

**Registered Society No: 28635R**  
**Homes and Communities Agency No: LH4163**

**PORTAL HOUSING ASSOCIATION LIMITED**

**Annual Report and Financial Statements**

**Year Ended 31 March 2019**

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PORTAL HOUSING ASSOCIATION LIMITED

**GENERAL INFORMATION**

**BOARD OF MANAGEMENT**

Carol Bode  
Ashley West  
Beverley Anne Costain  
Jayne Beeson  
Michael Sweeney                      Resigned 15/10/18  
Simon Porter  
John Gary Orr                          Appointed 15/10/18

**SECRETARY**

Malcolm Rule

**REGISTERED OFFICE**

Collins House  
Bishopstoke Road  
Eastleigh  
Hampshire  
SO50 6AD

**BANKERS**

Lloyds Bank  
25 Gresham Street  
London  
EC2V 7HN

**AUDITOR**

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 OPA

## STRATEGIC REPORT

### Business Overview

Portal Housing Association Limited is regulated by the Regulator of Social Housing as a registered provider and is a company limited by guarantee. The Association is a member of the Radian Group, with a registered head office in Eastleigh.

The Association operates with the intention of generating surpluses which are reinvested to support our social purpose in delivering more homes and services for customers. The Association benefits from charitable tax status and its surpluses are therefore not subject to corporation tax. Income is predominantly derived from rents from housing properties.

The Association is funded over the long term by intercompany loans, bonds and government grants in addition to its retained surpluses.

### Performance Highlights

An overview of the Association's result has been presented below.

#### *Financial Performance*

Turnover in the year increased by £1.0m to £21.5m in the year, following the acquisition of 367 properties from fellow Group subsidiaries, increasing rental income by 11% year on year.

Operating costs also increased accordingly, up from £11.6m in the prior year to £13.4m, as the Association was allocated its share of Group overheads as determined by housing stock levels. As income from the sale of fixed assets remained negligible, operating surplus reduced by £0.8m, causing a deterioration in operating margin from 44% to 38%.

Interest income more than doubled to £2.1m, driven by two loans made in the year to Thakeham Pease Pottage LLP as outlined below. Interest costs also continued to increase, by 24% in the year, as Radian Capital continued to on lend the proceeds of the deferred 2049 bond.

The Association benefited from a £0.3m increase in the value of its Radian Capital 2042 bond holding, which had reduced in value by £0.3m the year before, but received £5m less in Gift Aid donations, down from £33m to £28m, causing net margin to reduce from 146% to 105% in 2019.

#### *Financial Position*

The carrying value of housing properties increased by 17% year on year, driven by the £74.5m of stock purchased in the year, with the Association holding £484.2m of fixed assets at the reporting date.

Current assets reduced marginally from £72.5m to £70.2m overall, as the Association lent £41.4m to Thakeham Pease Pottage LLP from November 2018, reducing cash balances at the reporting date by over 80% year on year.

Payables increased by £47.3m, following the receipt of funds from Radian Capital in May 2018, in relation to the latest deferred tranche of the 2049 bond.

The Association closed with reserves of £237.0m, an increase of 11% year on year.

## **STRATEGIC REPORT (continued)**

### **Our Performance**

We monitor our operations every month on a group-wide basis by a range of key performance indicators (KPIs), allowing us to assess our financial performance and position and the delivery of our corporate strategy during the year.

An appraisal of these KPIs is included in our Group statutory accounts, available on our website.

### **Principal Risks and Uncertainties**

Within the Group, the principal risks and uncertainties, as identified by the Executive Board, are deemed to be those that would impact on the Group's ability to successfully deliver on the aims and objectives of its corporate strategy. An appraisal of these strategic risks is included in our Group statutory accounts.

Operational risks are those that the entities in the organisation face on a day to day basis, which are specific to the activities performed in each legal entity.

### **Capital and Treasury Management**

The Association is financed by a combination of revenue reserves, intercompany loans, bond finance and social housing grant received from government.

Radian has a comprehensive Treasury Policy with tests that apply to the Group as a whole. The policy requires the Group to maintain a minimum level of liquidity such that there is sufficient cash and committed financing facilities capable of immediate drawdown to cover the next six months' forecast cash requirement. The Group must also have sufficient cash and committed financing facilities, though not necessarily capable of immediate drawdown, to cover the higher of committed development spend or forecast cash requirement over the next 18 months. The policy also prioritises a lack of reliance on any single counterparty, whether through cash holdings or available facilities.

### **Capital structure**

At 31 March 2019 the Association's nominal borrowings amounted to £286.4m (2018: £242.8m) of which £0.1m (2018: £0.1m) is due to be paid within the next year.

During the year the Association received additional funding. In May 2018 Radian Capital plc, a fellow Group undertaking, received a contracted instalment of its deferred bond of £46.9m (including a premium of £3.2m) which it immediately on lent to the Association.

### **Risks**

- **Interest rate risk** is the risk that the Association is unable to service its loans and borrowings due to rises in interest rates. The Association manages interest rate risk through the requirements laid out in the Group Treasury Policy, including entering into interest rate swaps to fix a proportion of floating rate debt;
- **Liquidity risk** is the risk that the Association is unable to service its loans and borrowings, or meet repayment liabilities as they fall due, due to insufficient cash. The Association manages liquidity risk through the requirements laid out in the Group Treasury Policy, including requirements for minimum levels of cash or immediately available facilities;

**STRATEGIC REPORT (continued)**

**Capital and Treasury Management (continued)**

***Risks (continued)***

- **Counterparty credit risk** is the risk that the Association is unable to access cash deposits due to failure of counterparties. The Association manages counterparty credit risk by regularly monitoring and reviewing the credit rating of counterparties through the requirements laid out in the Group Treasury Policy;
- **Market risk** is the risk that the Association is unable to refinance loans and borrowings at an acceptable interest rate as they mature. The Association manages market risk by modelling the impact of interest rate rises in its long-term forecast and identifying mitigating actions; and
- **Currency risk** is not applicable as the Association borrows and invests surplus funds only in sterling.

***Interest rate management***

All of the Association's borrowings consist of fixed rate bonds and intercompany loans at fixed rates of interest.

***Financial loan covenant compliance***

Financial loan covenants are primarily measured by interest cover, gearing ratios, debt per home limits, and asset cover based on property asset values. Covenants are continually monitored and reported to the Board. There were no breaches of financial covenants during the year.

***Future funding options***

As at 31 March 2019, the Association had sufficient cash and deferred bond proceeds due to be received by May 2019 from Radian Capital plc for its current and medium-term needs.

**Value for Money**

The Group assesses its performance in relation to Value for Money (VfM) at a Group level rather than on an entity by entity basis due to the Group's structure.

An assessment of our VfM performance is included in our Group statutory accounts, available on our website.

**Statement of Compliance**

The Board confirms that this strategic report has been prepared in accordance with the principles set out in the 'Statement of Recommended Practice for registered social housing providers 2014'.

The strategic report was approved by the Board on 31 July 2019 and signed on its behalf by the Chair:



**Carol Bode**  
Chair

## **DIRECTORS' REPORT**

The Directors present their report for the year ended 31 March 2019.

### **Group Combined and Executive Board Members**

#### ***Group Combined Board***

As a regulated registered provider in the Radian Group, the legal Directors of Portal Housing Association unite with the Directors of the five other registered providers to form the Group Combined Board.

The Chair, Group Chief Executive, and Chair of the Audit and Risk Committee are common members across all six entity boards. The Association has a directorship in common with the other entity in the Group with charitable tax status.

The Directors of the Association are listed on page 1 and their remuneration is disclosed in note 9.

An overview of the full Group Combined Board, including those who are Directors of the Association, is included in our Group Statutory Accounts and updated as membership changes on our website.

#### ***Executive Board***

As a member of the Radian Group, the day to day operations of the Association are the responsibility of the Executive Board.

An overview of the Executive Board is included in our Group Statutory Accounts and updated as the composition changes on our website.

### **Executive Service Contracts**

The members of the Executive Board are employed on the same terms as other staff, except for a discretionary annual bonus scheme, overseen by the Remuneration and Nominations Committee. The Group Combined Board is responsible for approving any bonus awards or changes in the Chief Executive's remuneration or contract. Details of the benefits received by Executive Directors are set out on page 25.

The Executive Board members, including those who are Group Combined Board members, hold no interest in the Group's shares and act within the authority delegated to them by the Group Combined Board under defined terms of reference.

### **Governance and Regulation**

As the Association is a registered provider, its Directors form part of the Group Combined Board. An overview of the approach to governance and regulatory compliance, as determined by the Group Combined Board, is included in our Group statutory accounts.

### **Employees**

The Association had no employees in the year.

**DIRECTORS' REPORT (continued)**

**Disclosure of Information in the Strategic Report**

As the funding of the Association are inextricably linked to its business model and strategy, such information has been presented within the Capital and Treasury Management section on page 3.

**Post Balance Sheet Events**

There have been no events since the reporting date that the Board considers have had a significant effect on the Association's financial position.

**Going Concern**

After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The budget and long-term business plan, which take into account the current uncertain economic climate and expected trading conditions, show that the Association will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future.

**Disclosure of Information to Auditor**

At the date when this report is approved each of the board members confirm the following:

- So far as each board member is aware, there is no relevant audit information needed by the Association's auditor in connection with preparing their report, of which the Association's auditor is unaware; and
- Each board member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information needed by the Association's auditor in connection with preparing their report and to establish that the Association's auditor is aware of that information.

**External Auditor**

BDO LLP has indicated their willingness to continue in office and a resolution to appoint them will be proposed at the forthcoming annual general meeting.

**Approval of the Board**

The Directors' Report was approved by the Board on 31 July 2019 and signed on its behalf by the Chair:



**Carol Bode**  
Chair



## STATEMENT OF THE BOARD'S RESPONSIBILITIES

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 requires the board members to prepare financial statements for each financial year. Under that law the board members have elected to prepare the Association's financial statements 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and society will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group'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 Group'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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTAL HOUSING ASSOCIATION LIMITED**

**Opinion**

We have audited the financial statements of Portal Housing Association Limited ("the Association") for the year ended 31 March 2019 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).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of the Association'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 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 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 members have 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.

**Other information**

The board members are responsible for the other information. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTAL HOUSING ASSOCIATION LIMITED  
(continued)**

**Other information (continued)**

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 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 board report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- Adequate accounting records have not been kept by the Association; or
- A satisfactory system of control has not been maintained over transactions; or
- The Association 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 board responsibilities statement set out on page 7, the board members are 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 members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

This report is made solely to the members of the Association, as a body, in accordance with 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTAL HOUSING ASSOCIATION LIMITED  
(continued)**

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

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 website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Philip Cliftlands**  
BDO LLP  
Statutory Auditor  
Gatwick, United Kingdom

1 August 2019

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2019**

	Note	2019 £'000	2018 £'000
Turnover	3	21,467	20,435
Operating costs	3	(13,402)	(11,646)
Surplus from disposal of fixed assets	3	89	166
<b>Operating surplus</b>		<b>8,154</b>	<b>8,955</b>
Finance income	4	2,087	941
Finance costs	5	(15,928)	(12,811)
Fair value movement on financial instruments	22	287	(314)
Gift Aid	6	28,000	33,000
<b>Surplus on ordinary activities before and after tax</b>	<b>7</b>	<b>22,600</b>	<b>29,771</b>

All activities derive from continuing operations.

The notes on pages 14 to 34 form part of these financial statements.

PORTAL HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION**

As at 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Housing properties	11	479,920	408,574
HomeBuy loans	12	267	294
Investments	13	4,023	4,023
		<b>484,210</b>	<b>412,891</b>
<b>Current assets</b>			
<i>Receivables</i>			
amounts due within one year	14	3,729	2,291
amounts due after one year	14	41,525	-
Cash and cash equivalents		9,497	55,115
Short-term investments		15,425	15,134
		<b>70,176</b>	<b>72,540</b>
Payables: amounts due within one year	15	(4,114)	(4,868)
<b>Net current assets</b>		<b>66,062</b>	<b>67,672</b>
<b>Total assets less current liabilities</b>		<b>550,272</b>	<b>480,563</b>
Payables: amounts due after one year	16	(300,393)	(253,071)
Deferred capital grant due after one year	17	(12,873)	(13,086)
<b>Net assets</b>		<b>237,006</b>	<b>214,406</b>
<b>Capital and reserves</b>			
Share capital	19	0	0
Revenue reserve		237,006	214,406
<b>Association's funds</b>		<b>237,006</b>	<b>214,406</b>

The notes on pages 14 to 34 form part of these financial statements.

The financial statements of Portal Housing Association Limited, registered society number 28635R, on pages 11 to 34 were authorised and approved for issue by the Board on 31 July 2019 and signed on its behalf by:



**Carol Bode**  
Chair



**Simon Porter**  
Board Member



**Malcolm Rule**  
Secretary

**STATEMENT OF CHANGES IN RESERVES**

	Share capital £'000	Revenue reserve £'000	Total £'000
<b>At 1 April 2017</b>	<b>0</b>	<b>184,635</b>	<b>184,635</b>
Surplus on ordinary activities after tax	-	29,771	29,771
Shares cancelled during the year	0	-	0
<b>At 31 March 2018</b>	<b>0</b>	<b>214,406</b>	<b>214,406</b>
Surplus on ordinary activities after tax	-	22,600	22,600
<b>At 31 March 2019</b>	<b>0</b>	<b>237,006</b>	<b>237,006</b>

The notes on pages 14 to 34 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**1. LEGAL STATUS**

The Association is registered with the Financial Conduct Authority as a charitable society under the Co-operative and Community Benefits Societies Act 2014 and is also registered with the Regulator of Social Housing as a social housing provider.

**2. ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Association have been prepared in accordance with applicable law and UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing Statement of Recommended Practice (SORP) 2014 for registered social housing providers and comply with the Accounting Direction for private registered providers of social housing 2014. The financial statements are presented in pounds sterling and have been prepared on the historical cost basis except for a modification to amortised cost or a fair value basis for certain financial instruments, as specified in the accounting policies below.

**Going Concern**

The financial statements have been prepared on a going concern basis, details of which can be found in the Directors Report on page 6.

**Disclosure Exemptions**

In preparing the financial statements of the Association, advantage has been taken of the disclosure exemption under FRS 102 paragraph 1.12(b) in not preparing a Statement of Cash Flows on the basis that this is included in the consolidated financial statements.

**Operating Segments**

Segmental information is disclosed in note 3. Information about income, expenditure and assets attributable to material operating segments are presented based on the nature and function of housing assets held by the Association rather than geographic location. As permitted by FRS 102 paragraph 1.5, this is appropriate based on the similarity of the services provided, the nature of the risks associated, the type and class of customer, and the nature of the regulatory environment across all geographical locations in which the Association operates.

Management do not routinely receive segmental information disaggregated by geographical location.

**Turnover**

Turnover represents rental and service charge income (net of void losses), fee income and revenue grant receivable, other income, and the amortisation of capital grant.

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Other income is recognised as receivable on the delivery of services provided. Deferred Capital Grant is released over the life of the asset structure in accordance with FRS 102.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (continued)**

**Service Charge Income and Expenditure**

Where service charge income is identifiable it is recorded separately to rental income. Where service charge income is not identifiable it is recorded within rental income.

Income is predominantly variable, and charges will therefore include an adjustment for the under or over recovery from previous years and will be adjusted for under or over recovery in the current year. Until these balances are returned to or recovered from our tenants they are held as payables or receivables on the Statement of Financial Position.

Service charge expenditure is disclosed separately and includes the cost of all direct services provided, in addition to an allowance for management costs. Expenditure will also include costs of services provided that are not recoverable from tenants.

**Surplus/(Deficit) from disposal of fixed assets**

Other asset sales are recognised within surplus from disposal of fixed assets.

Staircasing events include both partial and final transactions, where the purchaser increases or fully acquires the equity in their property. Final staircasing events on houses will involve the disposal of the freehold, whereas on flats, the Association will retain the freehold on the property, reclassifying the unit as a leasehold unit in note 3.

The surplus on sales under the Right to Buy and Right to Acquire legislation is the difference between the proceeds received and the carrying value of the properties, subject to any adjustments for grant.

The surplus recognised on the sale of other housing properties is the difference between the proceeds received and the carrying value of the property.

The surplus recognised on redemptions of HomeBuy loans is derived from the market value of the equity holding in the property at the point of sale, less the original loan amount, and any associated grant.

The surplus recognised on the sale of other fixed assets is the difference between the proceeds received and the carrying value of the asset.

**Repairs and Maintenance**

The Association capitalises items of expenditure on housing properties if they result in an enhancement to the economic benefits from the property or if they replace an identifiable component.

Works to existing properties which do not meet the above criteria are charged to the Statement of Comprehensive Income.

**Finance Income**

Interest is earned from cash and cash equivalents, loans to other entities in the Group, loans made to jointly controlled entities and interest charged on HomeBuy loans.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (continued)**

**Finance Costs**

Interest costs, issue costs, premiums, and discounts are charged to finance costs over the term of debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Included within finance costs are ongoing servicing fees of loans and borrowings, which are charged to the Statement of Comprehensive Income over the review cycle of each facility.

**Value Added Tax (VAT)**

The Association is part of the Radian Group Limited VAT group. As a large proportion of its income is rent, which is exempt for VAT purposes, the Group is subject to a partial exemption calculation.

Expenditure is therefore shown inclusive of VAT and the input VAT recovered is credited to the Statement of Comprehensive Income.

**Gift Aid**

Gift Aid represents receipts from fellow Group subsidiaries with charitable tax status in the year. The Association has elected against early adoption of disclosing these payments as distributions, as required by the SORP 2018, retaining their classification as donations.

**Tax**

As the Association has been granted charitable tax status, any qualifying surpluses are not subject to corporation tax.

**Fixed Assets - Housing Properties**

Housing properties are held at cost less accumulated depreciation. Cost includes acquisition expenditure, development costs and directly attributable administration costs. Interest costs are not capitalised.

The carrying value of housing properties is split between the land, structure and major components which require periodic replacement.

For Affordable Home Ownership properties, the amount retained in housing properties is the cost of unsold equity following the first tranche sale.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (continued)**

**Depreciation - Freehold Buildings and Components**

Depreciation is charged on a straight-line basis over the estimated useful economic life of components on the following annual rates:

- Structure:
  - Sheltered housing – 50 years;
  - All other tenures – 100 years;
- Boilers – 15 years;
- Kitchens – 20 years;
- Photovoltaics – 20 years;
- Bathrooms – 30 years;
- Heating – 30 years;
- Windows – 30 years; and

Freehold land and Investment properties are not depreciated.

When components are replaced, the carrying value of existing components is charged to the Statement of Comprehensive Income at the point of disposal.

**Investments in HomeBuy Loans**

The HomeBuy scheme, now closed to new entrants, was a program of home ownership where loans were advanced by the Association to purchasers of property. The program was funded through a combination of government grant and the Association's own funds. The loan advanced to the purchaser and the amount of grant received are both recorded at cost.

The Association has a fixed charge on the property entitling it to a share of the proceeds on the sale of the property. Any capital loss realised on redemption of the loan is initially offset against the government grant, which is held as a long-term liability.

**Valuation of Investments**

Investments in subsidiaries are accounted for using the cost model in the financial statements.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash at bank and in hand, deposits, and short-term investments with an original maturity date of three months or less.

Cash and cash equivalents also includes cash in sinking fund accounts to which the Association has access on behalf of the beneficiaries of the account.

**Receivables and Payables**

Receivables and payables with no stated interest rate, and receivable and payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income within operating income and expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

**2. ACCOUNTING POLICIES (continued)**

**Recoverable Amount of Rental and Other Trade Receivables**

The Association estimates the recoverable amount of receivables and provides for the balance based on the value and class of the debt.

Receivable balances are reviewed quarterly to determine recoverability; balances deemed irrecoverable are subsequently written off.

**Financial Instruments**

Financial instruments are recognised when the Association becomes a party to the contractual provisions of the instrument and are classified according to their substance.

**Deferred and Recycled Capital Grant**

Deferred Capital Grant, predominantly Social Housing Grant, is initially recognised at fair value as a long-term liability and is amortised to the Statement of Comprehensive Income as turnover over the life of the structure of housing properties, except for grant received in respect of HomeBuy loans.

Upon disposal of an asset which has deferred capital grant allocated to it, the cost of the grant is transferred to the Recycled Capital Grant Fund until the grant is reinvested in a replacement property or repaid, reflecting the existing obligation under the Social Housing Grant funding regime. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within liabilities is released to the Statement of Comprehensive Income to cost of sales.

**Financial Assets and Liabilities**

***Loans and Borrowings***

The Association's loans and borrowings meet the definition of, and are classified as, basic financial instruments under FRS 102. These instruments are initially recorded at the transaction price. They are subsequently recorded at amortised costs using the effective interest method.

***Gilt Holdings***

The Association holds UK government gilts within certain liquidity funds and has elected to designate these at fair value through profit or loss under FRS 102 paragraph 11.14(b).

**Leases**

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks or rewards of ownership of the leased assets to the entity. All other leases are classified as operating leases.

Rentals under operating leases are accounted for on a straight-line basis over the lease term even if the payments (where the Association is the lessee) and receipts (where the Association is the lessor) are not made or received on that basis.

The Association has no finance lease commitments.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (continued)**

**Sinking Funds**

Sinking funds comprise leasehold sinking funds and scheme provisions.

Leasehold sinking funds are unspent amounts collected from leaseholders for major repairs on leasehold schemes, plus any interest received, and are included in payables.

Scheme provisions are scheme funds set aside for major repairs and are also included in payables.

**Critical Judgments**

***Impairment Review***

At each reporting date the Association assesses whether an indicator of impairment exists. If such an indicator exists assets affected are subject to an impairment review, and the recoverable amount of the asset or cash generating unit is estimated. An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS

	2019			2018				
	Turnover £'000	Operating costs £'000	Surplus from disposal of fixed assets £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Operating costs £'000	Surplus from disposal of fixed assets £'000	Operating surplus/ (deficit) £'000
<b>Social housing lettings</b>	21,322	(13,262)	-	8,060	19,194	(11,469)	-	7,725
<b>Other social housing activities</b>	-	-	89	89	-	-	166	166
Surplus from disposal of fixed assets	29	(93)	-	(64)	21	(150)	-	(129)
<b>Total other social housing activities</b>	<b>29</b>	<b>(93)</b>	<b>89</b>	<b>25</b>	<b>21</b>	<b>(150)</b>	<b>166</b>	<b>37</b>
<b>Non-social housing activities</b>	116	(47)	-	69	1,220	(27)	-	1,193
Other non-social	116	(47)	-	69	1,220	(27)	-	1,193
<b>Total non-social housing activities</b>	<b>116</b>	<b>(47)</b>	<b>-</b>	<b>69</b>	<b>1,220</b>	<b>(27)</b>	<b>-</b>	<b>1,193</b>
<b>Total</b>	<b>21,467</b>	<b>(13,402)</b>	<b>89</b>	<b>8,154</b>	<b>20,435</b>	<b>(11,646)</b>	<b>166</b>	<b>8,955</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

	2019				2018				
	General housing needs £'000	Supported / housing for older people £'000	Affordable home ownership £'000	Other social housing £'000	General needs housing £'000	Supported / housing for older people £'000	Affordable home ownership £'000	Other social housing £'000	Total £'000
<b>Turnover</b>									
Rent receivable net of identifiable service charges (net of voids)	17,002	811	2	2,658	14,991	835	1	2,571	18,398
Service charge income	641	67	2	1	581	74	2	1	658
<b>Net rental income</b>	<b>17,643</b>	<b>878</b>	<b>4</b>	<b>2,659</b>	<b>15,572</b>	<b>909</b>	<b>3</b>	<b>2,572</b>	<b>19,056</b>
Amortisation of capital grant	-	138	-	-	3	135	-	-	138
<b>Net turnover from social housing lettings</b>	<b>17,643</b>	<b>1,016</b>	<b>4</b>	<b>2,659</b>	<b>15,575</b>	<b>1,044</b>	<b>3</b>	<b>2,572</b>	<b>19,194</b>
<b>Operating costs</b>									
Management	(3,558)	(166)	(1)	(355)	(3,713)	(196)	(1)	(420)	(4,330)
Service charge costs	(880)	(41)	-	(88)	(230)	(12)	-	(26)	(268)
Routine maintenance	(1,977)	(92)	-	(197)	(1,712)	(90)	-	(193)	(1,995)
Planned maintenance	(677)	(32)	-	(67)	(431)	(23)	-	(49)	(503)
Major repairs expenditure	(853)	(40)	-	(85)	(828)	(44)	-	(94)	(966)
Bad debts	(111)	(5)	-	(11)	(75)	(4)	-	(8)	(87)
Other costs	58	3	-	6	3	-	-	-	3
Depreciation of housing properties	(3,339)	(171)	-	(367)	(2,740)	(100)	-	(373)	(3,213)
Loss on disposal of housing components	(180)	(7)	-	(29)	(75)	(1)	-	(34)	(110)
<b>Operating expenditure on social housing lettings</b>	<b>(11,517)</b>	<b>(551)</b>	<b>(1)</b>	<b>(1,193)</b>	<b>(9,801)</b>	<b>(470)</b>	<b>(1)</b>	<b>(1,197)</b>	<b>(11,469)</b>
<b>Operating surplus on social housing lettings</b>	<b>6,126</b>	<b>465</b>	<b>3</b>	<b>1,466</b>	<b>5,774</b>	<b>574</b>	<b>2</b>	<b>1,375</b>	<b>7,725</b>
Void losses	(84)	(7)	-	(12)	(63)	(5)	-	(13)	(81)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

	2019			
	Sales to other registered providers £'000	Other housing sales £'000	HomeBuy redemptions £'000	Total £'000
Sale proceeds	-	422	110	532
Less: cost of sales	-	(372)	(71)	(443)
<b>Surplus from disposal of fixed assets</b>	<b>-</b>	<b>50</b>	<b>39</b>	<b>89</b>

	2018			
	Sales to other registered providers £'000	Other housing sales £'000	HomeBuy redemptions £'000	Total £'000
Sale proceeds	1,809	35	216	2,060
Less: cost of sales	(1,758)	-	(136)	(1,894)
<b>Surplus from disposal of fixed assets</b>	<b>51</b>	<b>35</b>	<b>80</b>	<b>166</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 3. TURNOVER, COST OF SALES, OPERATING COSTS, SURPLUS FROM DISPOSAL OF FIXED ASSETS AND OPERATING SURPLUS (continued)

	2019 Number	2018 Number
<b>HOUSING PROPERTIES</b>		
<b>Owned and managed</b>		
<b>Social</b>		
Social rent general needs housing	2,573	2,413
Affordable rent general needs housing	616	410
Supported / housing for older people	130	130
Affordable home ownership	1	1
Care homes	19	19
Other social housing	318	319
	<u>3,657</u>	<u>3,292</u>
<b>Investments</b>		
HomeBuy loans	<u>24</u>	<u>26</u>
<b>Total</b>	<u>3,681</u>	<u>3,318</u>
<b>NON-HOUSING PROPERTIES</b>		
<b>Owned</b>		
Garages	1	1
Other	2	3
<b>Total</b>	<u>3</u>	<u>4</u>
<b>Total Units</b>	<u>3,684</u>	<u>3,322</u>

Leasehold housing represents those units where the freehold has been retained.

## 4. FINANCE INCOME

	2019 £'000	2018 £'000
Interest receivable from cash and cash equivalents	490	146
Interest receivable from short-term investments	630	630
Interest receivable from intercompany loans	47	146
Interest receivable from joint venture loan notes	902	-
HomeBuy interest	18	19
	<u>2,087</u>	<u>941</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

5. FINANCE COSTS

	2019 £'000	2018 £'000
Interest costs on loans and borrowings	15,780	12,682
Servicing fees of loans and borrowings	148	129
	<u>15,928</u>	<u>12,811</u>

6. GIFT AID

The Association received £21.0m (2018: £23.0m) in Gift Aid from The Swaythling Housing Society Limited and £7.0m (2018: £10.0m) in Gift Aid from Windsor and District Housing Association Limited.

7. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

	2019 £'000	2018 £'000
<b>Surplus on ordinary activities before tax is stated after charging/(crediting)</b>		
Gift Aid	(28,000)	(33,000)
Depreciation of fixed assets	3,877	3,213
<b>The analysis of auditor's remuneration is as follows:</b>		
Fees payable (excluding VAT) to the Association's auditor for the audit of the Association's annual financial statements	18	17
Fees payable (excluding VAT) to the Association's auditor in respect of other services	2	2
	<u>2</u>	<u>2</u>

8. TAX

Due to its charitable status, the Association is not liable to corporation tax.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 9. DIRECTORS' EMOLUMENTS

The Directors are defined as the members of the Group Combined and Executive Boards. All the Directors of Portal Housing Association Limited are remunerated by The Swaythling Housing Society Limited. It is not possible to disaggregate their remuneration in respect of services performed on behalf of the constituent Group entities.

The board members of Portal Housing Association Limited, including details of the other roles they perform on behalf of the constituent Group entities, are shown below:

Name	Appointed	Resigned	Annual Fee	ARC	Committees		
					TIC	RNC	DPRG
Carol Bode (C)	01/10/16		£23,000			M	
Ashley West	16/03/17		£11,500	M		M	
<i>Beverley Anne Costain</i>	<i>01/10/17</i>		<i>N/A</i>		<i>M</i>		<i>M</i>
Jayne Beeson	01/10/16		£9,000	M			
<i>Michael Sweeney</i>	<i>18/08/17</i>	<i>15/10/18</i>	<i>N/A</i>		<i>M</i>		
Simon Porter	25/09/14		£11,500	C	M		
<i>John Gary Orr</i>	<i>15/10/18</i>		<i>N/A</i>		<i>M</i>		<i>C</i>

C: Chair, M: Member, *Italics: Executive Board member*

*Committees: ARC – Audit and Risk; TIC – Treasury and Investment, RNC – Remunerations and Nominations, DPRG – Development Programme Review Group*

## 10. STAFF COSTS

The Association had no employees in the year (2018: none).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 11. HOUSING PROPERTIES

	Completed properties		
	Social housing lettings properties £'000	Affordable home ownership properties £'000	Total completed housing properties £'000
<b>Cost</b>			
At 1 April 2018	423,427	65	423,492
Additions - works to existing properties	1,153	-	1,153
Intercompany transfers	74,470	-	74,470
Disposals and demolitions	(670)	-	(670)
<b>At 31 March 2019</b>	<b>498,380</b>	<b>65</b>	<b>498,445</b>
<b>Accumulated depreciation</b>			
At 1 April 2018	(14,918)	-	(14,918)
Charge for the year	(3,877)	-	(3,877)
Disposals and demolitions	270	-	270
<b>At 31 March 2019</b>	<b>(18,525)</b>	<b>-</b>	<b>(18,525)</b>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<b>479,855</b>	<b>65</b>	<b>479,920</b>
<b>At 31 March 2018</b>	<b>408,509</b>	<b>65</b>	<b>408,574</b>

**Property valuation**

Social housing land and buildings are shown at historic cost. The value of social housing properties as determined by the Existing Use Valuation – Social Housing method at 31 March 2019 was £298.2m (2018: £241.4m). The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

	2019 £'000	2018 £'000
<b>Expenditure on work to existing properties</b>		
Amounts capitalised	1,153	635
Amounts charged to Statement of Comprehensive Income	978	966

**Security**

The Association had property with a net book value of £395.7m pledged as security at 31 March 2019 (2018: £305.7m).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 12. HOMEBUY LOANS

	2019 £'000	2018 £'000
HomeBuy loans	266	292
Accrued HomeBuy interest	1	2
	<b>267</b>	<b>294</b>

HomeBuy loans are secured by way of an equity charge over the property purchased by the recipient of the loan. We have received £0.4m of grant (2018: £0.5m) in respect of HomeBuy loans in issue. The grants will be recycled on redemption of the loans.

## 13. INVESTMENTS

	2019 £'000	2018 £'000
<b>Investments in subsidiaries</b>		
Swaythling Assured Home plc	4,023	4,023

## 14. RECEIVABLES

	2019 £'000	2018 £'000
<b>Gross arrears of rent and service charges</b>		
Social	973	831
Non-social	1	0
	<b>974</b>	<b>831</b>
Bad debt provision	(447)	(384)
<b>Net tenant arrears</b>	<b>527</b>	<b>447</b>
Short-term non-liquid assets	1,777	1,737
Trade receivables	216	48
Intercompany loans	1,200	-
Other receivables and prepayments	9	59
<b>Amounts due within one year</b>	<b>3,729</b>	<b>2,291</b>
Loan notes due from joint venture	41,360	-
Interest bearing balance due from joint venture	165	-
<b>Amounts due after one year</b>	<b>41,525</b>	<b>-</b>
	<b>45,254</b>	<b>2,291</b>

Short-term non-liquid assets comprise gilts and cash held in liquidity funds.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 14. RECEIVABLES (continued)

Investment	Nominal value	Fair value		Interest rate	Expiry date
		2019	2018		
	£'000	£'000	£'000	%	Year
UK Government gilt holding	600	937	922	4.8	2038
UK Government gilt holding	296	343	362	8.0	2021
	<b>896</b>	<b>1,280</b>	<b>1,284</b>		

The fair value movement on gilts of £4k has been debited to the Statement of Comprehensive Income in the year.

## 15. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Loans and borrowings	755	765
Amounts owed to Group undertakings	2,222	3,117
Deferred income	706	496
Trade payables	29	26
Deferred capital grant due within one year	138	138
Accruals	153	226
Other payables	111	100
	<b>4,114</b>	<b>4,868</b>

Whilst amounts owed to Group undertakings are repayable within one year, it is unlikely that the obligation to repay the debt within one year will be enforced.

## 16. PAYABLES: AMOUNTS DUE AFTER ONE YEAR

	2019 £'000	2018 £'000
Loans and borrowings	<b>300,393</b>	<b>253,071</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 16. PAYABLES: AMOUNTS DUE AFTER ONE YEAR (continued)

Loans and borrowings are secured by fixed mortgages over housing properties and are repayable or will be released to the Statement of Comprehensive Income as follows:

	2019			2018		
	Bonds	Inter company loans	Total	Bonds	Inter company loans	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>In multiple instalments</b>						
In one year or less	98	-	98	90	-	90
In one to two years	106	-	106	98	-	98
In two to five years	373	-	373	345	-	345
In five years or more	3,610	30,000	33,610	3,745	30,000	33,745
	<b>4,187</b>	<b>30,000</b>	<b>34,187</b>	<b>4,278</b>	<b>30,000</b>	<b>34,278</b>
<b>In a single instalment</b>						
In five years or more	21,000	231,250	252,250	21,000	187,500	208,500
	<b>25,187</b>	<b>261,250</b>	<b>286,437</b>	<b>25,278</b>	<b>217,500</b>	<b>242,778</b>

The prior year comparative has been restated to show the capital repayment profile for all loans and borrowings. The total value of all loans and borrowings includes a further £14.7m of capitalised fees and premiums.

A summary of the interest rates charged on loans and borrowings is included within the Capital and Treasury Management section, commencing on page 3.

PORTAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

**17. DEFERRED CAPITAL GRANT**

	£'000
<b>Cost</b>	
At 1 April 2018	13,840
<b>Outputs</b>	
Recycled on disposal	(79)
<b>At 31 March 2019</b>	<b>13,761</b>
<b>Accumulated amortisation</b>	
At 1 April 2018	(616)
Released on disposal	4
Charge for the year	(138)
<b>At 31 March 2019</b>	<b>(750)</b>
<b>Amortised deferred capital grant</b>	
<b>At 31 March 2019</b>	<u><u>13,011</u></u>
<b>At 31 March 2018</b>	<u><u>13,224</u></u>

Deferred capital grant will be recognised in the Statement of Comprehensive Income as follows:

	£'000
Deferred capital grant due within one year	138
Deferred capital grant due after one year	12,873
	<u><u>13,011</u></u>

**18. RECYCLED CAPITAL GRANT FUND**

	£'000
At 1 April 2018	-
<b>Net inputs to fund</b>	
Grants recycled	238
<b>Recycling of grant</b>	
Transfers to other Group members	(238)
<b>At 31 March 2019</b>	<u><u>-</u></u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 19. SHARE CAPITAL

	2019	2018
	£	£
<b>Shares of £1 each</b>		
Issued and fully paid at 1 April	6	8
Shares cancelled during the year	-	(2)
<b>Shares issued and fully paid at 31 March</b>	<u>6</u>	<u>6</u>

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. On ceasing to be a shareholder, the relevant share is cancelled and the amount paid thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests.

## 20. CAPITAL COMMITMENTS

	2019	2018
	£'000	£'000
<b>Capital expenditure commitments were as follows</b>		
Approved but not contracted	<u>1,361</u>	<u>1,068</u>

The above represents expenditure on housing properties not provided for in the financial statements.

Our capital commitments will be financed by cash and cash equivalents (£9.5m at 31 March 2019).

## 21. OPERATING LEASES

The total receipts which the Association is committed to receive under operating leases are as follows:

	Leases with		Tenancy leases	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Amounts receivable as lessor</b>				
Not later than one year	198	278	9,875	7,517
Later than one year and not later than five years	429	753	25,956	21,284
Later than five years	8	37	2,679	3,087
	<u>635</u>	<u>1,068</u>	<u>38,510</u>	<u>31,888</u>

Where a tenancy lease has no fixed end date it has been assumed that the Association is committed to receive one month's rent, equal to the default notice period on tenancy agreements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 22. FINANCIAL INSTRUMENTS

	At fair value		At historic or amortised cost	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Financial assets</b>				
HomeBuy loans	-	-	266	294
Investments	-	-	4,023	4,023
Receivables	1,280	1,284	1,687	1,332
Cash and cash equivalents	-	-	9,497	55,115
Short-term investments	15,425	15,134	-	-
	<b>16,705</b>	<b>16,418</b>	<b>15,473</b>	<b>60,764</b>
<b>Financial liabilities</b>				
Payables: amounts due within one year	-	-	(2,640)	(3,597)
Payables: amounts due after one year	-	-	(286,339)	(242,687)
Deferred capital grant due after one year	-	-	(12,873)	(13,086)
Share capital	-	-	0	0
	-	-	<b>(301,852)</b>	<b>(259,370)</b>
<b>Fair value gains/(losses)</b>			<b>2019 £'000</b>	<b>2018 £'000</b>
On current asset listed investments			<b>287</b>	<b>(314)</b>

## 23. RELATED PARTY TRANSACTIONS

## Transactions with Other Entities or Jointly Controlled Operations

The Association, a subsidiary of Radian Group Limited, has taken advantage of the exemption contained in FRS 102 paragraph 33.1A not to disclose transactions or balances with entities which are wholly owned by the Group.

The Accounting Direction for Social Housing requires registered providers to disclose transactions and balances with the following non-regulated entities which are wholly owned by the Group.

- Radian Support Limited;
- Radian Capital plc; and
- Swaythling Assured Homes plc.

Transactions and balances with subsidiaries are eliminated in the Group financial statements. Transactions with the jointly controlled entities are accounted for accordingly.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

## 23. RELATED PARTY TRANSACTIONS (continued)

The following transactions and balances are shown from the perspective of the Association.

	2019 £'000	2018 £'000
<b>Transactions</b>		
<b>Income</b>		
Interest received from Radian Capital relating to holding of 2042 bond	630	630
Donation received from Radian Support	-	1,151
Interest received from Thakeham Pease Pottage relating to two loans	902	-
	<u>1,532</u>	<u>1,781</u>
<b>Expenditure</b>		
Loans and borrowings servicing fees charged by Radian Capital in relation to intercompany loans	(94)	(97)
Interest charged by Radian Capital in relation to intercompany loans	(14,014)	(11,525)
	<u>(14,108)</u>	<u>(11,622)</u>
<b>Payables</b>		
Receipt of 2049 deferred bond cash from Radian Capital	(43,750)	(43,750)
<b>Receivables</b>		
Drawdown on loans made to Thakeham Pease Pottage	41,360	-
<b>Balances</b>		
<b>Receivables</b>		
Holding of Radian Capital's 2042 bond	10,500	10,500
Interest due in relation to holding of Radian Capital's 2042 bond	53	-
Amounts due from Thakeham Pease Pottage	41,525	-
	<u>52,078</u>	<u>10,500</u>
<b>Payables</b>		
Intercompany loans from Radian Capital plc (nominal)	<u>(261,250)</u>	<u>(217,500)</u>

**Bond Security**

At 31 March 2019, a total of 2,662 (2018: 2,216) properties owned by the Association were held as security, with a value of £286.2m (2018: £227.1m), against Radian Capital's 2042, 2044 and 2049 bonds. All bond proceeds received by Radian Capital have been on lent to the Association.

PORTAL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

**24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

At 31 March 2019 the Association's ultimate parent and ultimate controlling party was Radian Group Limited, a company limited by guarantee and incorporated in England.

Radian Group Limited is a registered provider and is the parent of both the largest and smallest Group into which the Association is consolidated.

Group financial statements can be obtained from Radian Group Limited, Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.