



Sycamore Place



MAGENTA LIVING

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2024

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

CONTENTS

Board Members, Executive Directors, Advisors and Bankers	1 - 2
Strategic Report	3 - 22
Report of the Board of Directors	23 - 31
Independent Auditor's Report to the Members of Magenta Living	32 - 35
Consolidated Statement of Comprehensive Income	36
Company Statement of Comprehensive Income	37
Consolidated and Company Statements of Changes in Reserves	38
Consolidated and Company Statements of Financial Position	39
Consolidated Statement of Cash Flows	40
Notes to the Financial Statements	41 - 83

BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Chair	Ged Lucas
Other Members	<p>Stephen Allcock</p> <p>Julie Booker</p> <p>Myles Edwards</p> <p>Ann-Louise Gilmore</p> <p>Susan Goodman</p> <p>Liam Kelly</p> <p>Michael Riley</p> <p>Mike Turner</p> <p>Ann-Marie Spencer - resigned 7 November 2023</p> <p>Paul McGrady - resigned 29 April 2024</p>
Chief Executive	Debi Marriott-Lavery
Executive Directors Chief Operating Officer Chief People Officer Chief Information Officer Chief Financial Officer Executive Director of Assets Executive Director of Finance	<p>Andy Lomas - appointed 11 April 2023</p> <p>Emma Adams - appointed 1 January 2024</p> <p>Ann-Marie Spencer - appointed 1 March 2024</p> <p>Paul McGrady - appointed 19 August 2024</p> <p>Ian Thomson - resigned 24 June 2024</p> <p>Ann Monk - resigned 31 March 2024</p>
Company Secretary	Jamie Shaw

Registered office	Partnership Building, 45 Hamilton Street Birkenhead CH41 5AA
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 One Express, 1 George Leigh Street Manchester M4 5DL
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



Background

Magenta Living is a not-for-profit Registered Provider of Social Housing and registered Charity. We manage and develop social housing on the Wirral peninsular. As of 31 March 2024 Magenta Living owns and manages 12,805 homes and employs 587 staff. We are the largest affordable housing provider in Wirral, providing homes to nearly 10 per cent of Wirral's population. We have invested around £200 million in our properties over recent years and have ambitious plans to build over 1,000 new homes over the coming years.

We have a G1 (governance) / V1 (financial viability) rating from the Regulator of Social Housing. This means that, as a business, we continue to operate to the highest standards of governance and financial viability.

Everyone at Magenta is committed to provide excellent customer services with a focus on delivering social value that makes a positive impact for our customers, colleagues and communities.



Chairman's Foreword

As we reflect on the past year, it is with immense pride and optimism that I present Magenta Living's Annual Financial Report and Financial Statements for 2023/24.

The year marked a significant milestone for our organisation, as we welcomed our new CEO, Debi Marriott-Lavery Bringing a fresh perspective to the organisation and mapping a clear direction of travel through the 'Magenta Reimagined' initiative, Debi's leadership along with that of the many new faces in her skilled and experienced senior team, has steered us towards a future that is centred on transforming our culture, improving the customer experience, and building communities.

A key highlight this year has been to redefine our Purpose, Vision and Values, and ensure that they resonate with our colleagues, our customers and the communities we serve. The work involved to create them encapsulated the best examples of collaboration and inspiration and combined those with the gravity and responsibility that comes with defining the core of an organisation. The output is an authentic set of statements, truly reflecting our core beliefs, and the genuine spirit of the organisation. They have the full backing and support of the Board.

Despite the many obstacles and challenges that housing associations and our customers face, and while acknowledging the complex landscape in which we operate, we remain optimistic for the future. Our financial statements endorse that optimism and show that we remain financially robust:

- Turnover increased by £7.6m to £77.2m.
- Operating Surplus of £5.2m from £2.0m in 2022/23.
- Reserves Surplus of £151.6m.

Another significant highlight of the past year has been the development of our new six-year strategic vision and plan: *'The Road*

to 2030: Be More Magenta'. The Board and I are excited about this ambitious roadmap. It sets a clear direction for our organisation as we continue to transform and make a significant impact as an anchor organisation for our communities across the Wirral and further afield.

I would like to thank my fellow Board directors whose guidance and commitment has been instrumental in steering us through the challenges posed, the complex decisions made and in embracing the reawakening of Magenta Living through its new leadership and strategic vision and plan. Next year I look forward to welcoming three new non-executive directors to the Board and my deepest thanks and appreciation go to those retiring Board members they will replace.

I would also like to thank the Chair of our Communities Committee, Wendy Gooley, and her fellow customer representatives, who give their time to provide important feedback, scrutiny and help towards shaping our services.

As we move forward, I am confident that the foundations we have laid this year will propel us towards a brighter and more prosperous future. Together, we will continue to build on our successes and navigate the undoubtable challenges ahead with continued determination and resilience.

Thank you for your continued support.

Ged Lucas
Chair



Chief Executive's Foreword

When I joined Magenta Living just before the start of the 2023/24 financial year, we promptly launched 'Magenta Reimagined', a one-year transitional plan, to deeply understand our business, reimagine our operations and our services to customers, and embark on a journey of transformational change. This initiative was all in pursuit of developing a new six-year Strategic Vision & Plan, guiding us towards 2030. The journey has been marked by both challenges and successes.

The narrative of this year unfolded in three pivotal chapters: transforming our culture, enhancing the customer experience, and building strong communities. These guiding principles have propelled us forward throughout the year and will continue to do so in the years to come.

Fostering trust, happiness, engagement, and wellbeing among our workforce was a clear priority and the key to generating excitement and buy-in for our future transformation. The introduction of The Happiness Index cultural assessment survey tool, in early April 2023 provided valuable insights into how our colleagues were feeling and established a benchmark for improvement. When we repeated the survey at the end of the financial year in March 2024, we were greatly encouraged by the significant enhancement in our culture, notably our 97% engagement score, in such a short period of time.

Having last been looked at in 2018, Magenta's core purpose and vision statements were refreshed and relaunched in September 2023 and feature prominently in our new Strategic Vision & Plan. We are extremely proud of our commitments to empowering people, opening doors to homes full of love, communities full of life, a world full of possibilities and to doing the right thing.

Doing the right thing means truly understanding who is behind the door of each of our homes and recognising their unique needs and circumstances. With an

eye to new Consumer Standards and Tenant Satisfaction Measures, we completed a detailed customer profiling exercise to understand who our customers are and ensure we continue to provide the services they need. We introduced a new Customer Director role and began implementing Salesforce as our Customer Relationship Management (CRM) platform. Additionally, we launched Video Remote Assistance to support customers in their homes and improve repairs diagnosis, ensuring that we address concerns promptly and continuously improve our processes to provide a positive experience for everyone. In the coming year greater digitalisation and full roll-out of the Salesforce CRM will enable customers to pay rent or schedule their own repair appointments at times that suit them.

We have made new connections and revitalised relationships with the local authority, key stakeholders, and partners across the Wirral. We have clearly demonstrated and firmly established our commitment, by signing a memorandum of understanding, to being at the forefront of the major housing and regeneration development projects on the Wirral. We're open for business and eager to hear from those keen to collaborate with us. As an anchor organisation, we play a pivotal role in the community, driving economic growth, and fostering strong, sustainable partnerships that benefit everyone involved.

Our legacy development project, Three Sails Point, faced significant challenges due to unforeseen ground issues that required extensive management, consultation, and negotiation to resolve. Fortunately, we have successfully navigated these obstacles in year, and construction has now resumed on site. In terms of building safety, our attention on discovering and eradicating damp and mould in our homes has remained high on our agenda. A new case management system was introduced in October 2023 enabling us to robustly manage instances where we have been notified, or our stock condition surveys have highlighted its presence. We have also identified three out of our eight high-rise buildings require the removal of external wall insulation. This crucial work began just at the end of the financial year, ensuring that we continue to prioritise the safety and well-being of our residents.

Magenta won several awards in 2023/24 including:

- **Northern Housing Awards – Team of the Year: Income Team;**
- **Housing Technology Awards – Digital Transformation Solution: Salesforce Damp & Mould Case Management;**
- **Direct Works Awards – Inspirational Employee Award & Customer Experience Award;**
- **Travis Perkins Community Award – Community Hub Award: Magenta/Voice of Egremont Community Centre.**

Alongside all we have accomplished this year, perhaps our most notable achievement is the finalisation of the corporate plan. The ‘Road to 2030: Be More Magenta’ Strategic Vision & Plan outlines our ambitious roadmap for the next six years, from 2024 to 2030. This comprehensive plan, developed through a collaborative effort involving colleagues,



customers, and the Board, sets out our guiding principles, strategic focus areas, and long-term goals. The vision emphasises transforming the company culture, improving customer experience, and building strong communities. It also addresses the challenges posed by the evolving political and economic landscape, the need for sustainable and affordable housing, and the importance of innovation and digital transformation and growing our products and services. The plan includes specific strategic goals such as building 1,000 new homes, achieving high customer satisfaction levels, and investing significantly in existing homes and energy reduction initiatives.

With the appointments of a number of new executive and senior directors in year, this influx of new talent brings a wealth of experience and innovative ideas, which will drive us forward.

I would like to end with a final note of thanks to my colleagues who so warmly welcomed me and continue to be right beside me in truly making a difference for our communities across the Wirral, they are a talented, fun-loving, spirited bunch and together we’re aiming high, dreaming big and aspiring to achieve great things!

Debi Marriott-Lavery
Chief Executive



BUSINESS AREA ACTIVITY

Business Transformation

Magenta's Change Portfolio serves as the means to transform the organisation.

Current projects include implementing a Customer Relationship Management solution to give a unified view of customers, enhance case management, and innovate customer engagement. In 2024, Magenta plans to launch an analytics hub that will consolidate data from diverse business sources, providing a foundation for integrating external data and offering advanced analytics capabilities.

Additionally, a new cloud-based Finance System will be deployed in 2024, allowing Magenta to streamline processes and

boost financial analytics. An important focus for the upcoming year is establishing a target operating model to support the rollout of Magenta's new business strategy.

Magenta continues to advance its IT capabilities with a strategy aimed at utilising modern technology platforms and cutting down the number of IT systems. Their approach focuses on driving efficiency and enhancing customer experiences through cloud-based technologies. The redesigned data strategy ensures innovative data solutions are in place to fully leverage their extensive data resources.

ASSETS & COMPLIANCE

Magenta recognises that safe and secure housing is a fundamental human right and remains committed to ensuring that our customers have safe affordable and sustainable homes whilst navigating the headwinds within the social housing sector and amidst the evolving political and economic climate.

Repairs and Maintenance:

We have seen a significant increase in the volume of routine maintenance jobs and their associated costs. Although the overall expenditure was lower than the previous year, the responsive repairs budget for 2022/23 was overspent. This was due to responding to approximately 3,000 more jobs than budgeted and the increased cost of some materials caused by inflation. The focus on damp and mould has also been a significant contributor to the costs in this area. We are continuing to strengthen the area of assets and

compliance with the imminent appointment of a Chief Compliance Officer. Throughout 2023/24, we have also made significant strategic decisions, such as removing high-rise cladding, as part of our commitment to keep our tenants safe.

Stock Condition Survey:

Magenta aims to achieve 100% stock condition data that is no more than five years old, an increase from the previous target of 80%. This includes energy performance assessments, scheduled to be delivered from 2024 to 2028. Alongside this, Magenta Living employs an Asset Performance Evaluation (APE) model to identify financially poor-performing properties. The APE model calculates the income vs. expenditure over a 30-year period to determine the Net Present Value (NPV). This model allows us to combine financial data with social objective data for a comprehensive view of asset performance.

Proactive Asset Management Strategy:

Magenta operates a robust Proactive Asset Management Strategy, using data to make informed decisions about future investments in our stock. The team also provides a safety-focused service to customers and promotes an integrated approach to delivering value for money in maintenance and improvement services. This ensures that Magenta's homes are well-maintained and safe for residents.

Magenta is continually investing in its existing homes to ensure they meet modern standards and expectations. The company has updated the Net Present Value of each property to better understand the balance between investment needs and returns. In response to the National Housing Federation's efforts to develop an updated, practical Decent Homes Standard, Magenta is prepared to identify the financial resources required for future investments early on. Among the six priority compliance areas, special attention is given to fire risk assessments, electrical installations, and gas safety measures.

Magenta's Climate Change strategic framework commits the organization to becoming a Zero Carbon Housing Association by 2050.

Over the next five years, it plans to:

- Implement a strategic delivery framework focused on fabric-first improvements.
- Provide detailed carbon literacy training across the organization.
- Reduce fuel poverty by ensuring that all of the Group's homes achieve an EPC rating of C (SAP69+) by 2030.

Empty Homes:

Magenta continues to focus on delivering improvements in this area. Average relet times continue to improve and empty homes rent loss reduced from 1.33% to 1.21%.

Building Services for Third Parties and Lease-owners:

The Group provides building services to various third parties and lease-owners. The income for the year was £230k (2023: £570k), yielding a surplus of £34k (2023: £75k).

Compliance:

Magenta Living prioritises safety in asset management and has crafted investment plans to follow top industry compliance standards. The company promptly procures compliant contracts to ensure consistent quality, cost efficiency, and better customer service.



DEVELOPMENT AND REGENERATION

The construction industry faces economic shifts, with stabilized high prices affecting material and labor costs, making viable project production more challenging. The primary risk to development remains contractor insolvency. Magenta is recovering from such impacts, and continues to deliver affordable housing, aiming for 1,000 new homes by 2030.

In 2023/24, Magenta invested £16.6m, including a £4.2m grant from Homes England, in developing homes in Wirral and Cheshire East. We built 187 new homes for various affordable housing options and have 94 units in progress and 128 stalled due to contractor insolvency, set to remobilize in 2024/25.

Magenta Living's Development strategy aims to provide customers with new homes and a variety of tenure options despite ongoing challenges in the construction industry. While the program faced contractor delays, insolvencies, and increased costs, in 2023/24 we were able to successfully complete 187 new homes, against a target of 215, and started 114 further units, against a target of 159.

Magenta is exploring Modern Methods of Construction and energy efficiency, reviewing building specifications to meet the Future Homes Standard and engaging with customers for design input. We are partnering with new and exciting local organisations like Starship to develop long term sustainable homes using new technologies and modern methods of construction to deliver on Net Zero Carbon targets and providing highly energy efficient homes for our customers.

The development strategy will be updated to align with Magenta's growth, regeneration plans, and provision of specialist accessible housing.



The Board maintains a balanced risk appetite for existing and new home programs but is cautious about further commitments to building homes for sale due to economic downturns and associated risks. Rising inflation, skilled labour retention issues, and new building regulations requiring higher energy efficiency have made it difficult to sustain value-for-money efficiencies. The Development team addresses these challenges with rigorous financial assessments, value-for-money research, and cost controls.

To manage risk and financial exposure, Magenta has reduced the volume of land-led packages in its pipeline. Looking ahead, the development strategy will focus on the Wirral area, aiming for regeneration, growth, and building a pipeline for new homes over the next six years.

Wirral Council's Birkenhead Regeneration Framework aims to transform Birkenhead and the 'left bank' of the Mersey. Magenta, as a key institution in Wirral, signed a memorandum of understanding (MoU) with the Council in October 2023 to outline their collaborative efforts on this project. The MoU establishes the terms and conditions of their partnership to enhance place-making in the Borough, aligning with their corporate objectives.

The collaboration focuses on:

- **Developing, maintaining, and managing affordable housing.**
- **Addressing the Borough's housing needs.**
- **Supporting the Birkenhead 2040 Regeneration Framework and the Left Bank programme through shared vision and partnership.**
- **Promoting a sustainable, clean-energy Borough responsive to the climate emergency.**
- **Improving outcomes for children, young people, and families, regardless of background.**
- **Fostering a prosperous, inclusive economy by supporting businesses and creating jobs and opportunities for all.**

Wirral Council has demolished two annex buildings, next to the grade 2* Wallasey Town Hall and Magenta is undertaking a feasibility study on building affordable housing on both sites.

The Magenta Development and Regeneration Group co-ordinates Magenta's approach to Assets and Development and feeds into Board's Asset and Development Committee. This group co-ordinates considerations relevant to our asset and development programme for business areas such as housing management, repairs and maintenance

and community teams to ensure a joined up, comprehensive approach to ensure all financial implications are identified early, are affordable within the business plan and align with the priorities outlined within 21 Wirral neighbourhood plans.

Sales Summary:

This year, we sold 20 properties through the Right to Buy program, down from 54 last year. We have an agreement with Wirral Borough Council for sharing the proceeds. Out of the £1,115k we received (compared to £2,517k last year), we paid £411k to the council, resulting in a surplus of £569k (down from £1,362k in 2023).

For the Right to Acquire scheme, we sold 6 properties this year, a decrease from 21 last year, pulling in £638k (versus £2,392k in 2023) and creating a surplus of £554k (down from £1,971k).

We didn't make any outright sales this year, and there were no units under development by year-end.

However, we saw a rise in first tranche shared ownership sales with 30 this year, up from 10 last year. These sales brought in £2,454k (compared to £816k last year) and generated a surplus of £446k (a big jump from £1k in 2023).

We also had other property sales, including shops and auction sales, which provided us with £459k in proceeds (up from £60k last year) and £435k in profits (up from £55k in 2023).



CUSTOMER

Magenta is focused on enhancing customer experience by transforming its business. Using customer data, it has sought to understand its customer base and ensure services meet their needs. Through independent research, Magenta has gained valuable insights into customer segments, motivations, challenges, and aspirations. This information will shape future service design and improve resource efficiency. Additionally, it collects transactional customer satisfaction data to ensure service quality. Strategic survey work assures that new homes are designed to meet future demands. Magenta actively encourage tenants' involvement in decision-making by promoting different ways of getting involved (Magenta Communities Committee, Magenta Connect and Compass). There are clear reporting arrangements between these customer forums, the business and the Board.

Many of Magenta's customers are struggling with the rising cost of living, 27% of which live on a household income of £10k or less. Magenta acknowledges its role in helping these customers. These financial difficulties endanger not only their health and well-being but also the company's finances as customers struggle to pay. Additionally, the transition from legacy benefits to Universal Credit, continuing through 2024/25, poses a strategic risk for Magenta due to potential rent arrears and bad debts.

Magenta offers various support services to assist customers in financial hardship with paying rent and maintaining tenancies. Their effective customer engagement has kept rent collection rates high, and robust controls allow early identification of intervention needs. In 2023/24, the team helped customers secure an extra £2.67m in benefits and provided £125k for rent relief.

Homelessness and rough sleeping continue to be problematic, with numbers increasing nationwide. Magenta has addressed this issue by collaborating with Liverpool City Region's (LCR) Combined Authority and Property Pool Plus, and by backing the Region's Housing First initiative, which aims to house and support individuals with multiple and complex needs. In the coming year, Magenta will evaluate its Letting Policy to ensure it meets the diverse housing needs present in the communities it serves.

The Board has partnered with Your Homes Newcastle to offer affordable furniture. This service requires minimal resources from Magenta Living but offers value, preventing 'furniture poverty' and its impacts. Payment can be made via Housing Benefit, Universal Credit, or self-payment, with 983 packages taken up by 31 March 2024 (2023: 647). In the 2023/24 financial year, this service generated a surplus of £71k (2023: £60k), which will be reinvested in Magenta Living for future initiatives.

Complaints

The organization is undergoing a transformation journey expected to last until 2030, with a focus on placing customers at the core of our mission. Engaging with residents is essential to adapt our services to their needs and addressing their complaints is key to our ability to keep to our commitments to support our tenants.

We received 1,175 stage 1 complaints of which 962 were resolved and 184 were cancelled. 83 stage 2 complaints were received with 81 being resolved. 82.7% Stage 2 Complaints resolved within Housing Ombudsman timescales. 95.5% Stage 1 Complaints resolved within Housing Ombudsman timescales.

During 2023/24, the top five teams or subjects central to our complaints were:

- **Damp & Condensation (45 complaints)**
- It's common to hear complaints about damp and condensation. We understand the problems these issues cause in many homes and are committed to working with residents to fix them quickly. Early identification is essential for addressing problems, restoring normalcy, rebuilding trust, and learning from the situation.
- **Property Care Sub-Contractors (52 complaints)** - Due to the extensive range of repairs we handle, external contractors frequently help us out. We treat these technicians as part of Magenta Living, addressing complaints internally. The results of these complaints guide contract management and ensure contractors align with our mission, vision, and values.
- **Contact Centre (85 complaints)** - Our 24/7 contact centre manages around 3,000 customer interactions weekly and acts as the main contact point for various tasks and inquiries. Resolving complaints helps pinpoint process gaps and training needs for individuals or teams.
- **Gas Repairs (168 complaints)** - Under the management of Magenta Living's compliance team along with our reliable contractor Liberty Gas, significant measures are taken to maintain proper heating and hot water systems in all customer residences. Nonetheless, issues can arise. Both teams are dedicated to examining these problems thoroughly, identifying their root causes, and learning from these events to avoid future complications.
- **Responsive Repairs (253 complaints)**
- Our internal Responsive Repairs Team, which handles a variety of trades,

conducts a substantial number of repairs each year. Regrettably, there are occasions when these efforts do not meet customer expectations. The data collected through complaints and other forms of feedback enables us to identify problem areas, allowing us to focus on improvements to better the customer experience.

Social Value

Magenta utilises the HACT (Housing Associations' Charitable Trust) Wellbeing Evaluation methodology and calculate figures using the Social Value Bank, regarded as an industry standard. In 2023/24, Magenta's community regeneration activities generated £30.2m of social value in local neighbourhoods, compared to the previous year's figure of £23.6m. Magenta shares an Annual Social Value Statement with its customers each September as part of its Annual Reporting framework.

TREASURY & FINANCE

In 2021/22 Magenta refinanced, securing £137m in funding provided by NatWest to support its investments, carbon neutrality goals, and development ambitions. As of 31 March 2024, £91.4m of the total facility was drawn, with the remaining amount available under a 5-year Revolving Credit Facility (RCF) to be used as needed.

Cash Flow and Liquidity

The net cash inflow from operating activities before interest expenses was £14.4m (2023: £9.3m). Bank balances and short-term investments stood at £8m (2023: £14.1m) at the fiscal year-end.

Covenant Compliance

The covenants relevant to the loan agreement include:

- **Interest cover;**
- **Gearing;**
- **Asset cover.**

As of 31 March 2024, the Group remained compliant with all covenants.

Magenta has revised its business plan, considering recent internal and market-driven challenges. The company updated its development and investment strategies based on the most current information to guide its assumptions. This adjustment comes amidst a rapidly evolving economic landscape where interest rates and inflation have significant effects across the plan.

Payment of creditors

In line with government guidance, Magenta's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. It will comply with all of the requirements of the new Supplier Payment Practices and publish its supplier payment performance accordingly. Payment performance within 30 days for the financial year was 63%. We recognise this is below our expectations and an improvement plan has been implemented to improve this process.

Other income

The Group's lettings include garages and shops, generating £1,075k (2023: £1,021k) in income and a surplus of £696k (2023: £706k), while Bamboo Estates LLP produced £864k (2023: £837k) in external income, yielding a profit of £460k (2023: £418k), and was accounted for as a subsidiary within Magenta Living as of 31st March 2024.

Other non-social housing activities, such as leasing properties to Bamboo Estates LLP for market rent with lease charges of £305k (2023: £313k) and a surplus of £274k (2023: £259k), along with income from aerial masts and various scheme funding, contributed notable income streams during the year.

Bamboo Estates

To generate surpluses and capacity for investing in new homes and community regeneration, the Board established Bamboo Estates. Bamboo Estates, a joint venture between Magenta and Torus62, was officially dissolved in March 2023, with Torus amicably withdrawing from the partnership as the joint venture no longer aligned with its business aspirations.

Despite this, Bamboo Estates, now operating as a partnership between Magenta Living and Wirral Partnership Homes (Development) Limited, a subsidiary of Magenta Living remains a viable entity, managing 113 properties leased to Bamboo from Magenta.

Bamboo now also benefits from Rent to Buy property lettings and management, a new income stream that is expected to grow as the development programme accelerates. A review of Bamboo Estates will be conducted in Summer 2025 to consider rebranding, expanding the PRS to increase profitability, and enhancing the quality and competitiveness of customer service and offerings in the private sector market.

Bamboo has committed to reinvesting all profits received from Bamboo into internal subsidies for the development of new social properties on Wirral. The £460k generated in 2023/24 will be allocated to Magenta Living to support this initiative.

PROCUREMENT

In 2023/24 Magenta procured over 50 contracts with a combined total contract value of £25.6m. Market conditions as a result of inflation and cost of living have meant that there have been significant challenges with rising inflation and cost of living challenges, price increases and shortages in some product areas and in skilled trades that has had a negative impact on supply and demand.

Where VfM cashable savings were possible, a total of £900k savings were achieved which includes key projects like SHDF, low rise investment works programme and stock condition survey contracts. Magenta now also has a Commercial Director to ensure a rigorous approach to contract standards and value for money in this area going forward.

SUSTAINABILITY AND ENVIRONMENT

Magenta's Climate Change Framework is dedicated to reducing its carbon emissions and enhancing climate resilience in housing, while sustaining eco-friendly practices across offices and stores.

Magenta commits to ongoing learning, adapting, and implementing innovative methods to improve its sustainability efforts, with the goal of becoming a leader in the housing sector. As reaffirmed last year, our dedication lies within a 30-year, three-phase strategic framework targeting an 80% reduction in carbon usage by 2040 and achieving net zero by 2050. On a corporate level, significant actions have been undertaken in three key areas: People, Services, and Standards.

In the fifth year of SECR (Streamlined Energy and Carbon Reporting) reporting,

CO2e emissions have dropped by 350.4 tonnes, a 15% reduction since the base year (April 2019–March 2020), although less than previous years due to increased transport use. Major contributors include cuts in natural gas of 24% and electricity of 15%.

We are proud holders of 'Gold' accreditation from SHIFT for our environmental accomplishments. Magenta has allocated additional resources to establish a robust and capable sustainability team within the organisation. This team leads and collaborates with all partners on every aspect of sustainability. Magenta is also among the few registered providers to achieve the national SHIFT Gold status, distinguishing it as a leading sustainable housing provider.

Additionally, Magenta has been nominated for an ASCP award for 'Net Zero Initiative of the Year' and a Northern Housing Award for 'Best Retrofit Initiative'. These recognitions are attributed to the company's efforts in fostering a decarbonisation culture through its offices, operations, and employee engagement.

Magenta has achieved the Bronze Carbon Literate accreditation after training several Board members, the Executive Team, and colleagues. Over the next two years, Magenta aims to achieve silver accreditation. The company is also rebranding its 'Climate Champions' and the 'Climate Chronical.' This 'Green Team' will be the voice for all things sustainability, encouraging collaboration among employees and customers to advance its 30-year plan.

Other initiatives relevant to our climate agenda include:

Our Assets

In 2023, Magenta installed External Wall Insulation on 98 homes through the Government's Wave 1 Social Housing Decarbonisation Funding and an additional 40 homes under Wave 2.1.

For 2024/25, the plan is to use the £1.6m Wave 2.1 grant to complete installations across 121 homes in Birkenhead North, Bebington, and Woodchurch using various energy efficiency measures. Magenta will also apply for Liverpool City Region Wave 3 funding to retrofit around 500 properties. Additionally, an ECO4 pilot will be launched with plans to extend this funding model.

Fleet Vehicle Transport Emission Reduction

After collaborating with the Energy Saving Trust, Magenta has developed a five-year plan focusing on environmental vehicles. Initially, they installed Electric Vehicle chargers at Partnership Building and St Marys Gate. However, due to the impact of Covid and the Russia-Ukraine war on the motor industry, they extended vehicle leases and will complete fleet replacement by April 2024. The new fleet will be entirely EU Cat 6 with 5% electric vehicles.

Agile Working and Business Travel

Magenta has introduced a flexible 'hybrid' working policy, allowing colleagues to work from home. This has reduced carbon emissions by cutting down on business travel and commute mileage. In addition, activities relating to travel are limited to company cars and employee-owned vehicles for business use.

Office Decarbonisation Options

Magenta is exploring all decarbonisation possibilities at Partnership Building and St Mary's Gate. This includes examining energy use, ventilation, green procurement, IT, commuting practices, recycling (food), and water consumption. The goal is to fully decarbonise in-house

services over time. Magenta has already significantly cut energy use in 2024/25 by using timers for lighting and heating in office buildings, a practice set to extend to community buildings soon. Additionally, printing has decreased due to the digital shift, lowering paper, ink, and printer use. They've also installed 115 low-energy LED lights in office spaces.

Quantification and reporting methodology

This report follows the HM Government Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance from March 2019. Emission reporting uses the 2023 UK Government GHG Conversion Factors for Company Reporting. The reporting boundary aligns with the business's financial boundary, covering mandatory scope 1, 2, and 3 emissions, as well as optional emissions from refrigerants and electricity transmission and distribution losses. No data have been excluded; however, an estimated 16% of electricity consumption has been included due to unavailable invoices. The base year spans April 2019 to March 2020, with gross reported emissions amounting to 2,329 tonnes of CO₂e.

Target setting & responsibilities

The objective is to reduce gross scope 1, 2, and 3 CO₂e emissions per property by 2% annually, with a performance reduction of 10% reported this period. Gross global scope 1 and 2 emissions in tonnes of CO₂e per number of portfolio properties serve as the standard metric. Intensity metrics are compared yearly, and no carbon offsetting activities were recorded during this period.



VALUE FOR MONEY

The Board of Magenta Living approved its Value for Money (VfM) strategy in March 2021. The strategic approach recognises that VfM is not just about cutting costs; it is about understanding the **'Value Chain'**, and optimising the **Economy, Efficiency and Effectiveness** of everything the company does. This is achieved by considering VfM across all elements of the business including its business plan and budget, its BAU activity such as commercial contract negotiations and its forward-looking activity including service improvements plans and transformation Strategy.

To support the optimisation of the Value Chain, magenta has implemented Policies and Principles which includes detailing activities which the company will and won't consider in its drive to deliver improved VfM. These principles recognise the importance that different elements of the business play in ensuring we are able to achieve value for money and includes consideration of or strategic objectives, improvement plans, our colleagues and our assets and their sustainability. We also

measure the value generated from its community-based activities which for 2023/24 was £30.2m.

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. 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 the objectives;
- 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.



Performance against the RSH (Regulator of Social Housing) VfM Metrics

Magenta set itself ambitious target metrics for 2023/24. While many of the actuals against the range of metrics have not fully met their targets, there has been a general positive direction of travel from previous years which is an encouraging achievement given the significant external factors impacting the housing sector.

The following tables provides fuller details of Magenta's performance against the RSH's VfM metrics and future plans and targets.

Metric	Backward Look		Current Performance		Forward Look		
	2022/23	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27
	Performance	Sector/ Peer Group Median	Budget/ Target	Actual	Budget/ Target	Fcast/ Target	Fcast/ Target
Reinvestment %	6.49%	6.7% / 9.4%	22.86%	10.00%	16.40%	15.58%	15.99%
New Supply % (social)	0.27%	1.3% / 1.0%	1.50%	1.30%	0.65%	1.31%	0.88%
New Supply % (Non-social)	0.0%	0% / 0%	0.0%	-	-	0.11%	0.15%
Gearing %	31.72%	45.3% / 40.5%	38.00%	33.00%	38.72%	39.77%	41.89%
EBITDA MRI (Interest cover) %	124.48%	128.4% / 117.0%	161.74%	151.70%	154.15%	167.12%	203.61%
Headline Social Housing Cost Per Unit £	£4,956	£4,586 / £4,520	£5,309	£5,544	£5,651	£5,846	£5,935
Operating Margin Social Housing % ¹	-5.94%	19.8% / 14.8%	0.70%	3.00%	6.98%	9.88%	11.62%
Operating Margin overall % ¹	-3.54%	18.2% / 11.6%	4.10%	3.00%	11.40%	11.98%	13.49%
Return on Capital Employed	0.53%	2.8% / 3.0%	2.00%	0.70%	2.45%	3.24%	3.15%

¹ Our operating margin is adversely affected by our currently component capitalisation policy. 2023/24: 66.4% (2022/23: 17.4%) compared to sector averages in excess of 50% and often significantly higher.

It is our intention to bring this into line with the sector.

Peer group is based on organisations with a similar structure, location and size.

Performance against internal VfM metrics

The following tables provide evidence of past performance and plans for improvement against Magenta's internal VfM targets.

Metric	2022/23 Performance	2023-24 Budget/Target	2023-24 Performance	RAG Status	2024-25 Target
Empty Homes Repair Cost £	£4,004	£3,945	£5,893	●	£5,400 incl. VAT
Empty Homes Rent Loss £	1.33%	1.09%	1.21%	●	1.00%
Development starts (new 1000 unit programme)	0	159	114	●	196
Development completions (Existing programme)	36	215	187	●	82
Ongoing staff sickness levels at below peer group average	7.8 days	8.0 days	7.6 days	●	3.5%
Number of existing housing units at EPC level C or above	112	180	105	●	250
Customer satisfaction with services provided by Magenta Living (STAR survey)	86.8%	87.1%	76.7%	●	80%
Customer satisfaction with the home (STAR survey)	87.3% (home overall)	90%	70.9% (well maintained) 73.6% (safe)	●	75% (well maintained) 80% (safe)
Customer satisfaction with positive contribution to the Neighbourhood (TSM survey)	83.1%	85%	55.3%	●	70%

Commentary on the performance of each metric is included within the table.

Comments and future plans

The increase cost per unit relates to the increased level of work carried out, either due to the condition in which the void is received from outgoing tenant or works required to pass lettable standard. For 2024/25 we have identified a budget for enhancement works so we can have a clearer picture on the spend to take a void property to a lettable property. The number of voids units is reactive and there was no delays or issues in completing void works.

Due to improvements in empty homes performance including reduced relet times, empty homes rent loss has reduced from previous year. Although performance was above target we have seen improvements in empty homes rent loss from the previous year. The industrial action at the start of 2023/24 and the reliance on sub contractors resulted in year end performance of 1.21%

Performance is behind target due to prioritising the completion of historic projects. Before year end we had offers accepted on 101 S106/Off the Shelf acquisitions which are beginning to progress through the approvals process and starts on site are forecast in the business plan.

Performance is behind target due to delays at one site of 28 homes resulting from contractor cashflow difficulties and drainage remediation works. We are undertaking fortnightly valuations to assist with the contractor's cashflow.

Our target working days lost for absence in 2023/24 was 8 days with a tolerance of 8.5. Our average working days lost for that period was 7.8 days keeping us within target. Our absence target for 2024/25 is 3.5% (8 days). As we continue to manage absence in accordance with our policies and procedures we are hopeful to stay under target again for this year.

EPC reporting has proved difficult due to changes in downloads from the Government EPC register making obtaining accurate live information hard. We have now had confirmation that the restrictions put in place by government are being lifted from July.

We are also behind on Post EPCs being lodged for our completed programmed work; we are awaiting an additional 51 post EPCs from the loft insulation programme and SHDF wave 1& 2.1

Although the performance is below the target figure, this does not accurately reflect our current position. We are trying to obtain information from Liberty Gas on which properties have had a modern, more efficient boiler installed within their property. To date, we have not been able to access this information in bulk from Liberty. Because of this we cannot complete Post EPCs for these properties to include them in the performance.

Customer satisfaction with services was 76.7% against an 80% target. For the TSM (Tenant Satisfaction Measures) survey we used an external provider to ensure a level of independence. Previously this survey was carried out in-house as a telephone survey. For this year's return 80% were carried out online and as a result we have seen an impact on satisfaction levels. The results of the survey and the in depth customer segmentation data will allow us to redesign our services and should result in an increase in satisfaction in 2024/25.

Satisfaction improvement targets have been set to deliver incremental improvement in order to achieve our overall satisfaction target with the services Magenta Living Provides of 90% by 2030.

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Strategic Risk

Magenta is very positive about how the organisation is moving forward and it has a solid business plan but recognises the risks inherent within the sector and the wider economic and geo-political environment. The organisational focus remains firmly centred on its customers and ensuring that it can support them through these challenging times.

The Board is ultimately responsible for risk management and internal control arrangements at Magenta Living, ensuring appropriate arrangements are in place and monitoring the effectiveness of these.

The Board approved the current Risk Appetite and Risk Management and Assurance Framework in May 2023. The Risk Appetite determines the level of risk that the organisation is willing to tolerate in delivering its Corporate Plan and objectives. The framework sets out the overall risk and assurance approach and the roles of Board, Audit and Risk Committee and senior management

to manage, monitor, report and gain assurance on the effectiveness of its risk management and assurance activities.

Through its scheme of delegations, the Board has delegated authority to the Audit and Risk Committee to oversee the effectiveness of risk management and internal control. The Committee scrutinise the risks recorded on the strategic risk register by management, agree and monitor the delivery of the annual risk based internal audit programme and internal assurance testing activities.

The Board receives quarterly reports from the Committee, together with the minutes of the meetings, to provide assurance on the effectiveness of risk management and internal control arrangements.

Risks and opportunities are continually monitored and evaluated; this regular oversight enables management and the Board make informed strategic decisions and ensures Magenta Living adapts to changing circumstances.



The table below provides a summary of the status of Magenta Living's High and Medium strategic risks at 31 March 2024.

Risk Area & Rating	Nature of Risk	Key Controls
<p>Cyber security and IT Resilience</p> <p>High (20)</p>	<p>Failure to implement adequate security controls and resilient IT systems and infrastructure increase's chance that any vulnerabilities will be exploited, resulting in a successful cybersecurity attack</p>	<p>Continuous data loss prevention technology to detect and alert unusual levels of data extraction, encryption or deletion.</p> <p>Role based access permissions to ensure accountability for changes made to core data sets or data structure (transactional).</p> <p>Frequent snapshots, backups and test system replications to provide resilience and availability in the event of significant loss (transactional).</p> <p>Four levels of backups for Server infrastructure based on each server's importance to the business (Gold (every 6h), Silver (every 12h), Bronze (every day), Tin (every week))</p> <p>Cyber security report to ARC for review, monitoring and oversight.</p> <p>Anti-virus and threat management software in place with identified threats reviewed by IT Operations through to closure.</p> <p>Annual Mandatory Cyber Security Training for all staff</p> <p>Information Security Management policy (last reviewed Jan 2024) and associated procedures/policies in place (e.g. Acceptable Use, Access Control and Password policies etc.)</p> <p>Cyber Liability Insurance in place</p> <p>IT Change Advisory Board (IT CAB) in place to ensure all IT (Non-Standard / Emergency) changes are approved before implementation.</p>
<p>Income</p> <p>Medium (12)</p>	<p>Income negatively impacted by restrictions on the amount of rent we are able to collect, under-recovery of service charges and current macroeconomic factors negatively impacting customer affordability & rent collection rates.</p>	<p>Customers assessed for affordability at sign up of tenancy.</p> <p>Systemic proactive report (Rentsense) produced weekly to provide prioritisation for arrears payments (includes assisting tenants with welfare benefit advice).</p> <p>Weekly monitoring of key metrics (Under occupation, Universal Credit) to ensure rent collection within business plan tolerance.</p> <p>Regulations, Department of Work & Pensions, Pre-Court and Notice of Seeking Possessions orders are monitored for changes and processes updated to reflect this. Timely and effective use of the court process through to eviction.</p> <p>Annual stress testing of the single and multiple scenarios completed internally and further reviewed by 3rd parties. The report forms part of the Business Plan report which is approved by ELT Board and Board annually (includes Rent Setting affordability).</p> <p>Business Plan approved annually the Board encompassing key metrics and data. Forecasting monitored monthly along with review of actuals against budget and any remediation activities.</p> <p>Continuation of the Rent relief fund to support Customers in hardship, internal process implemented to assess and approve individual requests.</p> <p>In-house welfare benefit and financial inclusion team (service provided to support income and maximise benefit income).</p>

Risk Area & Rating	Nature of Risk	Key Controls
<p>Development Programme</p> <p>Medium (15)</p>	<p>Development and regeneration ambitions are reduced or stopped, negatively impacting our commitment to invest in current and future homes, the overall growth strategy and our reputation in the community.</p>	<p>Development assumptions reviewed and agreed annually in conjunction with Finance. Assumptions and evidence validated by 3rd party prior to approval at Asset and Development Committee (ADC) and final approval by Board. ADC provided with Performance and Development update reports every six to eight weeks.</p> <p>Board provided with a development report for oversight of development programme and schemes.</p> <p>Approved Climate Change Strategic Plan outlining key issues, development of future builds and the use of current sites (No gas in new homes 2025 / net zero carbon homes by 2050).</p> <p>Contractor due diligence increased with a checklist including additional financial scrutiny completed.</p> <p>Contractor Monitoring & Support provided.</p> <p>Development Strategy approved in 2022 (due for review 2026).</p>
<p>Data Governance and Integrity</p> <p>Medium (12)</p>	<p>Lack of effective data governance negatively impacts the quality, confidentiality, integrity and availability (CIA) of business-critical data, leading to poor decision making, non-compliance with regulatory and legal requirements and an increased risk of cybersecurity breaches.</p>	<p>2023 Data Strategy, outlines mechanisms to enhance data maturity.</p> <p>Data Centre of Excellence established with key stakeholders across the business.</p> <p>Data Governance Group provides oversight of improvements to data governance through its framework.</p> <p>Validation of Landlord Compliance data is completed through monthly audits to test data accuracy (monthly).</p> <p>Landlord Compliance Audit Results are provided to Assets Director and Heads of Service monthly.</p> <p>Business-wide Incident Management process in place to report, assess and remediate any incidents and near misses identified.</p> <p>Assets & Liabilities Register (ALR) refreshed and reconciled quarterly, providing a view of finance system incoming & outgoing and balance sheet asset data.</p> <p>Data Protection Officer (DPO) in place providing advice, support and oversight to the business.</p> <p>Data Protection processes are in place to support the business and work of the DPO (e.g. Subject Access Requests (SARs), Data Protection Impact Assessments (DPIA's) etc).</p>
<p>High Rise Buildings (HRB)</p> <p>Medium (12)</p>	<p>Programme of works to remove non-compliant combustible cladding identified on 3 HRB is not completed to time and budget, impacting fire safety arrangements, tenants' health and safety, financial overheads and reputational damage to Magenta</p>	<p>Fire Risk Assessment of External Walls (FRAEW) Assessment completed on all HRB's.</p> <p>Options appraisal completed including impact on the 24/25 Business plan. (Option to remove cladding approved by Board with an investment of c£2m in 24/25)</p> <p>Customer Impact Assessment completed which will inform the contractor selection to minimise disruption.</p> <p>Programme of works agreed, and Contractor appointed (Contractor due diligence completed as part of tender process).</p> <p>Project Governance arrangements are in place (High Rise Steering Group, Monthly working group). Action trackers maintained to ensure any concerns are escalated appropriately and any issues are managed.</p> <p>Delivery plan in place and monitored with technical project support, comms and customer support. Customer communications plan to ensure customers are kept fully informed (pre and post implementation).</p>

In addition to the high and medium risk noted in the above table, the below risks have been managed to a low/very low rating through appropriate controls overseen by the Audit and Risk Committee:

- Transformation Programme (Low/9);
- People (low/9);
- Property Compliance (low/9);
- Treasury Management and Financial Capacity (low/8);
- Climate Change (Low/6);
- Customer Excellence (Low/6);
- Value for Money (Low/6);
- Ineffective Governance (Very Low/3).

STREAMLINED ENERGY AND CARBON REPORTING

Reasons for change in emissions

This is the fifth year of reporting under SECR. The current emissions compared to the base year (April 2019 – March 2020) have decreased by 350.4 tonnes of CO₂e, which accounts for a 15% decrease. The emissions haven't dropped as much as in previous years, as there has been an increase in company and private transport.

The main factors causing this reduction are the significant decreases in both the use of natural gas and electricity, where emissions have been reduced by 24% and 15%, respectively.

Business travel

Activities relating to travel are limited to company cars and employee-owned vehicles for business use. Increases in business travel is due to the recruitment of professional/skilled employees and associated travel expenses if they live beyond a 20 mile radius.

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 2023 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 and Estimates

There are no data exclusions in this reporting period. 16% of the electricity consumption has been estimated in this report due to a lack of invoices from the supplier.

Base year

The base year is April 2019 – March 2020 and the gross reported emissions during that period were 2,329 tonnes of CO₂e.

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 10%.

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.

SCOPE 1 CO2e (tonnes)	Specific exclusions (%)	April 21 – March 22	April 22 – March 23	April 23 – March 24
Natural Gas	None	1,030.7	894.7	978.0
Company owned transport	None	272.4	192.7	401.7
Refrigerants	None	11.3	11.3	12.7
Total Scope 1	None	1,314.4	1,098.7	1,392.4

SCOPE 2 CO2e (tonnes)	Exclusions	April 21 – March 22	April 22 – March 23	April 23 – March 24
Electricity	None	469.3	373.0	479.6
Total Scope 2	None	469.3	373.0	479.6

SCOPE 3 CO2e (tonnes)	Exclusions	April 21 – March 22	April 22 – March 23	April 23 – March 24
Electricity T & D Losses	None	41.5	34.1	41.5
Private transport for business purposes	None	43.6	41.4	65.1
Total Scope 3	None	85.1	75.5	106.6

TOTAL CO2e Scope 1, 2, 3 Gross emissions (tonnes)		1,868.8	1,547.2	1,978.6
Intensity Metric Measure (property)		329	329	313
Intensity Metric (Gross emissions) tCO2e/property		5.680	4.703	6.321

Energy Consumption	Exclusions	April 21 – March 22	April 22 – March 23	April 23 – March 24
kWh		9,122,005	7,779,145	9,674,773
Carbon offsets		-	-	-
TOTAL CO2e Scope 1, 2, 3 Net emissions (tonnes)		1,868.82	1,547.25	1,978.6
Intensity Metric (Net emissions) tCO2e/property		5.680	4.703	6.321

Energy efficiency actions

The 2023/24 reporting year has seen further progress with our climate change strategy and our aim to reduce carbon emissions. We brought forward a number of initiatives last year that we have implemented.

During 2023 we completed the installation of External Wall Insulation to 99 homes as part of Government's Wave 1 Social Housing Decarbonisation Funding scheme, and a subsequent 40 homes as part of Wave 2.1. The 2024/2025 reporting year will see us complete the remainder of our £1.6m grant funded Wave 2.1 program installations to a further 121 homes, with mixed energy efficiency measures, in three of our 21 Wirral neighbourhoods, Birkenhead North, Bebington and Woodchurch. In 2024/2025 we will also be submitting a bid within the Liverpool City Region Wave 3 Social Housing Decarbonisation Fund group funding bid, with ambitions to complete around 500 properties over the duration of the funding window. Alongside this funding stream, we will be completing an ECO4 pilot, with ambitions to use this funding at scale in future years.

As an organisation, we are committed to learning more and adapting to new ways in which we can improve our sustainability and we hope to be recognised as leading the way in the housing sector.

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.

Internal Audit (BDO)

Internal Audit plays a crucial role in offering the Audit and Risk Committee and the Board confidence regarding the adequacy and effectiveness of risk management, control, and governance processes. Magenta collaborates with its internal auditors to develop an annual programme of internal audits, prioritised according to strategic risks, emerging sector risks, and new activities.

The Audit and Risk Committee approves this annual risk-based programme and reviews all resulting reports, ensuring that any arising actions are completed. The Committee will inform the Board of any issues or trends of strategic importance. Presented below are the outcomes of the 2023/24 audit programme and the internal opinion provided by BDO in their 2023/24 annual report.



Internal Audit outcomes

Date	Report Issued	Overall Report Conclusions						
					Design	Operational Effectiveness		
July 2023	Asset Management & Investment Strategy	0	4	2	Limited	Moderate		
July 2023	Community Support, ASB & Hate Crime	0	1	1	Substantial	Moderate		
Sept 2023	H&S – Gas and Lifts	0	2	1	Gas	Substantial	Gas	Substantial
					Lifts	Moderate	Lifts	Moderate
Aug 2023	Damp & Mould – Advisory	0	2	4	N/A	N/A		
Nov 2023	IT Control Environment	1	3	1	Limited	Limited		
Oct 2023	Development	0	0	1	Substantial	Substantial		
Nov 2023	Follow Up I	N/A			N/A	N/A		
Mar 2024	Private Rented Sector (PRS)	0	3	3	Moderate	Moderate		
Jan 2024	Management Accounts	0	0	0	Substantial	Substantial		
Apr 2024	KPIs & Performance Reporting	0	1	2	Substantial	Moderate		
Apr 2024	Budget Setting & Management	0	2	0	Moderate	Moderate		
Apr 2024	Lone Working	0	1	4	Moderate	Moderate		
Apr 2024	Safeguarding	0	3	2	Moderate	Moderate		
Apr 2024	Follow Up II	N/A			N/A	N/A		

BDO ANNUAL STATEMENT OF ASSURANCE PROVIDED WITHIN THE INTERNAL AUDIT ANNUAL REPORT 2023/24

As the provider of internal audit services to Magenta Living, we are required to provide the Group Audit & Risk Committee and the Board with an opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes.

In giving our opinion, it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Board is reasonable assurance that there are no major weaknesses in the organisation's risk management, control and governance processes. In assessing the level of assurance to be given, we have taken into account:

- All audits undertaken during the year reported upon;
- Any follow-up action taken in respect of audits from previous periods;

- Management action in implementing recommendations;
- Any significant recommendations not accepted by management and the consequent risks;
- The effects of any significant changes in the organisation's objectives or systems;
- The proportion of the organisation's audit need covered to date.

Conclusion

In our opinion, based on the reviews undertaken, the follow up audits completed during the period, and in the context of materiality:

- The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.

- Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved throughout the period under review.

This view is given with the exception of:

- Asset Management & Investment Strategy, where the opinion was Limited for the design of the control environment reviewed; where actions to improve control weaknesses remained ongoing at year end, and;
- IT Control Environment, where the opinion was Limited for the design and operational effectiveness of the control environment reviewed; where actions to improve control weaknesses remained ongoing at year end.



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 2022.

Ged Lucas
Chair

GOVERNANCE

Governance 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 undertook 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.

Bamboo Estates LLP whose principal activity is the letting of housing properties at market rent in the northwest of England. Previously Bamboo Estates had been a joint venture with Torus62 Ltd but on 31 March 2023 Torus62 exited the joint venture.

Bamboo Estates remains an LLP. From 1 April 2023 Magenta Living and its subsidiary Wirral Partnership Homes (Developments) Limited are the joint venture partners.

MAGENTA LIVING BOARD

Magenta Living



100%

WPH
(Developments)
Ltd



99%

1%

Bamboo Lettings



WPH (Building Services) Ltd (Dormat)
Hilbre Homes (Dormat)

Audit & Risk
Committee

People & Culture
Committee

Assets &
Development
Committee

Magenta
Communities
Committee



Audit & Risk Committee 'ARC'

The ARC, composed of NED Members and a co-optee, advises the Magenta Living Board on the robustness of risk management, internal control, and assurance frameworks. It offers independent scrutiny and ensures transparent procedures for selecting, appointing, overseeing, and reviewing auditors, emphasizing value for money, performance measurement, process optimization, and strategic review.

People & Culture Committee 'PCC'

The PCC, composed only of NED Members, oversees and advises on governance effectiveness, NED succession planning, Board Directors' and Chief Executive appraisals, contractual matters for the Chief Executive, and remuneration for NEDs, the Chief Executive, and staff. It ensures Magenta Living attracts and retains talent while fostering an organisational culture and practices which keep our colleagues and customers safe.

Assets & Development Committee 'ADC'

The ADC consists of NED members and an Executive Director. The ADC is responsible for assisting the Magenta Living Board in fulfilling its strategic assets and 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'

The Magenta Communities Committee

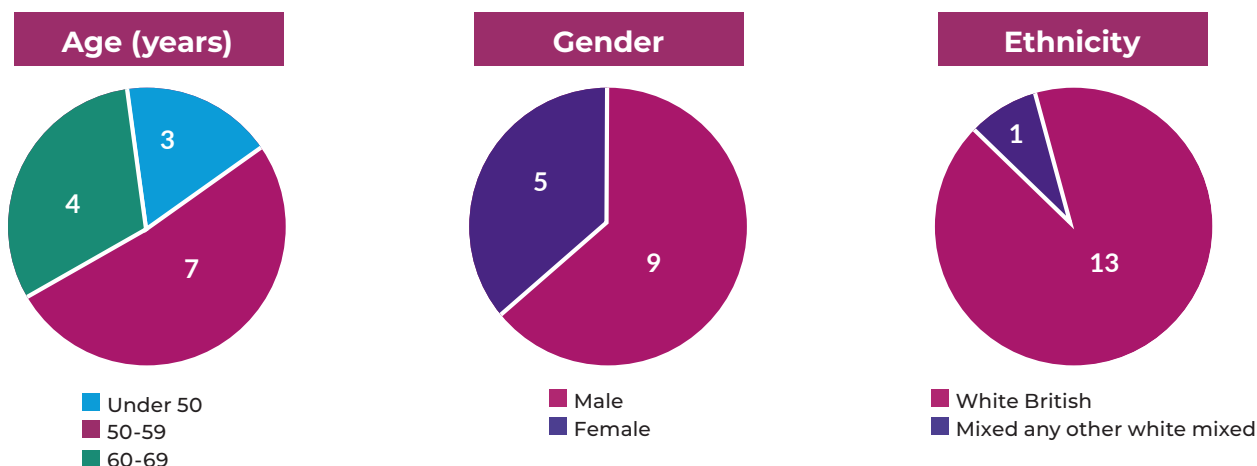
(MCC) was created to maintain formal links between customers and the Board, giving customers a say in the organisation's decisions. It consists of at least two board members and nine community members, seven of whom are tenants. MCC reviews strategies and policies affecting customers and manages a Community Fund for local initiatives. With customers in the majority, including a customer Chairperson, the Committee influences services, oversees social value activities, and represents on NHF's Tenant Panel and the Housing Ombudsman's Resident Panel.

Magenta Living Board

The current Board members and Executive Directors, along with those who served up to the approval date of these financial statements, are listed on page 1. The Board comprises individuals with diverse expertise in professional, commercial, and local areas. Appointments are skills-based, regularly assessed via a board skills matrix. Typically, members serve two three-year terms, with possible one-year extensions up to a total of nine years. The Board can have up to 12 Non-Executive Directors, meets at least four times annually, and is responsible for the Group's long-term strategy and policy implementation while ensuring legal and regulatory compliance.

The Group holds insurance policies that provide indemnity coverage for its Board members and Executive Directors against liabilities that may arise while performing their duties for the Group.

A summary of the diversity of the Board during 2023/24 is detailed below:



BOARD AND COMMITTEE MEMBERSHIP 2023/24

Magenta Living Board

Ged Lucas (Chair)
 Myles Edwards (SID)
 Stephen Allcock
 Julie Booker
 Ann-Louise Gilmore
 Susan Goodman
 Liam Kelly
 Paul McGrady
 Michael Riley
 Mike Turner
 Ann-Marie Spencer

Assets & Development

Ann-Louise Gilmore (Chair)
 Ged Lucas
 Michael Riley
 Ian Thomson (Co-optee)
 Mike Turner
 Paul McGrady

Magenta Communities

Wendy Gooley (Tenant Chair)
 Myles Edwards
 Liam Kelly

Audit & Risk

Susan Goodman (Chair)
 Stephen Allcock
 Julie Booker
 Andy McCullagh (Co-Optee)
 Paul McGrady

People & Culture

Liam Kelly (Chair)
 Myles Edwards
 Ged Lucas
 Julie Booker

Board and Committee NED Attendance

Board/Committee	% Attendance
Magenta Living Board	100
Audit & Risk Committee	87
People & Culture Committee	81
Assets & Development Committee	93
Magenta Communities Committee	85



Our Executive

The Executive Directors include the Chief Executive and other members of the Group's Executive Leadership Team, all of whom are detailed on page 1. They operate within the authority delegated by the Board.

The Chief Executive and other Executive Directors have permanent contracts with notice periods up to six months. After the Chief Executive left in December 2021, an interim filled the position until it was permanently filled in November 2022.

The Executive Directors are part of either the Social Housing Pension Scheme (defined contribution) or the Merseyside Pension Fund (defined benefit final salary). They receive the same terms as other staff, with the Group contributing on their behalf.

Executive Directors also get a car allowance along with their basic salary. Remuneration details are in note 10 of the audited financial statements.

Our Employees

The strength of the Group lies in the calibre of its employees. Achieving objectives and fulfilling commitments to tenants efficiently and effectively depends on the contribution of its workforce.

The Group communicates information regarding its goals, progress, and activities through regular office team briefs, live events, internal social media platforms, and departmental meetings that involve Board members, the Executive Leadership Team, and staff.

Magenta is dedicated to equal opportunities, supporting the employment of disabled individuals both in recruitment and in the retention of those who become disabled while working for the Group.

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



The Board acknowledges its responsibilities concerning health and safety matters. Detailed health and safety policies have been established by the Group, alongside staff training and education on these issues. It is the Group's policy to uphold and, where feasible, surpass the health and safety standards outlined by legislation.

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 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 2023 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 conservative 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 Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports from the Audit and Risk Committee together with minutes of committee meetings.

The 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 operations, current financial standing, and factors likely to influence its future progression are detailed in the Report of the Directors. The Group maintains long-term debt facilities, including £46m of unused resources as of 31 March 2024 (2023: £50m), which secure sufficient funds for committed reinvestment and development programmes alongside daily operations.

While rental income has remained consistent, the Group has faced increased short- and medium-term expenditures due to inflationary pressures and a rise in demand for planned and routine repairs. Ongoing challenges in the construction sector have further reduced planned spending during the year. However, efforts are ongoing to review and address these challenges, allowing the timing adjustments in investment for both existing housing assets and new developments to effectively manage cashflow impacts.

The long-term business plan accommodates the organisation's developmental goals to meet regional social housing demand. Moreover, the plan demonstrates the Group's capability to service its debt facilities while adhering to lender covenants. As of 31 March 2024, the Group held £7.9m in available cash balances and an additional £46m in secured but undrawn loan facilities accessible at short notice.

The Consolidated Statement of Comprehensive Income reveals a surplus of £2.5m for the year before accounting for actuarial gains pertaining to pension schemes. The underlying EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortisation) remains robust, with discretionary spending being closely managed.

Consequently, the Board reasonably expects that the Group possesses adequate resources to maintain operational existence for the foreseeable future, defined as a period of twelve months following the signing date of the report and financial statements. Therefore, the going concern basis continues to be applied 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.

Donations

During the year ended 31 March 2024 the Group has made no political contributions and any charitable donations were made during the course of its ordinary activities (2023: £nil).

Post balance sheet events

Magenta considers that there have been no events since the year end that have had a significant effect on the Group's financial position.

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. Its strategies and activities are aimed at ensuring the long-term success of the business. It believes this will be achieved by delivering Magenta's corporate plan and strategic objectives which requires it to engage with and deliver services to its 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 Magenta's stakeholders, it can factor into boardroom discussions the potential impact of its 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 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 below:

<p>The likely consequences of any decision in the long term</p>	<ul style="list-style-type: none"> • Approved the 2024-2030 Corporate Plan
<p>The interests of the company's employees</p>	<ul style="list-style-type: none"> • Approved the Annual Pay award • Reviewed Magenta's People Strategy • Reviewed and approved Magenta's Modern Slavery Statement • Reviewed and approved Magenta's Gender Gap • Reviewed and scrutinised Magenta's organisational change programme
<p>The need to foster the company's business relationships with suppliers, customers and others</p>	<ul style="list-style-type: none"> • Consideration of the impact of applying the rent increase and affordability for our customers alongside the cost of living crisis and 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"> • New Customer Relationship Management system procured • Neighbourhood Plans developed • Cost of Living Strategy implemented including community roadshows • Progression of the Climate Change Strategic Framework • Climate strategy initiatives including installation of carbon-efficiency monitoring equipment, loft insulation and LED lighting in homes, electric vehicle charging points installed at Magenta offices and electric vehicles forming a percentage of Magenta's fleet contract
<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 • Customer satisfaction survey widened to increase potential respondents • Compilation of Tenant Satisfaction Measures • Completion of an Asset Performance Evaluation
<p>The need to act fairly as between members of the company.</p>	<ul style="list-style-type: none"> • Reviewed the Group Co-operation Framework

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 21 March the Board, through its delegation to Magenta Living's People and Culture Committee, was assured that Magenta Living is fully compliant with the Code.

Continuous Improvement and Governance

The Board continually enhances its governance effectiveness. In 2023/24:

- Magenta Living fully complied with the NHF Code of Governance 2020.
- The Board and Committees assessed their effectiveness after every meeting, and all NEDs completed the annual survey.
- The PCC approved an Associate Board Director Programme.

The Board finished its action plan based on internal effectiveness surveys.

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 Association 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 2022. 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 websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Audit and Risk Committee on 7 September 2023.

Annual General Meeting

The annual general meeting was held on 25 September 2024.

Approval

The Report of the Board was approved by the Board on 25 September 2024 and signed on its behalf by:



Ged Lucas Chair of Board

Opinion

We have audited the financial statements of Magenta Living (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 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 2024 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 2022.

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 Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Report of the Board of Directors 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 Report of the Board of Directors.

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 30, 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 website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of laws, regulations and guidance that affect the Group and parent Company, focusing

on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the 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 2022, 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 the 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.

Mark Bradley BA BFP FCA
(Senior Statutory Auditor)

For and on behalf of
Beever and Struthers, Statutory Auditor
Suite 9b, The Beehive, Lions Drive
Shadsworth Business Park,
Blackburn BB1 2QS

Date:

Consolidated Statement of Comprehensive Income

	Note	2024 £'000	2023 £'000
Turnover	3	77,224	69,604
Cost of Sales	3	(2,204)	(1,552)
Operating expenditure	3	(72,285)	(70,516)
Gain on disposal of housing properties	3,6	1,558	3,388
		4,293	924
Gain on revaluation of investment properties	15	874	1,045
Operating surplus	5	5,167	1,969
Share of profit in joint venture	17	-	458
Interest receivable and other finance income	7	455	38
Interest payable and financing costs	8	(3,102)	(3,604)
Surplus/(deficit) on ordinary activities before taxation		2,520	(1,139)
Tax on surplus on ordinary activities	11	(49)	(1)
Surplus/(deficit) for the year		2,471	(1,140)
Actuarial gain in respect of MPF pension scheme	27	188	34,388
Actuarial (loss) in respect of SHPS pension scheme	27	(138)	(99)
Total comprehensive income for the year		2,521	33,149

The consolidated results relate wholly to continuing activities. The accompanying notes on pages 41 to 83 form part of these financial statements.

The financial statements on pages 36 to 83 were approved by the Board and authorised for issue on 25 September 2024 and signed on its behalf by:

Gerard Lucas
Chair



Susan Goodman
Chair of Audit and Risk



Company Statement of Comprehensive Income

	Note	2024 £'000	2023 £'000
Turnover	3	76,661	69,604
Cost of sales	3	(2,204)	(1,303)
Operating expenditure	3	(71,795)	(70,446)
Gain on disposal of housing properties	3,6	1,558	3,388
		4,220	1,243
Gain on revaluation of investment properties	15	874	1,045
Operating surplus	5	5,094	2,288
Interest receivable and other finance income	7	873	456
Interest payable and financing costs	8	(3,102)	(3,604)
Surplus/(deficit) on ordinary activities before taxation		2,865	(860)
Tax on surplus on ordinary activities	11	-	-
Surplus/(deficit) for the year		2,865	(860)
Actuarial gain in respect of MPF pension scheme	27	188	34,388
Actuarial (loss) in respect of SHPS pension scheme	27	(138)	(99)
Total comprehensive income for the year		2,915	33,429

The company's results relate wholly to continuing activities. The accompanying notes on pages 41 to 83 form part of these financial statements.

The financial statements on pages 36 to 83 were approved by the Board and authorised for issue on 25 September 2024 and signed on its behalf by:

Gerard Lucas
Chair



Susan Goodman
Chair of Audit and Risk



Consolidated and Company Statements of Changes in Reserves

	Consolidated Income & Expenditure Reserve	Company Income & Expenditure Reserve
	£'000	£'000
Balance as at 31 March 2022	115,903	118,341
Deficit for the year	(1,140)	(860)
Actuarial gain in respect of MPF pension scheme	34,388	34,388
Actuarial (loss) in respect of SHPS pension scheme	(99)	(99)
Closing reserves as at 31 March 2023	149,052	151,770
Surplus for the year	2,471	2,865
Actuarial gain in respect of MPF pension scheme	188	188
Actuarial (loss) in respect of SHPS pension scheme	(138)	(138)
Closing reserves as at 31 March 2024	151,573	154,685

The accompanying notes on pages 41 to 83 form part of these financial statements.

Consolidated and Company Statement of Financial Position

Company Number: 04912562

At 31 March	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Tangible fixed assets – housing properties	12	252,044	230,985	256,806	235,589
Other tangible fixed assets	13	3,533	3,571	3,533	3,571
Intangible fixed assets	14	625	-	625	-
Investment properties	15	16,225	15,351	16,225	15,351
Investment - subsidiary	16	-	-	220	130
Investment in joint venture	17	-	660	-	90
		272,427	250,567	277,409	254,731
Current assets					
Properties held for sale	18	3,216	6,401	3,216	6,401
Stock		239	125	239	125
Debtors: amounts due within one year	19	6,043	4,253	6,374	4,716
Debtors: amounts due after more than one year	19	236	-	236	-
Cash and cash equivalents	20	7,981	14,127	5,212	12,161
		17,715	24,906	15,277	23,403
Creditors: Amounts falling due within one year	21	(16,926)	(14,770)	(16,438)	(14,793)
Net current assets/(liabilities)		789	10,136	(1,161)	8,610
Total assets less current liabilities		273,216	260,703	276,248	263,341
Creditors: Amounts falling due after more than one year	22	(128,253)	(118,568)	(128,173)	(118,488)
Provisions for liabilities					
Pension provision MPF	27	6,952	7,199	6,952	7,199
Pension provision SHPS	27	(342)	(282)	(342)	(282)
Total net assets		151,573	149,052	154,685	151,770
Reserves					
Income and expenditure reserve		151,573	149,052	154,685	151,770
		151,573	149,052	154,685	151,770

The accompanying notes on pages 41 to 83 form part of these financial statements. The financial statements on pages 36 to 83 were approved by the Board and authorised for issue on 25 September 2024 and signed on its behalf by:

Gerard Lucas
Chair



Susan Goodman
Chair of Audit and Risk



Consolidated Statement of Cash Flows

	Note	2024 £ '000	2023 £ '000
Net cash inflow from operating activities	31	14,409	9,342
Cash flow from investing activities			
Purchase and construction of housing properties		(28,600)	(15,000)
Purchase of other tangible fixed assets		(157)	-
Purchase of intangible fixed assets		(706)	-
Proceeds from sale of housing properties		1,776	4,108
Social Housing Grant received		6,176	1,990
Interest received		46	456
		(21,465)	(8,446)
Cash flow from financing activities			
Loan draw-down of borrowing		4,000	-
Interest paid		(3,090)	(2,960)
		910	(2,960)
Net change in cash and cash equivalents		(6,146)	(2,064)
Cash and cash equivalents at beginning of the year		14,127	16,191
Cash and cash equivalents at end of the year	20	7,981	14,127

The accompanying notes on pages 41 to 83 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
Bamboo Estates LLP	Companies Act 2006	Non-registered
Hilbre Projects LLP	Companies Act 2006	Non-registered
Wirral Partnership Homes (Building Services) Limited*	Companies Act 2006	Non-registered

* dormant company

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 2022.

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, as at 31 March 2024 the group had available cash balances of £7.9m and a further £46m of secured but undrawn loan facilities that could be drawn at short notice, therefore the Group considers it appropriate to continue to prepare the financial statements on a going concern basis.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates.

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:

Stock and Work in progress

The Group carries stock and work in progress of properties that it intends to sell. The stock is held at cost and this is regularly compared to the recoverable amount to ensure no impairment is required. The recoverable amounts are derived from local market data and sales experience.

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, WIP or property, the viability of that unit, scheme 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. Void levels have remained consistent with historic levels and are in-line with the business plan. During the year, an impairment loss of £22k (2023: £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). There is a net asset at 31 March 2024 of £6.6m. The valuation of the pension fund assets is based on actual March 2024 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 £10.5 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 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 2024 for tangible and intangible fixed assets was £114.5m (2023: £105.6m).

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 2024 was £16.2m (2023: £15.4m).

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), Hilbre Projects LLP and Bamboo Estates LLP and are prepared using the purchase method of accounting.

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

Income from property sales is recognised on legal completion.

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 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. It is envisaged that the fund will be utilised in the coming year and so is shown as due within 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 statement of comprehensive income 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 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 accumulated depreciation and impairment losses. 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.

Freehold land is not depreciated.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and depreciates each component on a straight line basis over the following useful economic lives:

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 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. Void levels have remained consistent with historic levels and are in-line with the business plan.

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 the statement of comprehensive income. Investment properties were valued as at 31 March 2024 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 3.8% over the 12 months to the end of March 2024.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any impairment losses. Depreciation is charged on other tangible fixed assets on a straight-line basis over their expected useful lives.

Freehold offices	20-40 years
Car Parking	30 years
CCTV systems	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

Computer software is carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred. Amortisation is charged on intangible assets on a straight-line basis over their expected useful lives.

Software **3 years**

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 statement of comprehensive income 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.

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 receipt.

Notes to the Financial Statements

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

	2024	2024	2024	2024	2024
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of housing properties	Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	71,379	-	(70,860)	-	519
Other social housing activities					
Disposal of housing properties	-	-	-	1,558	1,558
Current asset property sales	2,454	(2,008)	-	-	446
Development expenditure	-	-	(444)	-	(444)
Other – social	301	-	-	-	301
	2,755	(2,008)	(444)	1,558	1,861
Activities other than social housing					
Corporate repairs	230	(196)	-	-	34
Lettings	1,939	-	(786)	-	1,153
Other	921	-	(195)	-	726
	77,224	(2,204)	(72,285)	1,558	4,293

Notes to the Financial Statements

	2023	2023	2023	2023	2023
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of housing properties	Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	66,015	-	(69,940)	-	(3,925)
Other social housing activities					
Disposal of housing properties	-	-	-	3,388	3,388
Current asset property sales	816	(815)	-	-	1
Development expenditure	-	(268)	(68)	-	(336)
Other	296	-	-	-	296
	1,112	(1,083)	(68)	3,388	3,349
Activities other than Social Housing					
Corporate repairs	570	(469)	(26)	-	75
Lettings	1,021	-	(315)	-	706
Other	886	-	(167)	-	719
	69,604	(1,552)	(70,516)	3,388	924

Notes to the Financial Statements

Company – continuing activities

	2024	2024	2024	2024	2024
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of housing properties	Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	71,379	-	(70,842)	-	537
Other social housing activities					
Disposal of housing properties	-	-	-	1,558	1,558
Current asset property sales	2,454	(2,008)	-	-	446
Development expenditure	-	-	(429)	-	(429)
Other - social	301	-	-	-	301
	2,755	(2,008)	(429)	1,558	1,876
Activities other than Social Housing					
Corporate repairs	230	(196)	-	-	34
Lettings	1,075	-	(379)	-	696
Other – non-social	1,222	-	(145)	-	1,077
	76,661	(2,204)	(71,795)	1,558	4,220

Notes to the Financial Statements

	2023	2023	2023	2023	2023
	Turnover	Cost of sales	Operating expenditure	Gain on disposal of housing properties	Operating surplus/ (deficit)
	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	66,015	-	(69,733)	-	(3,718)
Other social housing activities					
Disposal of housing properties	-	-	-	3,388	3,388
Current asset property sales	816	(815)	-	-	1
Development expenditure	-	-	(291)	-	(291)
Other	296	-	-	-	296
	1,112	(815)	(291)	3,388	3,394
Activities other than Social Housing					
Corporate repairs	570	(469)	(26)	-	75
Lettings	1,021	-	(315)	-	706
Other	886	(19)	(81)	-	786
	69,604	(1,303)	(70,446)	3,388	1,243

Notes to the Financial Statements

Turnover, operating expenditure, and operating surplus/(deficit) from social housing lettings

Group	2024 General Housing £'000	2024 Supported Housing £'000	2024 Low cost home ownership £'000	2024 Total £'000	2023 Total £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges and net of voids	57,076	9,687	180	66,943	62,172
Service charge income	2,346	398	-	2,744	2,094
Charges for support services	792	134	-	926	1,032
Amortisation of government grants	331	56	-	387	346
Other revenue grants	324	55	-	379	371
Total turnover on social housing lettings	60,869	10,330	180	71,379	66,015
Operating expenditure on social housing lettings					
Management	(22,227)	(3,772)	-	(25,999)	(25,224)
Service charge costs	(2,616)	(444)	-	(3,060)	(3,762)
Routine maintenance	(12,875)	(2,158)	-	(15,060)	(10,984)
Planned maintenance	(9,027)	(1,532)	-	(10,559)	(7,959)
Major repairs expenditure	(4,487)	(762)	-	(5,249)	(11,678)
Bad debts	(173)	(29)	-	(202)	(165)
Depreciation of housing properties	(8,520)	(1,448)	-	(9,968)	(9,555)
Impairment of housing properties	(19)	(3)	-	(22)	-
Restructuring and other costs	-	-	-	-	(74)
Lease costs	(637)	(104)	-	(741)	(539)
Total expenditure on social housing lettings	(60,581)	(10,279)	-	(70,860)	(69,940)
Operating surplus/(deficit) on social housing lettings	288	51	180	519	(3,925)
Void losses	(730)	(124)	-	(854)	(830)

Management costs include £1,750k (2023: £3,789k) 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	2024 General Housing £'000	2024 Supported Housing £'000	2024 Low cost home ownership £'000	2024 Total £'000	2023 Total £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges and net of voids	57,076	9,687	180	66,943	62,172
Service charge income	2,346	398	-	2,744	2,094
Charges for support services	792	134	-	926	1,032
Amortisation of government grants	331	56	-	387	346
Other revenue grants	324	55	-	379	371
Total turnover on social housing lettings	60,869	10,330	180	71,379	66,015
Operating expenditure on social housing lettings					
Management	(22,197)	(3,771)	-	(25,968)	(24,954)
Service charge costs	(2,616)	(444)	-	(3,060)	(3,762)
Routine maintenance	(12,875)	(2,185)	-	(15,060)	(10,982)
Planned maintenance	(9,027)	(1,532)	-	(10,559)	(7,959)
Major repairs expenditure	(4,487)	(762)	-	(5,249)	(11,678)
Bad debts	(173)	(29)	-	(202)	(165)
Depreciation of housing properties	(8,533)	(1,448)	-	(9,981)	(9,620)
Impairment of housing properties	(19)	(3)	-	(22)	-
Restructuring and other costs	-	-	-	-	(74)
Lease costs	(637)	(104)	-	(741)	(539)
Total expenditure on social housing lettings	(60,564)	(10,278)	-	(70,842)	(69,733)
Operating surplus/(deficit) on social housing lettings	305	52	180	537	(3,718)
Void losses	(730)	(124)	-	(854)	(830)

Notes to the Financial Statements

4. Accommodation in management and development

	At 1 April 2023 No.	Additions No.	Disposals No.	Reclassification No.	At 31 March 2024 No.
Units owned:					
Social housing					
General needs					
Social rent	9,347	-	(28)	(37)	9,282
Affordable rent	1,455	80	(1)	(8)	1,526
Supported housing	1,776	53	(21)	45	1,853
Intermediate Rent	7	13	-	(1)	19
Low Cost home ownership	49	41	-	1	91
Total social housing homes owned	12,634	187	(50)	-	12,771
Non-social housing					
Market rented	4	-	-	-	4
Total homes owned	12,638	187	(50)	-	12,775
Other homes managed:					
Homes managed for Wirral Borough Council	30	-	-	-	30
Total homes	12,668	187	(50)	-	12,805

Units in development at 31 March 2024 were 236 (2023: 394).

Leasehold units at 31 March 2024 were 535 (2023: 495).

Notes to the Financial Statements

5. Operating surplus

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

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Impairment losses of housing properties (note 12)	22	-	22	-
Depreciation of housing properties (note 12)	9,969	9,555	9,981	9,620
Depreciation of other tangible fixed assets (note 13)	195	180	195	180
Amortisation of intangible fixed assets (note 14)	81	-	81	-
Amortisation of government grants (note 24)	(388)	(346)	(388)	(346)
Operating lease rentals - vehicles	714	451	714	451
Auditors' remuneration (excluding VAT):				
Audit of the financial statements of the Company	34	34	34	34
Audit of the financial statements of the subsidiaries	14	8	2	8
Audit of the financial statements of joint ventures	-	6	-	6
Other services	3	3	3	3

6. Gain on disposal of housing properties

	Group and Company	
	2024 £ '000	2023 £ '000
Disposal proceeds	2,212	4,968
Amount due to council for RTB sales	(411)	(847)
Carrying value of fixed assets	(229)	(720)
Administration and legal expenditure	(14)	(13)
	1,558	3,388

There were 20 (2023: 54) Right to Buy properties sold during the year and 6 (2023: 21) Right to Acquire sales.

Notes to the Financial Statements

7. Interest receivable and other income

	Group		Company	
	2024 £'000	2023 £'000	2024 £ '000	2023 £ '000
Interest receivable and similar income	46	38	46	38
Distribution of profit from joint venture	39	-	457	418
Defined benefit pension charge – MPF (note 27)	370	-	370	-
	455	38	873	456

8. Interest payable and financing costs

	Group and Company	
	2024 £ '000	2023 £ '000
Loans and bank overdrafts	3,091	2,960
Defined benefit pension charge – MPF (note 27)	-	638
Defined benefit pension charge – SHPS (note 27)	11	6
	3,102	3,604

9. Employee information

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

	Group and Company	
	2024 No.	2023 No.
Administration	214	202
Property services	66	59
Housing, support and care	166	161
Building operatives	141	138
	587	560

Notes to the Financial Statements

Employee costs	Group and Company	
	2024 £ '000	2023 £ '000
Wages and salaries	22,027	19,757
Social security costs	2,244	2,073
Pension costs	4,454	4,288
Restructuring	333	511
	29,058	26,629

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. The aggregate number of full-time equivalent staff including key management personnel (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:

	2024 Total No.	2024 Includes termination payments No.	2023 Total No.	2023 Includes termination payments No.
£60,001 - £70,000	39	-	27	-
£70,001 - £80,000	19	-	9	3
£80,001 - £90,000	4	-	4	-
£90,001 - £100,000	2	-	4	-
£100,001 - £110,000	6	1	3	1
£110,001 - £120,000	2	-	-	-
£120,001 - £130,000	2	2	-	-
£130,001 - £140,000	2	-	-	-
£140,001 - £150,000	-	-	2	-
£150,001 - £160,000	-	-	-	-
£160,001 - £170,000	2	-	-	-
£170,001 - £180,000	-	-	-	-
£180,001 - £190,000	-	-	-	-
£190,001 - £200,000	1	-	-	-
£200,001 - £210,000	1	-	1	1
£210,001 - £220,000	-	-	-	-
£220,001 - £230,000	-	-	-	-
£230,001 - £240,000	-	-	-	-
£240,001 - £250,000	-	-	-	-
£250,001 - £260,000	-	-	-	-
£260,001 - £270,000	1	1	-	-

Notes to the Financial Statements

10. Key management personnel remuneration

Key management personnel comprise the executive directors and non-executive Board Members. Total remuneration (excluding employers NIC) amounted to £1,079k, (2023: £717k). Remuneration for executive directors for the year ended 31 March:

	2024 £ '000	2023 £ '000
Wages and salaries	680	441
Expense allowances	60	38
Pension contributions	154	63
Termination benefits	92	76
	986	618
Employers NIC	110	74
	1,096	692

Remuneration payable to the highest paid director in relation to the period of account amounted to £176.2k (2023: £187k that included termination benefits of £76k) but excludes pension contributions. They are a member of the Social Housing Pension Scheme and is an ordinary member of the pension scheme with no enhanced or special terms. The employer's pension contribution paid on behalf of the highest paid director amounted to £39.5k (2023: £15k).

An amount of £57k (2023: £nil) has paid to a third party for Directors services relating to Marketing.

Notes to the Financial Statements

Non-executive Board Member remuneration for the year ended 31 March:

	2024	2023
	£	£
<i>Magenta Living Board:</i>		
Matthew Brown – resigned 31/08/2022	-	2,188
Gordon Ronald – resigned 30/09/2022	-	2,625
Sharon Grover – resigned 13/12/2022	-	5,426
Sue Goodman	8,250	7,875
Mike Turner	8,250	7,875
Andrew McCullagh	3,500	3,500
Ann-Louise Gilmore	8,250	6,296
Myles Edwards	10,000	8,508
Liam Kelly	8,250	7,875
Ged Lucas	15,500	15,250
Wendy Gooley	3,875	3,250
Julie Booker	6,250	5,625
Paul McGrady – resigned 29/04/2024	6,250	5,625
Michael Riley	6,250	2,283
Stephen Allcock	6,250	2,283
Ann-Marie Spencer – resigned 07/11/2023	4,083	2,283
	94,958	88,767
Ken Russell – resigned 30/09/2022	-	2,625
Martyn Green	8,250	7,875
	8,250	10,500
Total Board remuneration	103,208	99,267

Martyn Green is a Board Director of Bamboo Estates LLP.

Notes to the Financial Statements

11. Tax on surplus on ordinary activities

Analysis of the charge in the year:

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current tax				
UK corporation tax on surplus for the period	-	-	-	-
Adjustments in respect of prior years	49	1	-	-
	49	1	-	-
Deferred tax				
Net origination and reversal of timing differences	-	-	-	-
Total Tax	49	1	-	-
Total tax reconciliation:				
	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Surplus/(Deficit) on ordinary activities before tax	2,520	(1,139)	2,868	(860)
Theoretical tax at UK corporation tax rate 25% (2023: 19%)	630	(216)	717	(163)
<i>Effects of:</i>				
Income not taxable for tax purposes	(630)	216	(717)	163
Adjustments in respect of prior years	49	1	-	-
Total tax charge	49	1	-	-

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 2023	290,558	30,445	3,324	7,348	331,675
Additions	258	15,997	-	2,213	18,468
Work to existing properties	10,530	2,446	-	-	12,976
Schemes completed	27,154	(27,154)	3,268	(3,268)	-
Adjustment – shared ownership	-	196	-	(196)	-
Disposal of components	(1,334)	-	-	-	(1,334)
Disposal – sales	(433)	-	-	-	(433)
At 31 March 2024	326,733	21,930	6,592	6,097	361,352
Depreciation and impairment					
At 1 April 2023	(100,604)	-	(86)	-	(100,690)
Depreciation charged in the year	(9,929)	-	(40)	-	(9,969)
Impairment losses	(22)	-	-	-	(22)
Released on disposal of components	1,158	-	-	-	1,158
Released on disposal - sales	215	-	-	-	215
At 31 March 2024	(109,182)	-	(126)	-	(109,308)
Net book value					
At 31 March 2024	217,551	21,930	6,466	6,097	252,044
At 31 March 2023	189,954	30,445	3,238	7,348	230,985

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 2023	294,470	31,299	3,324	7,543	336,636
Additions	258	16,130	-	2,250	18,638
Work to existing properties	10,530	2,446	-	-	12,976
Schemes completed	27,154	(27,154)	3,268	(3,268)	-
Adjustment – shared ownership	-	196	-	(196)	-
Disposal of components	(1,334)	-	-	-	(1,334)
Disposal – sales	(433)	-	-	-	(433)
At 31 March 2024	330,645	22,917	6,592	6,329	366,483
Depreciation and impairment					
At 1 April 2023	(100,960)	-	(87)	-	(101,047)
Depreciation charged in the year	(9,941)	-	(40)	-	(9,981)
Impairment losses	(22)	-	-	-	(22)
Released on disposal of components	1,158	-	-	-	1,158
Released on disposal - sales	215	-	-	-	215
At 31 March 2024	(109,550)	-	(127)	-	(109,677)
Net Book value					
At 31 March 2024	221,095	22,917	6,465	6,329	256,806
At 31 March 2023	193,510	31,299	3,237	7,543	235,589

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.

Notes to the Financial Statements

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.

Impairment loss of £22k (2023: £nil) is recognised in the Statement of Comprehensive Income for the Group and the Company, representing properties that have long-term voids.

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

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Freehold land and buildings - housing properties	252,044	230,985	256,806	235,589
Freehold land and buildings - office properties (note 13)	3,391	3,571	3,391	3,571
	255,435	234,556	260,197	239,160

Social housing assistance:

Total accumulated social housing grant received or receivable at 31 March:

	Group and Company	
	2024 £'000	2023 £'000
Held as deferred capital grants (note 24)	37,210	31,436
Recognised in statement of comprehensive income	766	1,880
	37,976	33,316

Expenditure on works to existing properties:

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Components capitalised	12,976	2,477	12,976	2,477
Amounts charged to income and expenditure account (note 3)	5,325	11,678	5,325	11,678
Total	18,301	14,155	18,301	14,155

Notes to the Financial Statements

13. Tangible fixed assets: other

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 2023	5,303	59	1,118	730	7,210
Additions	-	48	109	-	157
At 31 March 2024	5,303	107	1,227	730	7,367
Depreciation and impairment					
At 1 April 2023	(1,732)	(59)	(1,118)	(730)	(3,639)
Depreciation charged in the year	(180)	(5)	(10)	-	(195)
At 31 March 2024	(1,912)	(64)	(1,128)	(730)	(3,834)
Net Book value At 31 March 2024	3,391	43	99	-	3,533
At 31 March 2023	3,571	-	-	-	3,571

14. Intangible fixed assets

Group and Company		
	Software £'000	Total £'000
Cost		
At 1 April 2023	1,310	1,310
Additions	706	706
At 31 March 2024	2,016	2,016
Amortisation		
At 1 April 2023	(1,310)	(1,310)
Change in the period	(81)	(81)
At 31 March 2024	(1,391)	(1,391)
Net book value At 31 March 2024	625	625
At 31 March 2023	-	-

Notes to the Financial Statements

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

	Group and Company	
	2024 £'000	2023 £'000
At 1 April	15,351	14,306
Revaluation	874	1,045
At 31 March	16,225	15,351

Properties are valued at Open Market Value as at 31 March 2024 based on the valuation by external RICS advisors and are held to be leased to the 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
Bamboo Estates LLP	100%	Non-registered	Private rental
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.

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 2024 and of the profit and loss for the year ended on that date for the subsidiary undertakings were:

Notes to the Financial Statements

	Aggregate share capital £	Reserves £'000	Profit/(Loss) £'000
Wirral Partnership Homes (Developments) Limited	1	1,408	(45)

	Capital contribution £'000	Members' interests £'000	Profit/(Loss) £'000
Hilbre Projects LLP	120	(309)	(50)
Bamboo Estates LLP	90	-	460

Investments in subsidiaries are:

	WPH Dev Co £'000	Hilbre £'000	Bamboo £'000	Total £'000
At 1 April 2023	10	120	-	130
Additions	-	-	90	90
At 31 March 2024	10	120	90	220

17. Investment in joint venture

Bamboo Estates is a registered LLP is a partnership between Magenta Living and WPH (Developments) Ltd, with the Group holding 100% interest. Torus62 left the partnership on 31 March 2023.

This is now included as a subsidiary.

18. Properties for sale

	Group		Company	
	2024 £'000	2023 £'000	2024 £ '000	2023 £ '000
Work-in-progress	39	1,721	39	1,721
Shared ownership – work in progress	2,363	4,680	2,363	4,680
Shared ownership – completed	814	-	814	-
	3,216	6,401	3,216	6,401

Notes to the Financial Statements

19. Debtors

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Due within one year				
Rent and service charges receivable	2,210	3,146	2,204	3,146
Less: provision for bad and doubtful rent and service charge debts	(795)	(777)	(789)	(777)
	1,415	2,369	1,415	2,369
Trade debtors	2,063	619	2,063	619
Less: provision for bad and doubtful trade debts	(253)	(129)	(253)	(129)
Grants receivable	-	346	-	346
Other debtors	1,226	335	1,201	278
Prepayments and accrued income	1,592	640	1,592	640
Amounts due from related entities	-	73	-	73
Amounts due from group undertakings	-	-	356	520
	6,043	4,253	6,374	4,716
Due after more than one year				
Other debtors	236	-	236	-
	236	-	236	-

20. Cash at bank and in hand

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cash at bank and in hand	7,981	14,127	5,212	12,161

Notes to the Financial Statements

21. Creditors: amounts falling due within one year

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade creditors	1,765	2,528	1,757	2,526
Rent and service charges received in advance	2,078	1,987	1,987	1,987
Deferred capital grants (note 24)	464	360	464	360
Other taxation and social security	708	498	652	490
Other creditors	989	1,386	987	1,385
Accruals and deferred income	10,922	8,011	8,758	5,236
Amounts due to group undertakings	-	-	1,833	2,809
	16,926	14,770	16,438	14,793

Accruals and deferred income includes deferred income of £1,332k (2023: £2,100k) in respect of the Community Fund (note 26).

22. Creditors: amounts falling after more than one year

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Debt (note 23)	91,391	87,391	91,391	87,391
Deferred capital grants (note 24)	36,746	31,076	36,746	31,076
Recycled capital grant fund (note 25)	36	21	36	21
Minority Interest	80	80	-	-
	128,253	118,568	128,173	118,488

23. Debt

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Between two and five years	4,000	-	4,000	-
After five years	87,391	87,391	87,391	87,391
	91,391	87,391	91,391	87,391

Notes to the Financial Statements

The £137.4m loan facility comprises £87.4m (2023: £87.4m) of fixed rate and fully drawn debt, and a £50.0m revolving credit facility at a variable rate for a 5-year term, of which £4.0m has been drawn in the year with a remaining £46.0m.

The fixed debt is repayable by bullet in two tranches: £42.4m (February 2037) and £45.0m (February 2047).

The weighted average interest rate of the cost of borrowing in the year was 3.24% (2023: 3.14%).

This loan facility has been secured by way of a charge of 7,018 stock transferred properties, representing 54.9% of Magenta's property stock holding. The carrying value of this stock is £191.1m. 46% are now classified as either de-allocated or unallocated units.

The 7,018 units comprises of 5,769 units to secure the Loan plus 1,249 units used to secure a £30.0m pension bond.

24. Deferred capital grants

	Group and Company	
	2024 £'000	2023 £'000
At 1 April	31,436	29,791
Grant received in year	6,176	1,991
Amortisation of capital grant	(388)	(346)
Released on disposal	(14)	-
At 31 March	37,210	31,436
<i>The deferred income is included in the financial statements as follows:</i>		
Amounts to be released within one year	464	360
Amounts to be released in more than one year	36,746	31,076
	37,210	31,436

Notes to the Financial Statements

25. Recycled capital grant fund

	Group and Company	
	2024 £'000	2023 £'000
At 1 April	21	21
Inputs to fund:		
Grants recycled	14	-
Interest accrued	1	-
Recycling of grant	-	-
	36	21
Repayment of grants to the Homes England	-	-
At 31 March	36	21
Amounts 3 years old or older where repayment may be required.	-	-

26. Deferred income

	Group and Company	
	2024 £'000	2023 £'000
At 1 April	2,100	2,096
Deferred income received in the year	13	4
<i>Utilised in the year:</i>		
Wirral Borough Council	-	-
Magenta Living	(781)	-
	1,332	2,100
<i>The deferred income is included as follows:</i>		
Amounts falling due within one year	1,332	2,100
	1,332	2,100

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 £162k (2023: £956k). The remainder of the balance is shown within deferred income payments received in advance.

There was £781k utilised in the year (2023: £nil).

Notes to the Financial Statements

27. Employee pension schemes

Summary of pension asset/(liability) (Group and Company):

Scheme	2024 £'000	2023 £'000
MPF	6,952	7,199
SHPS	(342)	(282)
	6,610	6,917

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 2022.

The employers' contributions to the Merseyside Pension Fund by the Group and Company for the year ended 31 March 2024 were £996k (2023: £540k) at a contribution rate of 16.8% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2025 has been set at 16.8%. Estimated employers' contributions to the Merseyside Pension Fund during the accounting period commencing 1 April 2024 are £955k.

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

	2024 £'000	2023 £'000
Fair value of plan assets	118,004	112,866
Present value of defined benefit obligation	(105,268)	(105,667)
Remeasuring adjustment due to asset ceiling	(5,784)	-
Surplus in plan	6,952	7,199
<i>Changes in plan assets:</i>		
	2024 £'000	2023 £'000
Opening fair value of plan assets	112,866	122,081
Interest on plan assets	5,374	3,394
Actuarial gains/(losses)	1,634	(10,798)
Administration expenses	(51)	(52)
Employer contributions	996	540
Member contributions	686	706
Benefits/transfers paid	(3,501)	(3,005)
Closing fair value of plan assets	118,004	112,866

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £7,009k (2023: (£4,088k)).

Notes to the Financial Statements

Changes in present value of defined benefit obligations:

	2024 £'000	2023 £'000
Opening defined benefit obligations	105,667	145,143
Current service cost	1,749	3,792
Interest cost	5,004	4,032
Members contributions	686	706
Past service cost	1	-
Actuarial (gains)	(4,338)	(45,186)
Curtailments	-	185
Benefits/transfers paid	(3,501)	(3,005)
Closing defined benefit obligations	105,268	105,667

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

	2024 £'000	2023 £'000
Current service cost	1,749	3,792
Effect of curtailments or settlements	-	185
Administration expenses	51	52
Past service cost	1	-
Net interest (income)/expense	(370)	638
Defined benefit costs recognised in statement of comprehensive income (SOCl)	1,431	4,667

Defined benefit costs recognised in other comprehensive income:

	2024 £'000	2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	1,634	(10,798)
Experience gains and losses arising on the plan liabilities – (loss)	(533)	(15,875)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	1,356	414
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	3,515	60,647
Remeasuring adjustment due to asset ceiling	(5,784)	-
Total amount recognised in Other Comprehensive Income – gain	188	34,388

Notes to the Financial Statements

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

	2024 %	2023 %
Equities	38.7%	37.0%
Government bonds	20.3%	24.4%
Other bonds	6.1%	6.6%
Property	9.2%	8.3%
Cash / liquidity	3.6%	4.0%
Other	22.1%	19.7%

Sensitivity Analysis:

	Central £'000	+0.5% p.a. discount rate £'000	+0.25% p.a. inflation £'000	+0.25% p.a. pay growth £'000	1 year increase in life expectancy £'000	+1% change investment return £'000	-1% change investment return £'000
Liabilities	105,268	97,023	109,650	106,118	107,881	105,268	105,268
Assets	(118,004)	(118,004)	(118,004)	(118,004)	(118,004)	(119,175)	(116,833)
Surplus	(12,736)	(20,981)	(8,354)	(11,886)	(10,123)	(13,907)	(11,565)
Projected Service Cost for next year	1,616	1,373	1,750	1,616	1,661	1,616	1,616
Projected Net Interest Cost for next year	(648)	(1,159)	(433)	(606)	(520)	(705)	(590)

Principal actuarial assumptions:

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

	2024 % p.a.	2023 % p.a.
Discount rate	4.9%	4.8%
Rate of increase in salaries	4.1%	4.2%
Rate of increase in pensions	2.7%	2.8%
Inflation assumption - CPI	2.6%	2.7%

Notes to the Financial Statements

Mortality Assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2023 are based on the S3PA CMI 2021 tables and S3PA CMI 2022 tables for March 2024 for both non-retired members and current pensioners. The assumed life expectations on retirement at age 65 are:

	2024 years	2023 years
Retiring today:		
Males	20.9	21.2
Females	23.4	23.7
Retiring in 20 years:		
Males	22.2	22.6
Females	25.2	25.5

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 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 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 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.

We were notified in 2021 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 is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before mid-2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. It should be noted that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

Notes to the Financial Statements

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

	2024 £'000	2023 £'000
Fair value of plan assets	1,386	1,414
Present value of defined benefit obligation	(1,728)	(1,696)
(Deficit) in plan	(342)	(282)

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

	2024 £'000	2023 £'000
Fair value of plan assets at start of year	1,414	2,522
Interest income	70	71
Experience on plan assets (excluding amounts included in interest income) – (loss)	(148)	(1,240)
Contributions made by the employer	93	92
Contributions by plan participants	-	3
Benefits paid and expenses	(43)	(34)
Fair value of plan assets at end of year	1,386	1,414

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was (£78k) (2023: (£1,169k)).

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

	2024 £'000	2023 £'000
Defined benefit obligation at start of year	1,696	2,790
Current service cost	-	(3)
Expenses	4	4
Interest expense	81	77
Contributions by plan participants	-	3
Actuarial loss/(gain) due to scheme experience	48	(144)
Actuarial (gain) due to changes in demographic assumptions	(17)	(4)
Actuarial (gain) due to changes in financial assumptions	(41)	(993)
Benefits paid and expenses	(43)	(34)
Defined benefit obligation at end of year	1,728	1,696

Notes to the Financial Statements

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

	2024 £'000	2023 £'000
Current service cost	-	(3)
Expenses	4	4
Net interest expense	11	6
Defined benefit costs recognised in statement of comprehensive income (SOCl)	15	7

Defined benefit costs recognised in other comprehensive income:

	2024 £'000	2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(148)	(1,240)
Experience gains and losses arising on the plan liabilities – (loss)/ gain	(48)	144
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	17	4
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	41	993
Total amount recognised in Other Comprehensive Income – (loss)	(138)	(99)

Notes to the Financial Statements

<i>Assets:</i>	2024	2023
	£'000	£'000
Absolute Return	54	15
Alternative Risk Premia	44	3
Cash	27	10
Credit Relative Value	46	53
Currency Hedging	(1)	3
Distressed Opportunities	49	43
Emerging Markets Debt	18	8
Global Equity	138	26
High Yield	-	5
Infrastructure	140	161
Insurance-Linked Securities	7	36
Liability Driven Investment	565	651
Long Lease Property	9	43
Net Current Assets	2	4
Opportunistic Illiquid Credit	54	60
Private Equity	1	-
Private Debt	55	63
Property	56	61
Risk Sharing	81	104
Secured Income	41	65
Total assets	1,386	1,414

<i>Key assumptions</i>	2024	2023
	% p.a.	% p.a.
Discount rate	4.93%	4.83%
Inflation (RPI)	3.08%	3.16%
Inflation (CPI)	2.80%	2.82%
Salary Growth	3.80%	3.82%
Allowance for commutation of pension for cash at retirement (as a percentage of maximum allowance)	75%	75%

Notes to the Financial Statements

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies at age 65:

	2024 Years	2023 Years
Male retiring in 2024 (2023)	20.5	21.0
Female retiring in 2024 (2023)	23.0	23.4
Male retiring in 2044 (2043)	21.8	22.2
Female retiring in 2044 (2043)	24.4	24.9

28. Financial commitments

Capital expenditure commitments were as follows:

	Group and Company	
	2024 £'000	2023 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	11,517	8,929
Expenditure authorised by the Board, but not contracted	-	31,351
	11,517	40,280

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	
	2024 £'000	2023 £'000
Motor vehicles minimum lease payments		
Less than one year	884	570
One to five years	2,697	2,023
	3,581	2,593

Notes to the Financial Statements

Receipts

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

	Company	
	2024	2023
	£'000	£'000
Property minimum lease receipts:		
Less than one year	231	179
One to five years	694	460
	925	639

30. Contingent liabilities

There were no contingent liabilities at 31 March 2024 (2023: none).

31. Net cash inflow from operating activities

	2024	2023
	£'000	£'000
Surplus/(deficit) for the year	2,471	(1,140)
<i>Adjustments for non-cash items:</i>		
Depreciation of tangible fixed assets	10,340	9,735
Impairment of tangible fixed assets	22	-
Amortisation of intangible assets	81	-
Revaluation of investment properties	(874)	(1,045)
Share of profit on Joint Venture	-	(458)
Distribution of 2022/23 profit realised on joint venture	39	-
Realisation of Bamboo investment (as joint venture)	660	-
Decrease / (increase) in properties for sale	341	(786)
(Increase) / decrease in stock	(114)	(36)
Increase in trade and other debtors	(2,026)	526
Increase / (decrease) in trade and other creditors	2,051	(797)
Pension costs less contributions payable	716	3,398
Carrying amount of tangible fixed asset disposals	218	720
<i>Adjustment for investing and financial activities:</i>		
Proceeds from the sale of tangible fixed assets	(1,776)	(4,108)
Government grants utilised in the year	(388)	(346)
Interest payable	3,102	3,604
Interest receivable	(455)	(38)
Taxation paid	-	113
Net cash generated from operating activities	14,408	9,342

Notes to the Financial Statements

32. Financial assets and liabilities

Financial assets

Other than short-term debtors, the Group 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:

	2024 £'000	2023 £'000
Floating rate	7,981	14,127
Fixed rate	-	-
	7,981	14,127

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 March was:

	2024 £'000	2023 £'000
Floating rate	4,000	-
Fixed rate	87,391	87,391
	91,391	87,391

£4.0m has been drawn down in 2023/24 at an average variable rate of 6.2% (2023: £nil). Fixed rate liabilities drawn down in 2021/22 are at the fixed rates of 3.0% on £42.4m and 3.3% on £45.0m.

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:

	2024 £'000	2023 £'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	46,000	50,000
	46,000	50,000

Notes to the Financial Statements

33. Analysis of net debt

Group	1 April 2023 £'000	Cash Flow £'000	Non-cash movement £'000	31 March 2024 £'000
Cash and cash equivalents	14,127	(6,146)	-	7,981
Loans due within one year	-	-	-	-
Loans due after one year	(87,391)	(4,000)	-	(91,391)
Changes in net debt	(73,264)	(10,146)	-	(83,410)

Company	1 April 2023 £'000	Cash Flow £'000	Non-cash movement £'000	31 March 2024 £'000
Cash and cash equivalents	12,161	(6,949)	-	5,212
Loans due within one year	-	-	-	-
Loans due after one year	(87,391)	(4,000)	-	(91,391)
Changes in net debt	(75,230)	(10,949)	-	(86,179)

34. Related parties

There were no Board members who were tenants of Magenta Living during the year (2023: none). There were no Board members who are elected member of Wirral Metropolitan Borough Council (2023: none).

Transactions with non-regulated entities

During the year Magenta Living had intra group transactions with subsidiary Wirral Partnership Homes (Developments) Limited, an unregulated entity, of £3,529k (2023: £11,910k) relating to housing property design and build services. A management charge of £157k (2023: £268k) 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 £1,830k (2023: £2,809k).

During the year Magenta Living has intra group transactions with subsidiary Bamboo Estates LLP of £305k (2023: £337k). At the year-end, there was a

balance due to Magenta Living by Bamboo Estates LLP of £104k (2023: £73k).

During the year the Group had intra-group transactions with Hilbre Projects LLP, an unregulated entity, of £nil (2023: £nil) relating to management and build services. The balance at the year-end due to Magenta Living was £nil (2023: £nil).

Intra-group loans and interest charges

A loan facility, to a maximum of £20m, was provided by Magenta Living to Wirral Partnership Homes (Developments) Limited for on-lending to Hilbre Projects LLP.

Disclosures in relation to key management personnel are included in note 10.



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

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