

**Company No: 07890812**

**RADIAN CAPITAL PLC**

**Annual Report and Financial Statements**

**Year Ended 31 March 2023**

**CONTENTS**

GENERAL INFORMATION .....	1
STRATEGIC REPORT .....	2
Organisational Overview .....	2
Business Model .....	2
Performance Highlights .....	2
Our Performance .....	2
Principal Risks and Uncertainties .....	2
Section 172 Compliance .....	2
Statement of Compliance .....	3
DIRECTORS' REPORT .....	4
Board of Directors .....	4
Directors' Indemnities .....	4
Dividends .....	4
Employees .....	4
Capital and Treasury Management .....	4
Governance and Regulation .....	6
Post Balance Sheet Events .....	6
Going Concern .....	6
Disclosure of Information to Auditor .....	6
External Auditor .....	7
Approval of the Board .....	7
STATEMENT OF THE DIRECTORS' RESPONSIBILITIES .....	8
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIAN CAPITAL PLC .....	9
STATEMENT OF COMPREHENSIVE INCOME .....	16
STATEMENT OF FINANCIAL POSITION .....	17
STATEMENT OF CHANGES IN EQUITY .....	18
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 .....	19

RADIAN CAPITAL PLC

**GENERAL INFORMATION**

**BOARD OF DIRECTORS**

Ralph Facey  
Stephen Lodge  
John Gary Orr  
Caroline Moore

**COMPANY SECRETARY**

Gemma Burton-Connolly  
Sarah Pearson

resigned 1 September 2023  
appointed 2 September 2023

**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**

### **Organisational Overview**

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

### **Business Model**

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.

### **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.

The Company has not issued or sold any new debt in the year.

### **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.

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.

The principal risk facing the entity is the ability of fellow Group entities being unable to meet their contractual obligations to service interest and repay amounts borrowed as they fall due. Such risks are mitigated by the work performed and reviews undertaken by the relevant committees within the Group.

### **Section 172 Compliance**

The Company operates within the structure of the Abri Group and, as such, key decisions impacting the Company are taken by the Executive Board, subject to approval from the relevant committee and legal entity board. Decisions impacting the entity most typically pass through the Treasury Committee with input from the Treasury and Financial Planning directorate.

The Directors place paramount importance on their legal duties under Section 172 of the Companies Act 2006. The Board is of the opinion that its conduct and those it collaborates with led to decisions made in good faith to promote the success of the Company whilst considering the long-term implications of those decisions on its key stakeholders, as outlined below:

**STRATEGIC REPORT (continued)**

**Section 172 Compliance (continued)**

***Employees***

The entity has no direct employees but utilises members of staff from relevant departments who are employed by other members of the Group. All employees share common terms and conditions, irrespective of the employing entity and have access to the same resources, services and development opportunities.

Employees are supported by Connexus, a forum of elected individuals who collaborate with the Executive Board and providing a voice for feedback. Employees are regularly surveyed, have monthly performance check ins with managers and are encouraged to openly share their views.

***Customers and Partners***

Being members of the same Group, regular contact is maintained with Abri Group Limited to whom all bond proceeds are on lent, enabling the entity to monitor recoverability of these funds.

The entity maintains relationships with a number of professional service firms, working closely with treasury advisers - particularly in the build up to bond issues and sales – custodians and credit rating agencies on a regular basis.

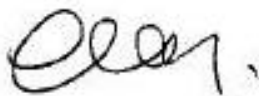
***Community and Environment***

Given the nature of the entities operations it has little direct impact on communities and the environment, although the funds raised ultimately allow other members of the Group to deliver new homes and communities.

The increasing prevalence of green, social, and/or sustainable bonds in the markets are however expected to more directly link the entity to this stakeholder groups in future.

**Statement of Compliance**

The strategic report was approved by the Board on 25 September 2023 and signed on its behalf by:



**Caroline Moore**  
Director

**DIRECTORS' REPORT**

The Directors present their report for the year ended 31 March 2023.

**Board of Directors**

The Directors of the Company during the year and up to the date of signing are listed on page 1 and their remuneration is disclosed in note 7. An overview of the positions each serving Director holds on other committees within the Abri Group is outlined below:

<b>Director/ Committee</b>	<b>Audit and Risk</b>	<b>Treasury</b>	<b>People and Culture</b>	<b>Development and Assets</b>	<b>Customer Service and Performance</b>
<i>John Gary Orr</i>	-	-	<i>Member</i>	<i>Member</i>	-
<i>Caroline Moore</i>	-	<i>Member</i>	-	-	-
<i>Ralph Facey</i>	-	-	-	-	<i>Member</i>
<i>Stephen Lodge</i>	-	-	-	-	-

**Directors' Indemnities**

Directors' and Officer's insurance cover has been established for all Directors to provide appropriate cover, indemnifying them against liability when acting for the Company. The indemnities were in force during the financial year and remain in place for all current and past Directors of the Company.

**Dividends**

The Directors do not recommend the payment of a dividend (2022: £nil).

**Employees**

The Company had no employees in the year.

**Capital and Treasury Management****Introduction**

Abri 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 & cash equivalents to cover the next six months forecast cash requirement;
- sufficient liquidity to cover the next 18 months net cash requirement before funding (including uncommitted but not aspirational development or any staircasing cashflows); and
- no over-reliance placed on any one counterparty, whether through cash holdings or available facilities.

**Capital structure**

At 31 March 2023 the Company's borrowings amounted to £330.0m nominal (2022: £330.0m).

**DIRECTORS' REPORT (continued)****Capital and Treasury Management (continued)*****Own-named bonds***

All bonds are issued by the Company, with proceeds received being on-lent to Abri.

The 2042 and 2049 bonds are repayable in 2042 and 2049 respectively. The 2044 bond is repayable in instalments. A summary of the Company's bonds is as follows:

<b>Name</b>	<b>2042</b>	<b>2044</b>	<b>2049</b>
Coupon	6.000%	4.622%	5.029%
Nominal Issued	£100m	£100m	£200m
Sold to date	£100m	£30m	£200m
Received to date	£100m	£30m	£200m
Unsold	-	£70m	-
Repayable	Expiry	Instalments	Expiry

There was no movement in the debt profile during the year.

***Risks***

- **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.

***Interest rate management***

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

***Future funding options***

The Company has sufficient funds for its current needs.

***Moody's Credit Rating***

Moody's review Abri's credit rating by looking at the Group as a whole. In February 2023, following their review, Moody's confirmed the Group's credit rating as A3 negative. In their review Moody's highlighted our financial strength, with moderate gearing, large, unencumbered asset base and solid liquidity. These strengths, combined with our supportive institutional framework, make us resilient to challenges and well placed to achieve our corporate objectives.

## **DIRECTORS' REPORT (continued)**

### **Governance and Regulation**

The operations of the Company are subject to the governance and management structures in place across the Group, in common with all fellow subsidiaries.

An overview of the approach to governance and regulatory compliance, as determined by the Group Board, is included in our Group statutory accounts.

### **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**

The appropriateness of preparing the accounts on a going concern basis continues to be set against a backdrop of economic instability.

Despite daily life largely returning to normal following the Covid-19 pandemic the after effects are evident and are amplified when coupled with ongoing global geo-political issues. We continue to see high levels of inflation and the resulting cost of living crisis and subsequent measures aimed at controlling inflation, with the raising of interest rates.

The entity operates as a funding vehicle by on-lending proceeds from bond sales to fellow Group members. The appropriateness of preparing the accounts of the entity on a going concern basis is therefore intrinsically linked to the going concern of the Group as a whole. At a Group level, the Board believes that, while uncertainty exists, it does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern and it is well placed to absorb the impact of changes that lay ahead.

Prior to lending funds to third parties, the directors ensure the borrowing entity can meet its contractual obligations as they fall due via a review of past involvement with the borrower, updating credit checks and liquidity assessments. The Treasury Committee also monitors all lending, including intercompany loans, with delegation from the ultimate parent under Group Standing Orders for effective governance and operations across all Group subsidiaries. They receive assurance at each meeting that financial commitments can be met and are provided with oversight of key financial risks.

All bonds issued by the entity carry a fixed coupon and are not subject to covenants or exposed to macro-economic factors such as changes in interest rates.

The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date.

### **Disclosure of Information to Auditor**

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

- so far as each Director 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 Director has taken all the steps that they ought to have taken as a Director 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.


**DIRECTORS' REPORT (continued)**

**External Auditor**

BDO LLP has indicated their willingness to continue in office as auditor to the Abri Group, 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 25 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Caroline Moore', with a small flourish at the end.

**Caroline Moore**  
Director

## **STATEMENT OF THE DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the strategic report, the directors' 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). 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.

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

In preparing these financial statements, the Directors 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 Company will continue in business.

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.

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

### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its result 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.

We have audited the financial statements of Radian Capital plc for the year ended 31 March 2023, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

### *Independence*

Following the recommendation of the Audit and Risk Committee, we were first appointed by the Board to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is seven years, covering the years ending 31 March 2017 to 31 March 2023.

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment that supports the Director's conclusions with respect to the disclosures provided around going concern;
- consideration of the forecasts prepared by the parent entity for the group and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations through to March 2025 (due to the Company's going concern being dependent on the parent entity's ability to make its interest and principal loan payments).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIANT CAPITAL PLC (continued)****Conclusions relating to going concern (continued)**

- consideration of the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts prepared.

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

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

**Overview**

<b>Key audit matters</b>	Recoverability of intercompany debt	<b>2023</b> X	<b>2022</b> X
<b>Materiality</b>	<i>Financial statements as a whole</i> £5.1m (2022: £5.1m) based on 1.4% (2022: 1.4%) of total assets		

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

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, 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) that 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matters	How the scope of our audit addressed the key audit matter	
<p><b>The recoverable amount of related party debt is materially misstated</b></p> <p>As disclosed in note 2, as the entity on-lends to its ultimate parent (Abri Group Limited) and fellow group members. The principal risk facing the entity is that those borrowers will be unable to make interest or principal payments when they fall due.</p> <p>Recoverability of these balances is intrinsically linked to the future viability of the Abri group and needs to be reviewed at each balance sheet date.</p> <p>Receivable balances are disclosed in note 9.</p>	<p>The assessment of the recoverability of the related party debt involves several subjective judgements including the impact of additional downside scenarios for the Abri group with potential increased running and development costs, increased voids and bad debts and falling house prices, which in turn could affect interest receipts to the Company. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.</p>	<p>Our audit response involved the following:</p> <ul style="list-style-type: none"> <li>• Assessment of management's review of the recoverability of related party debt including their review of the parent entity's assessment of its going concern status.</li> <li>• Consideration of the forecasts prepared by the parent and other group entities and challenge of the key assumptions based on our knowledge of those businesses, including availability of financing facilities and covenant compliance calculations through to March 2025.</li> <li>• Assessing scenarios modelled by the group entities including stress tests to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations.</li> <li>• Consideration of the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.</li> </ul> <p><i>Key observations:</i></p> <p>We noted no material exceptions through performing these procedures.</p>

**Our application of materiality**

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIAN CAPITAL PLC (continued)****Our application of materiality (continued)**

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	<b>2023 (£m)</b>	<b>2022 (£m)</b>
<b>Materiality</b>	5.1	5.1
<b>Basis for determining materiality</b>	1.4% of Total assets	1.4% of Total assets
<b>Rationale for the benchmark applied</b>	We used total assets for our chosen benchmark to determine materiality as the entity on-lends funds raised in the capital markets to group companies and therefore the level of on-lending from these activities is the area that will have the greatest impact on decisions made by users of the accounts. This is considered to be the key performance indicator for stakeholders assessing the performance of the Company.	
<b>Performance materiality</b>	3.8	3.8
<b>Basis for determining performance materiality</b>	75% of materiality	75% of materiality
<b>Rationale for determining performance materiality</b>	We have determined that 75% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified and the limited areas of the financial statements subject to estimation uncertainty.	

*Reporting threshold*

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £152,000 (2022: £102,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

### **Other Companies Act 2006 reporting**

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

#### *Strategic report and Directors' report*

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' report have been prepared in accordance with applicable legal requirements.

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.

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

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' remuneration report to be audited 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.

### **Responsibilities of 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.

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

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

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

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

#### *Non-compliance with laws and regulations*

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the applicable accounting framework, and the laws and regulations relating to the company's registration with Companies House.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be compliance with tax legislation.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation; and
- involvement of tax experts in the audit.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance and internal audit reports for any known or suspected instances of fraud; and
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

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

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

#### *Fraud (continued)*

Based on our risk assessment, we considered the areas most susceptible to fraud to be management's assessment of the recoverability of the related party debt and management override in relation to the posting of journals.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverability of related party debt.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

### Use of our report

This report is made solely to the 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.

DocuSigned by:

*Paula Willock*

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### **Paula Willock (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor

London, UK

27 September 2023

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2023**

	<b>Note</b>	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Finance income	3	16,740	16,821
Finance costs	4	(16,740)	(16,821)
<b>Result on ordinary activities before tax</b>	5	<u>-</u>	<u>-</u>
Tax charge for the year	6	-	-
<b>Result on ordinary activities after tax</b>		<u>-</u>	<u>-</u>

All activities derive from continuing operations.

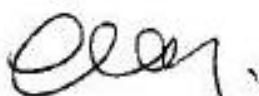
The notes on pages 19 to 24 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2023**

	Note	2023 £'000	2022 £'000
<b>Current assets</b>			
Receivables			
Amounts due within one year	9	5,629	3,807
Amounts due after one year	9	356,959	359,526
Cash and cash equivalents		13	13
		<b>362,601</b>	<b>363,346</b>
Payables: amounts due within one year	10	(5,592)	(5,531)
		<b>357,009</b>	<b>357,815</b>
<b>Net current assets</b>			
Payables: amounts due after one year	11	(356,959)	(357,765)
		<b>50</b>	<b>50</b>
<b>Total assets less current liabilities</b>			
<b>Capital and reserves</b>			
Share capital	12	50	50
Revenue reserve		-	-
		<b>50</b>	<b>50</b>
<b>Shareholders' funds</b>			

The notes on pages 19 to 24 form part of these financial statements.

The financial statements of Radian Capital plc, registered number 07890812, on pages 16 to 24 were approved by the Board of Directors and authorised for issue on 25 September 2023 and signed on its behalf by:



**Caroline Moore**  
 Director

**STATEMENT OF CHANGES IN EQUITY**  
**As at 31 March 2023**

	Share Capital £'000	Revenue Reserve £'000	Total £'000
<b>At 31 March 2021</b>	<b>50</b>	-	<b>50</b>
Result on ordinary activities after tax	-	-	-
<b>At 31 March 2022</b>	<b>50</b>	-	<b>50</b>
Result on ordinary activities after tax	-	-	-
<b>At 31 March 2023</b>	<b>50</b>	-	<b>50</b>

The notes on pages 19 to 24 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### 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 Preparation**

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 appropriateness of preparing the accounts on a going concern basis continues to be set against a backdrop of economic instability.

Despite daily life largely returning to normal following the Covid-19 pandemic the after effects are evident and are amplified when coupled with ongoing global geo-political issues. We continue to see high levels of inflation and the resulting cost of living crisis and subsequent measures aimed at controlling inflation, with the raising of interest rates.

The entity operates as a funding vehicle by on-lending proceeds from bond sales to fellow Group members. The appropriateness of preparing the accounts of the entity on a going concern basis is therefore intrinsically linked to the going concern of the Group as a whole. At a Group level, the Board believes that, while uncertainty exists, it does not pose a material uncertainty that would cast doubt on the Group's ability to continue as a going concern and it is well placed to absorb the impact of changes that lay ahead.

Prior to lending funds to third parties, the directors ensure the borrowing entity can meet its contractual obligations as they fall due via a review of past involvement with the borrower, updating credit checks and liquidity assessments. The Treasury Committee also monitors all lending, including intercompany loans, with delegation from the ultimate parent under Group Standing Orders for effective governance and operations across all Group subsidiaries. They receive assurance at each meeting that financial commitments can be met and are provided with oversight of key financial risks.

All bonds issued by the entity carry a fixed coupon and are not subject to covenants or exposed to macro-economic factors such as changes in interest rates.

The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date.

#### **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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

**2. ACCOUNTING POLICIES (continued)**

**Related Parties**

As a subsidiary of its parent, Abri 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 profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

**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.

**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 cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****2. ACCOUNTING POLICIES (continued)****Critical Judgements, Estimates, and Uncertainty**

Preparation of the financial statements requires management to make the following significant judgments and estimates:

***Recoverable amount of loans to fellow Group entities***

Judgement is exercised in determining that the entity within the Group to whom bond proceeds are on-lent can meet their obligations to service interest costs and repay amounts borrowed as they fall due.

**3. FINANCE INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>On intercompany loans at amortised cost</b>		
Interest receivable from intercompany loans	16,700	16,722
Intercompany loan arrangement fees and associated costs	40	99
	<b>16,740</b>	<b>16,821</b>

**4. FINANCE COSTS**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>On bonds at amortised cost</b>		
Interest costs	16,700	16,722
Loan arrangement fees and associated costs	40	99
	<b>16,740</b>	<b>16,821</b>

**5. RESULT ON ORDINARY ACTIVITIES BEFORE TAX**

Result on ordinary activities before taxation is stated after charging:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fees payable to the Company's auditor for:</b>		
Audit of the annual financial statements (excluding VAT)	<b>8</b>	<b>7</b>

The audit fees for the Company have been borne by Abri Group Limited.

**6. TAX**

The Company made no profit or loss in the year and delivered a taxable result of £nil (2022: £nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****7. DIRECTORS' EMOLUMENTS**

The Directors of the Company are defined as the board members and the Executive Board.

Executive Board members receive no incremental remuneration for their role as Directors of individual legal entities. All Directors are remunerated by The Swaythling Housing Society Limited.

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>	<b>Annual Fee</b>
<i>John Gary Orr</i>	<i>15/10/2018</i>	-	<i>N/A</i>
<i>Caroline Moore</i>	<i>04/11/2019</i>	-	<i>N/A</i>
<i>Ralph Facey</i>	<i>19/09/2019</i>	-	<i>N/A</i>
<i>Stephen Lodge</i>	<i>04/11/2019</i>	-	<i>N/A</i>

**8. STAFF COSTS**

The Company had no employees in the year (2022: none).

**9. RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Intercompany loans	5,592	776
Called up share capital	37	37
Amounts due from group undertakings	-	2,994
<b>Amounts due within one year</b>	<b>5,629</b>	<b>3,807</b>
Intercompany loans	356,959	359,526
<b>Amounts due after one year</b>	<b>356,959</b>	<b>359,526</b>
	<b>362,588</b>	<b>363,333</b>

Intercompany loans are on-lent at terms which mirror the term of the bond liability disclosed in note 11.

**10. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Loans, borrowings, and accrued interest	<b>5,592</b>	<b>5,531</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****11. PAYABLES: AMOUNTS DUE AFTER ONE YEAR**

	2023 £'000	2022 £'000
Loans, borrowings, and accrued interest	<u>356,959</u>	<u>357,765</u>

Loans and borrowings are repayable as follows:

<b>Own-named bonds</b>	2023 £'000	2022 £'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	300,000	300,000
	<u>330,000</u>	<u>330,000</u>

The total value of all loans and borrowings includes a further £32.6m (2022: £33.3m) of capitalised fees, premiums, and interest accrued. A summary of the interest rates charged on loans and borrowings is included within the Capital and Treasury Management section, commencing on page 4.

The bonds are secured by fixed charges on housing properties owned by Abri Group Limited.

**12. SHARE CAPITAL**

	2023 £'000	2022 £'000
<b>Shares of £1 each</b>		
Issued and fully paid	13	13
Called up (not paid)	37	37
<b>Share capital at 31 March</b>	<u>50</u>	<u>50</u>

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

**13. RELATED PARTY TRANSACTIONS**

The Company, a subsidiary of Abri 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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

At 31 March 2023 the Company's ultimate parent and ultimate controlling party was Abri Group Limited, a Co-operative and Community Benefits Society registered with the Financial Conduct Authority.

Abri 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 Abri Group Limited, Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.