

Magna Housing Limited

Annual Report and Financial Statements

31 March 2019

REGISTRATION NUMBER: 7520

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Magna Housing Limited

WHO WE ARE

for the year ended 31 March 2019

WHO WE ARE

Magna is a registered provider of affordable homes for rent and shared ownership mainly operating within Dorset and Somerset. We own over eight thousand properties and provide services to a wide cross section of residents.

We have a recently created development team who are now bringing in a strong pipeline which will drive our purpose of helping people meet their housing needs.

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

The Board continued to follow its Strategy. Highlights are as follows:

Our Purpose is why we exist:

To help people meet their housing needs

Our Strategic Objectives are what we aim to do:

1. To provide high quality housing and services
2. To have good leadership and governance
3. To achieve value for money in the use of our resources
4. To develop, motivate and reward staff to achieve, innovate and take responsibility
5. To achieve the best mix of risk, prudence, flexibility and cost effectiveness in our finances

Our Behaviours describe how we do it:

1. We are committed to our customers
2. We are passionate about performance
3. We lead by example

The Strategic Objectives were each supported by detailed strategic targets which set out what we aimed to do in the year and when we would do it by. These in turn influenced the Budget.

Principal Activities

Magna's principal activities are the management, construction and acquisition of non-market housing in Dorset and Somerset.

Magna Housing Limited

GOVERNANCE, LEADERSHIP AND MANAGEMENT for the year ended 31 March 2019

GOVERNANCE

The Magna Group Structure

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

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

Charter (S.W.) Limited remains as a subsidiary of Magna. It did not trade during 2017/18 and made a no loss or surplus during the year. The Board has agreed to retain Charter while it has rights and responsibilities under building contracts it entered into between 2006 and 2011. These progressively expire over time. See note 33 for a description of the relationships between Magna (West Devon) Limited, Charter (S.W.) Limited, Charter (S.W.) Developments Limited and Charter (S.W.) Investments LLP. With the exception of Magna (West Devon) Limited, none of these traded during the year.

Magna does not produce consolidated financial statements as the 2018/19 transactions and balance of its subsidiary are immaterial to the Magna Group.

Advisors and Board members

Registration number: 7520

Board members & Directors

Chairman	A Peat	
Other Members	A Acharya	
	T Ayre	
	D Bond	
	G Clarke	
	P Culpin	
	R Gralia	Resigned 17 April 2018
	D Lang	
	D Penny	
	J Williams	
	C Turner	From 27 June 2019

Senior executive officers

Chief Executive	S White	Appointed 26 July 2018
Chief Executive	G Colls	Resigned 26 July 2018
Property Director	D Aldwinckle	
Finance Director	S Fraser	
Interim Finance Director	S Martin	Appointed 22 March 2019
Housing Director	T Murray	
Company Secretary	M Taylor	

Magna Housing Limited

GOVERNANCE, LEADERSHIP AND MANAGEMENT for the year ended 31 March 2019

Independent Auditors

Beever & Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE
Principal bankers

Barclays Bank plc
3rd Floor
Windsor Court
3 Windsor Place
Cardiff
CF10 3BX

Funders

Lloyds Banking Group plc
Royal Bank of Scotland plc
Barclays Bank plc
Santander UK plc
Clerical Medical Investment Ltd
Registered Office

Oak House
Poundbury Road
Dorchester
Dorset
DT1 1SW

Comment from the Chair

In 2018/19 the housing sector once again rose to the collective challenge of delivering more affordable housing and making substantial investment in existing homes and related services. This was set against a backdrop of growing political and economic uncertainty.

Despite the uncertainty and ambiguity, at Magna we have remained focussed on delivering to our purpose: 'Helping people to meet their housing needs'. We have delivered strong financial and operational performance, as well as completing the first homes under our new development programme.

We have achieved this by working together with our customers, our colleagues and our local authority and other partners. As a result we're stronger, more resilient and have greater capacity to do more in the communities in which we work.

It has also been a year of change. In July we welcomed Selina White as our new Chief Executive, following Graham Colls' decision to step down after 19 years. I would like to take this opportunity to thank Graham for his significant contribution to Magna over the years. He leaves the organisation in great shape and well positioned to meet the challenges ahead. On behalf of the Board and everyone at Magna we wish him all the very best for the future.

In the coming year I will stand down after 8 years as a member of the Magna Board. For the past 6 years I have been the Board Chair, and it has been a privilege and a pleasure to lead an organisation that has truly made a difference to the communities in which we work and to the people we serve.

Adam Peat
Chair

GOVERNANCE, LEADERSHIP AND MANAGEMENT for the year ended 31 March 2019

Comment from our Chief Executive

It was an immensely proud moment for me to be appointed as Magna's new Chief Executive in July 2018, and I feel extremely fortunate to be taking over the reins of a high-performing, well-run organisation that is clearly focussed on delivering against its purpose: helping people to meet their housing needs.

This year was Year 3 of our current 5-year Strategic Plan and we have achieved strong financial and operational results against the challenging targets set by the Board. We achieved a surplus for the year of £11.8m, which we will continue to invest in new and existing homes, and we invested £17.4m to maintain and repair existing homes, and a further £4.7m in the development of new homes.

Customers Experience

During the year we completed a comprehensive review of our sheltered housing service, which provided a number of recommendations that the Board wholeheartedly supported to help us to better meet the current and future demand for rented housing for older and vulnerable people in our communities.

The improvements agreed include: developing more flexible services to meet residents' needs, more investment in staffing and a programme of improvements to sheltered homes, such as installing level access showers and decorating all empty properties.

We have substantially reduced the time taken to relet void properties, achieving an average for the year of 13 days. This means we are helping to house people more quickly and optimising the use of the homes we own. We achieved this through strong team working across our housing, sheltered and maintenance teams.

I am particularly proud of the performance of our Income Management Team this year. Their focus has been to manage the impact to customers of the roll out of Universal Credit, with an emphasis on the importance of preventing arrears. Working closely with our Money Matters service, the team have secured £2m of backdated and on-going benefits on behalf of our customers.

Investment and Supply

This year our new development programme delivered 15 newly completed homes, 12 of which we offered at a social rent and 3 were built for Shared Ownership. We also built a strong pipeline of 28 new sites, delivering over 500 homes in the next 3 years.

We strengthened our maintenance services offer further by bringing gas servicing work in house, together with gas and oil-fired heating and hot water repairs. This will drive greater value for money in maintenance budgets and improve the reliability of the service for customers.

During the year we also reviewed and made improvements to the Magna Standard, which sets out the standard to which we will maintain our homes and estates. The review was carried out in consultation with our customers.

Organisational capability

There is no doubt that Magna must continue look to the future and anticipate the challenges that lie ahead. We want to ensure that accessing our services is quick and easy and the experience is a positive one for our customers. To achieve this we will need to invest further in new technology, skills and ways of working in the coming years.

We are currently implementing a new IT platform across the business that will, first and foremost, help us to get the basics right and improve on what we have. The system will go live next year. In the following two years we will be able to build on this and develop a full online service for customers who want it.

GOVERNANCE, LEADERSHIP AND MANAGEMENT for the year ended 31 March 2019

Ultimately, Magna is a 400-strong team of dedicated and talented people who love working together in pursuit of our purpose, and serving our customers and the communities in which they live. At our heart, we are a local business that is large enough to influence and small enough to care.

Finally, I would like to express our thanks to Adam Peat, Magna's Chair, who will be retiring in July 2019. Adam has been a great support to me in my first few months as Chief Executive, for which I am extremely grateful. He has successfully led Magna through challenging times and has always succeeded in keeping the Board and the Executive Team focussed on the strategic priorities and objectives, from which the organisation has benefitted immensely. On behalf of everyone at Magna we wish him all the very best for the future.

Selina White
Chief Executive

STRATEGIC REPORT for the year ended 31 March 2019

STRATEGIC REPORT

Performance for the financial year and position at year end (including key performance indicators)

Review of the Year

Our purpose in 2018/19 remained that of helping people meet their housing needs. Achieving our purpose entailed carrying out 25,923 day-to-day repairs (2018: 28,946), 99% on time (2018: 99%). We made 514 lettings (2018: 603) and achieved tenant satisfaction with the lettings process of 96.5% (2018: 98%).

During 2018/19, performance was scrutinised by our housing services and repairs and maintenance resident focus groups. Performance was also discussed with residents at our bi-annual involved resident meetings.

We helped residents deal with welfare changes affecting them. At the end of March rent arrears were 1.5% (2018: 1.59%), the impact of welfare reform limited partly through our 'Money Matters' service.

Most of the housing stock is post-war semi-detached houses and sheltered schemes designed for older persons and in 2018/19 we let a further 12 new dwellings and 1 shared ownership property.

Magna has kept stock condition data up-to-date by undertaking annual surveys of 20% of the stock. An independent validation of the stock condition data was undertaken in 2014. Magna has agreed standards for the maintenance of its homes which exceed the Government's minimum 'Decent Homes Standard'. This regime provides our business plan with forecasts for maintenance expenditure and programmes of cyclical works, and will continue to do so in the future.

We spent £15.9 million on major, response and cyclical repairs (2018: £14.5 million), replacing hundreds of new kitchens, bathrooms, front doors and heating systems.

We received 31 complaints (2018: 21) during the year. Magna promoted the complaints procedure as a reliable way to put things right and help us to improve. The Ombudsman issued two reports involving Magna during the year (2018: nil): in one case the Ombudsman found no maladministration, and in the other case the Ombudsman found that we had made an offer of redress that resolved the complaint satisfactorily.

Overall resident satisfaction with Magna was 87% (2018: 88%) based on our latest STAR survey.

Magna retained its G1 and V1 ratings from the Regulator throughout the year. 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 of the 2016 Welfare Reform and Work Act.

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

Operational Performance

Magna has established a number of performance indicators that meet both the Regulator of Social Housing's and its own requirements for monitoring its progress in achieving its objectives. Monthly performance data is reported to senior executive officers. The Board reviews performance and success in achieving targets every quarter. All performance information was derived from core management information systems.

Some key performance indicators (KPIs) as at 31 March 2019 and the previous year, along with our targets and targets for 2019/20, are presented below. The colour shading indicates whether we achieved our target (green) or not (red) in the given area:

STRATEGIC REPORT
for the year ended 31 March 2019

Performance Indicator	2019/20 Target	2018/19		2017/18	
		Value	Target	Value	Target
All rented dwellings current arrears as a % of the annual rental	1.9%	1.5%	2.8%	1.6%	2.3%
Average re-let times - general needs and sheltered housing (CORE)	16.00 days	13.01 days	16.00 days	17.38 days	14.80 days
% of valid Landlord Gas Safety Records given to tenant at sign up (new lets, relets and mutual exchanges)	100%	100%	100%	100%	100%
Overall response repairs completed within target	99%	99.0%	98.0%	99.5%	98.0%
% of dwellings with a valid gas certificate	100%	100%	100%	100%	100%
% of communal areas with a valid Fire Risk Assessment	100%	100%	100%	100%	100%
% carried out of all the planned work necessary to meet the Magna Standard, as identified by inspections in the previous financial year	100%	91.8%	100%	100%	100%
Taking everything into account the percentage of residents satisfied with the overall service provided by Magna	Upper quartile of 18/19 benchmarking – not yet published	86.8%	89.2%	88.3%	90.0%

We have three KPIs on health and safety compliance, relating to gas safety and fire risk assessments. 'A health and safety failure' is one of our top five risks, and the KPIs reflect our strategic objective to provide high quality housing and services, and our commitment to ensuring the safety of our residents.

We adjusted our target for current tenant arrears in the year due to the uncertainties of universal credit. At the same time we also researched and prepared our staff, the money matters support team in particular for the introduction of universal credit and this proactive work has had a positive impact on debt prevention. We have also seen a lower number of tenants move to universal credit than expected and we will continue to keep our high energy levels in this area.

We wanted to improve our re-let time, and this has been achieved primarily through an enhanced

STRATEGIC REPORT for the year ended 31 March 2019

promotion and marketing plans for sheltered homes combined with great passion and enthusiasm from the sheltered housing team.

We expected our performance on planned work to be below 100% in 2018/19, for a number of reasons but mostly because some tenants declined the planned work. This was particularly so in the heating programme where 136 new installations were planned but 21 were declined. The number of refusals was higher than usual because the 2018/19 programme included properties where the tenants had previously declined the work and we hoped to persuade them to change their minds. We completed 100% of planned work in four of the seven key work programmes (doors, windows, roofs, and estate improvements).

The results for resident satisfaction are gathered from the STAR survey. This is an annual survey and we gather the feedback to review and action as needed. To enhance this process we have moved the survey to quarterly for 2019/20, enabling an identification of seasonal performance and quicker response times too. We were disappointed not to meet our target on overall satisfaction. We know, from our key driver analysis, that residents' satisfaction with Magna listening to views and acting on them has the highest influence on overall satisfaction so we will be paying particular attention to this in 2019/20. For example, we will be reminding staff to keep residents updated in a consistent and timely way; following up on all comments made by residents on surveys; using sheltered scheme newsletters and putting more articles into our Opendoor resident magazine on general issues of concern raised by residents; and senior staff will be attending some of the monthly residents' meetings held in sheltered schemes in areas where satisfaction has dropped since 2017. We are confident that a number of actions we have taken and are planning to take following our service value review of sheltered housing will further improve satisfaction in a number of areas. We are analysing the results by postcode for those areas with the most significant decreases in satisfaction compared to 2017 and will then identify particular actions to take in those areas.

Magna provides two broad types of housing: general needs housing and supported housing (which includes sheltered housing - see note 3). The operating margin for supported housing is lower at 26.5% (2018: 30%) than the operating surplus margin for general needs at 30.5% (2018: 38%). Operating surplus margins are lower for supported housing due to the higher labour costs involved in providing services. Both areas have suffered reduced rental income year on year due to the 4 years of annual rent cuts imposed by Government from April 2016. A review of sheltered housing was completed during the year and the recommendations approved by the Board will help to ensure the future of the service.

Financial Performance

Magna made a surplus before tax for the year of £11.1 million (2018: £14.3 million). Turnover decreased by £0.5 million (a 1.2% decrease). Total Net Assets at 31 March 2019 were £215.6 million, a year on year increase of £11.8million. We undertook an assessment of potential impairment indicators and concluded that there was none of significant value to warrant any further assessment.

Value for Money

The Board aims to achieve Value for Money (VfM) as a result of the constant and successful operation of many policies and practices, and not as a separate aim or a special initiative. The Board makes achieving VfM one of Magna's Strategic Objectives. This ensures that we consider all the time what we need to do to achieve it, and to assess all other initiatives against it.

The Board views VfM as consisting of economy, efficiency and effectiveness, which it interprets as follows:

- **Economy** – Minimising the cost of resources used while having regard to quality.

STRATEGIC REPORT

for the year ended 31 March 2019

- **Efficiency** – The relationship between the output from goods or services and the resources to produce them (the input). More output for the same input, the same output for less input, or less output for even less input, are all examples of improved efficiency.
- **Effectiveness** – the extent to which objectives are achieved and the relationship between intended and actual impacts.

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

Each year we set clear, quantifiable targets for future VfM savings. Current estimates are that in 2018/19 Magna achieved cash and non-cash VfM gains of £557k compared to cash and non-cash targets of £418k. This excludes £2.4m of subsidy for new development schemes being approved in the year. The difference reflects the success of all staff in achieving VfM in the delivery of services, and in recording their achievements throughout the year.

The current year's saving of £557k can be summarised as follows. Magna has brought a number of operational areas in house during the year, such as gas servicing, electrical testing and asbestos inspections and efficiencies in our void property inspections resulting in savings of £440k. We have renegotiated several contracts without any loss of service making savings of £82k. Other improvements include downsizing incentives, use of an on line insurance system and savings through new memberships resulting in a further saving of £35k.

We target VfM gains of £311k in 2019/20.

STRATEGIC REPORT
for the year ended 31 March 2019

VfM Metrics	2018/19 Actual	2017/18 Actual	2016/17 Actual	2017/18 Benchmark (median)	2019/20 Forecast	2020/21 Forecast
Reinvestment as a % of housing stock	2.9%	1.9%	1.6%	6.9%	7.3%	7.5%
New supply delivered (social housing units) %	0.2%	0.0%	0.0%	1.9%	0.6%	2.3%
New supply delivered (non-social housing units)%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
Gearing %	28.7%	32.9%	38.4%	46.6%	19.8%	23.2%
EBITDA MRI Interest cover %	322.4%	412.5%	349.6%	227.5%	279.6%	348%
Headline social housing cost per unit	£3,556	£3,328	£3,281	£3,500	£3,490	£3,323
Operating margin (social housing lettings) %	29.4%	35.7%	36.9%	35.7%	27.2%	28.8%
Operating margin overall %	27.7%	34.9%	36.3%	31.6%	29.0%	27.3%
Return on capital employed %	4.5%	5.4%	6.7%	4.3%	4.0%	4.0%

The VfM Metrics are defined by the Regulator of Social Housing. Benchmark figures have been obtained from the sector scorecard report in October 2018, and are for 2017/18. The benchmark is derived from data for 44 associations operating in the south west and south east, excluding London, with a minimum of 1,000 properties. There was no metric for new supply, non-social housing units, delivered.

Significant differences between Magna's performance or forecast and the benchmark are commented on below.

Reinvestment: The majority of completions in Magna's programme to deliver new properties are in 2020/21 and 2021/22. We expect this performance to increase year on year as our new development programme matures.

New supply delivered (social housing units) is forecast to grow over the next two years to 2.3% of existing housing stock. We expect this performance to continue to increase over time as our new development programme matures.

Gearing: the benchmark gearing ratio is based on total debt. The final definition for the VfM metrics is based on net debt. £11m of loans were repaid during the year, resulting in the positive movement in this ratio. Magna are currently restricted by existing loans from taking out any additional facilities.

EBITDA MRI interest cover is based on the effective interest payable included in the Statement of Comprehensive Income. Magna's actual interest paid was over £2.0m higher than the effective interest payable calculation. Using the interest paid instead, Magna's EBITDA MRI interest cover for 2018/19 would be 257%.

The Operating margins are lower than the benchmarks in 2017/18, and have fallen in 2018/19 due to the impact of the 1% rent cut as well as the additional investment in planned maintenance and staffing

STRATEGIC REPORT for the year ended 31 March 2019

levels. The benchmark for 2018/19, when known, is likely to be lower than 2017/18's, again due to the 1% rent cut.

Future prospects

Measures which Magna introduced from 2012/13 in anticipation of welfare reform helped it tackle without significant disruption the consequences of a rent cut implemented by Government from April 2016. Revised long-term business plans show Magna continuing to be able to fund the achievement of its purpose and objectives.

We ended 2018/19 with a very strong development pipeline, an allocation of grant from Homes England and forty eight (2018: thirteen) units on site. The new development programme has taken a little longer to get going and we are now anticipating 257 completed units with a further 343 units started on site by 2020/21

Description of principal risks and uncertainties being faced

During the year, the Board identified Magna's top 5/6 risks, in accordance with its Risk Management Policy. They were welfare reform, or other similar change in government policy, which we controlled in various ways including our money matters advice service, income management policies and procedures, and staff management and training; failure in service provision leading to the death or serious harm or injury to a customer or member of staff, which we controlled through our policies and procedures, training, compliance checks, risk assessments, and other means; a failure in or of our development programme, which we controlled through our development, finance, and procurement policies and procedures, and our accounting controls; a health and safety failure, controlled through our various health and safety policies and procedures, monitoring, risk assessments, staff training and servicing arrangements; failure of our IT plan, controlled through our IT policies and procedures, staff training, project governance, and contractual agreements for IT services, equipment etc; and inflation growing by more than our assumption whilst rents are controlled, managed through our finance policies and procedures and our treasury management arrangements

The Risk Management Policy describes key controls over risks, possible sources of assurance on their effectiveness, and the likelihood of a risk materialising after the application of controls. Risks are mitigated through Magna's whole system of internal control, which is described in the Internal Control & Risk Management section of this report. The policy lists the controls for each of these top 5 risks. The Board also agreed its risk appetite and tolerance during the year.

Liquidity is managed by maintaining adequate cash reserves and having loan facilities available for drawdown as required. The cost of finance is managed by the use of fixed interest debt as part of the treasury strategy.

A Peat
Chair

REPORT OF THE BOARD for the year ended 31 March 2019

REPORT OF THE BOARD

STRUCTURE, GOVERNANCE & MANAGEMENT

Corporate Governance

The Board is responsible for the proper conduct of Magna's affairs. It consists of a maximum of 9 (2018: 10) Members, all non-executive. They bring substantial relevant knowledge and experience. Each was remunerated for their services. Each Member acts in a personal capacity. The Board met 11 times (2018: 11) during the year. The Board has adopted the 2015 NHF Code of Governance and considers that it has no areas of non-compliance to explain in this report.

The Board ended the year with 4 (2018: 4) permanent Committees, dealing in turn with Finance, Risk And Audit, Membership and Remuneration and Strategy. Membership of the Committees is shown below. Each had Terms of Reference and reported to the Board, primarily by means of its minutes.

The table below details the Members of the four Committees.

Committee	Member
Risk and Audit Committee	Mr Asit Acharya; Mrs Debbie Bond; Ms Phyllida Culpin; Ms Dawn Lang
Finance Committee	Mr Tim Ayre; Mr Graham Clarke; Ms Phyllida Culpin; Dr David Penny; Mrs Jill Williams
Membership and Remuneration Committee	Mrs Debbie Bond; Ms Dawn Lang; Mr Adam Peat; Dr David Penny; Mrs Jill Williams
Strategy Review Committee	Mr Asit Acharya; Mr Tim Ayre; Mrs Debbie Bond; Mr Graham Clarke; Ms Phyllida Culpin; Ms Dawn Lang; Mr Adam Peat; Dr David Penny; Mrs Jill Williams

Magna seeks Board Members with the skills, experience and other qualities which enable them to help run Magna properly, and who accept the obligation upon them to uphold the Purpose and Objectives of Magna. The Board undertakes regular self assessment of its performance as well as independent assessments of its governance arrangements, which was last carried out in 2018/19. 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 whole Group. 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 five times during the year. The internal auditors also attended meetings and they had unrestricted access to the Chairman of the Committee. The senior executive officers attended meetings when required. The Risk and Audit Committee report back to the Board any issues of concern. The Board also formally considers internal control once during the year in addition to considering the statement on internal control contained in this Annual Report and Financial Statements. The minutes of the Committee are formally recorded and are reported to the Board.

REPORT OF THE BOARD for the year ended 31 March 2019

The Board delegates day-to-day management to the Chief Executive and other senior staff. 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. No employee is a member of the Board.

The Board has adopted the 2012 NHF Code of Conduct to help ensure probity. 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.

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 3. All the Members and senior executive officers served throughout the year except as noted on page 3.

On 26 July 2018 the Chief Executive, Graham Colls, retired from Magna. The Board are pleased to have appointed Selina White to be Magna's Chief Executive with effect from immediately after the AGM and associated events on Thursday 26 July 2018.

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 bank debt and development grant from Homes England. Treasury activities are controlled and monitored by the Finance Director, reporting to the Finance Committee with advice from consultants as required. They are carried out in accordance with a Treasury Management Policy.

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

Interest rate exposure is managed through the use of interest rate fixes as part of a balanced treasury strategy and, at the year end, 96.4% (2018: 96.6%) of Magna's drawn funds were at fixed interest rates.

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 £25,685 (2018: £12,277). Within this total £16,110 was paid to local community initiatives (2018: £12,116).

Employees

Magna's ability to meet its targets depends upon the quality and commitment of its employees. The Board is pleased to record here its appreciation of their hard work, skill and commitment, without which it could have achieved little. Magna informs and consults its staff and encourages them to air their views. A staff opinion survey during the year showed that 98% would recommend Magna as an employer to family and friends, and 95% were satisfied with Magna as their employer.

At the year end, Magna employed 401 (2017: 372) full and part-time employees.

REPORT OF THE BOARD for the year ended 31 March 2019

Equality & Diversity

Magna welcomes applications from all parts of the community for housing and services, employment, appointment as a contractor, and as a Member of its Boards, Committees and Residents Forums. Magna is committed to ensuring equality of opportunity in recruitment and selection. All selection, appointment and promotion of employees is based on their ability to do the work and in accordance with the Recruitment and Selection Policy and Procedure. Any applicants selected for interview will be asked to advise us of reasonable adjustments necessary to the interviewing procedure to ensure they are not disadvantaged.

Employees with disabilities or who become disabled while employed by Magna will be supported and any reasonable adjustments to their employment or working conditions which may assist them to perform their duties will be considered.

Magna will ensure that all staff have equal access to training, career development and promotion, and will also ensure there is no unjustifiable discrimination, either direct or indirect, when organising training and development.

Directors' & 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 2018/19 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 mis-statement 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 annual report and 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 Policy and strategic risk register, 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 Purpose, Strategic Objectives, Behaviours, Strategic Targets and associated Budgets.

The Board last reviewed its Risk Management Policy in September 2018. The strategic risk register lists key risks and how they are controlled and is reviewed by the Board quarterly. A Scheme of Delegation in Magna requires the Board to take primary responsibility for the production of a Risk Management Policy. The Risk Management Policy itself is subject to periodic internal audit.

Magna views risk primarily as anything which does, or may, hinder its ability to achieve its purpose and objectives. Hence, its main risks may be readily summarised as any factor which may lead to failure to achieve its purpose and strategic objectives. The quality and effectiveness of the controls in place to manage those risks are further tested and strengthened by consideration of over 20 big risks,

REPORT OF THE BOARD for the year ended 31 March 2019

such as fraud or breach of Lenders' covenants. The overall aim of the Risk Management Policy is to enable Magna to do the right thing in the right way.

Magna kept the risks created by the general operating, financial and economic climate under constant review during 2018/19, 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 distributed to staff in paper and electronic formats.

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

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

The 2017-2021 Internal Audit Plan reflects the Risk Management Policy so that internal audit resources are directed towards testing the risks and their controls which the Policy identifies. The Plan, which is subject to the approval of the Risk and Audit Committee, is proposed and implemented by professional, independent auditors, who have unrestricted right of access to the Chairman of the Risk and Audit Committee.

Management places emphasis on the benefits which arise from self-control in addition to those achieved by following procedures. Magna aims 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. On behalf of the Board, the Risk and Audit Committee receives quarterly from the Chief Executive a report on any material instances of weak internal control.

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 & Theft

Magna complies with the Regulator of Social Housing's requirements on fraud, and adheres to additional requirements of its own. Group-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

A joint meeting of the Finance and Risk and Audit Committees has received the Chief Executive's report on 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 by our internal auditors, Mazars. The Board believes that this will remain true up to (and beyond) the date of the approval and signing of the Board's annual report and annual financial statements. The Board is aware of no weaknesses which have resulted in material mis-statement 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.

Magna Housing Limited

REPORT OF THE BOARD for the year ended 31 March 2019

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 2015. 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 2014.

Going Concern

The Board agreed the 2019/20 budget and priorities and has agreed a 30 year financial forecast. It has also agreed a 5 year strategy, ending 31 March 2021. It is satisfied that its plans and forecasts will enable Magna to continue to achieve its Purpose and Strategic Objectives. Accordingly, the Board has adopted the going concern basis in preparing the Annual Report and Financial Statements.

Appointment of Independent Auditors

Beever & Struthers were appointed for the year ended 31 March 2019 at Magna's Annual General Meeting held on 26 July 2018.

By order of the Board

A Peat

Chairman

S White

Chief Executive

25 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNA HOUSING LIMITED

Opinion

We have audited the financial statements of Magna Housing Limited "the society" for the year ended 31 March 2019 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 society's affairs as at 31 March 2019 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 Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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

We have nothing to report to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNA HOUSING LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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 Cooperative 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 society 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 17, 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 society'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 society or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNA HOUSING LIMITED

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.

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

Date:



Magna Housing Limited

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Turnover	2	45,770	46,303
Operating expenditure	2	(33,104)	(30,124)
Operating surplus	2	12,666	16,179
Surplus on disposal of fixed assets	5	3,279	3,256
Interest receivable and similar income	6	228	173
Interest payable and financing costs	7	(4,905)	(5,236)
(Decrease) in valuation of investment properties	12	(220)	(120)
Surplus before tax		11,048	14,252
Gift aid from subsidiaries	13	11	87
Gift of property	13	-	370
Surplus after tax		11,059	14,709
Other comprehensive income/(expenses)			
Actuarial gain in respect of pension schemes	25	502	3,580
Share Capital Redemption	14	212	-
Total other comprehensive income/(expenses)		714	3,580
Total comprehensive income for the year		11,773	18,289

The financial statements on pages 21 to 56 were approved and authorised for issue by the Board on 25 July 2019 and were signed on its behalf by:

Chairman



A Peat

**Finance Committee
Chairman**



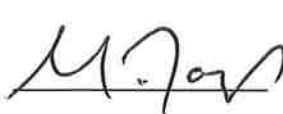
G Clarke

Chief Executive



S White

Secretary



M Taylor

Magna Housing Limited

STATEMENT OF CHANGES IN RESERVES

	Revaluation reserve	Fair Value reserve	Income and expenditure reserve	Total Reserves
	£000	£000	£000	£000
Balance as at 1 April 2017	97,302	(39)	88,278	185,541
Surplus from statement of comprehensive income	-	-	18,289	18,289
Depreciation at deemed cost transferred from revaluation reserve to income and expenditure reserve	(1,158)	-	1,158	-
Movement on revaluation reserve for disposal of fixed assets	(1,233)	-	1,233	-
Revaluation at fair value	-	(120)	120	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 March 2018	94,911	(159)	109,078	203,830
Surplus from statement of comprehensive income	-	-	11,773	11,773
Depreciation at deemed cost transferred from revaluation reserve to income and expenditure reserve	(1,241)	-	1,241	-
Movement on revaluation reserve for disposal of fixed assets	(620)	-	620	-
Revaluation at fair value	-	(220)	220	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 March 2019	93,050	(379)	122,932	215,603
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Magna Housing Limited

STATEMENT OF FINANCIAL POSITION

		Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
	Note		
Fixed Assets			
Tangible fixed assets	11	349,802	348,758
Investment properties	12	1,100	1,420
Investments in Subsidiaries and Joint Ventures	14	26	164
Total Fixed Assets		350,928	350,342
Current Assets			
Inventories	15	853	301
Trade and other debtors	16	2,209	1,664
Cash and cash equivalents	18	31,731	27,278
		34,793	29,243
Creditors: amounts falling due within one year	19	(22,265)	(18,591)
Net Current Assets		12,528	10,652
Debtors: amounts falling due after more than one year	17	21	21
Total assets less current liabilities		363,477	361,015
Creditors: amounts falling due after more than one year	20	(117,428)	(129,252)
Provision for Liabilities			
Pension provision	25	(29,881)	(27,909)
Other provisions	26	(565)	(24)
Total Net Assets		215,603	203,830
Reserves			
Non-equity share capital	28	-	-
Income and expenditure reserve		122,932	109,078
Revaluation reserve		93,050	94,911
Fair value reserve		(379)	(159)
Total Reserves		215,603	203,830

The financial statements on pages 21 to 56 were approved and authorised for issue by the Board on 25 July 2019 and were signed on its behalf by:

Chairman

Finance Committee
Chairman

Chief Executive

Secretary



A Peat



G Clarke



S White



M Taylor

The notes on pages 25 to 56 form an integral part of these accounts

Magna Housing Limited

STATEMENT OF CASHFLOWS

		Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Net cash generated from operating activities	Note (A) (See below)	23,918	25,250
Cash flow from investing activities			
Purchase of tangible fixed assets		(7,074)	(6,697)
New development spend		(4,350)	(604)
Proceeds from sale of tangible fixed assets		5,806	6,147
Gift Aid		43	136
Interest received		228	173
Share Capital Repayment		350	-
		(4,997)	(845)
Cash flow from financing activities			
Interest paid		(5,968)	(6,497)
Repayment of borrowings		(8,500)	(11,970)
		(14,468)	(18,467)
Net change in cash and cash equivalents		4,453	5,938
Cash and cash equivalents at the beginning of the year		27,278	21,340
Cash and cash equivalents at the end of the year		31,731	27,278
Note (A)			
		£000	£000
Cash flow from operating activities			
Operating surplus for the year		13,110	16,179
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		7,975	7,696
(Increase) in investments		(212)	(1)
(Increase)/Decrease in stock		(69)	34
(Increase) in trade and other debtors		(577)	(3)
Increase in trade and other creditors		2,773	1,123
(Decrease)/Increase in creditors more than one year		(886)	957
Increase/(Decrease) in provisions		1,804	(735)
Net cash generated from operating activities		23,918	25,250

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

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 2014.

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 2015.

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 and are presented in sterling (£'000) for the year ended 31 March 2019.

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

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 both fund our development programme and absorb 4 years of rent reductions. The business plan also shows our adherence to our borrowing covenants. We therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

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.

- a. **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.
- b. **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.
- c. **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.
- d. **Impairment.** Magna considers the need for impairment on a property by property basis, overall property demand and other external sources of information such as changes in Government policy, including the review of voids.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

Other key sources of estimation and assumptions

- a. **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.
- b. **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 engaged independent valuation specialists to determine fair value as at 31 March each year. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 12.
- c. **Pension and other post-employment benefits.** Magna participates in three defined benefit pension schemes as an "Admitted Body":
- (i) The Local Government Fund (LGPS) administered by Dorset County Council (DCC);
 - (ii) The Local Government Fund (LGPS) administered by Somerset County Council (SCC); and
 - (iii) 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 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 25.

- d. **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. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income.

Depreciated replacement cost (DRC) has been calculated using a replacement cost valuation provided by Savills, depreciated for the number of years the property has been in use. The value is then compared to the deemed cost to determine whether the property needs to be impaired. Where the exact age of the property is unknown, estimates of the year of build have been made to establish whether any impairment is required.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

Investment properties are valued annually. Where there is a reduction 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.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in turnover as per note 2 in line with contractual agreements. The related support costs are matched against this income in the same note. Support charges included in rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges

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

Sinking Funds

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

Loan interest costs

The interest charged to the Statement of Comprehensive Income is calculated using the opening 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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:

<i>Component</i>	<i>UEL</i>
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 to 30 years
Oil tanks	25 years
Alternative energy sources	30 years
Structure	100 years
Structure (pre-cast reinforced concrete)	50 years
Garages	50 years

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

Impairment of housing properties

Annually housing properties are assessed 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 (DRC). The resulting impairment loss is recognised as expenditure in the Statement of Comprehensive Income. Where an asset is currently deemed not to be providing service potential to Magna, its recoverable amount is its fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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
	<i>from vehicle registration date.</i>

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.

Leasing and hire purchase

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

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

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

Non-government grants

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

Social Housing and other government grants

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

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

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

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

Recycling of Capital Grant

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

Disposal Proceeds Fund (DPF)

Receipts from the sale (under the right to acquire scheme) of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing.

Retirement benefits

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

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied. Instead, in accordance with FRS 102 paragraphs 28.11 and

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

28.11A and Housing SORP paragraphs 15.9 to 15.12, SHPS has been accounted for as a defined contribution scheme and recognised a liability for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT, sufficient information is now available for SHPS. In January 2019, the Financial Reporting Council issued FRED 71 ('Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.') which provides proposed changes to FRS 102 on this issue.

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income. This constitutes a change in accounting policy. Further disclosures in this area are included in note 25.

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 a quoted market rate;
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.

Concessionary loans

Public benefit entity concessionary loans are loans made or received between public benefit entities at below the prevailing market rate of interest that are not repayable on demand and are for the purposes of furthering the objectives of the public benefit entity.

The loans are measured at the amount received or paid and are recognised in the Statement of Financial Position.

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

31 March 2019	Turnover £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings (Note 3)	44,130	(31,149)	12,981
Other social housing activities			
Charges for support services	131	(165)	(34)
Supporting people	131	(135)	(4)
First tranche sales	276	(222)	54
Major office costs not capitalised	-	(623)	(623)
Development costs not capitalised	-	(57)	(57)
Abortive development costs	-	(2)	(2)
Activities non-social housing:			
Lettings – Market rented	132	(80)	52
Other	970	(671)	299
Total	45,770	(33,104)	12,666
31 March 2018	Turnover £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings (Note 3)	44,433	(28,573)	15,860
Other social housing activities			
Charges for support services	303	(301)	2
Supporting people	342	(338)	4
First tranche sales	102	(84)	18
Development costs not capitalised	-	(184)	(184)
Abortive development costs	-	(14)	(14)
Activities other than social housing:			
Lettings – Market rented	134	(54)	80
Other	989	(576)	413
Total	46,303	(30,124)	16,179

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

3. PARTICULARS OF TURNOVER AND OPERATING COSTS FROM SOCIAL HOUSING LETTINGS

	Year ended 31 March 2019			Total £000
	General housing £000	Supported housing £000	Low cost home ownership £000	
Income				
Rent receivable	29,976	10,796	138	40,910
Service charge income	811	2,314	8	3,133
Amortisation of grant	7	-	-	7
Other grant	30	-	50	80
Turnover from social housing lettings	30,824	13,110	196	44,130
Operating Expenditure				
Management	6,445	2,919	43	9,407
Service charge costs	958	1,900	13	2,871
Routine maintenance	3,240	1,335	18	4,593
Planned maintenance	2,388	735	3	3,126
Major repairs	2,136	679	-	2,815
Bad debts	117	40	-	157
Property lease charges	239	25	-	264
Depreciation on housing properties	5,513	1,837	-	7,350
Pension operating charge	399	165	2	566
Operating cost of social housing lettings	21,435	9,635	79	31,149
Operating surplus on social housing lettings	9,389	3,475	117	12,981
Void losses	(102)	(44)	-	(146)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

3. PARTICULARS OF TURNOVER AND OPERATING COSTS FROM SOCIAL HOUSING LETTINGS (CONTINUED)

	Year ended 31 March 2018			
	General housing	Supported housing	Low cost home ownership	Total
	£000	£000	£000	£000
Income				
Rent receivable	30,438	10,930	133	41,501
Service charge income	818	2,066	11	2,895
Amortisation of grant	7	-	-	7
Other grant	30	-	-	30
Turnover from social housing lettings	31,293	12,996	144	44,433
Operating expenditure				
Management	5,162	2,578	39	7,779
Service charge costs	789	2,052	15	2,856
Routine maintenance	2,602	1,084	13	3,699
Planned maintenance	2,106	491	2	2,599
Major repairs	1,792	575	1	2,368
Bad debts	117	43	-	160
Property lease charges	216	43	-	259
Depreciation on housing properties	5,358	1,785	14	7,157
Pension operating charge	1,243	420	7	1,670
Other costs	19	7	-	26
Operating cost of social housing lettings	19,404	9,078	91	28,573
Operating surplus on social housing lettings	11,889	3,918	53	15,860
Void losses	88	80	-	168

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

4. SURPLUS ON ORDINARY ACTIVITIES

Operating surplus is stated after charging:	2019 £000	2018 £000
Auditor's remuneration (excluding VAT)		
In their capacity as statutory auditors	24	24
Fees payable to the auditors and its associates for other services:		
Taxation compliance services	1	3
Other assurance services for loan covenant certification	1	1
Operating lease rentals		
Other – vehicles	114	219
Land and buildings	297	287
Office equipment	61	62
Inventory recognised as an expense	387	525
Depreciation of housing properties	7,350	7,157
Depreciation of other fixed assets	625	539

5. SURPLUS ON DISPOSAL OF FIXED ASSETS

	Low cost home ownership staircasing £000	Right to Buy £000	Others £000	Total 2019 £000
2019				
Proceeds of sales	573	378	5,076	6,027
Less: costs of sales	(420)	(364)	(1,964)	(2,748)
Surplus	153	14	3,112	3,279
	Low cost home ownership staircasing £000	Right to Buy £000	Others £000	Total 2018 £000
2018				
Proceeds of sales	383	1,588	4,940	6,911
Less: costs of sales	(209)	(1,409)	(2,037)	(3,655)
Surplus	174	179	2,903	3,256

6. INTEREST RECEIVABLE AND SIMILAR INCOME

Surplus for the year is stated after crediting:	2019 £000	2018 £000
Bank interest	228	173

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

7. INTEREST PAYABLE AND FINANCING COSTS

	2019 £000	2018 £000
Defined benefit pension charge	765	824
On loans wholly or partly repayable in more than five years.	4,166	4,413
	<u>4,931</u>	<u>5,237</u>
Less: interest capitalised on housing properties under construction	(26)	(1)
	<u>4,905</u>	<u>5,236</u>

8. TAXATION

Magna's charitable objects exempt it from corporation tax.

9. DIRECTORS' REMUNERATION

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

	2019 £000	2018 £000
Emoluments	472	461
Pension contributions	69	67
	<u>541</u>	<u>528</u>
Emoluments paid to the highest paid Director, excluding pension contributions in period of account	<u>109</u>	<u>176</u>

Key management personnel include Chief Executive, Finance Director, Property Director and Housing Director (2018: four).

Remuneration for the current Chief Executive in the year, excluding pension contributions, was £96,132 following their appointment in July 2018.

The Chief Executive is an ordinary member of the Social Housing Pension Scheme. No enhancements or special terms are applied. Pension contributions of £14,812 (2018: 22,924) were made during the year on behalf of the Chief Executive. The prior year figure relates to the previous Chief Executive who retired in July 2018 who was a member of the Local Government Pension Scheme run by Dorset County Council.

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

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. This is a change from £000's shown in 2018.

	2019	2018
	£	Restated £
Asit Acharya	4,000	4,000
Tim Ayre	4,000	4,000
Debbie Bond	4,000	4,000
Graham Clarke	6,024	5,405
Phyllida Culpin (appointed 18 September 2017)	4,000	2,333
Ryan Gralia (resigned 17 April 2018)	276	4,000
David Kendall (resigned 27 July 2017)	-	1,302
Dawn Lang	6,002	6,011
Adam Peat	11,433	11,458
David Penny	6,000	6,000
Donald Rushton (resigned 27 July 2017)	-	2,020
Jill Williams (appointed 18 September 2017)	4,000	2,302
	<u>49,735</u>	<u>52,831</u>
Total expenses reimbursed to Members	<u>5,595</u>	<u>7,212</u>

10. EMPLOYEE INFORMATION

	2019	2018
Average number of full time equivalent employees during the year	<u>399</u>	<u>370</u>

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

	2019 £000	2018 £000
Staff Costs		
Wages and salaries	11,143	9,788
Social security costs	1,021	898
Other pension costs	1,893	1,755
	<u>14,057</u>	<u>12,441</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

10. EMPLOYEE INFORMATION (CONTINUED)

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:

	2019	2018
£170,001 to £180,000	-	1
£110,001 to £120,000	1	1
£100,001 to £110,000	1	-
£90,001 to £100,000	2	1
£80,001 to £90,000	2	2
£70,001 to £80,000	4	4
£60,000 to £70,000	4	7
	<u>14</u>	<u>16</u>

11. TANGIBLE FIXED ASSETS

	Housing properties £000	Other tangible assets £000	Total £000
Net book value: At 1 April 2018	345,203	3,555	348,758
	<u> </u>	<u> </u>	<u> </u>
Net book value: At 31 March 2019	345,172	4,630	349,802
	<u> </u>	<u> </u>	<u> </u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

11. TANGIBLE FIXED ASSETS (CONTINUED)

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 2018	572	395,258	33	11,428	407,291
Additions in year	-	-	-	123	123
Properties under construction	3,498	-	1,143	-	4,641
Completions	(1,048)	1,048	(565)	565	-
Works to existing properties	-	5,328	-	-	5,328
Disposal of components	-	(1,582)	-	-	(1,582)
Interest capitalised	21	-	5	-	26
Transfer from current assets	-	-	27	-	27
Transfer to current assets	-	-	(290)	(220)	(510)
Disposals	-	(1,594)	-	(417)	(2,011)
Cost at 31 March 2019	3,043	398,458	353	11,479	413,333
Accumulated depreciation:					
Depreciation at 1 April 2018	-	60,766	-	1,322	62,088
Charge for the year	-	7,276	-	74	7,350
Disposal of components	-	(995)	-	-	(995)
Disposals	-	(261)	-	(21)	(282)
Depreciation at 31 March 2019	-	66,786	-	1,375	68,161
Net book value at 31 March 2019	3,043	331,672	353	10,104	345,172
Net book value at 31 March 2018	572	334,492	33	10,106	345,203

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

11. TANGIBLE FIXED ASSETS (CONTINUED)

	2019	2018
	£000	£000
Housing Properties comprises:		
Freehold land and buildings	344,089	344,152
Long leasehold land and buildings	1,083	1,051
	345,172	345,203
	2019	2018
	£000	£000
Expenditure on works to existing properties in the year:		
Components capitalised	5,328	5,802
Amounts charged to expenditure	10,533	8,666
Development interest capitalised	26	1
Interest rate used for capitalisation (average)	4.76%	4.67%

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.

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

11. TANGIBLE FIXED ASSETS (CONTINUED)

Other tangible assets

	Freehold property	Maintenance equipment	Computer equipment	Office equipment, fixtures and fittings	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost:							
At 1 April 2018	4,770	259	3,491	1,672	1,364	-	11,556
Additions	-	57	255	38	684	666	1,700
Disposals	-	(104)	(687)	(920)	(110)	-	(1,821)
As at 31 March 2019	4,770	212	3,059	790	1,938	666	11,435
Accumulated depreciation:							
At 1 April 2018	2,665	211	3,100	1,383	642	-	8,001
Charge for year	57	26	236	104	202	-	625
Disposals	-	(104)	(687)	(920)	(110)	-	(1,821)
As at 31 March 2019	2,722	133	2,649	567	734	-	6,805
Net book value:							
As at 31 March 2019	2,048	79	410	223	1,204	666	4,630
As at 31 March 2018	2,105	48	391	289	722	-	3,555

12. INVESTMENT PROPERTIES HELD FOR LETTING

Net book value:	2019	2018
	£000	£000
At start of year	1,420	1,540
Additions	-	-
Disposals	(100)	-
(Loss) from revaluation	(220)	(120)
At end of year	1,100	1,420

Investment properties were valued at 31 March 2019 by Savills. Commercial properties have been valued on a desktop basis at £270k. In October 2018 Magna sold 7 Downes Street, a commercial property, which was valued at £275k on the previous year's valuation. The residential properties valuation, £830k, was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The properties were valued on a market value basis which we consider to equate to fair value. The key assumptions used for the valuations were:

	2019	2018
Discount rate	6.0%	5.5%
Annual inflation rate	2.0%	2.5%
Level of real long term rent increases	1.0%	1.0%

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

13. GIFT AID

	2019 £000	2018 £000
Gift aid received		
Gift aid from property sales	-	55
Gift aid from reserves	11	32
Gift of property	-	370
	<u>11</u>	<u>457</u>

Magna (West Devon) Limited was a 100% subsidiary of Magna. The company was dissolved on the 2nd April 2019. Prior to this a payment of reserves for £10,745 was made to Magna in July 2018.

In 2018 the company accrued gift aid donations of £87,000 (£55,000 paid in the year) and the gift of 25 shared ownership properties from Magna (West Devon) Limited which has been valued at £370,000.

14. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

CHARTER (S.W.) LIMITED

Charter made a profit before tax of £nil in the year (2018: £2,000).

The carrying value of the investment of £26,000 (2017: £164,000) reflects the share reduction in the year. The remaining value is supported by underlying net assets.

Charter made a share capital repayment of £350,000 in November 2018. This is shown in other comprehensive income as the net effect of the payment made and the reduction in the carrying value of the investment in Charter.

The £212,000 reported in the SOCI is the sum of the £350,000 share capital repayment less the movement in the carrying value of the investment, which is the £164,000 from 2017 less the remaining £26,000 in 2018.

15. INVENTORIES

	2019 £000	2018 £000
Properties held for resale		
Completed properties for sale	290	-
Work in progress on properties for sale	220	27
Stocks of maintenance materials	343	274
	<u>853</u>	<u>301</u>
 The value of stocks of maintenance materials charged to expenditure in the year was:	 <u>387</u>	 <u>525</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

16. TRADE AND OTHER DEBTORS

	2019 £000	2018 £000
Gross rent arrears	1,249	1,412
Less provision for doubtful debts	(657)	(772)
	<u>592</u>	<u>640</u>
Other debtors	630	539
Prepayments and accrued income	987	482
Amounts owed by subsidiaries	-	3
	<u>2,209</u>	<u>1,664</u>

17. DEBTORS: amounts falling due after more than one year

	2019 £000	2018 £000
Debtor: amount falling due after one year	21	21
	<u>21</u>	<u>21</u>

18. CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Cash at bank	28,271	24,063
Sinking fund balances	3,460	3,215
	<u>31,731</u>	<u>27,278</u>

19. CREDITORS: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	1,693	1,209
Rents received in advance	1,283	1,177
Other taxes and social security	402	358
Maintenance sinking fund	3,380	3,161
Disposals proceeds fund (Note 23)	-	105
Recycled capital grant fund (Note 22)	400	237
Other creditors	517	417
Pension creditor	124	116
Accruals and deferred income	1,176	1,057
Amounts owed to subsidiaries	68	68
Loan interest and repayments (Note 21)	10,937	10,505
Social housing pension scheme	-	181
Capital grant received in advance	2,285	-
	<u>22,265</u>	<u>18,591</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

20. CREDITORS: amounts falling due after more than one year

	2019	2018
	£000	£000
Loan interest and repayments (Note 21)	116,391	127,279
Social housing grant (Note 24)	637	644
Recycled capital grant fund (Note 22)	400	456
Social housing pension scheme	-	873
	<u>117,428</u>	<u>129,252</u>

21. DEBT ANALYSIS

	2019	2018
	£000	£000
Loans repayable by instalments:		
Within one year	10,937	10,505
In one year or more but within two years	14,554	10,932
In two years or more but within five years	72,742	85,760
In more than five years	29,095	30,587
Total loans repayable in more than one year (Note 20)	<u>116,391</u>	<u>127,279</u>
Total Loans	<u>127,328</u>	<u>137,784</u>

At 31 March 2019 Magna had facilities of £139,000,000 (2018: £147,500,000) with consortia led by Lloyds Banking Group plc and Royal Bank of Scotland plc for remaining terms of up to 8 years at rates varying with LIBOR, with options to fix. At 31 March 2019, £119,000,000 (2018: £127,500,000) had been drawn down of which £114,685,000 (2018: £123,185,000) is fixed for periods between 1 and 8 years. The average interest rates for the fixed rates loans are 4.89%. The borrowings are secured by fixed charges over housing property assets. Magna's loans are shown in the financial statements at the present value of the future payments related to those loans, discounted at a market rate of interest for a similar debt (3%). This increases the value of loans to £127,328,000 (2018: £137,784,000).

The debt analysis reflects the change made following the interest rates and interest payable recalculations.

	£000
At 31 March 2019 Magna had the following undrawn borrowing facilities	20,000
	<u>20,000</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

22. RECYCLED CAPITAL GRANT FUND

	2019 £000	2018 £000
At the start of the year	693	549
Inputs: Grants recycled	236	164
Recycling: New build	(129)	(20)
At the end of the year	800	693
Amount where repayment may be required within one year	400	237
Amount where repayment required after one year or more	400	456
	800	693

23. DISPOSALS PROCEEDS FUND

	2019 £000	2018 £000
At the start of the year:	105	105
Recycling: New Build	(105)	-
At the end of the year	-	105
Amounts three years or older where repayment may be required	-	105

24. SOCIAL HOUSING GRANT

	2019 £000	2018 £000
At the start of the year	644	595
Additions	-	56
Amortised within Statement of Comprehensive Income	(7)	(7)
At the end of the year	637	644
Creditors: Amounts falling due after one year	637	644

25. PENSION ARRANGEMENTS

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

- (i) Local government scheme administered by Dorset County Council;
- (ii) Local government scheme administered by Somerset County Council; and
- (iii) 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

The following table shows the key movements in relation to the £502,000 reported in the Statement Of Comprehensive Income

	SHPS £000	MHA £000	MHG £000	MWS £000	Total £000
Remove liability for deficit funding agreement	1,054	-	-	-	1,054
Recognise net pension deficit	(2,560)	-	-	-	(2,560)
Actuarial performance in 2018/19	(351)	1,580	389	390	2008
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	(1,857)	1,580	389	390	502
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Dorset County Council Pension Fund

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

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

The total pension cost for Magna for the year in respect of this Fund was £703,000 (2018: £731,000). The cost is assessed in accordance with advice from a qualified actuary. Employer's contributions to the Fund of £42,204 (2018: £48,074) 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 2019 were 442.1% (2018: 413.0%) of members' contributions.

The financial assumptions adopted as at 31 March 2019 were:

	2019	2018	2017
Retail price index inflation	3.4% per annum	3.4% per annum	3.6% per annum
Consumer price Index	2.4% per annum	2.4% per annum	2.7% per annum
Salary inflation	3.9% per annum	3.9% per annum	4.2% per annum
Pension increases	2.4% per annum	2.4% per annum	2.7% per annum
Discount rate	2.4% per annum	2.6% per annum	2.7% per annum

Life expectancy

Males retiring today	22.9 years	24.0 years	23.9 years
Females retiring today	24.6 years	26.1 years	26.0 years
Males retiring in 20 years	24.6 years	26.2 years	26.1 years
Females retiring in 20 years	26.6 years	28.4 years	28.3 years

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 £220,000 (2018: £216,000). The cost is assessed in accordance with advice from a qualified actuary. Employer's contributions to the Fund of £16,138 (2018: £17,319) 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 2019 were 366.1% (2018: 360.0%), of members' contributions.

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

The main financial assumptions adopted as at 31 March 2019 were:

	2019	2018	2017
Retail price index inflation	3.4% per annum	3.3% per annum	3.6% per annum
Consumer price Index	2.4% per annum	2.3% per annum	2.7% per annum
Salary inflation	3.9% per annum	3.8% per annum	4.2% per annum
Pension increases	2.4% per annum	2.3% per annum	2.7% per annum
Discount rate	2.4% per annum	2.6% per annum	2.8% per annum

Life expectancy

Males retiring today	22.9 years	24.0 years	23.9 years
Females retiring today	24.0 years	25.2 years	25.0 years
Males retiring in 20 years	24.6 years	26.2 years	26.1 years
Females retiring in 20 years	25.8 years	27.5 years	27.4 years

DORSET AND SOMERSET COUNTY COUNCIL FUNDS

Magna's share of the fair values of each main class of assets held by the Funds as at 31 March 2019 and the expected rates of return for the ensuing year are set out in the following table:

Fair Value:	2019	2018	2017
	£000	£000	£000
Equities	25,210	26,066	25,862
Gilts	5,263	5,191	5,696
Property	4,851	4,499	4,856
Bonds	3,420	3,390	3,842
Cash	1,729	912	741
Other	5,547	5,133	2,666
	46,020	45,191	43,663

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

	2019	2018	2017
	£000	£000	£000
Share of assets	46,020	45,191	43,663
Share of estimated liabilities	(73,060)	(73,100)	(73,859)
Net deficit at 31 March	(27,040)	(27,909)	(30,196)

AMOUNT CHARGED TO SURPLUS

	2019	2018	2017
	£000	£000	£000
Current service cost	(1,234)	(1,387)	(1,058)
	(1,234)	(1,387)	(1,058)

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

AMOUNT CHARGED TO OTHER FINANCE INCOME	2019 £000	2018 £000
Interest on assets	1,137	1,180
Interest on pension scheme liabilities	(1,837)	(1,989)
Net charge	<u>(700)</u>	<u>(809)</u>

ACTUARIAL GAIN / (LOSS) IN RESPECT OF PENSION SCHEMES	2019 £000	2018 £000
Return on assets less interest	953	1,002
Change in financial assumptions	1,406	2,564
Net gain	<u>2,359</u>	<u>3,566</u>

The movement in the net deficit for the year to 31 March 2019 is as follows:

	2019		2018	
	£000	£000	£000	£000
Fair value of scheme assets at 1 April	45,191		43,663	
Interest on assets	1,137		1,180	
Return on assets less interest	953		1,002	
Administration expenses	(35)		(30)	
Contributions by employer including unfunded	923		947	
Contributions by fund participants	218		237	
Estimated benefits paid	(2,367)		(1,808)	
Fair value of scheme assets at 31 March		46,020		45,191
Defined benefit obligations at 1 April	(73,100)		(73,859)	
Service cost	(1,234)		(1,387)	
Interest cost	(1,837)		(1,989)	
Change in financial assumptions	1,406		2,564	
Change in demographic assumptions	-		-	
Experience loss on defined benefit obligations	-		-	
Past service costs including curtailments	(444)		-	
Estimated benefits paid net of transfer in	2,366		1,807	
Contributions by scheme participants	(218)		(237)	
Unfunded pension payments	1		1	
Defined benefit obligations at 31 March		(73,060)		(73,100)
Net deficit at 31 March		<u>(27,040)</u>		<u>(27,909)</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

Social Housing Pension Scheme

Magna participates in the social housing pension scheme, a defined benefit multi-employer scheme administered by TPT Retirement Solutions (TPT). The accounting policy in relation to SHPS is set out on page 26. As noted in the accounting policy, there has been a change in accounting policy in relation to SHPS.

The following adjustments have been made in relation to the change in accounting policy:

- Removal of the liability for the funding of the deficit funding agreement (reduction in creditors of £1,054k, increase in Other Comprehensive Income £1,054k).
- Recognition of the net pension deficit (increase in pension liability £2,560k, reduction in Other Comprehensive Income £2,560k).

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.

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

Magna has agreed to a deficit funding arrangement. Magna recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The discount rate is revised annually and any impact is recognised as a finance cost.

2019

Retail price index inflation	3.2% per annum
Consumer price Index	2.2% per annum
Salary inflation	3.2% per annum
Discount rate	2.4% per annum

Life expectancy

2019

Males retiring today	22.9 years
Females retiring today	24.6 years
Males retiring in 20 years	24.6 years
Females retiring in 20 years	26.6 years

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

Magna's share of the fair values of each main class of assets held by the Funds as at 31 March 2019 and the expected rates of return for the ensuing year are set out in the following table:

Fair Value:	2019	2018
	£000	£000
Absolute Return	666	860
Alternative Risk Premia	444	267
Corporate Bond Fund	359	289
Credit Relative Value	141	-
Distressed Opportunities	140	68
Emerging Markets Debt	266	284
Fund of Hedge Funds	35	232
Global Equity	1,296	1,391
Infrastructure	404	181
Insurance-Linked Securities	221	185
Liability Driven Investment	2,816	2,566
Long Lease Property	113	-
Net Current Assets	15	7
Private Debt	103	63
Property	173	324
Risk Sharing	233	65
Secured Income	276	261
	<u>7,701</u>	<u>7,043</u>

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

	2019	2018
	£000	£000
Share of assets	7,701	7,043
Share of estimated liabilities	(10,542)	(9,603)
Net deficit at 31 March	<u>(2,841)</u>	<u>(2,560)</u>

AMOUNT CHARGED TO SURPLUS

	2019
	£000
Current service cost	(210)
	<u>(210)</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

AMOUNT CHARGED TO OTHER FINANCE INCOME	2019	
	£000	
Interest on assets	187	
Interest on pension scheme liabilities	(252)	
Net charge	(65)	
ACTUARIAL GAIN / (LOSS) IN RESPECT OF PENSION SCHEMES	2019	
	£000	
Return on assets less interest	175	
Change in financial assumptions	(526)	
Net (loss)	(351)	
	2019	
	£000	£000
Fair value of scheme assets at 1 April	7,043	
Interest on assets	187	
Return on assets less interest	175	
Contributions by employer including unfunded	357	
Contributions by plan participants	1	
Estimated benefits paid	(62)	
Fair value of scheme assets at 31 March		7,701
Defined benefit obligations at 1 April	(9,603)	
Service cost	(210)	
Interest cost	(252)	
Change in assumptions	(526)	
Estimated benefits paid net of transfer in	62	
Contributions by plan participants	(1)	
Expenses	(12)	
Defined benefit obligations at 31 March		(10,542)
Net deficit at 31 March		(2,841)

As at the 31 March 2019 there were 22 active members of the defined benefit (DB) Scheme (2018: 23) employed by Magna. The annual pensionable payroll for Magna in respect of those DB members was £860,870 (2018: £856,861).

The total pension cost for Magna for the year in respect of this DB Scheme was £142,972 (2018: £139,115). Employer contributions to the DB Scheme of £11,883 (2018: £11,641) were included in creditors and paid after the year end.

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

25. PENSION ARRANGEMENTS (CONTINUED)

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 261 active members (2018: 218). The annual pensionable payroll in respect of those DC members was £6,379,299 (2018: £4,914,234).

The total pension cost to Magna for the year in respect of this DC section of the Scheme was £572,243 (2018: £437,918). Employer contributions to the DC section of the Scheme of £52,081 (2018: £38,862) were included in creditors and paid after the year end.

26. OTHER PROVISION

Other provisions are analysed as follows:	2019 £000	2018 £000
Redundancies	2	24
Major Repairs	563	-
	<u>565</u>	<u>24</u>

The major repair provision relates to works which have been identified and assessed and are due on a scheme where a number of defects have been identified.

27. FINANCIAL INSTRUMENTS

Financial instruments are analysed as follows:	Note	2019 £000	2018 £000
Financial assets that are debt instruments at amortised cost			
Debtors falling due after one year	17	21	21
Trade receivables	16	592	640
Other receivables	16	1,617	1,024
		<u>2,230</u>	<u>1,685</u>
Financial liabilities measured at amortised cost			
Bank loans	21	127,328	137,784
Trade creditors	19	1,693	1,209
Rent in advance	19	1,283	1,177
Sinking Fund	19	3,380	3,161
Disposal Proceeds Fund	19	-	105
Recycled Capital Grant	22	800	693
Social housing grant	20	637	644
Taxes and social security	19	402	358
Owed to subsidiaries	19	68	68
Other creditors	19	1,817	2,644
		<u>137,408</u>	<u>147,843</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

28. NON-EQUITY SHARE CAPITAL

	2019 £	2018 £
Allotted, issued and fully paid:		
At 1 April	23	51
Shares of £1 issued during the year	-	26
Surrendered during the year	(1)	(54)
	<u>22</u>	<u>23</u>
At 31 March	<u>22</u>	<u>23</u>

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. All shares were cancelled in April 2018 and reissued for Magna to reflect the amalgamated share capital.

29. 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:

	2019 £000	2018 £000
Contracted	6,144	552
Authorised but not contracted	28,256	5,875
	<u>34,400</u>	<u>6,427</u>
Capital commitments will be funded by:		
Cash or drawings on agreed loan facilities	34,400	6,427
	<u>34,400</u>	<u>6,427</u>

30. 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:

	2019 £000	2018 £000
Land and Buildings:		
Expires in less than one year	9	9
Expires in one year or more but less than two years	3	33
Expires in two years or more but less than five years	45	59
Expires in five years or more	3,741	3,656
Vehicles:		
Expires in less than one year	38	36
Expires in one year or more but less than two years	-	60
Expires in two years or more but less than five years	11	16
	<u>3,847</u>	<u>3,869</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

31. ACCOMMODATION OWNED AND MANAGED

	No. of properties 2019		No. of properties 2018	
Under Development at the end of the year				
General needs housing		37		12
Low-Cost home ownership		11		1
		<u>48</u>		<u>13</u>
		<u>2019</u>		<u>2018</u>
	No. of properties		No. of properties Restated	
	Owned	Managed	Owned	Managed
Social Housing				
Under management at the end of the year				
General needs housing	6,092	5	6,116	5
Supported housing	211	-	212	-
Housing for older people	1,849	-	1,849	-
Low-Cost home ownership	287	5	290	5
Fixed equity	17	-	17	-
	<u>8,456</u>	<u>10</u>	<u>8,484</u>	<u>10</u>
Total social housing units owned and managed				
Market Rented	25		25	
Freehold only	394	-	389	-
	<u>8,875</u>	<u>10</u>	<u>8,898</u>	<u>10</u>
		<u>2019</u>		<u>2018</u>
		No. of units		No. of units
		Owned		owned
Garages				
Under management at the end of the year				
Garages		1,433		1,433

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.

32. ACCOMMODATION MANAGED BY OTHERS

	2019 No. of properties Managed	2018 No. of properties Managed
Magna owns/leases property managed by other bodies		
Market rented	25	25
Supported housing	63	63
	<u>88</u>	<u>88</u>

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

33. 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 (CSW) *	Companies Act 2006	Non Registered	Private company limited by shares
Charter (S.W.) Developments Limited (CSD) **	Companies Act 2006	Non Registered	Private company limited by shares
Charter (S.W.) Investments LLP (CSI) ***	Companies Act 2006	Non Registered	Limited Liability Partnership
Magna (West Devon) Limited ****	Companies Act 2006	Non Registered	Private company limited by shares

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

** Charter (S.W.) Developments Limited was a 100% owned subsidiary of Charter (S.W.) Limited. The company was dissolved on 18 September 2018.

*** Charter (S.W.) Investments LLP is a joint venture between Charter (S.W.) Limited and Charter (S.W.) Developments Limited. The company was voluntarily wound up by the members on 24 April 2019.

**** Magna (West Devon) Limited was a 100% owned subsidiary of Magna Housing Limited. The company was dissolved on 2 April 2019.

At the end of the financial year 1 (2018:1) Board member was a tenant of Magna, holding a standard Magna assured tenancy. No special terms apply. Charges incurred during the year were £5,482 (2018: £5,537) and there was a credit balance of £363 at 31 March 2019 (2018: £299 credit).

The recharge for management and administration services from Magna to Charter (S.W.) Limited is a nominal charge to cover time spent by the Chief Executive and Finance Director on Charter (S.W.) Limited matters. Charges incurred during the year were £nil (2018: £nil)

Magna owed Charter (S.W.) Limited £68,000 in retentions (2018: £68,000).

Magna Housing Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

33. RELATED PARTIES (CONTINUED)

In 2018 Magna received funds on behalf of Magna (West Devon) Limited. The closing creditor balance shown below includes £nil (2018 £33,000) owed by Magna to Magna (West Devon) Limited.

Amounts Charged by members of the Group during the year

	2019 £000	2018 £000
Amounts charged from Magna to Charter (S.W.) Limited for management and administration	-	-
Amounts charged from Magna to Magna (West Devon) Limited for management and administration	-	3

A Summary of Intra-Group Closing Debtor and Creditor Balances

	2019 £000	2018 £000
Charter (S.W.) Limited Intra-Group closing debtor and creditors Balances		
Debtors – Amounts owed by Group Members	68	68
Creditors – Amounts Payable to Group Members	-	-
Magna (West Devon) Limited Intra-Group closing debtor and Creditors Balances		
Debtors – Amounts owed by Group Members	-	33
Creditors – Amounts payable to Group Members	-	36

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

