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

MAGENTA LIVING

Report and Financial Statements

Year ended 31 March 2023

Contents

Board Members, Executive Directors, Advisors and Bankers

Chair	Ged Lucas	
Other Members	Stephen Allcock	- appointed 14 November 2022
	Julie Booker	- appointed 9 June 2022
	Matthew Brown	- resigned 31 August 2022
	Myles Edwards	
	Ann-Louise Gilmore	
	Susan Goodman	
	Sharon Grover	- resigned 13 December 2022
	Liam Kelly	
	Paul McGrady	- appointed 1 April 2022
	Michael Riley	- appointed 14 November 2022
	Gordon Ronald	- resigned 30 September 2022
	Ann-Marie Spencer	- appointed 14 November 2022
	Mike Turner	
Chief Executive	Debi Marriott-Lavery	- appointed 21 November 2022
	Keith Wrate (Interim)	- resigned 9 December 2022
Executive Directors		
Executive Director of Customer Experience	Jayne Winders	- resigned 30 September 2022
Executive Director of Customer And Communities	Andy Lomas	- appointed 11 April 2023
Executive Director of Business Growth and Resilience	Paul Anson	- resigned 6 January 2023
Executive Director of Assets	Ian Thomson	
Executive Director of Finance	Ann Monk	
Company Secretary	Jamie Shaw	

Board Members, Executive Directors, Advisors and Bankers

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

Who we are

Background

Magenta Living commenced trading on 7th February 2005 in order to facilitate the transfer of homes from the Metropolitan Borough of Wirral and is the largest registered social housing provider in Wirral. We are a not-for-profit organisation, owning and managing just under 13,000 properties, and employ around 560 staff.

Principal activities

The Group's principal activity is the provision, management, and development of social housing. As at 31 March 2023, we owned and managed 12,668 homes. Collectively, the companies within the Group are referred to as the "organisation".

Group structure

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

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

Hilbre Projects LLP 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.

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

Our objectives

In November 2022, a new Chief Executive with strong sector experience was appointed to lead Magenta Living.

To take account of this new appointment, the existing five year Corporate Plan (2018-2023) was extended by the Board to March 2024 to allow the Chief Executive time to input in to the development of the future strategic priorities of the organisation.

That input has since resulted in the launch of *Magenta Reimagined* – a set of new objectives and key focusses covering a twelve month period, affording the business the time and space to transform, while developing a new six year corporate plan taking us from 2024 to the year 2030.

Through Magenta Reimagined we will intensively reimagine the way we work in every business area across our whole operation; ensuring we are modern, relevant and future-ready.

The objectives of Magenta Reimagined are to:

Transform our Culture
Improve the Customer Experience
Build Communities

We will make a cultural shift towards greater happiness, engagement and wellbeing across our entire workforce.

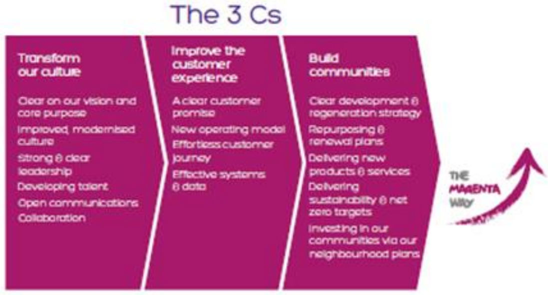
With renewed purpose, we will reimagine the customer experience to be increasingly more customer-centric, transforming to meet the aspirations and expectations of customers, ensuring they are at the heart of what we do.

Through efforts to place ourselves in the hearts and minds of future collaboration partners, together we will develop new initiatives and opportunities to create affordable or supported living homes, develop new products and services and build communities for the future.

It is clear that the housing sector must rebuild its reputation focussing heavily on customer need and safety. We will ensure our preparedness for Regulatory Reform through the Social Housing (Regulation) Bill, the Better Social Housing Review and new Tenant Satisfaction Measures.

We want to be at the forefront and we are clear that we should know who is behind the door to every one of our homes.

Below are the Three C's. The physical delivery of the aspirations and goals in each focus area will be through our delivery vehicle – The Magenta Way Programme



A series of new Strategic, Operational and Compliance KPI's underpin Magenta Reimagined which the Board have sight of at quarterly Board meetings.

Regulatory Grading

Our G1/V1 regulatory Governance and Financial Viability gradings have been sustained since our re-grading in 2022.

Our Core Purpose & Vision

Having last been refreshed in 2018, our core purpose and vision statements will be relaunched in September 2023 and will feature prominently in the 2024-2030 Corporate Plan.

We are taking a fresh look at how we articulate our core purpose, what we do and what we stand for. We have involved colleagues and customers in the process to help formulate a new set of statements so that they feel connected to the purpose, vision and values to bring us closer together and much more in tune.

This refresh is in line with the recommendations of the Better Social Housing Review that states Housing Associations should refocus on core purpose and deliver against it; together with our desire to create new aspirational statements that better reflect who we are, what we do and where the organisation is heading.

Values

Our values are the beliefs and principles that drive our business and let our customers and colleagues know what to expect from us.

Replacing our previous values is a single core value to '***do the right thing***.'

The singular approach of 'doing the right thing' has relevance and meaning across all groups be it customers, colleagues or stakeholders and its simplicity has been praised during consultation with both customers and colleagues.

The Magenta Way Programme

The Magenta Way is the delivery vehicle through which we will transform the organisation. High on the list of priority projects has been the delivery of a new Customer Relationship Management (CRM) system.

The procurement of a leading CRM solution is set to revolutionise how we engage with customers. We are expanding on a solution that was previously piloted to support customer engagement as we undertook to gain a more in-depth understanding around the presence of damp, mould and condensation in our homes, as part of our response to highly-publicised sector-wide failings around damp and mould.

The initial objectives of the Magenta Way Programme, which were predicated on ensuring value for money still holds true, but it has also evolved to be our Project Management Office (PMO) function responsible for delivering our business transformation projects.

Our customers

As the largest provider of social housing in Wirral, our continuing priority is to address local housing need in the 21 Wirral neighbourhoods within which we operate. Our rents are generally far more affordable than private renting, our services compare favourably, and we also offer longer term tenancy security.

Understanding emerging trends in demographics and expectations is vital to ensuring we can sustain our business into the future. We are assured that our new homes are future proofed to meet demand by using independent, high-level strategic survey work which identified future demands and opportunities which have been fed into our development strategy and corresponding new build programme.

Many of our customers are being adversely impacted by the cost-of-living crisis and we recognise the role we can play in supporting customers in need. The cost-of-living crisis poses significant risks to wellbeing, health and social care as well as negatively impacting the finances of the organisation as customers struggle to meet their financial commitments.

Our customers are also impacted by the migration of legacy benefits to Universal Credit which is not due to be completed by end of 2024. As a result of these concerns, this government policy has been identified as a strategic risk.

We have a wide range of support services in place for customers experiencing financial hardship with the aim of helping them to remain in their home. Effective engagement with customers has meant that rent collection has remained high, and our customers continue to be monitored closely as we assure them that we continue to be able to offer help, support and assistance whenever necessary. In 2022/23 the team helped customers secure an additional £2.4m in benefits.

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

Although Magenta Living has implemented formal hybrid working practices for colleagues, we also recognise that the way our customers work, and their specific service delivery expectations have also shifted. We therefore identify what our current and future customers need in and from their homes and the services delivered through a customer strategy supported by Magenta Communities Committee. We already seek feedback on the services we offer to ensure this is aligned to customer priorities, but from April 2023, we have also started to collect the Regulator`s Tenant Satisfaction Measures which provides further customer insight.

Our regeneration and development plans

We continue to invest in our existing homes to ensure they meet modern standards and expectations and have refreshed each individual property`s Net Present Value to broaden our understanding of the balance between investment requirements and returns. We have responded to the National Housing Federation`s work helping develop a workable, updated Decent Homes Standard which will provide for an early identification of the finances required to meet future investment commitments. Across our 6 priority compliance areas we place a particular emphasis on undertaking fire risk assessments, electrical installation work and gas safety measures.

Our Climate Change strategic framework commits us to become a Zero Carbon Housing Association by 2050. Over the next 5 years we plan to:

- devise a strategic delivery framework for fabric first improvements
- deliver detailed carbon literacy training to staff

We are also committed to reducing fuel poverty by achieving EPC C (SAP69+) across 100% of our homes by 2030

This will be achieved by spending £11.2m from within our business plan. Beyond 2030, we have included a further £88.8m (totalling £100m overall) towards achieving our carbon zero targets. We have also successfully bid for c£2.8m in match funded grants from the Social Housing Decarbonisation Fund which is being utilised to improve the energy performance of 260 homes for our customers.

Wirral Council`s Birkenhead Regeneration Framework sets ambitious plans to transform both Birkenhead and the 'left bank' of the Mersey. In the Seacombe area we have partnered with Wirral Council to agree an emerging masterplan that will transform the area over the next 15+ years. The project also involves identifying development opportunities for Magenta Living across the wider Birkenhead area to improve existing homes as well as building 1,000 new homes.

The officer led Development and Regeneration Governance Group oversees the wider regeneration strategy and feeds into Board`s Asset and Development Committee by dovetailing priorities from across the organisation`s development, housing, and asset management services. This joined up, comprehensive approach makes sure all financial implications are identified early, are affordable within the business plan framework and align with the priorities outlined within our 21 Wirral neighbourhood plans.

Our finances

We have updated our business plan taking into account the continuing impacts of Covid-19 in respect of delays to investment works and development challenges. We have revised our development and investment plans in line with the latest intelligence available to inform our assumptions. This is a rapidly changing economic environment with interest rates and inflation impacting across the plan. We refinanced in 2021/22 securing £137m in funding to support our investment, carbon zero and development aspirations.

Our IT and digital capacity

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

Impact of Covid-19

The Covid-19 pandemic has continued to impact our programme for investing in our existing homes and development of new homes at the level we had anticipated. This has resulted in higher than planned spend in year on some of our investment programmes but has pushed some areas back leading to an increased budget being put into place for 2023-24 with programmes re-timed over the coming years based on supply chain forecasts. Repairs and maintenance costs have increased significantly during the year with continued catch-up from previous years in addition to a general increase due to our tenants spending more time in their homes. The sector trend in development contractors and sub-contractors entering into administration has had a significant impact on both completion dates and costs of our development schemes. Increasing inflation and economic pressures are also impacting material and skills availability. We are working closely with our contractors to work through these challenges.

Outlook

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

Risk Management

The Board of Magenta Living approved the company’s current Risk Management and Business Assurance Framework in May 2023.

The framework sets out our risk and assurance approach and the roles of Board, Audit and Risk Committee and senior management in how we manage, monitor, report and gain assurance on the effectiveness of our risk management activities. It also contains the Board’s risk appetite statement.

Strategic Risks

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

Strategic Report

Risk Area	Nature of Risk	Key Controls	Net Rating Score
Income	Government Policy on Rent Setting presents a strategic risk to the amount of rent we are able to collect. Other Government policies in respect of taxation and welfare have the potential to negatively impact the amount of rent we are able to collect from our customers.	Customers are assessed for affordability at sign up of tenancy. Systemic proactive report (Rentsense) produced weekly to provide prioritisation for arrears payments (which includes assisting tenants with welfare benefit advice). Weekly monitoring of key metrics (Under occupation, Universal Credit) to ensure rent collection within business plan tolerance is reported to ELT & Board. Timely and effective use of the court process through to eviction. Annual stress testing of the single and multiple scenarios have been completed internally and will be further reviewed by Third Parties. The report forms part of the Business Plan report which is approved by ELT Board and Board annually (includes Rent Setting affordability). Continuation of the Rent relief fund to support Customers in hardship, internal process implemented to assess and approve individual requests. In-house welfare benefit and financial inclusion team (service provided to support income and maximising benefit income).	Medium 12
Value for Money	Failure to achieve Value for Money (VfM) has the potential to significantly impact on our ability to achieve and deliver our strategic aims and objectives.	VfM Strategy and targets for improving VfM set by Board. VfM programme is ongoing in its reviews (minimum quarterly) by business areas against unit cost. Quarterly financial monitoring reports to the Board include performance data against RSH VfM metrics. Development and Proactive Asset Management Strategies detail our plans for delivering homes to meet a variety of needs. Annual Value for Money Assessment is completed against the Value for Money Standard and approved by Board. An action plan is created from the Self-Assessment; targets are then set annually to improve our compliance with the Value for Money Standard.	Very Low 4
Development Programme	Failure to deliver the development programme negatively impacts on the growth of the business. The current economic conditions including, war and inflation has increased these risks. All impact on Magenta's ability to	Development assumptions reviewed and agreed annually in conjunction with Finance, assumptions and evidence are validated by third party prior to approval at ADC and final approval by Board. Asset and Development Committee (ADC) are provided with Performance and Development update reports every six weeks / two months. ML Board are provided with a monthly development report which provides overview of development programme and schemes. Approved Climate Change Strategic Plan (Presented to EDS 09/2020) outlined key issues	High 20

Risk Area	Nature of Risk	Key Controls	Net Rating Score
	achieve its strategic aim to invest in current and future homes.	and the development of future builds and the use of current sites (No gas in new homes 2025 / net zero carbon homes by 2050) . Contractor due diligence increased in relation to bond and retention	
Treasury Management and Financial Capacity	Financial resources are either inadequate or not managed appropriately leading to resource surpluses or shortages which could impact on the achievement of corporate objectives.	Annual budget is set and approved by ELT and Board. Business Plan approved annually by Board which encompasses a number of key metrics and data including detailed stress testing and mitigation. Monthly financial report containing financial KPI's (including Treasury) and budget reports reviewed by ELT and Board. Quarterly financial monitoring reports are provided to the Board for noting. Quarterly Financial and Risk Survey is submitted to the Regulator of Social Housing, this ensures we are monitoring against our medium-term financial capacity (i.e., 3-year forecast). Weekly Cashflow and monthly Treasury monitoring reports are monitored to confirm draw down availability against the Loan Agreement. Single and multivariate multiple stress testing is completed (minimum) annually to demonstrate business stress scenarios including external. Assets & Liabilities Register (ALR) is maintained and reconciled on a quarterly basis; including the Balance Sheet monthly reconciliation and narrative.	Low 8
Ineffective Governance	Ineffective Board governance and Risk management, could lead to the inability to identify changes in government policy, emerging risks, regulatory breaches, in making informed decisions and instigating prompt mitigating actions	Key Governance documents covering the requirements, conduct and responsibilities of Magenta including its Board and Committees which are within the defined review period, or as and when legislation changes or business needs change. Boards skills matrix is updated on an annual basis. All Board Directors undergo an annual appraisal which results in a Personal Development Plan. Three yearly review of the Governance structure and processes for Magenta Living's Boards & Committees is completed by a Third Party, Annual Board / Committee effectiveness reviews. Board Directors and Senior Leadership colleagues regularly attend generic and topic-specific “Horizon scanning” conferences and seminars delivered by NHF, CIH and other sector organisations.	Very Low 3

Risk Area	Nature of Risk	Key Controls	Net Rating Score
Property Compliance	Failure to comply with property compliance would lead to a serious breach of relevant legislation e.g., Housing Act, Building Safety Act, Fire Safety Act and RSH Consumer Standard.	Property Compliance Key Performance Indicator report sent to - ELT monthly, ARC quarterly and Board bi-annually. Onsite independent quality checks are completed monthly by Third Parties against 10% of repairs etc, actions and review completed by HoS. High Rise/High Risk Fire Assessments are completed against Regulatory Standards. Identified areas for action (to minimise impact) are recorded on Risk Hub and monitored by the Contract Manager and other relevant mangers	Medium 9
Customer Excellence	Ineffective customer engagement and poor delivery of services could mean we fail to meet customer expectations or fail to meet current and future regulations and consumer standards.	The Magenta Communities Committee oversees and has clear accountabilities for customer delivery and engagement components in the Annual Plan priorities under the Excellent Customer Experience strategic objective. Complaints feedback reports, including lessons learned and improvements, informs ELT monthly, Board & Magenta Communities Committee quarterly to ensure compliance with the Ombudsman complaints code. Annual self-assessment completed against Housing Ombudsman Complaints Code and provided to Board and published on the Magenta Website. Annual assessment of social value by sub-group of Magenta Communities Committee. Customer Strategy reviewed annually (Q4) by Magenta Communities Committee.	Very Low 4
Data Integrity and Cyber Security	Poor data governance negatively impacts MLs ability to meet it's statutory duties and impairs effective decision making and governance. Poor data governance also increases the risk of non-compliance with Data Protection Act 2018. Increasing risk of cyber-attack threaten the confidentiality, integrity and availability of data.	ARC Monitor Delivery of Improvement Actions arising from Internal audit and Cyber Security review. All IT changes require approval before being implemented. This is documented within the IT Strategy for single source data and system integration progress is provided to ELT Monthly and Board bi-annually. Continuous data loss prevention technology to detect and alert unusual levels of data extraction, encryption or deletion. Data Governance Group provides oversight of improvements to data governance through its framework. Validation of Landlord Compliance data is completed through monthly audits to test data accuracy (monthly). Data Protection Officer in place providing advice, support and oversight to the business, as per Article 39.	Medium 12

Risk Area	Nature of Risk	Key Controls	Net Rating Score
Climate Change	Failure to develop and implement an effective Climate Change Strategy.	Board approved a 5yr Strategy and we provide a 12-month update (September annually). Energy efficient targets (KPI's) approved annually and overseen by Development and Regeneration Governance Group (DRGG) on a Quarterly basis. Investment budgets and grants oversight by DRGG and or Assets and Development Committee (ADC) on a quarterly basis to ensure maximum impact and delivery.	Low 6
People	Failure to recruit and retain the appropriately skilled and experienced employees in a competitive market.	Regular resource reviews completed at Director weekly meeting. Recruitment agency framework in place including preferred supplier list (identified through regular service reviews completed against each agency). Critical business roles reflect longer contractual notice period. Annual succession plan review completed. Annual recruitment of approximately 5 trade apprentices via the local college. Hybrid Working and arrangements to improve flexibility and availability of resource. Exit interviews are conducted to understand reasons for leaving.	Medium 9

**Net rating scores agreed at Magenta Living Board Meeting on 18 May 2023*

Financial and operating review

Statement of Comprehensive Income

	2023 £'m	2022 £'m	2021 £'m	2020 £'m	2019 £'m
Turnover	69.6	73.9	69.6	65.7	67.2
Cost of sales	(1.5)	(7.6)	(5.2)	(4.0)	(2.1)
Operating expenditure	(70.5)	(63.4)	(59.6)	(62.0)	(59.6)
Gain on disposal of fixed assets	3.4	3.5	1.7	2.9	1.9
Gain on revaluations	1.0	1.0	0.2	0.3	4.8
Operating surplus	**2.0**	**7.4**	**6.7**	**2.9**	**12.2**
JV profit	0.5	0.4	0.5	0.5	0.2
Net interest payable	(3.6)	(2.8)	(3.0)	(3.5)	(4.0)
Loan re-financing	-	(13.4)	-	-	-
(Deficit) / surplus for the year	**(1.1)**	**(8.4)**	**4.2**	**(0.1)**	**8.4**

The Board reports a Group operating surplus of £2.0m (2022: £7.4m). The Group has continued to invest in both its existing stock and undertake new developments for affordable housing to rent.

Turnover for the year ended 31 March 2023 was £69.6m (2022: £73.9m), with £66.0m (2022: £63.1m) arising from core social housing lettings activity.

Statement of Financial Position

	2023 £'m	2022 £'m	2021 £'m	2020 £'m	2019 £'m
Housing fixed assets	231.0	218.0	215.5	211.4	204.2
Other fixed assets	3.6	3.8	4.0	4.2	4.4
Investments	16.0	14.9	13.9	13.8	13.0
Net current assets	10.2	19.5	13.5	14.0	12.1
Long-term creditors	(118.6)	(117.0)	(103.4)	(106.9)	(100.2)
Pension provisions	6.9	(23.3)	(31.5)	(21.0)	(24.8)
Reserves	**149.1**	**115.9**	**112.0**	**115.5**	**108.7**

The provision in respect of the defined benefit pension schemes is extremely volatile. During the year, actuarial gains on the Merseyside Pension Fund mean that this scheme is now in surplus, resulting in 2023 net gains of £30.2m. The Board has a long-term approach to the volatility and have not requested any changes to the scheme nor have they requested an interim valuation.

Reserves are retained at levels that allow the Group to continue to provide the services that the reserves are intended to support while managing the risks associated with long-term expenditure plans. The budget and business plans are approved each year and are set to achieve this. The level of reserves is monitored throughout the year. The Group held £149.1m (2022: £115.9m) in the Income and Expenditure reserve as at 31 March 2023. These reserves are not cash reserves but rather refer to the total net asset position of the Group at the year end.

Free reserves (unrestricted funds excluding tangible fixed assets net of grant) were £70.1m negative (2022: £91.0m negative) at 31 March 2023, as £250.6m (2022: £236.7m) is represented by fixed assets and can only be realised by their disposal. The funding facility is secured against the housing property fixed assets.

Development

The construction industry continues to experience volatility in the economic climate. Inflation rises and skilled labour shortages have increased build costs which has impacted on the viability of live and pipeline projects.

The biggest risk to the development programme is contractor insolvency. Magenta has experienced several contractor insolvencies over the past 4 years which has added to the delay in project completions and increase in outturn costs. However Magenta is committed to growth and continues to develop new affordable homes that meet the expectations of our customers and local housing need.

Our development highlights from 2022/23 include a total of £13.7m invested in developing new homes across Wirral and Cheshire East. This includes £1.7m grant from Homes England.

A total of 36 homes were built across Wirral and Cheshire East providing options for affordable rent, rent to buy and shared ownership. These completions included Clifton Avenue, Wirral where Magenta supported a SME contractor by providing direct payments to sub-contractors to help with their cashflow which ensured the project completed. At the end of the year there were 394 units in development at various stages. The majority of these projects are delayed due to insolvency and will complete 2023/2024.

Magenta continues to explore innovation through Modern Methods of Construction and energy efficiency to introduce best practice in providing new homes which are warm, safe and secure.

The current development strategy will be in place for another 12 months whilst we review our growth and regeneration plans; and specialist housing provision.

Property sales

Right to Buy (RTB)

There were 54 (2022: 51) RTB property sales during the year. A Right to Buy sharing agreement exists with Wirral Borough Council which was agreed at transfer. Of receipts of £2,517k (2022: £2,177k), £847k (2022: £684k) was paid to Wirral Borough Council in accordance with the agreement. RTB sales produced a surplus of £1,362k (2022: £1,154k).

Right to Acquire (RTA)

21 (2022: 23) properties were sold under RTA agreements for a total of £2,392k (2022: £2,182k) and yielding a surplus of £1,971k (2022: £1,990k).

Outright sales

The group made no outright sales in the year. At the year-end there were 14 units in development where outright sale within the tenure mix is required in a specific scheme.

First tranche shared ownership sales

10 (2022: 11) first tranche sales were made during the year for a total receipt of £816k (2022: £775k) yielding a surplus of £1k (2022: £125k). The average sale was £11k per unit higher than the previous year.

Other property sales

Other disposals, including staircasing and auction sales, £60k (2022: £519k).

Social housing lettings

Following the Covid-19 lockdown periods we have seen a significant increase in routine maintenance costs (note 3) related to responsive repairs which has continued to impact the performance in this area during the financial year. While expenditure was lower than the previous year, the responsive repairs budget for 2022/23 was overspent due to the organisation responding to c.3,000 more jobs than budgeted and increased cost of some materials due to inflation. Levels of responsive repairs remain high compared to pre Covid-19 and this pattern will continue to be monitored alongside our preventative maintenance programme

Commercial activities

Corporate repairs

The Group provides building services for a number of third parties and lease-owners. Income for the year was £570k (2022: £745k) yielding a surplus of £75k (2022: surplus £96k).

Lettings

The Group also owns garages and shops. Income derived from letting garages and shops was £1,021k (2022: £1,036k) yielding a surplus of £706k (2022: £932k).

Other

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

The Group leases properties to Bamboo Estates LLP for market rent letting. Lease charges were £313k (2022: £312k) yielding a surplus of £259k (2022: £256k).

The Group also receives income for aerial masts and funding for various schemes.

Loan Facilities

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

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

As at 31 March 2023 £87.4m of the overall facility was drawn with the balance represented by a 5 year RCF to be drawn as required.

Cash Flow and Liquidity

The net cash inflow from operating activities before interest costs was £9.3m (2022: £20.4m). Bank balances and short-term investments were £14.1m (2022: £16.2m) at the year end.

Covenant Compliance

The covenants relevant to the loan agreement are;

- Interest cover
- Gearing
- Asset cover

Performance to 31 March 2023 showed that the Group was compliant with all covenants.

Value for Money

Our Strategic Approach to Value for Money

The Board of Magenta Living approved our Value for Money (VfM) strategy in March 2021. Our strategic approach recognises that VfM is not just about cutting costs; it is about understanding the **'Value Chain',** and optimising the relationships between costs, processes and the quality of outcomes, or the ***Economy, Efficiency and Effectiveness*** of everything we do.

Economy	Efficiency	Effectiveness
Economy is achieved at the most basic level by managing our costs and what we pay for our goods and services	Efficiency is achieved when we make the best use of our resources and is improved when we continuously review and improve the way we do things	Effectiveness is achieved when we meet our quality standards and our customers' expectations.
Underpinned by:	Delivered by:	Demonstrated by:
• Business Plan • Treasury Management • Annual Budget Setting • Procurement Strategy (Use of consortia, frameworks etc). • Contracts Reviewed and actively managed	• The Magenta Way • Culture of Continuous Improvement • Process Review and Improvement • Service Improvement Plans	• Performance management • OKR and KPI targets and reporting • Social Value created • Contract Management • Cost and Performance Benchmarking

Our Value for Money policies and guiding principles

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

- We will be ambitious and adaptable in the delivery of our strategic objectives and in doing so we will be accountable to each other, our customers and stakeholders.
- Our Corporate Plan covers all organisation-wide improvement activity. A supplementary VfM strategy details those aspects which specifically deliver improvements in VfM.
- We are open and transparent in respect of our plans, the extent to which we are achieving them and how what we do and the ways in which we do it provides VfM for all of our stakeholders.
- Our people are vital to our success as an organisation and to our ability to deliver VfM. We will invest in staff development in order to create a vibrant, values-based culture to facilitate this.
- We recognise that setting clear standards supported by effective performance management is essential to drive operational efficiency.
- We are committed to supporting and maintaining vibrant neighbourhoods. Proactive Asset Management for us will never be "a numbers game".
- Our VfM approach will detail plans for improving Return on Assets through investment / divestment / tenure change.
- Investment in commercial activity is intended to generate a return to fund further new supply of housing across a range of tenures and for investment into the provision of services which add value to the communities we serve.
- We are committed to increasing our development capacity and providing a range of tenures and housing products while recognising our primary focus is and will remain affordable homes.
- We are an active and progressive agent of regeneration.
- We actively look to develop homes in Wirral where land supply allows and will seek opportunities in the wider region that make a commercial, social and regeneration impact.
- We recognise that delivering increased digital choice and digitalised services is essential to delivering improved operational efficiency and better services for many customers. However, we also recognise that digital access will not suit everyone, and a range of access methods will always be available.
- We work in partnership with our customers to identify priorities for investment on a neighbourhood basis.
- We measure the value generated from our investment in community activities.

Performance against our Corporate Objectives and VfM metrics

Investing in homes and delivering new ones

Development

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

The development programme has encountered substantial delays within the construction sector due to the availability of materials, skilled labour shortages and contractor insolvencies. During 2022/23 we completed 36 new homes against a target of 202 and starts on site a total of 30 against a target of 135 units. The Board's risk appetite is **Balanced** to investing in its existing and new homes programmes but is **Cautious** about further commitments to building homes for sale in the downturn of the current economic environment and associated risk with land led package deals.

It has been difficult to sustain value for money efficiencies due to the rise in inflation driving up construction costs and challenges in retention of skilled labour. The Development team continue to manage this through rigorous financial assessments, value for money research undertaken by the Employers Agents and cost controls.

We have reduced the volume of land led package in our pipeline to manage risk and financial exposure to the business.

The geographic areas remain anchored in Wirral and neighbouring authorities of Ellesmere Port and Halton where Magenta is committed to seeking opportunities for regeneration, growth and building the pipeline for new homes over the next 6 years.

Deriving Optimal Benefit from our Resources and Assets

Bamboo Estates

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

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

- To achieve a private rent at least £30 per week higher than the social rent – Bamboo has exceeded this target and achieved an average uplift of £41 per week.
- To alleviate void rent loss issues associated with 'hard to let' properties, i.e., those Magenta Living struggles to let due to low demand; Ten of the 113 properties leased to Bamboo by Magenta Living are 'hard to let' flats. Bamboo let these properties and still made a modest uplift of just under £9 on the social rents.

Torus62 terminated their membership of the JV in March 2023. Bamboo now operates as a partnership between Magenta Living and Wirral Partnership Homes (Development) Limited, a subsidiary of Magenta Living.

Magenta Living has committed all the profits it receives from Bamboo to be reinvested as internal subsidy for the development of new social properties on Wirral. The £458k generated in 2022/23 is to be distributed to Magenta Living to support this programme.

Newcastle Furniture Service (NFS).

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

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

After its first year of active trading, the service had already exceeded its year 2 workflow assumptions of 220 packages. Following the conclusion of its second year of active trading it has again surpassed all targets for its year 3 and year 4 workflow assumptions (330 and 440 packages respectively), ending the 2022/23 year on 647 packages.

Every package contains a weekly Magenta Living administration fee of £3.20, which covers the cost of providing the service. In the 2022/2023 financial year, just under £91k was generated from this administration fee. This administration fee also provides a surplus; in the 2022/2023 financial year this surplus was just over £60k, which will be reinvested into Magenta Living to support future outreach and development activities.

Asset Management

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

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

Asset Data and Performance

To ensure we have a minimum 80% of stock condition data which is not more than five years old, we have commissioned a stock condition survey, including energy performance assessments, to be delivered from 2023 - 2028.

In conjunction with stock condition data, Magenta Living uses an Asset Performance Evaluation (APE) model to help identify the properties that are financially poor performing. The APE model calculates the income vs expenditure over a 30-year period giving the Net Present Value (NPV). The APE model enables us to combine financial information with the social objective data for an overall view of how the assets are performing. To ensure the APE model continues to provide robust information, it was refreshed in late 2022.

Climate Change

We have developed a Climate Change Strategic Framework which sets out a range of targets and aspirations to reduce the Magenta Living carbon footprint and overall impact on climate change. Over the coming years, we will commit to meeting these targets throughout the organisation from improving the energy efficiency and climate resilience of the housing stock to ensuring sustainable best practice is executed within the office and stores. In recognition of our achievements we have been successful in retaining for a second year a 'Gold' accreditation status from SHIFT for delivering against our challenging environmental targets. We have been successful in our bid for Social Housing Decarbonisation funding, in relation to Wave 1 and 2 securing £2.8m which will reduce the financial impact of our current retrofit programme.

Empty Homes

Following an in-depth service review, we continue to focus on improvements within this area. Average relet times improved throughout the year and void rent loss reduced from 1.6% to 1.33%.

Compliance

Magenta Living takes a safety-first approach to asset management and our investment plans have been developed to ensure that they are aligned with the best compliance practices within the sector.

To ensure compliance is delivered with consistent quality and cost effectiveness we undertake the procurement of compliant contracts in a timely fashion so we can achieve value for money in terms of efficiencies and improved customer service.

Procurement

In 2022/23 Magenta procured a total of 50 contracts with a combined total contract value of £11.2m. Market conditions as a result of Brexit and Covid have meant that there have been significant price increases and shortages in some product areas and in skilled trades that has had had a negative impact on supply and demand. Where VfM cashable savings were possible a total of £1.09k savings were achieved which includes £357k from annual ongoing savings from longer term procured contracts. An additional £153k cashable savings were achieved through benchmarking and effective negotiation and management of our building materials contract.

Operational Efficiency Reviews

The VfM reviews completed in 2022 included every team across the organisation and took a considered dive into the ways of working, systems, structure and challenges faced by each team. This produced hundreds of data points that allowed us to create short, medium and long-term projects to address the barriers to delivering a service to our customers that demonstrates value for money and improves their experience of interacting with us. The projects identified have formed the basis of our Transformation Plan, The Magenta Way. Each transformation project or activity can be traced back to colleague or customer frustrations and will change the way we work now and in the future, and will form the basis of our plans to reduce management costs in 2024-25 and 2025-26.

Performance against VfM Metrics.

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

RP_Name	Total social stock owned	Type*	LSVT age
Salix Homes Limited	7,935	LSVT	< 12 years
Progress Housing Group Limited	10,991	LSVT	
First Choice Homes Oldham Limited	11,361	LSVT	< 12 years
One Manchester Limited	11,941	LSVT	> 12 Years
Regenda Limited	12,201	Traditional	
Rochdale Boroughwide Housing Limited	12,521	LSVT	< 12 years
Magenta Living	**12,634**	**LSVT**	**> 12 Years**
One Vision Housing Limited	12,915	LSVT	> 12 Years
Livv Housing Group	12,986	LSVT	> 12 Years
Plus Dane Housing Limited	13,268	Traditional	
Wythenshawe Community Housing Group Limited	13,654	LSVT	> 12 Years
ForHousing Limited	17,755	LSVT	> 12 Years
Bolton at Home Limited	18,812	LSVT	< 12 years
Onward Group Limited	29,464	LSVT	
Jigsaw Homes Group Limited	32,875	LSVT	> 12 Years
Torus62 Limited	38,180	LSVT	> 12 Years

*Type - "Traditional" includes LSVTs (i.e. transferred stock is > 50%) that are over 12 years old. These are flagged as ">12 years" for reference only.

Performance against the RSH VfM Metrics

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

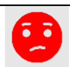
	Backward Look		Current Performance		Forward Look			
	2021-22	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	
Metric	Performance	Sector/ Peer Group Median	Budget/ Target	Actual	Budget/ Target	Fcast/ Target	Fcast/ Target	Comments and future plans
Reinvestment %	5.80%	6.5% / 9.0%	22.86%	6.49%	21.70%	13.48 %	15.82 %	These outcomes are driven largely by development expenditure, where the investment in a 1,000 unit delivery programme is reflected. This programme of development expenditure continues beyond the three-year period ending 31st March 2026, and until 2029. Investment in component replacements is also a constant over this three-year period, and throughout the life of the business plan.
New Supply % (social)	0.43%	1.4% / 0.9%	1.62%	0.27%	1.517%	2.05%	1.49%	In alignment with Re-investment percentage, the delivery of 653 (of 1,000) units is reflected within these outcomes (in the three-year period to 31st March 2026).
New Supply % (Non-social)	0.10%	0.0%/ 0.0%	0.0%	0.0%	0.0%	0.07%	0.15%	A delivery of small number of outright sale (18) and market rented (20) units are incorporated within the 1,000-unit development delivery programme.
Gearing %	32.70%	44.1% / 38.5%	41.97%	31.72%	38.20%	36.71 %	37.95 %	Gearing remains consistently strong throughout the borrowing phases of the business plan, where increased debt is compared to an increasing asset net book value.
EBITDA MRI (Interest cover) %	58.10%	145.7% / 133.0%	160.74%	124.48%	161.78%	331.31 %	354.60 %	This outcome remains strong also throughout the borrowing phases of the business – a strengthening operating surplus is forming a strong platform for comparison with increasing borrowing costs incurred is supporting the development programme.
Headline Social Housing Cost Per Unit £	£4,428	£4,150 / £3,979	£4,718	£4,956	£5,309	£4,860	£4,867	The outcomes in the three years to 31st March 2026 takes account of additional asset management investment (i.e., Carbon Neutral @£1.5m per annum). A comprehensive Value for Money review is on-going within Magenta, and this is expected to impact ultimately on the future housing costs

								per unit and operating costs reported. In recognition of these expected impacts, a management cost savings target has been introduced into the business plan from 2024/25, 5% (£1.3m), rising to 10% (£2.6m) from 2025/26 and from there at 10% of current base management costs throughout the life of the plan.
Operating Margin Social Housing %[1]	0.38%	23.3% / 19.7%	-2.46%	-5.94%	0.74%	10.28 %	12.46 %	The operating margin is strengthening in the three-year period to 31st March 2026. The comprehensive Value for Money review is expected to generate savings that will not only positively impact upon the housing cost per unit and ROCE metrics, but also the operating margin.
Operating Margin overall %[1]	3.92%	20.5% / 16.9%	0.94%	-3.54%	4.07%	11.81 %	13.82 %	See above
Return on Capital Employed	2.65%	3.2% / 3.7%	0.84%	0.53%	1.90%	4.17%	4.25%	The ROCE outturn is improving in the three-year period to 31st March 2026, and this is aided by stronger operating margins expected.

[1] Our operating margin is adversely affected by our currently component capitalisation policy. 2022-23 17.4% (2021-22 23.0%) compared to sector averages in excess of 50% and often significantly higher. It is our intention to bring this into line with the sector.

Performance against our internal VfM metrics.

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

Metric	2021-22 Performance	2022-23 Budget/ Target	2022-23 Performance	RAG Status	2023-24 Target	Comments and future plans
Empty Homes Repair Cost £	£3,552	£3,700	£4,004		£3,945	Expenditure was higher than originally budgeted but this was in part recovered through faster relet times. Our target for the year ahead is to maintain average repairs costs on empty properties at current levels whilst reducing relet times to improve efficiency.
Empty Homes Rent Loss £	1.60%	1.40%	1.33%		1.09%	A review of our Empty Homes management processes and lettings standard has begun to deliver improvements in this area and we have set targets for the year ahead to continue this trend.
Development starts (new 1000 unit programme)	0	92	0		159	Magenta has made a strategic decision to step away from land-led package deals to mitigate the associated risks around pricing and delays. The starts forecast for 23/24 are all on land already in Magenta's

						ownership or S106/Off the Shelf acquisitions which are already underway.
Development completions (Existing programme)	57	202	36		215	The shortfall in completions for 22/23 was caused by significant delays on-site due to the ongoing volatility of the construction industry and inflation. The over-run projects are now forecast to complete in 23/24.
Ongoing staff sickness levels at below peer group average	7.4 days	7.4 days	7.8 days		8.0 days	Sickness increased slightly in the year, in line with the sector and society as a whole. Whilst we did not achieve our target our performance is better than the average for our peer group and our target for 2023-24 is to maintain performance at this level.
Number of existing housing units at EPC level C or above	103	304	112		180	We have 112 confirmed improvements to EPC C or better. It was originally anticipated that SHDF Wave 1 properties would also be reported in the EPC improvements for this year. However, these will now be included in the following financial year. EPC reporting has proved difficult due to changes in downloads from the Government EPC register.
Customer satisfaction with services provided by Magenta Living (STAR survey)	93.40 %	Maintain top-quartile performance	86.8%		87.1%	Customer satisfaction levels fell across most questions this year. We have set ourselves challenging targets for the new RSH Tenant Satisfaction Metrics.
Customer satisfaction with the home (STAR survey)	88.50 %	Maintain top-quartile performance	87.3%		90%	Indicator amended from ‘quality’ to ‘well maintained & safe’ for 2022/23. Customer satisfaction levels fell across most questions this year. We have set ourselves challenging targets for the new RSH Tenant Satisfaction Metrics.
Customer satisfaction with the Neighbourhood (STAR survey)	89.90 %	Maintain top-quartile performance	83.1%		85%	Indicator amended from ‘place to live’ to ‘landlord makes a positive contribution’’ for 2022/23. Customer satisfaction levels fell across most questions this year. We have set ourselves challenging targets for the new RSH Tenant Satisfaction Metrics.

Social Value

Magenta Communities Committee (MCC), a formal sub-committee of our Board, where customers are in the majority, ensure customers can influence services and our community activities. They also contributed £46,200 to key partner agencies working in our neighbourhoods' supporting projects for adults with autism, ADHD and complex disabilities as well as those suffering from domestic abuse. Close links Community Partners Panel also provide first hand input and feedback on the impact our activities are having on traditionally hard to reach sections of our customer base. Such investment in community partnership provides a cost-effective way to generate social value across our local communities.

Following our Magenta Connect project, an online engagement platform which increases the reach of our customer engagement and supports our community offer, Magenta Living quickly identified the need for support within our neighbourhoods to be greater than ever. A cost-of-living strategy was developed with, and approved by, MCC with a vision to support customers impacted by the cost-of-living crisis, offering a wide range of specific and general wellbeing support, and maintaining high levels of tenancy sustainment. Specific activities include the provision of intensive housing management support for vulnerable customers, welfare benefit and financial inclusion advice, a rent relief fund of £100,000 for customers suffering short term financial difficulties and access to energy vouchers. A series of cost-of-living roadshows were held with a large scale, visible presence from Magenta Living and partner agencies providing effective signposting to support as well as the provision of instant access to practical support across various communities and high-rise blocks. Magenta Living was recently shortlisted for the 'Best Initiative to Combat Fuel Poverty Crisis' Award at the 2023 Safety & Compliance Awards ceremony and our Income Team was named 'Team of the Year' at the Northern Housing Awards 2023. The judges said: "Magenta offers customers in financial difficulty a full '360' holistic check and support mechanisms to help them get back on track."

Our community regeneration investment dovetails with the 'vibrant lives and neighbourhoods' aspect of our Vision. In order to provide an indication of the social value created through our activities in local neighbourhoods we utilise the 'HACT Wellbeing Evaluation' methodology. In 2022/23 our community regeneration activities generated £21.3m of social value, compared to the previous year's figure of £16.6m. We share an Annual Social Value Statement with our customers each September as part of our Annual Reporting framework.

Our future plans

2023-24 is a transitional year for Magenta Living as we focus on key areas of transformation alongside the development of our new Strategic Plan for 2024-2030. Branded "Magenta Reimagined" in 2023-24 we will put in place the foundations to deliver transformation in three key areas. We will:

- Transform our **Culture**
- Improve the **Customer** experience
- Build **Communities**

Delivering these initiatives in 2023-24 will require significant investment in our Digital Strategy through new IT solutions and a strategy to enhance our data maturity. We have set ourselves the target of reducing our management costs by £1.3m in 2024-25 and £2.6m in 2025-26.

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

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

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

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

Streamlined Energy and Carbon Reporting

Reasons for change in emissions

This is the fourth year of reporting under SECR. The current emissions compared to the base year (April 2019 – March 2020) have decreased by 781.8 tonnes of CO_2e, which accounts for a 34% decrease. The main factors causing this reduction are the significant decreases in both company transport and electricity where emissions have been reduced by 29% and 21% respectively.

Business travel

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

Quantification and reporting methodology

HM Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019) has been used for the collation of data sources and reporting of emissions. UK Government GHG Conversion Factors for Company Reporting has been used for the reporting of emissions, using the 2022 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 CO_2e.

Target setting & responsibilities

The target is to reduce gross scope 1, 2, and 3 emissions in tonnes of CO_2e per property by 2% per year. The reduction of the performance of the current period against the target was 17%.

Intensity measurement

The metric chosen for reporting is gross global scope 1 and 2 emissions in tonnes of CO_2e 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
Natural Gas	None	1,030.7	894.7
Company owned transport	None	272.4	192.7
Refrigerants	None	11.3	11.3
Total Scope 1	**None**	**1,314.4**	**1,098.7**

SCOPE 2 CO2e (tonnes)	Exclusions	April 21 - March 22	April 22 - March 23
Electricity	None	469.3	373.0
Total Scope 2	**None**	**469.3**	**373.0**

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

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

Energy Consumption	Exclusions	April 21 - March 22	April 22 - March 23
kWh		9,122,005	7,779,145

Carbon offsets	0	0
TOTAL CO2e Scope 1, 2, 3 Net emissions (tonnes)	**1,868.82**	**1,547.25**
Intensity Metric (Net emissions) tCO2e/property	**5.680**	**4.703**

Energy efficiency actions

The 2022/23 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 2022 we began installing External Wall Insulation to 99 homes as part of Government's Wave 1 Social Housing Decarbonisation Funding scheme. The 2023/2024 reporting year will see us complete our Wave 1 program installations and commence work on our recently secured Liverpool City Region Wave 2.1 Social Housing Decarbonisation Fund group funding bid. This will involve over £11million of Government funding for the group bid, of which Magenta Living's part will be circa £1.6m to deliver sustainable improvements to over 160 homes in two of our 21 Wirral neighbourhoods, Birkenhead North and Rock Ferry.

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.

People

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

Climate Champions: In its third year, multiple ideas have come from this group on how to decarbonise areas of the business including energy usage, water/resource usage and areas of waste. This feedback has contributed to our office decarbonisation plan.

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

Services

Fleet Vehicle Transport Emission Reduction: Having previously undertaken work with the Energy Saving Trust to understand what this will look like; we have a 5-year implementation strategy starting with environmental vehicles. The first stage of this has seen the installation of Electric Vehicle chargers at both Partnership Building and St Marys Gate.

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

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

Standards

Sustainability KPI’s/ISO14001: We have amalgamated a number of these elements to provide one version of the truth in measurement. ISO14001 - we are now in our 6th year of accreditation whilst sustainability KPI’s have been successfully implemented for the 3rd year running. The KPI’s also take account of holistic matters (existing homes, new homes, offices/operations and ecology). Targets have been set accordingly which we have seen realistic step changes within decarbonisation. The KPI’s have also been internally audited successfully.

Carbon Literacy: We now have a number of our Board/Executive Team trained in Carbon awareness. We have also had three cohorts trained to full carbon literacy standard. Next year we have a corporate objective to achieve our Carbon Literacy Bronze accreditation and are currently working towards this.

SHIFT Accreditation: This year Magenta Living retained our SHIFT (Sustainable Homes Index for Tomorrow) Gold accreditation, something we are extremely proud of, as we are only one of thirteen landlords nationally to achieve this status, accredited due to our sustainability efforts across existing homes, new homes, offices/operations, strategy/management and supply chain.

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

Statement of compliance

The form and content of the strategic report review has been prepared in line with the Statement of Recommended Practice for registered Social Housing Providers 2018. The statement has also been prepared in accordance with The Accounting Direction for Private Registered Providers of Social Housing 2022.

Ged Lucas

Chair

Board members and executive directors

The present Board members and the Executive Directors of the Group and those who served during the year and up to the date of approval of these financial statements are set out on page 1.

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

The Executive Directors consist of the Chief Executive and the other members of the Group's Executive Leadership Team. The Executive Directors that served during the period are set out on page 1.

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

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

Service contracts

The Chief Executive and the other Executive Directors are appointed on permanent contracts of employment on individual contracts, their notice periods being up to six months. Following the departure of the Chief Executive at the end of December 2021 this role was covered by an interim appointment until November 2022 when the role was filled on a permanent basis.

Pensions

The Executive Directors are members of either the Social Housing Pension Scheme (defined contribution) or the Merseyside Pension Fund (defined benefit final salary pension) schemes. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

Other benefits

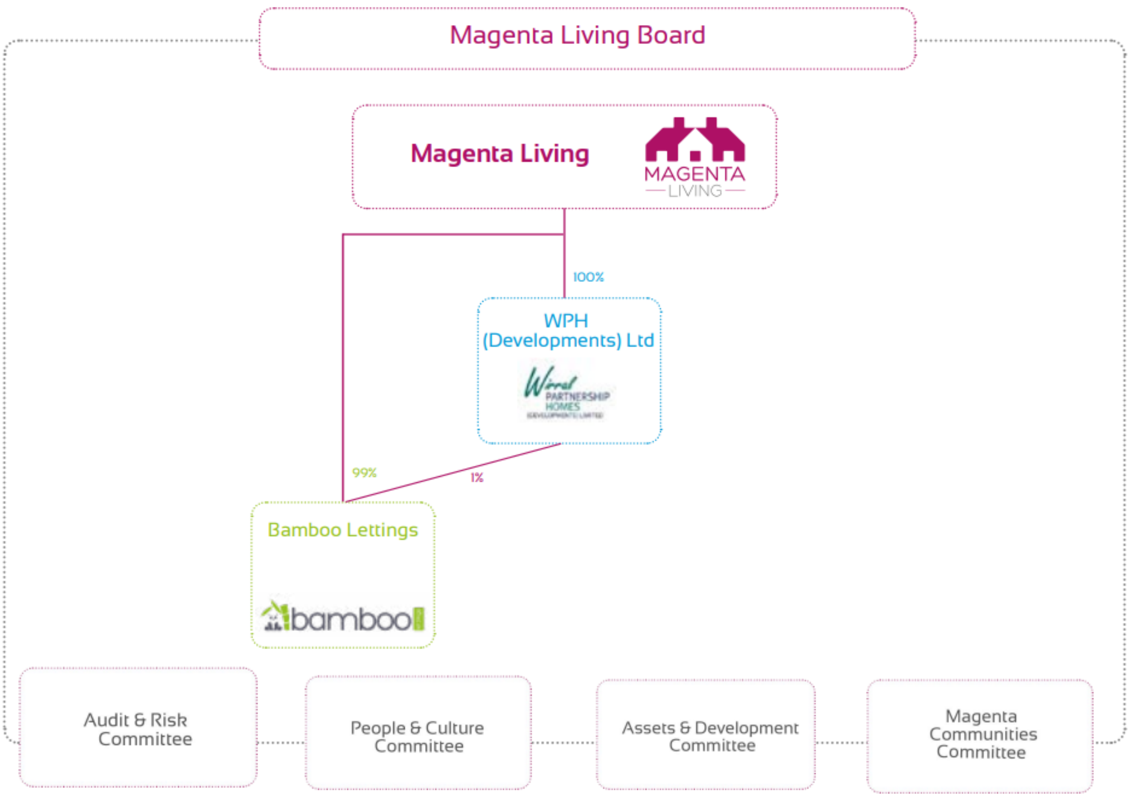
In addition to their basic salary, the Executive Directors are entitled to the provision of a car allowance. Details of the remuneration bandings are included in note 10 to the audited financial statements.

Tenant involvement

We actively encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement (Magenta Connect and Compass) and there are clear reporting arrangements between tenant groups and the Board. See Magenta Communities Committee below.

Governance

Governance Structure

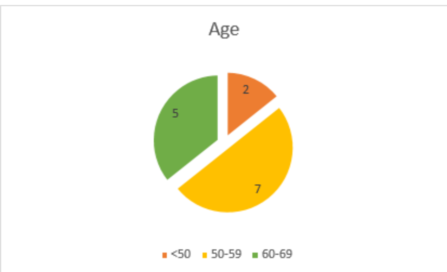


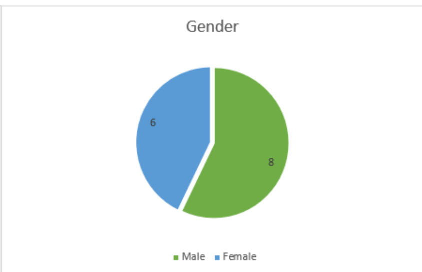
WPH (Building Services) Ltd (Dormant)
Hilbre Homes (Dormant)

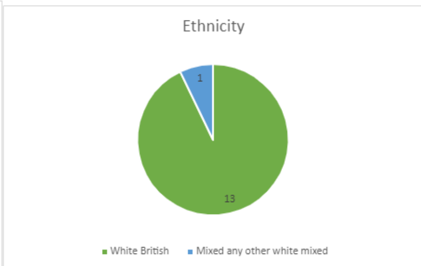
Magenta Living Board

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

A summary of the diversity of the Board during 2022 – 23 is detailed below;







Audit & Risk Committee ‘ARC’

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

People & Culture Committee ‘PCC’

The PCC consists solely of NED Members. The PCC leads and makes recommendations on matters concerning governance effectiveness; succession planning for NEDs; appraisal of board directors and the Chief Executive; contractual issues relating to the Chief Executive; remuneration of NEDs, the Chief Executive and colleagues and ensures that Magenta Living attracts and retains its people and develops an organisational culture.

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’

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

Board and Committee Membership 2022- 23

<table>
<tr><td colspan="2">Magenta Living Board
Ged Lucas (Chair)
Myles Edwards (SID)
Stephen Allcock (appointed 14.11.22)
Julie Booker (appointed 9.6.22)
Ann-Louise Gilmore
Susan Goodman
Liam Kelly
Paul McGrady (appointed 1.4.22)
Michael Riley (appointed 14.11.22)
Ann-Marie Spencer (appointed 14.11.22)
Mike Turner

Matthew Brown (resigned 31.8.22)
Sharon Grover (resigned 13.12.22)
Gordon Ronald (resigned 30.9.22)</td></tr>
<tr><td>Audit & Risk
Susan Goodman (Chair)
Stephen Allcock
Julie Booker
Andy McCullagh (Co-Optee)
Paul McGrady</td><td>People & Culture
Liam Kelly (Chair)
Myles Edwards
Ged Lucas
Ann-Marie Spencer</td></tr>
<tr><td>Assets & Development
Ann-Louise Gilmore (Chair)
Ged Lucas
Michael Riley
Ian Thomson
Mike Turner</td><td>Magenta Communities
Wendy Gooley (Tenant Chair)
Myles Edwards
Liam Kelly</td></tr>
</table>

Board and Committee NED Attendance

Board / Committee	% Attendance
Magenta Living Board	89
Audit & Risk Committee	90
People & Culture Committee	79
Assets & Development Committee	97
Magenta Communities Committee	70

Continuous Improvement and Governance.

The Board continually strengthens and improves its governance effectiveness and in 2022-23;

- Magenta Living was regraded to G1 / V1 by the Regulator of Social Housing in August 2022
- Magenta Living achieved full compliance with the NHF Code of Governance 2020
- The Board adopted the NHF Code of Conduct 2022
- The Board and all Committees reviewed their effectiveness at the end of each meeting and all NEDs completed the annual effectiveness survey
- The skills mix of the Magenta Living Board was enhanced, in line with the Statement of Preferred Board Composition, through Board Director turnover and the recruitment of new Board Directors with particular experience of IT / digitilisation / cyber security
- The Board undertook an independent review of NED remuneration
- A formal Board Induction and Development Programme was developed
- The PCC began to consider the introduction of an Associate Board Director Programme
- The Board completed its action plan arising from the last governance review

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. We will comply with all of the requirements of the new Supplier Payment Practices and publish our supplier payment performance accordingly. Payment performance within 30 days for the financial year was 72%.

Employees

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

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

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

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

Further we achieved the Investors in People – We invest in People Gold status at our three-year assessment point in December 2021. This latest 'Gold' achievement also saw a significant improvement from our last 'Gold' accreditation in 2018 with 5 of the 9 indicators now at the high performing Platinum level (compared to none in 2018).

Gender Pay Gap

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

Magenta Living's Gender Pay Gap report 2022 shows a positive average pay gap of 0.90% which reflects the fact that on average females are rewarded slightly more than males within the organisation. At the median the pay gap is (4.69%) which is slightly the other way. Overall, this is a very balanced position and representative of the work that has been done to achieve this. For further details please see the full report at the following link; Microsoft Word - Gender Pay Gap Report 2022 [31].docx (magentaliving.org.uk)

Health and safety

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

Donations

During the year ended 31 March 2023 the Group has made no political contributions and any charitable donations were made during the course of its ordinary activities (2022: £nil).

Post balance sheet events

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

Internal controls assurance

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against 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 2022 to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

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

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the 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 activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Directors. The Group has in place long term debt facilities, including £50.00 million of undrawn facilities at 31 March 2023 (2022: £50.00 million), which provide adequate resources to finance committed reinvestment and development programmes along with the Group's day to day operations

Following the Covid-19 pandemic we have seen an increase in some areas of short to medium term expenditure in order to catch up on our asset investment programme where previous year's saw challenges with the availability of resources and materials in the construction sector. Further challenges in the construction sector in respect of development activity has seen a reduction in planned expenditure during the year. Rental income has however remained stable. The retiming of investment in our housing assets both existing and new development activity will enable the organisation to effectively manage the impact on the cashflow.

The Group's subsidiary Hilbre Projects LLP is showing a loss as at 31 March 2023. The losses experienced have been written off in the parent company accounts in respect of the partial non-recovery of the on-lending from Magenta Living to WPH (Developments) Limited for on-lending to Hilbre Projects LLP. The loan to Hilbre Projects LLP was repaid as sales proceeds from the completed sites were received. Following the write off in the parent company accounts recovery is being pursued through the provisions made in respect of Directors Guarantees.

The Board of Hilbre Projects LLP has agreed that the organisation will be placed into a dormant state now that the assets have been divested and no further trading is planned.

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

The Group also has a long-term business plan which shows it is able to service its debt facilities while continuing to comply with lender's covenants. The Consolidated Statement of Comprehensive Income shows a deficit for the year of (£1.2m) (before actuarial gain in respect of the pensions schemes). The underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) position remains strong. Discretionary spend continues to be closely managed.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Public Benefit

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

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

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

- Individual customers

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

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

The Board continually reviews how 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:

The likely consequences of any decision in the long term	• Magenta has extended its current Corporate Plan as part of its Magenta Re-Imagined project to allow a fuller review of a new Corporate Plan which will be set for the period 2024-30
The interests of the company's employees	• Hybrid Working Policy developed • Building Services rebranded as Property Care • We achieved a Sustainable Homes Index For Tomorrow Gold accreditation • We achieved the Investors in People – We Invest in Wellbeing "Gold" status in December 2021 (page 35) • We achieved the Investors in People - We invest in People 'Gold' status in December 2021 (page 35)
The need to foster the company's business relationships with suppliers, customers and others	• 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.

The impact of the company's operations on the community and the environment	• New Customer Relationship Management system procured • Neighbourhood Plans developed • Cost of Living Strategy implemented including community roadshows • Progression of the Climate Change Strategic Framework (page 20) • 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 • Generated over £21m social value (page 25) • 58% of spend in the year was paid to local suppliers showing a commitment to supporting the local economy • Implementation of a Damp, Mould & Condensation Strategy
The desirability of the company maintaining a reputation for high standards of business conduct.	• See 'Continuous Improvement and Governance (page 34) • Customer satisfaction survey widened to increase potential respondents (page 24) • Compilation of Tenant Satisfaction Measures • Completion of an Asset Performance Evaluation
The need to act fairly as between members of the company.	• Magenta acquired 100% of Bamboo Lettings • 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 22 June 2023, the Board was assured that Magenta Living is fully compliant with the Code.

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

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

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

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

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and profit and loss of the Group and Company for that period.

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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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.

Report of the Board of Directors

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.

Approval

The Report of the Board was approved by the Board on 21 September 2023 and signed on its behalf by:

Ged Lucas

Chair

Independent Auditor's Report to the Members of Magenta Living

Opinion

We have audited the financial statements of Magenta Living (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 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 2023 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.

Independent Auditor's Report to the Members of Magenta Living

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 40, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Beever and Struthers.

Helen Knowles LLB FCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 29 September 2023

Consolidated Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
Turnover	3	**69,604**	**73,900**
Cost of sales	3	(1,552)	(7,639)
Operating expenditure	3	(70,516)	(63,367)
Gain on disposal of housing properties	6	3,388	3,491
		924	**6,385**
Gain on revaluation of investment properties	15	1,045	1,022
Operating surplus	5	**1,969**	**7,407**
Share of profit in joint venture	17	458	418
Interest receivable and other finance income	7	38	-
Interest and financing costs	8	(3,604)	(2,814)
Loan re-financing costs	8	-	(13,386)
(Deficit) on ordinary activities before taxation		**(1,139)**	**(8,375)**
Tax on surplus on ordinary activities	11	(1)	(114)
(Deficit) for the year		**(1,140)**	**(8,489)**
Actuarial (loss) / gain in respect of MPF pension scheme	27	34,388	11,848
Actuarial (loss) / gain in respect of SHPS pension scheme	27	(99)	573
Total comprehensive income for the year		**33,149**	**3,932**

The consolidated results relate wholly to continuing activities. The accompanying notes on pages 52 to 101 form part of these financial statements.

The financial statements on pages 46 to 101 were approved by the Board and authorised for issue on 21 September 2023 and signed on its behalf by:

S Goodman

Ged Lucas
Chair

Susan Goodman
Chair of Audit and Risk

Company Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
Turnover	3	**69,604**	**67,600**
Cost of sales	3	(1,303)	(1,814)
Operating expenditure	3	(70,446)	(63,850)
Gain on disposal of housing properties	6	3,388	3,491
		1,243	**5,427**
Gain on revaluation of investment properties	15	1,045	1,022
Operating surplus	5	**2,288**	**6,449**
Interest receivable and other finance income	7	456	751
Interest payable and financing costs	8	(3,604)	(2,814)
Loan re-financing costs	8	-	(13,386)
(Deficit) on ordinary activities before taxation		**(860)**	**(9,000)**
Tax on surplus on ordinary activities	11	-	(1)
(Deficit) for the year		**(860)**	**(9,001)**
Actuarial gain in respect of MPF pension scheme	27	34,388	11,848
Actuarial (loss) / gain in respect of SHPS pension scheme	27	(99)	573
Total comprehensive income for the year		**33,429**	**3,420**

The company's results relate wholly to continuing activities. The accompanying notes on pages 52 to 101 form part of these financial statements.

The financial statements on pages 46 to 101 were approved by the Board and authorised for issue on 21 September 2023 and signed on its behalf by:

Ged Lucas
Chair

Susan Goodman
Chair of Audit and Risk

Consolidated and Company Statements of Changes in Reserves

	Consolidated Income & Expenditure Reserve £'000	Company Income & Expenditure Reserve £'000
Balance as at 31 March 2021	**111,971**	**114,921**
Deficit for the year	(8,489)	(9,001)
Actuarial gain in respect of MPF pension scheme	11,848	11,848
Actuarial gain in respect of SHPS pension scheme	573	573
Closing reserves 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**

The accompanying notes on pages 52 to 101 form part of these financial statements.

Consolidated and Company Statement of Financial Position

Company Number: 04912562

At 31 March 2023		Group		Company	
		2023	2022	2023	2022
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets – housing properties	12	230,985	218,042	235,589	222,089
Other tangible fixed assets	13	3,571	3,751	3,571	3,751
Intangible fixed assets	14	-	-	-	-
Investment properties	15	15,351	14,306	15,351	14,306
Investment - subsidiary	16	-	-	130	130
Investment in joint venture	17	660	620	90	90
		250,567	**236,719**	**254,731**	**240,366**
Current assets					
Properties held for sale	18	6,401	13,833	6,401	13,833
Stock		125	89	125	89
Trade and other debtors due within one year	19	4,253	4,779	4,716	4,479
Cash and cash equivalents	20	14,127	16,191	12,161	14,953
		24,906	34,892	23,403	33,354
Creditors: Amounts falling due within one year	21	(14,770)	(15,395)	(14,793)	(15,146)
Net current assets		**10,136**	**19,497**	**8,610**	**18,208**
Total assets less current liabilities		**260,703**	**256,216**	**263,341**	**258,574**
Creditors: Amounts falling due after more than one year	22	(118,568)	(116,983)	(118,488)	(116,903)
Provisions for liabilities					
Pension provision MPF	27	7,199	(23,062)	7,199	(23,062)
Pension provision SHPS	27	(282)	(268)	(282)	(268)
Total net assets		**149,052**	**115,903**	**151,770**	**118,341**
Reserves					
Income and expenditure reserve		149,052	115,903	151,770	118,341
		149,052	**115,903**	**151,770**	**118,341**

The accompanying notes on pages 52 to 101 form part of these financial statements.

The financial statements on pages 46 to 101 were approved by the Board and authorised for issue on 21 September 2023 and signed on its behalf by:

Ged Lucas	Susan Goodman
Chair	Chair of Audit and Risk

Consolidated Statement of Cash Flows

	Note	2023 £'000	2022 £'000
Net cash inflow from operating activities	31	**9,342**	**20,441**
Cash flow from investing activities			
Purchase and construction of housing properties		(15,000)	(12,637)
Proceeds from sale of housing properties		4,108	4,177
Social Housing Grant received		1,990	2,650
Interest received		456	467
		(8,446)	**(5,343)**
Cash flow from financing activities			
Loan draw-down of borrowing		-	87,391
Loan repayment of borrowing		-	(76,150)
Interest paid		(2,960)	(1,931)
Loan re-financing		-	(13,386)
		(2,960)	**(4,076)**
Net change in cash and cash equivalents		**(2,064)**	**11,022**
Cash and cash equivalents at beginning of the year		16,191	5,169
Cash and cash equivalents at end of the year	20	**14,127**	**16,191**

The accompanying notes on pages 52 to 101 form part of these financial statements.

1. Legal status

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

The Group comprises the following entities:

Name	Incorporation	Registered/Non-registered
Magenta Living	Companies Act 2006	Registered
Wirral Partnership Homes (Developments) Limited	Companies Act 2006	Non-registered
Hilbre Projects LLP	Companies Act 2006	Non-registered
Wirral Partnership Homes (Building Services) Limited*	Companies Act 2006	Non-registered

* dormant company

The Group has an investment in the following joint venture with Torus62 Limited that was formed to rent properties at market rents. Torus62 exited the joint venture on 31 March 2023 and Wirral Partnership Homes (Developments) Limited became the partner on 1 April 2023:

Name	Incorporation	Registered/Non-registered
Bamboo Estates LLP	Companies Act 2006	Non-registered

2. Accounting policies

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Registered Providers of Social Housing 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 therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Significant judgements and estimates

Preparation of the financial statements requires 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. We have also considered the impact of Covid-19 on the underlying demand or expected future cash flows of our housing assets. Void levels have remained consistent with historic levels and are in-line with the business plan. Going forward the Group now has safe working practices in place to be able to continue to let properties in a manner that is safe and socially distanced, which will withstand any further waves of Covid-19. A valuation of our social housing properties has resulted in a modest increase in value. During the year, an impairment loss of nil (2022: £164k) 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 2023 of £6.92 million. The valuation of the pension fund assets is based on actual March 2023 data.

FRS 102 requires that defined benefit plan surpluses are recognised only to the extent that they are recoverable either through reduced contributions in the future or through refunds from the plan. The accounting valuation of the Merseyside Pension Fund at 31 March 2023 identified an accounting surplus of £7.199m. The scheme's actuary has provided a calculation of the economic benefit arising to Magenta Living from reduced contributions in the future. This amount exceeds the accounting surplus. Accordingly, Magenta Living has recognised the accounting surplus in full.

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 £7.8 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 2023 for tangible and intangible fixed assets was £105.6m (2022: £97.7m).

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 2023 was £15,351k (2022: £14,306k).

Basis of consolidation

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

Turnover and revenue recognition

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

Rental income is recognised from the point when properties under development reach a practical point of completion or otherwise become available for letting. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

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 depreciation. Costs include the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

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

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

Freehold land is not depreciated.

Depreciation of housing properties

The Group depreciates the major components of its housing properties 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. We have also considered the impact of Covid-19 as a specific external shock that could impact the underlying demand or expected future cash flows of our housing assets. However, the Group have seen no reduction in demand for our properties. Void levels have remained consistent with historic levels and are in-line with the business plan. The Group has safe working practices in place to be able to continue to let properties in a manner that is safe and socially distanced, which will withstand any further waves of Covid-19. Hence the Group do not consider Covid-19 as an impairment trigger at this time.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in the statement of comprehensive income. Investment properties were valued as at 31 March 2023 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 5.2% over the 12 months to the end of March 2023.

Other tangible fixed assets

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

Depreciation 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 polices 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.

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group – continuing activities

	2023 Turnover £'000	2023 Cost of sales £'000	2023 Operating expenditure £'000	2023 Gain on disposal of housing properties £'000	2023 Operating surplus / (deficit) £'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
Properties developed for outright sale	-	-	-	-	-
Other	886	-	(167)	-	719
	69,604	(1,552)	(70,516)	3,388	924

Notes to the Financial Statements

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

Company – continuing activities

	2023 Turnover £'000	2023 Cost of sales £'000	2023 Operating expenditure £'000	2023 Gain on disposal of housing properties £'000	2023 Operating surplus / (deficit) £'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

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

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

Group

	2023 General housing £'000	2023 Supported housing £'000	2023 Total £'000	2022 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	53,501	8,671	62,172	59,969
Service charge income	1,802	292	2,094	1,548
Charges for support services	888	144	1,032	1,191
Amortisation of government grants	298	48	346	321
Other revenue grants	319	52	371	86
Total turnover on social housing lettings	56,808	9,207	66,015	63,115
Operating expenditure on social housing lettings				
Management	(21,731)	(3,493)	(25,224)	(22,831)
Service charge costs	(3,237)	(525)	(3,762)	(2,811)
Routine maintenance	(9,411)	(1,573)	(10,984)	(12,169)
Planned maintenance	(6,837)	(1,122)	(7,959)	(6,681)
Major repairs expenditure	(10,039)	(1,639)	(11,678)	(8,788)
Bad debts	(142)	(23)	(165)	(85)
Depreciation of housing properties	(8,213)	(1,342)	(9,555)	(9,248)
Impairment of housing properties	-	-	-	(164)
Restructuring and other costs	(64)	(10)	(74)	(99)
Lease costs	(539)	-	(539)	-
Total expenditure on social housing lettings	(60,213)	(9,727)	(69,940)	(62,876)
Operating (deficit)/surplus on social housing lettings	**(3,405)**	**(520)**	**(3,925)**	**239**
Void losses	(714)	(116)	(830)	(967)

Management costs include £3,789k (2022: £4,005k) of current and past pension service costs for both the Merseyside Pension Fund (MPF) and the Social Housing Pension Scheme (SHPS).

Company

	2023 General housing £'000	2023 Supported housing £'000	2023 Total £'000	2022 Total £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges and net of voids	53,501	8,671	62,172	59,969
Service charge income	1,802	292	2,094	1,548
Charges for support services	888	144	1,032	1,191
Amortisation of government grants	298	48	346	321
Other revenue grants	319	52	371	86
Total turnover on social housing lettings	56,808	9,207	66,015	63,115
Operating expenditure on social housing lettings				
Management	(21,461)	(3,493)	(24,954)	(23,270)
Service charge costs	(3,237)	(525)	(3,762)	(2,811)
Routine maintenance	(9,409)	(1,573)	(10,982)	(12,169)
Planned maintenance	(6,837)	(1,122)	(7,959)	(6,681)
Major repairs expenditure	(10,039)	(1,639)	(11,678)	(8,776)
Bad debts	(142)	(23)	(165)	(85)
Depreciation of housing properties	(8,278)	(1,342)	(9,620)	(9,311)
Impairment of housing properties	-	-	-	(164)
Restructuring and other costs	(64)	(10)	(74)	(99)
Lease costs	(539)	-	(539)	-
Total expenditure on social housing lettings	(60,006)	(9,727)	(69,733)	(63,366)
Operating (deficit) on social housing lettings	**(3,198)**	**(520)**	**(3,718)**	**(251)**
Void losses	(714)	(116)	(830)	(966)

4. Accommodation in management and development

	At 1 April 2022 No.	Additions No.	Disposals No.	Other No.	At 31 March 2023 No.
Units owned:					
Social housing					
General needs					
Social rent	9,414	1	(68)	-	9,347
Affordable rent	1,438	25	(8)	-	1,455
Supported housing	1,776	-	-	-	1,776
Intermediate Rent	7	-	-	-	7
Low Cost home ownership	39	10	-	-	49
Total social housing homes owned	**12,674**	**36**	**(76)**	**-**	**12,634**
Non-social housing					
Market rented	4	-	-	-	4
Total homes owned	**12,678**	**36**	**(76)**	**-**	**12,638**
Other homes managed:					
Homes managed for Wirral Borough Council	30	-	-	-	30
Total homes	**12,708**	**36**	**(76)**	**-**	**12,668**

Units in development at 31 March 2023 were 394 (2022: 436).

Leasehold units at 31 March 2023 were 495 (2022: 495).

5. Operating surplus

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

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Impairment losses of housing properties (note 12)	-	164	-	164
Depreciation of housing properties (note 12)	9,555	9,248	9,620	9,311
Depreciation of other tangible fixed assets (note 13)	180	205	180	205
Amortisation of government grants (note 24)	(346)	(321)	(346)	(321)
Operating lease rentals - vehicles	451	451	451	451
Auditors' remuneration (excluding VAT):				
Audit of the financial statements of the Company	34	30	34	30
Audit of the financial statements of the subsidiaries	8	8	8	8
Audit of the financial statements of joint ventures	6	5	6	5
Other services	3	2	3	2

6. Gain on disposal of housing properties

	Group and Company	
	2023 £'000	**2022 £'000**
Disposal proceeds	4,968	4,878
Amount due to council for RTB sales	(847)	(684)
Carrying value of fixed assets	(720)	(685)
Administration and legal expenditure	(13)	(18)
	3,388	**3,491**

There were 54 (2022: 51) Right to Buy properties sold during the year and 21 (2022: 23) Right to Acquire sales.

7. Interest receivable and other income

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Interest receivable and similar income	38	-	38	1
Interest receivable from group undertakings	-	-	-	283
Distribution of profit from joint venture	-	-	418	467
	38	**-**	**456**	**751**

8. Interest payable and financing costs

	Group and Company	
	2023 £'000	**2022 £'000**
Loans and bank overdrafts	2,960	2,155
Defined benefit pension charge – MPF (note 27)	638	641
Defined benefit pension charge – SHPS (note 27)	6	18
	3,604	**2,814**
Loan re-financing costs	-	13,386
	3,604	**16,200**

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 2023 No.	2022 No.
Administration	202	226
Property services	59	64
Housing, support and care	161	172
Building operatives	138	103
	560	**565**

Employee costs	Group and Company 2023 £'000	2022 £'000
Wages and salaries	19,757	19,069
Social security costs	2,073	1,881
Pension costs	4,288	4,442
Restructuring	511	179
	26,629	**25,571**

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:

	2023 Total No.	2023 Includes termination payments No.	2022 Total No.	2022 Includes termination payments No.
£60,001 - £70,000	27	-	17	1
£70,001 - £80,000	9	3	7	1
£80,001 - £90,000	4	-	5	1
£90,001 - £100,000	4	-	-	-
£100,001 - £110,000	3	1	2	-
£110,001 - £120,000	-	-	1	-
£120,001 - £140,000	-	-	-	-

£140,001 - £150,000	2	-	3	-
£150,001 - £200,000	-	-	-	-
£200,001 - £210,000	1	1	-	-
£260,001 - £270,000	-	-	1	1

10. Key management personnel remuneration

Key management personnel comprise the executive directors and non-executive Board Members. Total remuneration (excluding employers NIC) amounted to £717k, (2022: £901k).

Remuneration for executive directors for the year ended 31 March:

	2023 £'000	**2022 £'000**
Wages and salaries	441	555
Expense allowances	38	49
Pension contributions	63	77
Termination benefits	76	125
	618	**806**
Employers NIC	74	91
	692	**897**

Remuneration payable to the highest paid director in relation to the period of account amounted to £187k. It includes termination benefits of £76k (2022: £248k that included termination benefits of £125k) but excludes pension contributions. He was a member of the Merseyside Pension Fund and was 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 £15k (2022: £19k)

Debi Marriott-Lavery is the Chief Executive of Magenta Living. She was appointed on 21 November 2022 and received remuneration totalling £59k excluding pension contributions. She is 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 Chief Executive amounted to £10k (2022: £nil).

£174k (2022: £54k) was paid in the year to Keith Wrate, for making available his services in the role of interim Chief Executive of the Company from 1 April 2022 to 9 December 2022.

Notes to the Financial Statements

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

	2023 £	2022 £
Magenta Living Board:		
Steve Foulkes	-	19
David Clark	-	7,328
Stephen Penlington	-	2,405
Nick Gerrard	-	5,250
Matthew Brown	2,188	5,189
Gordon Ronald	2,625	5,189
Sharon Grover	5,426	7,504
Sue Goodman	7,875	7,500
Geoff Broadhead	-	2,405
Mike Turner	7,875	5,767
Andrew McCullagh	3,500	3,500
Ann-Louise Gilmore	6,296	5,189
Myles Edwards	8,508	5,189
Liam Kelly	7,875	5,780
Ged Lucas	15,250	8,080
Wendy Gooley	3,250	1,643
Julie Booker	5,625	-
Paul McGrady	5,625	-
Michael Riley	2,283	-
Stephen Allcock	2,283	-
Ann-Marie Spencer	2,283	-
	88,767	77,937
John Feddon	-	4,083
Ken Russell	2,625	5,189
Martyn Green	7,875	7,500
	10,500	16,772
Total Board remuneration	**99,267**	**94,709**

Ken Russell resigned as a Board Director of Hilbre Projects LLP on 30th September 2022 and Martyn Green is a Board Director of Bamboo Estates LLP.

11. Tax on surplus on ordinary activities

Analysis of the charge in the year:

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Current tax				
UK corporation tax on surplus for the period	-	113	-	-
Adjustments in respect of prior years	1	1	-	1
	1	114	-	1
Deferred tax				
Net origination and reversal of timing differences	-	-	-	-
Total tax	**1**	**114**	**-**	**1**

Total tax reconciliation:

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
(Deficit) on ordinary activities before tax	**(1,139)**	**(8,375)**	**(860)**	**(9,000)**
Theoretical tax at UK corporation tax rate 19% (2022: 19%)	(216)	(1,591)	(163)	(1,710)
Effects of:				
Income not taxable for tax purposes	216	1,704	163	1,710
Adjustments in respect of prior years	1	1	-	1
Total tax charge	**1**	**114**	**-**	**1**

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 2022	286,232	16,935	2,421	5,398	310,986
Additions	90	10,044	-	2,389	12,523
Transferred from WIP	-	7,754	-	464	8,218
Work to existing properties	2,477	-	-	-	2,477
Schemes completed	4,288	(4,288)	903	(903)	-
Disposal of components	(1,243)	-	-	-	(1,243)
Disposal – sales	(1,286)	-	-	-	(1,286)
At 31 March 2023	**290,558**	**30,445**	**3,324**	**7,348**	**331,675**
Depreciation and impairment					
At 1 April 2022	(92,893)	-	(51)	-	(92,944)
Depreciation charged in the year	(9,520)	-	(35)	-	(9,555)
Impairment losses	-	-	-	-	-
Released on disposal of components	1,243	-	-	-	1,243
Released on disposal - sales	566	-	-	-	566
At 31 March 2023	**(100,604)**	**-**	**(86)**	**-**	**(100,690)**
Net Book value					
At 31 March 2023	**189,954**	**30,445**	**3,238**	**7,348**	**230,985**
At 31 March 2022	193,339	16,935	2,370	5,398	218,042

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 2022	290,004	17,502	2,421	5,398	315,325
Additions	90	10,471	-	2,584	13,145
Transferred from WIP	-	7,754	-	464	8,218
Work to existing properties	2,477	-	-	-	2,477
Schemes completed	4,428	(4,428)	903	(903)	-
Disposal of components	(1,243)	-	-	-	(1,243)
Disposal – sales	(1,286)	-	-	-	(1,286)
At 31 March 2023	**294,470**	**31,299**	**3,324**	**7,543**	**336,636**
Depreciation and impairment					
At 1 April 2022	(93,184)	-	(52)	-	(93,236)
Depreciation charged in the year	(9,585)	-	(35)	-	(9,620)
Impairment losses	-	-	-	-	-
Released on disposal of components	1,243	-	-	-	1,243
Released on disposal - sales	566	-	-	-	566
At 31 March 2023	**(100,960)**	**-**	**(87)**	**-**	**(101,047)**
Net Book value					
At 31 March 2023	**193,510**	**31,299**	**3,237**	**7,543**	**235,589**
At 31 March 2022	196,820	17,502	2,369	5,398	222,089

Impairment of Housing Properties

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

No impairment loss (2022: £164k) 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	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Freehold land and buildings - housing properties	230,985	218,042	235,589	222,089
Freehold land and buildings - office properties (note 13)	3,571	3,751	3,571	3,751
	234,556	**221,793**	**239,160**	**225,840**

Social housing assistance:

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

	Group and Company	
	2023 £'000	**2022 £'000**
Held as deferred capital grants (note 24)	31,436	29,791
Recognised in statement of comprehensive income	1,880	1,534
	33,316	**31,325**

Expenditure on works to existing properties:

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Components capitalised	2,477	2,619	2,477	2,619
Amounts charged to income and expenditure account (note 3)	11,678	8,788	11,678	8,776
Total	**14,155**	**11,407**	**14,155**	**11,395**

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 2022	5,303	59	1,118	730	7,210
Additions	-	-	-	-	-
At 31 March 2023	**5,303**	**59**	**1,118**	**730**	**7,210**
Depreciation and impairment					
At 1 April 2022	(1,552)	(59)	(1,118)	(730)	(3,459)
Depreciation charged in the year	(180)	-	-	-	(180)
At 31 March 2023	**(1,732)**	**(59)**	**(1,118)**	**(730)**	**(3,639)**
Net Book value					
At 31 March 2023	**3,571**	**-**	**-**	**-**	**3,571**
At 31 March 2022	3,751	-	-	-	3,751

14. Intangible fixed assets

	Group and Company Software £'000	Total £'000
Cost		
At 1 April 2022	1,310	1,310
Additions	-	-
At 31 March 2023	**1,310**	**1,310**
Amortisation		
At 1 April 2022	(1,310)	(1,310)
Change in the period	-	-
At 31 March 2023	**(1,310)**	**(1,310)**
Net Book value		
At 31 March 2023	-	-
At 31 March 2022	-	-

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

	Group and Company 2023 £'000	2022 £'000
At 1 April	14,306	13,284
Revaluation	1,045	1,022
At 31 March	**15,351**	**14,306**

Properties are valued at Open Market Value as at 31 March 2023 based on the valuation by external RICS advisors and are held to be leased to the joint venture Bamboo Estates.

16. Investment in subsidiary

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

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

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

Hilbre Projects is a registered LLP which during the year had two members. The controlling member is Wirral Partnership Homes (Developments) Limited, a wholly owned subsidiary of Magenta Living, that invested 60% of the initial capital. The second member is Wirral Partnership Homes (Building Services) Limited.

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 2023 and of the profit and loss for the year ended on that date for the subsidiary undertakings were:

	Aggregate share capital £	**Reserves £'000**	**Profit / (Loss) £'000**
Wirral Partnership Homes (Developments) Limited	1	1,453	3,666

	Capital contribution £'000	**Members' interests £'000**	**Profit / (Loss) £'000**
Hilbre Projects LLP	120	(259)	3,287

Investments in subsidiaries are:

	WPH Dev Co £'000	Hilbre £'000	Total £'000
At 1 April 2022	10	120	130
Additions	-	-	-
At 31 March 2023	**10**	**120**	**130**

17. Investment in joint venture

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
At 1 April 2022	620	669	90	90
Additions	-	-	-	-
Share of profit distributed within the year	(418)	(467)	-	-
Share of profit retained by the joint venture and available for distribution	458	418	-	-
At 31 March 2023	**660**	**620**	**90**	**90**

Bamboo Estates is a registered LLP in which the Group has a 50% interest. The other party to the venture is Torus62 Limited, another social housing provider. Torus62 left the partnership after 31 March 2023.

18. Properties for sale

	Group		Company	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Work-in-progress	1,721	9,983	1,721	9,983
Shared ownership – work in progress	4,680	3,850	4,680	3,850
	6,401	**13,833**	**6,401**	**13,833**

19. Debtors

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year				
Rent and service charges receivable	3,146	3,305	3,146	3,305
Less: provision for bad and doubtful rent and service charge debts	(777)	(642)	(777)	(642)
	2,369	2,663	2,369	2,663
Trade debtors	619	1,032	619	782
Less: provision for bad and doubtful trade debts	(129)	(20)	(129)	(20)
Grants receivable	346	-	346	-
Other debtors	335	253	278	201
VAT receivable	-	-	-	-
Prepayments and accrued income	640	847	640	847
Amounts due from related entities	73	4	73	4
Amounts due from group undertakings	-	-	520	2
Due within one year	**4,253**	**4,779**	**4,716**	**4,479**

20. Cash at bank and in hand

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	14,127	16,191	12,161	14,953

21. Creditors: amounts falling due within one year

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£'000	**£'000**	**£'000**	**£'000**
Trade creditors	2,528	1,255	2,526	1,246
Rent and service charges received in advance	1,987	2,059	1,987	2,059
Deferred capital grants (note 24)	360	300	360	300
Other taxation and social security	498	1,140	490	775
Other creditors	1,386	1,101	1,385	1,101
Accruals and deferred income	8,011	9,540	5,236	6,141
Amounts due to group undertakings	-	-	2,809	3,524

	14,770	**15,395**	**14,793**	**15,146**

Accruals and deferred income includes deferred income of £2,100k (2022: £2,096k) in respect of the Community Fund (note 26).

22. Creditors: amounts falling after more than one year

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£’000	**£’000**	**£’000**	**£’000**
Debt (note 23)	87,391	87,391	87,391	87,391
Deferred capital grants (note 24)	31,076	29,491	31,076	29,491
Recycled capital grant fund (note 25)	21	21	21	21
Minority Interest	80	80	-	-
	118,568	**116,983**	**118,488**	**116,903**

23. Debt

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£’000	**£’000**	**£’000**	**£’000**
In less than one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After five years	87,391	87,391	87,391	87,391
	87,391	**87,391**	**87,391**	**87,391**

The £137.4m loan facility comprises £87.4m (2022: £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.

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 3.14% (2022: 3.06%).

This loan facility has been secured by way of a charge of 5,750 stock transferred properties, representing 45% of Magenta's property stock holding. The carrying value of this stock is £149.1m. 55% are now classified as either de-allocated or unallocated units.

24. Deferred capital grants

	Group and Company	
	2023	**2022**
	£'000	**£'000**
At 1 April	29,791	27,483
Grant received in year	1,991	2,650
Amortisation of capital grant	(346)	(321)
Released on disposal	-	(21)
At 31 March	**31,436**	**29,791**
The deferred income is included in the financial statements as follows:		
Amounts to be released within one year	360	300
Amounts to be released in more than one year	31,076	29,491
	31,436	**29,791**

25. Recycled capital grant fund

	Group and Company	
	2023	**2022**
	£'000	**£'000**
At 1 April	21	-
Inputs to fund:		
Grants recycled	-	21
Interest accrued	-	-
Recycling of grant	-	-
	21	21
Repayment of grants to the Homes England	-	-
At 31 March	**21**	**21**
Amounts 3 years old or older where repayment may be required.	-	-

26. Deferred income

	Group and Company	
	2023	**2022**
	£'000	**£'000**
At 1 April	2,096	2,096
Deferred income received in the year	4	-
Utilised in the year:		
Wirral Borough Council	-	-
Magenta Living	-	-
	2,100	**2,096**
The deferred income is included as follows:		
Amounts falling due within one year	2,100	2,096
Amounts falling due after more than one year	-	-
	2,100	**2,096**

Deferred income relates to monies paid into the Community Fund and monies received by Magenta to fund future revenue projects. Further background regarding the Community Fund is given in note 2. Related balances to the Community Fund are shown within cash at bank and in hand of £956k (2022: £952k). The remainder of the balance is shown within deferred income payments received in advance.

There were no sums utilised in the year (2022: £nil).

27. Employee pension schemes

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

Scheme	2023 £'000	2022 £'000
MPF	7,199	(23,062)
SHPS	(282)	(268)
	6,917	**(23,330)**

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 2023 were £540k (2022: £399k) at a contribution rate of 16.8% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2024 has been set at 16.8%. Estimated employers' contributions to the Merseyside Pension Fund during the accounting period commencing 1 April 2023 are £1,015k.

The Merseyside Pension Fund has a gross accounting surplus at the reporting date of £7.199m. In line with FRS 102 requirements Magenta Living has recognised an asset on the balance sheet to the extent that it is able to recover the surplus, either through reduced contributions in the future, or through refunds from the plan.

The scheme's actuary has provided a calculation of the economic benefit arising to Magenta Living from reduced contributions in the future. This amount exceeds the accounting surplus. Accordingly, Magenta Living has recognised the accounting surplus in full.

Notes to the Financial Statements

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

	2023 £'000	2022 £'000
Fair value of plan assets	112,866	122,081
Present value of defined benefit obligation	(105,667)	(145,143)
Surplus/(Deficit) in plan	**7,199**	**(23,062)**

Changes in plan assets:

	2023 £'000	2022 £'000
Opening fair value of plan assets	122,081	113,444
Interest on plan assets	3,394	2,364
Actuarial (losses)/gains	(10,798)	8,056
Administration expenses	(52)	(53)
Employer contributions	540	399
Member contributions	706	721
Benefits / transfers paid	(3,005)	(2,850)
Closing fair value of plan assets	**112,866**	**122,081**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was negative at (£4,088k) (2022: £10,420k).

Changes in present value of defined benefit obligations:

	2023 £'000	2022 £'000
Opening defined benefit obligations	145,143	144,159
Current service cost	3,792	3,900
Interest cost	4,032	3,005
Members contributions	706	721
Actuarial (gains)	(45,186)	(3,792)
Curtailments	185	-
Benefits/transfers paid	(3,005)	(2,850)
Closing defined benefit obligations	**105,667**	**145,143**

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

	2023 £'000	2022 £'000
Current service cost	3,792	3,900
Effect of curtailments or settlements	185	-
Administration expenses	52	53
Net interest expense	638	641
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**4,667**	**4,594**

Defined benefit costs recognised in other comprehensive income:

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain / (loss)	(10,798)	8,056
Experience gains and losses arising on the plan liabilities – (loss)	(15,875)	(329)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	414	1,150
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	60,647	2,971
Total amount recognised in Other Comprehensive Income – gain / (loss)	**34,388**	**11,848**

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

	2023 %	2022 %
Equities	37.0%	38.0%
Government bonds	24.4%	22.0%
Other bonds	6.6%	8.0%
Property	8.3%	7.3%
Cash / liquidity	4.0%	5.0%
Other	19.7%	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	105,667	96,965	110,415	106,498	107,834	105,667	105,667
Assets	(112,866)	(112,866)	(112,866)	(112,866)	(112,866)	(113,986)	(111,746)
Surplus	(7,199)	(15,901)	(2,451)	(6,368)	(5,032)	(8,319)	(6,079)
Projected Service Cost for next year	1,762	1,512	1,905	1,762	1,808	1,762	1,762
Projected Net Interest Cost for next year	(370)	(870)	(142)	(330)	(226)	(424)	(316)

Principal actuarial assumptions:

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

	2023 % p.a.	2022 % p.a.
Discount rate	4.8%	2.8%
Rate of increase in salaries	4.2%	4.8%
Rate of increase in pensions	2.8%	3.4%
Inflation assumption - CPI	2.7%	3.3%

Mortality Assumptions

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

The assumed life expectations on retirement at age 65 are:

	2023 Years	2022 Years
Retiring today:		
Males	21.2	20.9

Females	23.7	24.0
Retiring in 20 years:		
Males	22.6	22.4
Females	25.5	25.9

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 2022. 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 have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

Notes to the Financial Statements

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

	2023 £'000	2022 £'000
Fair value of plan assets	1,414	2,522
Present value of defined benefit obligation	(1,696)	(2,790)
(Deficit) in plan	**(282)**	**(268)**

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

	2023 £'000	2022 £'000
Fair value of plan assets at start of year	2,522	2,159
Interest income	71	49
Experience on plan assets (excluding amounts included in interest income) – (loss) / gain	(1,240)	248
Contributions made by the employer	92	111
Contributions by plan participants	3	26
Benefits paid and expenses	(34)	(71)
Fair value of plan assets at end of year	**1,414**	**2,522**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was (£1,169k) (2022: £297k).

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

	2023 £'000	2022 £'000
Defined benefit obligation at start of year	2,790	2,984
Current service cost	(3)	105
Expenses	4	4
Interest expense	77	67
Contributions by plan participants	3	26
Actuarial (gain) / loss due to scheme experience	(144)	34
Actuarial (gain) due to changes in demographic assumptions	(4)	(41)
Actuarial (gain) due to changes in financial assumptions	(993)	(318)
Benefits paid and expenses	(34)	(71)
Defined benefit obligation at end of year	**1,696**	**2,790**

Notes to the Financial Statements

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

	2023 £'000	2022 £'000
Current service cost	(3)	105
Expenses	4	4
Net interest expense	6	18
Defined benefit costs recognised in statement of comprehensive income (SOCI)	**7**	**127**

Defined benefit costs recognised in other comprehensive income:

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss) / gain	(1,240)	248
Experience gains and losses arising on the plan liabilities – gain / (loss)	144	(34)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	4	41
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	993	318
Total amount recognised in Other Comprehensive Income - (loss) / gain	**(99)**	**573**

Assets:

	2023 £'000	2022 £'000
Absolute Return	15	101
Alternative Risk Premia	3	83
Cash	10	9
Corporate Bond Fund	-	168
Credit Relative Value	53	84
Currency Hedging	3	(10)
Distressed Opportunities	43	90
Emerging Markets Debt	8	73
Global Equity	26	484
High Yield	5	22
Infrastructure	161	180
Insurance-Linked Securities	36	59
Liability Driven Investment	651	703
Long Lease Property	43	65
Net Current Assets	4	7
Opportunistic Credit	-	9
Opportunistic Illiquid Credit	60	85
Private Debt	63	65
Property	61	68
Risk Sharing	104	83
Secured Income	65	94
Total assets	**1,414**	**2,522**

Key assumptions

	2023 % p.a.	2022 % p.a.
Discount rate	4.83%	2.77%
Inflation (RPI)	3.16%	3.40%
Inflation (CPI)	2.82%	3.11%
Salary Growth	3.82%	4.11%
Allowance for commutation of pension for cash at retirement (as a percentage of maximum allowance)	75%	75%

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies at age 65:

	2023 Years	2022 Years
Male retiring in 2023 (2022)	21.0	21.1
Female retiring in 2023 (2022)	23.4	23.7
Male retiring in 2043 (2042)	22.2	22.4
Female retiring in 2043 (2042)	24.9	25.2

28. Financial commitments

Capital expenditure commitments were as follows:

	Group and Company	
	2023 £'000	**2022 £'000**
Capital expenditure		
Expenditure contracted for but not provided in the accounts	8,929	16,661
Expenditure authorised by the Board, but not contracted	31,351	3,249
	40,280	**19,910**

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	
	2023	**2022**
	£'000	**£'000**
Motor vehicles minimum lease payments		
Less than one year	570	539
One to five years	2,023	2,298
More than 5 years	-	181
	2,593	**3,018**

Receipts

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

	Group and Company	
	2023	**2022**
	£'000	**£'000**
Property minimum lease receipts:		
Less than one year	179	358
One to five years	460	146
	639	**504**

30. Contingent liabilities

There were no contingent liabilities at 31 March 2023 (2022: none).

31. Net cash inflow from operating activities

	2023 £'000	2022 £'000
(Deficit) for the year	**(1,140)**	**(8,489)**
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	9,735	9,453
Impairment of tangible fixed assets	-	164
Revaluation of investment properties	(1,045)	(1,022)
Share of profit on Joint Venture	(458)	(418)
Decrease / (increase) in properties for sale	(786)	2,715
(Increase) / decrease in stock	(36)	3
Increase in trade and other debtors	526	(60)
Increase / (decrease) in trade and other creditors	(797)	1,924
Pension costs less contributions payable	3,398	3,552
Carrying amount of tangible fixed asset disposals	720	686
Adjustment for investing and financial activities:		
Proceeds from the sale of tangible fixed assets	(4,108)	(4,177)
Government grants utilised in the year	(346)	(321)
Interest payable	3,604	2,814
Interest receivable	(38)	-
Loan re-financing costs	-	13,386
Taxation paid	113	231
Net cash generated from operating activities	**9,342**	**20,441**

32. Financial assets and liabilities

Financial assets

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

	2023 £'000	2022 £'000
Floating rate	14,127	16,191
Fixed rate	-	-
	14,127	**16,191**

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:

	2023 £'000	2022 £'000
Floating rate	-	-
Fixed rate	87,391	87,391
	87,391	**87,391**

No additional funds have been drawn down in 2022/23, 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:

	2023 £'000	2022 £'000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	50,000	50,000
	50,000	**50,000**

33. Analysis of net debt

Group	1 April 2022 £'000	Cash flow £'000	Non-cash movement £'000	31 March 2023 £'000
Cash and cash equivalents	16,191	(2,064)	-	14,127
Loans due within one year	-	-	-	-
Loans due after one year	(87,391)	-	-	(87,391)
Changes in net debt	**(71,200)**	**(2,064)**	**-**	**(73,264)**

Company	1 April 2022 £'000	Cash flow £'000	Non-cash movement £'000	31 March 2023 £'000
Cash and cash equivalents	14,953	(2,792)	-	12,161
Loans due within one year	-	-	-	-
Loans due after one year	(87,391)	-	-	(87,391)
Changes in net debt	**(72,438)**	**(2,792)**	**-**	**(75,230)**

34. Related parties

There were no Board members who were tenants of Magenta Living during the year (2022: none).

There were no Board members who are elected member of Wirral Metropolitan Borough Council (2022: none).

Transactions with non-regulated entities

During the year the Group had intra group transactions with subsidiary Wirral Partnership Homes (Developments) Limited, an unregulated entity, of £11,910k (2022: £12,313k) relating to housing property design and build services. A management charge of £268k (2022: £nil) 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 £2,809k (2022: £3,524k).

During the year the Group had intra-group transactions with Hilbre Projects LLP, an unregulated entity, of £nil (2022: £35k) relating to management and build services. The balance at the year-end due to Magenta Living was £nil (2022: £2k).

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. Hilbre Projects LLP ceased trading on 31 March 2022.The loan was advanced in instalments to meet approved expenditure on development for sale projects. Loan repayments were made as soon as sales receipts were received in both Wirral Partnership Homes (Developments) Limited and Hilbre Projects LLP. Intra-group interest was charged by the Company to its subsidiaries at an agreed commercial rate. Because Hilbre Projects LLP ceased trading on 31 March 2022 and is insolvent with no ability to pay interest charges, no intra-company interest was charged during the year (2022: £283k).

In prior years, a provision was made against the recovery of the loan by Magenta Living (against the recovery of the loan and accumulated interest from Wirral Partnership Homes (Developments) Limited) and by Wirral Partnership Homes (Developments) Limited (against the recovery of the loan and accumulated interest from Hilbre Projects LLP). Since Hilbre Projects LLP is not able to repay any of the amounts owed by it, the provisions have been fully utilised in the year.

The table below shows the transactions associated with the on-lending arrangement and balances due. Since advances and repayments are immediately passed on, the table below applies to Magenta Living's loan to Wirral Partnership Homes (Developments) Limited and to Wirral Partnership Homes (Developments) Limited's loan to Hilbre Projects LLP.

	2023 £'000	**2022 £'000**
Opening loan balance including accumulated interest	3,358	9,091
Loan advances	240	250
Loan repayments	(221)	(6,266)
Interest charge	-	283
Provision utilised	(3,358)	-
Written off directly to the Statement of Comprehensive Income	(19)	-
Total balance due before provision	-	3,358
Provisions		
Opening balance	(3,358)	(2,801)
Increase in the year	-	(557)
Utilised	3,358	-
Total provision	-	(3,358)
Amount due net of provision	**-**	**-**

Joint venture

Magenta Living has an investment of £90k in Bamboo Estates (2022: £90k) and during the year had intra-group transactions of £337k (2022 £335k). During the year Bamboo Estates had intra-group transactions with Torus62 Limited of £155k (2022: £217k). At the year-end, there was a balance due to Magenta Living by Bamboo Estates LLP of £73k (2022: £4k) and a balance due to Torus62 Limited by Bamboo Estates LLP of £24k (2022: £51k).

Disclosures in relation to key management personnel are included in note 10. There were no other related party transactions with Board members.