

**Company No: 07890812**

**RADIAN CAPITAL PLC**

**Annual Report and Financial Statements**

**Year Ended 31 March 2019**

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RADIAN CAPITAL PLC

**GENERAL INFORMATION**

**BOARD OF DIRECTORS**

Beverley Anne Costain	
Michael Sweeney	Resigned 15/10/18
Peter Evans	
John Gary Orr	Appointed 15/10/18

**COMPANY 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 0PA

## **STRATEGIC REPORT**

### **Business Overview**

Radian Capital plc is a member of the Radian Group, with a registered head office in Eastleigh.

The Company acts as a finance vehicle in the Group and has issued and sold own named bonds in the capital markets and on lent all proceeds from these sales to fellow subsidiaries. The Company has not entered into any new contractual arrangements in the year.

### **Performance Highlights**

As a result of the business model, the company breaks even, and its net worth is equal to the value of its issued share capital. Finance income and receivables relate to interest earned on the balances lent to fellow Group companies, which are equal and opposite to the finance cost and payables relate to interest charged on the amounts owed to bond holders.

### **Our Performance**

External advisers assist us in benchmarking the pricing of our bond issues and sales against the bond markets and issues by other registered providers. The pricing achieved reflects the Company's performance.

There were no bond issues or sales during the year, but the latest deferred tranche of the 2049 bond of £43.8m nominal was received in May 2018.

The Company does not consider any other performance indicators to be relevant to managing the business.

### **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**

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 one counterparty, whether through cash holdings or available facilities.

### **Capital structure**

At 31 March 2019 the Company's borrowings amounted to £261.3m (2018: £217.5m).

**STRATEGIC REPORT (continued)**

**Capital and Treasury Management (continued)**

***Own-named bonds***

All bonds are issued by the Company with proceeds received being on lent to Portal Housing Association Limited. The proceeds for the 2042 and 2044 bonds were received upfront with the proceeds of the 2049 bond being received in instalments. The 2042 and 2049 bonds are repayable in 2042 and 2049 respectively. The 2044 bond is repayable in instalments.

- **2042 Bond** - £100m nominal of the 6.000% 2042 bond was issued in March 2012. £75m of the bond was sold in March 2012, £2m in December 2012 and £23m in September 2013. In May 2014 Portal Housing Association Limited repurchased £23m of the 2042 bond and subsequently sold £12.5m of the bond in May 2016;
- **2044 Bond** - £100m nominal of the 4.622% 2044 bond was issued in May 2014. £30m of the bond was sold in May 2014 and is repayable in five annual instalments on the 26th, 27th, 28th, 29th, and 30th anniversaries of issue; and
- **2049 Bond** – £200m nominal of the 5.029% 2049 bond was issued in May 2014
  - £100m was sold in May 2014 and nominal proceeds of £1m and £24m were received in May 2014 and May 2016 respectively, with two further instalments of £25m received in May 2017 and 2018 respectively. At the reporting date, one instalment of £25m was due in May 2019;
  - A further £50m was sold in July 2015 and nominal proceeds of £0.5m and £12m were received in July 2015 and May 2016 respectively with two further instalments of £12.5m received in May 2017 and 2018 respectively. At the reporting date, one instalment of £12.5m was due in May 2019; and
  - £25m was sold in June 2016 and nominal proceeds of £6.25m were received in June 2016, May 2017 and May 2018. At the reporting date, one instalment of £6.25m was due in May 2019.

In all cases the purchasers have contracted to make these future payments.

***Risks***

- **Interest rate risk** is the risk that the Company is unable to service its loans and borrowings due to rises in interest rates. The Company 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 Company is unable to service its loans and borrowings, or meet repayment liabilities as they fall due, due to insufficient cash. The Company manages liquidity risk through the requirements laid out in the Group Treasury Policy, including requirements for minimum levels of cash or immediately available facilities;
- **Counterparty credit risk** is the risk that the Company is unable to access cash deposits due to failure of counterparties. The Company 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 Company is unable to refinance loans and borrowings at an acceptable interest rate as they mature. The Company 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 Company borrows and invests surplus funds only in sterling.

**STRATEGIC REPORT (continued)**

**Capital and Treasury Management (continued)**

***Interest rate management***

All of the Company's borrowings consist of fixed rate bonds.

***Financial loan covenant compliance***

Financial loan covenants are primarily measured by 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***

At 31 March 2019 £43.8m was available to the Company, in deferred bond proceeds due to be received by May 2019.

The Company has sufficient funds for its current needs.

**Statement of Compliance**

The strategic report was approved by the Board on 22 July 2019 and signed on its behalf by the chair:

A handwritten signature in black ink, appearing to be 'B Costain', with a long horizontal flourish extending to the right.

**B Costain**  
Director

## **DIRECTORS' REPORT**

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

### **Board of Directors**

The Directors of the Company are listed on page 1 and their remuneration is disclosed in note 6.

### **Dividends**

The Directors do not recommend the payment of a dividend. No dividend was paid in 2018.

### **Employees**

The Company had no employees in the year.

### **Disclosure of Information in the Strategic Report**

As the funding of the Company is inextricably linked to its business model and strategy, such information has been presented within the Capital and Treasury Management section on page 2.

### **Post Balance Sheet Events**

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

### **Going Concern**

After making enquiries, the Board has a reasonable expectation that the Company 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.

### **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 Company's auditor in connection with preparing their report, of which the Company'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 Company's auditor in connection with preparing their report and to establish that the Company'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.

RADIAN CAPITAL PLC

**DIRECTORS' REPORT (continued)**

**Approval of the Board**

The directors' report was approved by the Board on 22 July 2019 and signed on its behalf by the chair:

A handwritten signature in black ink, appearing to be 'B Costain', with a long horizontal stroke extending to the right.

**B Costain**  
Director



## STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Follow applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Prepare a director's report, a strategic report and director's remuneration report which complies with the requirements of the Companies Act 2006.

The directors 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 Companies Act 2006. 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 directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIAN CAPITAL PLC**

### **Opinion**

We have audited the financial statements of Radian Capital plc ("the Company") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated and parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 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 as applied to listed entities, 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

### **Recoverability of intercompany loans**

The solvency of the company, and its ability to meet its obligations in repaying the interest and capital in relation to the bonds in issue, is dependent on the recoverability of intercompany loans that have arisen through the on-lending of the funds received. The intercompany loans have a carrying amount of £276,518,000 as at 31 March 2019 (2018: £228,679,000).

Due to the intercompany loans being highly material and their recoverability being key to the going concern status of the company, the recoverability of the intercompany loans is considered to be a significant risk of material misstatement and therefore a key audit matter.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIAN CAPITAL PLC (continued)**

### *How we addressed the key audit matter in the audit:*

We obtained details of the forecasts used to project future trading performance and financial position of the relevant group companies including the assumptions and judgements made by management in producing those forecasts. We considered whether the assumptions and judgements taken were appropriate and considered whether the forecasts highlighted that the relevant group companies are able to discharge their liabilities and obligations to the company as they fall due. We consider the assumptions and judgements in light of our knowledge of understanding of the financial position of the group as a whole.

### *Key observations*

During our work, nothing came to our attention that suggests that amounts due to the company from other group entities are not recoverable.

### **Our application of materiality**

Materiality: £3,300,000 (2018: £2,700,000).

Our materiality has been set at 1.2% of total assets for both the current and prior years on the basis that total assets is considered to be a key performance indicator for stakeholders assessing the performance of the Company.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality was set at 75 per cent of the above materiality levels. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements based on past experience and other factors.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £66,000 (2018: £54,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

The scope of our audit was established by obtaining an understanding of the company, including its control environment, and assessing the risks of material misstatement.

We obtained an understanding of the entity-level controls which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

### **Extent to which the audit is capable of detecting irregularities**

The extent to which the audit is capable of detecting irregularities is affected by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIAN CAPITAL PLC (continued)**

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

We designed audit procedures at Company and significant component level to respond to the risk, 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 or intentional misrepresentations, or through collusion.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries of the board and of management and enquiries of third parties, where information from that third party has been used by the Company in the preparation of the financial statements.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Board that represented a risk of material misstatement due to fraud.

### **Other information**

The directors 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 and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIAN CAPITAL PLC (continued)

### Responsibilities of the directors

As explained more fully in the statement of the directors' responsibilities, the directors 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 directors 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 directors 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters

Following the recommendation of the audit committee, we were appointed by the board on 1 February 2017 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ending 31 March 2017 to 31 March 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Cliftlands (Senior Statutory Auditor)

For and on behalf of 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
Finance income	3	14,109	11,622
Finance costs	4	(14,109)	(11,622)
<b>Result on ordinary activities before and after tax</b>	<b>5</b>	<u>-</u>	<u>-</u>

All activities derive from continuing operations.

The notes on pages 15 to 20 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2019**

	Note	2019 £'000	2018 £'000
<b>Current assets</b>			
<i>Receivables</i>			
Amounts due within one year	8	2,012	1,417
Amounts due after one year	8	274,543	227,299
Cash		13	13
		<u>276,568</u>	<u>228,729</u>
Payables: amounts due within one year	9	(3,723)	(2,947)
		<u>272,845</u>	<u>225,782</u>
<b>Net current assets</b>			
Payables: amounts due after one year	10	(272,795)	(225,732)
		<u>50</u>	<u>50</u>
<b>Total assets less current liabilities</b>			
<b>Capital and reserves</b>			
Share capital	11	50	50
		<u>50</u>	<u>50</u>
<b>Shareholders' funds</b>			

The notes on pages 15 to 20 form part of these financial statements.

The financial statements of Radian Capital plc, registered number 07890812, on pages 12 to 20 were approved by the Board of Directors and authorised for issue on the 22 July 2019 and signed on its behalf by:



**B Costain**  
 Director

RADIAN CAPITAL PLC

STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Revenue Reserve £'000	Total £'000
<b>At 1 April 2018</b>	50	-	50
Result on ordinary activities after tax	-	-	-
<b>At 31 March 2018</b>	<u>50</u>	<u>-</u>	<u>50</u>
Result on ordinary activities after tax	-	-	-
<b>At 31 March 2019</b>	<u>50</u>	<u>-</u>	<u>50</u>

The notes on pages 15 to 20 form part of these financial statements.



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

**1. LEGAL STATUS**

The Company is a public limited company incorporated in the United Kingdom under the Companies Act 2006.

**2. ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Company have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102). The financial statements are presented in pounds sterling and have been prepared on the historical cost basis.

**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 5.

**Disclosure Exemptions**

In preparing the financial statements of the Company, 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.

**Related Parties**

As a subsidiary of its parent, Radian Group Limited, whose results and balances are included in the consolidated financial statements, the Company has not disclosed all transactions and balances with entities which form part of the Group.

**Finance Income**

Interest is earned from loans to other entities in the Group.

**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.

**Tax**

Current tax is recognised for tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

**2. ACCOUNTING POLICIES (continued)**

**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.

**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.

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

The Company 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 Company becomes a party to the contractual provisions of the instrument and are classified according to their substance.

For the deferred elements of the Radian Capital 2049 bond, the liability is recognised when security is in place and the funds are received by the Company.

**Financial Assets and Liabilities**

***Loans and borrowings***

The Company'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.

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

## 3. FINANCE INCOME

	2019 £'000	2018 £'000
<b>On intercompany loans at amortised cost</b>		
Interest receivable from intercompany loans	14,016	11,525
Intercompany loan arrangement fees and associated costs	93	97
	<u>14,109</u>	<u>11,622</u>

## 4. FINANCE COSTS

	2019 £'000	2018 £'000
<b>On bonds at amortised cost</b>		
Interest costs	14,016	11,525
Loan arrangement fees and associated costs	93	97
	<u>14,109</u>	<u>11,622</u>

## 5. RESULT ON ORDINARY ACTIVITIES BEFORE TAX

	2019 £'000	2018 £'000
<b>The analysis of auditor's remuneration is as follows:</b>		
Fees payable (excluding VAT) to the Company's auditor for the audit of the Company's annual financial statements	7	6
	<u>7</u>	<u>6</u>

The audit fees for the Company have been borne by The Swaythling Housing Society Limited.

## 6. DIRECTORS' EMOLUMENTS

The Directors are defined as the members of the Executive Board. All the Directors of Radian Capital plc 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 Directors of Radian Capital plc, including details of the other roles they perform on behalf of the constituent Group entities, are shown below:

Name	Appointed	Resigned	Annual Fee	Committees			
				ARC	TIC	RNC	DPRG
<i>Beverley Anne Costain</i>	27/04/17		N/A		M		M
<i>Michael Sweeney</i>	18/08/17	15/10/18	N/A		M		
<i>Peter Evans</i>	27/04/17		N/A				
<i>John Gary Orr</i>	15/10/18		N/A		M		C

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*

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

## 7. STAFF COSTS

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

## 8. RECEIVABLES

	2019 £'000	2018 £'000
Amounts due from Group undertakings	1,656	1,007
Intercompany loans	319	373
Called up share capital	37	37
<b>Amounts due within one year</b>	<b>2,012</b>	<b>1,417</b>
Intercompany loans	274,543	227,299
<b>Amounts due after one year</b>	<b>274,543</b>	<b>227,299</b>
	<b>276,555</b>	<b>228,716</b>

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

## 9. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Loans and borrowings	<b>3,723</b>	<b>2,947</b>

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

## 10. PAYABLES: AMOUNTS DUE AFTER ONE YEAR

	2019 £'000	2018 £'000
Loans and borrowings	272,795	225,732

Loans and borrowings are repayable or will be released to the Statement of Comprehensive Income as follows:

Own-named bonds	2019 £'000	2018 £'000
<b>In multiple instalments</b>		
In five years or more	30,000	30,000
<b>In a single instalment</b>		
In five years or more	231,250	187,500
	<b>261,250</b>	<b>217,500</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 £15.3m of capitalised fees and premiums.

The fair value of the bond liability as at 31 March 2019 was £356.7m (31 March 2018: £226.9m) excluding the receipts and payments on the deferred element of the 2049 bond.

The bonds have been allocated to the Level 1 fair value hierarchy. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

A summary of the interest rates charged on loans and borrowings is included within the Capital and Treasury Management section, commencing on page 2.

## 11. SHARE CAPITAL

	2019 £'000	2018 £'000
Issued and fully paid	13	13
Called up (not paid)	37	37
	<b>50</b>	<b>50</b>

The Company was incorporated on 22 December 2011 with an issued share capital of £50k of which £13k was fully paid.

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

## 12. FINANCIAL INSTRUMENTS

	At historic or amortised cost	
	2019 £'000	2018 £'000
<b>Financial assets</b>		
Receivables	262,944	218,544
Cash	13	13
	<b>262,957</b>	<b>218,557</b>
<b>Financial liabilities</b>		
Payables: amounts due after one year	<b>(261,250)</b>	<b>(217,500)</b>

## 13. RELATED PARTY TRANSACTIONS

The Company, 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.

There were no other related party transactions during the period or balances at the reporting date.

## 14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 March 2019 the Company'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 Company is consolidated.

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