



MAGENTA LIVING

Report and Financial Statements

Year ended 31 March 2022



Company Registration **No. 04912562**
Registered Charity **No. 1106969**
Regulator of Social Housing **No. L4435**

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Board Members, Executive Directors, Advisors and Bankers

Board		Date of Appointment	Date of resignation/ Retirement
Chair	Gerard Lucas	23 Sept 2021	
	David Clark		23 Sept 2021
Vice Chair	Nick Gerrard		31 Dec 2021
Senior Independent Director	Myles Edwards	01 April 2021	
Other Members	Julie Booker	09 June 2022	
	Geoff Broadhead		23 Sept 2021
	Matthew Brown		31 Aug 2022
	Steve Foulkes		01 April 2021
	Anne-Louise Gilmore		
	Susan Goodman		
	Sharon Grover		
	Liam Kelly	01 April 2021	
	Paul McGrady	01 April 2022	
	Stephen Penlington		23 Sept 2021
	Gordon Ronald		
	Mike Turner		
Chief Executive	Keith Wrate (Interim)	04 Jan 2022	
Executive Directors	Brian Simpson		31 Dec 2021
Executive Director of Customer Experience	Jayne Winders		
Executive Director of Business Growth and Resilience	Paul Anson		
Executive Director of Assets	Ian Thomson		
Executive Director of Finance	Ann Monk		
Company Secretary	Jamie Shaw	17 March 2022	
	Ann Monk		17 March 2022



Registered office

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Web site

magentaliving.org.uk

Registered number

Company Registration No. 04912562
Regulator of Social Housing Registration No. L4435
Charity Commission Registration No. 1106969

External Auditors

Beever and Struthers
Statutory Auditors
St. George's House,
215-219 Chester Road
Manchester M15 4JE

Internal Auditors

BDO LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitors

Anthony Collins
Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

Bankers and Funders

The Royal Bank of
Scotland plc
280 Bishopsgate
London EC2M 4RB

Strategic Report

Background

Magenta Living commenced trading on 7th February 2005 in order to facilitate the transfer of homes from the Metropolitan Borough of Wirral and is the largest registered social housing provider in Wirral. We are a not-for-profit organisation, owning and managing just under 13,000 properties, and employ around 600 staff.

Principal activities

The Group's principal activity is the provision, management, and development of social housing. As at 31 March 2022, we owned and managed 12,708 homes. Collectively, the companies within the Group are referred to as the "organisation".

Group structure

Magenta Living ("Company") is the parent entity, registered under the Companies Act 2006 and with the Regulator of Social Housing as a social housing provider. It is responsible for the strategic planning and direction of the Group. It owns or controls the entities below and includes them in the consolidated financial statements.

Wirral Partnership Homes (Developments) Limited undertakes the construction of domestic dwellings for the parent company.

Hilbre Projects LLP undertakes the development of residential and commercial property, including social housing (section 106 properties) and housing to be sold on the open market. It ceased trading on 31 March 2022.

Wirral Partnership Homes (Building Services) Limited provided responsive repairs, void repairs, adaptations and improvement programme works to Magenta Living until 1 April 2008 when these services were transferred to Magenta Living. Since then, Wirral Partnership Homes (Building Services) Limited has been dormant.

Magenta Living is also a joint venture partner in Bamboo Estates LLP whose principal activity is the letting of housing properties in the northwest of England. The consolidated financial statements include the Group's share of the operating results

applying accounting policies consistent to the Group.

Our objectives

In March 2018 the Board of Magenta Living approved a 5-year corporate plan covering 2018-23. This was informed by stakeholders, colleagues and customers which built on the successes and achievements of previous years.

Magenta Living's Corporate Plan 2018-23 set the strategic direction and priorities by outlining the organisation's Vision, Values, and Strategic Objectives, known as our VIBE.

For each subsequent year of the Corporate Plan, an Annual Plan has been agreed reviewing progress towards the 5-year priorities and each year resetting the shorter-term priorities. Each Annual Plan is supported and underpinned with performance information which the Board monitor to measure progress towards the achievement of our Vision.

In 2020 we adopted a new approach to strategic goal setting with the introduction of "Objectives and Key Results" (OKRs). This approach has great synergy with the outcomes the organisation is focussed on through The Magenta Way transformation programme.

In March 2022 the Board approved a one-year extension to the corporate plan to March 2024 in order to provide continued strategic direction while the appointment of a new Chief Executive takes place and to then allow the new Chief Executive to input to the development of the future strategic priorities of the organisation.

Regulatory grading

In 2018 our regulatory Governance rating was re-graded from G1 to G2. Following an In-Depth Assessment in 2022, the Regulator confirmed our rating as G1/V1, the top rating for both Governance and Financial Viability.

Strategic Report

Our Vision remains to deliver 'Vibrant...homes, lives, neighbourhoods'

- **Vibrant** – we want to be recognised as being dynamic, energetic, lively and full of focussed activity around the customer. This is the basis for developing our four key strategic objectives, our VIBE.
- **Homes** – the bricks and mortar element of our vision. We are a landlord that seeks to provide affordable and well maintained, sustainable and popular homes. But we see ourselves as far more than just a bricks and mortar landlord.
- **Lives** – we take a customer centred approach to service delivery, offering support to the vulnerable and creating social value.
- **Neighbourhoods** – we have made a conscious decision to continue to be a key player within our communities, working with partners, despite many experiencing financial pressures, within 21 neighbourhoods across Wirral, Halton and Cheshire, to create areas in which customers like to live. To further support this commitment, we have developed detailed Neighbourhood Plans for each area within which we operate.

- **Adaptable** - being innovative to help us achieve excellence
- **Accountable** - acting with integrity and engaging with partners to ensure continued excellence

VIBE

Our VIBE sets out how we will reach our Vision, through the delivery of four key strategic objectives:

- V** Vibrant, values driven through our PEOPLE
- I** Investing in our current and future homes - through the effective use of ASSETS
- B** Businesslike to deliver greater Value for Money - through our efficient processes and use of RESOURCES
- E** Excellent services and neighbourhoods through our engagement with CUSTOMERS



Values

Our values define how we operate, what customers can expect from colleagues as we deliver Our Vision, Our Values are focussed on pursuing, achieving, and maintaining excellence, Our 3 A's are:

- **Ambitious** - being bold in our pursuit of excellence





The Magenta Way and VIBE Transformation Programme

The Magenta Way is a cultural change programme introduced to drive service improvement with a customer focus. This focuses on the V and the E of the VIBE Transformation Programme. The Magenta Way has many successes including the leadership development programme 'Rising Stars' and the Magenta Way behaviours which have been embedded into performance management across the organisation.

The VIBE Transformation Programme is the vehicle by which we will deliver our Corporate Plan and move us closer to achieving our vision of Vibrant...lives, homes, neighbourhoods. The VIBE Transformation Plan consists of four key areas:

- **Vibrant Values Driven Culture** "Our People Offer" - As the beacon employer in the North-West we have attracted, retained and developed the workforce of the future
- **Investing in our Assets "Sustainability"** - We have taken active steps to reduce our carbon footprint and help our customers live well in their homes
- **Business-like "Value for Money"** - We have optimised how we use our resources, so we always deliver a value for money service for our customers
- **Excellent Customer Experience "Service Transformation"** - We have an engagement and service delivery model recognised by our customers and colleagues as being high quality, efficient and value for money

The VIBE Transformation Programme has a number of technical, people and customer focused projects including: a customer self-service portal, rebranding of our Building Services Directorate, EPC C+, sustainable new homes, value for money reviews and data strategy. This collection of projects has been designed to meet our statutory requirements whilst delivering excellent customer experiences and delivering value for money through increased efficiency and adopting technology to remove wasteful processes. The current programme runs from 2022 to 2024 in line with the Corporate Plan cycle.



Empty homes hackathon



Our Rising Stars colleagues 2022

Strategic Report

Our customers

Our priority as a provider of social housing is to address local housing need in the neighbourhoods within which we operate. Our rents are more affordable than private renting and we provide longer term tenancy security.

Many of our customers can experience economic circumstances which require support from welfare benefits. The introduction of Universal Credit (UC) has been a cause for concern over several years and we still await the full roll out to all qualifying tenants as they transfer away from their legacy benefits. As a result of these concerns, this issue of government policy has been identified as a strategic risk. However, effective liaison with tenants and agencies has meant that rent collection levels from those in receipt of UC remain at similar levels to those on housing benefit or self-paying. During Covid-19 over 900 tenants whose circumstances were impacted by furlough, unemployment or reduced income contacted us and a significant number of these were sign-posted to successful UC claims. Our customers continue to be monitored closely as we assure them that we continue to be able to offer help, support and assistance whenever necessary. Collection rates remain high as a result of this proactive approach to intervention and support.

Homelessness and rough sleeping remain an area of concern with rising levels experienced across major cities as well as in many smaller towns up and down the country prior to Covid-19. During Covid-19 tackling this challenge through partnership working has been a primary focus for the Liverpool City Region's (LCR) Combined Authority. We have been particularly active in the LCR's Housing First regime which provides ongoing support to help former homeless people settle into their tenancy as well as assisting Wirral Borough Council, and the other local authorities in which we operate, to house those homeless and in priority need.

Understanding the emerging trends in demographics and expectations is vital to ensuring we can sustain our business going forward. High-level strategic survey work identifying future demands and opportunities has been undertaken by an external consultancy, arc4, with this insight fed into our development strategy and subsequent new build programme. This provides assurance that our new homes are future proofed to meet future demand. Other key challenges to consider include the specific requirements of an aging population, Wirral Borough Council's 20-year Birkenhead Regeneration Framework and the rise of a new generation of millennials taking their place in the workforce and housing market.

Covid-19 also changed not only the way we operate as a business, with hybrid working practices being implemented, but also the way our customers work, and their specific service delivery expectations have also changed. We therefore continue to identify what our current and future customers need in and from their homes and seek feedback on the services we offer to ensure this is aligned to customer priorities and satisfaction levels.



The Central Liverpool Credit Union team sharing information on setting up savings accounts, affordable loans and free life insurance in Clover Drive, Bidston

Our regeneration and development plans

We continue to invest in our existing homes to ensure they meet modern standards and expectations, and we are closely following consultations on the Decent Homes Standard to determine the financial consequences of future investment requirements. Our business plan has been updated to reflect both national issues arising post-Grenfell and our recent local experiences with the requirement for additional landlord compliance safety work. There has been significant additional investment in our homes relating to health and safety measures to ensure compliance across 6 priority areas but with a particular emphasis on fire risk, electrical installation work and gas safety measures. We recognise the need for a clear focus on compliance safety works and we continued to prioritise this throughout Covid-19, even when restrictions resulted in some working practices being less efficient to deliver.

We have introduced a Climate Change strategic framework which commits us to become a Zero Carbon Housing Association by 2050. Over the next 5 years we plan to devise a strategic delivery framework for fabric first improvements, deliver detailed carbon literacy training and reduce fuel poverty by achieving EPC C (SAP69+) across 100% of our homes by 2030 and £11.2m of expenditure has been included in our business plan to achieve this. Beyond 2030 we have included a further £88.8m (total £100m) towards achieving our carbon zero targets by 2050. Further investment will be required, and we are watching closely to understand what the government approach will be in terms of providing grant funding towards carbon zero targets.

£88.8 million
towards carbon zero
targets by 2050



In some areas, wider regeneration work will be required to make sure that less popular and poorly

performing homes can remain sustainable for the future. We are a key partner of Wirral Borough Council in the Seacombe area and are jointly funding and developing a masterplan for the next 15 years. This may include the requirement for the demolition and replacement of poorer quality housing in the area. The Development and Regeneration Governance Group is an officer governance structure which oversees this wider regeneration strategy by bringing together development priorities, housing management requirements, asset management considerations and financial implications, to ensure a joined up, comprehensive approach is delivered that is affordable within the business plan framework and aligns to our 21 neighbourhood plans.



Magenta Living team out in Seacombe, checking future regeneration plans

Our finances

We have updated our business plan taking into account the impacts of Covid-19 and have revised our development plan in line with the latest intelligence available to inform our assumptions. This is a rapidly changing environment. We refinanced during the year securing £137m in funding to support our investment, carbon zero and development aspirations.

Strategic Report

Our IT and digital capacity

We have continued to drive forward with our IT strategy which supports the digitalisation of our processes and the updating of core infrastructure and delivery mechanisms to improve customer service. New systems have been implemented and our strategy to bring as much as possible into our core housing system has moved forward during the year enabling us to drive efficiency and improve the effectiveness of our performance reporting for our frontline repairs and maintenance teams.

Impact of Covid-19

Covid-19 has continued to prevent us from investing in our existing homes and development of new homes at the level we had anticipated. This has resulted in lower than planned spend in year on our investment programmes and has pushed back our catch-up programme leading to an increased budget being put into place for 2022-23 with programmes re-timed over the coming years. Our responsive repairs have increased significantly during the year with some catch-up from the previous year in addition to a general increase due to our tenants spending more time in their homes. The sector trend in development contractors and sub-contractors entering into administration has had a significant impact on both completion dates and costs of our development schemes. We are working closely with our contractors to work through these challenges.

Outlook

We are very positive about how the organisation is moving forward and we have a solid business plan and clear mitigation strategies to follow in respect of responding to the volatile external economic environment we are currently experiencing. Our organisational focus remains firmly centred on our customers and ensuring that we can support them through these challenging times.

Risk Management

The Board of Magenta Living approved the company's current Risk Management and

Business Assurance Framework in May 2022. The framework incorporates enhancements identified as a result of an internal audit of risk management delivered by our internal auditors, BDO in April 2022 (which assessed our approach as providing "substantial" assurance of both the design and operational effectiveness of our risk management approach). The framework sets out our risk and assurance approach and the roles of Board, Group Audit and Risk Committee and senior management in how we manage, monitor, report and gain assurance on the effectiveness of our risk management activities. It also contains the Board's risk appetite statement.



Strategic Report

Strategic Risks

The table below provides a summary of Magenta Living's strategic risk register

Risk area	Nature of risk	Key controls	Net Rating Score
Government policy and collectable income.	A potential combination of Government funding policy, welfare reforms, increasing consumer costs and demand for our properties has the potential to reduce both the amount of income it would be possible for us to raise and our ability to collect it.	Customers are assessed for affordability at sign up. Systemic proactive report 'Rentsense' produced to provide prioritisation for arrears payments. Regular monitoring of key metrics to ensure rent collection within business plan tolerance is reported to ELT & Board. Annual stress testing of single and multiple scenarios has been completed and is included in the Business Plan report which is approved by the Executive Leadership Team and Board annually and updated quarterly. Financial forecasting is monitored monthly along with review of actuals against budget (Year 1 of business plan) including any remediation activities.	Net Rating Medium 8
Value for Money	Failure to achieve Value for Money (VfM) has the potential to significantly impact on our ability to achieve and deliver our strategic aims and objectives.	VfM Strategy and targets for improving VfM set by Board. Quarterly financial monitoring reports to the Board include performance data against RSH VfM metrics. Monthly financial monitoring by Executive Team ensures control over spend in line with budgets. Development and Proactive Asset Management Strategies detail our plans for delivering homes to meet a variety of needs	Net Rating Low 8
Development Programme	Failure to deliver the development programme negatively impacts on the growth of the business in relation to expanding the supply of excellent, quality homes with a mix of tenure types in existing areas of operation and in new places.	Development Programme delivered in line with the Corporate Business Plan supported by Magenta Living's Gateway approvals, Compliance with Homes England and Statutory Regulations/ Legislation. Development assumptions reviewed annually and approved by Board. Assets and Development Committee (ADC) are provided with Performance and Development update reports every six weeks / two months. To protect against contractor insolvency a due diligence checklist is in place.	Net Rating High 12

Strategic Report

Risk area	Nature of risk	Key controls	Net Rating Score
Treasury Management and Financial Capacity	Financial resources are either inadequate or not managed appropriately leading to resource surpluses or shortages which could impact on the achievement of corporate objectives.	Annual budget is set and approved by ELT and Board. Business Plan approved annually by Board. Monthly financial report containing financial KPI's (including Treasury) and budget reports reviewed by ELT Board. Quarterly financial monitoring reports are provided to the Board for noting. Single and multivariate stress testing is completed annually - plan to move to quarterly Business Plan updates for financial year 2022/23.	Net Rating Medium High 8
Ineffective Governance	Ineffective Board governance and Risk management, could lead to the inability to identify emerging risks, regulatory breaches, in making informed decisions and instigating prompt mitigating actions.	Key Governance documents covering the requirements, conduct and responsibilities of Board and Committee structures are updated when either legislation changes or business needs change. Three-year review and approval process is completed against Governance Handbook and other Reference documentation. Boards skills matrix is updated on an annual basis. All Board Directors receive a Personal Development Plan. Three yearly review of the Governance structure and processes for Magenta Living's Boards & Committees is completed by a Third Party.	Net Rating Medium 9
Health & Safety and Compliance	Failure to comply with Health and Safety regulations (e.g., gas servicing, Control of Asbestos, Legionella, Fire Safety, electrical safety and lift maintenance and servicing) would lead to a serious breach of relevant legislation and Serious Detriment under the RSH Consumer Standard.	H&S Key Performance Indicator report providing adherence to compliance requirements, progress against gas servicing programme, fire risk assessments and all other H&S services outstanding is produced; high-level update weekly to SLT, ELT and Board, report monthly to ELT, GARC quarterly and Board bi-annually. Reconciliation of certificates is completed monthly and reported to ELT. Stock numbers and associated compliance requirements are validated monthly and reported to ELT. Onsite independent quality checks are completed monthly by Third Parties.	Net Rating Low 3

Strategic Report

Risk area	Nature of risk	Key controls	Net Rating Score
Customer Excellence	Ineffective customer engagement and poor delivery of services could mean we fail to meet customer expectations or fail to meet current and future regulations and consumer standards.	The Magenta Communities Committee oversees and has clear accountabilities for customer delivery and engagement. Quarterly complaints feedback reports to ensure compliance with the Ombudsman complaints code. Annual self-assessment completed against Housing Ombudsman Complaints Code and provided to Board. Annual self-assessment against Consumer Standards completed and approved by Board.	Net Rating Low 4
Data Integrity and Cyber Security	Poor data governance negatively impacts MLs ability to meet its statutory duties and impairs effective decision making and governance. Increasing risk of cyber-attack threaten the confidentiality, integrity and availability of data.	IT Strategy for single source data and system integration. Continuous data loss prevention technology to detect and alert unusual levels of data extraction, encryption or deletion. System produced logs as a result of anti-virus and threat management software identified threats are reviewed by Head of Service IT Operations through to closure (transactional control). Ad-hoc systems threat simulation testing. Data Protection Officer in place providing advice, support and oversight to the business, as per Article 39.	Net Rating Medium High 12
Climate Change	Failure to develop and implement an effective Climate Change Strategy. Could mean higher fuel bills and poorer health outcomes for customers, poorer quality, less desirable stock, more expensive financing from lenders and failure to meet changing Building Regulations standards.	Board approved a 5yr strategy and we provide a 12-month update. Energy efficiency targets approved annually and overseen by Assets and Development Committee (ADC) on a quarterly basis to ensure maximum impact and delivery. Climate Change OKR for 2022-23 with visibility across ELT / Board on monthly/ quarterly basis Mandatory Carbon Literacy training provided to relevant staff, HR&OD provide oversight and reporting of colleagues with outstanding mandatory training on a monthly basis to SLT and MLT.	Net rating Medium Low 6

Strategic Report

Risk area	Nature of risk	Key controls	Net Rating Score
People	Failure to recruit and retain the appropriately skilled and experienced employees in a competitive market	Regular resource reviews completed at Director weekly meeting. Recruitment agency framework in place including preferred supplier list. Critical business roles reflect longer contractual notice period. Annual succession plan review completed. Hybrid Working policy and arrangements to improve flexibility and availability of resource. 3 yearly Investors in People assessment provides gap analysis and annual interim reviews. Quarterly reviews to discuss performance, wellbeing and development needs.	Net Rating Medium 9
Reputational	Failure to adequately control key risks to the organisation.	Annual analysis of RSH Sector risk profile. Updated approach to complaints in line with Ombudsman expectations. Effective monitoring of social media with early identification of emerging concerns communicated to SLT weekly. Ensure positive relationships with local and regional press. Incident Management Process ensures escalation of potentially reputationally damaging incidents reporting through to ELT.	Net Rating Medium 9

*Net rating scores agreed at Magenta Living Board Meeting on 21 July 2022.

Strategic Report

Financial and operating review

Statement of Comprehensive Income

	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018 £'m
Turnover	73.9	69.6	65.7	67.2	64.1
Cost of sales	(7.6)	(5.2)	(4.0)	(2.1)	(1.2)
Operating expenditure	(63.4)	(59.6)	(62.0)	(59.6)	(52.0)
Gain on disposal of fixed assets	3.5	1.7	2.9	1.9	2.2
Gain on revaluations	1.0	0.2	0.3	4.8	5.0
Operating surplus	7.4	6.7	2.9	12.2	18.1
JV profit	0.4	0.5	0.5	0.2	-
Net interest payable	(2.8)	(3.0)	(3.5)	(4.0)	(4.0)
Loan re-financing	(13.4)	-	-	-	-
(Deficit) / surplus for the year	(8.4)	4.2	(0.1)	8.4	14.1

The Board reports a Group operating surplus of £7.4m (2021: £6.7m). The Group has continued to invest in both its existing stock and undertake new developments for affordable housing to rent.

Turnover for the year ended 31 March 2022 was £73.9m (2021: £69.6m), with £63.1m (2021:

£62.4m) arising from core social housing lettings activity.

Loan re-financing costs of £13.4m gave rise to a deficit for the year of £8.4m. Before loan breakage costs, the surplus for the year is £5.0m (2021: £4.2m).

Statement of Financial Position

	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018 £'m
Housing fixed assets	218.0	215.5	211.4	204.2	204.7
Other fixed assets	3.8	4.0	4.2	4.4	4.6
Investments	14.9	13.9	13.8	13.0	7.3
Net current assets	19.5	13.5	14.0	12.1	7.5
Long-term creditors	(117.0)	(103.4)	(106.9)	(100.2)	(102.9)
Pension provisions	(23.3)	(31.5)	(21.0)	(24.8)	(16.1)
Reserves	115.9	112.0	115.5	108.7	105.1

Strategic Report

The provision in respect of the defined benefit pension schemes is extremely volatile. During the year, actuarial gains reduced the provision by £8.2m. In 2021, actuarial losses caused the provision to increase by £10.5m. The Board has a long-term approach to the volatility and have not requested any changes to the scheme nor have they requested an interim valuation.

Reserves are retained at levels that allow the Group to continue to provide the services that the reserves are intended to support while managing the risks associated with long-term expenditure plans. The budget and business plans are approved each year and are set to achieve this. The level of reserves is monitored throughout the year. The Group held £115.9m (2021: £112.0m) in the Income and Expenditure reserve as at 31 March. These reserves are not cash reserves but rather refer to the total net asset position of the Group at the year end.

Free reserves (unrestricted funds excluding tangible fixed assets net of grant) were £91.0m negative (2021: £94.0m negative) at 31 March 2022, as £236.7m (2021: £233.4m) is represented by fixed assets and can only be realised by their disposal. The funding facility is secured against the housing property fixed assets.

Development

It has been an extremely challenging year for the construction sector. Many constructors and sub-contractors have been forced into administration leading to significant supply chain issues and delays on schemes. Magenta Living has continued with our development of new homes however, completion dates and costs have been impacted. Our development plan was also delayed by the refinancing process that concluded at the end of February 2022 which was later than anticipated.

Our development highlights from 2021/22 include a total of £10m invested in developing new homes across Wirral and Cheshire East. This includes £2.6m grant from Homes England. Some of this investment has been spent on homes completed in

the last year whilst others are still on-site and will complete over the next couple of years.

£10 million
invested in developing
new homes



During the year Magenta Living delivered its first zero carbon homes at Windsor Close, Rock Ferry in partnership with principal contractor Starship. The refinancing funds will allow Magenta to deliver more of these new homes and reach a higher energy efficiency rating that will benefit our customers and help to combat fuel poverty.

A total of 57 homes were built across Wirral and Cheshire East providing options for social rent, affordable rent and shared ownership. At the end of the year there were 436 units in development.

Magenta Living has continued to develop throughout a period of significant change in the economic climate of social housing development. With our funding in place we are set to progress our plans within the constraints being experienced as a result of the current external economic environment.

Property sales

Right to Buy (RTB)

There were 51 (2021: 31) RTB property sales during the year. A Right to Buy sharing agreement exists with Wirral Borough Council which was agreed at transfer. Of receipts of £2,177k (2021: £1,427k), £684k (2021: £450k) was paid to Wirral Borough Council in accordance with the agreement. RTB sales produced a surplus of £1,154k (2021: £760k).

Right to Acquire (RTA)

23 (2021: 9) properties were sold under RTA agreements for a total of £2,182k (2021: £705k) and yielding a surplus of £1,990k (2021: £569k).

Strategic Report

Outright sales

The Group develops and sells open market properties through Hilbre Projects LLP. Sales of properties and un-developed land were £6,300k.

At the year-end, there were no developments in progress, no unsold properties nor any land to dispose of. Hilbre Projects LLP ceased trading on 31 March 2022 and the Group is not intending to develop properties for outright sale for the foreseeable future other than in limited volume where tenure mix is required within specific schemes.

First tranche shared ownership sales

11 (2021: 14) first tranche sales were made during the year for a total receipt of £775k (2021: £1,375k) yielding a surplus of £125k (2021: £356k). The average sale was £28k per unit lower than the previous year.

Other property sales

Other disposals, including staircasing and auction sales, £519k (2021: £448k).

Social housing lettings

We have seen a significant increase in routine maintenance costs (note 3) related to responsive repairs following the Covid-19 lockdown periods which has impacted the performance in this area during the financial year. The responsive repairs budget for 2021/22 was overspent due to the organisation responding to c.9,900 more jobs than budgeted. While this has been offset to some extent by delays in the supply chain around certain materials, which will affect costs in the 2022/23 financial year, the increase of responsive repair jobs was substantial. Current levels of responsive maintenance have stabilised to pre Covid-19 levels and have remained so for some time however this pattern will continue to be monitored alongside our preventative maintenance programme.

Commercial activities

Corporate repairs

The Group provides building services for a number of third parties and lease-owners. Income for the year was £745k (2021: £371k) representing increased levels of activity, particularly regarding adaptations, yielding a surplus of £96k (2021: deficit £3k).

Lettings

The Group also owns garages and shops. Income derived from letting garages and shops was £1,036k (2021: £1,047k) yielding a surplus of £932k (2021: £922k).

Other

Other non-social housing activities primarily consist of open market sales as outlined in the Property sales section above. Notable other income streams during the year are as follows:

The Group leases properties to Bamboo Estates LLP for market rent letting. Lease charges were £312k (2021: £304k) yielding a surplus of £256k (2021: £243k).

£600k was received in respect of a plot of land that was legally disposed of in a prior period. Costs of sales associated with the land were recognised in that period.

The Group also receives income for aerial masts and funding for various schemes including funds from the European Regional Development Funding (ERDF) programme.

Strategic Report

Loan Facilities

In February 2022 Magenta Living completed a refinancing exercise which saw its loan facilities increase from £125m to £137m. The finance facility is provided by NatWest.

The business plan has been updated to reflect the new agreement, tranches of funding and associated interest rates, margins and covenant compliance.

As at 31 March 2022 £87.4m of the overall facility was drawn with the balance represented by a 5 year RCF to be drawn as required.

Cash Flow and Liquidity

The net cash inflow from operating activities before interest costs was £20.5m (2021: £13.3m). Bank balances and short-term investments were £16.2m (2021: £5.2m) at the year end.

Covenant Compliance

The covenants relevant to the loan agreement are;

- Interest cover
- Gearing
- Asset cover

Performance to 31 March 2022 showed that the Group was compliant with all covenants.



A neighbourhood in New Ferry, Birkenhead

Strategic Report

Value for Money Statement

Our Strategic Approach to Value for Money

The Board of Magenta Living approved our Value for Money (VfM) strategy in March 2021. Our strategic approach to VfM recognises that we must maintain a robust assessment of the performance of all our assets and resources. In practice this definition of value for money means managing our resources economically, efficiently and effectively to provide homes and services of a high quality. It also means that we need to plan and continually assess our performance to deliver ongoing improvements in value for money.

Our strategic approach recognises that VfM is not just about cutting costs; it is about understanding the **'Value Chain'**, and optimising the relationships between costs, processes and the quality of outcomes, or the **Economy, Efficiency and Effectiveness** of everything we do.



Economy	Efficiency	Effectiveness
<p>Economy is achieved at the most basic level by managing our costs and what we pay for our goods and services</p>	<p>Efficiency is achieved when we make the best use of our resources and is improved when we continuously review and improve the way we do things</p>	<p>Effectiveness is achieved when we meet our quality standards and our customers' expectations.</p>
Underpinned by:	Delivered by:	Demonstrated by:
<ul style="list-style-type: none"> • Business Plan • Treasury Management • Annual Budget Setting • Procurement Strategy (Use of consortia, frameworks etc). • Contracts Reviewed and actively managed 	<ul style="list-style-type: none"> • The Magenta Way • Culture of Continuous Improvement • Process Review and Improvement • Service Improvement Plans 	<ul style="list-style-type: none"> • Performance management • OKR and KPI targets and reporting • Social Value created • Contract Management • Cost and Performance Benchmarking

Strategic Report

Our Value for Money policies and guiding principles

Our VfM Policies and Principles are a broad description of our approach to VfM and how we will achieve it. It includes descriptions of the types of activities which we will and won't consider in our drive to deliver improved VfM.

- We are ambitious and adaptable in the delivery of our strategic objectives and in doing so we will be accountable to each other, our customers and stakeholders.
- Our Corporate Plan covers all organisation-wide improvement activity. A supplementary VfM strategy details those aspects which specifically deliver improvements in VfM.
- We are open and transparent in respect of our plans, the extent to which we are achieving them and how what we do and the ways in which we do it provides VfM for all of our stakeholders.
- Our people are vital to our success as an organisation and to our ability to deliver VfM. We will invest in staff development in order to create a vibrant, values-based culture to facilitate this.
- We recognise that setting clear standards supported by effective performance management is essential to drive operational efficiency.
- We are committed to supporting and maintaining vibrant neighbourhoods. Proactive Asset Management for us will never be “a numbers game”.
- Our VfM approach will detail plans for improving Return on Assets through investment / divestment / tenure change.
- Investment in commercial activity is intended to generate a return to fund further new supply of housing across a range of tenures and for investment into the provision of services which add value to the communities we serve.
- We are committed to increasing our development capacity and providing a range of tenures and housing products while recognising our primary focus is and will remain affordable homes.

- We are an active and progressive agent of regeneration.
- We actively look to develop homes in Wirral where land supply allows and will seek opportunities in the wider region that make a commercial, social and regeneration impact.
- We recognise that delivering increased digital choice and digitalised services is essential to delivering improved operational efficiency and better services for many customers. However, we also recognise that digital access will not suit everyone, and a range of access methods will always be available.
- We work in partnership with our customers to identify priorities for investment on a neighbourhood basis.
- We measure the value generated from our investment in community activities.



Strategic Report

The impact of Covid-19 on our 2021-22 performance

During 2021-22 we increased the delivery of major and planned repairs following two years of under-spend in these areas due to Covid-19 we saw a significant increase in responsive repairs following the Covid-19 lockdown periods. Economic uncertainty continues to impact our development programme. We have seen some of our development contractors and sub-contractors suffer which has had a significant impact on both completion dates and costs.



New build at Mallowdale Close, Eastham

Performance against our Corporate Objectives and VfM metrics

Investing in homes and delivering new ones

Development

Magenta Living's Development Strategy is to invest in providing our customers with new homes and a tenure of choice in delivering the 1,000 new homes programme, whilst the construction industry continues to go through one of the most challenging times.

The development programme has encountered delays due to the impact of Covid-19, the availability of materials and skilled labour shortages. During 2022/23 we intend to complete 202 new homes and start on site a total of 153 units. The Board's risk appetite is now Balanced to investing in its existing and new homes programmes but is Cautious about further commitments to building homes for sale.

The geographic areas remain anchored in Wirral and neighbouring authorities of Halton, Cheshire West and Chester and Cheshire East where Magenta is committed to seeking opportunities for growth and building the pipeline for new homes over the next 5 years.

Deriving Optimal Benefit from our Resources and Assets

In order to generate surpluses and capacity to invest in the development of new homes and community regeneration activities, the Board has taken the strategic decision to establish an entity to support this objective, Bamboo Estates.



Bamboo Estates

Bamboo Estates is a joint venture between Magenta Living and Torus62, with each partner owning 50% of the commercial entity with 208 properties invested into Bamboo. Each RP leases both social and hard to let units. There are two primary reasons for this:

- To achieve a private rent at least £30 per

Strategic Report

week higher than the social rent – Bamboo has exceeded this target and achieved an average uplift of £41 per week.

- To alleviate void rent loss issues associated with 'hard to let' properties, i.e., those Magenta Living struggles to let due to low demand; Ten of the 113 properties leased to Bamboo by Magenta Living are 'hard to let' flats. Bamboo let these properties and still made a modest uplift of just under £9 on the social rents.

Magenta Living has committed all of the profits it receives from Bamboo to be reinvested as internal subsidy for the development of new social properties on Wirral. The £418k generated in 2021/22 is to be distributed to Magenta Living to support this programme.

Torus62 have given notice of their intention to exit the joint venture as their properties become vacant and in full by 31 March 2023. The Board intends to continue the operations under an appropriate structure following the Torus62 exit.

Newcastle Furniture Service (NFS).

The Board has also agreed to establish a partnership with Your Homes Newcastle through implementing their furnished tenancies service, Newcastle Furniture Services (NFS). The service requires limited resource from Magenta Living whilst providing value for money benefits to Magenta Living and its customers.

The service provision helps to deliver the **E** in Magenta Living's VIBE, representing Excellent services and neighbourhoods - through our engagement with customers and partners. The goal of the service is to help our customers sustain their tenancies; through making their home more liveable, preventing furniture poverty - a growing issue within our communities, and removing financial pressures, i.e., obtaining furniture through less affordable means that may result in customers falling into arrears. It reaches its goal through its flexible offering - no 'one size fits all'; there are a number of packages to suit the customers' needs, and payment is available through Housing Benefit,

Universal Credit or self-payment.



An example of an NFS furniture package

After its first year of active trading, the service had already exceeded its year 2 workflow assumptions of 220 packages. Following the conclusion of its second year of active trading it has again surpassed all targets for its year 3 and year 4 workflow assumptions (330 and 440 packages respectively), ending the year on 443 packages.

Every package contains a weekly Magenta Living administration fee of £3.20, which covers the cost of providing the service. In the 2021/2022 financial year, just under £55k was generated from this administration fee. This administration fee also provides a surplus; in the 2021/2022 financial year this surplus was just over £26k, which will be reinvested into Magenta Living to support future outreach and development activities.

Asset Management

Through our robust Proactive Asset Management Strategy, we have enhanced data and defined a clear approach to property sustainability and performance, coupled with a strong focus on landlord compliance and keeping people safe.

Magenta Living's Assets Team ensures we understand the performance and contribution each home makes to the business so we can make intelligent decisions on the future investment in our stock. The Team also provides an enhanced, safety-focused service to customers, whilst driving an integrated approach to delivering value for money in relation to its maintenance and improvement services so our homes are well maintained, habitable and safe for people to live in.

Strategic Report

Asset Data and Performance

We have commissioned surveyors to undertake energy performance assessments and stock condition surveys to ensure we've obtained a level of 80% stock data and 75% energy data by June 2022. From this point a robust level of intelligence will be maintained by ensuring a minimum 80% of stock condition data is not more than 5 years old. In conjunction with stock condition data, Magenta Living uses an Asset Performance Evaluation (APE) model to help identify the properties that are financially poor performing. The APE model calculates the income vs expenditure over a 30-year period giving the Net Present Value (NPV). The APE model enables us to combine financial information with the social objective data for an overall view of how the assets are performing. To ensure the APE model continues to provide robust information, it will be refreshed in 2022 following the conclusion of the stock condition survey.

Climate Change

We have developed a Climate Change Strategic Framework which sets out a range of targets and aspirations to reduce the Magenta Living carbon footprint and overall impact on climate change. Over the coming years, we will commit to meeting these targets throughout the organisation from improving the energy efficiency and climate resilience of the housing stock to ensuring sustainable best practice is executed within the office and stores. In recognition of our achievements to date we have been awarded a 'Gold' accreditation status from SHIFT for delivering against our challenging environmental targets. We have been successful in our bid for Social Housing Decarbonation funding, securing £1.6 million which will reduce the financial impact of our current retrofit programme.

Decarbonisation fund of
£1.6 million



Silver SHIFT accreditation



Empty Homes

Following an in-depth service review, we have improved our performance relating to Empty Homes. The average relet time for all empty homes from March 2021 to March 2022 reduced by 34 days. Within the same period the % rent loss reduced from 2.13% to 1.6% and the average cost of an empty home reduced from £4,190 to £3,552. These improvements have provided a saving of c. £625k. We continue to focus on improvements in this area.

Compliance

Magenta Living takes a safety-first approach to asset management and, following the outcomes from the Hackett Review, and the organisation's own Landlord Compliance Review our investment plans have been developed to ensure that they are aligned with the best compliance practices within the sector.

To ensure compliance is delivered with consistent quality and cost effectiveness we have recently concluded the procurement of several significant compliance contracts which will provide, not only value for money in terms of efficiencies and improved customer service, but also c.£1.1 million cost reduction per annum.

Procurement

Magenta Living has an in-house procurement team responsible for ensuring that optimum value is realised from its externally sourced goods, services and works. For new or re-procured contracts negotiated and signed in 2021/22 the team delivered cashable savings of **£3.86m**.

Cashable savings of
£3.86 million



Strategic Report

Magenta continues to receive savings annually throughout the duration of contracts, and the value of that over the last financial year equates to **£201k. £246k** additional savings have been achieved through benchmarking and effective management of our building materials contract.

Total savings achieved **£4.3m.**

Total savings achieved
£4.3 million



Performance against VfM Metrics.

The tables below set out our performance against the VfM targets and objectives that we set ourselves. In 2022 the Magenta Living Board reviewed its peer group for benchmarking performance against the RSH VfM metrics and Housemark cost and performance benchmarking services. The table below lists the organisations deemed to be most similar in terms of structure, location and the fact they are mostly former LSVT organisations (or have former LSVTs within their group). Regenda and Plus Dane are included as they are local traditional associations of a similar size.

Registered Providers Name	Total social stock owned	Type	LSVT age
Torus62 Limited	38,199	LSVT	>12 years
Jigsaw Homes Group Limited	32,493	LSVT	>12 years
First Choice Homes Oldham Limited	11,608	LSVT	7-12 years
ForHousing Limited	17,779	LSVT	>12 years
One Manchester Limited	11,878	LSVT	7-12 years
Livv Housing Group	13,083	LSVT	>12 years
Regenda Limited	12,231	Traditional	
Onward Group Limited	29,165	LSVT	>12 years
Plus Dane Housing Limited	13,111	Traditional	
Rochdale Boroughwide Housing Limited	12,610	LSVT	7-12 years
One Vision Housing Limited	12,849	LSVT	>12 years
Wythenshaw Community Housing Group Limited	13,674	LSVT	>12 years
Bolton at Home Limited	18,721	LSVT	7-12 years
Magenta Living	12,705	LSVT	>12 years
Salix Homes Limited	7,857	LSVT	>7 years
Progress Housing Group Limited	9,493	LSVT	>12 years

Strategic Report

Performance against the RSH VfM Metrics

The following tables provide details of our performance against the RSH's VfM metrics and future plans and targets.

Metric	Backward Look		Current Performance		Forward Look			Comments and future plans
	2020-21 Performance	2020-2021 Sector/ Peer Group Median	2021-22 Budget/ Target	2021-22 Actual	2022-23 Budget/ Target	2023-24 Fcast/ Target	2024 -25 Fcast/ Target	
Reinvestment %	6.21%	5.8%/7.8%	18.11%	5.80%	22.86%	20.88%	11.99%	Our development programme has been impacted by delays due to the impact of Covid-19 and effect on contractors/ sub-contractors. Further impacts seen in respect of planning delays and a later than anticipated completion on our refinancing which didn't conclude until the end of Feb 2022. We hope that external market conditions will improve such that progress can be made in the budget year (2022/23), increasing the reinvestment. Works to existing property continue and still include catch-up works from the delays due to the impacts of Covid-19 restrictions.
New Supply % (social)	0.81%	1.3%/0.8%	0.65%	0.43%	1.62%	2.77%	1.24%	The percentage will fluctuate in line with new delivery from the 1000-unit programme now that refinancing has concluded.
New Supply % (Non-social)	0%	0.0%/0.0%	0%	0.1%	0%	0.47%	0.11%	The forecast is not expecting large levels of non-social units, these are from two schemes identified. These will remain ad hoc in future years.
Gearing %	32.94%	43.9%/41%	40.48%	32.7%	41.97%	38.35%	37.01%	Gearing levels remain low for the sector, refinancing in place and will reduce future finance costs within the plan, however the development programme will cause a slight increase as development ramps up but is forecast to provide sufficient surplus to keep the gearing stable.
EBITDA MRI (Interest cover) %	421.46%	183%/224.05%	224.05%	58.1%	160.74%	369.21%	317.46%	Impacted by one off 'exceptional' costs of £13.4m due to refinancing which are disregarded for the purpose of the covenant calculation. Interest payable is forecast to increase as funding is drawdown to fund planned investment in new properties.
Headline Social Housing Cost Per Unit £	£4036	£3730/£3542	£4578	£4,428	£4,718	£4,433	£4,783	Costs remain high in the budget year due to catch-up costs and inefficiencies as a result of the Covid-19, in particular a large increase in responsive maintenance costs following the lockdown periods. Some costs are delayed into the following year due to supply chain challenges which will impact costs in 2022/23 however a focussed plan to reduce management and other costs across the organisation is underway with the Board looking to bring the organisation closer to the sector median over the coming years providing this does not compromise our customers.

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Metric	Backward Look		Current Performance		Forward Look			Comments and future plans
	2020-21 Performance	2020-2021 Sector/ Peer Group Median	2021-22 Budget/ Target	2021-22 Actual	2022-23 Budget/ Target	2023-24 Fcast/ Target	2024 -25 Fcast/ Target	
Operating Margin Social Housing %	5.36%	26.3%/ 23.8%	-1.83%	0.38%	(2.46%)	10.50%	8.11%	This margin continues to be affected by increased cost to invest in our management structure and compliance works however the main impact when comparing to the sector is our low levels of capitalisation of works to existing homes compared to our peers. This will be considered in terms of policy going forward.
Operating Margin overall %	6.79%	23.9%/ 19.9%	5.33%	3.92%	0.94%	10.86%	9.57%	Continues to be impacted by high costs associated with inefficiencies as a result of the Covid-19 along with costs associated increased compliance and low levels of capitalisation of investment to existing properties compared to our peers as mentioned above.
Return on Capital Employed	2.91%	3.3%/ 3.7%	1.40%	2.66%	0.84%	4.08%	3.15%	As highlighted above continues to be impacted by high costs associated with inefficiencies as a result of the Covid-19 along with costs associated with increased compliance expenditure.










A neighbourhood in Tranmere, Birkenhead






Strategic Report

Performance against our internal VfM metrics

The following tables provide evidence of past performance and future plans for improvement against our internal VfM targets.

Metric	2020-21 Performance	2021/22 Budget/Target	2021/22 Performance	RAG Status	2022/23 Target	Comments and future plans
Empty Homes Repair Cost £	£3893	£3750	£3552		£3700	The Empty Homes Strategic Group has undertaken a series of reviews to ensure the cost of repairing an empty home continues to represent value for money for our customers and the organisation.
Empty Homes Rent Loss %	2.13%	1.9%	1.6%		1.4%	We aim to continue to deliver increased efficiency in our processes for managing our empty homes.
Savings from Asset Management / Building Services £	New metric	£1m	c. £2m		Not applicable	The Assets & Sustainability team have created VfM savings in the region of £1.14m. Building Services have made savings in the region of £815k across three main areas namely establishment costs, efficiency savings and materials and supply chain. Future targets will be captured in our overall target for reducing our headline cost per unit.
Savings on staff turnover £	New metric	£240k	£647k		Not applicable	Savings achieved due to a robust process of challenge on all staffing vacancies which arose during the year. Future targets will be captured in our overall target for reducing our headline cost per unit.
Other Efficiency gains £	New metric	£500k	c.£700k		Not applicable	The Empty Homes Hackathon identified a potential £700k of direct savings and efficiency gains to be achieved through revised structures and processes. Future targets will be captured in our overall target for reducing our headline cost per unit.
Development starts (new 1000 unit programme)	New metric	148	0		92	The start of the new 1,000 unit programme was delayed due to delays in completing refinancing arrangements with NatWest. Finance is now in place and the new programme will commence in 2022-23
Development completions (Existing programme)	103	185	57		202	Programme completion delays due to impact of Covid-19, contractor insolvency and local authority approvals to sectional agreements. It is anticipated that these will be completed in 2022-23

Strategic Report

Metric	2020-21 Performance	2021/22 Budget/ Target	2021/22 Performance	RAG Status	2022/23 Target	Comments and future plans
Ongoing staff sickness levels at below peer group average	5 days	7.5 days	7.4 days		7.4 days	Absence increased throughout the year largely due to Covid-19 related illness and some long-term illness cases. Our aim in the medium-term will be to return absence to pre Covid-19 levels.
A year on year improvement in staff engagement, as measured by our in-house staff survey	88.4%	85%	86.8%		Not applicable	Good result overall, however, we aim to improve participation levels in 2022/23 as these had dropped from previous years.
Investors in People	Retain liP Gold	Attain liP Platinum	Retained liP Gold		Not applicable	We achieved liP Gold – ‘We invest in Wellbeing’ in September 2021 with 3 out of 13 indicators at the High Performing platinum level. We achieved liP Gold – ‘We invest in our People’ at our 3-year assessment point in December 2021, however, our latest Gold achievement saw a significant improvement from our last Gold accreditation in 2018 with 5 of the 9 indicators now at the High Performing platinum level (compared to none in 2018). The assessor commented that she had never witnessed such a significant improvement between assessments. No target is set for 2022-23 as we will not be re-certifying until 2024.
Number of existing housing units at EPC level C or above	New metric	Increase by 288	103		304	We currently have 103 confirmed improvements to EPC C or better, with another 70 still awaiting confirmation following renewed EPCs. The target in 21-22 was impacted by a late change due to a suspended underfloor insulation installation being removed from the program due to the fire rating of the product. This impacted the original plan quite late on.
Customer satisfaction with services provided by Magenta Living (STAR survey)	93.9%	93%	93.4%		Maintain top-quartile performance	Customer satisfaction levels remain top quartile for our peer group. Our Transformational Change Programme includes measures to deliver further improvements in customer service delivery which in turn will help ensure VfM is improved for our customers.

Strategic Report

Metric	2020-21 Performance	2021/22 Budget/ Target	2021/22 Performance	RAG Status	2022/23 Target	Comments and future plans
Customer satisfaction with the home (STAR survey)	90.1%	90.5%	88.5%		Maintain top-quartile performance	Performance is down very slightly on the previous year, but still remains better than the median for our peer group. Our Proactive Asset Management Strategy includes measures to consult with customers about the nature of their homes and what drives their satisfaction with those homes.
Customer satisfaction with the Neighbourhood (STAR survey)	91.4%	90%	89.9%		Maintain top-quartile performance	We recognise that Magenta is not solely responsible for perceptions held about what takes place in our neighbourhoods, and the neighbourhood appearance, but we will work hard to develop meaningful partnerships with grounds maintenance contractors, Police and Fire colleagues, Wirral Borough Council, etc. and ensure all colleagues who work within the neighbourhood setting liaise effectively with tenants in our neighbourhoods to ensure they are clean, tidy, green and safe.
Customer satisfaction that their rent represents Value for Money (STAR survey)	96.1%	95%	96.3%		Maintain top-quartile performance	Customer satisfaction levels remain top quartile for our peer group.



A neighbourhood in Bromborough

Strategic Report

Social Value

2021/22 saw us emerge from, many of the restrictions of, and our emergency response to, the Covid-19, in terms of social value creation within our neighbourhoods. Aligned with our vision and strategic objectives of 'vibrant lives and neighbourhoods', Magenta Living invests in community regeneration activities. We utilise the 'HACT Wellbeing Evaluation' methodology to provide an indication of the social value created through this investment and our activities in local neighbourhoods. In 2021/22 it is estimated that our community regeneration activities will have generated over £16 million of social value and have increased upon the previous year's figure. We publish our Annual Social Value Statement as part of our Annual Report in September each year.



Social Value
over **£16m**

Magenta Communities Committee, a formal sub-committee of our Board, which comprises a majority of tenants supported by Board and Community Members continues to drive forward our ambition in this area. They committed £137,283 to key partner agencies working in our neighbourhoods during the year to increase support in the following areas: mental health for young people; creating employment opportunities in creative industries; engagement through cycling; supporting women affected by domestic violence; youthzone outreach and activities for those with disabilities and their carers within our neighbourhoods. Such investment in community partners is a cost-effective way to generate social value in local communities.

A number of our partner organisations were involved in the Town Deal bid for Birkenhead which will see £25 million of Government funding

invested locally and we continue to work with those partners to ensure that our customers will benefit from the significant opportunities arising from this.

We have established a Community Partners Panel to give us alternative perspective on our policies and activities by engaging organisations that work with traditionally hard to reach sections of our customer base and therefore supporting our Equality, Diversity and Inclusion strategy. We have also launched Magenta Connect, an online engagement platform which increases the reach of our customer engagement and supports our community offer.



Looking ahead, Magenta Communities Committee is in a strong position, however the need within our neighbourhoods for support is greater than ever and we will have to strategically choose how we can have the greatest impact from our limited resources, once again utilising partnerships as a cost-effective way to achieve these aims.



Inspiring Dreams - employability and wellbeing course designed for Magenta Living's communities

Strategic Report

The Board's Value for Money Self-Assessment and Statement of Compliance

The Regulator of Social Housing's Value for Money Standard 2018 sets out its required outcomes and specific expectations of registered providers and their approach to Value for Money. The Board of Magenta Living has completed a self-assessment against the VfM Standard, and gains assurance that VfM is being achieved from a variety of sources including;

- Regular review of VfM objectives, targets and performance
- Strategic discussions as to optimum use of resources in delivering our objectives. These have led, amongst other things, to the establishment of Hilbre Homes and Bamboo Lettings.
- All Board reports requiring consideration and evidencing of VfM implications of decisions made
- Executive quarterly monitoring of procurement activity and savings
- Production of an annual social value report and VfM statement

Taking into account the evidence provided in this document the Board of Magenta Living is satisfied that we continue to comply with the Regulator of Social Housing's VfM standard.

Streamlined Energy and Carbon Reporting

Reasons for change in emissions

This is the third year of reporting under SECR. The current emissions compared to the base year (April 2019 – March 2020) have decreased by 460.2 tonnes of CO₂e, which accounts for a 20% decrease. The main factors causing this reduction are associated with the Covid-19, which resulted in offices and shops being closed for a large proportion of 2020 and 2021 and a significant reduction in land travel.

Business travel

Activities relating to travel are limited to company cars and employee-owned vehicles for business use.

Quantification and reporting methodology

HM Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019) has been used for the collation of data sources and reporting of emissions. UK Government GHG Conversion Factors for Company Reporting has been used for the reporting of emissions, using the 2021 version.

Organisational boundary

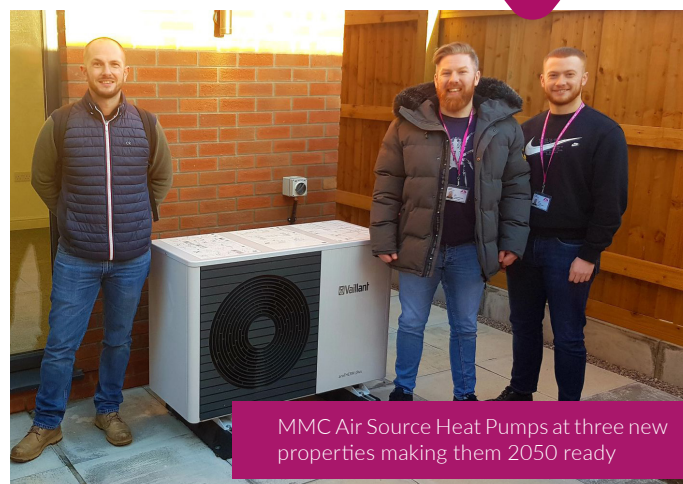
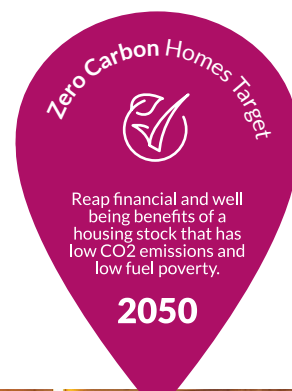
The financial boundary of the business has been used to determine the reporting boundary.

Operational scope

Measurements include mandatory scope 1, 2, and 3 emissions. Estimates have been made with the collation of data. Additionally, optional emissions from refrigerants and electricity transmission and distribution losses have been included in the report.

Exclusions

There are no data exclusions in this reporting period.



MMC Air Source Heat Pumps at three new properties making them 2050 ready

Strategic Report

Base year

The base year is April 2019 – March 2020 and the gross reported emissions during that period were 2,329 tonnes of CO₂e. The emissions for the current period show a significant reduction (20%) regarding the base year, which is mainly due to the Covid-19 restrictions during 2020/21 and 2021/22.

Target setting & responsibilities

The target is to reduce gross scope 1, 2, and 3 emissions in tonnes of CO₂e per property by 2% per year. The reduction of the performance of the current period against the target was 22%.

Intensity measurement

The metric chosen for reporting is gross global scope 1 and 2 emissions in tonnes of CO₂e per number of portfolio properties as this is a common business metric for a property-based operation. An intensity measurement will be reported each year with comparison made against previous year to highlight performance.

Carbon offsetting

No Carbon Offsetting is recorded in this reporting period.



A neighbourhood in Bromborough, Wirral

Our year on year progress required to meet 2050 targets

<p>2020</p> <ul style="list-style-type: none"> Assess existing stock via zero carbon study Devise strategy for deep retrofit of suitable homes following active asset management and performance analysis Aim for average SAP 70-72 across 100% of our homes by 2030. Focus on fabric first, then low carbon heating technologies and then renewables Ensure 30 year financial plans take into account deep retrofit costs Deliver Carbon Literacy training to Board and across the organisation <p>2022</p> <ul style="list-style-type: none"> Establish plans for annual deep retrofits to meet targets Commence introduction of electric vans Commence introduction of electric car leasing scheme <p>2025</p> <ul style="list-style-type: none"> Achieve average SAP of 70-72 across 85% of the stock Review impacts of climate change on customers and staff <p>2030</p> <ul style="list-style-type: none"> Ensure 50% of Fleet is electric Make plans to transition all properties from gas to electric or other heating technology <p>2045</p> <ul style="list-style-type: none"> Installation of required PV on viable roofs Ensure protection for those homes at risk of flooding Achieve average SAP of 80 (EPC B) across 100% of the stock 	<p>2021</p> <ul style="list-style-type: none"> Pilot the use of electric cars and vans Commence deep retrofit pilot e.g. Energiespang type 'pay-as-you-save' Ensure all new builds have a SAP of 81 or better Formally retain ISO 14001 accreditation Establish Magenta Energy Advice Service Prepare to achieve SHIFT accreditation Introduce Agile working to reduce unnecessary commuting and emissions <p>2023</p> <ul style="list-style-type: none"> Assess existing stock for risk of flood or overheating Research modern methods of construction in relation to new build Establish masterplan for green spaces to provide improvements to the environment and aid flood protection <p>2029</p> <ul style="list-style-type: none"> Fuel Poverty Strategy - 100% homes to be SAP 70-72 (EPC C) or better <p>2035</p> <ul style="list-style-type: none"> UK Government Strategy - phase out petrol and diesel cars Achieve average SAP of 76 across 95% of the stock Research battery technology technologies
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Zero Carbon Homes Target

Reap financial and well being benefits of a housing stock that has low CO₂ emissions and low fuel poverty.

2050

Strategic Report

SCOPE 1 CO2e (tonnes)	Specific exclusions (%)	April 20 - March 21	April 21 - March 22
Natural Gas	None	1,197.4	1,030.7
Company owned transport	None	373.2	272.4
Refrigerants	None	11.3	11.3
Total Scope 1	None	1,581.9	1,314.4
SCOPE 2 CO2e (tonnes)	Exclusions	April 20 - March 21	April 21 - March 22
Electricity	None	100.1	469.3
Total Scope 2	None	100.1	469.3
SCOPE 3 CO2e (tonnes)	Exclusions	April 20 - March 21	April 21 - March 22
Electricity T & D Losses	None	8.6	41.5
Private transport for business purposes	None	43.1	43.6
Total Scope 3	None	51.7	85.1
TOTAL CO2e Scope 1, 2, 3 Gross emissions (tonnes)		1,733.67	1,868.82
Intensity Metric Measure (property)		321.00	329.00
Intensity Metric (Gross emissions) tCO2e/property		5.401	5.680
Energy Consumption	Exclusions	April 20 - March 21	April 21- March 22
kWh	As above	8,642,566	9,122,005
Carbon offsets		0	0
TOTAL CO2e Scope 1, 2, 3 Net emissions (tonnes)		1,733.67	1,868.82
Intensity Metric (Net emissions) tCO2e/property		5.401	5.680

Strategic Report

Energy efficiency actions

The 2021/22 reporting year has seen 2 of our energy efficiency actions to reduce carbon emissions across the business. We brought forward a number of initiatives last year that we have implemented, however we have capitalised on these with further ideas. As advised last year we are committed to a 30 year, 3-stage climate change strategic framework around our housing assets to reduce carbon usage by 80% by 2040 and to achieve net zero by 2050, from an offices/operations perspective we have taken action in 3 key areas; People, Services and Standards:

People

Sustainability Team: We have a strong Sustainability Team within the organisation to both lead and liaise with all partners around all aspects of sustainability within the organisation. We are also one of only a few registered providers to achieve the national SHIFT Gold status, making us a top sustainable housing provider & have recently been nominated for the Northern Housing Awards for the best approach to sustainability. All these acknowledgments/recognitions have been because of our actions towards our offices and operations as well as our colleagues to provide a decarbonisation culture.

Climate Champions: In its second year, multiple ideas have come from this group on how to decarbonise areas of the business including energy usage, water/resource usage and areas of waste. This feedback has been used to write an office decarbonisation paper which will have a corresponding plan later this coming year (see services).

Climate Chronicle: We also have internal communications every month around energy saving tips, climate news and articles of interest in relation to climate change, energy efficiency and environmental impact. This also goes to Board and the Executive Team to help spread a decarbonisation culture.

Services

Fleet Vehicle Transport Emission Reduction: During

the year we have conducted the work with the Energy Saving Trust to understand what this will look like now that we have a 5-year implementation strategy starting with environmental vehicles within this current financial year.

Agile Working: We have implemented an agile 'hybrid' working policy as part of our response towards the Covid-19. Colleagues have the option to work at home which has reduced carbon output from business and commute mileage by reducing vehicle usage all together from our operational services. No adjustment has been estimated in respect of carbon produced as a result of working from home.

Office decarbonisation Options: We have written a paper and intend to fully explore all decarbonisation options at Partnership Building and St Mary's Gate. This will include looking at energy usage, ventilation, energy regeneration, green procurement, green IT usage, further work on commuting, recycling (food) and water usage. This way we would be looking at ensuring all of our in-house services will be decarbonised fully over time.



We are proud to have won Sustainability Project of the Year at the ASCP Safety and Compliance Awards 2022

Strategic Report

Standards

Sustainability KPI's/ISO14001: We have amalgamated a number of these elements to provide one version of the truth in measurement. ISO14001 - we are now in our 5th year of accreditation whilst sustainability KPI's have been successfully implemented for the 2nd year running. The KPI's also take account of holistic matters (existing homes, new homes, offices/operations and ecology). Targets have been set accordingly for both to which we have seen realistic step changes within decarbonisation. The KPI's have also been internally audited successfully.

Carbon Literacy: We now have our Board/Executive Team trained in Carbon awareness as well as the first 14 of our colleague cohort trained to full carbon literacy standard. We are also obtaining internal accreditation to become fully fledged trainers to further spread this standard across the organisation.

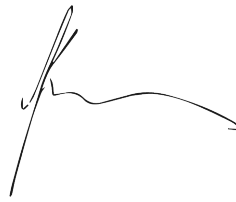
SHIFT Accreditation: We are 1 of 7 organisations across the country to be Gold accredited due to our sustainability efforts across existing homes, new homes, offices/operations, strategy/management and supply chain.

Housing Digital Top 20 Sustainable Housing Provider: Similarly, for our efforts and actions, we are also a top 20 (prior year top 30) sustainable housing provider according to Housing Digital. This includes efforts across the business in energy reduction and decarbonisation within offices/operations, existing homes, new developments, supply chain and organisational leadership.

ESG strategies: Whilst a consistent approach has been explored and implemented with the Good Economy in which we are a founding partner, we are also developing separate strategies around responsible materials, waste, pollution reduction and water/resource reservation.

Statement of compliance

The form and content of the strategic report review has been prepared in line with the Statement of Recommended Practice for registered Social Housing Providers 2018. The statement has also been prepared in accordance with The Accounting Direction for Private Registered Providers of Social Housing 2019.



Gerard Lucas
Chair

Report of the Board of Directors

Board members and executive directors

The present Board members and the Executive Directors of the Group and those who served during the year and up to the date of approval of these financial statements are set out on page 3.

The Board members are drawn from a wide background of knowledge and experience bringing together professional, commercial and local experience. The Board members are appointed on a skills basis with the mix of skills being regularly assessed and reviewed in line with the board skills matrix. Board Directors will usually be appointed for two terms of three years. In extenuating circumstances, this may be extended by one-year appointments up to a maximum of three additional years. All Board appointments will be for a maximum term of nine years.

The Executive Directors consist of the Chief Executive and the other members of the Group's Executive Leadership Team. The Executive Directors that served during the period are set out on page 3.

The Executive Directors act as executives within the authority delegated by the Board.

The Group has insurance policies in place that indemnify its Board members and Executive Directors against liability when acting for the Group.

Service contracts

The Chief Executive and the other Executive Directors are appointed on permanent contracts of employment on individual contracts, their notice periods being six months. Following the departure of the Chief Executive at the end of December 2021 this role has been covered by an interim appointment until such time as the role is filled on a permanent basis.

Pensions

The Executive Directors are members of either the Social Housing Pension Scheme or the

Merseyside Pension Fund, both defined benefit final salary pension schemes. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

Other benefits

In addition to their basic salary, the Executive Directors are entitled to the provision of a car allowance. Details of the remuneration bandings are included in note 10 to the audited financial statements.

Tenant involvement

We actively encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement and there are clear reporting arrangements between tenant groups and the Board.

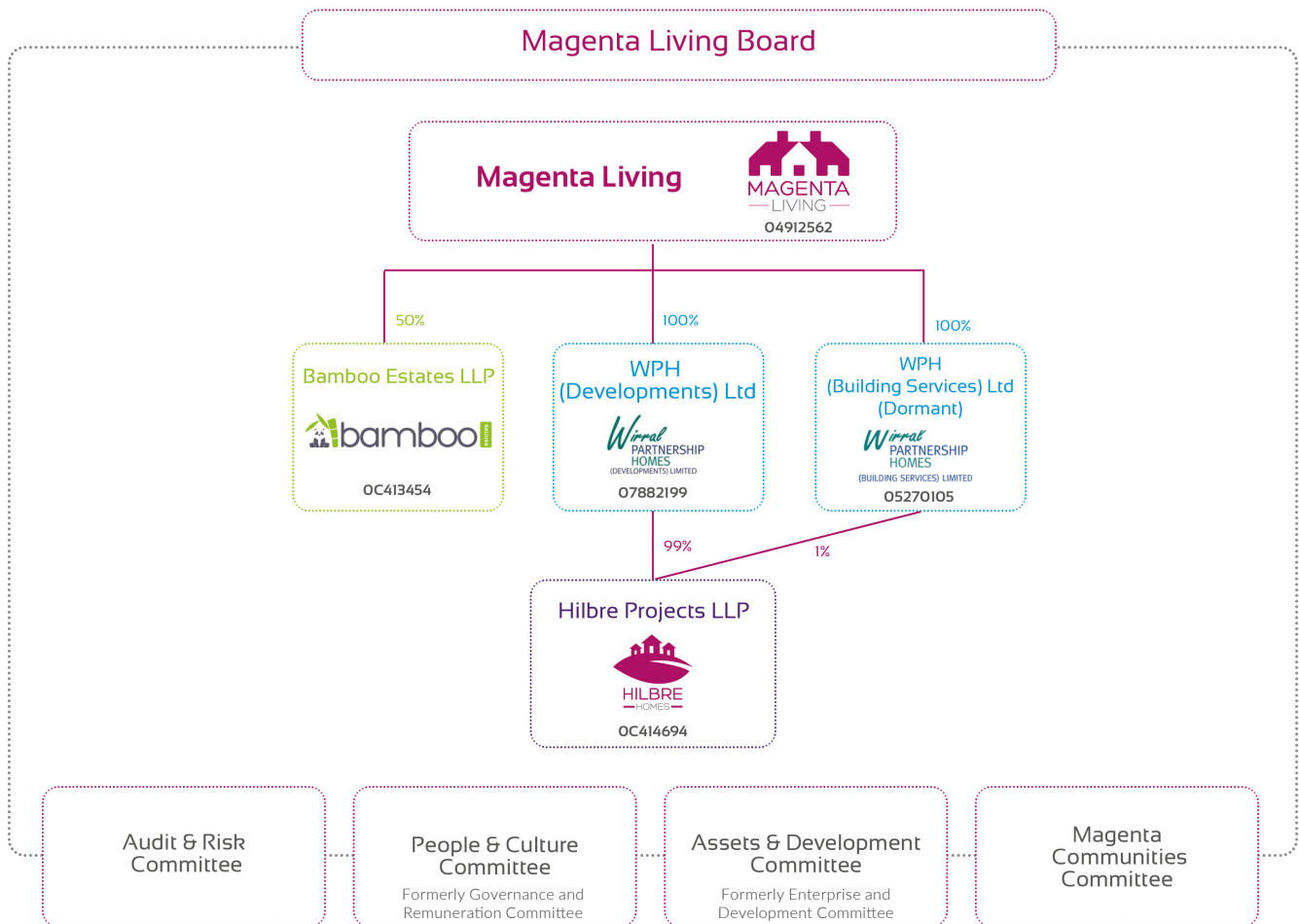


Magenta Connect meeting with staff and

Report of the Board of Directors

Governance

Governance Structure

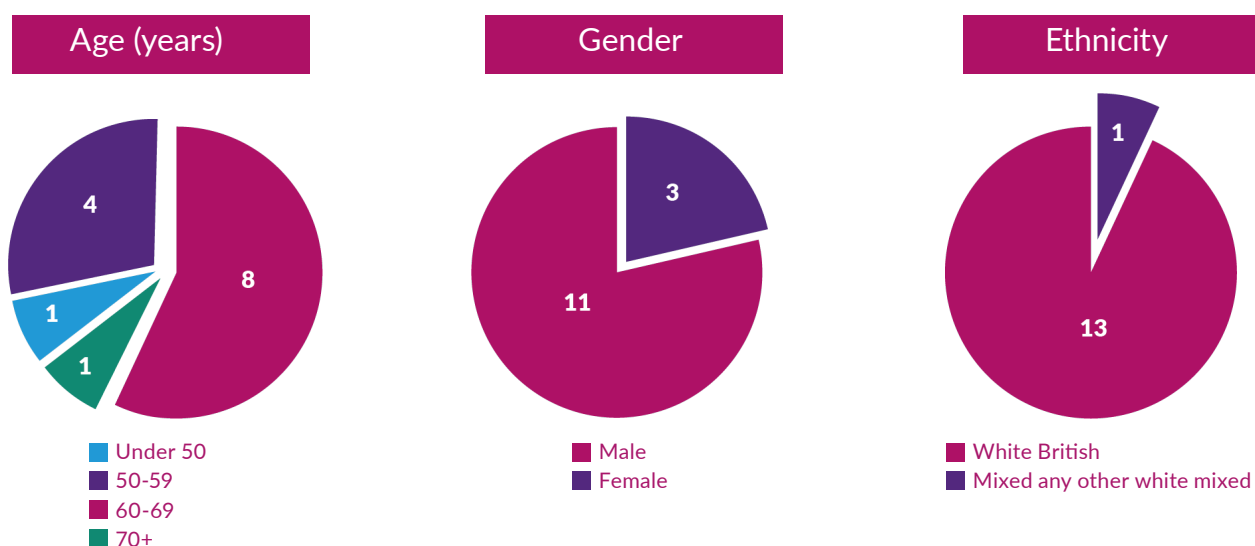


Magenta Living Board

The Board consists of up to 12 Non-Executive Directors ('NEDs') appointed on a skills basis and will meet at least six times a year. The Board is responsible for determining the long-term strategic direction of the Group and implementing relevant policies to achieve its objectives whilst ensuring compliance with legal and regulatory requirements.

Report of the Board of Directors

A summary of the diversity of the Board during 2021 – 22 is detailed below;



Audit & Risk Committee 'ARC'

The ARC consists of NED Members. The ARC advises the Magenta Living Board on whether the organisation has robust risk management, internal control and assurance frameworks in place; provides independent scrutiny and challenge, while providing assurance to the Board. ARC ensures that there is a transparent procedure in place for the selection, appointment, oversight and periodic review of external and internal auditors.

Governance & Remuneration Committee 'G&RC'

The GRC consists of NED Members. The GRC leads and makes recommendations on matters concerning governance effectiveness, succession planning for NEDs, appraisal of board directors and the Chief Executive, contractual issues relating to the Chief Executive and remuneration of NEDs, the Chief Executive and colleagues.

Assets and Development Committee 'ADC'

The ADC consists of NED members. The ADC is responsible for assisting the Magenta Living Board in fulfilling its development responsibilities and is tasked with exercising its delegated authority in relation to the consideration, approval and monitoring of development and commercial activities.

Magenta Communities Committee 'MCC'

Magenta Communities Committee was set up to ensure that customers retain formal links with the Board which allows Magenta's customers to have influence in the organisation's decision making process. It is a formal committee of the Board made up of at least two board members, and nine community members, seven of which shall specifically be reserved for tenants. It has several scrutiny functions including reviewing strategies and policies which have a direct customer impact. It also has a Community Fund (see note 26) which makes resources available for community investment in schemes which meet local needs.

Report of the Board of Directors

Board and Committee Membership 2021- 22

Magenta Living Board

Gerard Lucas (Chair) (appointed 23.9.21)

Myles Edwards (SID)

Matthew Brown

Ann-Louise Gilmore

Sue Goodman

Sharon Grover

Liam Kelly

Gordon Ronald

Mike Turner

Geoff Broadhead (resigned 23.9.21)

David Clark (previous Chair) (resigned 23.9.21)

Steve Foulkes (resigned 01.04.21)

Nick Gerrard (resigned 31.12.21)

Steve Penlington (resigned 23.9.21)

Assets & Development

Sharon Grover (Chair)

Myles Edwards

Ann-Louise Gilmore

Mike Turner

Geoff Broadhead (resigned 23.9.21)

Magenta Communities

Wendy Gooley (Tenant Chair)

Gerard Lucas

Liam Kelly

Myles Edwards

David Clark (previous Chair) (resigned 23.9.21)

Steve Foulkes (resigned 01.04.21)

Audit & Risk

Sue Goodman (Chair)

Matthew Brown

Myles Edwards

Gordon Ronald

Steve Penlington (resigned 23.9.21)

Board and Committee NED Attendance

Board / Committee	% Attendance
Magenta Living Board	94
Audit & Risk Committee	100
Governance & Remuneration Committee	100
Enterprise & Development Committee	88
Magenta Communities Committee	82

Governance & Remuneration

Liam Kelly (Chair)

Sue Goodman

Gerard Lucas (appointed 23.9.21)

David Clark (previous Chair) (resigned 23.9.21)

Nick Gerrard (resigned 31.12.21)

Steve Penlington (resigned 23.9.21)

Report of the Board of Directors

Committee Re-Structure

A review of Magenta Living's Governance Handbook commenced at the end of the 2021/22 financial year. As a result of the review, Board and Committee Terms of Reference (ToR) and Delegations of Authority were revised and a new structure agreed by the Board from June 2022 as follows:

- Audit & Risk Committee – role and responsibilities essentially unchanged, retaining a focus on value for money, internal controls and measuring performance.
- People & Culture Committee – recognising that governance is the responsibility of the full Board, this Committee, renamed from 'Governance & Remuneration' will delve into the detail of all governance aspects and present its recommendations to the Board for decision, ensuring a focus on a positive organisational culture.
- Assets & Development Committee - previously 'Enterprise & Development', this Committee's remit now includes supporting the Board in achieving and reviewing the strategic aspects of asset performance and monitoring climate change activities. Executive Directors have been co-opted to this Committee to provide additional knowledge and expertise.
- Magenta Communities Committee – role and responsibilities enhanced to ensure our customers' voice is heard when making strategic business decisions which may have a material impact on services or homes.

Continuous Improvement and Governance.

The Board continually strengthens and improves its governance effectiveness and in 2021-22:

- Adopted the NHF Code of Governance 2020. The Code is reviewed at People & Culture Committee to monitor compliance. There is one area of non-compliance during the 2021 – 22 period which is the review of the Chief Executive's contract. This has since been completed.

- The Board and all Committees review their effectiveness at each meeting.
- Further to completion of the successful sale of all units the winding up of Hilbre Homes is now underway and due for completion this financial year.
- The skills mix of the Magenta Living Board was enhanced through Board Director turnover and the recruitment of new Board Directors with particular experience of development, community engagement and financial risk management.
- Following the previous Chair of the Board reaching their permitted maximum term, a new suitably skilled and qualified Chair was appointed in September 2021.
- The Board undertook an independent review of NED remuneration.
- The Board commissioned an independent governance review.
- The Board reviewed and revised its delegations and Board and Committee terms of reference.

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. We will comply with all of the requirements of the new Supplier Payment Practices and publish our supplier payment performance accordingly. Payment performance within 30 days for the financial year was 84%.

Employees

The strength of the Group lies in the quality of all its employees. Our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contribution.

The Group shares information on its objectives, progress and activities through regular office team briefs and departmental meetings involving Board members, the Executive Leadership Team and staff.

Report of the Board of Directors

We are committed to equal opportunities, and we support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

We achieved the Investors in People – We Invest in Wellbeing Gold status in September 2021, demonstrating a significant improvement from the previous assessment in 2018 with 10 indicators at the advanced ‘Gold’ level and 3 indicators at the high performing Platinum level (compared to none at Platinum level in 2018). The assessor detailed in her findings that Magenta Living has a clear ambition to support the wellbeing of its people and understands the connection between having a healthy workforce and strong organisational performance. The link between peoples’ wellbeing and the ongoing improvement of performance across the business is reflected in the fact that the organisation has identified a number of key business objectives and related KPIs in addition to advanced HR practices and significant financial investment.

Further we achieved the Investors in People – We invest in People Gold status at our three-year assessment point in December 2021. This latest ‘Gold’ achievement also saw a significant improvement from our last ‘Gold’ accreditation in 2018 with 5 of the 9 indicators now at the high performing Platinum level (compared to none in 2018). The assessor commented that she had never witnessed such a significant improvement between assessments.

Gender Pay Gap

The Equality Act 2010 requires all UK employers with 250 or more employees to publish information on their gender pay gap (Gender Pay Gap Information) Regulations 2017.

Magenta Living’s Gender Pay Gap report 2021 shows a positive average pay gap of 0.74% which reflects the fact that on average females are rewarded slightly more than males within the organisation. At the median the pay

gap is (1.66%) which is slightly the other way. Overall, this is a very balanced position and representative of the work that has been done



Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters. It is the Group’s policy to maintain and, where possible, exceed the health and safety standards stipulated by legislation.

Donations

During the year ended 31 March 2022 the Group has made no political contributions and any charitable donations were made during the course of its ordinary activities (2021: £nil).

Post balance sheet events

We consider that there have been no events since the year end that have had a significant effect on the Group’s financial position.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

Report of the Board of Directors

material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2021 to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Audit and Risk Committee;
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- Robust strategic and business planning processes, with detailed financial budgets and forecasts;
- Formal recruitment, retention, training and development policies for all staff;
- Established authorisation and appraisal procedures for significant new initiatives and commitments;
- A risk averse approach to treasury management which is subject to external review on an annual basis;
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes;
- Board approved whistle blowing and anti-theft and corruption policies;
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets, and
- Regular monitoring of loan covenants.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Group Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports from the Group Audit and Risk Committee together with minutes of committee meetings.

The Group Audit and Risk Committee has received and approved the Chief Executive's annual review of the effectiveness of the system of internal control for the Group and the annual report of the internal auditor and has reported its findings to the Board.

Going concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Directors. The Group has in place long term debt facilities, including £50.00 million of undrawn facilities at 31 March 2022 (2021: £47.95 million), which provide adequate resources to finance committed reinvestment and development programmes along with the Group's day to day operations. During the year the group concluded their refinancing agreement with NatWest for £137 million, the new funding facility agreement will ensure that core business activities can continue, whilst savings in interest rates contribute to surplus to reinvest.

The Covid-19 has seen a reduction in some areas of short to medium term expenditure due to challenges with the availability of resources and materials in the construction sector. Rental income has however remained stable. The retiming of investment in our housing assets as a result of a reduction in expenditure due to Covid-19 will enable the organisation to effectively manage the impact on the cashflow.

The Group's subsidiary Hilbre Projects LLP is showing a loss as at 31 March 2022. A further prudent provision has been made in the parent company accounts in respect of the partial non-recovery of the on-lending from Magenta Living to WPH (Developments) Limited for on-lending to Hilbre Projects LLP. WPH (Developments) Limited is reliant on the support of the parent Magenta Living in terms of the risk of the partial non-recovery of the on-lending to Hilbre Projects LLP. The loan to Hilbre Projects LLP was repaid

Report of the Board of Directors

as sales proceeds from the completed sites were received and any remaining balances are due for repayment 31 January 2023.

The Board of Hilbre Projects LLP is considering the potential to place the organisation into a dormant state now that the assets have been divested and no further trading is planned.

The long-term business plan is being developed to take account of the development aspirations of the organisation in order to align this to meet social housing demand in the region.

The Group also has a long-term business plan which has been stress tested by the Board under multiple scenarios and shows it is able to service these debt facilities while continuing to comply with lender's covenants. The Consolidated Statement of Comprehensive Income shows a deficit for the year of (£8.4m) (before actuarial loss in respect of the pensions schemes) after the inclusion of exceptional costs of (£13.4m) in respect of refinancing the funding facility. The underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) position remains strong. Discretionary spend continues to be closely managed.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of 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 the financial statements.

Public Benefit

As a public benefit entity, Magenta Living has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Statement by the Directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

The Board promotes the success of the Group in

the interests of its stakeholders. Our strategies and activities are aimed at ensuring the long-term success of the business. We believe this will be achieved by delivering Magenta's corporate plan and strategic objectives, the 'Magenta VIBE'. Fulfilling the VIBE requires us to engage with and deliver services to our stakeholders which include:

- Individual customers
- Corporate or business clients and associates
- Colleagues
- Communities
- JV partners
- Lenders
- The Regulator of Social Housing / Homes England
- Government (national and local)

By identifying, engaging with, and understanding our stakeholders, we can factor into boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns when setting the strategy for the long-term success of Magenta.

The Board continually reviews how, via its fulfilment of the Magenta VIBE, it can meet its obligations under s.172 of the Companies Act 2006. Magenta has acted in accordance with the Act in its approach to addressing key decisions, some of those decisions and the considerations of Magenta's stakeholders are further described on the next page :

Report of the Board of Directors

<p>The likely consequences of any decision in the long term,</p>	<ul style="list-style-type: none"> • This year Magenta undertook a number of actions aimed at securing the long-term success of the Business, a key activity focusing on this goal was our £137m refinancing with NatWest to support affordable homes and Carbon Zero initiative (page 18) 'Loan Facilities'.
<p>The interests of the company's employees</p>	<ul style="list-style-type: none"> • Covid-19 impact (page 30) • We achieved the Investors in People – We Invest in Wellbeing “Gold” status in September 2021 (pages 28 & 40) • We achieved the Investors in People - We invest in People ‘Gold’ status in December 2021 (pages 28 & 40)
<p>The need to foster the company's business relationships with suppliers, customers and others</p>	<ul style="list-style-type: none"> • Revised customer strategy approved by Magenta Communities Committee 30 March 2022 • Consideration of the impact of applying the rent increase and affordability for our customers alongside the need to invest in our current and future homes.
<p>The impact of the company's operations on the community and the environment,</p>	<ul style="list-style-type: none"> • Climate Change Strategic Framework (page 9 & 23) • Generated over £14m social value (page 30) • 45% of spend in the year was paid to local suppliers showing a commitment to supporting the local economy.
<p>The desirability of the company maintaining a reputation for high standards of business conduct.</p>	<ul style="list-style-type: none"> • See 'Continuous Improvement and Governance (page 40) • Customer satisfaction survey (page 28)

Report of the Board of Directors

Compliance with the National Housing Federation Code of Governance

Magenta Living has adopted the National Housing Federation's 2020 Code of Governance (the Code). The Board considers compliance against each of the provisions of the Code on an annual basis. Following this review on 26 May 2022, the Board was assured that Magenta Living is fully compliant with the Code.

Compliance with the Governance and Financial Viability Standard issued by the Regulator of Social Housing

The Board has confirmed that an assessment of the Group's compliance with the Governance and Financial Viability Standard has been completed and certifies that the Group is compliant with the Standard.

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

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the Board 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 Group and Company and profit and loss of the Group and Company for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the Group's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Board of Directors

Disclosure of information to auditors

So far as each of the directors of the Company is aware, at the time this report is approved:

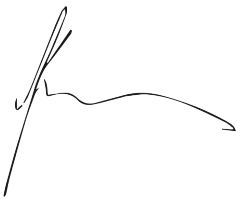
- There is no relevant audit information of which the Company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

External auditor

A resolution to re-appoint Beever and Struthers as auditors in accordance with section 487(2) of the Companies Act 2006 was approved by the Board on 24 September 2020 and extended through to the maximum permissible period of 31 October 2023 by Magenta Living's Group Audit and Risk Committee on 4 May 2021.

Approval

The Report of the Board was approved by the Board on 22nd September 2022 and signed on its behalf by:



Gerard Lucas
Chair

Independent Auditor's Report to the Members of Magenta Living

Opinion

We have audited the financial statements of Magenta Living (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Company Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Reserves, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 parent Company's affairs as at 31 March 2022 and of the Group's income and expenditure and the parent Company'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 Companies Act 2006, 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 parent Company 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 parent Company'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 annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for

Independent Auditor's Report to the Members of Magenta Living

- which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Responsibilities of the Board for the report and financial statements set out on page 45, 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

parent 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 the Board either intends to liquidate the Group or the parent Company 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 web-site 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 parent Company, focusing on those that had

Independent Auditor's Report to the Members of Magenta Living

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 Companies Act 2006, the NHF Code of Governance 2020, the Regulatory Standards, 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.
- 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 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.

Beever and Struthers

Sue Hutchinson FCCA (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: **29 September 2022**

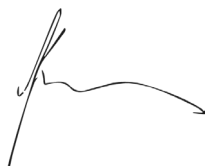
Consolidated Statement of Comprehensive Income

	Note	2022 £'000	2021 £'000
Turnover	3	73,900	69,589
Cost of Sales	3	(7,639)	(5,277)
Operating expenditure	3	(63,367)	(59,589)
Gain on disposal of housing properties	6	3,491	1,747
		6,385	6,470
Gain on revaluation of investment properties	15	1,022	248
Operating surplus	5	7,407	6,718
Share of profit in joint venture	17	418	467
Interest receivable and other finance income	7	-	4
Interest and financing costs	8	(2,814)	(2,969)
Loan re-financing costs	8	(13,386)	-
(Deficit) / Surplus on ordinary activities before taxation		(8,375)	4,220
Tax on surplus on ordinary activities	11	(114)	(162)
(Deficit) / Surplus for the year		(8,489)	4,058
Actuarial gain/ (loss) in respect of MPF pension scheme	27	11,848	(7,022)
Actuarial gain/(loss) in respect of SHPS pension scheme	27	573	(580)
Total comprehensive income/ loss for the year		3,932	(3,544)
Total comprehensive income for the year is attributable to:			
Owners of the parent company		3,932	(4,226)
Non-controlling interests		-	682
		3,932	(3,544)

The consolidated results relate wholly to continuing activities. The accompanying notes on pages 55 to 99 form part of these financial statements.

The financial statements on pages 50 to 99 were approved by the Board and authorised for issue on 22nd September 2022 and signed on its behalf by:

Gerard Lucas
Chair



Susan Goodman
Chair of Group Audit and Risk



Company Statement of Comprehensive Income

	Note	2022 £'000	2021 £'000
Turnover	3	67,600	66,593
Cost of Sales	3	(1,814)	(3,133)
Operating expenditure	3	(63,850)	(59,333)
Gain on disposal of housing properties	6	3,491	1,747
		5,427	5,874
Gain on revaluation of investment properties	15	1,022	248
Operating surplus	5	6,449	6,122
Interest receivable and other finance income	7	751	1,004
Interest payable and financing costs	8	(2,814)	(2,969)
Loan re-financing costs	8	(13,386)	-
(Deficit) / Surplus on ordinary activities before taxation		(9,000)	4,157
Tax on surplus on ordinary activities	11	(1)	(7)
(Deficit) / Surplus for the year		(9,001)	4,150
Actuarial gain/ (loss) in respect of MPF pension scheme	27	11,848	(7,022)
Actuarial gain/(loss) in respect of SHPS pension scheme	27	573	(580)
Total comprehensive income/ loss for the year		3,420	(3,452)

The company's results relate wholly to continuing activities. The accompanying notes on pages 55 to 99 form part of these financial statements.

The financial statements on pages 50 to 99 were approved by the Board and authorised for issue on 22nd September 2022 and signed on its behalf by:

Gerard Lucas
Chair



Susan Goodman
Chair of Group Audit and Risk



Consolidated and Company Statement of Changes in Reserves

	Income & Expenditure Reserve	Consolidated Non-controlling interest	Total	Company Income & Expenditure Reserve
	£'000	£'000	£'000	£'000
Balance as at 31 March 2020	116,197	(682)	115,515	118,373
Surplus for the year	4,058	-	4,058	4,150
Actuarial loss in respect of MPF pension scheme	(7,022)	-	(7,022)	(7,022)
Actuarial loss in respect of SHPS pension scheme	(580)	-	(580)	(580)
Amounts attributable to non-controlling interests	(682)	682	-	-
Closing reserves as at 31 March 2021	111,971	-	111,971	114,921
Deficit of the year	(8,489)	-	(8,489)	(9,001)
Actuarial gain in respect of MPF pension scheme	11,848	-	11,848	11,848
Actuarial gain in respect of SHPS pension scheme	573	-	573	573
Closing reserves as at 31 March 2022	115,903	-	115,903	118,341

The accompanying notes on pages 55 to 99 form part of these financial statements.

Consolidated and Company Statement of Financial Position

	Note	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets – housing properties	12	218,042	215,503	222,089	219,017
Other tangible fixed assets	13	3,751	3,956	3,751	3,956
Intangible fixed assets	14	-	-	-	-
Investment properties	15	14,306	13,284	14,306	13,284
Investment - subsidiary	16	-	-	130	130
Investment in joint venture	17	620	669	90	90
		236,719	233,412	240,366	236,477
Current assets					
Properties held for sale	18	13,833	16,548	13,833	10,340
Stock		89	92	89	92
Trade and other debtors due within one year	19	4,779	4,719	4,479	4,613
Trade and other debtors due in more than one year	19	-	-	-	4,638
Cash and cash equivalents	20	16,191	5,169	14,953	4,021
		34,892	26,528	33,354	23,704
Creditors: Amounts falling due within one year	21	(15,395)	(12,983)	(15,146)	(10,354)
Net current assets		19,497	13,545	18,208	13,350
Total assets less current liabilities		256,216	246,957	258,574	249,827
Creditors: Amounts falling due after more than one year	22	(116,983)	(103,446)	(116,903)	(103,366)
Provisions for liabilities					
- Pension provision MPF/SHPS	27	(23,330)	(31,540)	(23,330)	(31,540)
Total net assets		115,903	111,971	118,341	114,921
Reserves					
Income and expenditure reserve		115,903	111,971	118,341	114,921
		115,903	111,971	118,341	114,921
Reserves attributable to					
Owners of the Parent Company		115,903	111,971	118,341	114,921
Non-controlling interests		-	-	-	-
Total reserves		115,903	111,971	118,341	114,921

The accompanying notes on pages 55 to 99 form part of these financial statements.

The financial statements on pages 50 to 99 were approved by the Board and authorised for issue on 22nd September 2022 and signed on its behalf by:

Gerard Lucas
Chair



Susan Goodman
Chair of Group Audit and Risk



Consolidated Statement of Cash Flows

	Note	2022 £ '000	2021 £ '000
Net cash inflow from operating activities	31	20,441	13,266
Cash flow from investing activities			
Purchase and construction of housing properties		(12,637)	(12,531)
Proceeds from sale of housing properties		4,177	2,119
Social Housing Grant		2,650	3,328
Interest received		467	471
		(5,343)	(6,613)
Cash flow from financing activities			
Loan draw-down of borrowing		87,391	-
Loan repayment of borrowing		(76,150)	(4,950)
Interest paid		(1,931)	(2,496)
Loan re-financing		(13,386)	-
		(4,076)	(7,446)
Net change in cash and cash equivalents		11,022	(793)
Cash and cash equivalents at beginning of the year		5,169	5,962
Cash and cash equivalents at end of the year	20	16,191	5,169

The accompanying notes on pages 55 to 99 form part of these financial statements.

Notes to the Financial Statements

1. Legal status

The Company is a private company limited by guarantee with no share capital, registered under the Companies Act 2006 and is a registered housing provider. The registered office is Partnership Building, Hamilton Street Birkenhead CH41 5AA.

The Group comprises the following entities:

Name	Incorporation	Registered/ Non-registered
Magenta Living	Companies Act 2006	Registered
Wirral Partnership Homes (Developments) Limited	Companies Act 2006	Non-registered
Hilbre Projects LLP	Companies Act 2006	Non-registered
Wirral Partnership Homes (Building Services) Limited* *dormant company	Companies Act 2006	Non-registered
The Group has an investment in the following joint venture with Torus62 Limited that was formed to rent properties at market rents:		
Bamboo Estates LLP	Companies Act 2006	Non-registered

2. Accounting policies**Basis of accounting**

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Registered Providers of Social Housing 2019.

Magenta Living is a public benefit entity in accordance with FRS102.

The financial statements are presented in sterling (£) and rounded to the nearest £'000.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted in the business plan updated for future periods and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Significant judgements and estimates

Preparation of the financial statements requires

Notes to the Financial Statements

management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Recoverability of amounts due from Hilbre Projects LLP relating to on-lending and associated interest. Hilbre Projects LLP ceased trading on 31 March 2022 and does not expect to receive any further income. An estimate of £3.358m (2021: £2.801m) for the potential non recovery of amounts owed has been provided for in Magenta Living.
- Valuation of work in progress. In respect of Hilbre Projects LLP has been carried out to ascertain the costs to complete and estimated sales values leading to an impairment of £nil (2021: £844k).

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Impairment of Group's tangible assets

Management seek to identify indicators of impairment by considering the economic viability and expected future financial performance of the asset. Where it is a component of an asset or property, the viability of that unit or property is also considered. The basis for the recoverable amounts of the assets has been considered based on EUV-SH or depreciated replacement cost. The Group has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. The Group carries out an impairment review, assessing the Useful Economic Lives of properties and their future value to the Group, taking into account the current level of demand for properties, the level of void losses, projected discounted cash flows and the ongoing investment in property maintenance and improvement. We have also considered the impact of Covid-19 on the underlying demand or expected future cash flows of our housing assets. Void levels have remained

consistent with historic levels and are in-line with the business plan. Going forward the Group now has safe working practices in place to be able to continue to let properties in a manner that is safe and socially distanced, which will withstand any further waves of Covid-19. A valuation of our social housing properties has resulted in a modest increase in value. During the year, an impairment loss of £164k (2021: £nil) was recorded in the Statement of Comprehensive Income for properties with long-term voids.

Defined benefit pension obligations

Management's estimate of the defined benefit obligations is based on a number of critical underlying assumptions such as the standard rates of inflation, mortality, discount rate and anticipation of future salary increase. Variation in these assumptions may significantly impact the obligation amount and the annual defined benefit expenses (as analysed in Note 27). The liability as at 31 March 2022 was £23.33 million. The valuation of the pension fund assets is based on actual March 2022 data.

Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of the associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £1.3 million.

Significant Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be significantly different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate

Notes to the Financial Statements

to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2022 for tangible and intangible fixed assets was £97.7 million (2021: £89.3million).

Revaluation of investment properties:

The Group carries its investment property at fair value, with changes in fair value being recognised in The Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at the reporting period date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 15. The carrying value of investment properties at 31 March 2022 was £14,306k (2021: £13,284k).

Basis of consolidation

The consolidated financial statements include the parent, Magenta Living and its subsidiaries, Wirral Partnership Homes (Building Services) Limited, Wirral Partnership Homes (Developments) Limited (WPH Developments) and Hilbre Projects LLP and are prepared using the purchase method of accounting. The relevant proportions of Joint Venture profit/loss are consolidated as reported by those entities.

Turnover and revenue recognition

Turnover represents rental income receivable in the year, service charges, fees, income from property sales and other income receivable in the year (excluding VAT) for goods and services supplied in the year and revenue grants (including those from the Community Fund) receivable in the year.

Rental income is recognised from the point when properties under development reach a practical point of completion or otherwise become available for letting. Charges for support

services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Taxation

The Company is a registered charity and as such is potentially exempt to corporation or capital gains tax on its charitable activities. Any taxable profits generated by the subsidiaries will be subject to corporation tax.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Amounts recognised in respect of deferred tax are not discounted in accordance with FRS 102.

Value Added Tax

The Group is registered for VAT and charges value added tax (VAT) on some of its income and is able to recover only part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and is not recoverable from H.M. Revenue and Customs or is subject to the VAT sharing agreement. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Community Fund

As part of the stock transfer arrangement with Wirral Metropolitan Borough Council ("the Council"), the Community Fund ("the Fund") was established. The purpose of the Fund is to provide the Company with funds to undertake projects that are mutually beneficial to the Company and the Council while furthering the

Notes to the Financial Statements

Company's principal business. A Working Group, made up of an equal number of representatives from the Company and the Council, exists to determine the use of the funds.

The Fund comprises of money from three principal sources:

1. Balance of the Council's Housing Revenue Account on its closure.
2. VAT savings from arrangements put in place at transfer.
3. Council and Company disposal claw back share on the sale of land not to be used for the purpose of social housing.

The monies received by the Fund shall be used for purposes that include several specifically referred to in an agreement between the Council and the Company. The remainder is to be utilised by joint agreement of the Working Group set between the Council and the Company.

Although access to such funds is subject to the agreement of the Working Group (and are therefore not treated as income until agreement has been reached by the Working Group), the Fund's monies are beneficially and legally those of the Company and are therefore included in the Company's reported cash balance.

Prior to application of the Fund's monies a deferred income creditor is recognised that is released on utilisation of the related cash balance. As the Company's approval is required for all fund allocations the deferred income balance is shown as due after one year and linked by disclosure to the cash balance. Where it is intended that funds will be allocated in the next 12 months, these are classified as due within one year.

Government Grants

Government grants include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing

property structure and, where applicable, its individual components (excluding land) under the accruals model. Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised in income and expenditure.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Interest payable

Interest payable is charged to the income and expenditure account in the year.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. The Group has applied the provisions of both Section 11 and

Notes to the Financial Statements

Section 12 of FRS 102 in full and as such has classified all financial instruments as basic.

Pensions

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme ('SHPS') and the Merseyside Pension Fund ('MPF').

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Re-measurements are reported in other comprehensive income.

Supporting people

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Housing properties

Housing Properties are principally properties available for rent and are stated at cost less depreciation. Costs include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Structure	60 years
Windows and Doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers	15 years
Roofs	40 years
External wall insulation	20 years
CCTV systems	10 years
Car Park	30 years

For High Rise and Sheltered Blocks:

Heating Systems	25 years
Door Entry, Lift, Fire Alarm and Water Systems	20 years
Electrical systems	15 years

Assets are not depreciated while under construction or until they are brought into use.

Sale of housing properties

Under the terms of the transfer agreement a proportion of the proceeds from the right to buy sales are shared with the Council. The balance of any funds due to the Council will be included as a current liability.

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to

Notes to the Financial Statements

exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment is recognised as operating expenditure. The Group carries out an impairment review, assessing the Useful Economic Lives of properties and their future value to the Group, taking into account the current level of demand for properties, the level of void losses, projected discounted cash flows and the ongoing investment in property maintenance and improvement. We have also considered the impact of Covid-19 as a specific external shock that could impact the underlying demand or expected future cash flows of our housing assets. However, the Group have seen no reduction in demand for our properties. Void levels have remained consistent with historic levels and are in-line with the business plan. The Group has safe working practices in place to be able to continue to let properties in a manner that is safe and socially distanced, which will withstand any further waves of Covid-19. Hence the Group do not consider Covid-19 as an impairment trigger at this time.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure. Investment properties were valued as at 31 March 2022 by Smith & Sons professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The comparable technique was used to assess the value of the scheme. The valuation broadly corresponds with broader market trends: the ONS house price index showed that property valuations in the Northwest of England had increased by 9.7% over the 12 months to the end of March 2022.

Other tangible fixed assets

Depreciation is charged on other tangible fixed assets on a straight-line basis over their expected useful lives.

Freehold offices	30 years
Car Parking	30 years
CCTV system	10 years
Furniture, fixtures and fittings	4 years
Computers and office equipment	4 years
Other equipment	4 years

Assets are not depreciated while under construction or until they are brought into use.

Intangible fixed assets

Depreciation is charged on intangible assets on a straight-line basis over their expected useful lives.

Software	3 years
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Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

Properties leased to Group Company

Housing properties are leased to Bamboo Estates based on a 5 year lease. The lease commences from the time the tenancy in Bamboo Estates begins and is recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

Investment in subsidiaries and joint ventures

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries and joint ventures are accounted for at cost less impairment in the individual company financial statements.

An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside of the Group to undertake an economic activity that is subject to joint control. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results applying accounting policies consistent to the Group. In the Consolidated Statement of Financial Position the interest in associated undertakings are shown as the Group's share of the identifiable net assets/liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Properties for sale

Properties for outright sale (including those under

construction) are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Stock

Stocks are stated at the lower of cost or net realisable value. Where necessary, provision is made for obsolete and defective stock.

Current asset investments

Investments are stated at cost.

Gift Aid Income

Gift aid income is recognised in the year of



New development on Church Road,



Notes to the Financial Statements

**3. Particulars of turnover, cost of sales, operating expenditure and operating surplus
Group – continuing activities**

	2022 Turnover	2022 Cost of sales	2022 Operating expenditure	2022 Gain on disposal of housing properties	2022 Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	63,115	-	(62,876)	-	239
Other social housing activities					
Disposal of housing	-	-	-	3,491	3,491
Current asset property sales	775	(650)	-	-	125
Development expenditure	-	-	(255)	-	(255)
Other	305	-	-	-	305
	1,080	(650)	(255)	3,491	3,666
Activities other than Social Housing					
Corporate Repairs	745	(608)	(41)	-	96
Lettings	1,036	-	(104)	-	932
Properties developed for outright sale	6,300	(6,381)	-	-	(81)
Other	1,624	-	(91)	-	1,533
	73,900	(7,639)	(63,367)	3,491	6,385

Notes to the Financial Statements

	2021 Turnover	2021 Cost of sales	2021 Operating expenditure	2021 Gain on disposal of housing properties	2021 Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	62,380	-	(59,039)	-	3,341
Other social housing activities					
Disposal of housing properties	-	-	-	1,747	1,747
Current asset property sales	1,375	(1,019)	-	-	356
Development expenditure	-	-	(69)	-	(69)
Other	340	-	-	-	340
	1,715	(1,019)	(69)	1,747	2,374
Activities other than Social Housing					
Corporate Repairs	371	(339)	(35)	-	(3)
Lettings	1,047	-	(125)	-	922
Properties developed for outright sale	2,996	(3,919)	-	-	(923)
Other	1,080	-	(321)	-	759
	69,589	(5,277)	(59,589)	1,747	6,470

Notes to the Financial Statements

Company - continuing activities

	2022 Turnover	2022 Cost of sales	2022 Operating expenditure	2022 Gain on disposal of housing properties	2022 Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	63,115	-	(63,366)	-	(251)
Other social housing activities					
Disposal of housing properties	-	-	-	3,491	3,491
Current asset property sales	775	(650)	-	-	125
Development expenditure	-	-	(255)	-	(255)
Other	305	-	-	-	305
	1,080	(650)	(255)	3,491	3,666
Activities other than Social Housing					
Corporate Repairs	745	(608)	(41)	-	96
Lettings	1,036	-	(104)	-	932
Other	1,624	(556)	(84)	-	984
	67,600	(1,814)	(63,850)	3,491	5,427

Notes to the Financial Statements

	2021 Turnover	2021 Cost of sales	2021 Operating expenditure	2021 Gain on disposal of housing properties	2021 Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	62,380	-	(58,784)	-	3,596
Other social housing activities					
Disposal of housing properties	-	-	-	1,747	1,747
Current asset property sales	1,375	(1,019)	-	-	356
Development expenditure	-	-	(69)	-	(69)
Other	340	-	-	-	340
	1,715	(1,019)	(69)	1,747	2,374
Activities other than Social Housing					
Corporate Repairs	371	(339)	(35)	-	(3)
Lettings	1,047	-	(125)	-	922
Other	1,080	(1,775)	(320)	-	(1,015)
	66,593	(3,133)	(59,333)	1,747	5,874

Notes to the Financial Statements

**Turnover, operating cost, and operating surplus from social housing lettings
Group**

	2022 General Housing £'000	2022 Supported Housing £'000	2022 Total £'000	2021 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	51,632	8,337	59,969	58,407
Service charge income	1,333	215	1,548	1,318
Charges for support services	1,025	166	1,191	1,199
Amortisation of government grants	276	45	321	259
Other revenue grants	74	12	86	1,197
Turnover from social housing lettings	54,340	8,775	63,115	62,380
Operating expenditure on social housing lettings				
Management	(19,657)	(3,174)	(22,831)	(22,856)
Service charge costs	(2,420)	(391)	(2,811)	(2,513)
Routine maintenance	(10,477)	(1,692)	(12,169)	(9,573)
Planned maintenance	(5,752)	(929)	(6,681)	(6,161)
Major repairs expenditure	(7,568)	(1,220)	(8,788)	(8,928)
Bad debts	(73)	(12)	(85)	80
Depreciation of housing properties	(7,954)	(1,294)	(9,248)	(9,061)
Impairment of housing properties	(141)	(23)	(164)	-
Restructuring and other costs	(85)	(14)	(99)	(27)
Total expenditure on social housing lettings	(54,127)	(8,749)	(62,876)	(59,039)
Operating surplus on social housing lettings	213	26	239	3,341
Void losses	833	134	967	1,301

Management costs include £4,005k (2021: £3,414k) of current and past pension service costs for both the Merseyside Pension Fund (MPF) and the Social Housing Pension Scheme (SHPS).

Notes to the Financial Statements

Company

	2022 General Housing £'000	2022 Supported Housing £'000	2022 Total £'000	2021 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	51,632	8,337	59,969	58,407
Service charge income	1,333	215	1,548	1,318
Charges for support services	1,025	166	1,191	1,199
Amortisation of government grants	276	45	321	259
Other revenue grants	74	12	86	1,197
Turnover from social housing lettings	54,340	8,775	63,115	62,380
Operating expenditure on social housing lettings				
Management	(20,035)	(3,235)	(23,270)	(22,548)
Service charge costs	(2,420)	(391)	(2,811)	(2,513)
Routine maintenance	(10,477)	(1,692)	(12,169)	(9,573)
Planned maintenance	(5,752)	(929)	(6,681)	(6,161)
Major repairs expenditure	(7,556)	(1,220)	(8,776)	(8,928)
Bad debts	(73)	(12)	(85)	80
Depreciation of housing properties	(8,017)	(1,294)	(9,311)	(9,114)
Impairment of housing properties	(141)	(23)	(164)	-
Restructuring and other costs	(85)	(14)	(99)	(27)
Total expenditure on social housing lettings	(54,556)	(8,810)	(63,366)	(58,784)
Operating (deficit) / surplus on social housing lettings	(216)	(35)	(251)	3,596
Void losses	832	134	966	1,301

Notes to the Financial Statements

4. Accommodation in management and development

	At 1 April 2021 No.	Additions No.	Disposals No.	Other No.	At 31 March 2022 No.
Units owned:					
Social housing					
General housing					
- Social Rent	9,476	20	(78)	(4)	9,414
- Affordable Rent	1,411	31	(4)	-	1,438
Supported housing	1,776	-	-	-	1,776
Intermediate Rent	7	1	(1)	-	7
Low Cost home ownership	35	5	(1)	-	39
Total social housing	12,705	57	(84)	(4)	12,674
homes owned					
Non-social housing					
Market rented	-	-	-	4	4
Total homes managed	12,705	57	(84)	-	12,678
Other homes managed:					
Homes managed for Wirral Borough Council	30	-	-	-	30
Total homes	12,735	57	(84)	-	12,708

Units in development at 31 March 2022 were 436 (2021: 327).

Notes to the Financial Statements

5. Operating surplus

The operating surplus is arrived at after charging/(crediting):

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Impairment losses of housing properties	164	-	164	-
Depreciation of housing properties (note 3)	9,248	9,061	9,311	9,114
Depreciation of other tangible fixed assets (note 13)	205	208	205	208
Amortisation of government grants	(321)	(259)	(321)	(259)
Operating lease rentals - vehicles	451	477	451	477
<i>Auditors' remuneration (excluding VAT):</i>				
Audit of the financial statements of the Company	30	21	30	21
Audit of the financial statements of the subsidiaries	8	7	8	7
Audit of the financial statements of joint ventures	5	3	5	3
Other services	2	5	2	5

6. Surplus on sale of fixed assets – housing properties

	Group & Company	
	2022 £ '000	2021 £ '000
Disposal proceeds	4,878	2,580
Amount due to council for RTB sales	(684)	(450)
Carrying value of fixed assets	(685)	(372)
Administration and legal expenditure	(18)	(11)
	3,491	1,747

There were 51 (2021: 31) Right to Buy properties sold during the year and 23 (2021: 9) Right to Acquire sales.

Notes to the Financial Statements

7. Interest receivable and other income

	Group		Company	
	2022 £'000	2021 £'000	2022 £ '000	2021 £ '000
Interest receivable and similar income	-	4	1	4
Interest receivable from group undertakings	-	-	283	533
Distribution of Profit from Joint Venture	-	-	467	467
	-	4	751	1,004

8. Interest payable and financing costs

	Group & Company	
	2022 £ '000	2021 £ '000
Loans and bank overdrafts	2,155	2,496
Defined benefit pension charge – MPF	641	467
Defined benefit pension charge - SHPS	18	6
	2,814	2,969
Loan re-financing costs	13,386	-
	16,200	2,969

9. Employees

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 37 hours):

	Group & Company	
	2022 £ '000	2021 £ '000
Administration	226	208
Property services	64	61
Housing, support and care	172	165
Building operatives	103	109
	565	543

Notes to the Financial Statements

Employee costs	Group & Company	
	2022 £ '000	2021 £ '000
Wages and salaries	19,069	17,679
Social security costs	1,881	1,746
Pension costs	4,442	3,599
Restructuring	179	229
	25,571	23,253

The majority of the Group's employees are members of the Merseyside Pension Fund or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given in note 27.

10. Key management personnel

Aggregate remuneration of the Executive Management Team and the Board for the year ended 31 March 2022:

	2022 £ '000	2021 £ '000
Executive directors		
Executive director emoluments	729	642
Executive director employer's national insurance	91	82
Executive director pension contributions	77	81
	897	805
Board emoluments	78	76
	975	881

Notes to the Financial Statements

The aggregate number of full-time equivalent staff (based on an average of 37 hours) whose remuneration (including salaries, benefits in kind, pension contributions paid by the employer and any termination payments) exceeded £60,000 was as follows:

	2022 Total No.	2022 Includes termination payments No.	2021 Total No.	2021 Includes termination payments No.
£60,001 - £70,000	17	1	15	1
£70,001 - £80,000	7	1	7	2
£80,001 - £90,000	5	1	4	-
£90,001 - £100,000	-	-	2	-
£100,001 - £110,000	2	-	1	-
£110,001 - £120,000	1	-	-	-
£120,001 - £130,000	-	-	-	-
£130,001 - £140,000	-	-	2	1
£140,001 - £150,000	3	-	3	1
£150,001 - £160,000	-	-	-	-
£160,001 - £170,000	-	-	-	-
£170,001 - £180,000	-	-	-	-
£180,001 - £190,000	-	-	-	-
£190,001 - £200,000	-	-	1	-
£260,001 - £270,000	1	1	-	-

The emoluments of the highest paid director, the Chief Executive, for the 12 month period, excluding pension contributions, were £247,632 (2021: £164,994) and included £124,735 compensation for loss of office. The Chief Executive was a member of the Merseyside Pension Fund. He was an ordinary member of the pension scheme and no enhanced or special terms apply. The Company does not make any

further contribution to an individual pension arrangement for the Chief Executive. The Executive Team and Board are considered the key management personnel for the purposes of FRS 102.

£54k (2021: £139k) was paid in the year to third parties, for making available their services in the role of director of the Company or its

Notes to the Financial Statements

Non-Executive Directors

The fees and expenses paid by the Company during the year, to the non-executive Directors, its subsidiary Boards and its Committees, are shown below.

Board Director	2022	2021
Steve Foulkes	19	5,000
David Clark	7,328	15,289
Muriel Wilkinson	-	3,549
Jeff Green	-	809
Stephen Penlington	2,405	5,000
Nick Gerrard	5,250	7,000
Matthew Brown	5,189	5,000
Gordon Ronald	5,189	5,000
Sharon Grover	7,504	6,644
Sue Goodman	7,500	7,000
Geoff Broadhead	2,405	5,000
Mike Turner	5,767	5,000
Andrew McCullagh	3,500	2,569
Trevor Hough	-	1,016
Ann-Louise Gilmore	5,189	1,931
Myles Edwards	5,189	-
Liam Kelly	5,780	-
Gerard Lucas	8,080	-
Wendy Gooley	1,643	-
Total Magenta Living Remuneration	77,937	75,807
John Fedden	4,083	7,334
Ken Russell	5,189	5,444
Martyn Green	7,500	5,000
Total Board Remuneration	94,709	93,585

John Fedden was a Board Director of Hilbre Projects LLP until 24 October 2021. Ken Russell is a Board Director of Hilbre Projects LLP and

Martyn Green is a Board Director of Bamboo Estates LLP.

Notes to the Financial Statements

12. Tangible fixed assets: properties

Group Housing Properties	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing properties under construction £'000	Total £'000
Cost					
At 1 April 2021	279,334	15,237	2,075	3,565	300,211
Additions	-	7,839	-	2,179	10,018
Work to existing properties	2,619	-	-	-	2,619
Schemes completed	6,141	(6,141)	346	(346)	-
Disposal of components	(678)	-	-	-	(678)
Disposal - sales	(1,184)	-	-	-	(1,184)
At 31 March 2022	286,232	16,935	2,421	5,398	310,986
Depreciation and impairment					
At 1 April 2021	(84,682)	-	(26)	-	(84,708)
Depreciation charged in year	(9,223)	-	(25)	-	(9,248)
Released on disposal of components	(164)	-	-	-	(164)
Transfer to rent to buy	678	-	-	-	678
Released on disposal - sales	498	-	-	-	498
At 31 March 2022	(92,893)	-	(51)	-	(92,944)
Net book value					
At 31 March 2022	193,339	16,935	2,370	5,398	218,042
At 31 March 2021	194,652	15,237	2,049	3,565	215,503

Notes to the Financial Statements

Company Housing Properties	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership housing properties under construction £'000	Total £'000
Cost					
At 1 April 2021	282,476	15,838	2,075	3,565	303,954
Additions	-	8,435	-	2,179	10,614
Work to existing properties	2,619	-	-	-	2,619
Schemes completed	6,771	(6,771)	346	(346)	-
Disposal of components	(678)	-	-	-	(678)
Disposal – Sales	(1,184)	-	-	-	(1,184)
At 31 March 2022	290,004	17,502	2,421	5,398	315,325
Depreciation and impairment					
At 1 April 2021	(84,910)	-	(27)	-	(84,937)
Depreciation charged in year	(9,286)	-	(25)	-	(9,311)
Impairment losses	(164)	-	-	-	(164)
Released on disposal of components	678	-	-	-	678
Released on disposal - sales	498	-	-	-	498
At 31 March 2022	(93,184)	-	(52)	-	(93,236)
Net book value					
At 31 March 2022	196,820	17,502	2,369	5,398	222,089
At 31 March 2021	197,566	15,838	2,048	3,565	219,017

Impairment of Housing Properties

Housing properties are assessed at each reporting date to determine whether an indicator of impairment exists, where there is evidence of impairment an assessment is carried out to estimate the recoverable amount of the asset. The recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount is compared with the book value of the asset (or cash generating unit) and any write down is charged to the Statement of Comprehensive Income. Value in use is defined as value in use – service potential (VIU-SP), this is

the present value of the asset's remaining service potential plus the net amount the entity will receive from its disposal.

As at 31 March 2022 an impairment loss of £164k was recorded in the Statement of Comprehensive Income for the Group and the Company, representing properties that have long-term voids.

Notes to the Financial Statements

Housing properties, including offices, book value net of depreciation comprises:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Freehold land and buildings - Housing Properties	218,042	215,503	222,089	219,017
Freehold land and buildings - Office Properties (note 13)	3,751	3,962	3,751	3,962
	221,793	219,465	225,840	222,979
Social housing assistance: Total accumulated social housing grant received or receivable at 31 March				
			Group & Company	
			2022 £'000	2021 £'000
Held as deferred capital grants (note 24)			29,791	27,483
Recognised in statement of comprehensive income			1,534	1,213
			31,325	28,696
Expenditure on works to existing properties				
	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Components capitalised	2,619	1,267	2,619	1,267
Amounts charged to income and expenditure account (note 3)	8,788	8,928	8,776	8,928
Total	11,407	10,195	11,395	10,195

Notes to the Financial Statements

13. Tangible fixed assets: other

Group and Company	Group and Company				
	Freehold office properties £'000	Furniture fixtures and fittings £'000	Computers and office equipment £'000	Other Equipment £'000	Total £'000
Cost					
At 1 April 2021	5,303	59	1,118	730	7,210
Additions	-	-	-	-	-
At 31 March 2022	5,303	59	1,118	730	7,210
Depreciation and impairment					
At 1 April 2021	(1,371)	(59)	(1,102)	(722)	(3,254)
Depreciation charged in the year	(181)	-	(16)	(8)	(205)
At 31 March 2022	(1,552)	(59)	(1,118)	(730)	(3,459)
Net book value At 31 March 2022	3,751	-	-	-	3,751
At 31 March 2021	3,932	-	16	8	3,956

14. Intangible fixed assets

	Group and Company	
	Software £'000	Total £'000
Cost		
At 1 April 2021	1,310	1,310
Additions	-	-
At 31 March 2022	1,310	1,310
Depreciation		
At 1 April 2021	(1,310)	(1,310)
Charged in period	-	-
At 31 March 2022	(1,310)	(1,310)
Net book value At 31 March 2022	-	-
At 31 March 2021	-	-

Notes to the Financial Statements

15. Investment properties: non-social housing properties held for letting

	Group and Company	
	2022 £'000	2021 £'000
At 1 April	13,284	13,036
Revaluation	1,022	248
At 31 March	14,306	13,284

Properties are valued at Open Market Value as at 31 March 2022 based on the valuation by external RICS advisors and are held to be leased to the joint venture Bamboo Estates.

16. Investment in subsidiary

The Group comprises the following entities, all are registered in England and Wales and incorporated under the Companies Act 2006:

Name	Ownership	Registered/Non-registered	Nature of business
Wirral Partnership Homes (Developments) Limited	100%	Non-registered	Build and design
Hilbre Projects LLP	100%	Non-registered	Property Development
Wirral Partnership Homes (Building Services) Limited	100%	Non-registered	Dormant

Wirral Partnership Homes (Building Services) Limited is a company limited by guarantee. Magenta Living is the sole guarantor and in the event of the Company being wound up, the liability of Magenta Living is limited to £1. Effective 1st April 2008 the trade, assets and all liabilities of WPH (Building Services) were transferred to the parent. The subsidiary has not traded during the year and is dormant.

Hilbre Projects is a registered LLP which during the year had two members. The controlling member is Wirral Partnership Homes (Developments) Limited, a wholly owned

subsidiary of Magenta Living, that invested 60% of the initial capital. The second member is Wirral Partnership Homes (Building Services) Limited.

On 30th June 2020 Starfish Commercial Limited, the minority member of Hilbre Projects LLP, served a six-month notice of its intention to exit the membership agreement. On 14 September 2020 the Board of Starfish Commercial Limited informed the Board of Wirral Partnership Homes (Developments) Limited of its intention to pass a special resolution to enter creditors' voluntary liquidation. The six-month notice to exit the membership agreement continued to run through

Notes to the Financial Statements

to 30 December 2020 at which point Starfish Commercial Limited exited the membership agreement.

At the point that Starfish Commercial Limited exited the membership agreement Wirral Partnership Homes (Developments) Limited became liable for any losses incurred in Hilbre Projects LLP. On 30 June 2021, Wirral Partnership Homes (Building Services) Limited

became the minority member of Hilbre Projects LLP with a 1% membership interest. The current membership of Hilbre Projects LLP is held as Wirral Partnership Homes (Developments) Limited 99%, WPH Building Services Limited 1%.

The aggregate of share capital and reserves as at 31st March 2022 and of the profit and loss for the year ended on that date for the subsidiary undertakings were:

	Aggregate share capital £	Reserves £'000	Profit / (Loss) £'000
Wirral Partnership Homes (Developments) Limited	1	(2,100)	(82)
	Capital contribution £'000	Members' interests £'000	Profit / (Loss) £'000
Hilbre Projects LLP	120	(3,546)	(384)

Investments in subsidiaries are:

	WPH Dev Co £'000	Hilbre £'000	Total £'000
At 1 April 2021	10	120	130
Additions	-	-	-
At 31 March 2022	10	120	130

17. Investment in joint venture

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 April 2021	669	669	90	90
Additions	-	-	-	-
Share of profit distributed within the year	(467)	(467)	-	-
Share of profit retained by the joint venture and available for distribution	418	467	-	-
At 31 March 2022	620	669	90	90

Bamboo Estates is a registered LLP in which the Group has a 50% interest. The other party to

the venture is Torus62 Limited, another social housing provider.

Notes to the Financial Statements

18. Properties for sale

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Work-in-progress	9,983	13,732	9,983	7,524
Shared ownership – completed	3,850	349	3,850	349
Shared ownership – work in progress	-	2,467	-	2,467
	13,833	16,548	13,833	10,340

19. Debtors

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Due within one year				
Rent and service charges receivable	3,305	3,151	3,305	3,151
Less: Provision for bad and doubtful rent and service charge debts	(642)	(608)	(642)	(608)
	2,663	2,543	2,663	2,543
Trade debtors	1,032	680	782	585
Less: Provision for bad and doubtful trade debts	(20)	(84)	(20)	(84)
Other debtors	253	967	201	956
Prepayments and accrued income	847	555	847	555
Amounts due from related entities	4	58	4	58
Amounts due from group undertakings	-	-	2	-
Due within one year	4,779	4,719	4,479	4,613
Due after more than one year	-	-	-	4,638

The debt due after more one than year represents the loan made by Magenta Living to Wirral Partnership Homes (Developments) Ltd for on-lending to Hilbre Projects LLP. The loan is repayable by 31 January 2023 and interest is charged at a fixed rate of 6%.

20. Cash at bank and in hand

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash at bank and in hand	16,191	5,169	14,953	4,021

Notes to the Financial Statements

21. Creditors: amounts falling due within one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	1,255	1,755	1,246	1,732
Rent and service charges received in advance	2,059	1,904	2,059	1,904
Deferred capital grants (note 24)	300	267	300	267
Other taxation and social security	1,140	909	775	747
Other creditors	1,101	541	1,101	549
Accruals and deferred income	9,540	7,607	6,141	4,469
Amount due to Group undertakings	-	-	3,524	686
	15,395	12,983	15,146	10,354

Accruals and deferred income includes deferred income of £2,096k (2021: £2,096k) in respect of the Community Fund (note 26).

22. Creditors: amounts falling after more than one year

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Debt (note 23)	87,391	76,150	87,391	76,150
Deferred capital grants (note 24)	29,491	27,216	29,491	27,216
Recycled capital grant fund (note 25)	21	-	21	-
Minority Interest	80	80	-	-
	116,983	103,446	116,903	103,366

Strategic Report

23. Debt

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
In less than one year	-	-	-	-
Between one and two years	-	7,050	-	7,050
Between two and five years	-	-	-	-
After five years	87,391	69,100	87,391	69,100
	87,391	76,150	87,391	76,150

The Company completed a loan refinancing exercise in the year. This £137.4m facility comprises £87.4m of fixed and fully drawn debt at 31st March 2022. This is repayable (by bullet) in two tranches: £42.4m (February 2037) and £45.0m (February 2047). A £50.0m revolving credit facility has also been created as part of this refinancing package at a variable rate, and for a five-year term. The weighted average interest rate of the cost of borrowing in the year was 3.06% (2021: 3.45%). This loan facility has been secured by way of a charge of 5,767 stock transferred properties, representing 46% of Magenta's property stock holding. 54% are now classified as either de-allocated or unallocated units. The carrying value of the charged properties is £149,933k (2021: £166,163k).

Notes to the Financial Statements

24. Deferred capital grants

	Group & Company	
	2022	2021
	£'000	£'000
At 1 April	27,483	25,976
Grant received in year	2,650	1,766
Amortisation of capital grant	(321)	(259)
Released on disposal	(21)	-
	29,791	27,483
<i>The deferred income is included in the financial statements as follows:</i>		
Amounts to be released within one year	300	267
Amounts to be released in more than one year	29,491	27,216
	29,791	27,483

25. Recycled capital grant fund

	Group & Company	
	2022	2021
	£'000	£'000
At 1 April	-	-
Inputs to fund:		
Grants recycled	21	-
Interest accrued	-	-
Recycling of grant	-	-
	21	-
Repayment of grants to the Homes England	-	-
At 31 March	21	-
Amounts 3 years old or older where repayment may be required	-	-

Notes to the Financial Statements

26. Deferred income

	Group & Company	
	2022	2021
	£'000	£'000
At 1 April	2,096	2,096
Deferred income received in the year	-	-
Utilised in the year:		
Wirral Borough Council	-	-
Magenta Living	-	-
	2,096	2,096
The deferred income is included as follows:		
Amounts falling due within one year	2,096	2,096
Amounts falling due after more than one year	-	-
	2,096	2,096

Deferred income relates to monies paid into the Community Fund and monies received by Magenta to fund future revenue projects. Further background regarding the Community Fund is given in note 2. Related balances to the Community Fund are shown within cash at bank and in hand of £952k (2021: £952k). The remainder of the balance is shown within deferred income payments received in advance.

There were no sums utilised in the year (2021: £nil).

Notes to the Financial Statements

27. Employee pension schemes

Summary of pension liability (Group and

Scheme	2022 £'000	2021 £'000
MPF	(23,062)	(30,715)
SHPS	(268)	(815)
Total Pension Liability	(23,330)	(31,540)

Merseyside Pension Fund (MPF)

The Merseyside Pension Fund is a multi-employer scheme, administered by Wirral Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2019.

The employers' contributions to the Merseyside Pension Fund by the Group and Company for the year ended 31 March 2022 were £399k (2021: £956k) at a contribution rate of 16.8% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2023 has been set at 16.8%. Estimated employers' contributions to the Merseyside Pension Fund during the accounting period commencing 1 April 2022 are £504k.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability):

	2022 £'000	2021 £'000
Fair value of plan assets	122,081	113,444
Present value of defined benefit obligation	(145,143)	(144,159)
(Deficit) in plan	(23,062)	(30,715)

Changes in plan assets:

	2022 £'000	2021 £'000
Opening fair value of plan assets	113,444	100,384
Interest on plan assets	2,364	2,401
Actuarial gains	8,056	11,385
Administration expenses	(53)	(58)
Employer contributions	399	956
Member contributions	721	780
Benefits / transfers paid	(2,850)	(2,404)
Closing fair value of plan assets	122,081	113,444

Notes to the Financial Statements

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £10,420k (2021:

Changes in present value of defined benefit obligations:

	2022	2021
	£'000	£'000
Opening defined benefit obligations	144,159	120,290
Current service cost	3,900	3,315
Interest cost	3,005	2,868
Members contributions	721	780
Past service cost	-	33
Actuarial (gains)/losses	(3,792)	19,154
Curtailment	-	123
Benefits/transfers paid	(2,850)	(2,404)
Closing defined benefit obligation	145,143	144,159

Defined benefit costs recognised in statement of comprehensive income (SOI):

	2022	2021
	£'000	£'000
Current service cost	3,900	3,315
Past service cost	-	33
Effect of curtailments or settlements	-	123
Administration expenses	53	58
Net interest expense	641	467
Defined benefit costs recognised in statement of comprehensive income (SOI)	4,594	3,996

Notes to the Financial Statements

Defined benefit costs recognised in other comprehensive income:

	2022	2021
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	8,056	11,385
Experience gains and losses arising on the plan liabilities – (loss) / gain	(329)	2,126
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)*	1,150	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)*	2,971	-
Effects of changes in assumptions underlying the present value of the defined benefit obligation – gain / (loss)*	-	(21,280)
Other changes in assumptions	-	747
Total amount recognised in Other Comprehensive Income – gain / (loss)	11,848	(7,022)

*In 2021, data provided by the scheme actuary did not distinguish between demographic and financial assumptions.

Major categories of plan assets as a percentage of total plan assets:

	2022	2021
	%	%
Equities	38.0%	39.8%
Government bonds	22.0%	2.9%
Other bonds	8.0%	26.9%
Property	7.3%	6.9%
Cash / liquidity	5.0%	5.1%
Other	19.7%	18.4%

Notes to the Financial Statements

Sensitivity Analysis

	Central £'000	+0.1% p.a. discount rate £'000	+0.1% p.a. inflation £'000	+0.1% p.a. pay growth £'000	1 year increase in life expectancy £'000
Liabilities	145,143	142,567	147,765	145,563	149,476
Assets	(122,081)	(122,081)	(122,081)	(122,081)	(122,081)
Deficit	23,062	20,486	25,684	23,482	27,395
Projected Service Cost for next year	3,676	3,579	3,778	3,676	3,800
Projected Net Interest Cost for next year	639	587	712	650	760

Principal actuarial assumptions:

The main financial assumptions used by the actuary in calculating the figures for FRS 102 (Retirement Benefits) were:

	2022 % p.a.	2021 % p.a.
Discount rate	2.8%	2.1%
Rate of increase in salaries	4.8%	4.2%
Rate of increase in pensions	3.4%	2.8%
Inflation assumption - CPI	3.3%	2.7%

Mortality Assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2021 and March 2022 are based on the S3PA CMI 2018 tables for both non-retired members and current pensioners.

Notes to the Financial Statements

The assumed life expectations on retirement at age 65 are:

Life expectancy	2022 years	2021 years
Retiring today:		
Males	20.9	21.0
Females	24.0	24.1
Retiring in 20 years:		
Males	22.4	22.6
Females	25.9	26.0

Social Housing Pension Scheme (SHPS)

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Notes to the Financial Statements

We have been notified by the Trustee of the Scheme that it 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.

Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability):

	2022	2021
	£'000	£'000
Fair value of plan assets	2,522	2,159
Present value of defined benefit obligation	(2,790)	(2,984)
(Deficit) in plan	(268)	(825)

Reconciliation of opening and closing balances of the fair value of plan assets:

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	2,159	1,855
Interest income	49	44
Experience on plan assets (excluding amounts included in interest income) – gain	248	208
Contributions made by the employer	111	123
Contributions by plan participants	26	31
Benefits paid and expenses	(71)	(102)
Fair value of plan assets at end of period	2,522	2,159

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £297k (2021: 252k).

Strategic Report

Reconciliation of opening and closing balances of the defined benefit obligation:

	2022 £'000	2021 £'000
Defined benefit obligation at start of period	2,984	2,147
Current service cost	105	66
Expenses	4	4
Interest expense	67	50
Contributions by plan participants	26	31
Actuarial loss due to scheme experience	34	50
Actuarial (gain) / loss due to changes in demographic assumptions	(41)	10
Actuarial (gain) / loss due to changes in financial assumptions	(318)	728
Benefits paid and expenses	(71)	(102)
Fair value of plan assets at end of period	2,790	2,984

Defined benefit costs recognised in statement of comprehensive income (SOI):

	2022 £'000	2021 £'000
Current service cost	105	66
Expenses	4	4
Net interest expense	18	6
Defined benefit costs recognised in statement of comprehensive income (SOI)	127	76

Defined benefit costs recognised in other comprehensive income:

	2022 £'000	2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain	248	208
Experience gains and losses arising on the plan liabilities – (loss)	(34)	(50)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	41	(10)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	318	(728)
Total amount recognised in Other Comprehensive Income - gain (loss)	573	(580)

Notes to the Financial Statements

Assets:

	2022	2021
	£'000	£'000
Absolute Return	101	119
Alternative Risk Premia	83	81
Cash	9	-
Corporate Bond Fund	168	128
Credit Relative Value	84	68
Currency Hedging	(10)	-
Distressed Opportunities	90	62
Emerging Markets Debt	73	87
Global Equity	484	344
High Yield	22	65
Infrastructure	180	144
Insurance-Linked Securities	59	52
Liability Driven Investment	703	549
Liquid Credit	-	26
Long Lease Property	65	42
Net Current Assets	7	13
Opportunistic Credit	9	59
Opportunistic Illiquid Credit	85	55
Private Debt	65	51
Property	68	45
Risk Sharing	83	79
Secured Income	94	90
Total assets	2,522	2,159

Notes to the Financial Statements

Key assumptions

	2022 % p.a.	2021 % p.a.
Discount rate	2.77%	2.22%
Inflation (RPI)	3.40%	3.18%
Inflation (CPI)	3.11%	2.88%
Salary Growth	4.11%	3.88%
Allowance for commutation of pension for cash at retirement (as a percentage of maximum allowance)	75%	75%

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies at age 65:

	2022 Years	2021 Years
Male retiring in 2022 (2021)	21.1	21.6
Female retiring in 2022 (2021)	23.7	23.5
Male retiring in 2042 (2041)	22.4	22.9
Female retiring in 2042 (2041)	25.2	25.1

28. Financial commitments**Capital expenditure commitments were as follows:**

	2022 £'000	2021 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	16,661	8,668
Expenditure authorised by the Board, but not contracted	3,249	17,296
	19,910	25,964

The above commitments will be financed primarily through current cash balances and the draw down under existing loan arrangements.

29. Operating leases

Payments

Total future minimum lease payments relate to the motor vehicle fleet and are set out below:

	Group and Company	
	2022 £'000	2021 £'000
Motor vehicles minimum lease payments		
Less than one year	539	406
One to five years	2,298	478
More than 5 years	181	-
	3,018	884

Receipts

Total future minimum lease receipts relate to properties leased to Bamboo and are set out below:

	Group and Company	
	2022 £'000	2021 £'000
Property minimum lease receipts:		
Less than one year	358	461
One to five years	146	524
	504	985

30. Contingent liabilities

There were no contingent liabilities at 31 March 2022 (2021: none).

Notes to the Financial Statements

31. Net cash inflow from operating activities

	2022 £'000	2021 £'000
(Deficit) / surplus for the year	(8,489)	4,058
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	9,453	9,311
Impairment of tangible fixed assets	164	-
Revaluation of investment properties	(1,022)	(248)
Share of profit on Joint Venture	(418)	(467)
Decrease / (increase) in properties for sale	2,715	(2,225)
Decrease in stock	3	49
Increase in trade and other debtors	(60)	(359)
Increase / (decrease) in trade and other creditors	1,924	(296)
Pension costs less contributions payable	3,552	2,484
Carrying amount of tangible fixed asset disposals	686	372
<i>Adjustment for investing and financial activities:</i>		
Proceeds from the sale of tangible fixed assets	(4,177)	(2,119)
Government grants utilised in the year	(321)	(259)
Interest payable	2,814	2,969
Interest receivable	-	(4)
Loan re-financing costs	13,386	-
Taxation paid	231	-
Net cash generated from operating activities	20,441	13,266

Notes to the Financial Statements

32. Financial assets and liabilities**Financial assets**

Other than short-term debtors, financial assets held are cash balances held as cash at bank. They are sterling denominated and the amounts and interest rate profile at 31 March was:

	2022 £'000	2021 £'000
Floating rate	16,191	5,169
Fixed rate	-	-
	16,191	5,169

The floating rate financial assets attract interest at rates that vary with bank rates.

The Group's financial liabilities are sterling denominated. The amounts and interest rate profile of the Group's financial liabilities at 31

	2022 £'000	2021 £'000
Floating rate	-	43,722
Fixed rate	87,391	32,428
	87,391	76,150

Following refinancing in the year, the fixed rate liabilities have been drawn down at the fixed rates of 3.0% on £42.4m and 3.3% on £45.0m (2021: 5.4% on the whole amount).

The floating rate financial liabilities bear interest rates based on the three-month SONIA plus a margin of 1.025%.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

Notes to the Financial Statements

	2022 £'000	2021 £'000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	50,000	47,950
	50,000	47,950

33. Analysis of net debt

Group	1 April 2021 £'000	Cash Flow £'000	Non-cash movement £'000	31 March 2022 £'000
Cash and cash equivalents	5,169	11,022	-	16,191
Loans due within one year	-	-	-	-
Loans due after one year	(76,150)	1,150	(12,391)	(87,391)
Changes in net debt	(70,981)	12,172	(12,391)	(71,200)

Company	1 April 2021 £'000	Cash Flow £'000	Non-cash movement £'000	31 March 2022 £'000
Cash and cash equivalents	4,021	10,932	-	14,953
Loans due within one year	-	-	-	-
Loans due after one year	(76,150)	1,150	(12,391)	(87,391)
Changes in net debt	(72,129)	12,082	(12,391)	(72,438)

The non-cash movement relates a Mark-to-Market premium paid as part of the refinancing exercise completed in the year which has been borrowed.

Notes to the Financial Statements

34. Related parties

There were no Board members who were tenants of Magenta Living during the year (2021: 1 Board member who was charged £3,417 rent).

The Board included one elected member of Wirral Metropolitan Borough Council. The member who served during the year was:

- Steve Foulkes (resigned 1 April 2021)

None of the Board members who are councillors are able to use their position to their advantage. Declarations of interest are taken at each Board meeting and connected parties leave the meeting during relevant discussions/decisions.

Transactions with non-regulated entities

During the year the Group had intra group transactions with subsidiary Wirral Partnership Homes (Developments) Limited, an unregulated entity, of £12,313k (2021: £14,284k) relating to housing property design and build services. A management charge of £nil (2021: £308k) was made to Wirral Partnership Homes (Developments) Limited which was calculated on a pro-rata staff basis. The balance at the year-end due to Wirral Partnership Homes (Developments) Limited was £3,524k (2021: £2,655k).

During the year the Group had intra-group transactions with Hilbre Projects LLP, an unregulated entity, of £35k (2021: £29k) relating to management and build services. During the year Hilbre Projects LLP had no intra-group transactions with Starfish Commercial (2021: £101k) relating to construction management services. The balances at the year-end due to Magenta Living and Starfish Commercial were £2k (2021: £nil) and £nil (2021: £nil) respectively.

Intra-group loans and interest charges

Intra-group interest is charged by the Company to its subsidiaries at an agreed commercial rate. At present the only such agreement is in respect of a loan facility to a maximum of £20m provided by Magenta Living to Wirral Partnership Homes (Developments) Limited for on-lending

to Hilbre Projects LLP. The loan is advanced in instalments to meet approved expenditure on development for sale projects. Loan repayments are made as soon as sales receipts are received. The balance at the year-end due to Magenta Living in respect of the loan to Wirral Partnership Homes (Developments) Limited was £1,423k (2021: £7,439k). The loan interest charged in the year totalled £283k (2021: £533k). During the year Hilbre Projects LLP made net repayments of £6,016k to Wirral Partnership Homes (Developments) Limited (2021: £2,217k). The balance due from Hilbre Projects LLP to Wirral Partnership Homes (Developments) Limited in respect of the loan at the year-end was £1,423k (2021: £7,439k).

At the year-end, £1,935k (2021: £1,658) was due to Magenta Living from Wirral Partnership Homes (Developments) Limited for unpaid interest. A balance of £1,935k (2021: £1,658) was due to Wirral Partnership Homes (Developments) Limited from Hilbre Projects LLP for unpaid interest.

A provision of £3,358k (2021: £2,801k) for the potential under-recovery of the outstanding loan and interest provided from Magenta Living to Wirral Partnership Homes (Developments) Limited for on-lending to Hilbre Projects LLP has been made within the Magenta Living accounts. This provision takes into account the financial position of Hilbre Projects LLP now that it has ceased trading.

Joint venture

Magenta Living has an investment of £90k in Bamboo Estates (2021: £90k) and during the year had intra-group transactions of £335k (2021: £338k). During the year Bamboo Estates had intra-group transactions with Torus62 Limited of £217k (2021: £548k). At the year-end, there was a balance due to Magenta Living by Bamboo Estates LLP of £4k (2021: £58k) and a balance due to Torus62 Limited by Bamboo Estates LLP of £51k (2021: £5k).

Disclosures in relation to key management



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