<u>12</u>

The notes on pages 16 to 23 are an integral part of these financial statements.

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in compliance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (“FRS 102”) and the Companies Act 2006. A summary of all material accounting policies, which have been consistently applied, are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention.

(b) Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company’s shareholders. The Company is included in the consolidated financial statements of LiveWest Homes Limited. Note 15 provides details of where those consolidated financial statement may be obtained from.

In preparing the financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures;
- from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 Statement of Financial Position; and
- on the basis that equivalent disclosures are given in the consolidated financial statements, the Company has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues.

Measurement convention

The financial statements are prepared on the historical cost basis.

(c) Going concern

The board, after reviewing the company budgets for 2024/25 and the group’s medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

(d) Basic financial instruments

Trade and other debtors

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

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

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

Trade and other creditors

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

Cash and cash equivalents

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

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

(e) Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

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

Derivative financial instruments and hedging

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

Cash flow hedges

Where the hedged risk is the variable interest rate risk in a debt instrument measured at amortised cost the Company recognises the effective part of any gain or loss on the derivative financial instrument in other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in profit or loss.

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

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

(f) Segmental Information

The Company has one class of business from which it derives its income, being to provide funding to its immediate parent company, LiveWest Homes Limited. All interest, income, expenditure and net assets are derived from UK operation.

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(h) Bond issue costs

The Company has a contractual agreement in place with LiveWest Homes Limited whereby LiveWest Homes Limited will meet any costs associated with issuing bonds. Issue costs are therefore not recognised as a deduction to the carrying amount of the debt financial instruments where they are not incurred by the Company.

(i) Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes Management fee on the provision of services to LiveWest Homes Limited.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Market value of derivatives

The Mark to Market (MTM) valuation of derivatives is sensitive to changes in interest rates and future rate assumptions. These are reassessed annually and amended to reflect current assumptions.

Recoverability of loans to other group entities

The company makes an assessment on the recoverability of loans to the parent, LiveWest Homes. The management considers factors including the going concern status of the parent, its credit rating and its credit and liquidity risks.

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

3. Operating Profit

	2024	2023
	£	£
The operating profit is stated after charging:		
Auditors' remuneration:		
- audit of these financial statements	20,000	14,920
- other services	<u>-</u>	<u>-</u>

4. Remuneration of directors

The company did not remunerate any directors directly during the year (2023: £nil). The directors of LiveWest Treasury PLC were employed and remunerated by LiveWest Homes Limited. Costs of £32,595 (2023: £34,968) attributable to their services to LiveWest Treasury PLC were charged to the company as an administration fee.

5. Employees

The company does not employ any staff directly (2023: £nil). All staff acting on behalf of the Company are employed by LiveWest Homes Limited and costs of £29,228 (2023: £24,199) were charged to the company as an administration fee.

6. Gift Aid Payment

	2024	2023
	£000	£000
The aggregate amount of Gift Aid payments comprises:		
Gift Aid approved by written resolution of the shareholder	<u>3</u>	<u>3</u>

7. Interest Receivable and Similar Income

	2024	2023
	£000	£000
Interest receivable	236	466
Interest receivable from Group undertakings	<u>21,128</u>	<u>21,179</u>
	<u>21,364</u>	<u>21,645</u>

8. Interest Payable

	2024	2023
	£000	£000
Interest payable	21,128	21,179
Interest payable to Group companies	<u>236</u>	<u>466</u>
	<u>21,364</u>	<u>21,645</u>

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

9. Taxation

	2024	2023
	£	£
Current tax:	-	-
Total tax per income statement	<u>-</u>	<u>-</u>
Profit for the period	<u>3,091</u>	<u>2,958</u>
Tax on profit at standard UK tax rate of 25% (2023: 19%)	773	562
Effects of:		
Qualifying charitable donation – Gift Aid	<u>(773)</u>	<u>(562)</u>
	<u>-</u>	<u>-</u>

10. Debtors

	2024	2023
	£000	£000
Amounts falling due within one year		
Investments	-	10,000
Amounts owed by group companies	4,087	4,270
Fair Value Swap Assets	284	
Intra-group loans	29,186	4,182
Accrued interest receivable	-	103
	<u>33,557</u>	<u>18,555</u>
Amounts falling due after more than one year		
Investments	-	-
Fair Value Swap Assets	3,021	3,346
Fair Value Intra Group Swaps Assets	9,676	13,672
Intra-group loans	699,232	679,918
	<u>711,929</u>	<u>696,936</u>
	<u>745,486</u>	<u>715,491</u>

All amounts owed by group companies are non-interest bearing. Repayment of the on-lent funds is in line with the terms of the underlying agreement between LiveWest Treasury PLC and LiveWest Homes Limited. The terms of the on-lending agreement underlying the intra-group debtor mirror those of the Company's liability shown under Creditors (note 12).

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

11. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Bank loans and Capital Markets Issues	29,186	4,182
Interest Payable	4,067	4,257
Fair Value Swap liabilities	284	-
Accruals and deferred income	20	13
Amounts owed to group companies	-	10,103
	<u>33,557</u>	<u>18,555</u>

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

	2024 £000	2023 £000
Fair Value Swap Liabilities	9,676	13,672
Fair Value Intra Group Swap Liabilities	3,021	3,346
Bank loans and Capital Market Issues	699,232	679,918
	<u>711,929</u>	<u>696,936</u>

Fair value of swap liabilities under one year is the mark-to-market (MTM) value of two fixed rate swaps which are due to mature in in the next 12 months.

Bank Loans and Capital Market Issues includes fully secured capital market debt of £530,000,000 repayable between 2043 and 2056 and Fair Value adjustments of £13,477,842 on these issues. The remaining £184,940,000 are bank loans which are fully secured at variable interest rates, the final instalment of which is due FY2039. The Fair Value of debt from Bank Loans and Capital Markets issues is £728,417,842.

LiveWest Treasury PLC on-lends all of its proceeds from bank finance and capital market transactions to its immediate parent company, LiveWest Homes Limited. The underlying assets relating to this issuance therefore belong to LiveWest Homes Limited and are held through a security trust arrangement with the Prudential Trustee Company Limited.

The drawn down elements of Loans and Bonds are secured by fixed charges over property security of LiveWest Homes Limited at their Market Value as defined by VS 3.2 of the RICS Valuation – Professional Standards 2012.

All of LiveWest Treasury PLC's costs relating to providing funding services were met by LiveWest Homes Limited.

All of the Company's financing proceeds will be available to be on-lent to LiveWest Homes Limited, which represents the only credit risk to the Company. This credit risk is mitigated through a number of factors, including the housing asset security which stands behind the loan, the overall RSH assessment of the Group's financial viability and the contractual protection of the loan agreement between the Company and LiveWest Homes Limited. No further qualitative disclosures about credit, liquidity and market risks are applicable.

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

13. Called up share capital

	2024	2024	2023	2023
	No.	£	No.	£
Allotted, issued and fully paid ordinary shares of £1	1	1	1	1
Allotted, issued and one quarter paid ordinary shares of £1	49,999	12,500	49,999	12,500
	<u>50,000</u>	<u>12,501</u>	<u>50,000</u>	<u>12,501</u>

14. Significance of Financial Instruments

	2024	2023
	£000	£000
Financial instruments have been classified as follows:		
<u>Financial assets</u>		
Investment measured at amortised cost	-	10,000
Cash flow hedges at fair value (interest rate swaps)	3,021	3,346
Cash flow hedges at fair value (intra group swaps)	9,961	13,672
Intragroup loans measured at amortised cost using effective interest method	728,418	684,100
<u>Financial liabilities</u>		
Intragroup loan	-	10,000
Cash flow hedges at fair value (interest rate swaps)	9,961	13,672
Cash flow hedges at fair value (intra group swaps)	3,021	3,346
Bank loans and capital market issues measured at amortised cost using effective interest method	728,418	684,100

Fair Value

All financial instruments are valued using the Mark-To-Market (MTM) valuation method. There is no quoted (bid) price for an identical asset in an active market nor are there recent transactions for identical assets. The Fair value of bank loans and capital market issues (which includes amounts maturing in one year) is £728,417,842.

Nature and extent of risks arising from financial instruments

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

LiveWest Treasury PLC

Notes to the financial statements for the year ended 31 March 2024

Credit Risk

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

The group’s maximum exposure to credit risk was £299m consisting of £25m cash net of direct right of set off and £274m undrawn loan facilities. There is no security held which mitigates the risk on these assets. There has been no impairment on these assets.

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

LiveWest Treasury PLC has exposure to credit risk to the extent the parent is unable to pay its loans.

Liquidity risk

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

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

Market risk

The group has market exposure to changes in interest rates.

Our approach to interest rate management is to maintain a balanced portfolio of fixed, variable and index linked debt. This is managed through the use of fixed rate debt and standalone derivatives. As LiveWest Treasury PLC has corresponding financial assets or liabilities with LiveWest Homes the risk will have no impact on profit/loss and equity of the company. The group has exposure to interest rate rises through our variable rate debt. A 1% increase in rates would lead to a £1.0m additional interest charge for the group. We also have an indirect exposure to bond rates through our pension scheme commitments.

The standalone derivatives can give rise to margin calls if interest rates fall. This risk is managed by securing sufficient properties to cover margin calls in the event of a 1% fall in long term interest rates.

Capital

The company defines capital as net assets or equity. Due to the intra-group nature of its assets and liabilities the company holds its capital levels to its share capital of £12,501. LiveWest Homes group holds reserve capital of £844m which is held to reduce future borrowing requirements on development spend.

15. Parent company

The company is a subsidiary of LiveWest Homes Limited which is the ultimate parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7724). A copy of the consolidated financial statements can be obtained from the parent company at 1 Wellington Way, Skypark, Clyst Honiton, Exeter, EX5 2FZ.

16. Related Parties

The company has taken advantage of the exemption available under paragraph 33.1a of the provision of FRS102 Related Party Disclosures on the grounds it is a wholly owned subsidiary of LiveWest Homes Ltd. There are no other related party transactions to disclose.