Registration Number: 7520

31 March 2022

Magna Housing Limited

Financial Statements 2021/22

Contents

Who we are

We're a medium-sized housing association based in the southwest, with a vision to create great homes together. With customers at the heart of everything we do we aim to offer homes to be proud of with a choice of facilities and customer services that are tailored to individuals as their lives change.

Our principal activities are the management, maintenance, construction and acquisition of affordable housing.

As a registered provider of nearly 9,000 homes for rent and shared ownership, we provide more than 20,000 people with a safe and affordable home.

Helping to deliver this we have a workforce of around 480 colleagues providing day to day support for our customers and ensuring that we have the right tools and the capability to meet our customers' needs.

We define our customers as:

- People who rent a home from us.
- People who buy a home from us.
- People who live in our sheltered homes.
- People who receive specialist support services.
- People we work with in our local communities.

We work mainly across Dorset and Somerset to maintain and build affordable homes and communities for local people.

We have a strong property development pipeline in place which drives our mission to create great places where people choose to live.

Governance

The Magna Group Structure

'Magna' refers to Magna Housing Limited. 'The Magna Group' refers to the Group created from 31 March 2017 i.e. Magna Housing Ltd and Charter (S.W.) Ltd.

Magna Housing Limited was formed on 31 March 2017 from the amalgamation of Magna Housing Group Ltd, Magna Housing Association Ltd and Magna West Somerset Housing Association Ltd.

It is a Community Benefit Society registered under The Co-operative and Community Benefit Societies Act 2014, and a 'not for profit' Registered Provider, operating under charitable rules, registered with the Regulator of Social Housing and affiliated to the National Housing Federation.

Charter (S.W.) Limited remains as a subsidiary of Magna. It did not trade during 2021/22 and made no loss or surplus during the year. The Board has agreed to retain Charter while it has rights and responsibilities under building contracts it entered into between 2006 and 2011. These progressively expire over time. See note 32 for a description of the relationships between Charter (S.W.) Limited and Charter (S.W.) Investments LLP. None of these traded during the year.

Magna does not produce consolidated financial statements as the 2021/22 transactions and balance of its subsidiary are immaterial to the Magna Group.

Advisors and Board members

Registration number: 7520

Chair	C Turner	
Other Members	A Acharya	Resigned 31 July 2021
	A Auty	
	D Bond	
	G Clarke	
	P Culpin	
	S Rastrick	
	S White	Appointed 3 September 2020
	J Meek	Appointed 29 April 2021
	R Crownshaw	Appointed 29 April 2021
	P Nourse	Appointed 29 April 2021 to 30 April 2022
	N Perryman	Appointed 24 June 2021
	J Cowie	Appointed 29 July 2021

Senior executive officers

Chief Executive	S White	
Finance Director	S Fraser	To 30 April 2021
Interim Finance Director	F Elia	From 01 February 2021 to 31 May 2021
Interim Finance Director	S Keshet	From 01 June 2021 to 08 February 2022
Finance Director	P Satchwell	From 04 April 2022
Housing Director	T Murray	To 31 August 2021
Interim Housing Director	C Boland	From 01 September 2021
Director of Customer Operations	J Martin	From 04 January 2022
Director of Organisation Capability	A Davis	From 29 March 2021
Director of Strategic Asset Management	D Greenhalgh	To 31 March 2022
Director of Sustainability and Investment	P Read	From 1 July 2020
Company Secretary	F Ali	From 31 January 2022

Independent Auditors	Beever & Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Principal bankers	Barclays Bank plc 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3BX
Registered office	Everdene House Railway Triangle Industrial Estate Dorchester Dorset DT1 2PJ
Funders	Private Placement Nationwide Clydesdale

Comment from the Chair

Christine Turner

Chair

It's been another extraordinary year, but one in which we've demonstrated our resilience and our commitment to achieving our vision: creating great homes together.

I would like to thank our Board and Executive team for their strong leadership, and all colleagues across the business for their continued hard work and professionalism in very challenging times.

At the start of the year, we launched our new 3-year Brilliant Basics strategy. Closely aligned to our vision, mission and values, Brilliant Basics is the catalyst for change, building our organisational capability, so we emerge with a transformed operating model, future fit to serve our customers and communities.

In our first year, and despite the continued challenges of our operating environment, we have achieved a great deal.

We raised £140m through our first private placement and a further £50m in revolving credit facilities to boost liquidity. This allowed us to repay our existing loans as they neared the end of their term and provides additional funding to support the delivery of 2,000 new homes in the next ten years.

Our development programme gathered pace after the stop-start of the previous year. We delivered 106 new homes, including 73 for social rent and 33 new homes for shared ownership, which is a four-fold increase over the previous year. To seed our land-led, Modern Methods of Construction (MMC)-first strategy, we have also secured land for a further 162 homes; this is in addition to the homes in our pipeline for the next 2 years.

Two priorities in the year were improving our customer experience and increasing satisfaction with our services. But we didn't always get it right. Since returning to full-service delivery post-lockdown, we have experienced very high demand for our services. This has created a backlog at times and delays to our delivery. We recognise the frustration for customers, and colleagues working in this team, and we are determined to put this right.

We've improved our complaints process to provide a consistent, easily accessed service for our customers, and to ensure that complaints are dealt with promptly. We will continually learn from complaints and use that learning to improve our services.

During 2021/22 we saw a continued reduction in formal complaints, and we had no complaints with the Housing Ombudsman.

The Board were especially pleased to hear that the Regulator of Social Housing had once more confirmed our G1/V1 ratings, and it is testament to the outstanding work our colleagues at Magna continue to deliver.

In the year we welcomed new non-executive directors Rachel Crownshaw, Jesse Meeks, Jonathon Cowie and Nigel Perryman. These appointments have considerably strengthened the skills and experience at Board and Committee, and we also took an important decision to appoint our Chief Executive, Selina White, to the Board. These appointments are a key milestone towards my ambition of developing an agile, high-performing Board.

We also welcomed two new directors, Jo Martin, Director of Customer Operations, and Paul Satchwell, Finance Director, and our new Deputy Chief Executive. These were the final appointments to the new executive team. I know under Selina's leadership, and working alongside Ami Davis, Director of Organisational Capability and Paul Read, Director of Sustainability and Investment, this team has the vision and capability to face the challenges ahead and ensure we achieve our strategic priorities.

We also said farewell to some colleagues, including Asit Acharya who retired from the Board after 6 years, and Tony Murray who retired as Director of Housing Services after nearly 20 years. We thank them both for their significant contribution to Magna and wish them both well in their retirement.

As life starts to return to normal, I am looking forward to being out and about in our communities and hearing from customers on the challenges they are living with. I am also keen to join colleagues as they go about their work to better understand how we can further support them to thrive in their roles.

The last year has been incredibly challenging for us all, and these challenges will continue to impact the lives of our customers and the people we proudly call Team Magna for some time yet. The Board is monitoring the rising cost of living, especially the escalating fuel prices, and how this will impact our customers in the year ahead. We are committed to helping our customers in these difficult times and we will ensure they have access to support and help, either through our own services, such as our money matters service, or by connecting them with the relevant agency to meet their needs.

I am proud that the work we do at Magna provides a safe place to call home and that has been so important for everyone in the last couple of years. So, we will continue to do what we do best, create great homes together, with our customers, our colleagues, and our communities.

Christine Turner

Chair

Comment from our Chief Executive

Selina White
Chief Executive

In what seems just the blink of an eye, the first year of our Brilliant Basics strategy is behind us and we are rapidly moving into year 2. It is easy to forget that when we started our journey on 1 April 2021, the country was slowly emerging from the third national lockdown, in the early stages of the Government's four-step roadmap towards a new normal.

As we took those first tentative steps back to some form of normality, we could not have predicted that in a matter of months we would be facing more significant disruption to the global political and economic environments, as Russia began its invasion of the Ukraine.

As we focus on the challenges ahead, it is important for us to reflect on the year that's been and gone and take pride in what we have achieved as a team here at Magna.

Undoubtedly, it has been another incredibly tough year for many of our customers, with Universal Credit (UC) claims increasing by 16% in the year and arrears also starting to climb slightly above our target of 2%, as the furlough scheme and the temporary £20 per week uplift in UC came to an end, and the cost of living started to increase rapidly.

We invested more in our money matters and tenancy advice services, and the teams have coped well in a difficult and very busy year. We have seen a three-fold increase in cases referred due to the financial pressures our customers are experiencing. During the year, the team helped more than 500 customers access £1.46m (2020/21: £1.3million) of welfare benefit gains and backdated payments.

During the first four months of the year, we focussed on scaling up our service delivery as lockdown measures eased and we were able to safely deliver more than just emergency repairs and compliance and safety works. The backlog of responsive repairs we were unable to attend to during lockdown was cleared and we delivered most of our planned programme for new kitchens, bathrooms, wet rooms, front doors and heating systems by the end of March. During the year we also progressed our plans to future proof our sheltered housing, including fitting 19 shower wet rooms. In total, we invested £19.5 million in major, response and cyclical works (2021: £14.5 million).

We want to thank our customers for their patience and understanding when faced with delays to repairs and maintenance work in the last year. We have experienced high demand and unprecedented call volumes into our Customer Contact Centre since lockdown measures were fully removed and this mainly relates to our repairs service. We completed just under 26,000 repairs (2021: 15,000) in the year, with a much higher ratio of emergency vs. non-urgent repairs than in previous years. We have met this demand with the support of external contractors working alongside our own teams.

Our overall customer satisfaction at year end was 71% (2020/21: 77%), which is far below where we want to be. In response, we have instigated our repairs turnaround programme, which combines a series of fast-paced improvement projects that will deliver new technology, software updates, process improvements and colleague training in the first quarter of 2022/23. We have more than 10% of the workforce engaged in this programme and, importantly, the improvements are being designed by the people delivering the service.

The year brought an increased focus on the colleague experience at Magna; this includes workspaces, learning and development, and our culture. We've recruited a colleague experience manager and their role is to ensure the colleague experience is at the heart of our working practices.

The recruitment market has changed significantly over the period of the pandemic, with a growing trend towards permanent home-based working. In the year, we have recruited around 100 new colleagues, attracted by our offer of true agile working. This approach means that Magna can draw talent from a broader geography and our colleague location map has expanded significantly over the last year.

We want to be a great place to work for people who share our commitment to equality and diversity and who have a wide range of backgrounds and abilities to add value and richness to our workforce. We know that difference is what helps us to be forward thinking and innovative – we welcome colleagues based not just on their technical abilities and whether they can 'do the job', but equally based on how well they demonstrate our values. We understand that the geography in which we operate is less diverse than other parts of the UK, and that many of the roles we offer are traditionally male-dominant, but this is no excuse, and we know we can and must do better.

We've partnered with Green Park to carry out a review – looking at our culture, together with our policies, practices and processes. The findings of the review will be used to create our EDI strategy in the year ahead.

We've adopted the Sustainability Reporting Standard for social housing, and our first assessment against this shows we have a strong social value and a tradition of building financially strong business models, driven by our social purpose. To help us deliver

Comment from our Chief Executive (continued)

on our ambition of helping to solve the housing crisis, it is vital that we have the resources to finance new developments and retrofit our existing homes whilst also delivering positive social and environmental outcomes.

We are currently developing a new sustainability strategy, which is the largest undertaking Magna has ever done. It will set out how we become a truly sustainable organisation and how we achieve decarbonisation at pace, build resilience and face into the worsening physical impacts of climate change, whilst delivering affordability through sustainability and achieving biodiversity net gain in what we do.

We are on track to deliver our brilliant basic strategy by March 2024, which will see Magna emerge as a more agile and responsive organisation, with exciting opportunities for our people to develop and excel and always with customers at the heart of everything we do.

I would like to thank the Board for their considerable support in the year, and to personally thank our Chair, Christine Turner, who has been the consummate leader throughout and a great source of inspiration and strength for us all.

Selina White

Chief Executive

Strategic report

Review of the year

At the beginning of this year, we launched our brilliant basics strategy – a three-year strategy to put in place the foundations of the Magna of the future and enabling us to move towards best in class. We identified a number of objectives to help us meet our vision, and to deliver our strategy.

This report highlights our achievement against our first year objectives. You can find out more about our three-year strategy [here](#).

The following tables reflect some of the activity seen against our brilliant basic objectives.

BRILLIANT BASIC OBJECTIVE	OUR KEY ACTIVITIES	STATS
Customers at the heart Everything we do has the ultimate focus of improving customer experience and wherever possible exceeding expectations.	Joined the Institute of Customer Services Survey - first customer survey to gather baseline data, with feedback that we need to improve our complaints process. Adopted National Housing Federation Together with Tenants Charter - used to develop our involvement framework Introduced a new and more streamlined complaints process Introduced a new and more streamlined complaints process Overall customer satisfaction was at 71% (2020/21: 77%) Consolidated to four new service standards: · we make it easy, · we fix it, · we always prioritise your safety and · we listen to you and care about what you say Helped 547 customers access £1.46m (2020/21: £1.3m) of welfare benefit gains and backdated payments.	• Completed 25,842 repairs – back to pre-pandemic levels • 86% of customers were satisfied with their recent repair - This is 1 %age point below pre pandemic performance • Trust Pilot rating is 3.5 out of 5 • 31 March arrears at 2.33% • No complaints with the Housing Ombudsman • 14 formal complaints (2020/21: 15)
Working across boundaries By working collaboratively and innovatively our seamless offering helps us to create great homes together	New project management tool and process - Programme Frameworks Introduced a new 'Always Safe' forum to link into our Health & Safety forum, which is now chaired by our Chief Executive Reinvigorated the membership of our Colleague Voice group Kick started a focus on equality, diversity and inclusion (ED&I). Cross cutting teams set up to work on the Repairs Turnaround project	• 62 participants involved in the EDI stakeholder feedback • Increased Colleague Voice membership to 15 from 5.
Creating great places to live Working together to make our homes and communities greener, safer, healthier and happier.	Increasing training and knowledge on fuel poverty and energy advice with our frontline staff, working with National Energy Action Upgraded 380 of our 1,400+ non-gas cavity walled homes Brought in £530k of free energy efficiency upgrades to homes. Continued to invest in modern methods of construction (MMC) - appointed MMC partner with focus on quality, consistency and sustainability New homes portfolio of 12 house types zero carbon ready - wastewater heat recovery, provision for installing photovoltaics and electric vehicle charging as standard design The largest handover of new homes since we restarted developing, including our first three factory-built homes being delivered. Our total homes delivered was lower than hoped due to various impacts within the supply chain Our land purchases show we have land available for up to 162 more homes Turning around empty homes for letting remained below our target of 25 days but performance improved by an average of 7 days compared to 2020/21. This did impact our void rental income, which was £96k adverse to budget. Largest ever investment in capitalised planned maintenance of £5.8m	• Fitted 14 homes with arrays of solar panels • Average SAP rating of 69.4 • Supported customers to downsize, freeing up 84 bedspaces and reducing bedroom tax costs • 73 new rented homes and 33 new shared ownership properties handed over – 28 shared ownership sales. • 100% satisfaction with quality of new home • Our CORE re-let time for empty properties was 33 days • 491 lettings with 91% customer satisfaction with the process • Fitted 19 shower wet rooms.
Robust systems and processes We make our processes and procedures simple – improving effectiveness by adding clarity and purpose	Adopted Microsoft365 products to support our collaboration and to have greater security within the cloud environment. Introduced a new governance approach for our programmes and projects New performance scorecard and reporting across the business. Comprehensive training programme rolled out across the workforce	• Over 200 colleagues trained in MS365, including 190 operatives

BRILLIANT BASIC OBJECTIVE	OUR KEY ACTIVITIES	STATS
Keeping everyone safe and secure Our robust approach prioritises the safety of our homes, our customers and our colleagues	We recruited new building safety manager and set up a new building safety group improving engagement with customers.	• 100% gas and oil services complete • Communal areas with valid FRA's achieved 97% • Completed 1,438 electrical tests. • 7 outstanding electrical inspections having taken all reasonable steps to gain access to complete the tests. • Spent £19.5 million on major, response and cyclical repairs (2020/21: £14.5m) • 100% compliance with Decent Homes Standard • No IT security breaches
	Implemented bespoke software, Riskhub to manage and control Fire Risk Assessments (FRAs). Communal areas were at 97% following a review exercise which generated a number of actions. it is expected that this will continue to 100% in early 2022/23.	
	We had 175 overdue electrical inspections as we restarted this service but didn't complete these by the end of March as we had expected. These are measured against our own service standards, and we remain compliant against legislative requirements.	
	Completed surveys of all sheltered homes and started upgrades to fire detection and careline equipment.	
	Commenced a fire door inspection and upgrade programme	
	Installing sprinkler systems to six of our higher risk blocks.	
	Trialled smart linked smoke detection and environmental sensors	
	Introduced an unacceptable customer conduct policy	
	We earmarked £41m of investment to achieve EPC 'C' by 2030	
	Achieved Cyber Essentials certification to ensure our data and information is safe.	
Easy to deal with Adopting the right technology and approach we ensure we're here for customers whatever their needs	We added 'How to' videos to our website to support customers with minor tasks at home	• Our FAQ's webpages have had 5,549 visits, 4,494 unique visitors • 44% engagement rate with our service messaging emails • 69% customer satisfaction with being easy to deal with (2020/21: 77%)
	Introduced emails to help our customers understand our service performance and any proactive actions they could take to maintain their homes.	
	Added QR codes into our customer magazine and Opendoor to help our customers get to the right information on our website.	
	Move to more online contact with 30% customers now using digital channels, up from less than 15% previously.	
	Volumes of calls remain too high due to customers chasing updates for delayed repairs. Our repairs turnaround project is tackling this area to ensure we get back on track as soon as is practicable and increase our customers' satisfaction.	
Data driven decisions We make and support our decisions with the relevant data and insight	Invested in data quality with new roles to ensure that data is accurate and consistent	• Utilised Great Places to Work result of 50% (2020/21: 67%) to inform decisions on changes to colleague ways of working. • Data analysis to identify key themes impacting our customers' net promoter score are Repairs & Maintenance, Easy to Deal with and Safe & Secure
	Comprehensive data gathering programme · Surveyed all sheltered customers to understand better their needs and aspirations · in-depth look at stock and the services currently offered, resulting in the development of a high level plan to deliver a new proposition for older and vulnerable customers.	
	Started work to identify how digitally included our customers are, including mapping internet use, interest and capability	
	Further developed our new integrated housing and financial system (AspireCRM) and carried out further training post pandemic, in training rooms to support colleagues who only experienced virtual training	
Great place to work We enable rewarding careers through excellent training, skills development, and emotional support	Introduced a working from home approach and added collaboration spaces in our offices	• Time lost to sickness was 4.4% • Staff turnover 19.9% (2020/21: 16.4%) • 100 new starters over the year • Mean gender pay gap is 1.86%
	Increased focus on colleague experience with investment in a colleague experience manager	
	Face to face events with colleagues resulting in over 100 suggestions for improvement	
	Redesigned our recruitment adverts and improved candidate experience Created 'day in the life of' videos to support an understanding of Magna Introduced interactive and informal assessment centres for roles difficult to recruit to	
	Partnered with Green Park to carry out a culture and inclusion review – looking at our policies, practices and processes.	
	Began work on EDI strategy to address areas for improvement	

Key performance indicators

We report against our four strategic priorities using performance indicators that meet both the Regulator of Social Housing's and our own requirements for monitoring progress in achieving our objectives. Monthly performance data is reported to senior executive officers. The Board reviews performance every quarter. All performance information is derived from core management information system.

Performance on operational and customer satisfaction KPIs throughout the year has continued to be affected significantly by the legacy of Covid-19. The remobilisation of services throughout the year was continued to have a focus on to keeping colleagues and customers safe. In 2021/22 we have focused on implementing the recovery plans for income management, voids and lettings, repairs and maintenance and all areas of compliance.

Some key performance indicators (KPIs) as at 31 March 2022 and the previous years, along with our targets for 2022/23, are presented here, together with some of the measures that support our strategic priorities. The colour shading indicates whether we achieved our target (green) or not (red) in the given area:

Performance Indicator	2022/23	2021/22		2020/21		2019/20	
	Target	Value	Target	Value	Target	Value	Target
Customer experience							
Taking everything into account the percentage of residents satisfied with the overall service provided by Magna	81.9%	70.6%	87.0%	77.0%	87.0%	86.8%	88.9%
Satisfaction that Magna is easy to deal with	83.9%	68.9%	90.0%	77.0%	80.0%		
Customer Net Promoter score	34	12	33	25	New measure in 2020/21		
Supply and investment							
Satisfaction that Magna provide a home that is safe and secure	87.7%	77.8%	90%	80%	90%	New measure in 2020/21	
Average re-let times - general needs and sheltered housing (CORE)	25 days	33.19 days	25 days	40.61 days	51.00 days	14.99 days	16.00 days
% of dwellings with a valid gas certificate	100%	100%	100%	100%	100%	100%	100%
% of communal areas with a valid Fire Risk Assessment	100%	97%	100%	99.4%	100%	98.7%	100%
Organisation Capability							
GPTW Trust Index**	n/a	50%	68%	65%	New measure in 2020/21		
% Colleagues recommend Magna as a GPTW**	n/a	46%	70%	67%	New measure in 2020/21		
Performance and Results							
All rented dwellings current arrears as a % of the annual rental	2.3%	2.3%	1.71%	2.1%	2.2%	1.4%	1.9%
Additional Revenue generated from new developments	£305k	£284k	£328k	New measure from 2021/22			
% Operating Margin	19.3%	19.3%	18.9%	18.5%	23.8%	20.7%	33.6%

**Targets are excluded from Great Place to Work (GPTW) measures as we have changed our approach to monitoring colleague satisfaction.

Covid-19 and the recovery of the repairs service has affected our customer's satisfaction, and this is evident in our STAR results and our Net Promoter Score for the year. While the drop in satisfaction levels has been experienced across the sector, it is not something we are prepared to accept and is a big area of focus for 2022/23. We aim to improve the customer experience and have launched specific projects under the maintenance function to address the issues. These were instigated in Quarter 4 of 2021/22 and satisfaction scores have been moving positively since.

Our customer contact centre is continuing to improve their response times. Email contact has seen the lowest level of customer satisfaction for 'Ease of dealing with us', compared with other contact methods. It is important that customers contacting us digitally receive a positive experience because then they are more likely to rely on this channel; this drives customer contact away from the phone lines – improving call wait times and therefore the customer experience for customers contacting us via this channel too.

The Customer NPS (Net Promotor Score) is calculated based on those customers who are Magna promoters (they score us 9 or 10 in the question 'how likely are you to recommend Magna') against our detractors (those customers who score us 0-6). Before the pandemic, we consistently had more promoters than detractors meaning we always had a positive NPS. Since 2020, there have been times when we have had more detractors, therefore, we have been under target over the whole year. In quarter 4 our NPS has started to improve at 22 and we expect to continue this trend towards our 2022/23 target.

The indicator that 'Magna provides a safe and secure home' has been the most stable through this year, but is still a way below our target of 90.0%. We have seen improved outcomes towards the end of the year for customers accessing our community safety service and this has driven an increase in satisfaction with a safe and secure home towards the end of the year. We have reduced our target to 87.7% for 2022/23 which is the median quartile level when benchmarked. This is felt to be a challenging but achievable target for the year.

The GPTW trust index was measured by our 'great place to work' (GPTW) survey, sent out to all colleagues in quarter 2. This metric decreased from 65% to 50% putting us well below our target of 68%. The downturn has mainly been driven by a decline in satisfaction with colleague experience amongst our frontline colleagues, in particular maintenance services.

Following the survey results there has been a renewed focus on colleague engagement activities. 'One Team' events highlighted a clear set of actions to improve colleague experience. The 'Repairs Turnaround' project also has a focus on the frustrations expressed amongst our maintenance colleagues.

For our re-let target, we have improved from 2020/21, however we have not been able to meet our target for the year. There is a planned a review of our voids process and customer journey in 2022/23 which we expect to drive further improvements.

Our arrears were 2.33% at the year end, which is higher than target but close to the prior year. This is continuing to be a challenging area for the sector as we wrestle with Universal Credit and wider economic pressures that are facing our customers. While arrears have increased Magna does benchmark well on this indicator and although arrears across the sector are increasing, to date, this isn't resulting in substantially higher bad debts. This will continue to be monitored closely as the cost of living crisis continues to affect customers.

Financial results and value for money (VfM)

In the year to 31 March 2022, Magna achieved an operating surplus of £8.3m (2021: £10.5m). Total comprehensive income for the year shows a surplus for the year of £5.4m (2021: £3.3m deficit). The surplus includes £7.4m in loan break costs following our refinancing project, has achieved significant savings on interest annually and over the life of our business plan. The surplus is largely attributable to the end of year pension adjustments, which increased our surplus from a £3.5m deficit by £9.0m. The budgeted deficit after tax but before pension adjustments was £3.6m therefore the final position represents a £300k improvement on the budget. A deficit position was budgeted due to the refinancing activity and the knowledge that break costs would be triggered.

Turnover increased year on year by £3.1 million (a 6.8% increase). Total net assets at 31 March 2022 were £232.5m, a year on year increase of £5.4m. We reviewed and updated our assessment of potential impairment indicators and concluded that no impairment is required, and that the sales values associated with our stock of shared ownership homes has not reduced in value.

Delivering value for money is a key objective of the brilliant basic strategy, where good value doesn't mean cheap, but we make sure that every investment delivered added value to support our customers' lower incomes. We aim to achieve value for money (VfM) as a result of the constant and successful operation of many policies and practices, and not as a separate aim or a special initiative.

We view VfM as consisting of economy, efficiency and effectiveness:

Economy

Minimising the cost of resources used while having regard to quality.

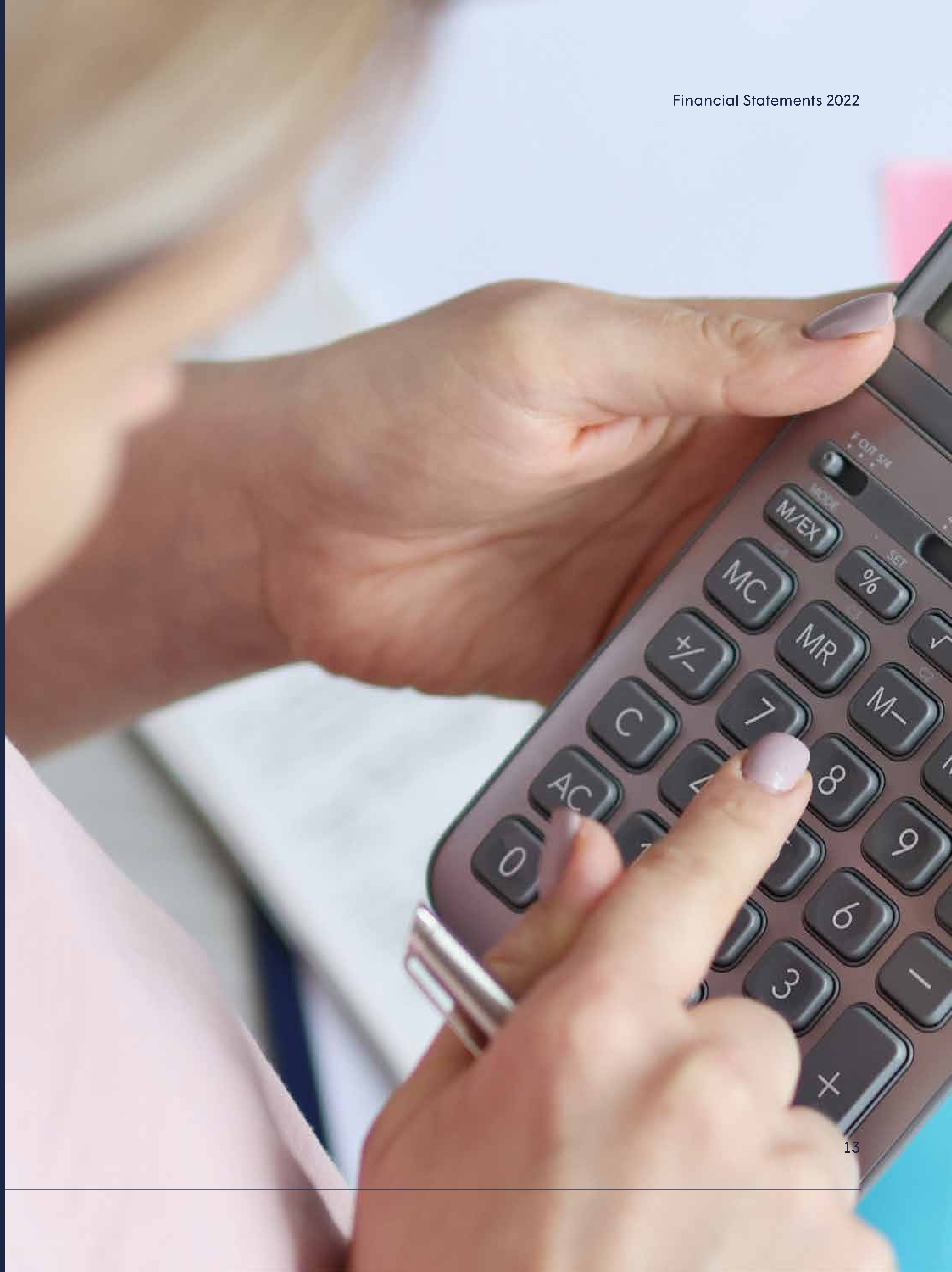
Efficiency

The relationship between the output from goods or services and the resources to produce them (the input). More output for the same input, the same output for less input, or less output for even less input, are all examples of improved efficiency.

Effectiveness

The extent to which objectives are achieved and the relationship between intended and actual impacts.

Achieving VfM requires an optimum blend of all three aspects. No one aspect necessarily takes precedence over the other two.



Each year we set clear, quantifiable targets for future VfM outcomes. Current estimates are that in 2021/22 Magna achieved operational cash and non-cash VfM gains of £192k. This excludes £917k (2021: £230k) of subsidy through grant (social value, keeping rents lower for our customers) for new development schemes being approved in the year or the gains made through our refinancing project. During the year we also invested resources into further improving our use of technology, learning from the first year of using our new housing management system and enhancing our colleague's experience as well as developing more effective ways to use it, supporting our capability to add further value in the years ahead.

Our investment in technology has continued, providing the latest tools, such as Microsoft 365 to support our colleagues to work in the best possible way. We are currently developing 'best practice' training to ensure colleagues are fully skilled to make the most of these investments. Following the digital theme, the current year's savings include benefits from our internal channel shift project. This project involved colleagues from all areas of the business, with a focus to develop our digital approach, fully exploiting the capability of our technology. We generated 168 potential ideas to take forward and have successfully made changes in 46 areas. This includes taking our new customer tenancy sign ups from a manual process to an automated one, that is more data secure, and the introduction of a central, self-serve booking system which removed administration time and spreadsheets.

We have increased our digital contact, with an additional 15% of customers getting in touch with our customer contact centre via email, enabling us to create a multi-channel contract centre and generate capacity in the team. Our digital approach is also using technology to improve communications with our customers and allowing immediate understanding of our customer satisfaction.

We're proud of our investment in our 'money matters' team, who have added £1.4m of value to our customers by supporting them to claim appropriate benefits and we have freed up 84 bedspaces for new customers with our downsizing policy, saving them over £43k of bedroom tax costs.

We also started to look at Social Value during the year based on the Housing Associations Charitable Trust (HACT) model. The 226 EPC rating improvements we achieved through our planned programmes of works created a wellbeing factor gain of £49k.

Our largest financial success was delivered by our investment in a refinancing project. We have generated significant long-term savings through this project, securing favourable interest rates that deliver up to £2m of savings per annum against our legacy loan book.

Efficiency savings of £462k are planned in 2022/23, with process reviews expected to deliver savings in our response repairs service of £207k and to reduce void costs by £115k. We have also targeted savings against our planned and cyclical costs, some of which feed into lower service charges for our customers as well as delivering some workspace and digital strategy savings too.

The following table shows the Regulator's value for money metrics:

Magna Housing Ltd Value for Money Metrics	2019/20	2020/21	2021/22	2022/23	2023/24	2031/32	2020/21
	Stats	Stats	Stats	Budget	Year 2 Forecast	Year 10 Forecast	Benchmark (Median)
Reinvestment %	4.97%	5.68%	6.64%	7.64%	8.61%	5.23%	5.6%
New Supply Delivered (Social housing units) %	0.24%	0.31%	1.26%	1.21%	1.60%	2.4%	1.8%
New Supply Delivered (Non-Social housing units) %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0
Gearing %	24.55%	24.15%	27.29%	27.76%	23.40%	38.66%	51.2%
EBITDA MRI Interest Cover %	209.4%	230.6%	237.3%	369.84%	363.5%	172.4%	208.4%
Headline social housing cost per unit (£)	3,924	3,672	4,394	4,160	4,575	4,935	3,540
Operating Margin (Social Housing lettings) %	22.41%	19.16%	12.80%	17.73%	21%	26.2%	30.3%
Operating Margin (Overall) %	20.71%	18.45%	13.09%	17.0%	20.5%	25.7%	28.9%
Return on capital employed %	3.14%	2.89%	2.15%	2.45%	2.93%	2.38%	3.5%

Our new supply of non-social housing is 0% for current and future years.

Post-pandemic, investment in our current and new homes has increased and this is reflected in the Reinvestment % and total New Supply indicators. This includes £5.8m of capitalised works in 2021/22, our highest investment ever, which also impacts our social housing cost per unit.

Volume of works were once again close to pre-pandemic levels as we strived to catch up following the relaxing of the covid rules. Our social housing cost per unit has increased by 12% in the past two years reflecting the above points and the increased costs driven by the current inflationary environment. Pension costs in operating expenditure have also increased by £432k compared with 2020/21 and have impacted the operating margin by an additional 1%.

The VfM Metrics are defined by the Regulator of Social Housing. The latest benchmark figures have been obtained from the Global Accounts (GA) as at May 2021 and are for 2020/21. The benchmark is derived from data for 39 housing associations working in the southwest and southeast, excluding London, with a minimum of 2,500 properties. There was no metric for new supply, non-social housing units, delivered.

Future prospects

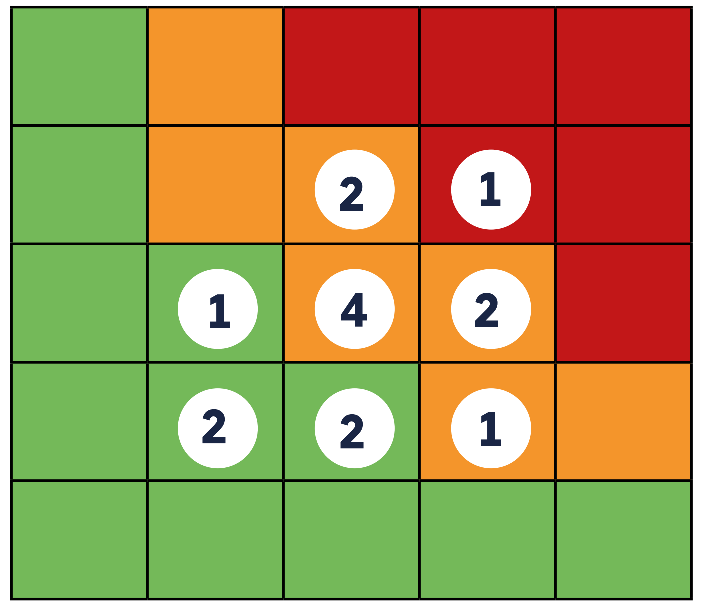
The Statement of Financial position as at 31 March 2022 demonstrates Magna's financial strength which was increased during the year following the refinancing project. Earlier measures introduced in anticipation of the impact of welfare reform and strengthened in response to the Government's rent cut from April 2016, mean that Magna is a resilient business, able to respond quickly and effectively to threats and any subsequent downturn in performance. Revised long-term business plans show Magna's financial strength increasing further in future years and that all strategic objectives are fully funded.

We ended 2021/22 with a strong development programme, an allocation of grant from Homes England and 176 (2021: 211) homes on site. Spend has already been incurred on our manufactured MMC stock and have land available for a potential of 162 homes.

Description of principal risks and uncertainties being faced

Magna's strategic risks, i.e., those that influence the achievement of our strategy are reviewed by the Executive Team continually and by the Risk and Audit Committee and the Board quarterly. The strategic risk register describes, for each strategic risk, the impact; the controls in place to reduce probability and impact; the actions being taken to strengthen the controls; and a progress report on those actions. Each risk is scored by impact and likelihood, before and after the application of controls. Risks are mitigated through Magna's whole system of internal control, which is described in the Internal Control & Risk Management section of this report.

Risk ratings



Red and amber risks are those risks for which actions are required to reduce them to, or below, an acceptable level

RED Risks – We have moved into a position we're uncomfortable with and will manage very closely. The risk is red when the calculated 'likelihood' and 'impact' scores for the risk are 16 and above, from a maximum of 25

AMBER Risks – We need to watch out, stay alert and action! Risks become amber when the calculated score is 8 or more.

GREEN Risks – We're managing this satisfactorily, with calculated scores being below 8.

At the end of March 2022 there were 15 strategic risks identified and mitigated as summarised below:

Red Risks

Strategic risk	Examples of key controls we have in place to reduce probability and impact
Health and safety (H&S) failure Failure of the relevant controls, systems, processes, culture and standards which ensure the ongoing safety of customers, colleagues and suppliers. Magna has a good record on health and safety with strong internal control and good practice in place. However, we recognise continued improvement is possible and we should do all we can to ensure health and safety risk is as low as possible. Related to strategic priorities – Customer experience, Supply and investment.	• Adherence to and monitoring of safety standards informed by regulation and best practice, • Competent staff, properly trained, • Risk assessment framework in place, • Regular audits and third-party assurance checks on key compliance activities, • Comprehensive performance reporting on principal health and safety activities which tracks performance against standards, • Strong governance arrangements in place - Health and Safety Policy and Plan approved annually by Board, Health and Safety Forum within the business with wide scrutiny of H&S activities, • Focus on health and safety through procurement and contract management arrangements including CDM processes, • Safeguarding Panel with clear governance arrangements on reporting, • Good visibility on wellbeing and sickness trends and patterns.

Amber Risks

Strategic risk	Examples of key controls we have in place to reduce probability and impact
Data Protection Loss of or unauthorised access to customer or colleague personal data as a result of non-compliance with GDPR or cybercrime. Related to strategic priorities – Customer Experience, Performance and Results.	• Data protection (including archiving) policies and procedures, • Induction & mandatory data protection training for colleagues and Board Members, • Office security measures, • IT security measures and Cyber Security Analyst role, • Programme of internal audits, • Reporting & monitoring with Risk and Audit Committee, • Cyber insurance, • Lessons learned from breach reports.
Business continuity Sustained business disruption for an extensive and unknown period, for example as a result of fire, flood, medical emergency or IT failure. Related to strategic priority – Organisational capability	• IT policies and procedures including recovery plan and newly equipped failover centre. • Business continuity plan with clear responsibilities and tested to check effectiveness. • Business impact assessment. • Secure managed data room and back-up data room. • Proven home working capabilities in case of office unavailability. • Cyber security analyst employed to ensure robust penetration procedure. • Business continuity steering group. • Business Continuity Lead. • Regular stress testing of business plan, • Annual report to Board on continuity capability. • Use of recovery centre. • Improving cloud-based systems. • Comms strategy.
Reputational risk Factors that drive reputational risk are ethics and integrity, such as fraud, bribery and corruption; security risks, including both physical and cyber breaches; service risks, such as health and safety, and the environment; and third-party relationships, i.e., being held accountable for the actions of our suppliers and partners. Related to strategic priority – Performance and Results.	• Crisis Communication & proactive PR management (national & local). • Monitoring compliance with code of governance and regulatory standards. • Procurement policy and procedures. • Fraud response plan. • Programme of internal audit & annual internal Auditors' report. • Regular performance review arrangements with key partners, • Robust approach to sector risk of increased complaints including meeting Consumer Regulation requirements, • Commitment to Customer Experience being one of our 4 Strategic Priorities, • We have joined Resolve to ensure a comprehensive approach to ASB (Anti-Social Behaviour)

Amber Risks (continued)

Strategic risk	Examples of key controls
Sales risk Failure to sell properties, delays in sales, sell at lower price, inability to transfer or swop tenure (including first tranche shared ownership, staircasing and void disposals). Related to strategic priority – Supply and Investment.	• Market appraisals and other research of potential development opportunities. • In-house legal team and sales and marketing team. • Development and asset disposal policies and procedures. • Stress testing. • Cashflow forecasts and cost management, • Financial reporting and regular monitoring. • Monitoring mortgage market through panel advisors.
Development risk Failure as a result of unenforceable contractual arrangements, counterparty risk, failure to comply with the terms and conditions of receiving social housing grant, or inability to find sites. Related to strategic priority – Supply and Investment.	• Development procedures, contractor management, professional advisors, NHBC & Building Control. • Move to factory build with strong MMC partner. • Stress testing limits of the BP and contingency plans. • Procurement arrangements. • S&I committee oversight. • Quarterly meetings with LHC/SWPA as our framework managers. • Annually review Investment and scheme appraisal policy. • Robust legal advice provided by a panel of experienced partners. • NHBC 'Accept' accreditation for MMC System. • BOPAS (Build Off Site Property Assurance Scheme) accreditation for MMC system. • Maximum exposure to vested MMC homes assessed. • Weekly land meetings and progress dashboard. • Review risk appetite for commercial returns to reinvest in affordable housing
Availability of finance Inability to refinance and/or raise new finance, irreparable breach of existing lender covenants, or inability to access or draw down funds on acceptable terms due to adverse economic or political conditions. Related to strategic priorities – Supply and Investment, Performance and Results.	• Finance and treasury management policies and procedures, including Internal Financial Framework. • Regular draw down against RCF to test lender appetite. • External treasury advisors. • Programme of internal audit and annual reporting. • Maintain strong relationships with existing lenders. • Increase to our minimum cash holding to £5.6m.

Strategic risk	Examples of key controls
Adverse economic changes Driven by global pandemic, no trade deal, recession, widespread job losses, changes in interest rates, inflation (including wage inflation), falling house prices. Related to strategic priorities – Supply and Investment, Performance and Results.	Whilst we cannot control the probability of adverse economic changes, as these are external risks beyond our influence, we monitor the situation closely and have controls in place to reduce the impact of such changes and ensure there is no breach of our business plan. • Stress testing the business plan and full mitigation plan. • Effective management & monitoring of arrears. • Finance, Income Management, • Treasury Management policies and procedures. • Effective benefits advice and money matters service. • Programme of Internal Audit. • Monthly financial reporting to Board & Committee.
Customer satisfaction A significant fall in satisfaction with Magna, caused by, for example, failure in the response repair service, failure to respond to complaints promptly and effectively, or failure to manage neighbour nuisance or ASB effectively. Related to strategic priorities – Customer Experience, Performance and Results.	• Magna policy and procedures. • Service improvement reviews and reviews of customer journeys. • Formal complaints policy and procedures and review of complaints received, and evidence of lessons being learnt. • Surveys of customer opinion. • Use of mystery shopping and the work of the customer scrutiny group. • Monitoring of performance and taking corrective action to deal with poor performance. • We have joined Resolve to ensure a comprehensive approach to ASB, • ASB Lead appointed, • New customer engagement framework
Pension costs increase Significant increase in Magna's liability due to fall in gilt rates, change in actuarial assumptions or lower projected investment returns. Related to strategic priority – Performance and Results.	• Closed defined benefits pension to new entrants. • Stress testing. • Monitoring by Finance Director. • External pensions consultant and external audit. pensions policy.

During 2021/22 the Executive Team and the Board continued to monitor the risks associated with Brexit and Covid-19 and reflected these in the strategic risk register. The priority was to ensure key service delivery was maintained whilst ensuring the safety of customers and colleagues.

As at the end of March 2022, the Board considered the following to be emerging risks:

- building safety (building safety bill, fire safety bill etc).
- climate change and environmental sustainability
- regeneration/investment in existing assets
- uncertainty about legislative programme
- supply chain – availability of goods and services and cost
- Inflation – impact on business costs and customers.

Magna's appetite for risk is commensurate with how far it thinks the likely impact of taking the risk, after having taken all reasonable actions to manage it, will help Magna to achieve its strategy, and the risk's compatibility with Magna's capacity and it being a not-for-profit housing charity in receipt of public money. During 2022/23 we will be undertaking a Board review of its risk appetite. This exercise was last carried out in July 2020. A new approach, linking risk appetite to strategic aims, is being developed as part of work on the new strategy and will be finalised during 2022/23.

Liquidity is managed by maintaining adequate cash reserves and having loan facilities available for drawdown as required. The cost of finance is managed using fixed interest debt as part of the treasury strategy. During 2021/22 Magna refinanced its debt and succeeded in a achieving a new Private Placement and two new Revolving Credit Facilities. These mean Magna are in a strong liquidity position for the foreseeable future.

C Turner

Chair

Christine A Turner

Report of the board

Structure, Governance and Management

Corporate governance

The Board is responsible for the proper conduct of Magna's affairs. It consists of a maximum of 12 (2021: 12) Members, all but one being non-executive directors. They bring substantial relevant knowledge and experience. Each was remunerated for their services. Each Member acts in a personal capacity. The Board met 7 times (2021: 7) during the year. The Board has adopted the 2020 NHF Code of Governance and considers that it has no areas of non-compliance to explain in this report.

The Board ended the year with 4 (2021: 4) permanent Committees, dealing in turn with Risk and Audit, Membership and Remuneration and Supply and Investment. A Chairs Committee is the fourth. A Treasury Panel was set up on 3 September 2020 and supported the Board in overseeing the refinancing in 2021/22. Membership of the Committees and Panel is shown below. Each have Terms of Reference and report to the Board by means of its minutes and reports from its committee/panel chair.

The table opposite details the Members of the Committees and the Treasury Panel.

Committee	Member
Risk and Audit Committee	Ms Suzanne Rastrick (Chair); Mr Asit Acharya (until 31 July 2021); Mrs Debbie Bond (until 05 October 2021); Mr Graham Clarke; Mr Peter Nourse (from 29 April 2021 to 31 April 2022); Mr Jonathan Cowie (from 1 July 2021); Mr Nigel Perryman (from 24 June 2021)
Membership and Remuneration Committee	Ms Phyllida Culpin (Chair); Mrs Debbie Bond; Ms Christine Turner; Ms Suzanne Rastrick; Rachel Crownshaw (from 29 April 2021).
Supply and Investment Committee	Mr Alistair Auty (chair); Mr Asit Acharya (until 31 July 2021); Ms Phyllida Culpin; Peter Nourse (from 29 April 2021 to 31 April 2022); Jesse Meek (from 29 April 2021); Mr Simon Gibbs (independent member); Mr Robin Roberts (independent member).
Chairs Committee	Ms Christine Turner; Mr Alistair Auty; Ms Phyllida Culpin; Ms Suzanne Rastrick.
Treasury Panel	Mr Graham Clarke (Chair); Mr Simon Gibbs (independent member); Ms Christine Turner; Mr Nigel Perryman (from 24 June 2021)

Magna seeks Board Members with the skills, experience and other qualities which enable them to help run Magna properly, and who accept the obligation upon them to uphold the Purpose and Objectives of Magna. The Board undertakes regular self-assessment of its performance as well as independent assessments of its governance arrangements. Individual performance of board members is assessed at least annually by way of an appraisal conducted by the Chair of the Board, and the performance of the Chair of the Board is assessed annually by the Membership and Remuneration Committee.

The Risk and Audit Committee acts as an audit committee for the association. It reviews reports from management, from the internal auditors and from the external auditors, and seeks to obtain reasonable assurance that controls are in place and are being followed. The Risk and Audit Committee approves an annual internal audit plan, considers recommendations, and agrees appropriate responses and action with the senior executive officers. The Committee met four times during the year. The internal auditors also attended meetings and they had unrestricted access to the Chair of the Committee. The senior executive officers attended meetings when required. The Risk and Audit Committee reports back to the Board any issues of concern. The Board also formally considers internal control during the year in addition to considering the statement on internal control contained in these Financial Statements. The minutes of the Committee are formally recorded and are reported to the Board.

The Board delegates day-to-day management to the Chief Executive and other senior colleagues. They are accountable to the Board, carrying out its instructions and providing it and its committees with comprehensive reports and advice on Magna's affairs, including its performance across a broad range of measures. One employee, the Chief Executive, is a member of the Board.

The Board has adopted the 2020 NHF Code of Conduct to help ensure probity and considers that it complies with the principles and provisions of the code. It has policies and procedures on sensitive areas such as tendering and procurement, again to help ensure probity. It uses internal audit to check compliance with these and other policies and procedures which have the same aims.

Magna maintained its G1 and V1 ratings in December 2021. To the best of its knowledge, the Board considers that it complied with the Governance and Financial Viability Standard of the Regulatory Framework and the provisions concerning rents set out in the 2016 Welfare Reform and Work Act.

Magna has remunerated Board Members since April 2017, and this totals 0.1% of annual turnover.

Members of the Board and Senior Executive Officers

The Members of the Board and the senior executive officers of Magna are set out on page 4. All the Members and senior executive officers served throughout the year except as noted on page 4.

Accounting Policies

Magna's financial statements are reported under FRS102. The detailed accounting policies are disclosed in Note 1.

Treasury Policy

Magna's financing structure is made up of term and revolving loans and development grant from Homes England. Treasury activities are controlled and monitored by the Finance Director, reporting to the Board with advice from treasury advisors as required. They are carried out in accordance with a Treasury Management Policy.

Magna meets all financial covenants as agreed with its lenders.

Cash flow requirements are reviewed weekly and monitored daily. Magna normally carries only sufficient liquidity for current working capital requirements, with any significant excess cash balances managed in accordance with the Treasury Management Policy.

Interest rate exposure is managed using interest rate fixes as part of a balanced treasury strategy and, at the year end, 100% (2021: 87.5%) of Magna's drawn funds were at fixed interest rates.

During 2021/22 Magna went through an extensive review of its debt profile and completely refinanced its debt with a new Private Placement replacing legacy bank loans. Magna also secured two new revolving credit facilities (RCF's) for short-term funding, on 10-year terms, replacing RCF's due to expire in 2023 and 2025.

Social and community activities and charitable donations

We continue to work with the wider community and others to help achieve our purpose.

Magna made charitable donations totalling £15,182 (2021: £8,420). Within this total £3,640 was paid to local community initiatives (2021: £115).

Directors' and officers' insurance

The Group maintains Directors' and Officers' Liability Insurance.

Internal control & risk management

This report covers the whole system of internal control during the year 2021/22 and is not restricted to internal financial control.

The Board acknowledges that it is responsible for Magna's system of internal control and for reviewing its effectiveness. The Board recognises that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board is satisfied that the process for identifying, evaluating and managing the significant risks faced by Magna is continuous, has been in place for the year in question and up to the date of approval of the financial statements, and is regularly reviewed.

The Board has reviewed the effectiveness of the system of internal control by several means, including its reviews of the Risk Management framework, consideration of the work of the Risk and Audit Committee, regular reports on performance against targets, compliance and similar reports by external bodies, and a review of the fraud and theft register.

The Board pursues policies and practices which are designed to achieve effective internal control and describes the most important in this report.

Magna exercises control in the first instance by establishing and following a methodical process of deciding its Vision, Mission, Strategic Priorities, operational targets and associated budgets.

The Board last reviewed its Risk Management and assurance framework in October 2021 and reviews its strategic risks and how they are controlled quarterly. A Scheme of Delegation in Magna requires the Board to take primary responsibility to produce a Risk Management Policy. The Risk Management framework itself is subject to periodic internal audit.

Magna views risk primarily as anything which does, or may, hinder its ability to achieve its strategy. Hence, its main risks may be readily summarised as any factor which may lead to failure to achieve its vision and strategic priorities. The quality and effectiveness of the controls in place to manage those risks are further tested and strengthened by consideration of risks such as major fraud or breach of lenders' covenants. The overall aim of the Risk Management Policy is to enable Magna to do the right thing in the right way.

Magna kept the risks created by the general operating, political, economic, climate and health environments under constant review during 2021/22, and implemented suitable controls where necessary and possible.

Responsibility for key controls is mainly allocated by policies and procedures. These are controlled and maintained to a high standard and made available to colleagues in electronic format.

Magna operates a whistle-blowing system which encourages colleagues to raise anonymously with external consultants any concerns which they feel they cannot raise through the normal internal channels.

Control is further reinforced by the production of comprehensive performance data, followed by analysis and action.

The Strategic Internal Audit Plan 2019-2022 reflects the Risk Management Policy so that internal audit resources are directed towards testing the risks and their controls which the Policy identifies. The Plan, which is subject to the approval of the Risk and Audit Committee, is proposed and implemented by professional, independent auditors, who have unrestricted right of access to the Chair of the Risk and Audit Committee.

Magna places emphasis on the benefits which arise from personal responsibility in addition to those achieved by following procedures. We aim to produce an open organisation in which information of all sorts flows freely in the belief that the more open an organisation is the more robust it is as it is more likely to uncover weaknesses of any type in good time. Recruitment, selection, training and appraisal policies seek to reinforce this approach.

The Risk and Audit Committee is a Committee of the Board of Magna. It receives quarterly internal audit reports from the internal auditors. Any material instances of weak internal control are reported to this committee and/or the Board.

The Board considers reports from the external auditors, and from other external bodies, such as the Regulator of Social Housing, on compliance. Board Members undergo both collective and individual appraisal, and view this as an important risk control.

Fraud and theft

Magna complies with the Regulator of Social Housing's requirements on fraud and adheres to additional requirements of its own. Association-wide anti-fraud policies require, amongst other things, a register to be maintained of all instances of actual and suspected fraud and theft.

Conclusion on internal control

The Risk and Audit Committee has received the annual report on the effectiveness of anti-fraud measures and internal control. In the light of that, and using other sources of assurance available to it, the Board has reviewed the effectiveness of the system of internal control. The Board is satisfied that there is sufficient evidence to show that systems of internal control existed and operated throughout the year, that those systems were aligned to a continuous process for the management of the significant risks facing Magna, and that those controls are subject to professional, independent testing and assessment. The Board believes that this will remain true up to (and beyond) the date of the approval and signing of the annual financial statements. The Board is aware of no weaknesses which have resulted in material misstatement or loss, and which have required disclosure in the financial statements and considers that the risk that the financial statements may be materially misstated due to fraud is low. To the best of its knowledge and belief, the Board knows of no reason why it should not sign its Representation Letter to its external auditors.

Statement of Board's responsibilities

The Directors are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and other legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Registered Provider (RP) and of the surplus or deficit 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 accounting 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 company will continue in business.

The Board is responsible for keeping accounting records that are sufficient to show and explain the RP's transactions and disclose with reasonable accuracy at any time the financial position of the RP and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Regulations thereunder, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2019. It is also responsible for safeguarding the assets of the RP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring the accuracy of the Magna website.

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

Statement of compliance

The Board confirms that the Report of the Board has been prepared in accordance with the principles set out in Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

Going concern

The 30-year business plan is updated on a regular basis and was last approved by the Board in March 2022. We have stress tested the plan against a wide range of scenarios to identify potential sensitivities in the base plan. We prepare a comprehensive mitigation plan annually that identifies, in order of priority, the areas we would target to reduce expenditure if necessary.

The Board has reviewed and approved the annual budgets for 2022/23 and the medium to long term financial position as demonstrated in the 30-year business plan and is assured that Magna has the financial capacity and strength to successfully operate for the foreseeable future.

In reaching this level of assurance, the Board has scrutinised several areas:

- Exposure to the property market – budget and business plan sensitivity testing takes account of a slowing down of construction, fewer first tranche sales, and a reduction in sales values
- Increases in operating costs – considering increases in management costs, reflecting higher CPI and RPI levels and delays to our expected efficiencies
- Rent and service charge receivable – sensitivity testing a loss of income due to the impact of welfare reforms, considering increases in bad debts and void properties as well as frozen or reduced rent rises
- Other adverse scenarios, e.g. rising interest rates and heavy fines for non-compliance in areas such as GDPR and safeguarding residents.

The Board are satisfied that Magna has sufficient financial capacity and liquidity to remain compliant with its loan covenants, and to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Accordingly, the Directors have prepared the financial statements on a going concern basis.

Appointment of Independent Auditor

Beever and Struthers were appointed for the year ended 31 March 2022 at Magna's Annual General Meeting held on 29 July 2021.

By order of the Board

Christine A Turner

C Turner
Chair

28 July 2022

Independent Auditor's Report

Opinion

We have audited the financial statements of Magna Housing Limited "the association" for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. 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 association's affairs as at 31 March 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The association's Board is responsible for the other information, which comprises the Board's annual report, including the strategic review, value for money, risk management, corporate governance, the statement on internal control and the directors 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Board's report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 26, 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 determine 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 are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have 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 and regulations that affect the association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud 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 nature of the association's activities and the regulated nature of the association's activities.
- We reviewed financial statements disclosures and tested to 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 association's members, as a body, in accordance with section 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body for our audit work, for this report, or for the opinions we have formed

Beever and Struthers

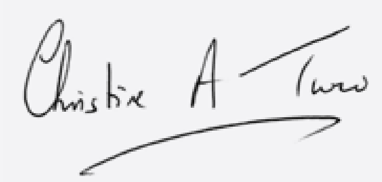
22 August 2022

Beever & Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Statement of Comprehensive Income

The financial statements on pages 26 to 54 were approved and authorised for issue by the Board on 28 July 2022 and were signed on its behalf by:

Chair



C Turner

Board member

P Culpin

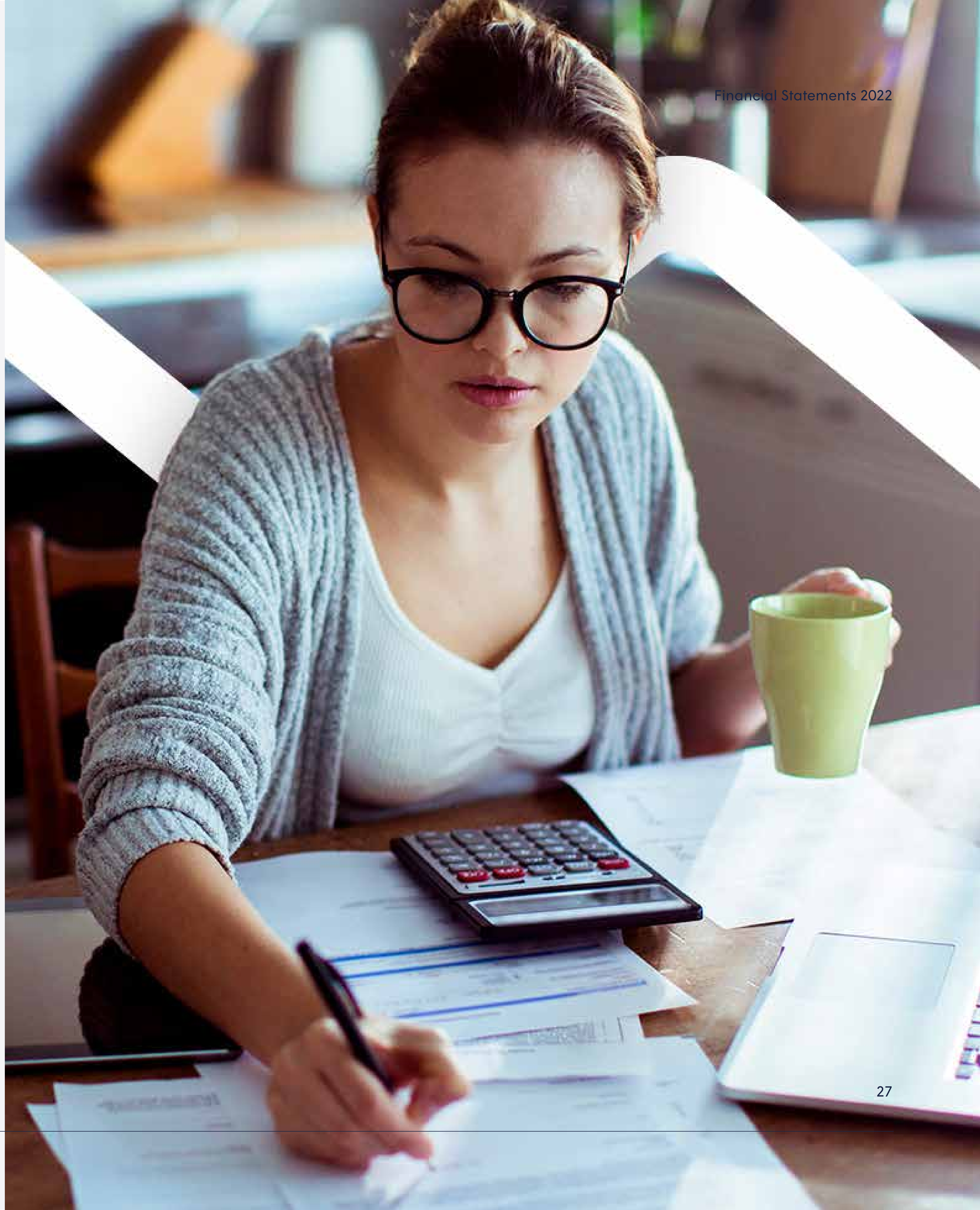
Company Secretary

F Ali

	Note	**Year ended 31 March 2022**	Year ended 31 March 2021
		£000	£000
Turnover	2	**48,535**	45,437
Cost of sales	2	**(2,071)**	(451)
Operating expenditure	2	**(39,931)**	(36,604)
Impairment losses on assets of cash generating units		**(280)**	(11)
Surplus on disposal of fixed assets	5	**2,013**	2,151
Operating surplus		**8,266**	10,522
Increase/(decrease) in valuation of investment properties	12	**30**	(240)
Interest receivable and similar income	6	**10**	48
Interest payable	7	**(4,283)**	(6,141)
Refinancing costs	7	**(7,618)**	-
Deficit before tax		**(3,595)**	4,189
Other comprehensive (expenditure)/income			
Actuarial gain/(loss) in respect of pension schemes	23	**8,997**	(7,533)
Share Captial Redemption	13	**-**	-
Total other comprehensive income/(expenditure)		**8,997**	(7,533)
Total comprehensive income/(expenditure) for the year		**5,402**	(3,344)

Statement of Changes in Reserves

	Revaluation reserve	Income and expenditure reserve	**Total reserves**
	£000	£000	**£000**
Balance as at 31 March 2020	91,349	139,061	**230,410**
Surplus from statement of comprehensive income	-	(3,344)	(3,344)
Depreciation at deemed cost transferred from revaluation reserve to income and expenditure reserve	(1,223)	1,223	-
Movement on revaluation reserve for disposal of fixed assets	(326)	326	-
Balance as at 31 March 2021	**89,800**	**137,266**	**227,066**
Surplus from statement of comprehensive income	-	5,402	5,402
Depreciation at deemed cost transferred from revaluation reserve to income and expenditure reserve	(1,201)	1,201	-
Movement on revaluation reserve for disposal of fixed assets	(549)	549	-
Balance as at 31 March 2022	**88,050**	**144,418**	**232,468**



Statement of Financial Position

The financial statements on pages 26 to 54 were approved and authorised for issue by the Board on 28 July 2022 and were signed on its behalf by:

Chair

C Turner

Board member

P Culpin

Deputy Secretary

F Ali

	Note	Year ended 31 March 2022	Year ended 31 March 2021
		£000	£000
Fixed Assets			
Tangible fixed assets	11	**381,601**	367,140
Investment properties	12	**960**	930
Investments in subsidiaries	13	**26**	26
Total Fixed Assets		**382,587**	368,096
Current Assets			
Inventories	14	**3,764**	4,176
Trade and other debtors	15	**4,021**	3,307
Cash and cash equivalents	16	**17,732**	17,991
		25,517	25,474
Creditors: amounts falling due within one year	17	**(19,843)**	(29,311)
Net Current Assets (liabilities) / Assets		**5,674**	(3,837)
Total assets less current liabilities		**388,260**	364,259
Creditors: amounts falling due after more than one year	18	**(123,233)**	(96,633)
Provision for Liabilities			
Pension provision	23	**(29,903)**	(37,861)
Other provisions	24	**(2,656)**	(2,699)
Total Net Assets		**232,468**	227,066
Reserves			
Non–equity share capital	27	**-**	-
Income and expenditure reserve		**144,418**	137,266
Revaluation reserve		**88,050**	89,800
Total Reserves		**232,468**	227,066

Statement of Cash Flows

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Net cash generated from operating activities – see note A	**21,002**	23,871
Cash flow from investing activities		
Purchase of tangible fixed assets	**(7,792)**	(4,933)
New development spend	**(20,500)**	(17,210)
Proceeds from sale of tangible fixed assets	**3,520**	3,766
Gift Aid	**-**	-
Interest received	**10**	55
Share Capital Repayment	**-**	-
	(24,762)	(18,322)
Cash flow from financing activities		
Interest paid	**(11,299)**	(6,472)
New Borrowings	**120,000**	-
Repayment of borrowings	**(105,200)**	(12,800)
	3,501	(19,272)
Net change in cash and cash equivalents	**(259)**	(13,723)
Cash and cash equivalents at the beginning of the year	**17,991**	31,714
Cash and cash equivalents at the end of the year	**17,732**	17,991

(continued) →

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Note A		
Cash flow from investing activities		
Operating surplus for the year	**8,266**	10,522
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	**8,892**	8,536
Surplus on disposal of fixed assets	**98**	(1,528)
Impairment	**280**	11
(Increase) /decrease in stock	**33**	(161)
Decrease / (Increase) in trade and other debtors	**(712)**	1,436
Decrease in debtors more than one year	**-**	-
Increase in trade and other creditors	**2,349**	4,202
Increase in creditors more than one year	**800**	256
Increase in provisions	**996**	597
Net cash generated from operating activities	**21,002**	23,871

Notes to the Financial Statements

1. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements have been prepared in compliance with FRS102. Magna meets the definition of a public benefit entity (PBE).

The accounts have been prepared on the historical cost basis of accounting, except in respect of the revaluation of investment properties, and are presented in sterling (£'000) for the year ended 31 March 2022.

A summary of the more significant accounting policies, which have been applied consistently, is set out below:

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- **Going concern.** The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. We have agreed a business plan which allows us to fund both our latest stock condition survey and our development programme. The business plan also shows our adherence to our borrowing covenants and has also been stress tested against a number of scenarios, with mitigating actions identified to counter these. We therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.
- **Categorisation of housing properties.** Magna has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, Magna has considered if the asset is held for social benefit or to earn commercial rentals. Magna has determined that market rented properties are held to earn commercial rentals and hence have been classified as investment properties.
- **Housing properties** in tangible fixed assets are valued at deemed cost as at 1 April 2014. Magna took advantage of transitional relief set out in FRS102 for deemed cost and treated all grant on transition under the performance model with subsequent grants under the accrual model.
- **Investment properties** include market rented properties, shops and other commercial properties. They are measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date.
- **Impairment.** Magna considers the need for impairment on overall property demand and other external sources of information such as changes in Government policy, including the review of voids on a property by property basis.

Other key sources of estimation and assumptions

- **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Revaluation of investment properties.** Magna carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. Fair value, as defined by FRS102, is used for these property types as it can be measured on an on-going basis. Magna engages independent valuation specialists to determine fair value as at 31 March each year. The valuer uses 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.

- **Pension and other post-employment benefits.** Magna participates in three defined benefit pension schemes as an 'Admitted Body':

  - The Local Government Fund (LGPS) administered by Dorset County Council (DCC);
  - The Local Government Fund (LGPS) administered by Somerset County Council (SCC); and
  - The Social Housing Pension Scheme (SHPS).

  Magna closed these defined benefit pension schemes to new members on 1 October 2011 and introduced, in their place, a defined contribution scheme.

  The cost of the LGPS and SHPS defined benefit pension plans are primarily determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the scheme employers consider the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector.

  Further details are given in note 23.

- **Impairment.** Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. This is likely to be the value in use of the asset based on its service potential (Depreciated Replacement Cost - DRC). The resulting impairment loss is recognised as expenditure in the Statement of Comprehensive Income.

  Depreciated Replacement Cost (DRC) is calculated using a replacement cost valuation, depreciated for the number of years the property has been in use.

  Investment properties are valued annually. Where there is a change in value, the charge is recognised in the Statement of Comprehensive Income.

  Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Investments

Investments in shares in group companies are stated at the lower of cost and net realisable value. Any impairment in the value of investments is charged to the Statement of Comprehensive Income in the year in which it is first recognised.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Service charges

Service charge income and costs are recognised on an accruals basis. Magna operates variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Sinking funds

Magna has a number of schemes which require sinking funds in order to provide for the future cost of maintaining them. Magna manages sinking funds in accordance with its policy. Funds are held in a separate bank account and included in the Statement of Financial Position within creditors until costs are incurred.

Loan interest costs

The interest charged to the Statement of Comprehensive Income is calculated using the loan value contained in the Statement of Financial Position multiplied by the appropriate market rate of interest.

Taxation

Magna has charitable status and is therefore not subject to corporation tax on surpluses derived from charitable activities. All charitable activities undertaken are classed as charitable.

Value Added Tax

Magna charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by Magna and not recoverable.

Property, plant and equipment

Housing properties

Tangible fixed assets are stated at deemed cost as at 1 April 2014, less accumulated depreciation. Magna took advantage of transitional relief set out in FRS102 for deemed cost and treated all grant on transition under the performance model with subsequent grants under the accruals method.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

Magna depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Component	UEL
Kitchens	20 Years
Bathrooms	30 Years
Doors	35 Years
Windows	30 Years
Central heating	30 Years
Boilers	15 Years
Flat roofs	30 Years
Pitched roofs	60 Years
Lifts & other communal assets	25 – 30 Years
Oil tanks	25 Years
Alternative energy sources	30 Years
Structure	100 Years
Structure (pre-cast reinforced concrete)	50 Years
Garages	50 Years

Magna depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Other tangible fixed assets

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected useful economic lives which are as follows:

Freehold and long leasehold properties	50 Years
Maintenance equipment	5 Years
Computer equipment	3 – 6 Years
Office equipment, fixtures and fittings	5 Years
Motor vehicles – New or Pre Owned	8 Years (from vehicle registration date)

Low cost home ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the low cost home ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental due to the development process and directly attributable to bringing the property into its intended use.

Property managed by agents

Where Magna carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to Magna.

In both cases, the assets and associated liabilities are included in Magna's Statement of Financial Position.

Operating leases

All Magna's leases are operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Investment properties

Investment property includes commercial and other properties not held directly to achieve Magna's purpose. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Inventories

Stocks of materials are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Properties held for resale are included in current assets at the lower of cost or estimated selling price less sale costs.

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

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at transaction price.

Provisions for bad and doubtful debts

TThe association maintains bad debt provisions for any potential non-payment of debt.

At each Statement of Financial Position date Magna makes an assessment as to the level of bad debt provision required against individual debtors. The assessment takes into account the past payment history of the debtor, the age of the debt and the contractual relationship.

Non-government grants

Grants received from non-government sources are recognised under the "performance model". If there are no specific performance requirements the grants are recognised as turnover when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Social Housing and other government grants

Magna has taken advantage of transitional relief set out in FRS102 for deemed cost and treated all grant on transition under the performance model with subsequent grants under the "accruals method".

Where developments have been financed wholly or partly by Social Housing Grant (SHG), the amount of the grant received is held as deferred income on the Statement of Financial Position under creditors less than and greater than one year. The grant is released to turnover over the estimated useful life of the associated asset under the "accruals model".

Grant received for items of cost written off in the Statement of Comprehensive Income Account is included as part of turnover.

SHG must be recycled by Magna under certain conditions, primarily if a property is sold. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover.

Recycling of Capital Grant

Where SHG is recycled, as described above, it is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Retirement benefits

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

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability is recognised in Other Comprehensive Income. Further disclosures in this area are included in note 23.

Revaluation reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Financial instruments

Financial assets and liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, in which case the transaction is measured at the present value of future receipts discounted at a market rate of interest.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments meet the conditions in paragraph 11.8(b) of FRS102 and are measured at amortised cost using the effective interest method.

Financial instruments held by Magna are classified as follows:

- Financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method;
- Financial liabilities are held at amortised cost using the effective interest based on an appropriate market rate;
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.

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

31 March 2022

	Turnover	Cost of Sales	Operating Expenditure	**Operating Surplus**
	£000	£000	£000	**£000**
Social housing lettings (note 3)	44,397	-	(38,730)	**5,667**
Other social housing activities				
Charges for support services	77	-	(196)	**(119)**
Supporting people	26	-	(65)	**(39)**
First tranche sales	2,875	(2,071)	-	**804**
Development costs not capitalised	-	-	(199)	**(199)**
Abortive development costs	-	-	(309)	**(309)**
Activities non-social housing				
Lettings – market rented	141	-	(55)	**86**
Other	1,019	-	(657)	**362**
Total	48,535	(2,071)	(40,211)	**6,253**

31 March 2021

	Turnover	Cost of Sales	Operating Expenditure	**Operating Surplus**
	£000	£000	£000	**£000**
Social housing lettings (note 3)	43,492	-	35,161	**8,331**
Other social housing activities				
Charges for support services	89	-	(134)	**(45)**
Supporting people	54	-	(57)	**(3)**
First tranche sales	589	(451)	-	**138**
Development costs not capitalised	-	-	(251)	**(251)**
Abortive development costs	-	-	(291)	**(291)**
Activities non-social housing				
Lettings – market rented	132	-	(71)	**61**
Other	1,081	-	(639)	**442**
Total	45,437	(451)	(36,604)	**8,382**

3. Particulars of turnover and operating costs from social housing lettings

Year ended 31 March 2022

	General housing	Supported housing	Low cost home ownership	**Total**
	£000	£000	£000	**£000**
Income				
Rent receivable	30,357	10,810	158	**41,325**
Service charge income	805	2,188	24	**3,017**
Amortisation of grant	55	-	-	**55**
Turnover from social housing lettings	31,217	12,998	182	**44,397**
Operating Expenditure				
Management	8,455	3,681	44	**12,180**
Service charge costs	1,205	2,153	14	**3,372**
Routine maintenance	5,240	1,834	25	**7,099**
Planned maintenance	2,584	666	2	**3,252**
Major repairs	2,454	608	5	**3,067**
Bad debts	172	62	1	**235**
Property lease charges	262	-	-	**262**
Depreciation on housing properties	6,179	1,946	-	**8,125**
Impairment of housing properties	280	-	-	**280**
Pension operating charge	605	251	2	**858**
Operating cost of social housing lettings	27,436	11,201	93	**38,730**
Operating surplus on social housing lettings	3,781	1,797	89	**5,667**
Void losses	(230)	(116)	(1)	**(347)**

The £280k impairment reflects the decision to hand back 9 leased units, removing the carrying value from housing properties as there is no future benefit to be gained from these units.

Year ended 31 March 2021

	General housing	Supported housing	Low cost home ownership	**Total**
	£000	£000	£000	**£000**
Income				
Rent receivable	30,016	10,683	156	**40,855**
Service charge income	692	1,881	21	**2,594**
Amortisation of grant	43	-	-	**43**
Turnover from social housing lettings	30,751	12,564	177	**43,492**
Operating Expenditure				
Management	8,276	3,628	44	**11,948**
Service charge costs	1,020	1,920	13	**2,953**
Routine maintenance	5,019	1,148	16	**6,183**
Planned maintenance	2,049	589	1	**2,639**
Major repairs	1,820	605	5	**2,430**
Bad debts	41	15	-	**56**
Property lease charges	255	23	-	**278**
Depreciation on housing properties	6,342	1,906	-	**8,248**
Impairment of housing properties	11	-	-	**11**
Pension operating charge	300	124	2	**426**
Operating cost of social housing lettings	25,133	9,958	81	**35,172**
Operating surplus on social housing lettings	5,618	2,606	96	**8,320**
Void losses	(265)	(134)	(1)	**(400)**

4. Surplus on ordinary activities

Operating surplus is stated after charging:	2022	2021
	£000	£000
Auditor's remuneration (excluding VAT)		
In their capacity as statutory auditors	**30**	29
Fees payable to the auditors and its associates for other services:		
Taxation compliance services	**-**	-
Other assurance services for loan covenant certification	**1**	1
Operating lease rentals		
Other – vehicles	**11**	27
Land and buildings	**327**	317
Office equipment	**47**	61
Impairment losses of housing properties	**280**	11
Depreciation of housing properties	**7,784**	7,626
Depreciation of other fixed assets	**1,108**	911

5. Surplus on disposal of fixed assets

2022

	Low cost home ownership staircasing	Right to Buy	Others	Total
	£000	£000	£000	£000
Proceeds of sales	423	236	2,864	3,523
Less: costs of sales	(201)	(123)	(1,186)	(1,510)
Surplus	**222**	**113**	**1,678**	**2,013**

2021

	Low cost home ownership staircasing	Right to Buy	Others	Total
	£000	£000	£000	£000
Proceeds of sales	304	460	2,882	3,646
Less: costs of sales	(287)	(267)	(941)	(1,495)
Surplus	**17**	**193**	**1,941**	**2,151**

6. Interest receivable and similar income

Surplus for the year is stated after crediting:	2022	2021
	£000	£000
Bank interest	**10**	48

7. Interest payable and financing costs

	2022	2021
	£000	£000
Defined benefit pension charge	**753**	686
On loans wholly or partly repayable in more than five years	**3,993**	5,729
Costs associated with financing	**7,618**	48
	12,364	6,463
Less: interest capitalised on housing properties under construction	**(463)**	(322)
	11,901	6,141

During the year Magna refinanced the loan book resulting in break costs of £7,430,000.

8. Taxation

Magna's charitable objects exempt it from corporation tax.

9. Directors' remuneration

The remuneration paid to key management personnel, ie. the Chief Executive and executive Directors was:

	2022	2021
	£000	£000
Emoluments	**842**	717
Pension contributions	**77**	79
	919	796
Emoluments paid to the highest paid Director, excluding pension contributions in the year	**150**	149

Key management personnel include Chief Executive, Finance Director, Director of Customer Operations, Director of Sustainability and Investment, Strategic Asset Management Director, Housing Director and Organisational Capability Director (2021: seven). The emoluments include £51k of compensation paid to directors leaving office during the year.

Remuneration for the Chief Executive in the year, excluding pension contributions, was £150,329.

The Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhancements or special terms are applied. Pension contributions of £22,962 (2021: £22,848) were made during the year on behalf of the Chief Executive.

9. Directors' remuneration (continued)

Non executive Board members received the following remuneration:

The board members remunerations are shown in £'s and include National Insurance contributions where relevant.

	2022	2021
	£	£
Asit Acharya (resigned 31 July 2021)	**1,496**	4,500
Alistair Auty	**6,500**	6,500
Debbie Bond	**4,500**	4,500
Graham Clarke	**6,500**	6,500
Jonathan Cowie (from 29 July 2021)	**3,883**	-
Rachel Crownshaw (from 29 April 2021)	**4,295**	-
Phyllida Culpin	**6,500**	5,652
Simon Gibbs	**3,500**	-
Dawn Lang (resigned 30 November 2020)	**-**	3,849
Jesse Meek (from 29 April 2021)	**4,295**	-
Peter Nourse (from 29 April 2021 to 30 April 2022)	**4,295**	-
David Penny (resigned 30 July 2020)	**-**	2,154
Nigel Perryman (from 24 June 2021)	**3,460**	-
Suzanne Rastrick	**6,500**	5,652
Robin Roberts	**3,500**	-
Christine Turner	**12,486**	12,444
	71,712	51,751
Total expenses reimbursed to Members	**1,746**	484

Selina White is an executive board member but receives no additional remuneration.

10. Employee information

	2022	2021
Average number of full time equivalent employees during the year	**426**	428

The calculation is based on the numbers of employees at the end of each quarter.

Staff Costs	2022	2021
	£000	£000
Wages and salaries	**13,277**	12,788
Social security costs	**1,218**	1,123
Other pension costs	**1,657**	1,610
	16,152	15,521

The number of employees whose remuneration payable in the period of account, including pension contributions and non-cash benefits, excluding national insurance, exceeded £60,000 was:

	2022	2021
£150,001 to £160,000	**1**	1
£140,001 to £150,000	**-**	1
£120,001 to £130,000	**1**	-
£110,001 to £120,000	**1**	-
£100,001 to £110,000	**1**	2
£90,001 to £100,000	**3**	3
£80,001 to £90,000	**2**	2
£70,001 to £80,000	**6**	4
£60,001 to £70,000	**9**	13
	24	26

11. Tangible fixed assets

	Housing properties	Other tangible assets	Total
	£000	£000	£000
Net book value: At 1 April 2021	361,061	6,079	367,140
Net book value: At 31 March 2022	**374,689**	**6,912**	**381,601**

Housing properties

	Housing properties under construction	Housing properties held for letting	Low cost ownership properties under construction	Completed low cost ownership properties	Total
	£000	£000	£000	£000	£000
Gross book value:					
Cost at 1 April 2021	18,705	407,263	4,244	11,790	442,002
Properties under construction	14,775	-	3,842	-	18,617
Completions	(10,330)	10,330	(5,349)	5,349	-
Works to existing properties	-	5,814	-	-	5,814
Disposal of components	-	(1,245)	-	-	(1,245)
Interest capitalised	316	-	147	-	463
Transfer from current assets	-	-	3,552	95	3,647
Transfer to current assets	-	-	(2,857)	(411)	(3,268)
Impairment	-	(280)	-	-	(280)
Disposals	-	(1,292)	-	(2,247)	(3,539)
Cost at 31 March 2022	**23,466**	**420,590**	**3,579**	**14,576**	**462,212**
Accumulated depreciation:					
Depreciation at 1 April 2021	-	79,443	-	1,498	80,941
Charge for the year	-	7,696	-	88	7,784
Disposal of components	-	(897)	-	-	(897)
Disposals	-	(288)	-	(16)	(304)
Depreciation at 31 March 2022	**-**	**85,955**	**-**	**1,570**	**87,523**
Net book value at 31 March 2022	**23,466**	**334,637**	**3,579**	**13,006**	**374,689**
Net book value at 31 March 2021	18,705	327,820	4,244	10,292	361,061

11. Tangible fixed assets (continued)

	2022	2021
	£000	£000
Housing Properties comprises		
Freehold land and buildings	**373,866**	360,238
Long leasehold land and buildings	**823**	823
	374,689	361,061
Expenditure on works to existing properties in the year		
Components capitalised	**5,814**	2,859
Amounts charged to expenditure	**13,288**	11,252
Development interest capitalised	**463**	322
Interest rate used for capitalisation (average)	**3.76%**	4.98%

Housing properties valued at deemed cost

Housing properties held for letting as at 1 April 2014 were professionally valued during April 2014 by Savills as at 31 March 2014. The basis of the valuation was their Existing Use Value – Social Housing ("EUV-SH"). The valuation was undertaken in accordance with the RICS Asset Valuation Manual. In determining the valuation, the valuers made use of discounted cash flow methods. The discount rate was 5.5%. The valuation incorporates the impact of the Regulator's Rent Influencing guidance, which sets target rents for each property. The rents set were assumed to grow by RPI plus 0.5% in 2014/15, by CPI plus 1.0% per annum until 2025/26 and then by CPI thereafter.

Magna took advantage of transitional relief set out in FRS 102 to restate the value of its properties at deemed cost as at 1 April 2014, the date of transition. To do this it used the 31 March 2014 valuation, less accumulated depreciation.

All grant on transition was treated under the performance model and was released to the Income and Expenditure Reserve. This increased the carrying value of those properties in the Statement of Financial Position.

Other tangible assets

	Freehold property	Maintenance equipment	Computer equipment	Office equipment, fixtures and fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000t	£000	£000	£000	£000
Cost							
At 1 April 2021	4,770	268	5,413	1,052	2,848	-	14,351
Additions	-	-	371	216	1,255	136	1,978
Disposals	-	(4)	-	-	(211)	-	(215)
As at 31 March 2022	**4,770**	**264**	**5,784**	**1,268**	**3,892**	**136**	**16,114**
Accumulated depreciation							
At 1 April 2021	2,837	182	3,242	778	1,233	-	8,272
Charge for year	57	30	593	98	330	-	1,108
Disposals	-	(1)	-	-	(177)	-	(178)
As at 31 March 2022	**2,894**	**211**	**3,835**	**876**	**1,386**	**-**	**9,202**
Net book value							
As at 31 March 2022	**1,876**	**53**	**1,949**	**392**	**2,506**	**136**	**6,912**
As at 31 March 2021	1,933	86	2,171	274	1,615	-	6,079

12. Investment properties held for letting

Net book value:	2022	2021
	£000	£000
At start of year	930	1,170
Additions	-	-
Disposals	-	-
Revaluation	30	(240)
At end of year	960	930

Investment properties were valued at 31 March 2022 by Savills. Commercial properties have been valued on a desktop basis at £280k. The residential properties remain valued at £680k.

13. Investments in subsidiaries and joint ventures

Charter (S.W.) Limited

Charter made a loss before tax of £1k in the year (2021: £1k loss).

The carrying value of the investment of £26,000 (2021: £26,000) is supported by underlying net assets.

14. Inventories

Properties held for resale	2022	2021
	£000	£000
Completed properties for sale	411	95
Work in progress on properties for sale	2,857	3,552
Stocks of maintenance materials	496	529
	3,764	4,176
The value of stocks of maintenance materials charged to expenditure in the year	628	327

15. Trade and other debtors

	2022	2021
	£000	£000
Gross rent arrears	1,679	1,485
Less provision for doubtful debts	(1,031)	(836)
	648	649
Other debtors	2,439	1,915
Prepayments and accrued income	934	743
Amounts owed by subsidiaries	-	-
	4,021	3,307

16. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank	**13,497**	14,156
Sinking fund balances	**4,235**	3,835
	17,732	17,991

17. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	**1,535**	1,082
Rents received in advance	**1,837**	1,767
Other taxes and social security	**546**	583
Maintenance sinking fund	**4,165**	3,890
Recycled capital grant fund (note 20)	**114**	567
Other creditors	**1,113**	813
Pension creditor	**166**	170
Accruals and deferred income	**3,979**	4,261
Amounts owed to subsidiaries	**69**	69
Loan interest and repayments (note 19)	**-**	11,000
Capital grant received in advance (note 22)	**6,370**	5,109
Refinancing loan asset	**(51)**	-
	19,843	29,311

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

	2022	2021
	£000	£000
Loan interest and repayments (note 19)	**120,000**	94,200
Refinancing loan asset	**(1,441)**	-
Social housing grant (note 22)	**4,026**	2,091
Recycled capital grant fund (note 20)	**648**	342
	123,233	96,633

The refinancing loan asset is amortised over the life of the loans.

19. Debt analysis

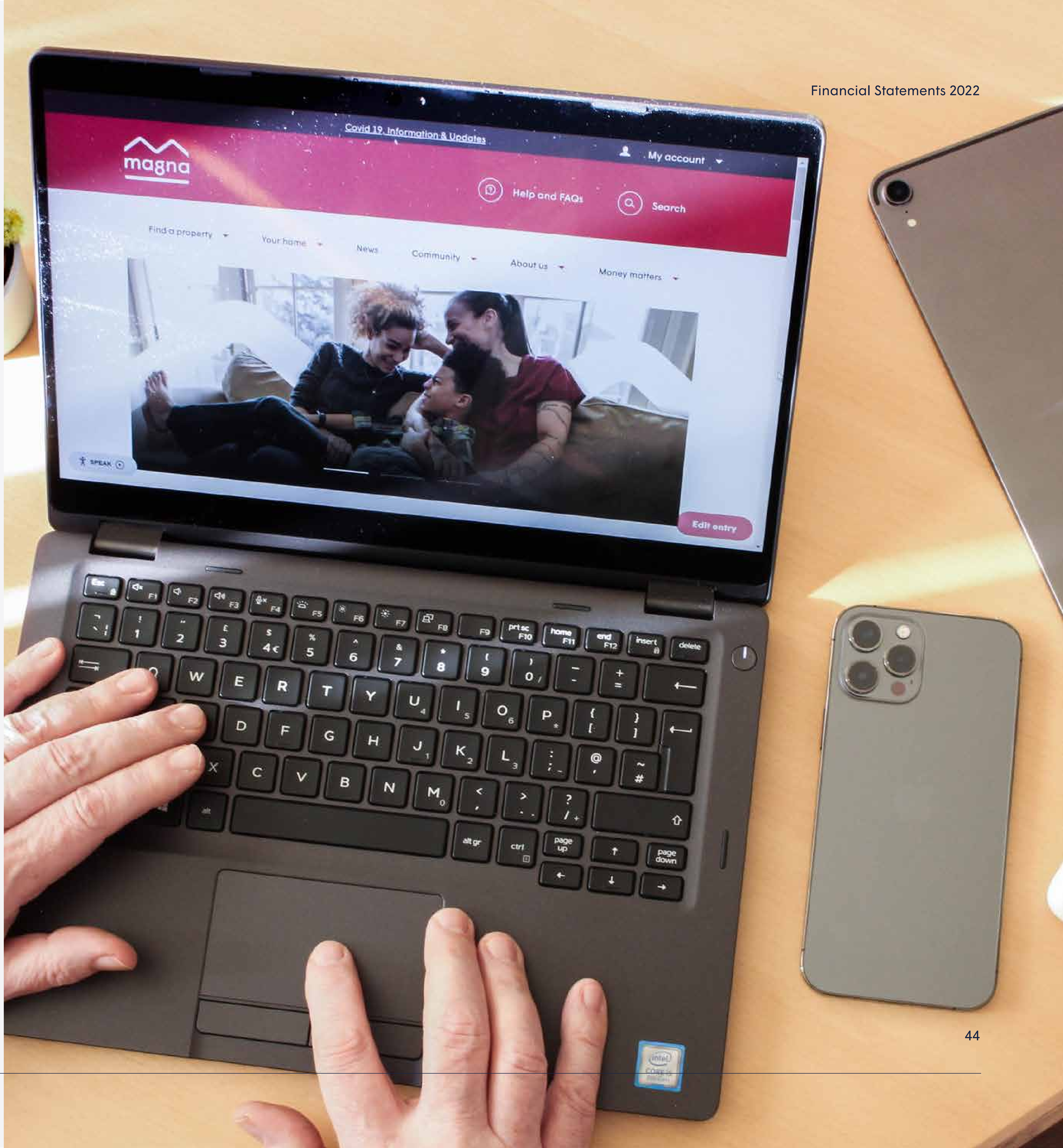
Loans repayable by instalments:	2022	2021
	£000	£000
Within one year	**-**	11,000
In one year or more but within two years	**-**	65,200
In two years or more but within five years	**-**	8,900
In more than five years	**120,000**	20,100
Total loans repayable in more than one year	**120,000**	94,200
Total Loans	**120,000**	105,200

At 31 March 2022 Magna had facilities of £190,000,000 (2021: £147,200,000) with a private placement note purchase agreement of £140,000,000 (£20m deferred to October 2023), and RCF's with Nationwide and Clydesdale Banks. At 31 March 2022, £120,000,000 (2021: £105,200,000) had been drawn down of which £120,000,000 (2021: £92,000,000) is fixed. The average interest rates for the fixed rates loans are 2.51%. The borrowings are secured by fixed charges over housing property assets.

	2022	2021
	£000	£000
At 31 March 2022 Magna had the following undrawn borrowing facilities	**70,000**	42,000
	70,000	42,000

20. Recycled capital grant fund

	2022	2021
	£000	£000
At the start of the year	**909**	1,020
Inputs: Grants recycled	**416**	277
Recycling: New build	**(563)**	(388)
At the end of the year	**762**	909
Amount where repayment may be required within one year	**114**	567
Amount where repayment required after one year or more	**648**	342
	762	909



21. Contingent liability

During 2019/20 Magna purchased a block of flats, Raglan Lodge. As part of the agreement Magna agreed to accept the liability for the capital grant. This grant, valued at £240,798 only becomes repayable should Magna decide to sell the block of flats outside of the sector. This is not expected to happen and therefore the grant has not been accounted for but will remain a contingent liability.

22. Social housing grant

	2022	2021 Restated
	£000	£000
At the start of the year	7,200	4,769
Additions	3,251	2,474
Amortised within statement of comprehensive income	(55)	(43)
At the end of the year	10,396	7,200
Creditors: Amounts falling due within one year	6,370	5,109
Creditors: Amounts falling due after one year	4,026	2,091
	10,396	7,200

Social housing grant (SHG) is receivable from the Homes and Communities Agency (HCA). Grant received for properties under construction is classified as a creditor due in less than one year. Once properties have been completed the grant is classified as a long-term creditor and amortised to the profit or loss for the period over the life of the properties' structure.

23. Pension arrangements

Magna participates in three defined benefit pension schemes as an 'Admitted Body':

- Local government scheme administered by Dorset County Council;
- Local government scheme administered by Somerset County Council; and
- The Social Housing Pension Scheme.

Magna closed these defined benefit pension schemes to new members on 1 October 2011 and introduced, in their place, a defined contribution scheme. Magna has included the impact of the McCloud / Sargeant judgement in the LGPS disclosures.

Dorset County Council Pension Fund

Magna is a member of the Dorset County Council Pension Fund.

A full actuarial triennial valuation was completed as at 31 March 2016 and was updated to 31 March 2019, using suitable methods, by a qualified independent actuary.

The total pension cost for Magna for the year in respect of this Fund was £651,000 (2021: £662,000). The cost is assessed in accordance with advice from a qualified actuary. Employer's contributions to the Fund of £31,362 (2021: £38,391) were included in creditors and paid after the year end. The employer's contributions certified by the actuary to the Fund in respect of the year ending 31 March 2022 were 516.7% (2021: 490.4%) of members' contributions.

Somerset County Council Pension Fund

Magna is a member of the Somerset County Council Pension Fund. The total pension cost for the year in respect of this Fund was £264,000 (2021: £250,000). The cost is assessed in accordance with advice from a qualified actuary. Employer's contributions to the Fund of £14,911 (2021: £15,642) were included in creditors and paid after the year-end. The employer's contributions proposed by the actuary to the Fund in respect of the year ending 31 March 2022 were 471.4% (2021: 438.6%), of members' contributions.

23. Pension arrangements (continued)

Dorset and Somerset county council funds

The main financial assumptions adopted as at 31 March 2022 were:

	Both 2022	Both 2021	Both 2020
Financial assumptions (per annum)			
Retail price index inflation	3.7%	3.2%	2.7%
Consumer price Index	2.8%	2.8%	1.9%
Salary inflation	3.2%	2.8%	2.9%
Pension increases	3.2%	2.8%	1.9%
Discount rate	2.6%	2.0%	2.4%
Life expectancy (years)			
Males retiring today	23.1	23.1	23.3
Females retiring today	24.7	24.6	24.7
Males retiring in 20 years	24.4	24.4	24.7
Females retiring in 20 years	26.1	26.0	26.2

Magna's share of the fair values of each main class of assets held by the Funds as at 31 March 2022 and the expected rates of return for the ensuing year are set out in the following table:

Fair Value:	2022	2021	2020
Equities	**30,933**	28,903	21,929
Gilts	**622**	659	4,213
Property	**4,860**	4,312	4,514
Bonds	**3,275**	3,961	3,507
Cash	**1,398**	1,479	1,248
Other	**12,580**	10,547	5,426
	53,668	49,861	40,837

Magna's share of the net assets and liabilities of the Dorset and Somerset County Council Pension Funds is set out below:

	2022	2021	2020
Share of assets	**53,668**	49,861	40,837
Share of estimated liabilities	**(82,246)**	(84,561)	(69,214)
Net deficit at 31 March	**(28,578)**	(34,700)	(28,377)

Amount charged to surplus	2022	2021	2020
Current service cost	**(1,346)**	(986)	(1,161)
	(1,346)	(986)	(1,161)

25. Pension arrangements (continued)

Amount charged to other finance income

	2022	2021
	£000	£000
Interest on assets	**987**	950
Interest on pension scheme liabilities	**(1,672)**	(1,607)
Net charge	**(685)**	(657)

Actuarial (loss) in respect of pension schemes

	2022	2021
	£000	£000
Return on assets less interest	**3,863**	8,885
Change in financial assumptions	**(3,411)**	(14,448)
Net gain	**452**	(5,563)

The movement in the net deficit for the year to 31 March 2022 is as follows:

	2022	2021
	£000	£000
Fair value of scheme assets at 1 April	**49,861**	40,837
Interest on assets	**987**	950
Return on assets less interest	**3,863**	8,885
Other actuarial losses	**-**	-
Administration expenses	**(36)**	(29)
Contributions by employer including unfunded	**915**	912
Contributions by fund participants	**182**	192
Estimated benefits paid	**(2,104)**	(1,886)
Fair value of scheme assets at 31 March	**53,668**	49,861
Defined benefit obligations at 1 April	**(84,561)**	(69,214)
Service cost	**(1,346)**	(986)
Interest cost	**(1,672)**	(1,607)
Change in financial assumptions	**3,609**	(16,094)
Change in demographic assumptions	**-**	740
Experience loss on defined benefit obligations	**(198)**	906
Past service costs including curtailments	**-**	-
Estimated benefits paid net of transfer in	**2,103**	1,885
Contributions by scheme participants	**(182)**	(192)
Unfunded pension payments	**1**	1
Defined benefit obligations at 31 March	**(82,246)**	(84,561)
Net deficit at 31 March	**(28,578)**	(34,700)

23. Pension arrangements (continued)

Social Housing Pension Scheme (SHPS)

Magna participates in the social housing pension scheme, a defined benefit multi-employer scheme administered by TPT Retirement Solutions (TPT).

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 Pension Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes.

	2022	2021	2020
Retail price index inflation	3.4% per annum	3.2% per annum	2.5% per annum
Consumer price Index	3.1% per annum	2.9% per annum	1.5% per annum
Salary inflation	4.1% per annum	2.9% per annum	2.5% per annum
Discount rate	2.8% per annum	2.2% per annum	2.3% per annum
Life expectancy (years)			
Males retiring today	21.1 years	21.6 years	21.5 years
Females retiring today	23.7 years	23.5 years	23.3 years
Males retiring in 20 years	22.4 years	22.9 years	22.9 years
Females retiring in 20 years	25.2 years	25.1 years	24.5 years

Magna's share of the fair values of each main class of assets held by the Funds as at 31 March 2022 and the expected rates of return for the ensuing year are set out in the following table:

Fair Value	2022	2021
	£000	£000
Absolute return	474	549
Alternative risk premia	390	375
Cash	40	-
Corporate bond fund	789	588
Credit relative value	393	313
Current hedging	(46)	-
Distressed opportunities	423	287
Emerging markets debt	344	402
Fund of hedge funds	-	1
Global equity	2,269	1,586
High yield	102	298
Infrastructure	842	663
Insurance-linked securities	276	239
Liability driven investment	3,299	2,529
Liquid credit	-	119
Long lease property	304	195
Net current assets	33	60
Opportunistic liquid credit	397	253
Opportunistic credit	42	237
Private debt	303	273
Property	319	207
Risk sharing	389	362
Secured income	440	414
	11,822	9,950

23. Pension arrangements (continued)

Magna's share of the net assets and liabilities of the SHPS fund is set out below:

	2022	2021
	£000	£000
Share of assets	11,822	9,950
Share of estimated liabilities	(13,147)	(13,111)
Net deficit at 31 March	(1,325)	(3,161)

Amount charged to surplus

	2022	2021
	£000	£000
Current service cost	(234)	(194)
	(234)	(194)

Amount charged to other finance income

	2022	2021
	£000	£000
Interest on assets	224	202
Interest on pension scheme liabilities	(292)	(231)
Net charge	(68)	(29)

Actuarial gain/(loss) in respect of pension schemes

	2022	2021
	£000	£000
Return on assets less interest	1,345	901
Change in financial assumptions	378	(2,871)
Net surplus/(loss)	1,723	(1,970)

	2022	2021
	£000	£000
Fair value of scheme assets at 1 April	9,950	8,478
Interest on assets	224	202
Return on assets less interest	1,345	901
Contributions by employer including unfunded	423	437
Contributions by plan participants	-	-
Estimated benefits paid	(120)	(68)
Fair value of scheme assets at 31 March	11,822	9,950
Defined benefit obligations at 1 April	(13,111)	(9,875)
Service cost	(234)	(194)
Interest cost	(292)	(231)
Change in assumptions	378	(2,871)
Estimated benefits paid net of transfer in	120	68
Contributions by plan participants	-	-
Expenses	(8)	(8)
Defined benefit obligations at 31 March	(13,147)	(13,111)
Net deficit at 31 March	(1,325)	(3,161)

23. Pension arrangements (continued)

As at the 31 March 2022 there were 16 active members of the defined benefit (DB) Scheme (2021: 18) employed by Magna. The annual pensionable payroll for Magna in respect of those DB members was £712,942 (2021: £810,191).

The total pension cost for Magna for the year in respect of this DB Scheme was £154,155 (2021: £175,136). Employer contributions to the DB Scheme of £12,371 (2021: £14,931) were included in creditors and paid after the year end.

Magna closed this defined benefit pension scheme to new members on 1 October 2011 and replaced it with a defined contribution (DC) scheme. As at the statement of financial position date there were 317 active members (2021: 291). The annual pensionable payroll in respect of those DC members was £8,977,716 (2021: £8,169,253).

The total pension cost to Magna for the year in respect of this DC section of the Scheme was £952,599 (2021: £799,777). Employer contributions to the DC section of the Scheme of £87,861 (2021: £79,777) were included in creditors and paid after the year end.

24. Other provision

Other provisions are analysed as follows	**2022**	2021
	£000	£000
Redundancies	**-**	43
Major Repairs	**2,656**	2,656
	2,656	2,699

The major repair provision relates to works which have been investigated and assessed and are due on a scheme where a number of defects have been identified. The provision will be updated following completion of all the ongoing works.

25. Analysis of changes in net debt

	At beginning of the year	Cash flows	Non-cash movements	At end of the year
	£000	£000	£000	£000
Cash and cash equivalents	17,991	(12,925)	12,666	17,732
Housing loans due in one year	11,000	(11,000)	-	-
Housing loans due after one year	94,200	25,800	-	120,000
	123,191	**1,875**	**12,666**	**137,732**

26. Financial instruments

Financial instruments are analysed as follows:	Note	**2022**	2021
		£000	£000
Financial assets that are debt instruments at amortised cost			
Trade receivables	15	**648**	649
Other receivables	15	**3,373**	2,658
		4,021	3,307
Financial liabilities measured at amortised cost			
Bank loans	19	**120,000**	105,200
Trade creditors	17	**1,535**	1,082
Rent in advance	17	**1,837**	1,767
Sinking fund	17	**4,165**	3,890
Recycled capital grant	20	**762**	909
Social housing grant	22	**4,026**	2,091
Taxes and social security	17	**546**	583
Owed to subsidiaries	17	**69**	69
Other creditors	17	**5,258**	5,244
		138,198	120,835

27. Non-equity share capital

Allotted, issued and fully paid	2022 £000	2021 £000
At 1 April	**16**	19
Shares of £1 issued during the year	**5**	-
Surrendered during the year	**(1)**	(3)
At 31 March	**20**	16

Each Member of Magna holds a non-equity share of £1 in Magna. They carry the right to vote at General Meetings of Magna on the basis of one share one vote. No rights to participate in the distribution of the net assets of Magna in the event of a winding up are conferred by the shares.

28. Capital commitments

Capital commitments at the end of the financial year for which no provision has been made in these financial statements were as follows:

	2022 £000	2021 £000
Contracted	**15,268**	16,350
Authorised but not contracted	**10,280**	17,732
	25,548	34,082
Capital commitments will be funded by		
Cash or drawings on agreed loan facilities	**25,548**	34,082

29. Operating leases

Magna holds properties and vehicles under non-cancellable operating leases. At the end of the year Magna had commitments of future minimum lease payments as follows:

	2022 £000	2021 £000
Land and Buildings		
Expires in less than one year	**19**	10
Expires in one year or more but less than two years	**-**	22
Expires in two years or more but less than five years	**77**	109
Expires in five years or more	**3,051**	3,308
Vehicles		
Expires in less than one year	**-**	2
Expires in one year or more but less than two years	**-**	-
Expires in two years or more but less than five years	**-**	-
	3,147	3,451

30. Accommodation owned and managed

Under development at the end of the year

	No. of properties 2022	No. of properties 2021
General needs housing	**182**	204
Low-cost home ownership	**48**	74
	230	278

Social Housing

	No. of properties 2022		No. of properties 2021	
	Owned	**Managed**	Owned	Managed
Under management at the end of the year				
General needs housing	**6,090**	**-**	6,049	-
Supported housing	**220**	**-**	228	-
Sheltered housing	**1,843**	**-**	1,838	-
Low-cost home ownership	**230**	**-**	200	-
Total social housing units owned and managed	**8,383**	**-**	8,315	-

Non-social

	No. of properties 2022		No. of properties 2021	
	Owned	**Managed**	Owned	Managed
General needs	**37**	**5**	37	5
Low cost home ownership	**80**	**5**	82	5
Fixed equity	**16**	**-**	16	-
Market rented	**25**	**-**	25	-
Freehold only	**387**	**-**	387	-
	8,928	**10**	8,862	10

Reconciliation of stock movements in the year

	GN	SH	SU	LCHO	Other Social	Total
Units at start of period	6,091	1,838	228	287	428	8,872
New developments/acquisitions	73	-	-	33	-	106
Property sales/disposals	(27)	-	(8)	(5)	-	(40)
Other	(5)	5	-	-	-	0
Units at 31 March 2022	**6,132**	**1,843**	**220**	**315**	**428**	**8,938**

Garages

	No. of units owned 2022	No. of units owned 2021
Under management at the end of the year		
Garages	**1,350**	1,350

Managed units represent properties we manage on behalf of The Buckland Newton Community Partnership Trust.

Accommodation managed by others is included within the information above.

31. Accommodation managed by others

Magna owns/leases property managed by other bodies	No. of properties 2022	No. of properties 2021
	Managed	Managed
General needs - social	**1**	-
Market rented	**25**	25
Supported housing	**75**	76
	101	101

32. Related parties

Legal status

Magna Housing Limited is a public benefit entity.

Magna Housing Limited ('Magna') is the ultimate parent undertaking and controlling party of the Group. All bodies are incorporated in England and Wales. The registered office of the Group is Everdene House, Railway Triangle Industrial Estate, Dorchester, Dorset, DT1 2PJ.

Magna is the parent company and provides management and administration services to members of the Group who have agreed to pay for the cost of those services. None of these are consolidated on the basis of materiality.

Name	Incorporated	Registered/Non registered	Legal Status
Charter (S.W.) Limited *	Companies Act 2006	Non Registered	Private company limited by shares

* Charter (S.W.) Limited is a 100% owned subsidiary of Magna Housing Limited.

At the end of the financial year 1 (2021:1) Board member was a tenant of Magna, holding a standard Magna assured tenancy. No special terms apply. Charges incurred during the year were £5,657 (2021: £5,573) and there was a credit balance of £421 at 31 March 2022 (2021: £494 credit).

The recharge for management and administration services from Magna to Charter (S.W.) Limited is a nominal charge to cover time spent by the Chief Executive and Finance Director on Charter (S.W.) Limited matters. Charges incurred during the year were £nil (2021: £nil)

Amounts charged by members of the Group during the year	2022	2021
	£000	£000
Amounts charged from Magna to Charter (S.W.) Limited for management and administration	-	-

A summary of intra-group closing debtor and creditor balances	2022	2021
	£000	£000
Charter (S.W.) Limited Intra-Group closing debtor and creditors Balances		
Debtors – amounts owed by group members	**69**	69
Creditors – amounts payable to group members	-	-

There is no interest charged on the outstanding balances and they are unsecured debt.

magna

For more information visit
magna.org.uk