Magna Housing Limited
Financial Statements 2022/23

Registration Number: 7520

31 March 2023

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 social and affordable housing.

As a registered provider, managing just over 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 440 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 (SW) Ltd, which is our development subsidiary.

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 (SW) Limited is the development subsidiary of Magna. It did not trade during 2022/23 and made no loss or surplus during the year.

The Board has agreed to retain Charter for future development opportunities and as it has rights and responsibilities under building contracts it entered into between 2006 and 2011. These progressively expire over time.

Magna does not produce consolidated financial statements as the 2022/23 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 Auty	
	D Bond	Resigned 29 July 2022
	G Clarke	Resigned 29 July 2022
	P Culpin	Resigned 29 July 2022
	S Rastrick	
	S White	
	J Meek	
	R Crownshaw	
	P Nourse	Resigned 30 April 2022
	N Perryman	
	J Cowie	
	L Martini	From 25 May 2023
	J Skivington	From 25 May 2023
	J Ballantyne	From 25 May 2023
	S Quinn	From 27 July 2023

Senior executive officers		
Chief Executive	S White	
Deputy Chief Executive and Finance Director	P Satchwell	From 4 April 2022
Director Customer Operations	J Martin	
Director of Organisation Capability	A Davis	
Director of Sustainability and Investment	P Read	
Company Secretary	F Ali	Resigned 9 September 2022
Company Secretary	L Bunbury	From 12 September 2022

Independent Auditors	Beever & Struthers The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT
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 yet another incredible year and the pace of change in the country, the sector and within Magna strikes me once again. The impact of the economy on the business, and our customers, can't be underestimated. However, we continue to show our resilience and passion towards delivering 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 particularly challenging times. This year we said goodbye to four of our longer-standing board members as they reached the end of their six-year term. I want to pay tribute to the support and leadership they've shown in their time with Magna.

As we say goodbye to some, we inevitably welcome others. Towards the end of the year, we appointed three new board members and an independent member of our Asset Investment Committee. We are excited for the future and what we can collectively achieve together. This is a strong Board with a great mix of skills and experience, perfect for the next phase of Magna's evolution.

2022/23 was the second year of our Brilliant Basics strategy and we have seen considerable progress towards our strategic objectives, despite an exceedingly difficult operating environment. At the board level, alongside the changes in members, we updated our governance structure as part of a wider review of our governance framework. This will bring a renewed focus and additional scrutiny to key activities for the committees, to support the Board's sizeable agenda. These changes will be cemented in the early part of 2023/24 and ensure the Board can focus on strategy planning for 2024 onwards.

At the executive and leadership team level I'm pleased we now have in place the full complement of roles all aligned to the strategic priorities that will enable the delivery of our existing and future strategies.

From an operating perspective this has been one of the most challenging years I can remember. We find ourselves in a live stress test scenario. The economic environment, and particularly high inflation, places considerable pressure on social housing businesses and Magna is no exception. The impact on the expenditure of the business is particularly pronounced and we have seen considerable cost increases, specifically in material and energy costs. This places increased strain on our maintenance budget, which was already under pressure following the pandemic. I am pleased to say we have managed this well. The post-pandemic backlog has been cleared and we continue to improve the day-to-day services to our customers. While we don't get this right 100% of the time, we are making really great progress with our service turnaround programmes.

We also recognise the significant financial pressure on our customers throughout the year. The tough decisions on rent increases weren't taken lightly, and we conducted an extensive review of customer affordability to inform those decisions, specifically focusing on ways to limit the impact on those most affected. We also put more money into the support mechanisms we offer through our Money Matters service and made these available to all customers for the first time.

This support and customer focus is at the core of what Magna aspires to. It's the mainstay and central purpose of why we exist. I'm pleased to say that much of what is covered by the Better Social Housing Review, co-authored by the National Housing Federation and the Chartered Institute of Housing, has already featured heavily in the first two years of Brilliant Basics and this will continue into the third and final year coming. A particular emphasis is a more pronounced, 'boots on the ground', presence in our neighbourhoods, with all services working together on patches that any individual colleague will know and can support.

Our development programme also continues with great success, and this is a key part of our ambition. During the year we delivered 85 new homes, 54 for social rent and 31 for shared ownership. Among these were more homes built using modern methods of construction (MMC) and this has helped us transition to a 'MMC first' approach, which means we now appraise all new development schemes for suitability for offsite construction before traditional methods. This is an important milestone in our drive to improve the quality, size and environmental standards of our new housing.

We remain committed to continuing to improve the services we deliver and to create great homes and communities. We want to continue to be a business that colleagues and customers are proud of and feel part of. I'm excited for the future of Magna, and we will continue to do all we can to achieve our vision as we move into the final year of Brilliant Basics and beyond.

Christine Turner

Chair

Comment from our Chief Executive

Selina White

Chief Executive

This year, we've stayed true to our values and remained focussed on our vision: creating great homes together. We'd planned for a year of further recovery from the pandemic and continued progress on our Brilliant Basics strategy, and we've achieved both, despite increased pressure from the growing turmoil in the political and socio-economic landscape.

Although we couldn't have anticipated the scale of change to this landscape, we'd already recognised that Magna would have to respond to future challenges. In the last two years, our Brilliant Basics strategy has transformed Magna, delivering a business that's able to face into these challenges and succeed. We're now starting to see the positive impact of those changes, and this will accelerate further in the third and final year ahead.

At the heart of the strategy is improving the customer experience for everyone living in a Magna home or receiving Magna services. We know from listening to our customers that their three priorities remain being easy to deal with, satisfaction with our repair service, and the quality of our homes. We recognise that demand for our services is at times extremely high and our ability to service that demand is impacted. This is why we are focussing on increasing the number of ways customers can contact us and reducing the wait times for a response.

Our two top customer-focused projects in the year were the repairs turnaround and empty homes projects. By the end of the year, we were seeing positive progress on both. For repairs, the number of appointments made and kept has risen to more than 90%, our first-time fix rate has improved and stands at 93%, and 85% of jobs are now completed within target; we expect to see further improvements in our performance as demand returns to normal levels. The empty homes project began later in the year, and we have implemented the necessary team and process changes that will allow us to drive the average number of empty homes down to below 50 from the current 75 in the next year.

At Magna we understand the fundamental importance of having somewhere to call home, within a community where people can thrive. 'Right home, right quality, right place' defines one of our four strategic priorities. In the last year we delivered new homes to local communities in Dorset, including in Sherborne, Halstock, and in Somerset in Williton.

We are a land-led developer, and we prioritise modern methods of construction (MMC) over traditional where possible. In addition to the new homes delivered this year, we are on site with a further 110, which will be delivered in the coming year. This includes the launch of a new 55-home extra care scheme in Gillingham, working with Countryside Partnerships, and built using MMC Cat 2 methods. We will also deliver 55 MMC Cat 1 net zero homes, 14 in Maiden Newton and 41 on Portland through our partnership with Rollalong and Wiltshire Council. We also have two sites in planning that will deliver 14 homes in Dorchester and Sherborne. We have the capacity to do more, and we are actively working with our local communities to identify more land opportunities that will provide much-needed affordable housing.

During the year, we brought together the decision making for investment in new homes and existing homes. This ensures we're taking a balanced view and prioritising investment where it'll have the greatest impact. It enables us to focus across the whole asset lifecycle, from developing new homes to planned investment and improvement, through to options for remodelling, regeneration and disposal. Critically, this creates a single team directly managing all capital works and investment programmes.

Our asset investment programme has been adversely impacted by inflation driving up supply costs and challenges with recruitment of surveyors and trade operatives. Despite this, we have delivered £7.2m of planned investment, which has helped increase customer satisfaction. At the end of the year, our work ensured that no properties are failing the Decent Homes Standard.

Towards the end of the year, we successfully bid for £1.4m of funding through the Social Housing Decarbonisation Fund. This will enable us to improve 87 homes over the next two years and provide the opportunity for us to learn and increase our capability as we move towards a full zero-carbon strategy.

None of this can be delivered without a talented and dedicated team. This year we've focussed on their safety and wellbeing, and we're creating stronger controls and safe systems of work. The roll-out of lone working procedures and technology ensures we are putting in measures that protect our colleagues. We also introduced a new unacceptable behaviour policy in response to the increase in unwanted behaviour experienced by our team members as they go about their work.

Through their hard work and commitment, it's this team that make Magna the business it is today. In the last few years, it's they that have pulled us through the most difficult of times. Indeed, everything we have achieved this year is down to them and I want to thank them for all that they do.

Selina White

Chief Executive

Strategic report

Review of the year

2022/23 was the second year of our Brilliant Basics strategy – a three-year strategy to put in place the foundations of the Magna of the future, enabling us to move towards being best in class. We identified a number of objectives to help us meet our vision, and to deliver our strategy.

There is more about our three-year strategy on the [Magna website].

Our Brilliant Basic Objectives

Customers at the heart

Everything we do has the ultimate focus of improving customer experience and wherever possible exceeding expectations.

Keeping everyone safe and secure

Our robust approach prioritises the safety of our homes, our customers and our colleagues.expectations.

Delivering value for money

Great value doesn't mean cheap. We make sure that every investment delivers added value.

Great place to work

We enable rewarding careers through excellent training, skills development, and emotional support

Creating great places to live

Working together to make our homes and communities greener, safer, healthier and happier.

Working across boundaries

By working collaboratively and innovatively our seamless offering helps us to create great homes together.

Easy to deal with

Adopting the right technology and approach we ensure we're here for customers whatever their needs.

Data driven decisions

We make and support our decisions with the relevant data and insight.

Robust systems and processes

We make our processes and procedures simple – improving effectiveness by adding clarity and purpose

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.	Created a new Customer Engagement Framework, adding customer involvement into our project process to ensure that we are constantly putting the customers at the heart of all our projects.	• 388 fixed term tenancies converted to assured giving customers peace of mind. • Completed 23,833 repairs with 80% of customers being satisfied with their recent repair. • Four complaints with the Housing Ombudsman. • 31 March arrears at 2.7% (2022: 2.3%). • Trust Pilot rating is 3.1 out of 5 (2022: 3.5). • Supported customers to downsize, freeing up 88 bedspaces and reducing bedroom tax costs by around £64k. • Supported 643 customers to access £1.9m (2022: £1.46m) of welfare benefit gains and backdated payments. • Overall customer satisfaction was 66% (2022: 71%).
	Service design, system updates and training to support the turnaround of our repairs service.	
	Introduced Trust Pilot to capture immediate feedback on performance.	
	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	
Working across boundaries By working collaboratively and innovatively our seamless offering helps us to create great homes together	Seven projects delivered using new project management tool and process – Program Frameworks.	• 100% of project benefits expected at end March delivered. • Increased Colleague Voice membership to 18 from 15.
	Built a partnership with the National Trust to deliver future volunteering opportunities in the communities in which we operate.	
	Empty homes team aligned under one manager, including lettings to ensure a seamless end-to-end process.	
	Increased the membership of our Colleague Voice group with all departments involved.	
Creating great places to live Working together to make our homes and communities greener, safer, healthier and happier.	Successful grant application of £1.4m towards decarbonisation – allowing 87 homes to be retrofitted to at least EPC 'B' standards.	• Average SAP rating of 69.8 (2022: 69.4). • 54 new rented homes and 31 new shared ownership properties handed over. • 36 shared ownership sales. • 90% satisfaction with quality of new home. • Land and plots for up to 183 more homes. • 414 lettings of existing homes with 86% customer satisfaction with condition of the home. • Our CORE re-let time for empty properties was 34 days (2022: 33 days). • 100% compliance with Decent Homes Standard.
	Continued to invest in modern methods of construction (MMC) – new orders for 109 homes with our MMC partners.	
	86 new homes handed over, including 23 factory-built homes being delivered. Our total homes delivered was lower than hoped due to various impacts within the supply chain.	
	Moved to over £1m of actual rental revenue gained from new homes within the current strategy.	
	Largest ever investment in capitalised planned maintenance of £7.2m including the replacement of: - 303 boilers - 332 kitchens - 129 bathrooms - 20 shower wet rooms - 198 homes with new window	

<table>
<tr><th>BRILLIANT BASIC OBJECTIVE</th><th>OUR KEY ACTIVITIES</th><th>STATS</th></tr>
<tr><td rowspan="6">Robust systems and processes

We make our processes and procedures simple – improving effectiveness by adding clarity and purpose</td><td>Launched Program Frameworks system and project governance aligned to strategic priorities.</td><td rowspan="6">• 50 hours of project manager training to build capability.
• Lone working app rolled out to 293 users.
• Open ASB cases down to 73 from 205.</td></tr>
<tr><td>Microsoft 365 rolled out internally to enable effective and efficient colleague communication.</td></tr>
<tr><td>Delivery of the IT roadmap including full upgrade of the housing management system, new mobile solution and Windows 10 upgrade.</td></tr>
<tr><td>Introduced change readiness framework.</td></tr>
<tr><td>Comprehensive training programme rolled out across the workforce.</td></tr>
<tr><td>Lone working process, system and training rolled out to all colleagues.</td></tr>
<tr><td rowspan="12">Keeping everyone safe and secure

Our robust approach prioritises the safety of our homes, our customers and our colleagues</td><td>Commenced programme of sheltered fire detection upgrades to LD1.</td><td rowspan="12">• 100% gas and oil services complete.
• Four outstanding electrical inspections having taken all reasonable steps to gain access to complete the tests.
• Spent £20.7 million on major, response and cyclical repairs (2020/21: £19.5m).
• No IT security breaches.
• 6 RIDDOR reportable incidents (2022: 7).
• 81% users felt safe when lone working (from 69%).
• 74.0% satisfaction that Magna provides a home that is safe (2022: 77.8%).
• 77.5% satisfaction with the neighbourhood as a place to live (2022 79.8%).
• Earmarked £44m of investment to achieve EPC ‘C’ by 2030.</td></tr>
<tr><td>Started linking alarm upgrades digitally in readiness for 2025 shut down of analogue.</td></tr>
<tr><td>Restructured our electric service team, including ongoing CPD to meet standardised compliance requirements – leading to a suite of NICEIC inspections with no recommendations.</td></tr>
<tr><td>Ensured compliance for all units with smoke / carbon monoxide regulation update in 2022.</td></tr>
<tr><td>Fully compliant with cross-corridor fire door inspections on buildings over 11 metres.</td></tr>
<tr><td>Collaboration with fire services to mock up social housing homes fire safety and plan to co-create training videos for customers.</td></tr>
<tr><td>Community Safety (ASB) focus, driving open cases down to 73 from 205.</td></tr>
<tr><td>Prepared online Cyber Essentials mandatory training for roll out to all staff in 2023/24.</td></tr>
<tr><td>Changed approach to Fire Risk Assessments (FRAs) during the year using industry leading external contractor. 1,943 FRA actions generated, up from the 243 in 2021/22. At end of March, we have 613 ongoing fire risk actions of which 15 are high risk.</td></tr>
<tr><td>Introduced unacceptable behaviour process to support new policy with 18 reports received leading to five formal warnings, one legal intervention and four police referrals.</td></tr>
<tr><td>Created a new Safer Communities Lead to head up our anti-social and domestic abuse service, handling 256 reports of nuisance.</td></tr>
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<table>
<tr><th>BRILLIANT BASIC OBJECTIVE</th><th>OUR KEY ACTIVITIES</th><th>STATS</th></tr>
<tr><td rowspan="3">Easy to deal with

Adopting the right technology and approach we ensure we're here for customers whatever their needs</td><td>Implemented customer contact software and improved our website to make digital contact easier, including Messenger.</td><td rowspan="3">• Magna website had 160,542 visits, up 64% on 2021/22.
• Our new help centre had6,849 visits and 5,049 unique visitors.
• Social media interest increased with 8,662 followers (811 up on 2021/22)
• 60% customer satisfaction with being easy to deal with (2022: 69%).
• Satisfaction with digital contact channels at 63.9%.
• Handled 448 informal and 61 formal complaints with improving Customer Satisfaction, achieving 77.5% in Quarter 4.</td></tr>
<tr><td>Increased capacity in customer complaints to improve complaints handling capability and utilise new software.</td></tr>
<tr><td>Data governance framework in place with continuous improvement plan.</td></tr>
<tr><td rowspan="6">Data driven decisions

We make and support our decisions with the relevant data and insight</td><td>Cost of living survey with 6,200 customers in September 2022.</td><td rowspan="6">• Customer support prioritised through debt profiling – 380 accounts with >£1,000 from 424 at the end of Q3.
• Data analysis confirms key themes impacting customers' net promoter score remain repairs and maintenance, easy to deal with, and safe and secure.
• Jobs complete right first time at 93.2%.
• Invested in procurement resource to maximise delivery.
• 6,540 people used the website to request repairs</td></tr>
<tr><td>Two stage approach to rent increase process, offering support and information to those most impacted.</td></tr>
<tr><td>Used data to increase van stocks for operatives, reducing travel time and supporting more job completions on the first visit.</td></tr>
<tr><td>Power BI strategic KPI dashboard designed and implemented.</td></tr>
<tr><td>Management development training programme rolled out.</td></tr>
<tr><td>Nine colleagues completed improvement practitioner qualification – driving continuous business improvements for Magna.</td></tr>
<tr><td rowspan="6">Great place to work

We enable rewarding careers through excellent training, skills development, and emotional support</td><td>Executive and leadership team aligned to the strategic objectives and in place to deliver.</td><td rowspan="6">• 76 managers trained in the Magna way to perform as a manager.
• Staff turnover 23.4% (2022: 19.9%).
• 98 new starters over the year (2022: 100).
• Mean gender pay gap is 0.38% (2022: 1.86%).
• Supported cost of living crises with vouchers for staff.
• 4.38% sickness rate (2022: 4.41%).</td></tr>
<tr><td>New induction and onboarding process led by People team.</td></tr>
<tr><td>Launched inclusion strategy to all colleagues including training for all leaders and people managers with our partner Green Park.</td></tr>
<tr><td>Implemented quarterly people management training including EDI, performance management and safety leadership.</td></tr>
<tr><td>Sourced a new partner and platform for colleague engagement with first engagement surveys being launched in Spring 2023.</td></tr>
<tr><td>All role profiles benchmarked to the market and salaries aligned.</td></tr>
</table>

Performance indicators (PI's)

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 and receives strategic dashboard updates each month. The table below summarises our performance against our KPI's by strategic priority:

Strategic Priority	Number of PIs meeting our targets		
	Green	Amber	Red
Customer Experience	1	1	12
Supply and Investment	5	1	3
Organisational Capability	2	-	2
Performance and Results	-	-	3

Performance is not where we would like it at the year-end albeit there was improvement towards the end of the year that suggests many indicators are moving in the right direction. This reflects the difficult operating and economic environment faced by the sector currently.

Our Key Performance Indicators (KPI's) as at 31 March 2023 and the previous years, along with our targets for 2023/24, are presented below, 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. Those related to the change to the new Tenant Satisfaction Measures (TSMs) are shown below within the Customer Experience section of performance.

Performance Indicator	2023/24	2022/23		2021/22		2020/21	
	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	**	65.9%	81.9%	70.6%	87.0%	77.0%	87.0%
Satisfaction that Magna is easy to deal with	**	60.4%	83.9%	68.9%	90.0%	77.0%	80.0%
Customer Net Promoter score	**	1	34	12	33	25	New in 2020/21
Supply and investment							
Satisfaction that Magna provide a home that is safe and secure	79.0%	74.0%	87.7%	77.8%	90%	80%	90%
Average re-let times - general needs and sheltered housing (CORE)	50 days	34.32 days	25 days	33.19 days	25 days	40.61 days	51.00 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%	100%	100%	97.0%	100%	99.4%	100%
Organisation Capability							
% Colleague Turnover	17.6%	23.4%	15%	19.9%	15%	16.4%	15%
RIDDOR reports	0	6	0	7	0	2	0
Performance and Results							
All rented dwellings current arrears as a % of the annual rental	2.8%	2.7%	2.3%	2.3%	1.71%	2.1%	2.2%
Additional Revenue generated from new developments	£280k	£302k	£305k	£284k	£328k	New measure from 2021/22	
% Operating Margin	19.2%	17.8%	19.3%	19.3%	18.9%	18.5%	23.8%

**Measures have been replaced in 2023/24 with new TSM's

Customer Experience

Customer Experience metrics were based on the STAR perception survey, enabling benchmarking of our performance. From April 2023 we will be introducing the new TSMs which will replace the STAR measures. Over the course of 2022/23 we have been preparing for the introduction of the TSMs, and our approach was agreed by the Board on the 26 January 2023. The targets for some of these measures are shown here:

Performance Indicator	2023/24
Customer experience (New TSMs)	
Satisfaction with the overall service provided – low-cost rental accommodation only	66.9%
Satisfaction with the repairs service received	79.5%
Agreement that the landlord treats tenants fairly and with respect	77%

During 2022/23 we received 1,600 responses to our STAR surveys, 2,300 responses to transactional surveys, 1,300 text real time feedback responses, insight from 570 customers through our policy reviews and 300 customers through social media. As well as asking customers about specific service changes to inform our operational and strategic decision making, we have consulted customers on topical issues such as their digital engagement and the impact of the rising cost of living. These insights have helped us understand where we need to make improvements. In addition, this has informed us where we need to capture more feedback from a wider diversity of customers to make sure we have representative views that can influence change.

Our headline satisfaction measure, 'Taking everything into account, how satisfied or dissatisfied are you with the service provided by Magna?' (STAR) saw a 4.7% drop in satisfaction to 66% from 2021/22. This fall occurred during quarter 4 and followed a similar trend across all other supporting measures likely influenced by the rent increase announced in February. In particular, we saw the value for money with rent and service charges decrease by 14% and 11% respectively.

The additional calls we received following the rent increases also led to increased demand into the contact centre, influencing our customers' perception of how easy we are to deal with, as wait times were longer. We've taken the learnings from this but have also promoted our other digital channels, resulting in a 33% increase in customer engagement in quarter 4. Despite the increased demand we achieved a high satisfaction rate of 88% for customers being happy with how their call was handled.

We are reviewing our digital customer channels to enable increased accessibility and quicker interactions, supporting us to become easier to deal with. Our aim will be to increase our self-service offering for customers that can and want to self-serve, creating capacity to support customers who are digitally excluded or need a more intense service provision.

Satisfaction with the repairs service has a big impact on overall satisfaction, and we have seen positive trends in this area. Our repairs turnaround project has resulted in appointments made and kept at over 90%, first time fix increasing to 93% and jobs completed within target increasing to 85%. This has been delivered while dealing with the backlogs resulting from the pandemic and so we expect to see further improvements in our performance in the next year.

Our work with customers has led to 77% satisfaction with the outcome of the complaint being achieved at the end of the year.

We expect the next 12 to 18 months to be challenging for our customers as the cost-of-living crisis continues, pushing many customers further into poverty. From 2023/24 we have an agreed budget for additional resource that will enable us to work with other agencies and focus on the customers that will need support in sustaining their tenancies. We expect arrears to increase from our current position, but with the additional resource in the Money Matters team we hope to mitigate this risk and ensure that we maximise our income. As of 31 March 2023, our tenant rent and service charge arrears as a percentage of the annual rent was 2.7% against a target of 2.3%.

Supply and Investment

In this second year of our three-year Supply and Investment strategy we have implemented a significant change in the way we work. The changes bring in our planned and cyclical investments as we gear up to deliver for a net zero future in our new and existing homes.

During the year, as part our of our new ways of working, we restructured the Asset Management team, focussing across the whole asset lifecycle from developing new homes, planned investment and improvement through to considerations of options for remodelling, regeneration and disposal. This team now directly manages all capital works and investment programmes.

We use the rigorous PAS 2035 system as a tool to bring existing homes closer to net zero, all-electric future homes standards and this has been planned into new schemes for delivery in the coming years.

Our work on sustainability covers initial trials in biodiversity and net zero carbon in use and has been supported by our new 'Capabilities in delivering Modern Methods of Construction' assessment and beginning 'training the workforce for the future in core skills in retrofit'. This has resulted in the opportunity to achieve over £5.8m of grant commitment to enable retrofit and MMC delivery over two separate grant programmes.

In 2022, we commissioned an external carbon emissions baseline report to assess and provide insight into our emissions data, and provide a background on which to build future emissions reduction plans. The report covered many areas of the business, and gave insight into areas of good practice and future risk and opportunity, along with a series of recommendations, to which we are responding. This programme of work, in conjunction with a range of other plans, will contribute to a comprehensive sustainability strategy for the future covering all areas of the business.

Magna was informed in March 2023 that we were successful with our Social Housing Decarbonisation Fund Wave 2 bid. The two-year programme has £1.4m of funding to enable 87 homes to be improved over the next two years. Although this is only 1% of our stock, it will provide Magna with an excellent learning opportunity that will inform how we proceed with the zero-carbon agenda.

The golden thread of building safety and compliance starts with our key value of 'Always safe' and puts the safety of our customer at the forefront of our plans. This applies also to tackling damp and mould through our planned investment works and incrementally moving expenditure in reacting to damp and mould enquiries to planned and targeted prevention.

The Building Safety and Compliance team continue to make considerable progress. At the year-end there were no gas service checks overdue and just four electrical checks outstanding that were being managed through the legal process for entry. We are also compliant with smoke and carbon monoxide legislation.

Fire risk assessments are a top priority for the team. As of 31 March, we have no fire risk assessments overdue. We changed our approach during the year to use an industry leading external contractor to ensure a robust and independent oversight. This has resulted in 1,943 actions being generated. At the end of March we have 613 ongoing fire risk actions in progress.

The Fire Safety Act, amending the Regulatory Reform (Fire Safety) Order 2005, came into force in January 2023. The main implication, which we are compliant with, was to ensure that we have annual inspections of all front entrance fire doors in blocks of flats over 11 metres tall and a quarterly inspection for cross-corridor doors.

Asset investment has seen the biggest impact of increased supply costs through inflation and recruitment challenges but has managed this and delivered £6.6m of planned investment programmes with positive customer satisfaction that the work resulted in improvements. At the end of the year our work ensured that no properties are failing the Decent Homes Standard.

Over the past two years we have averaged 1,800 contacts from customers concerning damp and mould. We have no Category 1 hazards, but damp and mould remains a key focus.

Our work in this area includes:

- following up on previously reported cases to see how the customer is managing
- implementing damp and mould awareness training across Magna teams
- initiating a heat map in preparation for the asset strategy and retrofit planning
- installing digital monitors in a selection of homes that had previously reported damp and mould issues
- training retrofit assessors and equipping them with borescopes and thermal imaging to get to root cause in fabric. This means that we are gathering whole house information to enable tailored asset investment
- issuing customers with a hygrometer, a damp and mould kit, and with information and advice.

In 2022/23 there were 85 new homes completed and handed over. These were a mix of shared ownership and rental properties. 23 were completed in Dorset under our MMC Cat 1 proof of concept and 62 were traditional builds in Somerset.

We are on site with our extra care scheme in Gillingham, delivering 55 homes in 2023/24, and have placed our order for 55 MMC Cat 1 net zero homes in Maiden Newton (14) and Portland (41). We also have two sites in the planning system with delivery being held up by phosphates or nitrates issues. These will deliver 14 new homes.

Organisational Capability

Our Brilliant Basics strategy is what connects #TeamMagna. It continues to be the catalyst for change, building our organisational capability so that we emerge with a transformed operating model, future fit to serve our customers, communities and colleagues.

Year two of Brilliant Basics was focused on building new capabilities to enable future delivery of system and process improvements. Moving to Windows 10, updating to the latest mobile technology solution for our operatives, and upgrading the housing management system ensured we're in a position to offer more effective digital channels for customers in the final year of the strategy. Safety and wellbeing are key priorities, and we are creating stronger controls and safe systems of work. The roll-out of lone working procedures and technology ensures we are putting in measures that protect colleagues. Providing training to all managers to ensure they understand their roles clearly and support their teams not only demonstrates our safety values but also creates a safe and inclusive place to work. We create an annual safety and wellbeing report, and have had 6 colleague RIDDOR reports in 2022/23, one less than in 2021/22, all of which have been investigated and remedial actions taken where necessary.

We have partnered with Green Park who completed a diagnostic on our inclusion culture and practices in year one of Brilliant Basics. In year two, we have rolled out a learning and development programme about conscious inclusion and launched an internal inclusion campaign with colleagues sharing their lived experiences. This builds a firm foundation for action in the next year of the strategy. To demonstrate fairness and equity, a cyclical salary benchmarking exercise for all roles took place and any salaries out of kilter with the market were increased to gain this alignment. We have identified a new partner to develop our colleague engagement and listening approach that will launch in year three, alongside a refreshed colleague voice forum.

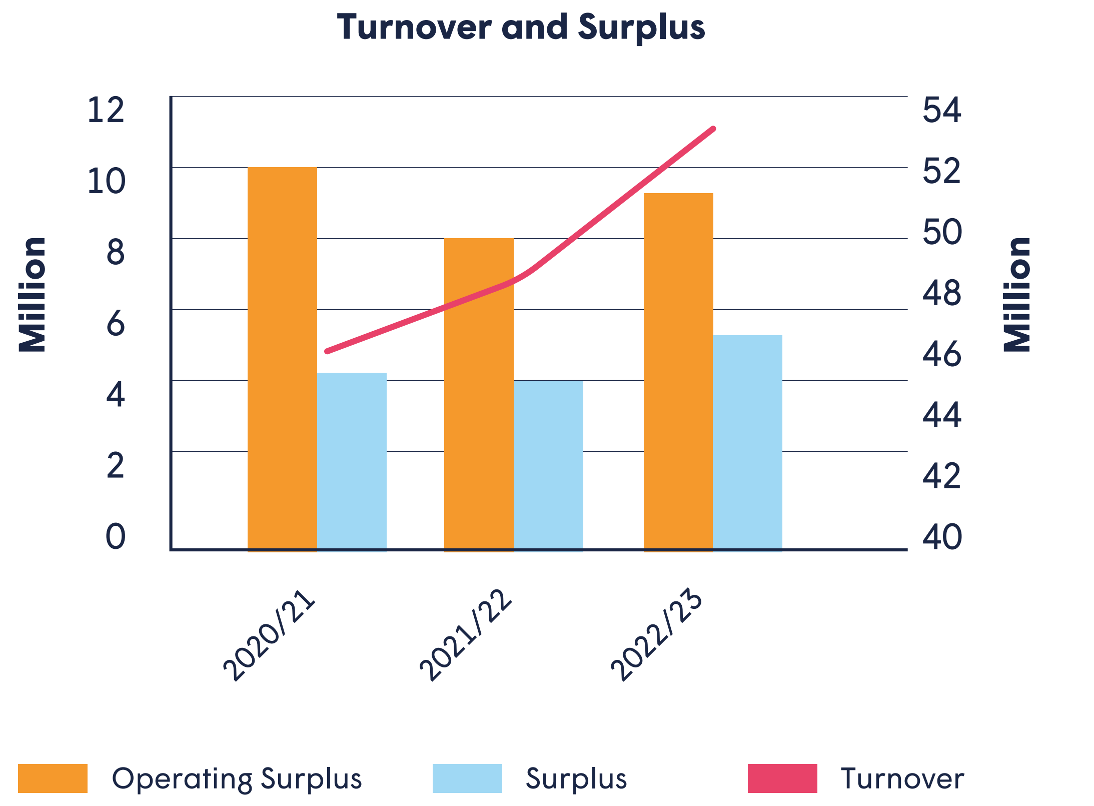
During the year, we have seen recruitment challenges due to a tight labour market. While the overall headcount has remained relatively stable throughout the year we have seen pockets of hard-to-recruit roles. These have included electricians, surveyors, and trade operatives. Following a benchmarking exercise, with action implemented in quarter three, we have started to see a shift in attraction with more applications received and more vacancies being filled.

Developing and bringing in the right skills is key to achieving our vision and in year two of the strategy the executive and leadership team roles were defined and appointed. We also introduced more specialist roles to business partner with leaders to deliver their objectives. To ensure that everyone was able to work in an aligned way, the new programme and project system along with a decision-making governance framework has meant that the everyone is able to deliver their objectives through projects in a co-ordinated way.

We are starting to plan beyond Brilliant Basics. To do this we need to know what we're already getting right, and where we can continue to improve our colleague value proposition. The results of the engagement survey, where we aim to see 70% of colleagues being likely to recommend Magna, will help shape this.

Performance and Results

Financial performance in the year has been strong despite the external economic volatility. Turnover was £53.2m (2022: £48.5m) up £4.7m from the previous year. Operating surplus was also up year on year at £9.3m compared to £8.3m. This resulted in a surplus before tax and pension adjustments of £5.6m. Again, this compared favourably to 2021/22, which included refinancing costs of £7.6m leaving a deficit of £3.6m in that year.

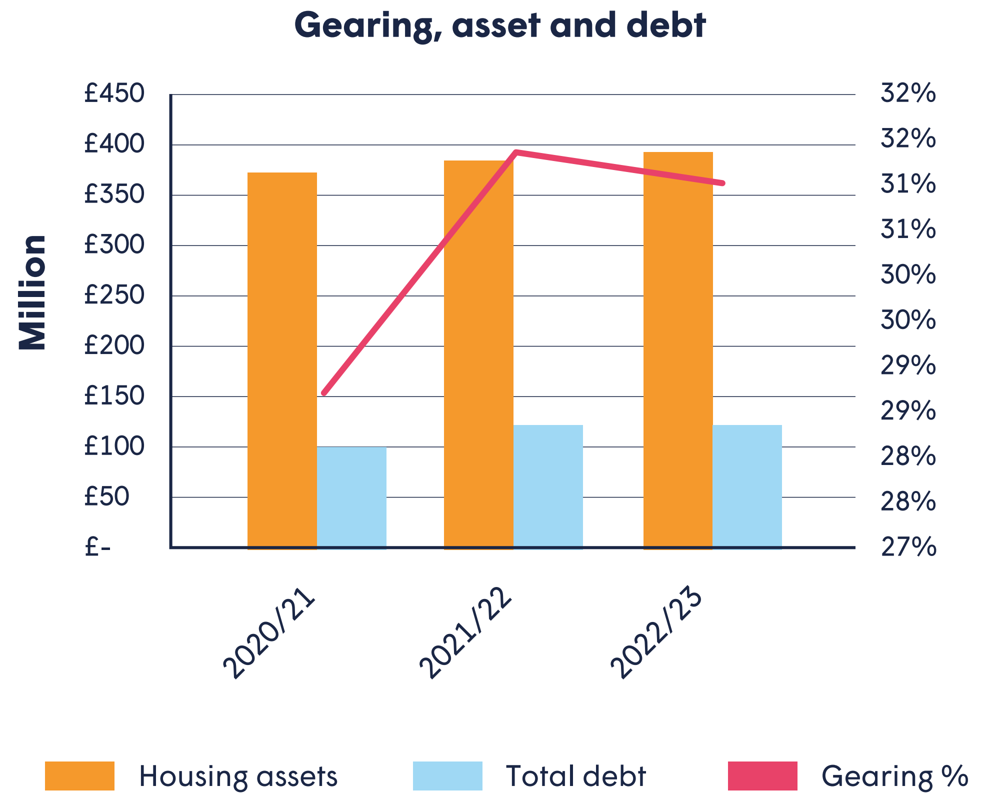


Note: 2021/22 surplus adjusted adding back £7.6m refinancing costs

Operating margins form part of our key performance measures. In the year to 31 March 2023, operating margin of 17.7% was achieved, falling short of our 19.3% target. There were two key reasons for the shortfall: inflation, and property sales. We had only budgeted for inflation of 4.5%. In reality, it likely averaged around 9%. That 4.5% difference would have reduced the target to 17.2%. Property sales variance was also adverse, however, although budgeted Magna does not rely on property sales materialising. Right to Buy means they are unpredictable in nature. Adjusting for these two items, Magna's underlying margin outperformed expectations while continuing to deliver on our objectives. Total net assets at 31 March 2023 were £262m, a year-on-year increase of £30m. The largest contribution to this was the actuarial pension valuation which had a favourable variance of £24m. The majority of this is related to changes in financial assumptions applied. Housing assets increased by £10m through the year as a result of the development programme. We added 85 new homes, 54 for general needs rent and 31 shared ownership. The net increase in properties was reduced by 16 sales in the year. We had a key performance indicator on additionality to rental income and this was very close to being achieved with £302k added against a target of £305k for the year.

The final KPI under Performance and Results is the level of rent arrears. We targeted to keep this at the 2021/22 level of 2.3%. The economic climate and the cost-of-living crisis has seen our arrears increase to 2.7%. While not at the levels we hope to reach, this figure does still benchmark well and Magna is between the median and upper quartile of performance when considering arrears.

Debt and gearing remain consistent with the prior year. Liquid cash resources are strong ahead of a further draw down against the private placement in October 2023.



Financial results and value for money (VfM)

Delivering value for money (VfM) is a high priority objective of the Brilliant Basics strategy. Good value doesn't necessarily mean lowest price and we make sure that every investment delivers added value to support our customers and the business. We aim to achieve VfM by the constant and successful operation of many policies and practices, and not as a separate aim or a special initiative.

To support this, Magna has invested in a new Head of Procurement role help deliver value through a more consistent and holistic approach to procurement activity. Value is achieved through a mix of improved service and quality, reduction in cost or greater controls and compliance. During the year this has already included involvement in 24 tenders and sourcing projects as demand for support from the business, in particular during these difficult economic times, is high.

As well as procurement we also invested in project management to ensure key projects, related to strategic objectives, have appropriate structure and governance, managing risks as we go but ensuring that the benefits of projects are realised. We are still early in our project management journey, but the signs are good as we have delivered all 16 of the expected benefits to date. It has also resulted in nine colleagues from within the business signing up to an improvement practitioner qualification, enabling continuous business improvement to be embedded at the heart of the operation.

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.

2022/23 VfM achievements

In last year's VfM Statement we said that for 2022/23 we planned efficiency savings of £462k, mainly in the maintenance area against response maintenance, empty homes and our planned cyclical costs. These savings were built into the budget at the start of the year.

The external economic volatility, particularly inflation, means that those savings were, on the face of it, not achieved as we did not meet our budget. However, the budget only included 4.5% inflation and the actual inflation averaged 9% and possibly more for materials and fuel costs, which are the main element of maintenance spend. Based on the workload achieved in year, materials and fuel costs were £758k higher due to inflation. Add to this £680k to clear the post-pandemic backlog of jobs and our budget over-spend of c£1.4m is explained. This suggests that from an underlying perspective we have achieved the planned efficiency savings, but we recognise that cost in general has increased.

However, we can talk about what we achieved in the maintenance function during the year for the £20.7m spent:

- Eliminated the post-pandemic backlog of jobs.
- Reduced cost per job from £170 per job at the start of the year to £150 per job by year end.
- Reduced the average cost of a void from £4,113 early in the year to £4,013 by the year end.
- Carried out 23,833 repairs jobs for the year (2022: 25,842) improving first-time delivery.
- Provided 129-bathroom refurbishments, seven more than budgeted at £1,282 less than the budgeted cost per bathroom.
- Delivered 332 kitchen replacements, 12 more than budgeted at £1,069 less than the budgeted cost per kitchen.
- Delivered heating replacements to 351 households at an average cost £139 per unit above budget.

Savings had to be found elsewhere to enable and support the additional spend in the maintenance service and a number of back-office budgets were reduced saving over £660k. Spend on training, legal and consultancy, marketing and promotion and IT maintenance and licence costs all delivered under budget. We sourced these services in different ways as well as prioritising what was actually needed this year.

Our VfM capture process at year end provides us with some of the detail of how those budget savings have been achieved. Some examples are:

- Better contract terms.
- Refunds agreed for work not carried out.
- Sourcing of free training sessions.
- Subscriptions allowing savings on subcontractors.
- Early renewal of contracts to avoid large inflationary increases.
- Process efficiencies to save employee's time.

Outcomes

We have delivered on strengthening our community safety capability, and as a result, open anti-social behaviour (ASB) cases have reduced from 205 in April 2022 to 73 in March 2023. Complaints recorded each month have also dropped by 50% and are now at 1.7 per month in the final quarter of the year.

We have implemented real time customer satisfaction surveys, utilising our digital infrastructure, for all complaints, and achieved a 50% increase in survey completions. This has not only enhanced the quality of the data we have for service reviews but has also increased in overall satisfaction as the year has progressed.

The return from our investment in digital investment in the previous two years, in particular our online diagnostic tools, have increased our digital contact options, which help to meet customer needs and improves service quality. This has supported measures such as 'right first time' repairs (93.2% completed at first visit in 2022/23) and means Magna have fewer calls to our contact centre and fewer missed calls.

We're proud of our investment in our Money Matters team, who have added £1.9m of value to our customers by supporting them to claim appropriate benefits, be that Universal Credit, pension credits or even claiming grants and food parcels. We have added more resource into 2023/24 budget to further support our customers in this difficult economic time. Through our downsizing policy we have freed up 88 bedspaces for new customers, saving current customers over £64k of bedroom tax costs.

During the year we have been successful in gaining a grant of £1.4m to support future decarbonisation works through the SHDF Wave 2. This enables us to bring forward and do more of the planned decarbonisation work over the coming two years than we had previously planned. We have also added a new Sustainability Business Partner role to the establishment to focus on our sustainability strategy.

Our planned investment programmes have improved the EPC rating in 359 of our homes during the year. This provided social value, as defined by the Housing Associations Charitable Trust (HACT) model, in the form of a wellbeing factor gain of £78k.

And we have added value to the local community by offering apprenticeships and supporting placements.

Savings against contracts have been achieved by the Head of Procurement and our external advisors resulting in savings on communications software and hardware of £120k and on company fuel cards of £23k per annum.

Regulator VfM Metrics

The impact of the external economic environment is clearly seen within the change in benchmark medians shown in the table above. Operational surpluses are under more pressure when considering the movement from 2020/21 to 2021/22:

- Interest cover has reduced by 36% (a 17.4% overall reduction) and
- Operating margins (SHL) are 4.5% lower (a 14.7% reduction)

This is further corroborated by the £691 increase (19.5%) in the social housing cost per unit.

Magna too has faced the same challenges as the rest of the sector but has closed the gap against the benchmark, with continued improvement to margin forecast in the coming years. Magna is also well protected on the interest cover metric following the re-financing exercise that completed in Autumn 2021. A low fixed interest rate means that capacity is not squeezed to the same extent as some of our peers. Gearing is also low and provides considerable headroom against covenants. These measures provide confidence that the business is well placed to continue to meet its strategic objectives and in delivering VfM.

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

Magna Housing Ltd Value for Money Metrics	2020/21 Stats	2021/22 Stats	2022/23 Stats	2023/24 Budget	2028/29 Year 5 Forecast	2020/21 Benchmark (Median)	2021/22 Benchmark (Median)
Reinvestment %	5.68%	6.64%	5.47%	7.27%	11.22%	5.60%	6.43%
New Supply Delivered (Social housing units) %	0.31%	1.21%	0.96%	1.10%	2.65%	1.80%	1.96%
New Supply Delivered (Non-Social housing units) %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gearing %	24.15%	26.91%	26.23%	28.02%	33.77%	51.20%	48.45%
EBITDA MRI Interest Cover %	230.6%	75.1%	258.5%	184.9%	222.6%	208.4%	150.9%
Headline social housing cost per unit (£)	3,672	4,369	4,618	5,480	5,541	3,540	4,231
Operating Margin (Social Housing lettings) %	19.16%	12.76%	16.49%	17.15%	21.65%	30.30%	25.69%
Operating Margin (Overall) %	18.45%	12.88%	16.12%	17.00%	20.76%	28.90%	22.39%
Return on capital employed %	2.89%	2.13%	2.36%	2.33%	2.65%	3.50%	3.36%

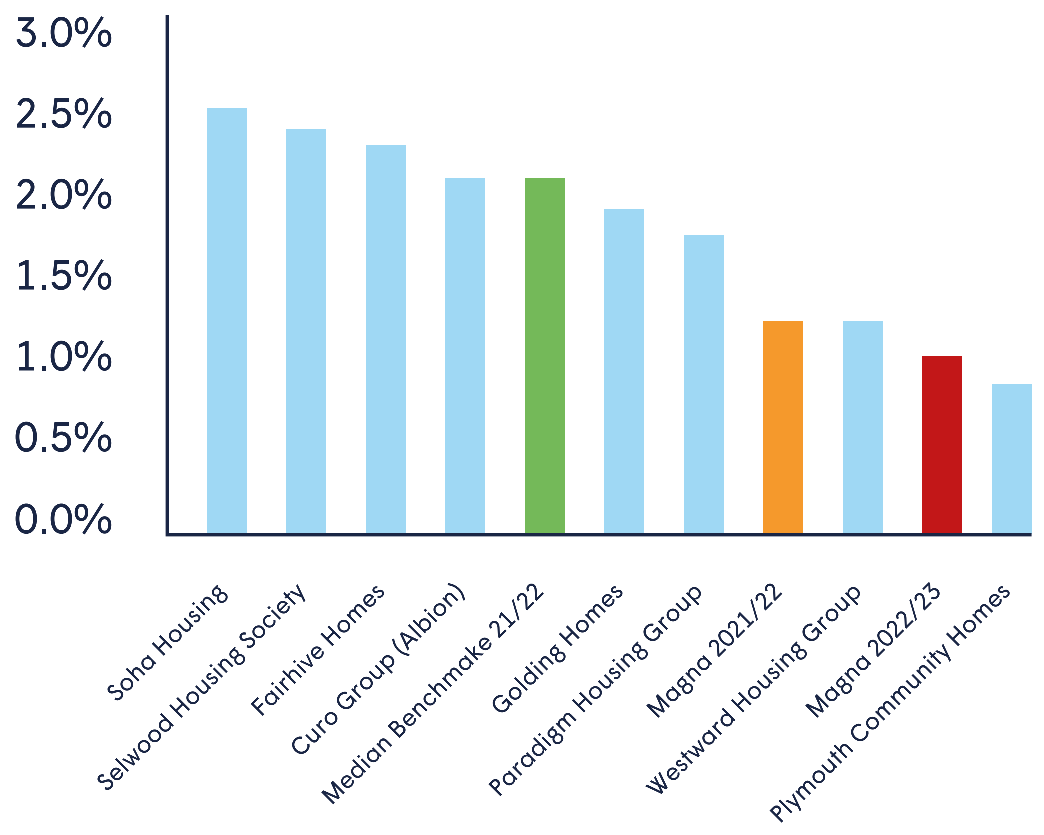
For 2022/23 performance against reinvestment has dropped to 5.47% despite a £7.3m capital investment in existing stock, the biggest in Magna's history. The drop in performance relates to the development pipeline, which has slowed due to planning issues that are affecting the southwest currently. This can be seen in the new supply delivered metric. Magna did still invest over £13m in new homes in 2022/23.

The latest benchmark figures have been obtained from the Global Accounts (GA) for 2021/22. The benchmark is derived from data for 33 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. 10 of the closest peers are included in the following graphs.

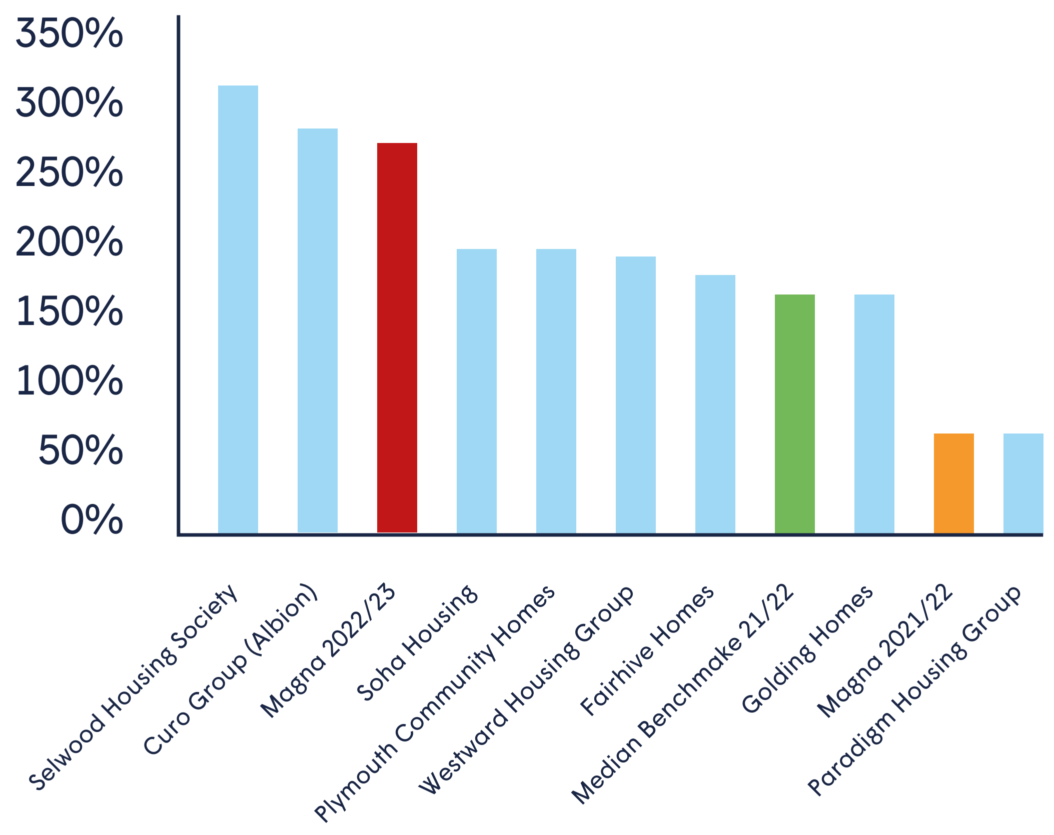
Note: EBITDA MRI Interest Cover

Magna 2021/22 included £7.4m of break costs during the refinancing. Excluding this, performance was 188%.

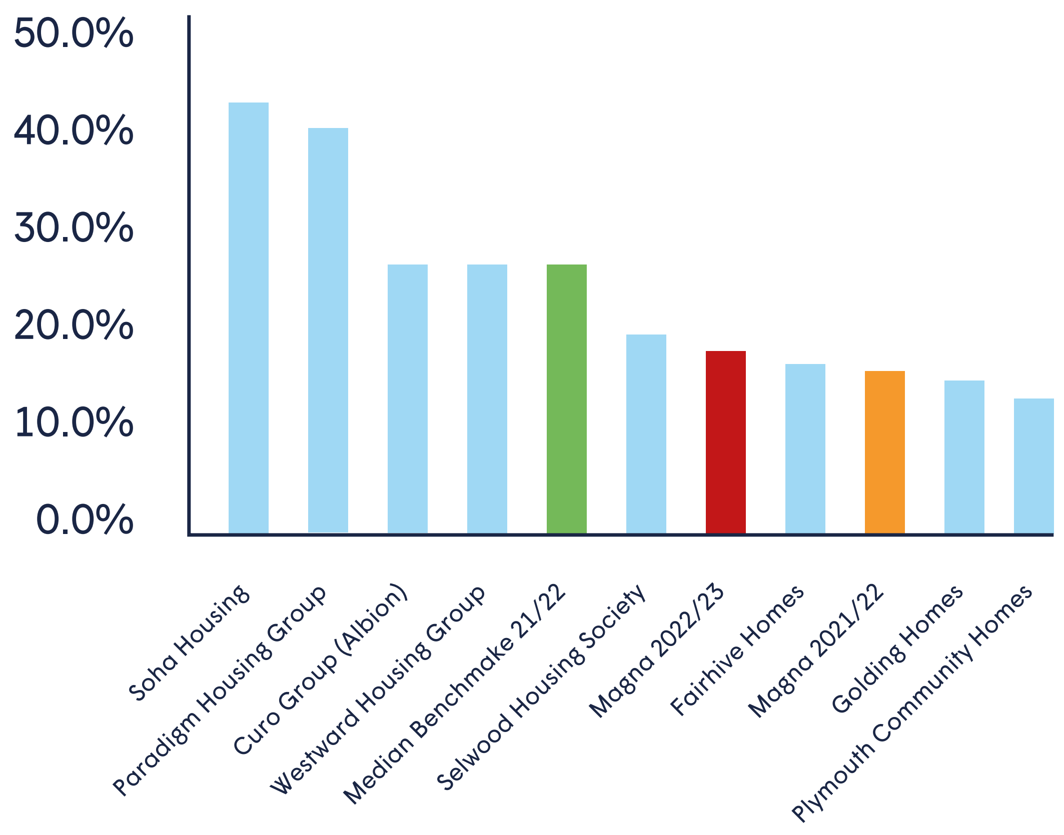
New Supply (Social)



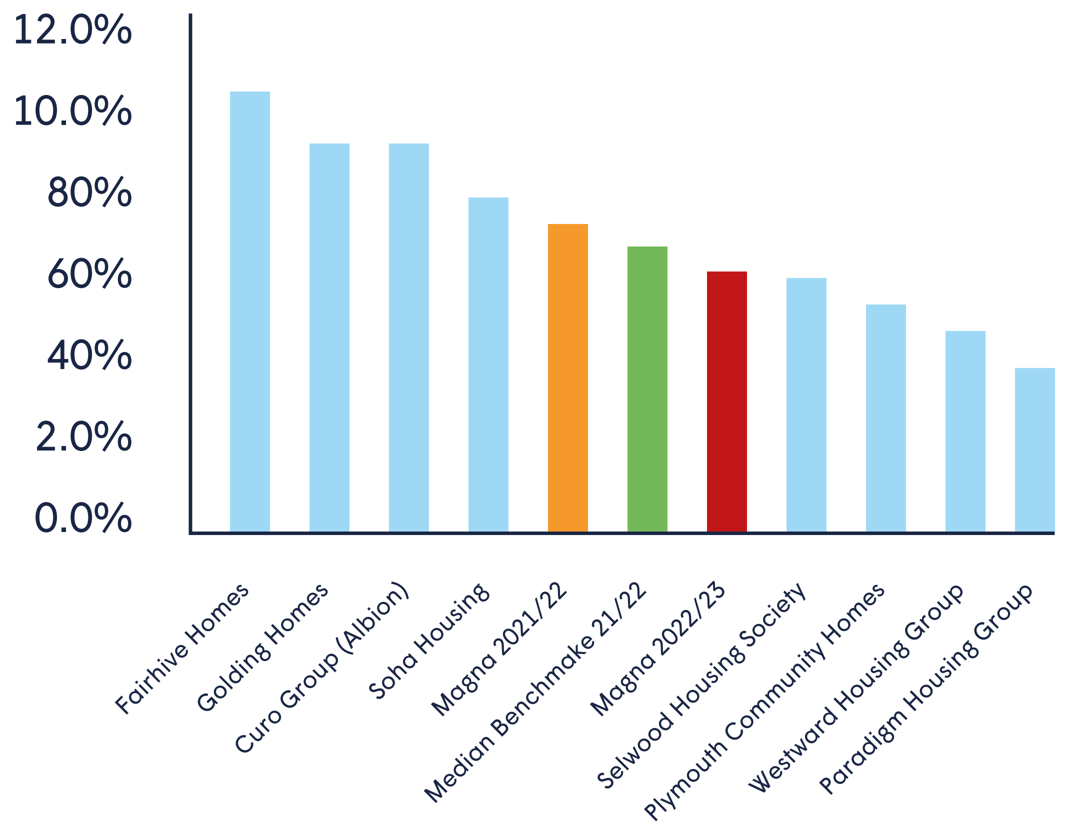
EBITDA MRI Interest Cover



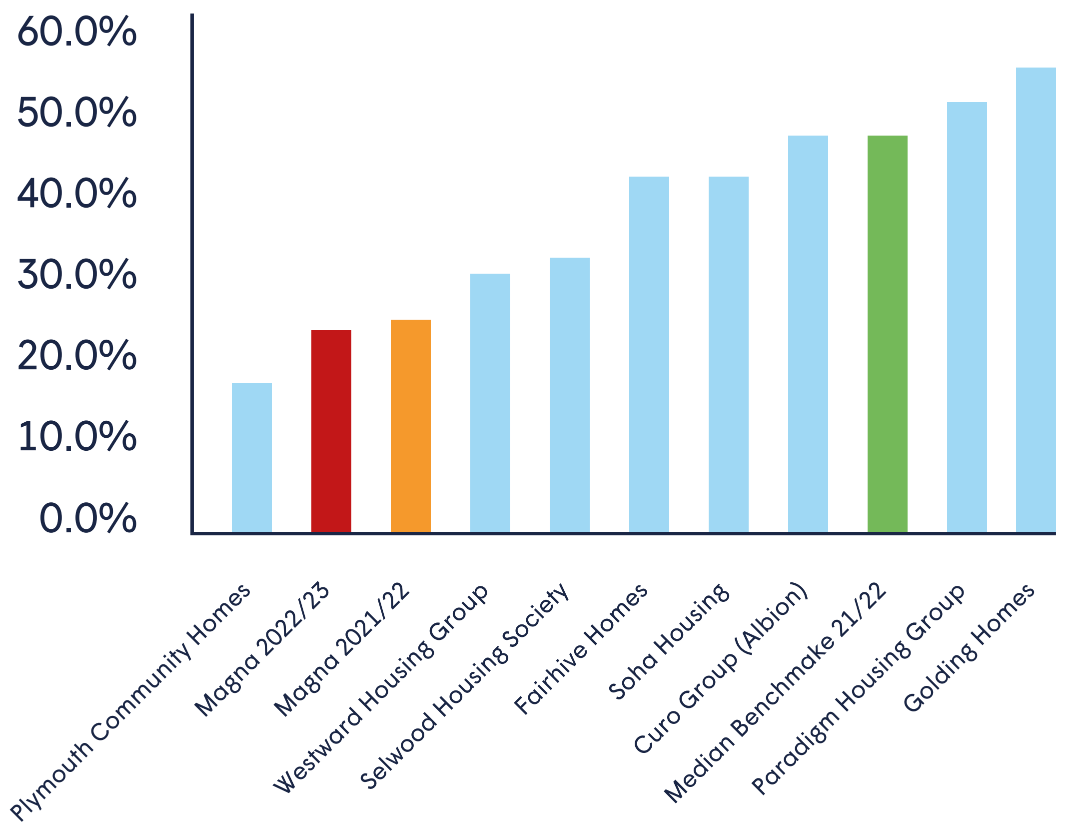
Operating Margin (SHL)



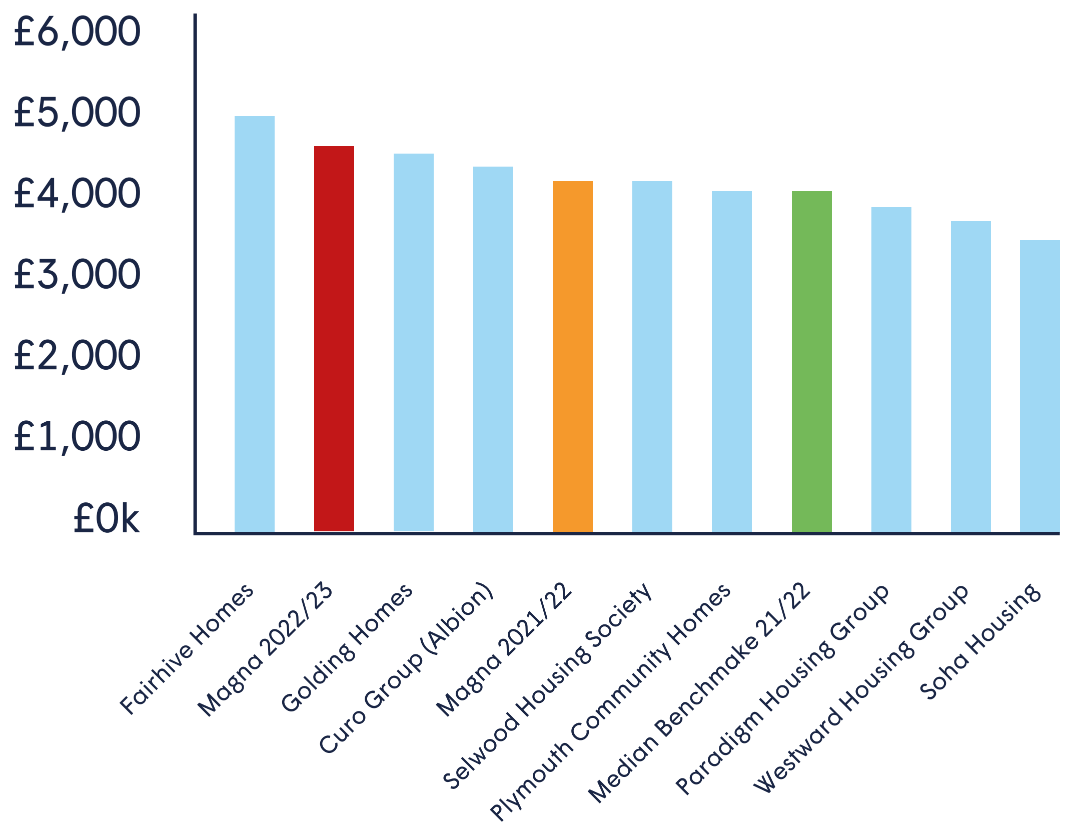
Reinvestment %



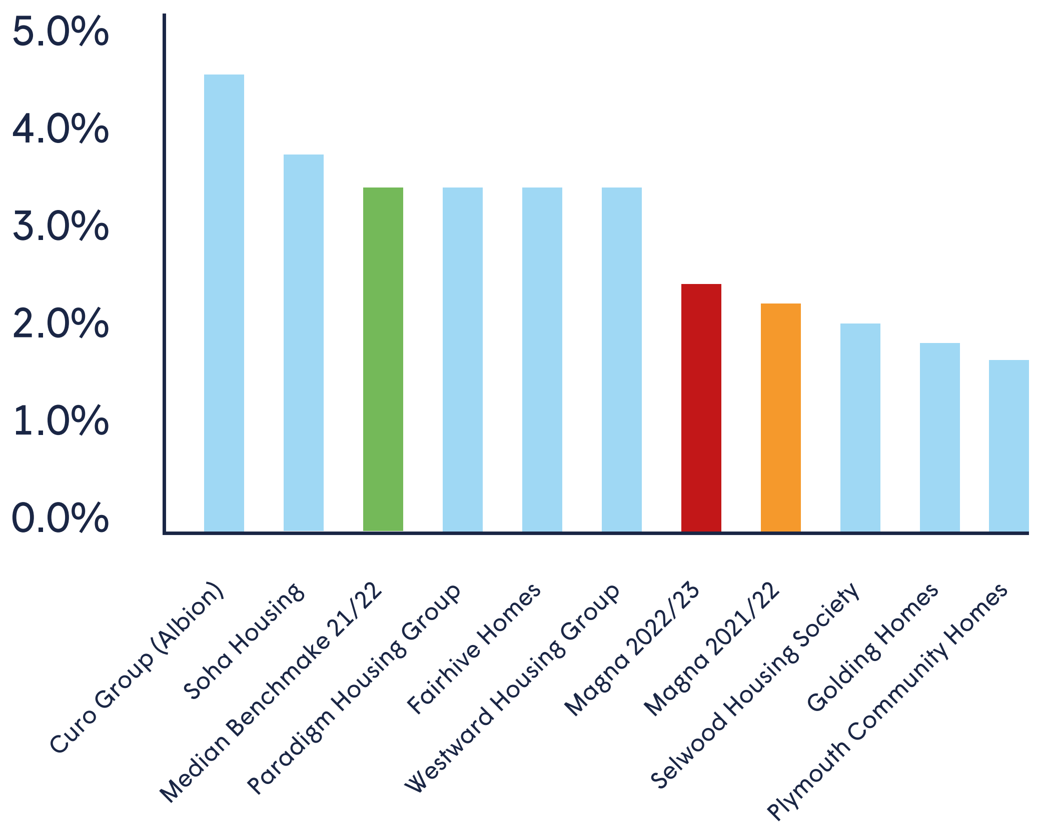
Gearing



Headline social housing cost per property



ROCE



2023/24 VfM

Our budgets for 2023/24 are set and include targeted added value. When compared to the previous year's financial plan, which includes £1m of efficiency savings, the budget shows a reduced surplus of £1.4m. However, this is largely driven by a reduced surplus of £0.9m for shared ownership property sales due to the issues in the planning system and insurance costs which have increased year on year by £300k. Savings against employee costs of £144k are expected despite the impact of inflation highlighting that the underlying base cost of the business is reducing. The financial plan was also compiled before the impact of the higher inflation we have seen in 2022/23 and so on a like-for-like basis the underlying business is being delivered more efficiently.

Some of the value inputs and outcomes expected in the next year are:

- Embedding of the procurement function.
- £1.6m additional spend on fire doors following the January 2023 regulation.
- £700k additional spend on electrical surge protection.
- £2m additional spend on smoke detection enhancement ahead of digitalisation.
- New building safety surveyor to support with damp and mould remediation.
- Additional roles in the Money Matters team to support customers facing the cost-of-living crisis.
- Continued support for those wishing to downsize.
- Continued improvement to EPC rating of our homes specifically draw-down of grant from SHDF Wave 2 funding.
- Full-year saving on gas surveys of up to £100k per annum.
- Restructuring our operational teams reducing costs by c£68k.

Future prospects

The statement of financial position as at 31 March 2023 demonstrates Magna's financial strength. The current economic environment places additional pressures on the business. However, Magna is a resilient business, able to respond quickly and effectively to threats and any subsequent downturn in performance. Long-term business plans show Magna's financial strength increasing further in future years alongside delivery of all strategic objectives. This has also been stress-tested and we understand in-depth those scenarios that could threaten the stability of the business.

We ended 2022/23 with a strong development programme, an allocation of grant from Homes England and 91 (2022: 176) homes on site. Spend has already been incurred on our manufactured MMC stock and there is land available for a potential of 183 homes.

Description of principal risks and uncertainties being faced

Magna's strategic risks, ie 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 at each of their meetings. 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 and Risk Management section of this report.

Risk ratings

Likelihood					
	5	10	15	20	25
	4	8	12	6	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5

Impact

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 where we're uncomfortable with and will manage very closely.

AMBER Risks – We need to watch out, stay alert and act.

GREEN Risks – We're managing this satisfactorily, minimal action required.

During 2022/23, we reviewed the risks in detail and consolidated them into six strategic risks. There were a number of risks contained within the previous register that we considered to be triggers of wider risks. The six consolidated are those that could truly cause a significant detrimental effect to the business if they were to happen.

At the end of March 2023, the six strategic risks identified and examples of how they are mitigated are summarised below (colour signifies the current managed risk level):

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 that ensure the ongoing safety of customers, colleagues and suppliers.	• Adhering to safety standards, regulation, and best practice. • Competent staff properly trained to deliver the required work. • Policies and procedures relating to the full range of health and safety activities in place and regularly reviewed. • Risk assessment framework in place for all aspects of work. • 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.
Finance – threats to income, liquidity, and increased expenditure: Inability of the business to function as required due to a lack of cash flow or sustained losses causing the business to default on payment to its creditors or on loan covenants.	• Cash flow management and control from policies, procedures, and Financial Regulations. • Regular review and monitoring of financial indicators. • Management and financial accounts plus external statutory audit. • Internal audit of financial controls. • 30-year financial plan regularly reviewed against changes in economic indicators. • External audit. • Minimum cash holding. • Stress testing, mitigation and recovery plans.

Amber Risks

Strategic risk	Examples of key controls we have in place to reduce probability and impact
Legal and regulatory Adverse or catastrophic impact on the business of failure to comply with legal or regulatory requirements including but not limited to; RSH, GDPR, HSE.	• Compliance policies that are regularly reviewed and updated. • Monitoring and reporting of performance against requirements through all levels of governance. • Health and safety framework including risk assessments, policies, procedures etc. • Risk awareness training. • Lessons learnt reports from more minor instances and near misses. • Strong controls and review of reporting to the Regulator. • Full range of corporate insurances in place. • Business recovery and continuity plans including scenario testing.
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.	• Ensuring our colleagues adhere to policy & procedures. • Service improvement reviews • Using data and insight to inform our strategic priorities, specifically around customer complaints • Resident Involvement/customer scrutiny group in place informing decision improve customer service • Monitoring of performance & taking corrective action to deal with poor performance. • Compliance with Social Housing Regulation Bill • Collaborative working with external stakeholder and scrutiny groups collectively tackling wider sector risks • Robust contract management to ensure service being provided to customers is satisfactory
Reputational risk **Direct:** Arising from the conduct, actions, or internal issues of the organisation. **Indirect:** Arising from the conduct or issues of our employees. **Peripheral:** Arising from our partners' or sector's conduct and actions.	• Monitoring compliance with code of governance and regulatory standards. • Robust approach to ensuring our customers' homes are safe; customer communications; learning from complaints; commitment to customer experience; H&S standards and compliance; rent and service charge setting; conflicts of interest monitoring at all levels; executive pay is reviewed annually by the Membership and Renumeration Committee. • Business continuity and disaster recovery plans in place. • Procurement suite process for onboarding third party contractors; a central contracts register overseen by Head of GLR; financial regulations in place; and executive sign-off of authority levels and requirements relating to third party contracts. • Member of Resolve to ensure a comprehensive approach to ASB; ASB lead appointed; new Customer Engagement Framework; new Involvement Framework. • Regular performance review arrangements with key partners, such as our out-of-hours emergency call centre provider and warden alarm contractors. • Damp and mould related functions form part of an organisation-wide team to address the issues as a whole system approach to people and property. • Business continuity and disaster recovery planning and continuous review. • Crisis communication and pro-active PR management (national and local). • Fraud response policy and plan.

Green Risks

Strategic risk	Examples of key controls we have in place to reduce probability and impact
Major business interruption / Business Continuity Sustained business disruption for an extensive and unknown period, for example as a result of fire, flood or medical emergency, IT failure or organisational capability and capacity gap.	• Business continuity policy and plan. • Business impact assessment. • Business continuity lead (deputy in place). • Separate IT disaster plan. • Cyber security disciplines. • Emergency communication plan. • Plans and processes – cloud based and can be accessed remotely. • Business continuity steering group. • Regular stress tests of plan. • Stress-testing recovery plan • Incident management team. • Extensive home working capability.

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 to achieve its strategy, and the risk's compatibility with Magna's capacity, it being a not-for-profit housing charity in receipt of public money. During 2022/23, the Board undertook a review of its risk appetite. This is referred to as part of all decision making.

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 (2022: 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 seven times (2022: seven) 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 four (2022: four) permanent committees, dealing in turn with Risk and Audit, Governance and Remuneration, and Asset 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. This committee only meets when appropriate, which is not expected in the next 12 months. 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.

Committee	Member
Risk and Audit Committee	Ms Suzanne Rastrick (Chair); Mr Graham Clarke (until 29 July 2022); Mr Peter Nourse (until 30 April 2022); Mr Jonathan Cowie; Mr Nigel Perryman; Mr Jesse Meek (from September 2022); Mr Mark Ripley (from 27 July 2023); Mrs Adesola Osuji (from 27 July 2023); Ms Sandra Quinn (from 27 July 2023).
Governance and Remuneration Committee	Ms Phyllida Culpin (Chair, until 29 July 2022); Mrs Debbie Bond (until 29 July 2022); Ms Christine Turner; Ms Suzanne Rastrick; Mrs Rachel Crownshaw (interim chair from August 2022); Mr Nigel Perryman (from September 2022); Ms Lara Martini (from 25 May 2023); Mr James Ballantyne (from 25 May 2023).
Asset Investment Committee	Mr Alistair Auty (chair); Ms Phyllida Culpin (until 29 July 2022); Peter Nourse (until 30 April 2022); Jesse Meek; Mr Simon Gibbs (independent member, until January 2023); Mr Robin Roberts (independent member); Mr Jonathon Cowie (from September 2022); Mr John Skivington (from 25 May 2023); Mr Chris Hartiss (independent member, from 25 May 2023).
Chairs Committee	Ms Christine Turner; Mr Alistair Auty; Ms Phyllida Culpin (until 29 July 2022); Ms Suzanne Rastrick; Mrs Rachel Crownshaw (from September 2022).

Magna seeks Board members with the skills, experience and other qualities that enable them to help run the business 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 from the Regulator of Social Housing in January 2023. 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. 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% (2022: 100%) of Magna's drawn funds were at fixed interest rates.

Magna's current debt portfolio consists of £140m facility via a private placement, of which £120m is currently drawn and £20m deferred until October 2023 with fixed interest rates applicable to the whole facility. There are also two £25m Revolving Credit Facilities (RCFs) in place that are available until 2032, that are on a variable interest rate basis. None of the RCFs are drawn at 31 March 2023. All facilities are fully secured.

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 £11,087 (2022: £15,182). Within this total, £5,998 was paid to local community initiatives (2022: £3,640).

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 2022/23 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 November 2022 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 that does, or may, hinder its ability to achieve its strategy. Hence, its main risks may be readily summarised as any factor that 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 ensure Magna has a successful and embedded risk management framework, creating stability and contributing to continued financial viability.

Magna kept the risks created by the general operating, political, economic, climate and health environments under constant review during 2022/23, 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 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 Internal Audit Plan 2023-2024 reflects the risk management policy so that internal audit resources are directed towards testing the most significant risks and their controls, which, if they fail, could cause harm to Magna. 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 that 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 2023. 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 2023/24 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 2023 at Magna's Annual General Meeting held on 28 July 2022.

By order of the Board

C Turner
Chair

27 July 2023

Independent Auditor's Report

Opinion

We have audited the financial statements of Magna Housing Limited "the association" for the year ended 31 March 2023 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 2023 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

29 September 2023

Beever and Struthers, Statutory Auditor
The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Statement of Comprehensive Income

The financial statements on pages 44 to 75 were approved and authorised for issue by the Board on 27 July 2023 and were signed on its behalf by:

Chair

C Turner

Board member

N Perryman

Company Secretary

L Bunbury

	Note	Year ended 31 March 2023	Year ended 31 March 2022
		£000	£000
Turnover	2	**53,171**	**48,535**
Cost of sales	2	**(3,608)**	**(2,071)**
Operating expenditure	2	**(40,989)**	**(39,931)**
Impairment losses on assets of cash generating units		**-**	**(280)**
Surplus on disposal of fixed assets	5	**755**	**2,013**
Increase/(decrease) in valuation of investment properties	12	**10**	**30**
Operating surplus		**9,339**	**8,296**
Interest receivable and similar income	6	**213**	**10**
Interest payable	7	**(3,749)**	**(4,283)**
Refinancing costs	7	**(157)**	**(7,618)**
Surplus/(Deficit) before tax		**5,646**	**(3,595)**
Other comprehensive (expenditure)/income			
Actuarial gain/(loss) in respect of pension schemes	23	**23,731**	**8,997**
Share Captial Redemption	13	**-**	**-**
Total other comprehensive income/(expenditure)		**23,731**	**8,997**
Total comprehensive income/(expenditure) for the year		**29,377**	**5,402**

Statement of Changes in Reserves

	Revaluation reserve	Income and expenditure reserve	**Total reserves**
	£000	£000	**£000**
Balance as at 31 March 2021	89,795	137,266	**227,061**
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	**88,045**	**144,418**	**232,463**
Surplus from statement of comprehensive income	-	29,377	29,377
Depreciation at deemed cost transferred from revaluation reserve to income and expenditure reserve	(1,191)	1,191	-
Movement on revaluation reserve for disposal of fixed assets	32	(32)	-
Balance as at 31 March 2023	**86,886**	**174,954**	**261,840**

Statement of Financial Position

The financial statements on pages 44 to 75 were approved and authorised for issue by the Board on 27 July 2023 and were signed on its behalf by:

Chair

C Turner

Board member

N Perryman

Deputy Secretary

L Bunbury

	Note	**Year ended 31 March 2023**	Year ended 31 March 2022
		£000	£000
Fixed Assets			
Tangible fixed assets	11	**391,677**	381,601
Investment properties	12	**970**	960
Investments in subsidiaries	13	**26**	26
Total Fixed Assets		**392,673**	382,587
Current Assets			
Inventories	14	**1,991**	3,764
Trade and other debtors	15	**3,601**	4,021
Cash and cash equivalents	16	**17,531**	17,732
		23,123	25,517
Creditors: amounts falling due within one year	17	**(19,781)**	(19,849)
Net Current Assets/(Liabilities)		**3,342**	5,668
Total assets less current liabilities		**396,015**	388,255
Creditors: amounts falling due after more than one year	18	**(127,393)**	(123,233)
Provision for Liabilities			
Pension provision	23	**(6,782)**	(29,903)
Other provisions	24	**-**	(2,656)
Total Net Assets		**261,840**	232,463
Reserves			
Non–equity share capital	27	**-**	-
Income and expenditure reserve		**174,954**	144,418
Revaluation reserve		**86,886**	88,045
Total Reserves		**261,840**	232,463

Statement of Cash Flows

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Net cash generated from operating activities – see note A	**19,997**	21,002
Cash flow from investing activities		
Purchase of tangible fixed assets	**(8,089)**	(7,792)
New development spend	**(12,912)**	(20,500)
Proceeds from sale of tangible fixed assets	**1,496**	3,520
Gift Aid	**-**	-
Interest received	**213**	10
Total Grants received	**3,260**	-
	(16,032)	(24,762)
Cash flow from financing activities		
Interest paid	**(4,166)**	(11,299)
New Borrowings	**-**	120,000
Repayment of borrowings	**-**	(105,200)
	(4,166)	3,501
Net change in cash and cash equivalents	**(201)**	(259)
Cash and cash equivalents at the beginning of the year	**17,732**	17,991
Cash and cash equivalents at the end of the year	**17,531**	17,732

(continued) →

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Note A		
Cash flow from investing activities		
Operating surplus for the year	**9,329**	8,266
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	**9,415**	8,892
Surplus on disposal of fixed assets	**2,790**	98
Impairment	**-**	280
(Increase) /decrease in stock	**(76)**	33
Decrease / (Increase) in trade and other debtors	**419**	(712)
Decrease in debtors more than one year	**-**	-
Increase/(decrease) in trade and other creditors	**(3,994)**	2,349
Increase in creditors more than one year	**4,160**	800
Increase/(decrease) in provisions	**(2,046)**	996
Net cash generated from operating activities	**19,997**	21,002

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 2023.

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.
- **Service chanrge.** estimates for current year variances to scheme surplus or deficits are calculated at a high level, against corresponding service charge costs for the year. During the year ahead these will be refined against the actual variances and updated in the following accounting period

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 accrual's 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 actual surplus or deficit from prior years as well as an estimate on the current years' surplus or deficit, 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 – 35 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)
Non Housing communal assets (e.g. CCTV)	6 years

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

The 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 the 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 2023

	Turnover	Cost of Sales	Operating Expenditure	**Operating Surplus**
	£000	£000	£000	**£000**
Social housing lettings (note 3)	47,555	-	(39,712)	**7,843**
Other social housing activities				
Charges for support services	-	-	-	**-**
Supporting people	26	-	(6)	**20**
First tranche sales	4,320	(3,608)	-	**712**
Development costs not capitalised	-	-	(180)	**(180)**
Abortive development costs	-	-	(302)	**(302)**
Activities non-social housing				
Lettings – market rented	153	-	(58)	**95**
Other	1,117	-	(731)	**386**
Increase in valuation of investment properties	-	-	10	**10**
Sub Total	53,171	(3,608)	(40,979)	**8,584**
Surplus on disposal of property, plant and equipment	1,497	-	(742)	**755**
Total	54,668	(3,608)	(41,721)	**9,339**

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**
Increase in valuation of investment properties	-	-	30	**30**
Sub Total	48,535	(2,071)	(40,181)	**6,283**
Surplus on disposal of property, plant and equipment	3,573	-	(1,560)	**2,013**
Total	52,108	(2,071)	(41,741)	**8,296**

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

Year ended 31 March 2023	General housing	Supported housing	Low cost home ownership	Total
	£000	£000	£000	£000
Income				
Rent receivable	32,125	11,437	167	**43,729**
Service charge income	993	2,713	30	**3,736**
Amortisation of grant	90	-	-	**90**
Turnover from social housing lettings	33,208	14,150	197	**47,555**
Operating Expenditure				
Management	8,834	4,074	45	**12,953**
Service charge costs	1,768	2,527	16	**4,311**
Routine maintenance	5,860	1,659	23	**7,542**
Planned maintenance	2,560	735	1	**3,296**
Major repairs	1,499	498	4	**2,001**
Bad debts	221	80	1	**302**
Property lease charges	271	-	-	**271**
Depreciation on housing properties	6,445	2,031	-	**8,476**
Impairment of housing properties	-	-	-	**-**
Pension operating charge	394	163	3	**560**
Operating cost of social housing lettings	27,852	11,767	93	**39,712**
Operating surplus on social housing lettings	5,356	2,383	104	**7,843**
Void losses	(261)	(131)	(1)	**(393)**

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.

4. Surplus on ordinary activities

Operating surplus is stated after charging:	2023	2022
	£000	£000
Auditor's remuneration (excluding VAT)		
In their capacity as statutory auditors	**30**	30
Fees payable to the auditors and its associates for other services:		
Taxation compliance services	**-**	-
Other assurance services for loan covenant certification	**2**	1
Operating lease rentals		
Other – vehicles	**0**	11
Land and buildings	**332**	327
Office equipment	**50**	47
Impairment losses of housing properties	**-**	280
Depreciation of housing properties	**8,124**	7,784
Depreciation of other fixed assets	**1,291**	911

5. Surplus on disposal of fixed assets

2023

	Low cost home ownership staircasing	Right to Buy	Others	Total
	£000	£000	£000	£000
Proceeds of sales	169	582	745	1,496
Less: costs of sales	(50)	(496)	(195)	(741)
Surplus	**119**	**86**	**550**	**755**

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**

6. Interest receivable and similar income

Surplus for the year is stated after crediting:	2023	2022
	£000	£000
Bank interest	213	10

7. Interest payable and financing costs

	2023	2022
	£000	£000
Defined benefit pension charge	762	753
On loans wholly or partly repayable in more than five years	3,247	3,993
Less: interest capitalised on housing properties under construction	(260)	(463)
	3,749	4,283
Costs associated with refinancing	157	7,618
	3,906	11,901

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:

	2023	2022
	£000	£000
Emoluments	691	842
Pension contributions	102	77
	793	919
Emoluments paid to the highest paid Director, excluding pension contributions in the year	174	150

Key management personnel include Chief Executive, Finance Director, Director of Customer Operations, Director of Sustainability and Investment, and Strategic Organisational Capability Director (2022: seven).

Remuneration for the Chief Executive in the year, excluding pension contributions, was £173,791.

The Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhancements or special terms are applied. Pension contributions of £24,281.64 (2022: £22,962) 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.

	2023	2022
	£	£
Asit Acharya (resigned 31 July 2021)	-	1,496
Alistair Auty	6,500	6,500
Debbie Bond (resigned 29 July 2022)	1,500	4,500
Graham Clarke (resigned 29 July 2022)	2,167	6,500
Jonathan Cowie (from 29 April 2021)	4,500	3,883
Rachel Crownshaw (from 29 April 2021)	5,667	4,295
Phyllida Culpin (resigned 29 July 2022)	2,167	6,500
Simon Gibbs	2,484	3,500
Jesse Meek (from 29 April 2021)	4,500	4,295
Peter Nourse (from 29 April 2021 to 30 April 2022)	375	4,295
Nigel Perryman (from 24 June 2021)	4,500	3,460
Suzanne Rastrick	6,500	6,500
Robin Roberts	3,500	3,500
Christine Turner	12,000	12,000
	56,360	71,224
Total expenses reimbursed to Members	2,709	1,746

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

10. Employee information

	2023	2022
Average number of full time equivalent employees during the year	444	434

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

Staff Costs	2023	2022
	£000	£000
Wages and salaries	14,322	13,277
Social security costs	1,386	1,218
Other pension costs	1,964	1,657
	17,672	16,152

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
£170,001 to £180,000	1	-
£150,001 to £160,000	-	1
£140,001 to £150,000	1	-
£130,001 to £140,000	1	1
£120,001 to £130,000	3	-
£110,001 to £120,000	-	1
£100,001 to £110,000	2	1
£90,001 to £100,000	1	3
£80,001 to £90,000	3	2
£70,001 to £80,000	3	6
£60,000 to £70,000	9	9
	24	24

11. Tangible fixed assets

	Housing properties	Other tangible assets	Total
	£000	£000	£000
Net book value: At 1 April 2022	374,689	6,912	381,601
Net book value: At 31 March 2023	**385,312**	**6,365**	**391,677**

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 2022	23,466	420,591	3,579	14,576	462,212
Additions – New Build	-	-	-	111	111
Properties under construction	10,446	-	3,027	-	13,473
Completions	(10,296)	10,296	(6,695)	6,695	-
Works to existing properties	-	7,343	-	-	7,343
Disposal of components	-	(1,671)	-	-	(1,671)
Interest capitalised	171	-	89	-	260
Transfer from current assets	-	-	2,857	411	3,268
Transfer to current assets	-	-	(1,261)	(158)	(1,419)
Disposals	-	(558)	-	(3,620)	(4,178)
Cost at 31 March 2022	**23,787**	**436,001**	**1,596**	**18,015**	**479,399**
Accumulated depreciation:					
Depreciation at 1 April 2022	-	85,953	-	1,570	87,523
Charge for the year	-	8,014	-	110	8,124
Disposal of components	-	(1,318)	-	-	(1,318)
Disposals	-	(234)	-	(8)	(242)
Depreciation at 31 March 2023	**-**	**92,415**	**-**	**1,672**	**94,087**
Net book value at 31 March 2023	**23,787**	**343,586**	**1,596**	**16,343**	**385,312**
Net book value at 31 March 2022	23,466	334,637	3,579	13,006	374,689

11. Tangible fixed assets (continued)

	2023	2022
	£000	£000
Housing Properties comprises		
Freehold land and buildings	**384,489**	373,866
Long leasehold land and buildings	**823**	823
	385,312	374,689
Expenditure on works to existing properties in the year		
Components capitalised	**7,343**	5,814
Amounts charged to expenditure	**12,756**	13,288
Development interest capitalised	**260**	463
Interest rate used for capitalisation (average)	**2.51%**	3.76%

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 2022	4,770	264	5,784	1,268	3,892	136	16,114
Additions	-	88	302	54	322	(20)	746
Disposals	-	(4)	-	-	(169)	-	(173)
As at 31 March 2023	**4,770**	**348**	**6,086**	**1,322**	**4,045**	**116**	**16,687**
Accumulated depreciation							
At 1 April 2022	2,894	211	3,835	876	1,386	-	9,202
Charge for year	57	30	642	110	452	-	1,291
Disposals	-	(2)	-	-	(169)	-	(171)
As at 31 March 2023	**2,951**	**239**	**4,477**	**986**	**1,669**	**-**	**10,322**
Net book value							
As at 31 March 2023	**1,819**	**109**	**1,609**	**336**	**2,376**	**116**	**6,365**
As at 31 March 2022	1,876	53	1,949	392	2,506	136	6,912

12. Investment properties held for letting

Net book value:	2023	2022
	£000	£000
At start of year	**960**	930
Additions	**-**	-
Disposals	**-**	-
Revaluation	**10**	30
At end of year	**970**	960

Investment properties were valued at 31 March 2023 by Savills. Commercial properties have been valued on a desktop basis at £290k. 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 nil in the year (2022: £1k loss).

The carrying value of the investment of £26,000 (2022: £26,000) is supported by underlying net assets.

14. Inventories

Properties held for resale	2023	2022
	£000	£000
Completed properties for sale	**158**	411
Work in progress on properties for sale	**1,261**	2,857
Stocks of maintenance materials	**572**	496
	1,991	3,764
The value of stocks of maintenance materials charged to expenditure in the year	**752**	628

15. Trade and other debtors

	2023	2022
	£000	£000
Gross rent arrears	**2,046**	1,679
Less provision for doubtful debts	**(1,280)**	(1,031)
	766	648
Other debtors	**1,868**	2,439
Prepayments and accrued income	**967**	934
Amounts owed by subsidiaries	**-**	-
	3,601	4,021

16. Cash and cash equivalents

	2023	2022
	£000	£000
Cash at bank	**12,998**	13,497
Sinking fund balances	**4,533**	4,235
	17,531	17,732

17. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	**1,841**	1,535
Rents received in advance	**1,920**	1,837
Other taxes and social security	**539**	546
Maintenance sinking fund	**4,457**	4,165
Recycled capital grant fund (note 20)	**346**	114
Other creditors	**1,374**	1,119
Pension creditor	**191**	166
Accruals and deferred income	**3,464**	3,979
Amounts owed to subsidiaries	**69**	69
Loan interest and repayments (note 19)	**-**	-
Capital grant received in advance (note 22)	**5,667**	6,370
Refinancing loan asset	**(87)**	(51)
	19,781	19,849

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

	2023	2022
	£000	£000
Loan interest and repayments (note 19)	**120,000**	120,000
Refinancing loan asset	**(1,388)**	(1,441)
Social housing grant (note 22)	**8,283**	4,026
Recycled capital grant fund (note 20)	**498**	648
	127,393	123,233

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

19. Debt analysis

Loans repayable by instalments:	2023	2022
	£000	£000
Within one year	**-**	-
In one year or more but within two years	**-**	-
In two years or more but within five years	**-**	-
In more than five years	**120,000**	120,000
Total loans repayable in more than one year	**120,000**	120,000
Total Loans	**120,000**	120,000

At 31 March 2023 Magna had facilities of £190,000,000 (2022: £190,000,000) 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 2023, £120,000,000 (2022: £120,000,000) had been drawn down of which £120,000,000 (2022: £120,000,000) 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.

	2023	2022
	£000	£000
At 31 March 2023 Magna had the following undrawn borrowing facilities	70,000	70,000
	70,000	70,000

20. Recycled capital grant fund

	2023	2022
	£000	£000
At the start of the year	762	909
Inputs: Grants recycled	82	416
Recycling: New build	-	(563)
At the end of the year	844	762
Amount where repayment may be required within one year	346	114
Amount where repayment required after one year or more	498	648
	844	762

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

	2023	2022
	£000	£000
At the start of the year	**10,396**	7,200
Additions	**3,644**	3,251
Amortised within statement of comprehensive income	**(90)**	(55)
At the end of the year	**13,950**	10,396
Creditors: Amounts falling due within one year	**5,667**	6,370
Creditors: Amounts falling due after one year	**8,283**	4,026
	13,950	10,396

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 2022, using suitable methods, by a qualified independent actuary.

The total pension cost for Magna for the year in respect of this Fund was £613,000 (2022: £651,000). The cost is assessed in accordance with advice from a qualified actuary. Employer's contributions to the Fund of £25,669 (2022: £31,362) 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 533.7% (2022: 516.7%) 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 £277,000 (2022: £264,000). The cost is assessed in accordance with advice from a qualified actuary. Employer's contributions to the Fund of £15,508 (2022: £14,911) 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 486% (2022: 471.4%), of members' contributions.

23. Pension arrangements (continued)

Dorset and Somerset county council funds

The main financial assumptions adopted as at 31 March 2023 were:

	Both 2023	Both 2022	Both 2021
Financial assumptions (per annum)			
Retail price index inflation	3.3%	3.7%	3.2%
Consumer price Index	2.9%	2.8%	2.8%
Salary inflation	2.9%	3.2%	2.8%
Pension increases	2.9%	3.2%	2.8%
Discount rate	4.8%	2.6%	2.0%
Life expectancy (years)			
Males retiring today	22.2	23.1	23.1
Females retiring today	24.2	24.7	24.6
Males retiring in 20 years	23.5	24.4	24.4
Females retiring in 20 years	25.6	26.1	26.0

Magna's share of the fair values of each main class of assets held by the Funds as at 31 March 2023 and the expected rates of return for the ensuing year are set out in the following table:

Fair Value:	2023	2022	2021
Equities	**32,940**	30,933	28,903
Gilts	**431**	622	659
Property	**4,059**	4,860	4,312
Bonds	**3,756**	3,275	3,961
Cash	**1,055**	1,398	1,479
Other	**8,239**	12,580	10,547
	50,480	53,668	49,861

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

	2023	2022	2021
Share of assets	**50,480**	53,668	49,861
Share of estimated liabilities	**(55,875)**	(82,246)	(84,561)
Net deficit at 31 March	**(5,395)**	(28,578)	(34,700)

Amount charged to surplus

	2023	2022	2021
Current service cost	**(1,107)**	(1,346)	(986)
	(1,107)	(1,346)	(986)

23. Pension arrangements (continued)

Amount charged to other finance income

	2023	2022
	£000	£000
Interest on assets	**1,380**	987
Interest on pension scheme liabilities	**(2,111)**	(1,672)
Net charge	**(731)**	(685)

Actuarial gain/(loss) in respect of pension schemes

	2023	2022
	£000	£000
Return on assets less interest	**(3,344)**	3,863
Change in financial assumptions	**27,512**	3,411
Net gain/loss	**24,168**	7,274

The movement in the net deficit for the year to 31 March 2023 is as follows:

	2023	2022
	£000	£000
Fair value of scheme assets at 1 April	**53,668**	49,861
Interest on assets	**1,380**	987
Return on assets less interest	**(3,509)**	3,863
Other actuarial losses	**165**	-
Administration expenses	**(37)**	(36)
Contributions by employer including unfunded	**890**	915
Contributions by fund participants	**171**	182
Estimated benefits paid	**(2,248)**	(2,104)
Fair value of scheme assets at 31 March	**50,480**	53,668
Defined benefit obligations at 1 April	**(82,246)**	(84,561)
Service cost	**(1,107)**	(1,346)
Interest cost	**(2,111)**	(1,672)
Change in financial assumptions	**29,982**	3,609
Change in demographic assumptions	**3,105**	-
Experience loss on defined benefit obligations	**(5,575)**	(198)
Past service costs including curtailments	**-**	-
Estimated benefits paid net of transfer in	**2,247**	2,103
Contributions by scheme participants	**(171)**	(182)
Unfunded pension payments	**1**	1
Defined benefit obligations at 31 March	**(55,875)**	(82,246)
Net deficit at 31 March	**(5,395)**	(28,578)

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.

	2023	2022	2021
Retail price index inflation	3.2% per annum	3.4% per annum	3.2% per annum
Consumer price Index	2.8% per annum	3.1% per annum	2.9% per annum
Salary inflation	3.8% per annum	4.1% per annum	2.9% per annum
Discount rate	4.8% per annum	2.8% per annum	2.2% per annum
Life expectancy (years)			
Males retiring today	21.0 years	21.1 years	21.6 years
Females retiring today	23.4 years	23.7 years	23.5 years
Males retiring in 20 years	22.2 years	22.4 years	22.9 years
Females retiring in 20 years	24.9 years	25.2 years	25.1 years

Magna's share of the fair values of each main class of assets held by the Funds as at 31 March 2023 and the expected rates of return for the ensuing year are set out in the following table:

Fair Value	2023 £000	2022 £000
Absolute return	75	474
Alternative risk premia	13	390
Cash	50	40
Corporate bond fund	-	789
Credit relative value	262	393
Currency hedging	13	(46)
Distressed opportunities	210	423
Emerging markets debt	37	344
Fund of hedge funds	-	-
Global equity	130	2,269
High yield	24	102
Infrastructure	794	842
Insurance-linked securities	175	276
Liability driven investment	3,201	3,299
Liquid credit	-	-
Long lease property	210	304
Net current assets	18	33
Opportunistic liquid credit	297	397
Opportunistic credit	-	42
Private debt	309	303
Property	299	319
Risk sharing	512	389
Secured income	319	440
	6,948	11,822

23. Pension arrangements (continued)

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

	2023	2022
	£000	£000
Share of assets	**6,948**	11,822
Share of estimated liabilities	**(8,335)**	(13,147)
Net deficit at 31 March	**(1,387)**	(1,325)

Amount charged to surplus

	2023	2022
	£000	£000
Current service cost	**(155)**	(234)
	(155)	(234)

Amount charged to other finance income

	2023	2022
	£000	£000
Interest on assets	**332**	224
Interest on pension scheme liabilities	**(363)**	(292)
Net charge	**(31)**	(68)

Actuarial gain/(loss) in respect of pension schemes

	2023	2022
	£000	£000
Return on assets less interest	**(5,577)**	1,345
Change in financial assumptions	**5,140**	378
Net surplus/(loss)	**(437)**	1,723

	2023	2022
	£000	£000
Fair value of scheme assets at 1 April	**11,822**	9,950
Interest on assets	**332**	224
Return on assets less interest	**(5,577)**	1,345
Contributions by employer including unfunded	**569**	423
Contributions by plan participants	**-**	-
Estimated benefits paid	**(198)**	(120)
Fair value of scheme assets at 31 March	**6,948**	11,822
Defined benefit obligations at 1 April	**(13,147)**	(13,111)
Service cost	**(155)**	(234)
Interest cost	**(363)**	(292)
Change in assumptions	**5,140**	378
Estimated benefits paid net of transfer in	**198**	120
Contributions by plan participants	**-**	-
Expenses	**(8)**	(8)
Defined benefit obligations at 31 March	**(8,335)**	(13,147)
Net deficit at 31 March	**(1,387)**	(1,325)

23. Pension arrangements (continued)

As at the 31 March 2023 there were 13 active members of the defined benefit (DB) Scheme (2022: 16) employed by Magna. The annual pensionable payroll for Magna in respect of those DB members was £642,904 (2022: £712,942).

The total pension cost for Magna for the year in respect of this DB Scheme was £198,544 (2022: £154,155). Employer contributions to the DB Scheme of £14,327 (2022: £12,371) 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 345 active members (2022: 317). The annual pensionable payroll in respect of those DC members was £10,252,634 (2022: £8,977,716).

The total pension cost to Magna for the year in respect of this DC section of the Scheme was £1,120,450 (2022: £952,599). Employer contributions to the DC section of the Scheme of £97,843 (2022: £87,861) were included in creditors and paid after the year end.

24. Other provision

Other provisions are analysed as follows	2023	2022
	£000	£000
Redundancies	-	-
Major Repairs	-	2,656
	-	2,656

The costs provided for the major repair works which had been investigated have been completed.

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	17,732	(10,869)	10,668	17,531
Housing loans due in one year	-	-	-	-
Housing loans due after one year	120,000	-	-	120,000
	137,732	**(10,869)**	**10,668**	**137,531**

25. Financial instruments

Financial instruments are analysed as follows:	Note	**2023**	2022
		£000	£000
Financial assets that are debt instruments at amortised cost			
Trade receivables	15	**766**	648
Other receivables	15	**2,835**	3,373
		3,601	4,021
Financial liabilities measured at amortised cost			
Bank loans	19	**120,000**	120,000
Trade creditors	17	**1,841**	1,535
Rent in advance	17	**1,920**	1,837
Sinking fund	17	**4,457**	4,165
Recycled capital grant	20	**844**	762
Social housing grant	22	**8,283**	4,026
Taxes and social security	17	**539**	546
Owed to subsidiaries	17	**69**	69
Other creditors	17	**5,029**	5,258
		142,982	138,198

26. Non-equity share capital

Allotted, issued and fully paid	2023	2022
	£000	£000
At 1 April	**20**	16
Shares of £1 issued during the year	**-**	5
Surrendered during the year	**(4)**	(1)
At 31 March	**16**	20

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.

27. 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:

	2023	2022
	£000	£000
Contracted	**7,603**	15,268
Authorised but not contracted	**9,842**	10,280
	17,445	25,548
Capital commitments will be funded by		
Cash or drawings on agreed loan facilities	**17,445**	25,548

28. 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:

	2023	2022
	£000	£000
Land and Buildings		
Expires in less than one year	**20**	19
Expires in one year or more but less than two years	**45**	-
Expires in two years or more but less than five years	**0**	77
Expires in five years or more	**2,795**	3,051
Vehicles		
Expires in less than one year	**-**	-
Expires in one year or more but less than two years	**-**	-
Expires in two years or more but less than five years	**-**	-
	2,860	3,147

29. Accommodation owned and managed

Under development at the end of the year

	No. of properties 2023	No. of properties 2022
General needs housing	**128**	182
Low-cost home ownership	**16**	48
	144	230

Social Housing

	No. of properties 2023		No. of properties 2022	
	Owned	**Managed**	Owned	Managed
Under management at the end of the year				
General needs housing	**6,116**	**-**	6,090	-
Supported housing	**228**	**-**	220	-
Sheltered housing	**1,846**	**-**	1,843	-
Low-cost home ownership	**260**	**-**	230	-
Freehold Only	**389**	**-**	**387**	-
Total social housing units owned and managed	**8,839**	**-**	8,770	-

Non-social

	No. of properties 2023		No. of properties 2022	
	Owned	**Managed**	Owned	Managed
General needs	**37**	**5**	37	5
Low cost home ownership	**80**	**5**	80	5
Fixed equity	**16**	**-**	16	-
Market rented	**25**	**-**	25	-
	8,997	**10**	8,928	10

Reconciliation of stock movements in the year

	GN	SH	SU	LCHO	Other Social	Total
Units at start of period	6,132	1,843	220	315	428	8,938
New developments/acquisitions	54	-	-	31	-	85
Property sales/disposals	(8)	-	-	(1)	1	(8)
Other	(20)	3	8	-	1	(8)
Units at 31 March 2022	**6,158**	**1,846**	**228**	**345**	**430**	**9,007**

Garages

	No. of units owned 2023	No. of units owned 2022
Under management at the end of the year		
Garages	**1,322**	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.

30. Accommodation managed by others

Magna owns/leases property managed by other bodies	No. of properties 2023	No. of properties 2022
	Managed	Managed
General needs - social	**1**	1
Market rented	**25**	25
Supported housing	**75**	75
	101	101

31. 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 Oak House, Poundbury Road, Dorchester, Dorset, DT1 1SW.

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 no (2022:1) Board member was a tenant of Magna. One board member was holding a standard Magna assured tenancy until they resigned from the Board on 28th July 2022. No special terms applied. Charges incurred during the year, until their resignation were £1,963 (2022: £5,657) and there was a credit balance of £458 at 31 July 2022 (2022: £421 credit as at 31st March 2022).

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 (2022: £nil)

Amounts charged by members of the Group during the year

	2023	2022
	£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

	2023	2022
	£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.

For more information visit
magna.org.uk