



# Redwing

Redwing Living Limited

Report and  
Financial Statements

Year Ended  
31 March 2022

Co-operative and Community  
Benefit Society (FCA) no 16213R

Regulator of Social Housing  
number L0877



# Redwing Living Limited

## Report and financial statements for the year ended 31 March 2022

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### Members

C Wilson - Chair  
M Birkett  
T Hepton  
K Barnes – resigned 6 May 2021  
P Roberts  
S Bonnette – appointed 14 July 2021

### Registered office

The Foundry, 42 Henry Street, Liverpool, L1 5AY

### Auditor

BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH

# Redwing Living Limited

## Strategic report for the year ended 31 March 2022

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### Introduction

The Company has a corporate plan for the period April 2018 to March 2023. This sets out 7 strands or 'pillars' including brand, financial performance and digital advancement, and growth.

Redwing is a Commercial Estate Agency/Property Management Company which provides both management services to the Company as well as external clients. In addition to its contribution towards the overarching Corporate Plan Objectives, Redwing has a standalone Business Plan with specific targets set for the business which was approved by the Redwing Management Team Committee in November 2021.

This identified five strategic objectives for the business:

**Provide a quality multi tenure housing offer** – to enhance our reputation as a trusted landlord and developer and, above all, to provide a diverse high quality housing offer to our customers.

**Enhancing future growth** – by diversifying our reach and sources of income, whilst challenging our costs to ensure financial sustainability.

**Identifying new products and services** - that align with our values as an ethical landlord and property agency, to expand the region's housing offer and support the economic growth of Liverpool City Region.

**Creating strategic alliances and partnerships** - with key business, landlords, developers, local and regional stakeholders, and influencers, who share our values and support our purpose.

**Maximise profit to fund further growth and diversification and support other Group subsidiaries through Gift Aid** – to further our Group purpose as a regeneration agent, delivering change through education and training and the care sectors as well as providing a diverse high quality housing offer.

# Redwing Living Limited

## Strategic report for the year ended 31 March 2022 (*continued*)

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### **Business review**

During the financial period Redwing Living Limited (the company) has achieved a post-tax deficit of £0.4m (2022 – surplus of £1.04m) and an operating margin (excluding fixed asset property disposals) of 3.1%.

The investment in McDonald Property Rentals Limited has been impaired in the year by £28k.

Redwing is a landlord of 1,211 properties, as well Managing Agent of a further 924 properties of a mixture of tenure including leasehold, shared ownership, PRS and Market Rent.

Of the properties within the managed portfolio, 864 properties are owned by Regenda Homes, with the remaining 60 properties being owned by Liverpool City Council, Liverpool Football Club and Urban Splash.

### **Principal risks and uncertainties**

Strategic risks are those that present the greatest threats to the Company. Directly linked to the Company's corporate objectives and performance management framework, the Company's strategic risks are considered and reviewed at least annually by the Risk and Audit Committee as part of the corporate planning process. The risks are recorded and assessed in terms of their likelihood and impact.

Risk reports are provided to the Board and the Company's Risk and Audit Committee on a quarterly basis and include assessments of changes in key risk areas and action taken to manage them.

The Company's strategic risks are considered below.

### **Financial**

The Company has a commercial approach to business and this needs to be retained. Currently, its main client remains Regenda Homes however the cost of services are provided at a market rate. The Company began providing services to external clients in 2021 and this has continued to grow in the current financial year. Therefore, it must retain its competitive approach to pricing and service delivery to maintain and win future business.

The past 2 years have brought much change and volatility within the housing market and property sector as a whole. Uncertainty over Britain's exit from Europe caused much uncertainty for both investors and homeowners, which caused transaction rates to be suppressed in late 2019. Just as this began to recover at the start of 2020, the Covid 19 pandemic hit and introduced further uncertainty to the market.



# Redwing Living Limited

## Strategic report for the year ended 31 March 2022 (*continued*)

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### ***Financial (continued)***

2022 has seen the sales and PRS markets begin to recover, and Redwing has been successful at securing a number of new income streams in the form of external contracts. This growing track record makes Redwing well placed to secure similar contracts in these sectors as confidence begins to return to the market following this extended period of volatility.

### ***Governance***

There is a continuous review of the Company's governance arrangements in order to respond to diversification and ensure compliance with regulatory and statutory requirements. Our selective use of expert third party advisors and commitment to training staff ensures that the Company is further supported when regulatory and legislative changes occur.

In September 2021, Redwing's membership of ARLA (Association of Residential Letting Agents) was confirmed by PropertyMark which provides another layer of regulatory assurance to our broadening operations.

### ***Political***

Alongside market volatility, the sector has also had to grapple with a number of radical changes to the legislative environment with far reaching implications for developers, landlords and managing agents. These include:

- Minimum energy efficiency standards (2018)
- Fitness for Human Habitation Act (2019)
- Tenants Fees Act (2019)
- Compulsory 5 yearly testing of electrical installations in all residential dwellings (2020)
- Fire Safety Bill (2020)
- Leasehold Reform (Ground Rent) Bill (2021)
- Homes England's New Shared Ownership Model (2021)
- Statutory right to extend leases to 990 years where possible (legislation to follow)

Redwing's operating context is directly impacted by such shifts in market conditions and the changing legislative environment and must continue to adapt to keep up with this rapidly moving operating context.

Such changes do also however bring opportunities. Most notably:

# Redwing Living Limited

## Strategic report for the year ended 31 March 2022 (*continued*)

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### **The Professionalisation of the Private Rented Sector and legislative reform.**

The changing legislative landscape is creating challenges for small amateur landlords and leading to the professionalisation of the PRS, managing agent, and leasehold sectors. This creates a role for professional agents, who can also serve the growing investor backed Build to Rent sector.

### **Increasing role of shared ownership.**

The New Shared Ownership Model, Right to Shared Ownership, First Homes, and that 50% of Homes England's Affordable Homes Programme funding is earmarked for Affordable Home Ownership tenures are all indicators of the government's focus on home ownership in its housing policy.

This is likely to mean there are more RPs and local authority housing companies who are inexperienced in shared ownership and have no (or small) sales and home ownership teams. There is also increased institutional investment and private developer interest in shared ownership, with the tenure's role set to grow in the context of an increasing affordability crisis facing first time buyers and the end of Help to Buy Equity Loans planned for March 2023.

### **Business Development**

Diversification is seen as a means to support the core purpose and activities of the Company. It is Redwing's aspiration to expand access to a quality housing offer, for rent and to buy, across a range of income brackets. By doing so we will help improve the overall housing offer within the Northwest. We already do this by providing a range of tenure options to suite individual markets which match customer needs and economic circumstances. Over the past three years, Redwing has expanded its reach within existing markets, seeking to offer services already provided internally to external clients.

The markets we operate in are listed below and it is indicated whether our presence in the market is established, fledgling or a new market for growth, and where further opportunity for growth has been identified.



# Redwing Living Limited

## Strategic report for the year ended 31 March 2022 (*continued*)

Activity	Product	Target Market	From	Presence in Market
Developer	New Homes - Out Right Sale	Northwest: First time buyer through to mid- range price point (£300k-400K)	2016/17	<b>Fledgling:</b> 33 properties developed to date.
Sales Agent	New Homes - Out Right Sale	Northwest: First time buyer through to mid- range price point (£300k-400K)	2017/18	<b>Fledgling:</b> 33 properties sold to date.
	New Homes - Shared Ownership	Northwest: First Time Buyers	2017/18	<b>Established:</b> 158 Properties sold to date.
	Open Market Resales – Shared Ownership	Northwest: Redwing/ Regenda owned Properties Other RPs portfolios	2017/18 2021/22	<b>Established:</b> 195 properties sold to date.  <b>New:</b> Service extending to External market with 20 contracted in 2021/22.
	Open Market Resales – General	Liverpool City Region	2019/20	<b>Fledgling:</b> New market in 2020. 3 properties sold to date.
	Staircasing	Northwest: Redwing/ Regenda owned	2017/18	<b>Established:</b> Significant increase in profitability once in resales service taken in house (Ave £48K per annum 2014-17 compared to Ave £318k per annum in 2018-21)
		Other RPs portfolios	2021/22	<b>New:</b> Expansion to existing market
	Right to Buy and Right to Acquire	Northwest: Regenda tenants moving into homeownership	Long Term	<b>Established:</b> No intention of active growth.



# Redwing Living Limited

## Strategic report for the year ended 31 March 2022 (*continued*)

Activity	Product	Target Market	From	Presence in Market
Lettings Agent	New Homes for Rent to Buy	Northwest: Potential future First Time Buyers	2007/08	<b>Established:</b> Existing portfolio of circa 70 properties dating back to 2007.
			2019/20	<b>Established:</b> Service extended to External market lets in 2019/20. 54 properties let and managed to date.
	Off Plan let & Management of New Build PRS	Northwest: Mid to high end renters.	2020/21	<b>Established:</b> 155 properties let and managed to date. Expanded with success into the external market in 2022.
	Market Rent lets & Management – Redwing Portfolio	Liverpool City Region: Mid price point rental properties in the city centre.	Long term	<b>Established:</b> Long term existing portfolio of 106 properties
	Market Rent lets and management – External portfolio	Liverpool City Region: Mid to low price point rental properties in the city centre.	Pre-2016	<b>Established:</b> Established portfolio of over 50 properties managed for a number of external mostly corporate companies.
Property Management	Leasehold Management – Redwing / Regenda Portfolio	Northwest: Existing owned portfolio	Long term	<b>Established:</b> Long term existing portfolio of 1,800 properties.
	Leasehold Management – External Portfolio	Liverpool City Region:	Pre-2016	<b>Fledgling:</b> Long term existing portfolio of 26 properties. Tentative and selective growth planned in this area at present due to still unresolved issues of fire safety in many city centre blocks seeking management contracts.

# Redwing Living Limited

## Strategic report for the year ended 31 March 2022 (*continued*)

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### Supply Chain

In these challenging economic times Redwing continues to focus on the importance of close working relationships with its supply chain to ensure that the risk of disruption is minimised. The Company has a Business Continuity Plan that supports a response to a range of potential external issues that may affect the business.

Furthermore, the prominence of cyber-attacks has resulted in a review of the Company's IT arrangements which has increased security to ensure compliance with General Data Protection Regulations.

### Approval

This Strategic Report was approved by order of the Board on 22 September 2022.

*Catherine Wilson*

**C Wilson**  
Chair



# Redwing Living Limited

## Report of the Board for the year ended 31 March 2022

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The Board presents its report, together with Redwing Living Limited's (the "Company" or "RWL") audited financial statements, for the year ended 31 March 2022.

### **Company structure and principal activities**

The Company is a public benefit entity administered by a voluntary board which was formed on 29 October 1962. The Company is part of the Regenda Group (the "Group"). The Group's principal activities are the development, ownership, and management of affordable housing.

### **Business review**

The results for the year are shown in the Company Statement of Comprehensive Income on page 17.

### **Housing property assets**

Details of changes to the Company's housing property assets are shown in note 13 of the financial statements.

### **Reserves**

After the transfer of the deficit for the year of £134k (2021 – surplus of £1,040k) and a gift aid distribution of £977k (2021 – £724k) to the parent, at the end of the year the Company's reserves amounted to £55,529k (2021 – £56,640k).

### **Donations**

Other than the gift aid listed above the Company made no charitable donations (2021: £nil) and made no political donations (2021: £nil) during the year.

### **Payment of creditors**

The Company's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

# Redwing Living Limited

## Report of the Board for the year ended 31 March 2022 (*continued*)

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### Employees

The Company is committed to developing a culture in which equality and diversity is integral to all activities, including the recruitment and development of staff. The aim is to achieve an inclusive culture that respects and values differences and eliminates discrimination in all areas.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect the interests of employees.

The Company shares information on its objectives, progress and activities through team meetings and the circulation of regular bulletins.

### Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Company has prepared detailed health and safety policies applicable to all Group organisations including the Company and provides staff with training and education on health and safety matters.

### Board members and executive directors

Board members are drawn from a wide background bringing together professional and local experience. The Board members who served during the year ended 31 March 2022 and subsequently are as follows:

C Wilson	-	Chair
Dr M Birkett		
T Hepton		
K Barnes	-	Resigned 6 May 2021
P Roberts		
S Bonnette	-	Appointed 14 July 2021

The Company no longer directly employs executive directors. The Group's executive team provide Group wide executive level management support to all Group members, including the Company. The Group's executive directors who served throughout the year were as follows:

M Birkett	Group Chief Executive
S Harrison	Executive Director Operations – Customer Services
T Russell	Executive Director Resources
G Kelly	MD of M&Y
F Coventry	Executive Director Property (resigned 18 July 2022)
L Burrows	MD of Positive Footprints
A Andani	Executive Director of Property (appointed 18 July 2022)



# Redwing Living Limited

## Report of the Board for the year ended 31 March 2022 (*continued*)

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### **Board members and executive directors (*continued*)**

Executive directors hold no interest in the Company's shares or in the shares of any Group members. Executive Directors act as executives within the authority delegated by the Board.

Group insurance policies indemnify Board members and officers against liability when acting for the Company.

Further details concerning the executive directors' service contracts and pensions are disclosed in the accounts of Regenda Limited.

### **Code of Governance**

The Company complies with the principal recommendations of the National Housing Federation's Code of Governance 2020 and the supporting Code of Conduct 2022 both of which have been adopted by the Parent Board and is applicable to all Group organisations.

### **Regulatory Framework**

In line with the Regulator of Social Housing's requirements under the Regulatory Framework, save for an ongoing review of rent setting within Regenda Homes, the Regenda Group, confirms full compliance with the Governance & Financial Viability Standard for the year ended 31 March 2022.

### **General Data Protection Regulation (GDPR)**

GDPR came into force on 25 May 2018 and the Company complies with the legal requirements set out in this new legislation.

### **Resident involvement**

The Company actively encourages residents' involvement in decision-making by promoting mechanisms of resident involvement.

# Redwing Living Limited

## Report of the Board for the year ended 31 March 2022 (*continued*)

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### Internal controls assurance

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group and the Company is ongoing and has been in place throughout the period commencing 1 April 2021 up to the date of approval of the annual report and financial statements.

Key elements of the internal control framework include:

- regular reporting to the Group's Boards on strategic objectives, financial and operating targets and outcomes including loan covenant compliance and liquidity requirements; health & safety compliance; complaints monitoring;
- a comprehensive approach to treasury management including an approved annual treasury strategy, policy and practices which are subject to specialist independent review at a Group level on an annual basis;
- robust strategic and business planning processes, with a group corporate plan, detailed financial plan, budgets and forecasts that are regularly stress tested against a range of possible scenarios with recovery plans to mitigate the impact should these crystallise;
- an assets & liabilities register to ensure that we understand our housing assets and security position and boards and management have swift access to this information in decision making and risk management;
- a series of self-assessments to give assurance that the Company is meeting the requirements set out in our adopted Code of Governance (National Housing Federation 2020) and the Regulator of Social Housing's Regulatory Framework and that any areas of non-compliance are reported;
- a risk management framework that clearly defines management responsibilities for the identification, evaluation and control of significant risks. There is a continual review of risks across the group that are then reported to the Risk & Audit Committee; the Senior Management Team have provided assurance that they understand and have reviewed the key risks that impact their areas of the business and that they are satisfied the right levels of internal controls are in place;



# Redwing Living Limited

## Report of the Board for the year ended 31 March 2022 (*continued*)

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### Internal controls assurance (*continued*)

- established financial regulations including authorisation and appraisal procedures for all significant new initiatives and investment commitments;
- governance related policies including speak up and anti-fraud policies;
- an annual programme of internal audit reviews that are set and delivered under a risk-based methodology;
- audit recommendations are tracked by the Risk & Audit Committee to ensure they are implemented within the agreed timescales;
- a series of property compliance audits have been scheduled to be undertaken by the Group's Health and Safety Team and independent third parties in order to provide an assessment of the extent to which the Company can demonstrate that the current management and monitoring arrangements for the identified compliance areas are fit for purpose, comply with current legislative requirements and housing best practice and that delivery of the service is in accordance with the written policies and procedures currently in place;
- recruitment, management and retention of board members, management and staff with the skills and competencies to ensure effective governance and management; and
- a governance framework that includes Board approved terms of reference and delegated authorities for Group Committees.

The Board delegates authority to review the effectiveness of the systems of internal control to the Group's Risk and Audit Committee. The Board receives minutes of the Group's Risk and Audit Committee meetings.

The Group's Risk and Audit Committee has received the Director of Governance's annual review of the effectiveness of the system of internal control for the Group, which includes the Company, and the annual report of the internal auditor and has reported its findings to the Company's Board.

### Going concern

The Group's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board originally approved the Group's 2022/23 budget in March 2022 with the aim of adopting the approved budget as the base for the thirty-year business plan which was presented to the Board in May 2022.

# Redwing Living Limited

## Report of the Board for the year ended 31 March 2022 (*continued*)

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### Going concern (*continued*)

The Board were presented with a range of scenarios and stress tests to fully understand the potential impact on the business plan, including significant reductions in rental income collected and changes to key assumptions, such as interest and inflation. Periodic reviews of the business plan are scheduled for the coming year to allow the Board and Executive Team to make any necessary changes and continue to deliver outstanding services in the safest way possible whilst following Government guidelines.

### Sustainability

The Regenda Group are committed to the long-term sustainability of our homes and neighbourhoods through intelligent investment. We aim to regenerate places by providing quality homes in sustainable neighbourhoods, while also meeting government targets to reach both net zero by 2050 and EPC C for poor fuel homes by 2030.

The Environmental Group will oversee the delivery of our Environmental Strategy, ensuring that environmental, social and governance (ESG) reporting is embedded throughout our Group. The guiding principles for the Group are to improve lives and business outcomes through:

- Carbon neutrality: we commit to a no further harm approach and balancing emissions throughout all activities
- Social Sustainability: to inform and educate, implementing positive change for the Group and communities
- Environmental sustainability: exploring and developing opportunities for the business and communities and adapting to new technologies

### Annual general meeting

The annual general meeting will be held on 22 September 2022 at 1pm.

### Disclosure of information to auditor

Each of the persons who are Board members at the time when this report is approved has confirmed that:

- so far as the Member is aware, there is no relevant audit information of which the auditor is unaware, and
- the Member has taken all the steps that ought to have been taken as a Board Member in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

The report of the board was approved by the board on 22 September 2022 and signed on its behalf by:

*Catherine Wilson*

**C Wilson**

Chair



# Redwing Living Limited

## Statement of responsibilities of the Board for the report and financial statements

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### Statement of the responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 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 members are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2016 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein. The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

# Redwing Living Limited

## Independent auditor's report to the members of Redwing Living Limited (continued)

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### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of the Company's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Redwing Living Limited ("the Company") for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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

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

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



# Redwing Living Limited

## Independent auditor's report to the members of Redwing Living Limited (continued)

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### Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Company; or
- a satisfactory system of control has not been maintained over transactions; or
- the Company financial statements are not in agreement with the accounting records and returns; 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 the responsibilities of the board, 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 members 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



# Redwing Living Limited

## Independent auditor's report to the members of Redwing Living Limited (continued)

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### **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.

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

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

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its registration with the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements or its continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Accounting Direction for Private Registered Providers of Social Housing and tax legislation. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the following:
  - whether there are indicators of impairment of tangible assets;
  - the valuation of investment properties;
  - the useful economic lives of tangible fixed assets; and
  - recoverability of receivable balances outstanding at the year end.
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

# Redwing Living Limited

## Independent auditor's report to the members of Redwing Living Limited (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- review of relevant registers such as those associated with risk and fraud;
- identifying and testing journal entries identified as potentially unusual, in particular considering whether there any journal entries posted by staff members with privileged access rights or key management;
- a review of minutes of meetings of those charged with governance both during the period, and post year end;
- considering internal audit findings; and
- considering whether there is any correspondence with HMRC and the Regulator of Social Housing.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 members of the Company, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

**BDO LLP**

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BDO LLP

Statutory Auditor

Liverpool, UK

Date: 27 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Redwing Living Limited

## Company statement of comprehensive income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	4	<b>4,299</b>	11,912
Cost of sales	4	<b>(31)</b>	(7,233)
Operating costs	4	<b>(4,925)</b>	(4,312)
Surplus on sale of fixed assets	10	<b>641</b>	412
<b>Operating (deficit)/surplus</b>	7	<b>(16)</b>	779
Interest receivable and other income	11	<b>7</b>	11
(Loss)/Gain on revalued properties	16	<b>(97)</b>	555
Impairment of investment in subsidiaries	17	<b>(28)</b>	(132)
<b>(Deficit)/surplus on ordinary activities before taxation</b>		<b>(134)</b>	1,213
Taxation on (deficit)/surplus on ordinary activities	12	<b>(241)</b>	(173)
<b>(Deficit)/surplus for the financial year</b>		<b>(375)</b>	1,040
<b>Total comprehensive (expense)/income for the year</b>		<b>(375)</b>	1,040

The Company's results relate wholly to continuing activities.

The financial statements were approved by the Board of Directors on 22 September 2022 and authorised for issue.

*Catherine Wilson*

*Michael R. Birkett*

*Julia Vincent*

**C Wilson**  
Chair

**M Birkett**  
Board Member

**J Vincent**  
Secretary

The notes on pages 23 to 51 form part of these financial statements.

# Redwing Living Limited

## Company statement of financial position for the year ended 31 March 2022

	Note	2022 £'000	Restated 2021 £'000
<b>Fixed assets</b>			
Tangible assets – Housing properties	13	31,432	32,373
Tangible assets – Other	14	2,899	2,802
Intangible fixed assets	15	6	15
Investment properties	16	7,393	7,893
Investment in subsidiaries	17	340	368
		<u>42,070</u>	<u>43,451</u>
<b>Current assets</b>			
Trade and other debtors	19	18,371	10,968
Cash and cash equivalents		7,681	14,595
		<u>26,052</u>	<u>25,563</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(2,686)</u>	<u>(2,109)</u>
<b>Net current assets</b>		<u>23,366</u>	<u>23,454</u>
<b>Total assets less current liabilities</b>		<b>65,436</b>	66,905
<b>Creditors: amounts falling due after more than one year</b>	21	<b>(9,560)</b>	(9,918)
<b>Provision for liabilities</b>			
Deferred taxation	24	(588)	(347)
<b>Net (liabilities)/assets</b>		<u><b>55,288</b></u>	<u>56,640</u>



# Redwing Living Limited

## Company statement of financial position for the year ended 31 March 2022 (continued)

	Note	2022 £'000	2021 £'000
<b>Reserves</b>			
Share capital	25	-	-
Income and expenditure reserve	27	<b>55,288</b>	56,640
<b>Total reserves</b>		<b>55,288</b>	56,640

For details of the prior year restatement see note 32.

The financial statements were approved by the Board of Directors on 22 September 2022 and authorised for issue.

*Catherine Wilson*

*Michael R. Birkett*

*Julian Vincent*

**C Wilson**  
Chair

**M Birkett**  
Board Member

**J Vincent**  
Secretary

The notes on pages 23 to 51 form part of these financial statements.

## Redwing Living Limited

### Company statement of changes in reserves for the year ended 31 March 2022

	<b>Income and Expenditure Reserve £'000</b>
Balance as at 1 April 2020	56,324
Surplus for the year	1,040
Gift Aid paid	(724)
	<hr/>
Balance as at 31 March 2021	56,640
Deficit for the year	(375)
Gift Aid paid	(977)
	<hr/>
<b>Balance as at 31 March 2022</b>	<b>55,288</b>

The notes on pages 23 to 51 form part of these financial statements.



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022

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### 1 Legal status

The Company is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Regulator of Social Housing as a social housing provider. The Company is a public benefit entity.

#### Accounting policies

##### *Basis of accounting*

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Redwing Living Limited includes the Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers" 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand pounds.

The accounts of Redwing Living Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cashflows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of risks

##### *Exemption from preparing consolidated accounts*

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### **2 Accounting policies** (*continued*)

#### *Going concern*

The Company's activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Board originally approved the Company's 2022/23 budget in March 2022 with the aim of adopting the approved budget as the base for the thirty-year business plan which was presented to the Board in May 2022.

The Board were presented with a range of scenarios and stress tests to fully understand the potential impact on the business plan, including significant reductions in rental income collected and changes to key assumptions, such as interest and inflation. Periodic reviews of the business plan are scheduled for the coming year to allow the Board and Executive Team to make any necessary changes and continue to deliver outstanding services in the safest way possible whilst following Government guidelines.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Turnover*

Income is measured at the fair value of the consideration received or receivable. The association generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- First tranche sales of Low Cost Home Ownership housing properties developed for sale;
- Service charges receivable;
- Revenue grants; and
- Proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let, income from first tranche sales and sales of properties are recognised at the point of legal completion of the sale.

Interest receivable is recognised over the period that it falls due.

#### *Pension costs*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

#### *Value added tax*

The Company charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Company and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Interest payable*

Interest is capitalised on borrowings to finance developments of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- a) interest on borrowings specifically financing the development programme after deduction related grants received in advance; or
- b) a fair amount of interest on borrowings of the Company as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure in the year.

#### *Leases*

Leased are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Company statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payments under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Current taxation*

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future

Deferred tax relating to investment property that is measured at fair value using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### **2 Accounting policies** (*continued*)

#### *Housing properties*

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available to rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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

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

#### *Supported housing managed by agencies*

Social housing capital grants are claimed by the Company as developer and owner of the property and included in the Company statement of financial position. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Company and its managing agents and on whether the Company carries the financial risk.

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, all of the project's income and expenditure is included in the Company statement of changes in reserves.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Company.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### **2 Accounting policies** (*continued*)

#### *Government grants*

Government grants include grants receivable from the Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Company is required to recycle these proceeds and recognise them as a liability.

#### *Other grants*

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 2 Accounting policies (*continued*)

#### *Depreciation of housing properties*

The Company separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life. The Company depreciates the major components of its housing properties at the following annual rates:

Structure	1.0%
Roofs	2.0%
Kitchens	5.0%
Bathrooms	3.3%
Boilers	6.6%
Central Heating	3.3%
Windows	3.3%

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Housing properties in the course of construction are stated at cost and not depreciated.

#### *Other tangible fixed assets*

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

The principal terms used for other assets are:

Freehold/leasehold office	- 100 years
Furniture, fixtures and fittings	- 10 years
Computers and office equipment	- 2-8 years
Scheme assets	- 4-25 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus / deficit for the year.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### **2 Accounting policies** (*continued*)

#### *Intangible assets*

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged on software over 3 years on a straight line basis.

#### *Investment Properties*

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year-end, with changes in fair value recognised in income and expenditure.

#### *Fixed asset investments*

Fixed asset investments (including investment in subsidiaries) are initially recognised at cost. The carrying values of fixed asset investments are reviewed for impairment in the period if events or changes in circumstances indicate the carrying values may not be recoverable.

#### *Properties for sale*

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

#### *Financial Instruments*

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Basic financial instruments are recognised at amortised historic cost.

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment.



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### **2 Accounting policies (*continued*)**

#### *Cash*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### *Creditors*

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### *Provisions for liabilities*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in income or expenditure in the period it arises.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

#### *Leaseholder funds*

Sinking funds are held on the Company statement of financial position in respect of sinking funds and repairs reserves for schemes. These are retained in interest-bearing accounts.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

---

### **2 Accounting policies (*continued*)**

#### *Reserves*

The Company has an income and expenditure reserve. This contains all current and prior period retained surpluses and deficits.

Taxable profits transferred to the parent entity, a registered Co-operative and Community Benefit Society, are recognised as distributions from equity when the company has made a payment of tradeable profits to the parent and are stated as gift aid distributions.

### **3 Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements have been made include:

- Accruals - these are based on either a copy of invoice if one is available, or a best estimate of the expenditure/income based on the most up to date information available.
- Bad debt provision - Bad debts are provided for in line with the Company's policy.
- Property valuations – social housing properties are held at cost and are subject to an impairment review each year. Commercial properties are valued by appointed valuers each year and their market value reflected in the financial statements.
- Impairment reviews – reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Company statement of comprehensive income. Impairment is recognised where the carrying value of a cash generating unit exceeds the estimated recoverable amount. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

There was no trigger for impairment during the year and as a result, no charge was considered necessary.



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 4 Particulars of turnover, operating costs, cost of sales and operating surplus

	2022			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus /(deficit) £'000
<b>Income and expenditure from social housing activities (note 5)</b>				
General Needs	561	-	(580)	(19)
Supported housing	273	-	(235)	38
Low cost home ownership	2,340	-	(1,486)	854
	<b>3,174</b>	<b>-</b>	<b>(2,301)</b>	<b>873</b>
<b>Other social housing activities</b>				
Management services	158	-	(8)	150
	<b>158</b>	<b>-</b>	<b>(8)</b>	<b>150</b>
<b>Non-social housing activities</b>				
Sales - Other	171	(31)	(317)	(177)
Lettings	796	-	(2,299)	(1,503)
	<b>967</b>	<b>(31)</b>	<b>(2,616)</b>	<b>(1,680)</b>
	<b>4,299</b>	<b>(31)</b>	<b>(4,925)</b>	<b>(657)</b>
<b>Surplus on disposal of fixed assets</b>				<b>641</b>
<b>Operating deficit</b>				<b>(16)</b>

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 4 Particulars of turnover, operating costs, cost of sales and operating surplus (continued)

	2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus /(deficit) £'000
<b>Income and expenditure from social housing activities (note 5)</b>				
General Needs	370	-	(435)	(65)
Supported housing	242	-	(169)	73
Low cost home ownership	2,384	-	(1,674)	710
	<u>2,996</u>	<u>-</u>	<u>(2,278)</u>	<u>718</u>
<b>Other social housing activities</b>				
Management services	177	-	(47)	130
First tranche shared ownership sales	-	-	-	-
	<u>177</u>	<u>-</u>	<u>(47)</u>	<u>130</u>
<b>Non-social housing activities</b>				
Sales – Outright property sales	7,710	(7,178)	-	532
Sales - Other	243	(55)	(535)	(347)
Lettings	786	-	(1,452)	(666)
	<u>8,739</u>	<u>(7,233)</u>	<u>(1,987)</u>	<u>(481)</u>
	<u>11,912</u>	<u>(7,233)</u>	<u>(4,312)</u>	<u>367</u>
<b>Surplus on disposal of fixed assets</b>				<u>412</u>
<b>Operating surplus</b>				<u>779</u>



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 5 Income and expenditure from social housing lettings

	2022			
	General needs Housing £'000	Housing and housing for older people £'000	Low cost home ownership £'000	Total £'000
<b>Turnover from social housing lettings</b>				
Rent receivable net of identifiable service charges	306	176	1,322	1,804
Service income	34	97	479	610
	<b>340</b>	<b>273</b>	<b>1,801</b>	<b>2,414</b>
<b>Net rental income</b>				
Other income	-	-	539	539
Amortised government grants	221	-	-	221
<b>Turnover from social housing lettings</b>	<b>561</b>	<b>273</b>	<b>2,340</b>	<b>3,174</b>
<b>Expenditure</b>				
Management	(22)	(10)	(384)	(416)
Services	(40)	(51)	(577)	(668)
Routine maintenance	(24)	(46)	(29)	(99)
Planned maintenance	(191)	(71)	(216)	(478)
Bad debts	(1)	-	-	(1)
Depreciation of housing properties	(300)	(56)	(202)	(558)
Other costs	(2)	(1)	(78)	(81)
<b>Operating costs on social housing lettings</b>	<b>(580)</b>	<b>(235)</b>	<b>(1,486)</b>	<b>(2,301)</b>
<b>Operating (deficit)/surplus on social housing lettings</b>	<b>(19)</b>	<b>38</b>	<b>854</b>	<b>873</b>
<b>Void losses</b>	<b>-</b>	<b>(41)</b>	<b>(14)</b>	<b>(56)</b>

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 5 Income and expenditure from social housing lettings (continued)

	2021			
	General needs Housing £'000	Housing and housing for older people £'000	Low cost home ownership £'000	Total £'000
<b>Turnover from social housing lettings</b>				
Rent receivable net of identifiable service charges	129	170	1,368	1,667
Service income	20	72	501	593
	<b>149</b>	<b>242</b>	<b>1,869</b>	<b>2,260</b>
<b>Net rental income</b>				
Other income	-	-	515	515
Amortised government grants	221	-	-	221
<b>Turnover from social housing lettings</b>	<b>370</b>	<b>242</b>	<b>2,384</b>	<b>2,996</b>
<b>Expenditure</b>				
Management	(11)	(11)	(514)	(536)
Services	(21)	(42)	(591)	(654)
Routine maintenance	(8)	(23)	(51)	(82)
Planned maintenance	(26)	(32)	(246)	(304)
Bad debts	(65)	-	(19)	(84)
Depreciation of housing properties	(304)	(56)	(202)	(562)
Other costs	-	(5)	(51)	(56)
<b>Operating costs on social housing lettings</b>	<b>(435)</b>	<b>(169)</b>	<b>(1,674)</b>	<b>(2,278)</b>
<b>Operating surplus on social housing lettings</b>	<b>(65)</b>	<b>73</b>	<b>710</b>	<b>718</b>
<b>Void losses</b>	<b>-</b>	<b>(50)</b>	<b>(27)</b>	<b>(77)</b>



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 5 Income and expenditure from social housing lettings (continued)

Particulars of turnover from non-social housing lettings

	2022 £'000	2021 £'000
Market rented	459	443
Office and retail units	337	343
Administration fees for outright sale management	171	243
	<u>967</u>	<u>1,029</u>

### 6 Units of Housing Stock

At the end of the year accommodation in management for each class of accommodation was as follows:

	2021 units	Additio- ns	Disp- osals	Other	2022 units
<b>Social housing</b>					
General housing	98	-	(2)	30	126
Affordable housing	3	-	-	-	3
Supported housing and housing for older people	72	-	(3)	(2)	67
Low cost home ownership	677	-	(28)	(1)	648
	<u>850</u>	<u>-</u>	<u>(33)</u>	<u>27</u>	<u>844</u>
Total owned	850	-	(33)	27	844
Accommodation managed for others	-	-	-	-	-
	<u>850</u>	<u>-</u>	<u>(33)</u>	<u>27</u>	<u>844</u>
<b>Leasehold units</b>					
Social leasehold units owned	244	-	(4)	(1)	239
Non-social leasehold units	-	11	-	-	11
<b>Non-social housing</b>					
Market rented	96	2	(9)	(9)	80
Office and retail units owned by the Company	35	2	-	-	37
	<u>1,225</u>	<u>15</u>	<u>(46)</u>	<u>17</u>	<u>1,211</u>

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 7 Operating surplus

	2022 £'000	2021 £'000
This is arrived at after charging:		
Depreciation of housing properties	558	561
Depreciation of other tangible fixed assets	72	75
Amortisation of intangibles	9	8
Auditors' remuneration (excluding VAT):		
- for audit services	14	12
- tax compliance	2	1
- for non-audit services	-	-
	<u>          </u>	<u>          </u>

### 8 Employees

	2022 £'000	2021 £'000
Average number of employees expressed in full time equivalents:		
Home ownership and sales	12	7
Housing, support and care	7	9
	<u>          </u>	<u>          </u>
	19	16
	<u>          </u>	<u>          </u>
Staff costs consist of:		
Wages and salaries	517	507
Social security costs	66	49
Other pension costs	23	22
	<u>          </u>	<u>          </u>
	606	578
	<u>          </u>	<u>          </u>

Most staff functions have been centralised across the Group. Regenda Limited charges the Company for a range of services including staffing as part of the intra-group charge. This charge is included within operating costs.

A defined contribution pension scheme is operated by the parent company on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund and amounted to £23k (2021: £22k).



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 9 Board members and executive directors

During the year, the Company paid Regenda Limited, the Group parent, for a range of central services including the provision of support from the Regenda Group executive team.

The payments form part of an intra group charge from Regenda Limited to the Regenda Group subsidiaries and are included within operating costs. Remuneration paid to and receivable by the Regenda Group executive team is disclosed in the financial statements of the Group parent, Regenda Limited. Copies of the financial statements of the Group parent, Regenda Limited can be obtained from the Company's registered office.

Total salary costs of key management personnel in the period were £Nil (2021 - £Nil).

### 10 Surplus on sale of fixed assets – housing properties

	2022 £'000	2021 £'000
Proceeds of sale	2,248	1,475
Carrying values of fixed assets	(1,244)	(575)
	<u>1,004</u>	<u>900</u>
Capital grant recycled (note 23)	(363)	(488)
	<u>641</u>	<u>412</u>

### 11 Interest receivable and other income

	2022 £'000	2021 £'000
Interest receivable and similar income	7	11

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 12 Tax on surplus on ordinary activities

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax on surplus for the year 19% (2021 - 19%)	-	-
Adjustments in respect of prior years	-	9
Total current tax		9
<b>Deferred taxation</b>		
Origination and reversal of timing differences	375	173
Effect of tax rate change on opening balance	51	-
Adjustments in respect of prior periods	(185)	(9)
Total deferred tax	241	164
Tax charge on surplus on ordinary activities	241	173
<b>Current tax reconciliation</b>		
(Deficit)/surplus for the period before taxation	(134)	1,213
(Deficit)/surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(25)	230
Effects of:		
Expenses not deductible for tax purposes	24	31
Income not chargeable to corporation tax	-	(105)
Fixed asset differences	(5)	40
Remeasurement of deferred tax for changes in tax rates	141	-
Amounts relating to other comprehensive income	186	(181)
Adjustment in respect of prior periods	-	8
Adjustment to tax charge in respect of prior periods	(186)	(8)
deferred tax		
Chargeable gains	106	158
Total tax charge for the period	241	173

# Redwing Living Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

## 13 Tangible fixed assets – housing properties

	<b>Social Housing Completed £'000</b>	<b>Low cost home ownership Completed £'000</b>	<b>Total Housing Properties £'000</b>
<b>Property cost</b>			
At 1 April 2021			
	2,381	36,496	38,877
Properties acquired	-	-	-
Works to existing properties	141	-	141
Disposals	(96)	(1,129)	(1,225)
Transfer	466	-	466
<b>At 31 March 2022</b>	<b>2,892</b>	<b>35,367</b>	<b>38,259</b>
<b>Depreciation</b>			
At 1 April 2021	1,824	4,680	6,504
Charge for the year	356	202	558
Eliminated in respect of disposals	(58)	(177)	(235)
<b>At 31 March 2022</b>	<b>2,122</b>	<b>4,705</b>	<b>6,827</b>
<b>Net Book Value</b>			
<b>At 31 March 2022</b>	<b>770</b>	<b>30,662</b>	<b>31,432</b>
At 31 March 2021	557	31,816	32,373



# Redwing Living Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

## 13 Tangible fixed assets – housing properties (*continued*)

<b>Expenditure on works to existing properties</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Components capitalised	<b>567</b>	108
Amounts charged to income and expenditure account	<b>1,203</b>	304
	<b>1,770</b>	412

### **Social housing assistance**

Total accumulated Social Housing Grant received and receivable at 31 March was:

Capital grants	<b>8,132</b>	<b>8,643</b>
Revenue grants	<b>221</b>	<b>221</b>
	<b>8,353</b>	<b>8,864</b>

## Redwing Living Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

### 14 Tangible fixed assets – other

	Freehold/ Leasehold Premises £'000	Furniture, fixtures and fittings £'000	Computers and office equipment £'000	Scheme Assets £'000	Total £'000
<b>Cost</b>					
At 1 April 2021	4,473	284	30	115	4,902
Additions	207	-	4	8	219
Disposals	-	-	-	(54)	(54)
<b>At 31 March 2022</b>	<b>4,680</b>	<b>284</b>	<b>34</b>	<b>69</b>	<b>5,067</b>
<b>Depreciation and amortisation</b>					
At 1 April 2021	1,945	94	11	50	2,100
Charge for the year	30	28	8	6	72
Eliminated in respect of disposals	-	-	-	(4)	(4)
<b>At 31 March 2022</b>	<b>1,975</b>	<b>122</b>	<b>19</b>	<b>52</b>	<b>2,168</b>
<b>Net Book Value</b>					
<b>At 31 March 2022</b>	<b>2,705</b>	<b>162</b>	<b>15</b>	<b>17</b>	<b>2,899</b>
At 31 March 2021	2,528	190	19	65	2,802

# Redwing Living Limited

Notes forming part of the financial statements  
for the year ended 31 March 2022 (*continued*)

## 15 Intangible fixed assets

	Website Development £'000
<b>Cost</b>	
At 1 April 2021	34
Additions	-
Disposals	-
<b>As at 31 March 2022</b>	<b>34</b>
<b>Amortisation</b>	
At 1 April 2021	19
Charge for the year	9
<b>As at 31 March 2022</b>	<b>28</b>
<b>Net book value</b>	
<b>At 31 March 2022</b>	<b>6</b>
At 31 March 2021	15



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 16 Investment properties non-social housing properties held for lettings

	2022 £'000	2021 £'000
At 1 April	7,893	5,666
Additions	489	1,792
(Decrease)/increase in value	(97)	555
Disposals	(892)	(120)
At 31 March	7,393	7,893

Valuations are carried out on an annual basis by a suitably qualified valuer and any gains/losses taken to the Company statement of comprehensive income.

### 17 Investment in subsidiaries

	2022 £'000	2021 £'000
Investment in McDonald Property Rentals Limited		
Cost as at 1 April	368	500
Impairment of investment	(28)	(132)
<b>Cost as at 31 March</b>	<b>340</b>	<b>368</b>

There has been an impairment of £28k (2021: £132k) due to Covid-19 slowing expected growth in the next 5 years.

During the year the Company had the following intra-group transactions with M&Y Maintenance and Construction Limited and McDonald Property Rental Limited, both non-regulated entities.

<b>M&amp;Y Maintenance and Construction Ltd</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Provision of repairs and maintenance services	(1,295)	(432)
<b>McDonald Property Rentals Ltd</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Management of market rented stock	(9)	(2)

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 18 Properties for sale

There were no properties held for sale in either year.

### 19 Trade and other debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Rent and service charges receivable	104	151
Less provision for bad and doubtful debts	(64)	(64)
<b>Net rent arrears</b>	<b>40</b>	87
Other debtors	118	62
Amounts owed by group undertakings	18,171	10,549
Corporation tax	5	266
Prepayments and accrued income	37	4
	<b>18,371</b>	10,968

Amounts owed by group undertakings are unsecured, interest free, and repayable on demand

### 20 Creditors: amounts falling due within one year

	2022 £'000	Restated 2021 £'000
Trade creditors	126	128
Rent and service charges received in advance	231	222
Amounts owed to group undertakings	656	211
Other creditors	422	478
Accruals and deferred income	171	84
Recycled capital grant fund (note 23)	513	503
Deferred grant income (note 22)	221	221
Leaseholder funds	346	262
	<b>2,686</b>	2,109

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

For details of the prior year restatement see note 32.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 21 Creditors: amounts falling due after more than one year

	2022 £'000	Restated 2021 £'000
Recycled capital grant fund (note 23)	782	781
Sinking funds	868	715
Deferred grant income (note 22)	7,910	8,422
	<u>9,560</u>	<u>9,918</u>

For details of the prior year restatement see note 32.

### 22 Deferred grant income

	2022 £'000	2021 £'000
At 1 April	8,642	9,266
Grants received in the year	-	-
Released to income in the year	(221)	(221)
Grant disposed in the year	(290)	(402)
	<u>8,131</u>	<u>8,643</u>
<b>At 31 March</b>	<b>8,131</b>	<b>8,643</b>
Amounts to be released within one year	221	221
Amounts to be released in more than one year	7,910	8,422
	<u>8,131</u>	<u>8,643</u>
<b>At 31 March</b>	<b>8,131</b>	<b>8,643</b>



# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 23 Recycled capital grant fund

	2022 £'000	2021 £'000
At 1 April	1,284	848
Grants recycled	363	488
Transfer to/from other group members	(335)	-
Transferred to income and expenditure	(17)	(52)
	<hr/>	<hr/>
At 31 March	1,295	1,284
	<hr/>	<hr/>
Amounts to be released within one year	513	503
	782	781
Amounts to be released in more than one year	<hr/>	<hr/>
<b>At 31 March</b>	<b>1,295</b>	<b>1,284</b>
	<hr/>	<hr/>
Amounts 3 years or older where repayment may be required		-

### 24 Provisions for liabilities

	2022 £'000	2021 £'000
<b>Deferred tax</b>		
At 1 April	347	183
Transfer from income and expenditure	241	164
	<hr/>	<hr/>
At 31 March	588	347
	<hr/>	<hr/>
Comprising:		
Capital allowances	101	100
Capital gains	487	247
	<hr/>	<hr/>
	<b>588</b>	<b>347</b>
	<hr/>	<hr/>

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

### 23 Operating leases

At the year end the company had the following future minimum amounts receivable under operating leases:

	2022 £'000	2021 £'000
Due within one year	9	9
Due between one and five years	43	43
Due in more than five years	24	3
	<hr/>	<hr/>
<b>At 31 March</b>	<b>76</b>	55
	<hr/>	<hr/>

### 26 Share capital

	2022 £	2021 £
<i>Allotted, issued and fully paid</i>		
At 1 April	5	5
Surrendered during the year	-	-
	<hr/>	<hr/>
At 31 March	5	5
	<hr/>	<hr/>

The shares provide members with the right to vote at general meetings, but do not provide any right to dividends or distribution on winding up. Each non-executive member of the board and the parent Regenda Limited holds one voting share of £1 in the Company. Each share has a nominal value of £1.

### 27 Income and expenditure reserves

The reserves relate to retained profits within the company.

### 28 Related parties

Under Financial Reporting Standard 102 disclosure is not required of transactions within the group as the results of the subsidiaries are included within these financial statements. However, in accordance with Accounting Direction for Private Registered Providers of Social Housing 2019 the Company is obliged to disclose transactions with non-regulated subsidiaries (note 17).

Residents sit on internal committees within the Group but are not members of the board.

# Redwing Living Limited

## Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

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### **30 Contingent liabilities**

The Company had no contingent liabilities as at 31 March 2022 (2021 - £Nil).

### **31 Ultimate parent undertaking**

The Company's ultimate parent undertaking is Regenda Limited. Regenda Limited's consolidated financial statements can be obtained from the Group's registered office, The Foundry, 42 Henry Street, Liverpool, L1 5AY.

### **32 Prior year adjustment**

There has been a prior period adjustment of £715k to correct an error in the ageing of the amounts owed to leaseholders liability relating to leasehold sinking funds. The 2021 balance has been restated with this £715k balance now presented as due after more than one year. As the group controls the timing of the expenditure, other than where a contract has been agreed for the works, the Group has the legal right to defer payment beyond 12 months at the reporting date.