RADIAN
where people flourish

Radian Group Limited Annual Report and Financial Statements

Year Ended 31st March 2017

Company Registration No: 03482228
Homes and Communities Agency No: L4172

Contents


Mansbridge, Southampton

Radian Overview

General Information

Board of Management

Carol Bode
Chair

Lindsay Todd
Group Chief Executive

Mandy Clarke

Simon Porter

Richard Williams
Appointed 01/10/2016

Martin Hurst
Appointed 16/03/2017

Company Secretary

Malcolm Rule

Registered Office

Collins House
Bishopstoke Road
Eastleigh
Hampshire
SO50 6AD

Bankers

Lloyds Bank
High Street
Southampton
SO14 2DF

Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Performance Highlights

Five Year Summary

	FRS102			Old UK GAAP	
Years ended 31 March	**2017** £m	**2016** £m	**2015** £m	**2014** £m	**2013** £m
Statement of Comprehensive Income					
Turnover	135.1	129.4	124.6	131.5	122.3
Cost of sales	(6.3)	(4.6)	(5.5)	(8.9)	(7.6)
Operating costs	(73.7)	(81.1)	(82.3)	(89.0)	(80.0)
Surplus from disposal of assets	4.9	4.7	2.6	1.4	2.1
Operating surplus	**60.0**	**48.4**	**39.4**	**35.0**	**36.8**
Net interest charge	(27.2)	(27.5)	(28.9)	(23.5)	(22.7)
Fair value movement on financial instruments	(0.0)	(0.0)	0.3	-	-
Fair value movement on investment properties	2.1	1.0	0.9	-	-
Share of surplus in joint ventures	0.2	0.3	0.3	-	-
Tax (charge)/credit on ordinary activities	(0.1)	0.8	(0.1)	(0.1)	0.3
Surplus for year	**35.0**	**23.0**	**11.9**	**11.4**	**14.4**
Statement of Financial Position					
Housing properties at cost less depreciation	1,176.0	1,137.4	1,107.0	1,126.6	1,072.3
Less: Deferred capital grant	-	-	-	(440.8)	(427.0)
	1,176.0	**1,137.4**	**1,107.0**	**685.8**	**645.3**
Other fixed assets	106.0	95.4	47.2	25.8	27.4
Investments	2.4	2.3	2.4	1.9	1.8
Net current assets	139.5	22.0	49.8	60.6	55.6
	1,423.9	**1,257.1**	**1,206.4**	**774.1**	**730.1**
Long term payables and grant	1,205.1	1,071.0	1,043.0	633.1	597.4
Other long term liabilities	29.7	23.8	32.7	23.0	24.3
Reserves	189.1	162.3	130.7	118.0	108.4
	1,423.9	**1,257.1**	**1,206.4**	**774.1**	**730.1**
Statistics					
Operating margin	44%	37%	32%	27%	30%
Interest cover	221%	176%	136%	149%	162%
Total housing properties in management	20,813	20,536	20,903	20,452	19,861

Performance Highlights
Continued

The performance highlights for the last three years are shown under the new financial reporting regime FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition, they reflect the results from continuing operations only, excluding the performance of Radian Support Limited. The results for 2013 and 2014 are shown under old United Kingdom Generally Accepted Accounting Practice (UK GAAP) and include the results of the whole Group.

In 2016/17 the Group has made a total of £3.2m deficit payments into the Radian Group Pension Scheme to improve funding (2015/16: £1.4m, 2014/15: £2.0m, 2013/14: £4.0m, 2012/13: £5.0m and 2011/12: £5.0m). These payments reduce our pension obligations and do not affect operating costs.

In 2016/17 and 2014/15 there were transfers of pension assets and obligations between subsidiary members of the Radian Group Pension Scheme which affect their operating costs but have no impact at a Group level. There is £nil impact on Operating costs.

Introduction from the Group Chair

Since joining as Chair in September 2014, I have found myself immersed in the challenges and opportunities that face the housing sector today.

Although this year has proven tough at times, Radian continues to be resilient and agile in its approach to delivering its vision of “more homes, happy customers, great neighbourhoods” and has continued to perform well.

The Autumn Statement introduced a number of welcomed measures supporting housebuilding across tenures, investing in affordable homes and infrastructure linked to housing growth, but there is much more to do. House prices and market rents have continued to rise above incomes creating difficult decisions for families and communities and hampering growth.

The social housing sector has faced significant pressures as a result of changes to the benefits system. At Radian, we’re working hard to ensure that our residents are given the support that they need, adapting our planning approach to work more efficiently during these times. As a Group we want to remain at the heart of strategies to help end the housing crisis.

It will take many years of significant housebuilding to redress the shortfall in supply; as one of the drivers of increasing house prices, the need to build more affordable homes remains important. As we continue to see high demand for homes of all tenures across our regions we are responding energetically to increase supply, providing high quality homes for rent and sale.

We will continue to invest not just in homes but in our support to help people deal with the impact of welfare reform. We are committed to giving as many as possible the best opportunity to have a home and play a positive part in their community.

Grenfell Tower

Following the tragic events at Grenfell Tower, we have been and will continue to be in regular contact with our residents to address any concerns they may have and to provide fire safety advice and guidance.

The results of an internal investigation identified one of our developments, Park Reach in Southampton owned by The Swaythling Housing Society Limited, which due to its height was considered high risk. Further testing indicated that the cladding on the building does contain aluminium composite materials. As a result, we have worked closely with Southampton City Council and Hampshire Fire and Rescue Service to undertake a thorough assessment of the development, the results of which confirmed that, due to the fire safety management of the building, there is no requirement to move residents out of their homes. Discussions around remedial work to the building are ongoing.

We will continue to undertake a proactive and robust range of measures to ensure that our homes across our geography are safe and to reduce the risk of harm from fire.

Introduction from the Group Chair Continued

Our Performance

Despite this year's 1% rent cut Radian has continued to perform well to improve its turnover and surplus from continuing operations, allowing us to increase both investment in new homes and our number of homes in management. We remain committed to providing value for money in our operations and have secured additional funding to support our development plans.

Rent reductions and Voluntary Right to Buy continue to present challenges but we are well placed to face these successfully, supported by a revised governance structure implemented during the year.

Our Achievements

Celebrating our tenth anniversary in December was a proud moment for Radian and an opportunity to celebrate just how far we have come as a Group and how much we have grown in terms of the number of homes that we provide and the services that we offer. We know that the right homes in the right areas help people to live healthy and happy lives. This means building homes that are affordable and that meet the diverse aspirations of communities and that support an ageing population. It also means supporting our communities with services such as our employment, skills and training programme for our residents and local people. This past year alone has seen:

- 84 people supported into employment, 78 of whom were Radian residents;
- 170 individuals supported into training opportunities; and
- Over 140 individuals coached to prepare CVs.

This invaluable work resulted in our Employment, Support and Training Team being highly commended for "team of the year" at the Portsmouth News Business Excellence Awards 2017.

Elsewhere in the business, we continue to focus on extending our reach by building and managing more homes of all tenures. Our development activity goes from strength to strength with 418 new homes being completed in the last year, most recently through the launch of our Quebec Park development in Bordon, Hampshire.

Whilst home ownership remains the nation's preferred housing tenure, access is now limited to fewer households, so it is essential to ensure that there are sufficient affordable high quality homes to rent. Through SMART, our private rented offering, we are committed to driving up standards. In July 2016 we increased our commitment to private rented housing with a £27m development investment in Berry Court, Bournemouth. Having secured £99.8m of low-cost Affordable Housing Finance (AHF) funding approved by the Department of Communities and Local Government in the last year, our affordable housing development programme will also continue to deliver high quality homes.

Vision 2025 – Our Future

Our ambitious Vision 2025 remains our driving force. We will have a broad customer base and a sophisticated understanding of its requirements. We will focus on efficient, modern service delivery, making Radian one of the most trusted housing brands for customers and partners across the South of England. We will continue to build on our achievements to date, increasing the number of homes we manage to double our current size and maximise our financial capacity.

Introduction from the Group Chair Continued

Vision 2025 – Our Future Continued

In order to deliver this vision, we know that we need to remain efficient in our ways of working. That is why we have made a conscious decision to review our strategy annually to ensure that we adapt to ever-changing environments and continually align to the needs of our customers, our overall purpose and our values. Our priorities are clear: we are aiming for profitable growth, people growth and innovation through transformational change. Each priority plays a key role in building on Radian's successes to date and ensuring that we remain a key player in the social housing sector and in our regions.

In July 2017, Lindsay Todd announced that he will be stepping down as Chief Executive of Radian Group as of 31 August 2017. Lindsay has steered the organisation through a period of immense growth and change, including a successful three-way merger, creating an organisation six times larger than when he joined, set against a backdrop of constantly shifting sector landscapes. Lindsay leaves Radian in a strong financial position. The Board and Executive Members are grateful to him for all he has accomplished during his time at Radian.

I am proud of the work that I see delivered at Radian and how positively this impacts communities and customers alike. I would like to express thanks to Board Members who have stepped down in the past year for their work and contribution. I am looking forward to continuing to work with Board colleagues and the Radian team in the year ahead to sustain Radian's growth and transform our operations to empower people with the homes and services that they need to flourish and build great communities.

Carol Bode
Chair

Our Principal Entities

Radian Group Limited, the Group's parent entity, is a company limited by guarantee and regulated by the Homes and Communities Agency as a Registered Provider. It does not own any housing stock and the Group's activities take place within the Group's registered provider subsidiaries.

Group Combined Board

Carol Bode – Group Chair

After graduating from Southampton University in 1978, Carol's career started on the Sainsbury's graduate retail scheme and after moving into an area training role she progressed to National Retail Training Manager. Two years followed with the Burton Group and she then joined The AA in 1989 to initially set up the HR and Training function for Insurance Services. She spent 11 years with The AA in senior HR Development roles and then moved to financial services company GMAC-RFC (a General Motors organisation) in 2001 as Organisation Development Director.

In 2006 she decided to change direction and has since developed a Non Executive Director (NED) portfolio. Within the Health and Social Care sector, Carol is the Independent Chair of Wiltshire Health and Care, an LLP formed by three Foundation Trusts and set up to deliver community healthcare and wellbeing across Wiltshire. From 2012-17 she was Deputy Chair at The Hillingdon Hospitals NHS Foundation Trust in North West London and prior to that, from 2006-12, Chair at Hampshire Partnership NHS Foundation Trust, later to become Southern Health NHS Foundation Trust. At that time she was also a Board Member of the NHS Foundation Trust Network, now NHS Providers, where she remains today as an associate trainer, delivering governance development programmes to NEDs and Foundation Trust Governors. She has also worked as an associate to a number of management consultancies providing board-level effectiveness and development reviews and solutions. In 2015 she took on the role as Independent Chair of Hampshire's Safeguarding Adults Board.

In a voluntary capacity Carol became Trustee of Basingstoke Voluntary Action in 2016 and has been a serving magistrate in youth and adult courts in North Hampshire. Until December 2015 she was also Chair of Governors at a large standalone 11-16 academy in Basingstoke.

She is married, lives in Basingstoke, has two sons and two stepsons and in any spare time has a passion for photography.

Richard Williams – Group Vice Chair

Richard runs a retail and property consultancy and was previously Managing Director of McCarthy & Stone in the Midlands developing purpose-built accommodation for the over 60s. Before that Richard had a 20 year career with Aldi, a national food retailer and held a variety of senior positions as Finance Director, Operations Director and Property Director. Over that period Aldi grew from 30 stores to over 600 nationally. His development and construction experience spans both the commercial and residential sectors.

Mandy Clarke – Senior Independent Director

Mandy is a chartered HR professional with over 20 years' international and multi-sector experience gained in engineering, defence, construction, professional services, transportation, pharmaceuticals, retail, IT, not-for-profit organisations and Central Government. Mandy has undertaken various senior and executive roles and now operates her own management consulting business.

Group Combined Board
Continued

Simon Porter – Chair of Audit and Risk Committee

Simon was born and grew up in Southampton. He graduated from Christ Church, Oxford with a degree in modern languages (Italian and French). He qualified as a Chartered Accountant with Ernst & Young (EY) in London in 1985, specialising first in audit, then in transaction support and finally risk management. He was a partner in EY between 1994 and 2010.

He now has a small portfolio of non-executive roles, including University Hospital Southampton NHS Foundation Trust and Octavia Housing, which has social housing properties concentrated in central London.

Martin Hurst – Board Member

A professional economist, Martin spent the first 13 years of his working life in the Government economic service, advising the Treasury for 10 years. He spent three years as a senior Government Advisor on environment, housing and planning and then 10 years as a director in the Department for the Environment.

He was Vice Chair of Wandle Housing Association for five years and served a further five years as an ordinary Board Member, including as Chair of Development. He is currently Chair of Finance and Treasury at BPHA.

Since he left the Civil Service in 2015 Martin has developed a wide portfolio, including NED, strategic advice and commercial consultancy roles. He is also a visiting lecturer at the UCL School of Planning.

Ashley West – Board Member

Ashley enjoyed a successful career in banking and commerce including 15 years as a Finance Director in investment banking at Schroders and at Continental Bank of Chicago and Group Finance Director roles at two listed companies.

He was Group Finance Director and subsequently Chairman at Celcon, the building materials group and has been Finance Director of several fast-growing businesses. Over the last 15 years, he has built up a portfolio of non executive roles. He is currently Deputy Chairman and Chair of the Audit Committee of Dartford Gravesham and Swanley Clinical Commissioning Group (CCG), Chairman of Medway Community Estates Limited, which develops and maintains healthy living centres on behalf of Medway CCG and Chairman of the Joint Audit Committee of the Kent Police and Crime Commissioner and the Kent Police Force. He is also a former Chairman of mhs homes and Chairman of the Risk and Audit Committee of the East Thames Group.

Bridget Phelps – Board Member

Bridget has had a varied career with experience in the voluntary, public and private sectors. She was a Non-Executive Board Member of the Winchester and Eastleigh Healthcare Trust from 2001 to 2003 and then became Chairman of the Mid-Hampshire Primary Care Trust, which served 175,000 people living in Andover and Winchester and surrounding rural areas, from 2003 to 2006. She joined Radian as Chair of Radian Support Limited in September 2014.

Group Combined Board
Continued

Jayne Beeson – Board Member

Jayne has been involved with the construction industry for over 30 years. She was awarded a degree in quantity surveying at Portsmouth University and initially worked in London prior to opening an office in Winchester for a former cost consultancy practice.

In 1998 she joined a local office of a world-wide practice that provides cost and project management services together with the provision of various other specialist services relating to the construction industry, where she became a director in 2002. Jayne has been involved with a number of studies regarding the upgrade of defence estates housing stock together with various local high profile projects for private developers.

Mark Ralf – Board Member

Mark is a Chartered Director and a fellow of the Institute of Directors and the RSA. Until his retirement, Mark was Group Purchasing, Property and e-Commerce Director at Bupa. Previously he has held senior roles in SmithKline Beecham and British Airways.

Mark holds an MBA from the University of Lancaster and co-authored a book entitled “Transform your Supply Chain - Releasing Value in Business”. He is also on the board of a conference centre in the Midlands, West Wittering Estates plc and a castle in Scotland.

Our Executive Team

Lindsay Todd – Chief Executive

Lindsay is a chartered surveyor who has held housing and development roles in housing associations in the North and the Midlands, as well as with a private rent housing company. He was Chief Executive of Oriel Group, one of Radian's founding partners, and became Radian's Chief Executive when it was formed in 2006. He is a member of the South East Regional Council of the Confederation of British Industry and Royal Institute of Chartered Surveyors Housing Supply Group. In July 2017, Lindsay announced that he will be stepping down as Chief Executive of Radian Group as of 31 August 2017.

Andrew Newberry – Former Director of Finance and IT

Andrew qualified as a chartered accountant in 1979 whilst working for an international practice in England. After two years' further experience with them in Africa he returned to England and moved into commerce. This gave him experience at a senior level in a range of activities including construction, property development, property maintenance and leasing.

Andrew joined The Swaythling Housing Society Limited as Director of Finance in 1996, taking responsibility for finance, IT and company secretary matters and became Director of Finance of Radian Group at its inception. He is a member of the National Housing Federation (NHF) Financial Policy Advisory Group and the Housing Statement of Recommended Practice (SORP) Working Party. Andrew retired from Radian at the end of April 2017.

Beverley Anne Costain - Director of Finance and IT

Anne started her career at Aon in 1992 and worked for various organisations, qualifying as a Chartered Accountant in 2000 (ACCA). Anne joined De La Rue in 2006 where she held a number of roles, culminating in being appointed Divisional Finance Director for Supply Chain and Currency.

Anne joined Radian Group in August 2012 as Deputy Finance Director, becoming Finance Director (designate) in July 2016 and formally taking over from Andrew Newberry as Finance Director upon his retirement. In her role as Deputy Finance Director, Anne has headed up the Finance and Treasury departments, qualifying as a Corporate Treasurer (AMCT) during this time.

Andrea Smith – Former Director of Development and New Business

Andrea joined The Swaythling Housing Society Limited, one of Radian's founding entities, in July 1998 and has therefore been with Radian since its inception. A chartered architect, Andrea's early career was spent in private practice.

Passionate about property and design and proud of Radian's track record of developing award-winning schemes, Andrea is a Board Member of Dorset Local Enterprise Partnership (LEP) and was Chair of the NHF Delivering Great Homes Group and a member of its South East Standing Board until 31 March 2017. Andrea retired from Radian at the end of April 2017.

Our Executive Team Continued

Peter Evans - Director of Technical Services

Peter has been working in construction for over 30 years gaining experience in a variety of roles including self employment, contracting, private sector consultancy, charitable organisations and the housing sector.

After leaving the production side of the construction industry in 1997 he qualified as a surveyor and subsequently joined the National Trust as a historic building surveyor working in Oxfordshire. In the same year he won two Chartered Institute of Builders Awards in Contractual and Technology studies. As Director of Technical Services he is responsible for asset management, maintenance and facilities management. He assumed responsibility for Radian's development function on Andrea Smith's retirement.

Ralph Facey - Director of Housing and Customer Services

Ralph joined Radian in January 2005 and has over 25 years' housing management experience gained in a range of different organisations. In Birmingham, Ralph co-ordinated preparations for the transfer of the City Castle Vale estate to a Housing Action Trust and oversaw the formal transfer. After three years spent as Housing Services Manager at Southampton City Council, Ralph became Chief Housing Officer at Gosport and led the service through a period of successful and significant change.

In January 2005 Ralph took over responsibility for The Swaythling Housing Society Limited's preparations for the July 2005 Audit Commission inspection, which resulted in a good service and excellent prospects for improvement judgment. Ralph was appointed as Director of Housing and Customer Services in December 2009 and is also a member of the Chartered Institute of Housing.

Isabelle Simon-Evans - Director of Corporate Services

Isabelle joined Radian in February 2010 following a career across the private, public and not-for-profit sectors and has experience of strategic restructuring and outsourcing as well as integrating cultures after mergers. Isabelle was formerly Director of People, Procurement and Organisational Development with The Children's Society and a Board Member and Chair of the remuneration committee for a housing association specialising in services for people with learning disabilities and mental health issues.

Starting her career in sales and marketing, Isabelle developed operational experience in running services for vulnerable adults and registering and inspecting residential care. She is a fellow of the Institute of Personnel and Development and has had experience as a magistrate in the youth and adult courts.

Board Report

Board Report

The Board presents its annual report and the audited financial statements for the year ended 31 March 2017.

Principal Activities

Radian Group Limited (the Company) is the Parent Company of Radian Group (the Group), a not-for-profit organisation whose principal activity is to provide high quality homes and services which help improve people's lives and sustain the communities in which they live.

The Company is limited by guarantee and is a Registered Provider regulated by the HCA. Its four main subsidiaries are all also RPs as detailed on page 12. The other active subsidiaries are Oriel Housing Limited which develops properties for the Group and Radian Capital plc, a special purpose funding vehicle.

In April 2016 the Group started to withdraw from providing care and support services through its subsidiary Radian Support Limited. All services were successfully transferred to other care providers by the end of September 2016. Radian Support Limited will be wound up within 12 months from the date of this report.

Corporate Governance Statement

As the Parent Company of the Group, the Company has ultimate responsibility for effective governance and operations across all Group subsidiaries. Subject to this, the Group's affairs are overseen by the Group Combined Board which is formed of Board Members from across the Group's entities with each Member representing their respective entity or entities. This ensures that each entity's interests are protected. Intercompany transactions are also regulated by Group policy to protect the interests of individual entities.

Board Members of Radian Group Limited

The Board Members of the Company are set out on page 6. The Board Members are drawn from a wide background bringing together professional, commercial and other relevant experience. There have been no appointments to, or resignations from, the Board after the year end and in the period up to the date of signing this report.

Recommendations from a review of Radian's formal governance structure and governance effectiveness, led by the Group Combined Board, were implemented from 1 October 2016. The objectives were to achieve best practice in decision making and excellence in governance whilst continuing to meet statutory and regulatory requirements. The review encompassed the Group's legal entity structure, the role and composition of the Group Combined Board, its Committees and their skills and expertise, resident involvement, the terms of reference for the Executive Board and the overall effectiveness of the governance structure.

Following this review a new Housing, Assets and Customer Services Panel was established to best serve residents' interests and two former resident Board Members were transferred to lend their expertise to the governance of the housing management service. On 16 March 2017, two new Board Members were appointed to various subsidiaries across the Group thus further strengthening the Group Combined Board. One of these, Martin Hurst, joined the Board of Radian Group Limited on the same date.

Board Membership of Radian Group Limited, including changes that have taken place during the year, is set out on the page opposite.

Board Report Continued

Board Members of Radian Group Limited Continued

Name	Committee, Panel and Other Roles	Movements in Year: Joined	Movements in Year: Left
Carol Bode	Member of Remuneration and Nominations Committee		
Lindsay Todd	Chief Executive Officer Member of Treasury and Investment Committee Chair of Executive Development Panel		
Mandy Clarke	Senior Independent Director Chair of Remuneration and Nominations Committee Member of Audit and Risk Committee		
Simon Porter	Chair of Audit and Risk Committee Member of Treasury and Investment Committee and Remuneration and Nominations Committee		
Bridget Phelps	Member of Audit and Risk Committee and Remuneration and Nominations Committee		01/10/16
Michael Collis	Resident Board Member		01/10/16
Colin Hessey	Resident Board Member		01/10/16
Oliver Graham	Chair of Treasury and Investment Committee Member of New Business Committee (ceased) and Audit and Risk Committee		15/12/16
Richard Williams	Member of Treasury and Investment Committee and Remuneration and Nominations Committee	01/10/16	
Martin Hurst	Member of Treasury and Investment Committee and Remuneration and Nominations Committee	16/03/17	

The Group Combined Board Composition and Remuneration

The table below sets out how the Board Members of the Company and the Board Members of its subsidiaries form the Group Combined Board.

"CH"/"VC" denotes Chair/Vice Chair; "x" denotes Membership of a Board	Group Combined Board						Other	Annual fees[1]
	Non-Charitable				Charitable			
	Radian	Windsor	Swaythling	Oriel	Drum	Portal	Radian Support	
Carol Bode	CH	CH	CH	CH	CH	CH		£23,000
Lindsay Todd[4]	x	x	x	x	x	x	x	n/a
Simon Porter	x	x	x	x	x	x		£11,500[2]
Mandy Clarke	x	x	x	x				£11,500[2]
Richard Williams	VC	x	x	x				£11,500[2]
Martin Hurst	x	x	x	x				£9,000
Ashley West					x	x		£9,000
Mark Ralf[5]					x	x	VC	£11,500[2]
Bridget Phelps[6]					x	x	CH	£9,000
Jayne Beeson					x	x		£9,000
Brian Pirie							x	£0[3]

[1] Fees are payable to Board Members in accordance with Group policy.

[2] The roles of Group Vice Chair, Senior Independent Director and Committee Chair receive a supplementary fee paid for by the Group.

[3] Fee waived at the request of Board Member.

[4] Lindsay Todd has announced that he will be stepping down as Chief Executive of Radian Group as of 31 August 2017.

[5] Mark Ralf has notified us of his intention to give up his Board commitments at the end of September 2017.

[6] Bridget Phelps has notified us of her intention to give up her Board commitments at the end of her current term of office at the end of July 2017.

Board Report Continued

The Group Combined Board Composition and Remuneration Continued

The Group Combined Board delegates certain governance responsibilities to Group Committees which have their own approved terms of reference. Management of daily operations is delegated to the Executive Board.

Information regarding the composition of the Board Committees is available on our website (www.radian.co.uk). The major committees supporting the Group Combined Board during the year were:

Audit and Risk Committee

The Audit and Risk Committee is responsible for the oversight of:

- Internal and external audit;
- The effectiveness of internal controls and risk identification and mitigation; and
- Reviewing financial performance and the financial statements.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee has delegated responsibility for:

- Executive and Board appointments, pay and succession planning; and
- Board performance review process.

Treasury and Investment Committee

The Treasury and Investment Committee is responsible for the oversight of:

- The structure of funding arrangements;
- Raising new finance and liquidity management;
- Loan portfolio risk management;
- Management of the security portfolio;
- Budget and business plans; and
- Reviewing the Group pension investment strategy.

Executive Board and Service Contracts

The Executive Board are set out on pages 16 to 17. The Executives hold no beneficial interest in the Group's shares and act within the authority delegated by the Group Combined Board under defined terms of reference.

The Executives are employed on similar terms to other staff, except for an entitlement to car allowances and health care insurance. The Chief Executive is provided with a company car.

The Executive Directors are members of the Radian Group Pension Scheme (RGPS) and they participate in the sections of the Scheme on the same terms as all other employee members of those sections. The Group contributes to all sections of the Scheme on behalf of its employees.

Board Report Continued

Executive Board and Service Contracts Continued

Group insurance policies, together with an additional NHF Certificate of Liability Insurance, indemnify Board Members and Officers against liability when acting for the Group.

Resident Involvement

The Group actively encourages residents' involvement in decision making:

- The Housing, Assets and Customer Services Panel allows residents to review performance and service delivery and monitor outcomes;
- A resident scrutiny group evaluates Radian's services and makes recommendations to the Executive Board;
- The Panel uses a combination of face-to-face and online meetings to develop local initiatives and improve customer satisfaction; and
- Various other forums and panels including the Health and Wellbeing Forum and Community Safety Panel enable residents to help shape our services.

Governance and Regulation

The Group's operations are carried out in accordance with the Housing Acts and other applicable law. The Group Combined Board adopts the NHF Code of Conduct 2012 on behalf of the Group and the NHF Code of Governance 2015 on behalf of the RP entities within the Group.

Compliance with the HCA's Regulatory Framework is monitored by the Audit and Risk Committee which provides assurance to the Board. The Board certifies that the Group is compliant with all regulatory standards and, specifically, the Governance and Financial Viability Standard. The HCA reconfirmed Radian's regulatory rating for governance and viability as G1 and V1 respectively in December 2016.

The Group Combined Board expects the Group's Board and Committee members, involved residents, staff and contractors, to comply with the Radian Code of Conduct, which is based on a model provided within the NHF Code of Conduct. Having conducted an appropriate internal compliance review, the Group Combined Board considers that each of the RP entities is fully compliant with both the Governance Code and the Code of Conduct.

The Group's former care and support activities in Radian Support Limited were regulated by the Care Quality Commission (CQC) until 22 November 2016, at which point Radian Support Limited was deregistered.

A statement of compliance is published on Radian's website and all Group Boards consider their effectiveness annually.

Internal Control and Risk Management

As part of its remit to oversee Group affairs, the Group Combined Board acknowledges its ultimate responsibility for establishing and maintaining a Group-wide system of internal control that is appropriate to the various business environments in which it operates and for reviewing the effectiveness of those controls.

Board Report Continued

Internal Control and Risk Management Continued

These controls are designed to give reasonable assurance in respect of the:

- Reliability of financial and operational information used within the Group or for publication;
- Maintenance of proper accounting records;
- Safeguarding of assets against unauthorised use or disposal; and
- Management of risks against the achievement of Group strategic and business objectives.

The Group Combined Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. In meeting its responsibilities, the Group Combined Board has adopted a risk-based approach to internal controls that are embedded within the normal management and governance processes. This approach, consistent with past practice, includes the regular evaluation of the nature and extent of risks to which the Group is exposed and in regularly scanning the external environment.

The process adopted by the Group Combined Board to review the effectiveness of our internal controls and the key elements of our control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The process is coordinated through a regular reporting framework by the Audit and Risk Committee and the Group Combined Board. The Executive Board regularly considers reports on the significant risks facing the Group and the Director of Corporate Services reports to the Group Combined Board on any significant changes affecting key risks. In addition, the Treasury and Investment Committee continually reviews financial risk and advises the Board accordingly. The Board formally reviews strategic and financial risk at least once every year.

Monitoring and corrective action

A process of Group-wide control self-assessment culminating in an annual self-assessment sign off by the Executive Board and regular management reporting on control issues provides assurance to the Group's Boards. This includes a formal procedure for ensuring that corrective action is taken in relation to any significant control issues. The Group uses an outsourced internal audit function to monitor internal controls and identify any weaknesses.

Control environment and control procedures

The Group Combined Board has responsibility for a defined range of issues covering Group strategy, performance, finance and compliance. There are clearly defined levels of responsibility and delegated authority.

There is a broad framework of policies and procedures with which all employees must comply and which covers areas such as segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. A framework for employees' individual objectives and appraisal supports achievement of good standards of performance.

Board Report Continued

Internal Control and Risk Management Continued

Information and financial reporting systems

Forecasts and budgets are prepared which allow the Board and Management to monitor the key financial objectives and progress towards achieving financial plans set for the year and the medium term. Regular management accounts and reports on financial performance, together with KPIs for service standards and progress against operational plans are prepared, providing regular up-to-date financial and other information with significant variances investigated and reported as appropriate.

Audit and Risk Committee

The Audit and Risk Committee reviews the annual internal and external plans and reports and meets with the auditors to satisfy themselves that the internal control systems are operating effectively. The Audit and Risk Committee reviews the major risks at every meeting. In turn, the Committee Chair reports to the Group Combined Board at each of their meetings.

Fraud, bribery, money laundering and whistleblowing

A Group-wide fraud prevention policy and response plan are in place and all incidents are reported to the Audit and Risk Committee and recorded in a register which is reviewed annually. The policy covers prevention, detection and reporting of fraud and the recovery of assets. The Audit and Risk Committee has reviewed the fraud register on behalf of the Group Combined Board. A Group whistleblowing policy is in place and there are controls to mitigate the risk of bribery and money laundering.

The internal control framework and the risk management process are subject to periodic review by internal auditors who are responsible for providing independent assurance to the Audit and Risk Committee which in turn reports to the Group Combined Board.

Review of Effectiveness of Internal Control

The Group's Boards and KPMG, our internal auditors, confirm the effectiveness of our internal control systems to manage the achievement of the Group's objectives for the 12 months ended 31 March 2017.

Health, Safety and Wellbeing

The Group has detailed health, safety and wellbeing policies and procedures which are managed to protect our employees, visitors, contractors, residents and members of the public from harm. We also provide staff with training and education on health, safety and wellbeing matters.

There is quarterly KPI reporting on safety management compliance to the Audit and Risk Committee and to the Group Combined Board.

Going Concern

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

Board Report Continued

Going Concern Continued

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

Auditor

In the case of each of the persons who are Members of the Company at the date when this report is approved:

- So far as each of the Members is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- Each of the Members has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

A resolution to appoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

The Board Report was approved by the Board on 27 July 2017 and signed on its behalf by the Group Chair.

CarolAnnBode

Carol Bode
Chair

Copnor Green, Portsmouth

Kelly House, Southampton

Strategic Report

Strategic Report

Our Business Model

The Group owns, manages and has an investment in 24,241 properties (restated 2016: 24,084) in local authority areas in south central and south west England. During the year we added 418 properties (2016: 229) in aggregate, before sales and loan redemptions. Of the 20,813 housing properties (restated 2016: 20,536) the Group owns and manages, 69% (restated 2016: 69%) are general needs or affordable rented accommodation predominantly for families or the elderly, 8% (2016: 8%) are affordable home ownership properties, 7% (2016: 8%) are supported housing and housing for the elderly. The balance is market, other social rented or other rented accommodation.

The Group has housing fixed assets with a depreciated cost of £1,176m (2016: £1,137m) of which many were acquired from local authorities by way of inventory transfers. They have been subject to a programme of repair and all of the homes we own have been maintained to a good standard. We have developed the majority of the rest of our homes. The Group employed an average of 863 full time equivalent employees during the year (2016: 1,074), calculated on the basis of a 37 hour week. The reduction year-on-year is a reflection of the Group ceasing to operate in the care and support sector. The Group's registered head office is in Eastleigh and there are also offices in Petersfield, Windsor, Slough and Ringwood.

The Group measures its performance primarily by monitoring the KPIs set by the Group Combined Board, which are scrutinised by the Housing, Assets and Customer Services Panel and the Residents' Council. We have a combination of financial and operational targets for performance in areas that include rent arrears, rent losses from voids and bad debts, customer satisfaction and repairs. Our performance is subject to regulation by the HCA and our loan covenants are agreed with our lenders.

Future Developments

The Group's collective strategy is to secure opportunities and funding to enable us to develop more homes in our chosen markets within target areas. We plan to build at a rate which does not threaten our financial viability and are currently planning to deliver an average of 600 new homes a year.

Under our current structure the majority of new homes will be built by the non-charitable RPs, financed by sales of existing homes to Portal Housing Association Limited. The Group will finance purchases of homes through cash reserves and bond finance.

Under the Government's rent reduction policy announced in July 2015, we were required to reduce the majority of our rents by 1% in each of the subsequent four years. To mitigate the impact of this reduced income we have identified cost savings of £12m to be achieved by 2019/20, which is the last year of the rent reduction. As a result, our projections show that we will continue to improve our operating margins throughout the period of rent reduction.

We forecast business performance and remodel our business plan twice a year or more often if there are significant changes in our regulatory and economic environment. We review the underlying assumptions regularly to ensure that they are appropriate.

We stress test the model to assess the financial impact of the following major risks to the organisation:

- Further rent reductions using a number of multi-variate scenarios to test our sensitivity to these;

Strategic Report Continued

Future Developments Continued

- Increased voids and arrears in light of welfare reforms;
- Increases in inflation and interest rates; and
- Increased exposure to outright new build sales and a fall in the percentage of first tranche sales.

The business models and stress testing are reviewed, along with mitigating actions, to ensure that we can continue to develop new homes.

The future impact of Voluntary Right to Buy has been considered as the programme will initially generate a positive inflow of cash. We are considering how we will overcome the future challenge of replenishing diminishing stock.

Our Vision and Strategic Goals

Our day-to-day activities are underpinned by a clear understanding of what we want Radian to be in the future, as outlined in our 'Vision 2025'.

Customers - Our customers in 2025 tell us that we provide great homes they want to live in. We aim:

- To have a broad customer base;
- To truly understand our customers' needs and requirements;
- For our customers to benefit from the development of our digital offer;
- For our customers to be able to build equity in their homes; and
- For our market rent customers to continue to enjoy the flexibility of renting as a long-term option.

Partners - Our partners in 2025 tell us that we are great to work with and add value. We aim:

- To work with our partners to build homes of all tenures;
- For our employees to drive our business success through innovation, flexibility and commitment to customer satisfaction and be partners in everything we do;
- To have strong relationships with all regional stakeholders;
- To have successfully merged with others; and
- To bring expertise and clarity to our partnerships.

Homes - Our homes in 2025 are distinctive and sought after. We aim:

- To double our size;
- To complete 2,000 new homes in 2025 including 300 outright new builds;
- To offer a range of tenures across all of our homes;
- To own or manage a large stock of market rent homes;
- To retain 75% of our homes as social rent homes;
- To provide low-cost rented products;

Strategic Report Continued

Our Vision and Strategic Goals Continued

- For our homes to be distinctive, sought after and tailored to our different customers and markets;
- To continue to modernise our older homes;
- To ensure that most of our new homes will be built by us on land we purchase for development;
- For our new homes to be energy efficient and smarter; and
- To ensure that Affordable Home Ownership will constitute a much larger proportion of our management portfolio.

Services - Our services in 2025 are rated by customers to be best in class. We aim:

- To have a clear focus on an efficient, modern, digital service delivery;
- To provide locally-based services that in turn create successful, prosperous and vibrant communities;
- To facilitate customers mobility by helping them move home or by improving their current homes;
- For all our services to be associated with quality; and
- To be digitally accessible, enabling increased self-service for our customers.

Geography - Our geography in 2025 will have extended across the South. We aim:

- To extend our activities from west of the M25 and M40 to east of the M5 and south of a line from Oxford to Gloucester; and
- To continue to strengthen our offer locally for customers and partners.

Strategic Plan 2017-20

This Vision will be delivered by the achievement of our internal strategic objectives which focus on the next three years but are updated annually to remain relevant to the business. The Strategic Plan is interlinked with a transformation plan which has four success factors:

- Customer
- Property
- People
- Commercial.

Chapel Estate, Southampton

Customer

Our customers tell us that we provide great homes they want to live in and our services are rated to be best choice.

Transformation Objectives

- Service standard and relationship with customer redefined for all tenures and markets
- Digital and mobile technology used to enhance customer experience and reduce service costs
- New online services to customers delivered
- Customer satisfaction and income collection sustained in top quartile whilst reducing costs/enhancing income.

Property

Our homes are sought after and our partners tell us that we are great to work with, and add value.

Transformation Objectives

- New in house estate management service for mixed private/social estates
- SMART portfolio management service for corporate investor(s)
- Radian Build, an established contractor
- New homes are connected, more easily serviced, more controllable and more efficient
- Building better homes at lower cost (competitive on new home construction, competitive on land supply), including via modular construction solution(s)
- Delivering new homes target providing wide range and choice of tenure across an extended geography, in accordance with agreed profit/yield targets
- Asset management tests assumptions which favour stock retention.

People

We are talented and Radian is a great place to work.

Transformation Objectives

- Engaged people who deliver the change we need to succeed and continue to improve
- Develop talented people
- Provide modernised approach to manage and recognise performance
- Develop appropriate change initiation and management.

Commercial

We are efficient and effective to generate surplus which is reinvested into new products and services.

Transformation Objectives

- Merger strategy updated and implemented
- Competitive funding secured for growth beyond 2020
- Radian's brand is known for quality
- Clear about the financial contribution of each part of Radian
- Key processes to make decision-making appropriate and slicker have been reviewed, simplified and established, and generate improved business intelligence.

Strategic Report Continued

Principal Risks and Uncertainties

Radian has a published risk management framework which sets out how corporate risk is considered, assessed and mitigated through the organisation's hierarchy, from project level, to senior management and the Executive and Group Combined Boards.

Radian's Risk Manager meets with our senior management in each business area at least three times a year to review the risk register of operational and strategic risks. A consistent approach is applied in regard to scoring risks before and after mitigating actions are taken and new controls are implemented and tracked until they are operating effectively. The results of our risk reviews are reported to Radian's Audit and Risk Committee three times per year and top-level strategic risks are reported and reviewed by the Group Combined Board.

The following is a summary of the principal risks identified:

Nature of risk	Impact	Mitigations include
IT systems fail, are compromised or are subjected to unauthorised use or malicious attacks with potential for reputational damage.	Disruption to Radian's business caused by major disaster, hardware or communications failure and/or power, air conditioning or other facilities-related issues. Viruses, phishing or malware attacks, unauthorised users or inappropriate use by staff causing failure of IT systems, impacting revenue collection, integrity and security of data, service delivery or customer confidence.	Extensive network security in place including Cisco firewalls, anti-virus, endpoint security, enhanced network management, purpose built corporate datacentre with offsite failover and backup services, cloud-based filtering for email and web, encryption and management of all mobile devices and two-factor authentication for remote users. Other controls include documented change management, planned upgrades with robust testing, appropriate maintenance and support contracts, effective supplier relationships, systems and service management with ITIL trained staff and up-to-date business continuity and disaster recovery plans which are tested regularly.
Failure to deliver our planned development programme.	Failure to deliver the planned development programme, to achieve compliance with agreed standards or within planned resources.	Rigorous development control processes with effective management oversight of programme delivery. Proactive project management with Executive and Group Combined Board oversight.

Strategic Report Continued

Principal Risks and Uncertainties Continued

Nature of risk	Impact	Mitigations include
Transformation programme.	Loss of business focus during implementation of our transformation programme, failure to adopt appropriate behaviours to implement change and innovate. Disengagement of staff and/or reputational damage due to poor communication of changes.	Oversight of Radian's transformation programme by a steering committee comprising Non-Executive and Executive Members. It is delivered by a dedicated Director who works closely with the Learning and Development Team. A new induction programme is in place together with a change management toolkit. Staff at all levels play an active role in the transformation process. A strong Communications Team is in place to support transformation communication.
Changes in legislation or regulation jeopardise our cash flow.	Changes in rent regulation, welfare benefits or accounting standards jeopardise cash flow and cost saving measures.	Senior finance staff maintain awareness of sector change with advice from auditors and other sector experts. Assessment of the impact of changes using modelling and regular forecasting and analysis of financial outturn. Increased staffing within the Housing Income Team are helping to address these increased pressures. Stress testing of our business plan has considered the impact of further rent cuts beyond 2020 and has identified mitigating actions.
Breach of HCA funding conditions.	Inability to use government funding as a result of failure to meet milestones or inadequate oversight of projects and programmes.	Rigorous development control processes with effective management oversight of programme delivery. Quarterly meetings are held between our development consortium and the HCA to monitor the progress of our development programme.

Strategic Report Continued

Principal Risks and Uncertainties Continued

Nature of risk	Impact	Mitigations include
Relationships with key stakeholders.	Missed opportunities or diminished reputation due to failure to maintain a strong and positive relationship with key stakeholders, including local and national government.	Radian liaises with local authorities, is a member of key NHF working groups and engages with other consortium partners to try and influence government agenda.
Increased arrears and lost revenue due to changes in government policy.	Failure to achieve top quartile performance for percentage net rent collection.	Radian has a rolling action plan to manage our response to welfare reform and the introduction of Universal Credit. It is reviewed monthly and updated regularly to reflect the progress of its rollout. We have appointed a dedicated officer and have reviewed internal procedures to minimise the risks around under-occupation and affordability for residents, particularly when considering new development schemes. We have organised awareness campaigns to ensure residents are aware of the changes and our Employment, Support and Training (EST) Team continue to take referrals for those looking to be supported into work.
Radian Build becomes inefficient as a result of insufficient and untimely land supply.	Insufficient workflow prevents the recovery of overhead costs resulting in financial loss.	Radian Build schemes are sourced by our Land Supply Team and are currently priced in advance on a prime cost contract basis, backed by competitive procurement. The Executive Board monitors Radian Build's progress against our business plan.

Strategic Report Continued

Budgets and Business Plans

The members of the Group Combined Board ensure that the Group's subsidiaries act in their own interest while also contributing positively to the results of the Group as a whole.

Financial Performance

Our budget strategy requires the business:

- To increase its operating margin for housing annually which in turn increases its capacity to obtain additional funding to build an average of 600 new homes a year; and
- To ensure that the main trading entities within the Group achieve a surplus before tax.

Growth

The business aims to grow by adding more homes at a rate which sustains its financial viability. Aside from developments that are earmarked specifically for sale our default strategy is to 'build and hold' property for a period of 30 years.

Capital and Treasury Management

The Group is financed by a combination of revenue reserves, long-term loan facilities, bond finance and Social Housing Grant received from government.

Radian has a Group wide 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 and the next 18 months forecast cash requirement. The policy also prioritises a lack of reliance on any one counterparty, whether through cash holdings or available facilities.

Capital Structure

At 31 March 2017 Group borrowings amounted to £736.5m (2016: £624.1m) of which £6.5m (2016: £16.3m) is due to be paid within the next year.

During the year the Group secured additional funding. In June 2016, the Group sold £25.0m of the 2049 retained bond at a premium of £5.3m. We received £7.6m immediately and the investor contracted to pay £7.6m in May 2017, 2018 and 2019 respectively. The Group also sold £12.5m of the previously repurchased 2042 bond at a premium of £5.1m.

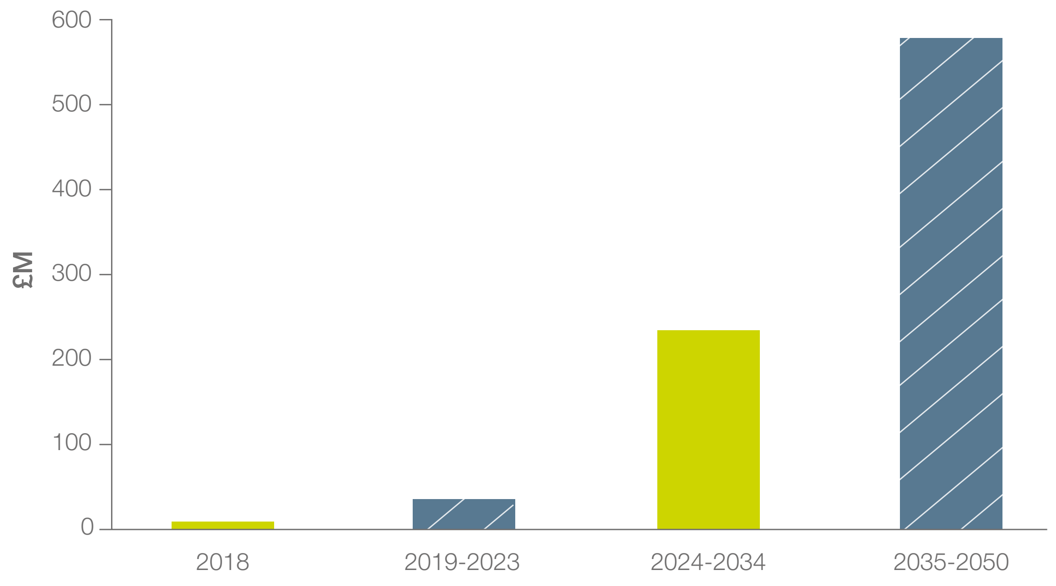
In January 2017, the Group committed to £99.8m of Affordable Housing Finance plc bond finance. We initially raised £73.3m at a premium and we have an option to sell the remainder within 12 months.

Strategic Report Continued

Capital and Treasury Management Continued

Capital Structure Continued

Debt Repayment Profile

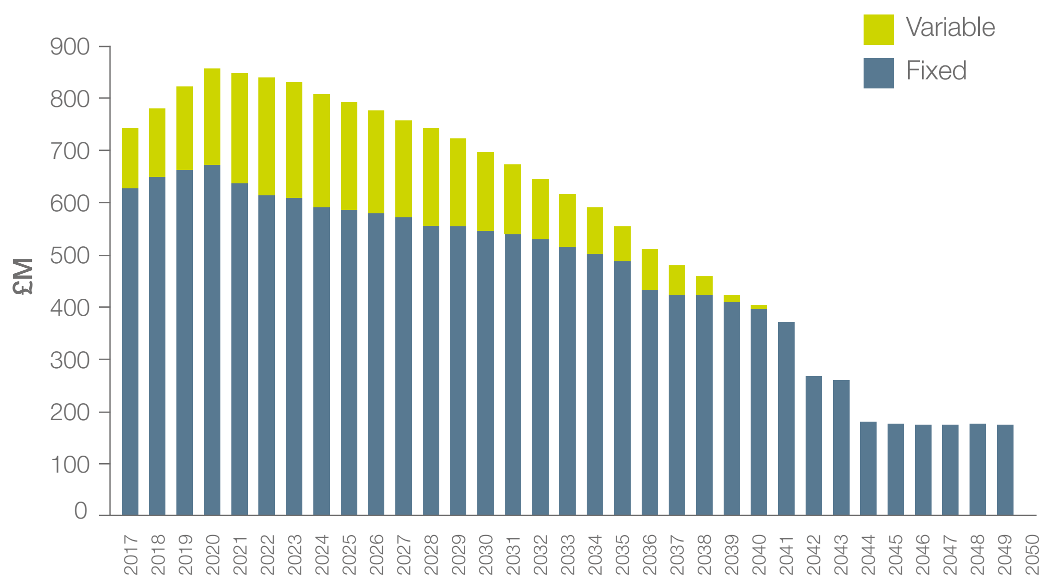


Includes £131.3m of 2049 subscribed bonds for which the cash has not yet been received.

Interest Rate Management

Most of the Group's borrowings consist of bank loans at both fixed and floating rates of interest. In 2015 we converted £100m of floating rate debt to fixed rate on a five year amortising basis. In December 2015 we re-fixed the first £20m tranche of this fix for a further five years.

Fixed and Floating Debt



Includes £131.3m of 2049 subscribed bonds for which the cash has not yet been received.

Strategic Report Continued

Interest Rate Management Continued

Total debt of £736.5m at 31 March 2017 consisted of:

- 84% fixed and 16% variable rate debt;
- £332.0m of embedded interest rate swaps and £213.3m of fixed interest bonds; and
- Swaps which are all (with the exception of intercompany arrangements) embedded in loan arrangements. There are no options in our portfolio.

Currency risk

The Group borrows and lends only in sterling and is not exposed to currency risk.

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 or non-financial covenants during the year.

Surplus assets for future debt security

As at 31 March 2017 the Group had over 4,300 unsecured completed housing properties not required for charging to existing debt facilities. These are sufficient to raise over £245.0m of future new debt on an asset cover ratio of 1.05% for Existing Use Value as Social Housing (EUV-SH) properties and 1.15% for Market Value - Tenanted (MV-T) properties.

We also expect the current development programme to complete 723 properties in the period to 31 March 2018.

Future funding options

At 31 March 2017 £206.4m was available to the Group, £75.1m of which was cash and £131.3m in deferred bond proceeds due to be received by May 2019. This is sufficient to fund the Group over the 22 months from the date of this report. It will cover all committed and pipeline developments including the Affordable Rent Programme.

The Group has sufficient funds for its current needs and also has the remaining own named and Affordable Housing Finance bonds available for sale to enable further investment.

Assets and Liabilities Register

The register uses our intranet to bring together information from our housing management system, financial and property databases and other records management systems. Much of our focus this year has been to produce data on an individual property basis to comply with regulation. We have also improved details of restrictions and liabilities associated with our properties such as:

- Details of properties which are subject to transfer agreements with former Local Authority landlords;
- Restrictive covenants preventing or limiting disposal at market value;

Strategic Report Continued

Assets and Liabilities Register Continued

- Low property values in relation to the cost of housing management; and
- Where we are the freeholder of a block of homes and majority owner.

We have also conducted comprehensive checks on title integrity and have improved technical linkages between internal reporting and records systems.

The register records potential assets to be disposed of when void as discussed in the Managing our assets section of our VfM Statement (page 53).

The register also includes information held in our treasury system, such as details of our loans and of the bonds that we have issued, including maturity dates, covenant requirements and repayment profiles. It also holds details of other liabilities such as pension deficits, our joint venture arrangements, contract registers and s106 obligations.

As accuracy of the register is paramount, it is subject to continual review. This requires significant investment in resource given our portfolio of circa 23,000 properties in management and also in view of the fact that much of the data is unique and specific to each property.

How We Measure Our Performance

We use a range of performance indicators to monitor all areas of the business on a monthly basis. The targets are reviewed at least annually to ensure they remain appropriate and challenging.

Financial KPIs

These KPIs are important as they monitor our ability to generate a surplus for reinvestment in the business and our level of compliance against our various covenants and obligations:

	FRS 102			Old UK GAAP	
KPI	**Actual 2017**	**Actual 2016**	**Actual 2015**	**Actual 2014**	**Actual 2013**
Turnover from Social Housing as % of total revenue	87%	82%	77%	77%	77%
Surplus from social housing letting as % of total interest costs	207%	166%	109%	127%	129%
Operating Margin	43%	33%	27%	26%	28%
Net Margin	25%	15%	9%	9%	12%
Debt as a multiple of revenues	5.4	4.4	4.5	4.8	4.9
Operating surplus, adding back depreciation, as a multiple of net cash interest	2.2	2.4	1.7	1.9	2.1
Turnover (£'m)	137.3	143.2	141.1	131.5	122.3
Gearing	85%	85%	86%	82%	82%
Interest Cover	219%	174%	129%	142%	153%

Strategic Report Continued

Assets and Liabilities Register Continued

Non Financial KPIs

We also actively monitor a range of other indicators to assess the quality of our customer service performance:

KPI	Target 2017	Actual Q4 2017	Actual Q4 2016	HouseMark Upper Quartile 2015
% of total calls answered	93.0%	93.0%	92.4%	95.6%
Quality of Radian Direct Service	94.0%	96.3%	94.6%	n/a
Satisfaction with repairs	95.0%	97.9%	98.0%	79.3%
Repairs completed right first time	94.0%	94.7%	95.0%	n/a
Respond to a minimum of 90% of initial ASB reports within one working day and draft an action plan	90.0%	98.0%	96.0%	n/a
Provide weekly progress updates to ASB complainants in a minimum of 90% of cases (in a format and frequency determined by the customer)	90.0%	96.0%	92.0%	n/a
% of homes with gas certification	100.0%	100.0%	100.0%	100.0%

Further KPIs are presented in our VfM Statement on pages 53-58.

Our People

We employ over 800 (2015/16: over 1,100) people and in 2016/17 we:

- Recruited 125 new employees (2015/16: 266);
- Completed 1,007 corporate learning and development days which is an average of 1.2 days per employee (2015/16: 2,323 days equating to 1.6 days per employee);
- Spent £427,000 on learning and development which is an average of £584 per employee (2015/16: £914,000 at £896 per employee);
- Have reduced absenteeism from 4.78% to 3.79% (using an updated measure which has also been applied to the 2016 comparative); and
- Reduced staff turnover from 18.8% to 15.3% this year.

The reduction in staff numbers, new starters and learning and development days is attributable to the cessation of Radian Support Limited's activities in September 2016.

The Radian Way

Our behaviour framework defines how we are all expected to behave, helps us understand and identify our development needs and assess our performance. The behaviours are:

- Engage - encourage yourself and others to take ownership of performance and development;
- Change - anticipate, plan and cope effectively with business change and use creative thinking to continually improve business processes, systems or services;
- Communicate - work to give and receive information to help build rapport, gain confidence and get commitment;

Strategic Report Continued

Our People Continued

The Radian Way Continued

- Service - deliver excellent customer service to meet the identified needs of customers both inside and outside the organisation; and
- Team - work with people in a co-operative manner that recognises their strengths and makes best use of both individual and team performance.

Learning and Development

We use a variety of methods to support the learning and development of our staff including:

- Academy - development focusing on induction, mandatory training, people management and self-directed strategic learning;
- "Onboarding" - a tailored programme of development for an employee's first six months at Radian;
- Radian mentoring programme - an opportunity for staff to have a mentor within the business who will provide bespoke, personal and one-on-one mentoring;
- Management development - an innovative suite of management development training to equip all managers with the skills and knowledge to lead high performing teams;
- Qualifications programme - support for professional qualifications and continuous professional and personal development based on individual and job role requirements; and
- Business specialist training - dedicated job-specific training for staff.

Gender Analysis

Radian is committed to achieving equality of opportunity in both the homes and services we provide and in fulfilling our responsibilities as an employer. We are committed to, and encourage, a diverse culture that challenges prejudicial language and behaviour and breaks down barriers to opportunities. Diversity and equality underpin all of our corporate objectives and activities.

	2017		2016	
	Male	**Female**	**Male**	**Female**
Employees	374 (46%)	441 (54%)	453 (41%)	669 (59%)
Group Combined Board	6 (60%)	4 (40%)	8 (67%)	4 (33%)
Independent Committee Members	1 (50%)	1 (50%)	1 (20%)	4 (80%)
Radian Support Board	3 (60%)	2 (40%)	5 (83%)	1 (17%)

Strategic Report Continued

Engagement Survey

Engagement Index is

85%

The engagement index measures the percentage of staff that responded positively to seven questions about Radian as a place to work. This score has increased by 1% since last year and is 8% above the social housing benchmark.

Innovation Index is

73%

With an increase of 2% versus last year, the innovation index consists of three questions that demonstrate a commitment to innovation.

Leadership Index is

79%

This is a new index and is measured using four questions that are linked to recognised leadership qualities. Where it is possible to benchmark indices, the results indicate that engagement is 5% above the social housing benchmark.

Management Index is

83%

The management index measures the responses to four questions about recognised indicators of good management. This score is an increase of 3% versus last year and is 6% above the social housing benchmark.

Strategic Report Continued

Corporate Social Responsibility Statement

Our purpose and vision

We will listen hard to our customers and create great housing and support services to ensure that Radian is their positive choice for all that we provide. We will work with local partners to deliver our vision to be a place where people flourish.

Our values

We are committed to creating choice and opportunity for people, communities and colleagues by building mutual trust.

We apply our vision and values to everything we do and to all our relationships with customers, colleagues, partners and stakeholders. Each of us is responsible for how we perform against our vision and values and they are relevant to all employees. They are people-focused, because we are a people business, run by people, for people.

- Choice - working to be chosen on merit;
- Opportunity - creating it, seizing it and offering it; and
- Trust - saying what we do, doing what we say.

Ethical standards

- We are committed to creating environments and opportunities where people flourish and to being a good corporate citizen;
- We recognise the way we do business has an impact on peoples' lives, our society and the world we live in;
- We value the trust and support of those who deal with us and work to gain it;
- We strive to achieve the highest ethical standards and practices in all aspects of our business;
- We expect all our staff to work in the Radian Way, our defined behavioural framework built on our core values;
- We encourage all employees to raise any concerns and promptly report any potentially improper, unethical or illegal behaviour or conduct they come across in the course of their work or in connection with their work activities; and
- We provide the environment and processes for people to raise legitimate concerns and ensure any matters are dealt with objectively and in a timely manner.

Environment

- We build homes that meet or exceed the new statutory space standards, as well as the individual design requirements for each scheme agreed with the relevant local authority;
- Our planned maintenance teams continually review and plan where and when works are required to ensure our homes are kept in good condition. The teams use an Asset Management System to assess when works might be required. A surveyor then visits the sites identified to determine exactly what, if any, works are required to ensure that jobs are not carried out unnecessarily;

Strategic Report Continued

Corporate Social Responsibility Statement Continued

Environment Continued

- We actively promote energy efficiency with an ongoing insulation and heating upgrade programme to reduce energy consumption and improve residents' comfort and wellbeing. This included spending over £200k on 400 cavity wall insulations and insulation top-ups in 2016/17. We continue to use renewable forms of energy such as air source heating and mechanical ventilation heat recovery units. We also replace boilers, windows and front doors to reduce carbon emissions and residents' running costs and improve energy efficiency;
- We use photovoltaic panels to generate income and electricity from solar power for our head office and our residents, contributing to a reduction in carbon emissions;
- We aim to consume fewer resources, exchanging disposable resources for reusable ones and recycling where possible through recycling facilities, renewable energy usage, transport initiatives, waste recycling and centralised procurement practices; and
- Last year we achieved SHIFT accreditation, which is recognised by the HCA and considered to be the sector-leader in sustainability. Their assessment of us highlighted how we could improve our energy efficiency.

Stakeholder Relationships

For our Customers we will deliver:

- More high quality, good value for money homes that are economical to run;
- Products that facilitate home ownership;
- Settled communities with a minimum of anti-social behaviour;
- The best chance to sustain tenancy;
- Flexibility as circumstances change; and
- Ease of doing business with us.

For our Staff we will:

- Provide socially valuable, interesting, involving and challenging work;
- Provide attractive terms and conditions and opportunities for personal development;
- Be an employer organisation they can be proud of; and
- Give responsibility to deliver Radian's Vision and results.

For our Partners we will provide:

- Long term partnerships with quality leadership;
- Innovative problem solving and professional trustworthy relationship; and
- Financial stability.

For our Senior Managers we will give:

- Freedom to act and authority to live the purpose;
- Accountability (individual and collectively) for delivery of expectations;

Strategic Report Continued

Corporate Social Responsibility Statement Continued

Stakeholder Relationships Continued

- Trust to maximise the resources and information available in order to achieve goals, perhaps in new innovative ways, without fear of blame; and
- An opportunity to contribute to the strategy.

For our Suppliers we will offer:

- The ease of doing business with us;
- Being paid on time and to agreed terms;
- Being associated with a great organisation and to be their 'client of choice';
- Long-term equitable relationships with local, pragmatic sourcing, a social dividend and business opportunities; and
- Opportunity to deliver high-quality services to customers.

For our Communities we will:

- Invest in communities to support and/or facilitate a self-sustaining future;
- Maintain our open space to a good standard; and
- Provide employment and training opportunities for our residents.

For our Investors we will:

- Deliver agreed return on investment;
- Deliver our business plan; and
- Manage risk and maintain our Moody's rating.

For our Regulators we will:

- Demonstrate Value for Money (VfM) and operational efficiency;
- Comply with legislation and regulatory standards and keep abreast of regulatory changes;
- Maintain financial viability and proactively ensure good governance; and
- Be seen as available as a potential solution e.g. white knight for failing associations.

For the Government we will:

- Build a reputation as a thought leader in the sector in order to influence policy and provide solutions; and
- Consider and reflect Government policy in our own plans.

The Strategic Report was approved by the Board on 27 July 2017 and signed on its behalf by the Group Chair.

Carol Bode

Boundary View, Guildford

Stoneham, Southampton

Value for Money

Value for Money

Value for Money (VfM) – An Integral Part of Our Business

We aim to provide quality services that represent value for money. In order to fulfil our regulatory obligations we publish our VfM statement on our website every September. That statement provides full details of our performance, cost, return on assets, VfM delivered to date and our future plans. Our website also contains our VfM strategy 2016-20 which is a vital component of our Vision 2025.

As part of their annual global accounts review, the HCA track the cost performance of Registered Providers, excluding any income collected, against the sector median. Radian's total cost per unit in 2015/16 was £3,880 against a sector median of £3,550 and a top quartile of £4,430. To ensure that our cost base remains appropriate in light of unprecedented welfare reform, the Group Combined Board carried out a VfM 'zero based budget' review during the year.

This process identified £12m of financial over-performance against our 2015/16 budget as a baseline. We expect to deliver this improvement in our surpluses by March 2020. Each department will contribute by reducing overheads and service costs and by creating efficiencies through greater collaboration and innovation. The 2016/17 budget incorporated planned VfM savings of £4.9m towards the 2020 target of £12m.

2016/17 saw a range of VfM activity, for example:

- A series of changes to the structure of our housing management function which resulted in improved income collection and a 14% saving in costs, which equated to £2.3m;
- A review of our void management approach which reduced cost and void loss and improved overall void turnaround time;
- The transfer of the care and support activities of Radian Support Limited to other organisations to mitigate the financial risks which were impacting our performance; and
- A range of reviews to reduce our overheads which included restructuring our finance and corporate services functions.

Our Performance

We continue to compare the cost and quality of our services through HouseMark (www.housemark.co.uk) against a peer group of 26 organisations with over 7,500 homes in Outer London, the South East and South West. Outcomes are recorded within our VfM statement. Our 2016/17 comparative performance will be included once published by HouseMark towards the end of 2017.

Full details of our 2016/17 performance can be found within our VfM statement, the VfM section of our website and within the Quarterly 'How are we Performing' reports to customers. Despite the ongoing revenue pressures we face and the range of VfM service reviews and budget savings implemented in the year, 2016/17 saw strong operational performance and improved customer satisfaction.

Value for Money Continued

Performance Summary March 2017 vs March 2016

Key Performance Indicator	Radian March 2017	Radian March 2016	HouseMark Upper Quartile 2015
Overall satisfaction with the Landlord Service (combined tenants and owners)	85.5%	83.7%	n/a
Overall satisfaction with Landlord Service (all rented tenures)	88.0%	87.0%	n/a
Satisfaction with ASB case handling	77.5%	68.3%	76.4%
Overall customer satisfaction with Radian's ASB services	82.6%	84.3%	n/a
Satisfaction with complaint handling	75.6%	79.6%	71.0%
Satisfaction with complaint outcome	72.8%	79.2%	66.4%
Combined void turnaround time (General Needs, Housing for Older People and Supported Combined and Affordable Rents)	22.0 days	25.8 days	n/a
Average number of days General Needs (Social and Affordable) minor voids are vacant (based on CoRe definitions)	19.1 days	17.4 days	20.6 days
General Needs and HfOP % rent loss due to properties being empty	0.51%	0.64%	0.6%
All net current tenant arrears (as % of annualised debt). Includes: sheltered, supported, general needs, market rent, intermediate rent, affordable home ownership and leasehold debt and other charges (such as sewerage and mobile home pitch fees)	1.5%	1.8%	n/a
Social and Affordable tenancies only net current arrears (as % of annualised debt)	1.6%	1.8%	1.7%
Percentage of rent collected excluding current arrears brought forward (annualised)	100.3%	100.5%	100.2%

Value for Money Continued

New Homes

2016/17 saw us develop a total of 418 homes, 310 of which were for social and affordable rent. We disposed of 97 homes as part of our active asset management approach.

The objective of our Development Strategy 2016-21 is to deliver 600 new homes a year throughout that five year period. This will be a mixed tenure programme including increased numbers of affordable home ownership properties, supported by a range of other products. We will utilise income from sales, grant funding and our retained reserves, combined with a strategy to reduce build costs. We will achieve this saving through innovative partnership working and by developing more schemes on land that we have acquired ourselves as outlined in our Vision 2025. This includes growing our in-house construction service Radian Build to deliver 150 homes per annum by 2021. During the year Radian Build delivered seven homes.

Managing our Assets

In general, there is high demand for our assets which are in good condition and perform well both in terms of their financial return and their social benefit. Our relatively compact geographical spread balances the efficiency benefits of concentration with the risks of over concentration. We focus on consolidating stock through development to meet demand in our existing geographical areas.

We have a programme of asset management where we consider our stock and identify properties that are unconstrained by planning conditions, stock transfer covenants or other restrictions. This has shown how our contribution from low performing assets might be improved through change of use or tenure or disposal when the properties next become empty.

Properties that are more expensive to manage than the norm are targeted in our review. These include older, non-standard properties which either have underlying problems with regards to repairs such as recurring damp and properties which are expensive to heat and difficult to insulate. Other such properties identified in our review are properties outside our core geographical area and legacy properties where a particular service is no longer required.

Encouragingly, overall void loss for our stock improved during the year to 0.51% (2016: 0.64%) which is well within the top quartile of our peers (0.6%). Our review this year focussed on 527 tenancies across 112 schemes that had been re-let in less than a three year period and we looked to understand whether there were any block, estate or asset management factors leading to the changes in tenancy.

The review identified 14 schemes where 10 or more tenancies displayed these factors and led us to refocus our asset and housing management approach. One such outcome is our decision to modernise Halliday Crescent in Portsmouth before letting it at a market rent.

Measuring our Return on Assets

We measure our return on assets in three different ways:

1. The financial return on our own interest in homes after the deduction of government grant. This return, which is shown below, has averaged at 6.8% over the last three years. This reflects a mix of higher return from our older homes and the lower returns for the homes that we have acquired more recently.

Value for Money Continued

Measuring our Return on Assets Continued

2. The financial return after interest on our own investment in homes, after deducting grant and loans. This measure takes into account that a large proportion of our investment has been borrowed from lenders. Our investment is the reserves that we have accumulated over the years by retaining our surpluses. Our return will fall as interest rates rise and our borrowing costs increase.

3. The financial return on the combined interest in homes by ourselves and our grant providing stakeholders. This return includes the benefit to the community of sub market rents facilitated by the grant that we received. We estimate the discount on market rents to be between 20% for homes let at affordable rent and 35% for homes let at social rents.

Measure	3 year average	2017	Restated 2016	Restated 2015
1. Return on Radian's investment	6.8%	8.6%	6.7%	5.2%
2. Return on Radian's investment net of debt	11.6%	16.8%	12.0%	5.8%
3. Return on combined investment of Radian and government	13.8%	17.7%	15.3%	9.8%

Return on Investment by Tenure

The following table shows how returns using measure one vary by tenure type.

Higher returns on general needs, leased and affordable rent properties, housing for older people and care homes reflect the high proportion of property acquired by transfer from local authorities at low capital cost and with significant grant funding.

	Number of properties	Social housing operating surplus £'000	Return on Radian's investment in homes (measure 1)	
	2017	2017	2017	2016
General needs, leased affordable rent housing, housing for older people and care homes	15,866	49,772	11.5%	7.2%
Affordable home ownership	1,733	2,605	3.6%	1.5%
Other social housing	1,210	2,086	2.1%	3.3%
Social leased housing	1,087	1,874	100%	100%
Total	**19,896**	**56,336**		

Value for Money Continued

Return on Investment by Landlord

The following table shows how returns using measure one vary by entity. Returns reflect different core geographical area concentration. The Portal Housing Association Limited has acquired the majority of its properties at market value more recently which results in a lower return on investment. The Group social housing operating surplus is not the same as the aggregate of the individual entities' social housing operating surpluses due to consolidation adjustments.

	Number of properties	Social housing operating surplus £'000	Return on Radian's investment in homes (measure 1)	
	2017	2017	2017	2016
Swaythling	7,051	21,463	7.2%	6.2%
Windsor	4,294	11,778	10.4%	8.4%
Portal	2,820	7,839	2.7%	2.6%
Drum	5,731	14,694	7.8%	6.5%
Total	**19,896**	**55,774**		

Copnor Green, Portsmouth

Statement of the Board's Responsibilities

The Board is responsible for preparing the report and the financial statements in accordance with applicable law and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Company and RP legislation in the United Kingdom requires the Board to prepare financial statements for each reporting period which give a true and fair view of the state of affairs of the Group and Company at the end of the year and of the surplus or deficit of the Group and Company for the year then ended.

In preparing these financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Follow applicable United Kingdom Accounting Standards and the Housing SORP 2014 subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and enable it to ensure that the financial statements comply with the Housing SORP 2014, the Accounting Direction for Social Housing in England from April 2015, the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. It is also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Housing SORP 2014.

The Board is 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 Group Limited

We have audited the financial statements of Radian Group Limited for the year ended 31 March 2017 which comprise the consolidated and company Statement of Comprehensive Income, the consolidated and company Statement of Financial Position, the consolidated and company Statement of Changes in Reserves, the consolidated Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's Members, as a body, in accordance with the Housing and Regeneration Act 2008 and 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.

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of the Board's Responsibilities, the Board Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on Financial Statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2017 and of the Group's and Parent Company's surplus for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP); and
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2015.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements and the Strategic Report and Report of the Board have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Radian Group Limited Continued

Opinion on Financial Statements Continued

Opinion on other matters prescribed by the Companies Act 2006 Continued

Based on our knowledge and understanding of the Company and its environment obtained during the course of the audit we have identified no material misstatements in the Strategic Report or the Report of the Board.

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Board Member and/or Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

BDO LLP

Philip Cliftlands (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom
30 August 2017

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

Millbrook, Southampton

Causeway Farm, Horndean

2017 Financial Statements

Group Statement of Comprehensive Income

Year ended 31 March 2017

		2017			Restated 2016		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	3	135,113	2,157	**137,270**	129,388	13,852	**143,240**
Cost of sales	3	(6,260)	-	**(6,260)**	(4,586)	-	**(4,586)**
Operating costs	3	(73,770)	(2,580)	**(76,350)**	(81,114)	(14,390)	**(95,504)**
Surplus from disposal of fixed assets	3	4,919	-	**4,919**	4,679	-	**4,679**
Operating surplus/(deficit)	3	**60,002**	**(423)**	**59,579**	**48,367**	**(538)**	**47,829**
Finance income	4	1,341	-	**1,341**	(926)	-	**(926)**
Finance costs	5	(28,550)	(5)	**(28,555)**	(26,553)	(46)	**(26,599)**
Fair value loss on financial instruments	29	(19)	-	**(19)**	(46)	-	**(46)**
Fair value gain on investment properties	29	2,103	-	**2,103**	1,047	-	**1,047**
Share of surplus in joint ventures	14	228	-	**228**	263	-	**263**
Surplus/(deficit) on ordinary activities before taxation	6	**35,105**	**(428)**	**34,677**	**22,152**	**(584)**	**21,568**
Taxation on surplus/(deficit)	7	(91)	-	**(91)**	803	-	**803**
Surplus/(deficit) on ordinary activities for the year		**35,014**	**(428)**	**34,586**	**22,955**	**(584)**	**22,371**
Other comprehensive income							
Actuarial (losses)/gains on defined benefit pension schemes	25	(7,484)	(299)	**(7,783)**	8,946	331	**9,277**
Transfer from restricted reserve		-	-	**-**	290	-	**290**
Total comprehensive income/(expense)		**27,530**	**(727)**	**26,803**	**32,191**	**(253)**	**31,938**

The notes on pages 74 to 133 form part of these financial statements.

Company Statement of Comprehensive Income
Continued

Year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover		536	896
Operating income/(costs)		892	(896)
Operating surplus		**1,428**	**-**
Finance income	4	2,858	3,259
Finance costs	5	(2,872)	(3,293)
Surplus/(deficit) on ordinary activities before and after taxation		**1,414**	**(34)**
Other comprehensive income			
Actuarial (loss)/gain relating to pension scheme		(767)	562
Total comprehensive income		**647**	**528**

All activities derive from continuing operations.
The notes on pages 74 to 133 form part of these financial statements.

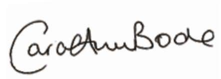
Group Statement of Financial Position

As at 31 March 2017

	Note	2017 £'000	Restated 2016 £'000
Fixed assets			
Housing properties	10	1,175,970	1,137,356
Other fixed assets	11	13,347	13,686
Investment properties	12	44,439	27,524
HomeBuy loans	13	48,247	54,257
Investments	14	2,363	2,285
		1,284,366	**1,235,108**
Current assets			
Properties for sale	15	15,395	4,822
Inventories	16	362	304
Receivables	17	96,813	11,945
Cash	18	75,134	53,855
Short term investments	18	-	5,289
		187,704	**76,215**
Payables: amounts falling due within one year	19	(48,167)	(54,245)
Net current assets		**139,537**	**21,970**
Total assets less current liabilities		**1,423,903**	**1,257,078**
Payables: amounts falling due after more than one year	20	(765,151)	(627,179)
Deferred capital grant falling due after more than one year	21	(400,150)	(399,437)
HomeBuy grant		(39,733)	(44,347)
Provisions for liabilities	24	(723)	(632)
Pension liability	25	(29,010)	(23,150)
Net assets		**189,136**	**162,333**
Capital and reserves			
Restricted reserve		287	287
Revenue reserve		188,849	162,046
Group funds		**189,136**	**162,333**

See relevant notes to the financial statements for details of restatement of 2016 comparatives. The notes on pages 74 to 133 form part of these financial statements.

The financial statements of Radian Group Limited, registered number 03482228, on pages 66 to 133 were approved by the Board and authorised for issue on 27 July 2017 and signed on its behalf by:



Carol Bode
Chair

Company Statement of Financial Position

As at 31 March 2017

	Note	2017 £'000	Restated 2016 £'000
Fixed assets			
Investments	14	50	50
		50	**50**
Current assets			
Receivables - Due within one year	17	5,010	3,673
Receivables - Due after one year	17	100,398	103,857
Cash	18	1,796	3,919
		107,204	**111,449**
Payables: amounts falling due within one year	19	(9,292)	(10,094)
Net current assets		**97,912**	**101,355**
Total assets less current liabilities		**97,962**	**101,405**
Payables: amounts falling due after more than one year	20	(100,435)	(103,892)
Pension liability	25	-	(633)
Net liabilities		**(2,473)**	**(3,120)**
Capital and reserves			
Revenue reserve		(2,473)	(3,120)
Company deficit		**(2,473)**	**(3,120)**

See relevant notes to the financial statements for details of restatement of 2016 comparatives. The notes on pages 74 to 133 form part of these financial statements.

The financial statements of Radian Group Limited, registered number 03482228, on pages 66 to 133 were approved by the Board and authorised for issue on 27 July 2017 and signed on its behalf by:

Carol Bode
Chair

Group Statement of Changes in Reserves

	Revenue reserve £'000	Restricted reserve £'000	Total excluding non-controlling interests £'000	Non-controlling interests £'000	Total including non-controlling interests £'000
At 1 April 2015	128,613	577	**129,190**	1,495	**130,685**
Surplus on ordinary activities for the year	22,108	-	**22,108**	263	**22,371**
Actuarial gain relating to pension scheme	9,277	-	**9,277**	-	**9,277**
Transfer of restricted expenditure to unrestricted reserve	290	(290)	**-**	-	**-**
At 31 March 2016	160,288	287	**160,575**	1,758	**162,333**
Surplus on ordinary activities for the year	34,358	-	**34,358**	228	**34,586**
Actuarial loss relating to pension scheme	(7,783)	-	**(7,783)**	-	**(7,783)**
At 31 March 2017	**186,863**	**287**	**187,150**	**1,986**	**189,136**

The notes on pages 74 to 133 form part of these financial statements.

Company Statement of Changes in Reserves

	Revenue reserve
	£'000
At 1 April 2015	(3,648)
Deficit on ordinary activities for the year	(34)
Actuarial gain relating to pension scheme	562
At 31 March 2016	(3,120)
Surplus on ordinary activities for the year	1,414
Actuarial loss relating to pension scheme	(767)
At 31 March 2017	**(2,473)**

The notes on pages 74 to 133 form part of these financial statements.

Group Statement of Cash Flows

Year ended 31 March 2017

		Restated
	2017	2016
	£'000	£'000
Operating surplus	**59,579**	**47,829**
Depreciation, amortisation and impairment	9,687	14,353
Provisions	(1,204)	-
Pension expense less cash contributions	(2,625)	205
(Increase)/Decrease in inventories	(58)	474
Decrease in receivables and prepayments	6,446	6,121
Increase/(Decrease) in payables and accruals	22,032	(3,130)
Adjustment to surplus on disposal of fixed assets	10,853	10,494
	45,131	**28,517**
Net cash inflow from operating activities	**104,710**	**76,346**
Cash flows from investing activities		
Acquisition of other fixed assets	(722)	(4,736)
Payments to acquire and develop housing properties	(86,258)	(57,384)
Distributions from joint venture	150	263
Capital grant received	582	7,542
Cash outflow from investing activities	**(86,248)**	**(54,315)**
Cash flows from financing activities		
Finance income	1,152	390
Finance costs	(27,853)	(25,547)
Proceeds from sale of gilt	-	6,175
Loan repayments	(16,312)	(6,270)
Cash inflow from financing including premiums on issue	45,830	(765)
Cash inflow/(outflow) from financing activities	**2,817**	**(26,017)**
Net change in cash and cash equivalents	**21,279**	**(3,986)**
Cash and cash equivalents at 1 April	**53,855**	**57,841**
Cash and cash equivalents at 31 March	**75,134**	**53,855**

The notes on pages 74 to 133 form part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2017

1. Legal status

The Parent Company, Radian Group Limited, is a company limited by guarantee incorporated in the United Kingdom under Companies Act. The Company is also registered with the HCA as a social housing provider.

2. Accounting policies

Basis of Preparation

The financial statements of the Group and Company have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. This is the second year in which the financial statements have been prepared under FRS 102. 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 and investment properties 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 Board Report on page 25.

Consolidation

The Group financial statements consolidate the financial statements of the Parent Company and all of its subsidiaries at 31 March. Intragroup balances, surpluses and deficits are eliminated on consolidation.

Radian Group Limited is the ultimate parent and has taken advantage of the exemption contained in FRS 102 not to disclose transactions or balances with entities which form part of the Group and which are also RPs. This is the case except for intragroup transactions with subsidiaries and joint ventures which are not RPs regulated by the Regulation Committee of the HCA (see note 30).

Investments

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

Disclosure Exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions under FRS 102 paragraph 1.12(b) on the basis that they are included in the consolidated financial statements:

- Statement of cash flows;
- Remuneration of key management personnel; and
- Detailed financial instruments disclosures.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

2. Accounting policies Continued

Jointly Controlled Entities

In the consolidated financial statements, interests in jointly controlled entities are accounted for using the equity method of accounting under which the equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the profit or loss.

Turnover

Turnover represents rental and service charge income (net of void losses), fee income and revenue grant receivable, proceeds from first tranche sales and from outright new build sales at the point of completion. Turnover also includes the amortisation of capital grant in accordance with FRS 102. Deferred capital grant is released over the life of the asset structure. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and outright new build sales is recognised at the point of legal completion of the sale. Other income is recognised as receivable on the delivery of services provided.

Cost of Sales

Cost of sales relates to first tranche and outright new build sales and represents those costs, including direct overheads and other incidental costs, incurred during the course of development, construction and marketing of those properties.

Service Charges

Our service charges are predominantly variable. The charges will include an allowance for the surplus or deficit from previous years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors.

Value Added Tax (VAT)

The Group is VAT registered, but a large proportion of its income, namely rent, is exempt for VAT purposes and thus gives rise 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.

Deferred Capital Grant

Deferred capital grant, predominantly Social Housing Grant, is initially recognised at fair value as a long-term liability and is released as turnover in the statement of comprehensive income over the life of the structure of housing properties, except for grant received in respect of HomeBuy investments. Deferred capital 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 creditors is released to the statement of comprehensive income.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

2. Accounting policies Continued

Donated Land

Land donated by local authorities and others for social rent usage is added to the fixed asset register at zero cost.

Affordable Home Ownership Transactions

Affordable home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sale proceeds included in turnover. The remaining staircasing element is included in completed housing property at cost. Subsequent staircasing sales are treated as surplus on disposal of fixed assets. Deficits on schemes are recognised as soon as they are foreseen.

Outright New Build Sales

Completed properties and properties under construction are valued at the lower of cost and estimated selling price less costs to complete and sell and are classified as current assets. Cost comprises materials, direct labour and direct development overheads.

Fixed Assets - Housing Properties

Housing properties are held at cost less depreciation. Cost includes acquisition expenditure, development costs and directly attributable administration costs. Housing properties are split between the structure and major components which require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the average estimated useful life. Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when handed over for letting or sale.

Affordable home ownership properties are split proportionately between fixed and current assets based on the proportion of the share of equity sold in the first tranche. The element of a property anticipated to be sold as a first tranche sale is recognised as a current asset and the remainder as a fixed asset.

Investment Properties

Investment properties are commercial properties and other properties not held for social benefit or use in the business, instead held for investment potential or capital appreciation. Investment properties are measured at cost on acquisition or initial recognition and subsequently revalued at the year end with changes recognised in income and expenditure. Details of the valuers and the basis of valuation adopted are included in note 12.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

2. Accounting policies Continued

HomeBuy

The HomeBuy scheme, now closed to new entrants, was a program of low-cost ownership where loans were advanced by the Group to purchasers of property. The program was funded through a combination of government grant and the Group's own funds. The Group has the benefit of 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. HomeBuy loans are stated at the amount advanced less provision for bad debts.

Restricted Reserves

Restricted reserves represent a share of East Hampshire District Council (EHDC) Right to Buy receipts for specified projects. The reserve is utilised when suitable works are identified and approval is obtained and treated as a subsidy against the gross cost of works.

Critical Judgments, Estimates and Uncertainty

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

Impairment review

Estimates have been made in the impairment review of social housing properties affected by the rent reduction - see our impairment policy.

Classification of loans

Fixed rate loans could be repaid early and the fixes could be broken. This would involve paying a premium to lenders or the lenders paying a discount to us depending on the prevailing interest rate as there are two-way break clauses in our loan agreements. Since we have no current intention to repay any of these loans early by breaking the fixes, we have exercised professional judgment in classifying these loans as 'basic'. In light of the requirements and criteria set out in FRS 102 and given our intention and forecasted ability to hold all of these loans to maturity, we consider classification of the loans as 'basic' to be appropriate and recognition at amortised cost to be a fair representation of our liabilities.

Provisioning for investments in HomeBuy loans

The Group has provided for investments in HomeBuy loans given its vulnerability to foreclosure and losses on the sale of secured properties. Provisioning involves judgment around redemption rates, failure rate and changes in property prices.

Defined benefit pension obligations

Financial and actuarial assumptions underlying accounting estimates of the Group's defined benefit obligations are informed by actuarial advice, based on best estimates according to scheme duration and applied consistently across accounting periods.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

2. Accounting policies Continued

Critical Judgments, Estimates and Uncertainty Continued

Capitalisation of property development costs

The estimate of anticipated costs to complete a development scheme is determined by a qualified surveyor. Judgment is involved in determining the appropriate allocation of costs for mixed tenure developments and the subsequent allocation of costs relating to affordable home ownership between current and fixed assets.

Fair value measurement

The Group uses external professional advisers to determine the fair value of financial instruments and investment properties. The fair value of financial instruments is based on quoted prices and investment properties are valued using a yield methodology based on market rental values discounted to present value and with reference to sales activity in the local area.

Depreciation

Freehold buildings and components

Depreciation is provided to write off the cost to estimated residual value on a straight line basis over the estimated useful economic life of assets at the following annual rates:

- Structure – 100 years
- Boilers – 15 years
- Kitchens – 20 years
- Photovoltaics – 20 years
- Bathroom – 30 years
- Heating – 30 years
- Windows – 30 years
- Sheltered Housing – 50 years

Other fixed assets

Depreciation is charged on a straight line basis over the expected useful lives of the assets at the following annual rates:

- Freehold premises – 50 years
- Office equipment – 3 to 5 years
- Office furniture and development equipment – 10 years
- Motor vehicles, yard plant and machinery – 4 years

Leasehold property depreciation is charged on a straight line basis over the period of the lease.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

2. Accounting policies Continued

Impairment

At each reporting date the Group 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 (the higher of value in use, fair value less costs to sell and value in use – service potential). Value in use - service potential is represented by depreciated replacement cost which is the lower of rebuild cost and the estimated price of an asset with equivalent service potential on the open market, adjusted for depreciation. In practice, depreciated replacement cost is rebuild cost given the lack of data available on equivalent assets in the open market.

An impairment loss occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. This impairment loss is charged and disclosed as a separate line within operating expenditure where it is considered to be material.

Pensions

The Group's pension arrangements comprise three defined benefit schemes, a defined contribution scheme and a funded defined benefit scheme.

For the defined contribution scheme the amount charged to income and expenditure in respect of pension costs is the employer contribution payable in the year.

For defined benefit schemes the amounts charged to operating costs are the costs arising from employee services rendered during the period, benefit changes and settlements. They are included within staff costs. The net interest cost on the net defined benefit liabilities is included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets are recognised immediately in other comprehensive income.

Defined benefit schemes are funded with assets of the scheme held separately from those of the Group and administered by The Pensions Trust or local government in respect of the LGPS. Pension scheme assets are measured at fair value and liabilities on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each reporting date.

The funded defined benefit scheme is in deficit and a funding arrangement is in place. The net present value of the deficit reduction contributions payable under the agreement is recognised on the Statement of Financial Position and the unwinding of the discount rate is recognised as a finance cost.

Taxation

Current tax is recognised for the amount of income 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 2017 Continued

2. Accounting policies Continued

Deferred Taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax relating to investment properties that are measured at fair value is recognised using the tax rates and allowances that apply to the sale of the assets. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted at the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within receivables. Deferred tax assets and liabilities are offset only if the Company or Group has a legally enforceable right to set off current tax assets against current tax liabilities.

Financial Instruments

Financial instruments are recognised when the Group or 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 bonds, the recognition trigger is when security is in place and the funds are received by the issuer, Radian Capital plc.

Financial Assets and Liabilities

All are initially measured at transaction price, including transaction costs, unless those financial assets are classified as fair value through profit or loss, which are initially measured at fair value, unless the arrangement constitutes a financing transaction. Fair value measurement applies to the Group's investment in gilts. Under FRS 102 if an arrangement is a financing transaction, the financial asset or liability should be measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Group's loans and bonds 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 historic cost as the difference between historic cost and amortised cost is not material.

Where instruments are classified as payable or receivable within one year they are measured at an undiscounted amount of the cash expected to be paid or received within one year.

Financial assets are only derecognised when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset or, c) the Group, despite having retained some but not all significant risks and rewards of ownership, has transferred control of the asset to another party.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

2. Accounting policies Continued

Financial Assets and Liabilities Continued

Financial liabilities are only derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Finance Costs

Finance costs are charged to income and expenditure 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. Issue costs, premiums and discounts are capitalised and amortised over the life of the associated financial instrument.

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.

The Group has no finance lease commitments and all of its leases are classified as operating leases. Whether the Group is the lessee or lessor, rentals under operating leases are charged on a straight line basis over the lease term even if the payments are not made on such a basis.

Operating Segments

As the Group has publicly traded securities we are required to disclose information about our operating segments under IFRS 8. Segmental information is disclosed in note 3 and as part of the analysis of housing properties in note 10. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographic location. As permitted by IFRS 8 this is appropriate on the basis of 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 of the geographical locations in which the Group operates. Management do not routinely receive segmental information disaggregated by geographical location.

The financial statements present the performance and position of Radian Support Limited separately as discontinued operations.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

3. Turnover, cost of sales, operating costs, surplus from disposal of fixed assets and operating surplus

						Restated				
	2017					2016				
	Turnover	Cost of sales	Operating costs	Surplus from disposal of fixed assets	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Surplus from disposal of fixed assets	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	**118,941**	**-**	**(62,605)**	**-**	**56,336**	**117,256**	**-**	**(71,589)**	**-**	**45,667**
Other social housing activities										
Development administration	-	-	(5,610)	-	**(5,610)**	-	-	(2,703)	-	**(2,703)**
Cesspool emptying	48	-	(19)	-	**29**	75	-	(97)	-	**(22)**
First tranche affordable home ownership sales	10,723	(6,260)	(2,257)	-	**2,206**	7,524	(4,586)	(4,053)	-	**(1,115)**
Help to Buy agency	1,894	-	(1,291)	-	**603**	1,473	-	(1,422)	-	**51**
Non-rent bad debts	-	-	(252)	-	**(252)**	-	-	(200)	-	**(200)**
Surplus from disposal of fixed assets	-	-	-	4,919	**4,919**	-	-	-	4,679	**4,679**
Total other social housing activities	**12,665**	**(6,260)**	**(9,429)**	**4,919**	**1,895**	**9,072**	**(4,586)**	**(8,475)**	**4,679**	**690**
Non-social housing activities										-
Service charge income and costs	796	-	(782)	-	**14**	476	-	(388)	-	**88**
Supporting people	127	-	(108)	-	**19**	138	-	(92)	-	**46**
Market rent properties	2,159	-	(721)	-	**1,438**	1,934	-	(530)	-	**1,404**
Care and support schemes	2,157	-	(2,565)	-	**(408)**	13,853	-	(14,331)	-	**(478)**
Other	425	-	(140)	-	**285**	511	-	(99)	-	**412**
Total non-social housing activities	**5,664**	**-**	**(4,316)**	**-**	**1,348**	**16,912**	**-**	**(15,440)**	**-**	**1,472**
Total	**137,270**	**(6,260)**	**(76,350)**	**4,919**	**59,579**	**143,240**	**(4,586)**	**(95,504)**	**4,679**	**47,829**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

3. Turnover, cost of sales, operating costs, surplus from disposal of fixed assets and operating surplus Continued

The 2016 Sale of housing accommodation and First tranche affordable home ownership comparative has been aggregated and is now disclosed within First tranche affordable home ownership sales.

The 2016 Other comparative has been restated to reflect £80k of fee income previously disclosed within Finance income.

	2017					Restated 2016
	General needs housing	Supported housing and housing for older people	Affordable home ownership	Other social housing	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover						
Rent receivable net of identifiable service charges (net of voids)	87,700	8,911	4,124	8,842	**109,577**	**108,430**
Service charge income	2,463	1,418	978	42	**4,901**	**4,734**
Net rental income	**90,163**	**10,329**	**5,102**	**8,884**	**114,478**	**113,164**
Amortisation of capital grant	4,149	-	314	-	**4,463**	**4,092**
Net turnover from social housing lettings	**94,312**	**10,329**	**5,416**	**8,884**	**118,941**	**117,256**
Operating expenditure						
Management	(14,435)	(1,586)	(1,750)	(1,222)	**(18,993)**	**(21,436)**
Service charge costs	(4,167)	(458)	(505)	(353)	**(5,483)**	**(6,504)**
Routine maintenance	(9,437)	(1,036)	-	(799)	**(11,272)**	**(12,169)**
Planned maintenance	(3,684)	(405)	-	(312)	**(4,401)**	**(4,385)**
Major repairs expenditure	(8,372)	(919)	-	(709)	**(10,000)**	**(9,381)**
Bad debts	(214)	(23)	(26)	(18)	**(281)**	**(274)**
Depreciation of housing properties	(11,058)	(1,135)	(666)	(1,551)	**(14,410)**	**(15,946)**
Loss on disposal of housing components	(472)	(33)	-	(55)	**(560)**	**-**
Reversal of impairment/(impairment charge) on housing properties	1,321	-	-	-	**1,321**	**(1,447)**
Other costs	1,120	123	136	95	**1,474**	**(47)**
Operating expenditure on social housing lettings	**(49,398)**	**(5,472)**	**(2,811)**	**(4,924)**	**(62,605)**	**(71,589)**
Operating surplus on social housing lettings	**44,914**	**4,857**	**2,605**	**3,960**	**56,336**	**45,667**
Void losses	(502)	(141)	-	(102)	**(745)**	**(884)**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

3. Turnover, cost of sales, operating costs, surplus from disposal of fixed assets and operating surplus Continued

The 2016 Turnover: Amortisation of capital grant comparative has been restated to reflect £4,092k previously disclosed within Other social housing activities: Amortisation of capital grant.

The 2016 Management comparative has been restated to reflect a reduction in costs of £4k relating to the recognition of the Growth Plan pension liability.

The 2016 Planned maintenance comparative has been restated to reflect a net adjustment of £243k of Central service recharges which is now disclosed within major repairs expenditure.

							Restated
	2017						2016
	Staircasing	Right to Buy	Other housing sales	HomeBuy redemptions	Other fixed assets	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Surplus from disposal of fixed assets							
Sale proceeds	6,280	1,935	1,606	7,987	-	**17,808**	**13,639**
Less: cost of sales	(3,707)	(251)	(1,578)	(6,238)	**(1,115)**	**(12,889)**	**(8,960)**
Net surplus from disposal of fixed assets	**2,573**	**1,684**	**28**	**1,749**	**(1,115)**	**4,919**	**4,679**

The 2016 comparative has been restated to include £7,976k of HomeBuy redemption proceeds and £5,268k of HomeBuy redemption cost of sales (net effect on surplus of £2,708k).

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

3. Turnover, cost of sales, operating costs, surplus from disposal of fixed assets and operating surplus Continued

		Restated
	2017	2016
	Number	Number
Properties in management		
Social rent general needs housing	12,551	12,576
Affordable rent general needs housing	1,745	1,531
Supported housing and housing for older people	1,537	1,597
Affordable home ownership	1,733	1,664
Care homes	33	50
Other social housing	1,210	1,146
Social leased housing	1,087	1,053
Non social leased housing	19	19
Market rent housing	257	256
Properties managed for others	641	644
Housing properties in management	**20,813**	**20,536**
Non housing properties in management	2,136	2,097
Total properties in management	**22,949**	**22,633**
HomeBuy loans	1,284	1,451
Outright new build	8	-
Total properties managed or invested	**24,241**	**24,084**
Properties under construction	**1,082**	**769**

The 2016 Social leased housing comparative has been restated to exclude 467 properties for which the Group does not own the freehold.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

4. Finance income

	Group		Company	
		Restated		
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Interest receivable from bank and building society deposits	446	467	-	-
Interest receivable from intercompany loans	-	-	2,858	3,259
Bond premium amortised	390	1,472	-	-
Interest from joint venture loan notes	22	226	-	-
HomeBuy interest receivable/(payable)	483	(3,091)	-	-
	1,341	**(926)**	**2,858**	**3,259**

The Group 2016 Interest from joint venture loan notes comparative has been restated to exclude £80k of external administration fees now shown within Turnover.

The Group 2016 HomeBuy interest receivable/(payable) comparative has been restated by £2,708k relating to the surplus on HomeBuy redemptions which is now classified as Surplus/(deficit) from disposal of fixed assets.

HomeBuy interest receivable in 2016 includes a reversal of previous interest received of £3.4m.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

5. Finance costs

	Group		Company	
		Restated		Restated
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
On housing loans at amortised cost				
Interest costs	19,015	19,405	2,853	3,248
Recycled Capital Grant Fund	40	39	-	-
Loan arrangement fees and associated costs	167	153	9	11
	19,222	**19,597**	**2,862**	**3,259**
On bond debt				
Interest costs	8,484	5,822	-	-
Bond discount amortised	(8)	229	-	-
Loan arrangement fees and associated costs	155	22	-	-
	8,631	**6,073**	**-**	**-**
Interest on pension scheme liabilities	702	929	10	34
	28,555	**26,599**	**2,872**	**3,293**

The Group 2016 Interest costs on housing loans at amortised cost and Interest costs on bond debt have been restated to reflect a reclassification of £7,454k between these two categories.

The Group 2016 Interest on pension scheme liabilities comparative of £929k has been restated to reflect a £1k correction related to the recognition of the Growth Plan pension liability.

The Group 2016 Loan arrangement fees and associated costs of £22k is the aggregation of lines disclosed in the prior year as Loan arrangement fees and associated costs of £6k and Capitalised issue costs amortised of £16k.

The Group 2016 Finance costs comparative has been restated to include £929k of Interest on pension scheme liabilities which was disclosed separately on the face of the Statement of Comprehensive Income as Net other finance costs in the prior year.

The Company 2016 Finance costs comparative has been restated to include £34k of interest on pension scheme liabilities which was disclosed as Net other finance costs in the prior year.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

6. Surplus on ordinary activities before taxation

	2017	2016
	£'000	£'000
Surplus on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of fixed assets	15,471	16,998
(Reversal of impairment)/impairment on housing properties	(1,321)	1,447
Operating lease expense		
Temporary social housing	9	19
Land and buildings	143	610
Office equipment, computers and motor vehicles	29	126
Fees payable to the Company's auditor for the audit of the:		
Company's financial statements	9	8
Financial statements of the Company's subsidiaries	88	102
Total audit fees	**97**	**110**
Other amounts receivable by the auditor and their associates (excluding VAT) in respect of:		
Audit related assurance services	6	4
Tax advisory services	-	6
Accounting services	-	19
Total non-audit fees	**6**	**29**
Total audit and non-audit fees	**103**	**139**

The impairment of housing properties in 2016 related to various impairments none of which were individually material.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

7. Taxation

	2017	2016
	£'000	£'000
Current tax		
United Kingdom corporation tax at 20% (2016: 20%)	-	-
Adjustment in respect of prior year	-	(36)
Total current tax	**-**	**(36)**
Deferred taxation		
Timing differences, origination and reversal	173	(173)
Adjustment in respect of earlier years	(82)	(594)
Total deferred tax	**91**	**(767)**
Tax charge/(credit) for the year	**91**	**(803)**

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 20% (2016: 20%). The differences are explained as follows:

	2017	2016
	£'000	£'000
Total tax reconciliation		
Surplus on ordinary activities before taxation	34,677	21,568
Taxation on surplus on ordinary activities at 20% (2016: 20%)	6,935	4,313
Effects of:		
Expenses not deductible for tax purposes	711	1,056
Prior year adjustments	(82)	(630)
Movement in unrecognised deferred tax	592	107
Non-taxable charitable activities	(8,088)	(5,372)
Movement in deferred tax due to differences in tax rates	23	(277)
Total tax charge/(credit)	**91**	**(803)**

In recent years the UK Government has steadily reduced the rate of UK corporation tax. The closing deferred tax assets and liabilities have been calculated at 18% in accordance with the rates enacted at the reporting date.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

8. Directors' emoluments

The Directors are defined as the Board Members and the Executive Board. The payments detailed below relate to those payments made by the Company and do not relate to payments made by other Group entities.

	2017	Restated 2016
	£'000	£'000
Aggregate emoluments payable to Directors (including benefits in kind)	442	740
Pension contributions in respect of services as Directors	49	76
	491	**816**
Emoluments payable to the highest paid Director (excluding pension contributions but including benefits in kind)	**111**	**188**

Until 31 October 2016, with the exception of the Group Director of Housing and Customer Services and the previous Director of Radian Support Limited, the Executive Board was paid by the Company. From 1 November 2016 all of the Executive Board including the Group Chief Executive were paid by The Swaythling Housing Society Limited and their pay from this date is disclosed in its financial statements. Therefore the 2016 comparative represents 12 months' emoluments whilst the 2017 figure represents seven months' emoluments.

The Chief Executive received total emoluments from Group entities of £191k (2016: £188k) and pension contributions of £20k (2016: £19k). He is an ordinary member of the Final salary scheme with a 1/60th accrual rate benefit structure of RGPS with the same conditions of membership as all other employees within that non-contributory benefit structure of the Scheme. Full details of the Scheme funding are disclosed in note 25. The Chief Executive has no pension arrangements to which the Group contributes, other than those relating to the Scheme.

The 2016 comparative for aggregate emoluments has been restated to disclose the amounts payable to Directors excluding pension contributions (previously included). In addition, the restated comparative for aggregate emoluments payable to Directors now includes Board Member remuneration rather than solely Executive Board pay.

Only the Group Chair is paid by the Company and received emoluments during the year totalling £18,467 (2016: £16,200) and was reimbursed for expenses of £3,215 (2016: £365) incurred in the year. The remaining Board Members are paid by The Swaythling Housing Society Limited as an agent for the Radian Group. It is not possible to disaggregate their remuneration in respect of services performed on behalf of the Group.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

8. Directors' emoluments Continued

Total consideration paid to key management personnel during the year, who are those persons defined as having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, was £2,129k (2016: £1,961k).

9. Staff costs

The average number of employees (including Directors) expressed as full time equivalents (calculated on a standard working week of 37 hours) during the year was as follows:

	Group		Company	
	2017	2016	2017	2016
	FTE	FTE	FTE	FTE
Housing services and central services	380	386	2	5
Care staff	112	307	-	-
Wardens, caretakers and cleaners	-	24	-	-
Maintenance staff	277	261	1	-
Development and home ownership staff	94	96	1	-
	863	**1,074**	**4**	**5**

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Staff costs (for the above employees)				
Wages and salaries	28,329	36,110	405	722
Social security costs	2,598	2,945	46	78
Pension costs	2,646	3,558	25	134
	33,573	**42,613**	**476**	**934**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

9. Staff costs Continued

The Group has the following number of full time equivalent staff with remuneration (including compensation for loss of office and excluding pension contributions) of £60,000 or more, shown in bands of £10,000.

	2017	Restated 2016
	FTE	FTE
Salary banding		
£60,000 - £69,999	10	10
£70,000 - £79,999	4	4
£80,000 - £89,999	7	4
£90,000 - £99,999	4	5
£100,000 - £109,999	-	2
£110,000 - £119,999	1	1
£120,000 - £129,999	2	2
£130,000 - £139,999	1	1
£140,000 - £149,999	3	2
£150,000 - £159,999	-	-
£160,000 - £169,999	-	1
£170,000 - £179,999	-	-
£180,000 - £189,999	-	1
£190,000 - £199,999	1	-
	33	**33**

The 2016 comparative has been restated to reflect the correct allocation of employees within the bandings.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

10. Housing properties

	Social housing lettings properties	Affordable home ownership properties	Total completed housing properties	Social housing lettings properties in course of construction	Affordable home ownership properties in course of construction	Total housing properties in course of construction	Total housing properties
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2016 (restated)	1,143,446	100,692	**1,244,138**	30,148	5,640	**35,788**	**1,279,926**
Additions	739	438	**1,177**	40,052	19,120	**59,172**	**60,349**
Additions - works to existing properties	5,229	-	**5,229**	-	-	**-**	**5,229**
Transferred into management	41,838	8,035	**49,873**	(41,838)	(8,035)	**(49,873)**	**-**
Reversal of impairment	1,466	-	**1,466**	-	-	**-**	**1,466**
Disposals and demolitions	(5,744)	(4,114)	**(9,858)**	(159)	-	**(159)**	**(10,017)**
Net movement to current assets	-	(545)	**(545)**	-	(6,025)	**(6,025)**	**(6,570)**
At 31 March 2017	**1,186,974**	**104,506**	**1,291,480**	**28,203**	**10,700**	**38,903**	**1,330,383**
Accumulated depreciation							
At 1 April 2016	(137,777)	(4,793)	**(142,570)**	-	-	**-**	**(142,570)**
Charge for the year	(13,744)	(666)	**(14,410)**	-	-	**-**	**(14,410)**
Reversal of impairment	(145)	-	**(145)**	-	-	**-**	**(145)**
Disposals and demolitions	2,501	211	**2,712**	-	-	**-**	**2,712**
At 31 March 2017	**(149,165)**	**(5,248)**	**(154,413)**	-	-	**-**	**(154,413)**
Net book value							
At 31 March 2017	**1,037,809**	**99,258**	**1,137,067**	**28,203**	**10,700**	**38,903**	**1,175,970**
At 31 March 2016 (restated)	**1,005,669**	**95,899**	**1,101,568**	**30,148**	**5,640**	**35,788**	**1,137,356**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

10. Housing properties Continued

The 2016 Social housing lettings properties opening cost balance has been restated by £497k relating to the correction of an asset wrongly classed within Properties for sale.

Reversal of Impairment

The prior year impairment provision in respect of the full carrying value of Jordan Court, a development of 13 properties, has been reversed in the current year. At the end of the prior year the Group had become aware that it was not the owner of the property due to a failure of a third party to register title. The issue has since been resolved in Radian's favour and the full value of the impairment provision has been reversed.

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 2017 was £1,237.0m (2016: £1,201.0m). The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

Expenditure on Works to Existing Housing Properties

	2017	2016
	£'000	£'000
Amounts capitalised	5,229	8,256
Amounts charged to Statement of Comprehensive Income	10,000	8,206

Security

The Group had housing property with a net book value of £552.5m pledged as security at 31 March 2017 (2016: £506.6m).

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

11. Other fixed assets

	Freehold land and premises	Leasehold land and premises	Computers, fixtures and fittings	Vehicles, plant and equipment	Total other fixed assets
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2016 (restated)	12,651	2,272	5,928	4,217	**25,068**
Additions	1,603	-	159	779	**2,541**
Disposals and demolitions	(66)	(2,055)	(3,835)	(632)	**(6,588)**
Transfers across tenures	(836)	-	-	-	**(836)**
At 31 March 2017	**13,352**	**217**	**2,252**	**4,364**	**20,185**
Accumulated depreciation					
At 1 April 2016 (restated)	(1,978)	(1,106)	(5,286)	(3,012)	**(11,382)**
Charge for the year	(251)	(8)	(197)	(605)	**(1,061)**
Disposals and demolitions	371	897	3,599	606	**5,473**
Transfers across tenures	132	-	-	-	**132**
At 31 March 2017	**(1,726)**	**(217)**	**(1,884)**	**(3,011)**	**(6,838)**
Net book value					
At 31 March 2017	**11,626**	**-**	**368**	**1,353**	**13,347**
At 31 March 2016 (restated)	**10,673**	**1,166**	**642**	**1,205**	**13,686**

The Freehold land and premises and Leasehold land and premises opening cost and accumulated depreciation has been restated to reflect the £640k reclassification of Herbert Collins House from Freehold to Investment properties and the reclassification of £8,294k of cost and £721k of accumulated depreciation relating to Collins House land from Leasehold land and premises to Freehold land and premises.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

12. Investment properties

	Investment properties	Investment properties in course of construction	Total investment properties
	£'000	£'000	£'000
Cost			
At 1 April 2016 (restated)	26,984	540	**27,524**
Additions	2	14,106	**14,108**
Transfers across tenures	704	-	**704**
Revaluation surplus	2,103	-	**2,103**
At 31 March 2017	**29,793**	**14,646**	**44,439**

The opening cost has been restated by £640k to reflect a correction to the classification of Herbert Collins House from Freehold to Investment properties.

Property Valuation

Completed investment properties are shown at market value of £29.8m (restated 2016: £27.0m). The valuation was carried out by Jones Lang LaSalle (RICS), 30 Warwick Street, London, W1B 5NH.

If the investment properties had not been revalued they would have been included at the following amounts:

	Group	
	2017	2016
	£'000	£'000
Cost	25,167	23,823
Depreciation	(2,327)	(1,682)
Net book value	**22,840**	**22,141**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

13. HomeBuy loans

	Group	
		Restated
	2017	2016
	£'000	£'000
HomeBuy loans	49,308	55,546
Accrued HomeBuy interest	39	-
HomeBuy loan provision	(1,100)	(1,289)
	48,247	**54,257**

The 2016 comparative has been restated to reflect the gross value of HomeBuy loans, with the grant liability shown as HomeBuy grant within liabilities. Associated with the HomeBuy loans is £39.7m (2016: £44.3m) of grant. The grants will be recycled on redemption of the loans.

14. Investments

Group

We are co-investor in Aspect Building Communities Limited (Aspect) with another RP and two Local Authorities. Aspect was formed to bring forward housing development to increase housing supply and boost the local economy by working in partnership with local organisations. We have a 26% interest in Aspect, a company limited by guarantee.

Investment in Affinity (Reading) Holdings Limited

The Group, through its subsidiary Windsor and District Housing Association Limited, has a joint venture investment in 333 solely held shares and 333 jointly held shares (2016: same) in Affinity (Reading) Holdings Limited:

Equity holding:	Ordinary
Country of registration:	England
Proportion held:	33.3% held solely, 33.3% held jointly
Principal activity:	Holds 100% of the share capital of Affinity (Reading) Limited which is the operator of a PFI contract to supply, refurbish, manage and maintain part of Reading Borough Council's housing inventory.

Through its subsidiary Windsor and District Housing Association Limited, the Group is also in partnership with Southern Housing Group to deliver housing and community development services for the estate under the PFI contract and has accounted for its 50% share in Affinity Housing Services (AHS) as a jointly controlled entity according to FRS 102.

The share of surplus in joint venture on the Statement of Comprehensive Income of £228k (2016: £263k) reflects the movement in the investments and the £150k (2016: £350k) distribution received in the year.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

14. Investments Continued

Investment in Affinity (Reading) Holdings Limited Continued

	Affinity (Reading) Holdings Limited	Affinity Housing Services	Total investments
	£'000	£'000	£'000
Cost			
At 1 April 2016	2,201	84	**2,285**
Movement in year	146	(68)	**78**
At 31 March 2017	**2,347**	**16**	**2,363**

Company

In 2011/12, the Company subscribed for the whole of the share capital of Radian Capital plc, a subsidiary set up to raise funds through the bond markets to extend to other members of the Radian Group. The Company holds 50,000 £1 shares of which £12,500 has been paid.

The Company also owns one £1 share in each of the following entities: Drum Housing Association Limited, Portal Housing Association Limited, Radian Support Limited, Windsor and District Housing Association Limited, The Swaythling Housing Society Limited and Oriel Housing Limited. As the Company exercises control of these entities through its ability to appoint and remove directors, they are subsidiaries. Further details of the Company's subsidiaries and interests are provided in note 32.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

15. Properties for sale

	Group	
		Restated
	2017	2016
	£'000	£'000
Affordable home ownership schemes		
Properties under construction	4,551	3,255
Completed properties	830	1,500
	5,381	**4,755**
Outright new build schemes		
Properties under construction	7,902	-
Completed properties	2,112	-
	10,014	**-**
Other stock disposals	-	67
	15,395	**4,822**

The 2016 Properties under construction comparative has been restated by £497k to correct the accounting entries for a specific plot of land.

16. Inventories

During the year inventories to the value of £2.0m (2016: £2.1m) were expensed in the Statement of Comprehensive Income. There was no provision made against inventories (2016: £0.1m).

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

17. Receivables

	Group		Company	
		Restated		Restated
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Gross arrears of rent and service charges	4,485	6,059	-	-
Bad debt provision	(1,601)	(1,751)	-	-
Net tenant arrears	**2,884**	**4,308**	**-**	**-**
Social Housing Grant receivable	1,260	45	-	-
Corporation and deferred taxation	-	-	-	-
Short term non-liquid assets	85,525	3,256	-	-
Staff car loan	133	167	-	5
Trade receivables	1,832	386	190	190
Intercompany loans	-	-	3,459	2,931
Other receivables and prepayments	3,557	2,281	1,361	547
Amounts due within one year	**95,191**	**10,443**	**5,010**	**3,673**
Loan notes due from joint venture	1,436	1,502	-	-
Interest bearing balance due from joint venture	186	-	-	-
Intercompany loans	-	-	100,398	103,857
Amounts due after more than one year	**1,622**	**1,502**	**100,398**	**103,857**
Total receivables	**96,813**	**11,945**	**105,408**	**107,530**

The Group 2016 Gross arrears of rent and service charges comparative has been restated to reflect a £2,188k adjustment relating to deferred income which is now disclosed within Payables: Amounts falling due within one year.

The Group 2016 Short term non-liquid assets comparative has been restated to reflect £515k of deposits held on account as security for a bond issue which were previously disclosed as Short term investments.

The Company 2016 Intercompany loans comparative has been restated to reflect a £2,931k adjustment to disclose the Intercompany loans within one year separately from Intercompany loans due after one year.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

17. Receivables Continued

Non-liquid assets includes gilts (see below) and the proceeds of the AHF bonds of £80.2m.

These funds will be released once housing properties have been pledged as security.

Investment	Nominal value	Fair value	Interest rate	Expiry date
	£	£		
UK Government Gilt Holding	723,000	955,873	8.00%	2021
UK Government Gilt Holding	599,966	932,287	4.75%	2038
UK Government Gilt Holding	296,200	391,604	8.00%	2021
		2,279,764		

18. Cash and short term investments

	Group		Company	
		Restated		
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Short term investments				
Liquid short term investments	-	5,289	-	-
Cash	75,134	53,855	1,796	3,919
	75,134	**59,144**	**1,796**	**3,919**

The Group 2016 short term investments comparative has been restated to reflect a £2,000k instant access money market investment which is now disclosed within Cash above and £515k of deposits held on account as security for a bond issue which is now classed as Short term non-liquid assets within note 17. In addition the 2016 Cash comparative has been restated to reflect £72k of sinking funds now disclosed within Payables: Amounts falling due within one year.

There is a right of offset between the bank overdraft and any cash held at bank.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

19. Payables: amounts falling due within one year

	Group		Company	
		Restated		
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Loans and borrowings	6,504	16,312	3,459	2,931
Trade payables	14,898	9,926	134	151
Rent and service charges received in advance	2,542	4,433	-	-
Deferred income	2,150	2,188	-	-
Social Housing Grant received in advance	-	53	-	-
Amounts owed to Group undertakings	-	-	5,433	6,932
Other taxation and social security payable	641	705	-	-
Other payables	4,024	2,042	51	80
Accruals	4,256	5,724	-	-
Contract retentions	1,570	2,194	-	-
Corporation tax	-	-	-	-
Interest due and payable	3,949	4,035	215	-
Unamortised fees and net premiums	795	125	-	-
Right to Buy profit share agreement	2,292	2,819	-	-
Deferred capital grant falling due within one year	4,546	3,622	-	-
Finance lease creditor	-	67	-	-
	48,167	**54,245**	**9,292**	**10,094**

The Group 2016 Amounts due to contractors comparative has been restated to reflect £17k which is now disclosed under Trade payables.

The Group 2016 Trade payables comparative has been restated to reflect £3,652k of capital accruals previously disclosed within Other payables.

The Group 2016 Rent and service charges received in advance comparative has been restated to reflect £41k of leaseholder charges received in advance which is now disclosed within Other payables. The Group 2016 Deferred income comparative has been restated to reflect £2,188k of Deferred income previously disclosed within Receivables: Gross arrears of rent and service charges.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

19. Payables: amounts falling due within one year Continued

The Group 2016 Other payables comparative has been restated to exclude £5,724k of accruals which is now disclosed under a separate heading entitled Accruals, £3,304k of contract retentions of which £2,194k is disclosed under a separate heading entitled Contract retentions and £1,111k which is now disclosed within Contract retentions in note Payables: amounts falling due after more than one year, £195k of leaseholder sinking funds and deferred income previously disclosed within Payables: amounts due after more than one year and £72k of sinking funds previously disclosed within Cash.

The Group 2016 Unamortised fees and net premiums comparative has been restated to reflect £125k previously disclosed within Unamortised fees and net premiums in note Payables: amounts falling due after more than one year.

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.

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

	Group		Company	
		Restated		Restated
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Loans and borrowings	729,991	607,801	100,397	103,856
Recycled capital grant fund (see note 22)	13,816	13,013	-	-
Disposals proceeds fund (see note 23)	159	315	-	-
Contract retentions	2,091	1,111	-	-
Deposits repayable	24	-	-	-
Called up share capital	-	-	38	38
Unamortised fees and net premiums	19,070	3,273	-	(2)
Finance lease creditor	-	1,666	-	-
	765,151	**627,179**	**100,435**	**103,892**

The Group 2016 Loans and borrowings comparative has been restated to reflect the aggregation of Bond debt of £108,500k and Housing loans falling due after more than one year of £499,301k.

The Group 2016 Recycled capital grant fund of £13,069k and Disposals proceeds fund of £315k have been split from the prior year where they were aggregated to £13,384k.

The Group 2016 Recycled capital grant fund comparative has been restated by £56k to correct the accounting entries for a plot of land.

The Group 2016 Contract retentions comparative of £1,111k was disclosed within Other payables within Payables: amounts falling due within one year in the prior year.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

20. Payables: amounts falling due after more than one year Continued

The Group 2016 Deferred income comparative of £195k has been moved to Other payables within Payables: amounts falling due within one year.

The Group 2016 Unamortised fees and net premiums comparative of £3,273k has been restated to reflect the movement of £125k to Unamortised fees and net premiums within Payables: amounts due within one year.

The Group 2016 Social Housing Grant comparative of £389,103k and Other public subsidy comparative of £10,278k have been aggregated and disclosed separately on the face of the Statement of Financial Position as Deferred capital grant falling due after more than
one year.

The Company 2016 Loans and borrowings and Called up share capital comparative has been restated to reflect a movement of £38k of Loans and borrowings to Called up share capital relating to the Company's investment in Radian Capital plc.

Loans and borrowings are secured by a combination of fixed mortgages over housing properties and fixed charges over bank accounts.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

20. Payables: amounts falling due after more than one year Continued

Loans and borrowings are repayable as follows:

	Group							
					Restated			
	2017				2016			
	Bank loans	Bonds	HCA loans	Total	Bank loans	Bonds	HCA loans	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
In multiple instalments								
One year or less	6,159	345	-	**6,504**	5,670	142	-	**5,812**
One to two years	3,569	375	-	**3,944**	3,742	261	-	**4,003**
Two to five years	24,053	1,331	-	**25,384**	21,416	931	-	**22,347**
Five years or more	415,675	44,866	-	**460,541**	428,654	41,297	-	**469,951**
	449,456	**46,917**	**-**	**496,373**	**459,482**	**42,631**	**-**	**502,113**
In a single instalment								
One year or less	-	-	-	**-**	-	10,500	-	**10,500**
Five years or more	-	239,550	572	**240,122**	-	111,500	-	**111,500**
	-	**239,550**	**572**	**240,122**	**-**	**122,000**	**-**	**122,000**
	449,456	**286,467**	**572**	**736,495**	**459,482**	**164,631**	**-**	**624,113**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

20. Payables: amounts falling due after more than one year Continued

	Company	
		Restated
	2017	2016
	Bank loans	Bank loans
	£'000	£'000
In multiple instalments		
One year or less	3,459	2,931
One to two years	869	959
Two to five years	11,153	10,622
Five years or more	88,375	92,275
	103,856	**106,787**

The Group 2016 comparative has been restated to reflect corrections to the repayment profile of the loans and borrowings. The Company 2016 comparative has been restated to reflect a movement of £38k of Loans and borrowings to Called up share capital.

Own-Named Bonds

All bonds are issued by Radian Capital plc (Capital) with proceeds received being on-lent to Portal Housing Association Limited (Portal). All proceeds are received up-front unless otherwise stated with the bonds being repayable in a single instalment on the anniversary of issue in the year in the name of the bond unless otherwise stated.

2042 bonds

£100m of 6% 2042 bonds were issued in March 2012. £75m of these were 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 bonds

£30m of 2044 bonds were issued and sold in May 2014. The bonds are repayable in five annual instalments on the 26th, 27th, 28th, 29th and 30th anniversaries of issue.

2049 bonds

£200m of 2049 bonds were issued in May 2014. £100m was sold in May 2014 and proceeds of £1m and £24m were received in May 2014 and May 2016 respectively. At the reporting date £25m was due in May 2017, 2018 and 2019. A further £50m was sold in July 2015 and proceeds of £0.5m and £12m were received in July 2015 and May 2016 respectively. At the reporting date, three instalments of £12.5m were due in May 2017, 2018 and 2019. A further £25m was sold in June 2016 and proceeds of £6.25m were received in June 2016. At the reporting date a further three instalments of £6.25m were due in May 2017, 2018 and 2019. In all cases, the purchaser has contracted to make these future payments.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

20. Payables: amounts falling due after more than one year Continued

Own-named bonds Continued

2049 bonds Continued

The fair value of the bond liability as at 31 March 2017 was £228.8m (restated 31 March 2016: £141.2m).

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.

Other Loans and Borrowings

The Group has participated in a number of bonds which are repayable in both single and multiple instalments and which are subject to fixed nominal rates of interest of between 2.9% and 11.5%. The Group also has various bank loans which are repayable in both single and multiple instalments and which are subject to nominal rates of interest of a margin above LIBOR. The Group has two HCA loans in place which are repayable as single instalments and are subject to an increasing fixed nominal rate of interest.

Interest rate risk

Interest rate risk is the risk that the Group is unable to service its loans and borrowings due to rises in interest rates. The Group manages interest rate risk through the requirements laid out in the Group Treasury Policy.

Liquidity risk

Liquidity risk is the risk that the Group is unable to service its loans and borrowings or meet repayment liabilities as they fall due, due to insufficient cash. The Group manages liquidity risk through the requirements laid out in the Group Treasury Policy.

Counterparty credit risk

Counterparty credit risk is the risk that the Group is required to repay funding early due to failure of counterparties. The Group 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

Market risk is the risk that the Group is unable to refinance loans and borrowings at a similar rate as they mature. The Group manages market risk by modelling the impact of interest rate rises in its long-term forecast and identifying mitigating actions.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

21. Deferred capital grant falling due after more than one year

	Completed	In course of construction	Total
	£'000	£'000	£'000
Cost			
At 1 April 2016 (restated)	442,153	2,919	**445,072**
Inputs			
Received in year	-	1,725	**1,725**
Transferred from recycled capital grant fund	-	5,636	**5,636**
Transferred from disposals proceeds fund	-	315	**315**
Transferred into management	4,697	-	**4,697**
Other	142	-	**142**
Outputs			
Net movement to payables due within one year	(924)	-	**(924)**
Recycled on disposal	(1,763)	-	**(1,763)**
Released on disposal	(125)	-	**(125)**
Transferred into management	-	(4,697)	**(4,697)**
At 31 March 2017	**444,180**	**5,898**	**450,078**
Accumulated amortisation			
At 1 April 2016	(45,635)	-	**(45,635)**
Other	11	-	**11**
Released on disposal	159	-	**159**
Charge for the year	(4,463)	-	**(4,463)**
At 31 March 2017	**(49,928)**	**-**	**(49,928)**
Amortised deferred capital grant falling due after more than one year			
At 31 March 2017	**394,252**	**5,898**	**400,150**
At 31 March 2016 (restated)	**396,518**	**2,919**	**399,437**

The 2016 opening Cost comparative has been restated by £56k relating to the correction of accounting entries for a specific plot of land.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

22. Recycled capital grant fund

	Group
	£'000
At 1 April 2016 (restated)	13,013
Net inputs to fund	
Grants recycled	6,402
Interest accrued	37
Recycling of grant	
New build	(5,636)
At 31 March 2017	**13,816**

The 2016 opening balance has been restated by £56k relating to the correction of accounting entries for a specific plot of land.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

23. Disposals proceeds fund

	Group
	£'000
At 1 April 2016	315
Net inputs to fund	
Grants recycled	158
Interest accrued	1
Recycling of grant	
New build	(315)
At 31 March 2017	**159**

Pursuant to The Housing and Planning Act 2016, the disposals proceeds fund will be fully utilised in 2017/18 with all future inputs going to the recycled capital grant fund. This fund will therefore have a zero balance in future years.

24. Provisions for liabilities

	Deferred taxation
	£'000
At 1 April 2016	632
Charged to Statement of Comprehensive Income	91
At 31 March 2017	**723**

Deferred tax is provided as follows:

	2017	2016
	£'000	£'000
Deferred tax arising in relation to revalued assets	580	407
Tax losses available	(691)	(609)
Other timing differences	834	834
Provision for deferred tax	**723**	**632**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

24. Provisions for liabilities Continued

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to taxes levied by the same taxation authority on the same taxable entity within the Group.

It is not anticipated that there will be any significant reversal of the deferred tax liability in the next 12 months.

An asset of £1.9m (2016: £1.3m) has not been recognised in respect of losses and other timing differences. The asset would be recovered if there were sufficient and suitable surpluses in the future.

25. Pensions

The Group, through its subsidiaries, participates in a number of pension schemes:

- Radian Group Pension Scheme (RGPS);
- The Pensions Trust Flexible Retirement Plan (FRP);
- The Pensions Trust Growth Plan (GP);
- Hampshire County Council Pension Fund (HPF); and
- The Royal County of Berkshire Pension Fund (RCB).

The Group, through its subsidiary Radian Support Limited, participated in the NHS Pension Scheme (NHS) for part of the year, until members transferred to other employers as part of the entity's withdrawal from providing care and support services.

	2017	2016
	£'000	£'000
RGPS defined benefit pension deficit	14,838	10,502
GP defined benefit obligation	35	37
HPF defined benefit deficit	6,940	5,920
RCB defined benefit deficit	7,197	6,691
	29,010	**23,150**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

Radian Group Pension Scheme (RGPS)

On 1 October 2012 all employers within the Radian Group established RGPS, a separate pension scheme administered by the Pensions Trust. At the same time employers in the Radian Group withdrew from the Social Housing Pension Scheme (SHPS) and discharged those liabilities which were not transferred to RGPS. RGPS has the following defined benefit structures for its active members:

- 1/60th Final Salary; and
- 1/60th CARE (Career Average Revalued Earnings).

RGPS is closed to new members for all employers within the Radian Group though the Group has retained the ability to admit new members at its discretion.

Radian has adopted a strategy of reducing the Group's pension cessation risk by consolidating its pension obligations in a single employer over a number of years. This has resulted in a credit of £672k (2016: £nil) to the Company Statement of Comprehensive Income.

A full actuarial valuation was carried out at 30 September 2013 and updated to 31 March 2017 by an independent qualified actuary. The valuation showed a deficit of £7.9m which the Group has agreed with the Trustee to aim to eliminate over a period of eight years from 1 April 2015. To this end the Group has paid a lump sum of £3.2m during the year (2016: £1.4m). Employers continue to pay 23.2% of pensionable earnings less members' contributions in respect of the cost of accruing benefits.

Main financial assumptions adopted for FRS 102 purposes:

	2017	2016
	%	%
RPI inflation	3.3	3.0
CPI inflation	2.3	2.0
Salary increases	4.3	3.0
Discount rate	2.7	3.5

Post retirement mortality assumptions:

	Males	Females
Retiring today	23.2	24.9
Retiring in 20 years	24.9	26.4

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

The Pensions Trust Flexible Retirement Plan (FRP)

The accounting charge represents the Group's contributions to the Plan for the year and amounted to £745k (2016: £834k). There were outstanding contributions as at 31 March 2017 of £63k (2016: £64k).

The Pensions Trust Growth Plan (GP)

The GP is a funded multi-employer defined benefit pension scheme that is not contracted out of the state scheme. It is not possible to obtain sufficient information to account for the GP as a defined benefit scheme.

As the scheme is in deficit and we have agreed to a deficit funding arrangement, the Group recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using a discount rate of 1.32% (2016: 2.07%). The unwinding of the discount rate is recognised as a finance cost. We have made a prior year adjustment to account for an opening pension liability of £37k to reflect our agreed schedule of additional contributions with an equivalent amount debited to revenue reserves.

We previously followed old UK GAAP and accounted for employer contributions as they fell due, disclosing a contingent liability for our share of the scheme deficit on an annuity purchase basis that would be payable on our withdrawal from the scheme. Participating employers are required to meet this share as the scheme is classified as a 'last man standing' arrangement, therefore the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

As at the reporting date there were no active members of the GP and one pensioner member.

The latest actuarial valuation was carried out by an independent professionally qualified actuary as at 30 September 2014 with a deficit of £177m and a funding level of 82%. Additional employer contributions are required over ten years to cover the past service deficit. The additional contributions required from the Group from 1 April 2017 are £3,851 per annum, increasing by 3% per annum compound.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

The Pensions Trust Growth Plan (GP) Continued

Movements in the pension obligation:

	2017	Restated 2016
	£'000	£'000
Opening pension obligation	37	33
Interest cost	1	1
Deficit contributions paid	(4)	(4)
Actuarial losses	1	7
Closing defined benefit obligation	**35**	**37**

Statement of Comprehensive Income:

	2017	Restated 2016
	£'000	£'000
Amounts charged to Other finance costs		
Interest cost	1	1
Analysis of amounts recognised in Other comprehensive income		
Actuarial losses	1	7

Hampshire County Council Pension Fund (HPF)

Drum Housing Association Limited (Drum) participates in Local Government Pension Scheme HPF, a multi-employer defined benefit scheme whose deficit can be separately identified.

A full actuarial valuation of HPF was carried out at 31 March 2016 and updated for FRS 102 purposes to 31 March 2017 by an independent qualified actuary. The valuation results show a funding deficit of £5.4m and a funding level of 60.3%. The agreed employer's contribution rate will increase from 15.6% of gross pay in 2016/17 to 31.5% from 2017/18 onwards. To contribute to the Fund shortfall, the Group must pay a capital contribution amount for past service contributions over a recovery period of ten years. These additional contributions have been set at £557k from 2017/18, increased from £56k in 2016/17 as set by the previous valuation. Capital contributions will increase by 3.5% per year from 2018/19 in line with actuarial salary increase assumptions adopted in the 2016 funding valuation.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

Hampshire County Council Pension Fund (HPF) Continued

Main financial assumptions adopted for FRS 102 purposes:

	2017	2016
	%	%
RPI inflation	3.8	2.9
Salary increases	3.1	3.3
Pension increases (CPI inflation)	2.7	2.3
Discount rate	2.2	3.0

Post retirement mortality assumptions:

Mortality assumptions are based on the recent mortality experience of members and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these assumptions are shown below:

	Males	Females
Member aged 65 at accounting date	24.0	27.0
Member aged 45 at accounting date	26.0	29.3

Royal County of Berkshire Pension Fund (RCB)

Windsor and District Housing Association Limited (Windsor) participates in RCB, a multi-employer defined benefit pension scheme whose deficit can be separately identified. A full actuarial valuation of RCB was carried out at 31 March 2016 and updated for FRS 102 purposes to 31 March 2017 by an independent qualified actuary. The valuation results show a funding deficit of £2.0m and a funding level of 68%. Contributions will increase to 25.7% in 2017/18 (2016/17: 23.7%) of pensionable pay to improve the funding level.

The opening scheme assets and liabilities include those of Radian Support Limited. However, on 1 April 2016, having agreed a deferred cessation basis with the scheme, Windsor took on Radian Support's pension obligations, receiving consideration of £1.4m in respect of the estimated cessation liability at the point in the future when the last member dies, or there is an agreement to settle the liability. The consideration and transfer values of the assets and liabilities are intercompany transactions eliminated on consolidation. The asset and liability reconciliations reflect settlement values relating to the transfer of the final active member of the Radian Support Limited RCB scheme to a new employer.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

Royal County of Berkshire (RCB) Continued

Main financial assumptions adopted for FRS 102 purposes:

	2017	2016
	%	%
Discount rate	2.2	3.0
Pension increases (CPI)	2.7	2.3
Salary increases	4.2	3.3

Post retirement mortality assumptions:

Post retirement mortality assumptions are based on S2PA tables with a multiplier of 95%, projected using the CMI 2015 Model allowing for a long-term rate of improvement of 1.5% p.a.

	Males	Females
Retiring today	23.0	25.0
Retiring in 20 years	25.1	27.4

NHS Pension Scheme

Prior to their transfer to another employer, a number of staff employed by Radian Support Limited during the year contributed to the NHS scheme. Members contributed between 5% and 8.5% of their pensionable pay depending on their total earnings and Radian Support's contributions represented 14.3% of pensionable pay.

The NHS scheme's statutory benefits are fully guaranteed by the Government. Member and employer contributions are paid to the Exchequer to pay scheme benefits. The Exchequer pays for the cost of increasing benefits due to inflation.

The cost of the scheme is equal to the employer contributions payable to the scheme for the accounting period. The total employer contribution payable in 2016/17 was £3,637 (2015/16: £52,196). There were £nil outstanding contributions at 31 March 2017 (2016: £1,492) and the Group has no ongoing obligations in connection with the Scheme since all of the members have transferred to another employer in connection with Radian Support Limited's withdrawal from the provision of care and support services.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

NHS Pension Scheme Continued

The assets in the Group's schemes at 31 March 2017 were:

	Radian Group Pension Scheme	Hampshire County Council Pension Scheme	Royal County of Berkshire Pension Fund	Total
	£'000	£'000	£'000	£'000
Equities	44,833	5,940	2,655	**53,428**
Government bonds	-	2,482	-	**2,482**
Corporate bonds	19,933	138	811	**20,882**
Property	2,221	640	750	**3,611**
Cash	-	335	571	**906**
Alternative assets	2,854	315	632	**3,801**
Total market value of assets	**69,841**	**9,850**	**5,419**	**85,110**

The assets in the Group's schemes at 31 March 2016 were:

	Radian Group Pension Scheme	Hampshire County Council Pension Scheme	Royal County of Berkshire Pension Fund	Total
	£'000	£'000	£'000	£'000
Equities	34,688	4,667	2,007	**41,362**
Government bonds	-	2,130	64	**2,194**
Corporate bonds	14,842	174	609	**15,625**
Property	2,215	680	519	**3,414**
Cash	-	390	224	**614**
Alternative assets	1,114	249	1,004	**2,367**
Total market value of assets	**52,859**	**8,290**	**4,427**	**65,576**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

NHS Pension Scheme Continued

The Group's obligations in respect of its defined benefit retirement schemes are set out below:

	Radian Group Pension Scheme		Hampshire County Council Pension Fund		Royal County of Berkshire Pension Fund		Total	
						Restated		Restated
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	69,841	52,859	9,850	8,290	5,419	4,427	**85,110**	**65,576**
Present value of defined benefit obligation	(84,679)	(63,361)	(16,790)	(14,210)	(12,616)	(11,118)	**(114,085)**	**(88,689)**
Group share of deficit in the scheme	**(14,838)**	**(10,502)**	**(6,940)**	**(5,920)**	**(7,197)**	**(6,691)**	**(28,975)**	**(23,113)**
Movements in the fair value of scheme assets								
Opening fair value of scheme assets	52,859	50,585	8,290	8,260	4,427	5,525	**65,576**	**64,370**
Interest income on scheme assets	1,917	1,600	250	230	124	150	**2,291**	**1,980**
Actuarial gains/(losses)	11,246	(1,362)	1,370	(110)	1,402	(1,081)	**14,018**	**(2,553)**
Expenses	-	-	-	-	(3)	(4)	**(3)**	**(4)**
Contributions from employers	4,452	2,752	130	120	12	208	**4,594**	**3,080**
Contributions from scheme members	882	935	40	40	4	6	**926**	**981**
Benefits paid	(1,515)	(1,651)	(230)	(250)	(378)	(377)	**(2,123)**	**(2,278)**
Settlement on transfer of member	-	-	-	-	(169)	-	**(169)**	**-**
Closing fair value of scheme assets	**69,841**	**52,859**	**9,850**	**8,290**	**5,419**	**4,427**	**85,110**	**65,576**
Movements in the present value of defined benefit obligations								
Opening defined benefit obligation	63,361	68,646	14,210	15,230	11,118	11,754	**88,689**	**95,630**
Service cost	1,735	2,671	160	170	24	33	**1,919**	**2,874**
Expenses	179	412	-	-	-	-	**179**	**412**
Interest cost	2,239	2,164	420	420	323	324	**2,982**	**2,908**
Actuarial losses/(gains)	17,798	(9,816)	2,190	(1,400)	1,812	(664)	**21,800**	**(11,880)**
Benefits paid	(1,515)	(1,651)	(230)	(250)	(378)	(335)	**(2,123)**	**(2,236)**
Contributions by scheme members	882	935	40	40	4	6	**926**	**981**
Liabilities extinguished on transfer of member	-	-	-	-	(287)	-	**(287)**	**-**
Closing defined benefit obligation	**84,679**	**63,361**	**16,790**	**14,210**	**12,616**	**11,118**	**114,085**	**88,689**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

25. Pensions Continued

NHS Pension Scheme Continued

Statement of Comprehensive Income:

	Radian Group Pension Scheme		Hampshire County Council Pension Fund		Royal County of Berkshire Pension Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis of amounts charged/(credited) to operating surplus								
Current service costs	1,735	2,671	160	170	24	33	**1,919**	**2,874**
Settlement on transfer of member	-	-	-	-	(118)	-	**(118)**	**-**
Expenses	179	-	-	-	3	4	**182**	**4**
Amounts charged to other finance costs								
Net finance charge	322	564	170	190	199	174	**691**	**928**

Analysis of amounts recognised in Other comprehensive income:

	Radian Group Pension Scheme		Hampshire County Council Pension Fund		Royal County of Berkshire Pension Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Actual return less expected return on pension scheme assets	11,246	(1,362)	1,370	(110)	509	(244)	**13,125**	**(1,716)**
Changes in financial assumptions underlying the present value of the scheme liabilities	(17,798)	8,802	-	-	(2,284)	622	**(20,082)**	**9,424**
Experience gains/(losses) arising on the scheme liabilities	-	1,014	(2,190)	1,400	472	-	**(1,718)**	**2,414**
Other actuarial gains/(losses)	-	-	-	-	893	(838)	**893**	**(838)**
Actuarial (losses)/gains on pension schemes	**(6,552)**	**8,454**	**(820)**	**1,290**	**(410)**	**(460)**	**(7,782)**	**9,284**

A deferred tax asset has not been recognised in respect of the RGPS and RCB deficits in the taxable Group entities as there is insufficient evidence that the asset will be recovered. The amount of asset that has not been recognised in respect of the Group's pension deficits is £3.8m (2016: £3.1m). The asset would be recovered if there were sufficient and suitable surpluses in the future.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

26. Capital commitments

	Group	
	2017	2016
	£'000	£'000
Capital expenditure commitments were as follows:		
Capital new build expenditure contracted but not provided for in the financial statements	119,127	50,401
Capital new build expenditure authorised but not contracted	42,953	27,620
	162,080	**78,021**

The above represents authorised or contracted but not provided for in the financial statements expenditure on housing properties, other fixed assets or investment properties.

Our capital commitments across our RPs that are developing will be financed by cash (£75.1m at 31 March 2017). Additional funds will continue to be generated from operations (approximately £3.0m each month). Since the reporting date we have also received £46.9m of cash relating to deferred payments on previously sold tranches of the 2049 bond. The Group is also in the process of securing housing properties against the AHF bonds which will release £80.1m of cash.

27. Operating leases

The payments which the Group is committed to make in the next year under operating leases are as follows:

	Buildings		Other	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Leases which expire				
Within one year	71	228	1	166
Within two to five years	147	172	-	-
More than five years	3	-	-	-
	221	**400**	**1**	**166**

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

27. Operating leases Continued

The receipts which the Group is committed to receive in the next year under operating leases are as follows:

	Commercial properties		Leases with Partnership Agencies		Tenancy leases	
						Restated
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Buildings: leases which expire						
Within one year	125	46	1,017	995	27,969	24,176
Within two to five years	229	72	3,653	3,751	68,165	54,112
More than five years	237	248	6,273	7,022	11,027	10,298
	591	**366**	**10,943**	**11,768**	**107,161**	**88,586**

The 2016 Tenancy leases comparative has been restated to reflect a change from recognising future minimum lease income for leases that have no end date from 35 years to one month in line with default notice periods.

28. Finance leases

	Land	
		Restated
	2017	2016
	£'000	£'000
Leases which expire		
Not later than one year	-	67
Later than one year and not later than five years	-	270
More than five years	-	1,396
	-	**1,733**

The 2016 comparative has been restated to correct the split and total of future minimum lease payments previously disclosed. The Swaythling Housing Society Limited purchased the freehold of the land at Collins House during the year.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

29. Financial instruments

The Group's financial instruments are analysed as follows:

	At fair value		At historic or amortised cost	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Financial assets				
Investment properties	44,439	27,524	-	-
Investments	-	-	50,610	56,542
Cash and cash equivalents	-	-	75,134	59,144
Receivables	2,280	2,273	92,911	8,170
Loan notes in joint venture	-	-	1,622	1,502
	46,719	**29,797**	**220,277**	**125,358**
Financial liabilities				
Trade and other payables	-	-	56,958	52,180
Loans and borrowings including unamortised net premiums	-	-	756,360	627,511
Obligations under finance leases	-	-	-	1,733
	-	**-**	**813,318**	**681,424**

	2017	2016
	£'000	£'000
Fair value gains/(losses)		
On investment properties	2,103	1,047
On current asset listed investments	(19)	(46)
	2,084	**1,001**
Reversal of impairment/(impairment loss)		
On unlisted equity instruments measured at amortised cost less impairment	11	(75)

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

30. Related party transactions

Resident Board Members

During the year two (2016: two) Board Members were residents of properties owned by Portal Housing Association Limited and The Swaythling Housing Society Limited. Rent received during the year was £6,484 (2016: £14,264). As a result of the restructuring of Boards and Committees, both residents resigned from the Board of Radian Group Limited with effect from 1 October 2016 and as such ceased to be related parties from this date. There were therefore no amounts outstanding at 31 March 2017 (2016: £541 overpaid).

Loans

During the year two (2016: two) employees determined to be Key Management Personnel had loans with the Group. As at 31 March 2017 one of the loans had been repaid in full and the outstanding value of the remaining loans was £3,542 (restated 2016: £5,938).

Loans are unsecured, repayable in monthly instalments and do not carry interest. There are no provisions for uncollectible receivables.

Pension Schemes

The Radian Group Pension Scheme, the Royal County of Berkshire Pension Fund, the Hampshire County Council Pension Fund and The Pensions Trust Growth Plan are considered to be related parties and full disclosure of these schemes is given in note 25.

Transactions with Subsidiaries and Joint Ventures

Radian Group Limited is the ultimate parent and has taken advantage of the exemption contained in FRS 102 33.1A not to disclose transactions or balances with entities which form part of the Group.

This is the case except for intragroup transactions with the following subsidiaries and transactions with the following joint ventures:

- Radian Support Limited;
- Radian Capital plc;
- Swaythling Assured Homes plc;
- Affinity (Reading) Holdings Limited; and
- Affinity (Reading) Limited.

These entities are not regulated by the Regulation Committee of the HCA and the Accounting Direction for Social Housing requires RPs to disclose transactions with non-regulated Group members. Dormant subsidiary Swaythling Assured Homes plc was also a non-regulated subsidiary but there were no transactions with regulated Group members during the year.

Transactions with the subsidiaries are eliminated in the Group financial statements. Transactions with the joint ventures are not eliminated in the Group financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

30. Related party transactions Continued

Transactions with subsidiaries and joint ventures Continued

The following transactions are shown from the perspective of the Group RPs.

	2017 £'000	Restated 2016 £'000
Statement of Comprehensive Income		
Income		
Management charge	101	533
Facilities charge	-	22
Lettings	-	156
Loan note interest received	22	226
Other income (services)	80	80
Bond premium amortised	251	20
Expenditure		
Interest on loans, loan arrangement and amortisation of discounts	(9,442)	(7,169)
Statement of Financial Position		
Receivables		
General	590	2,033
Redeemable loan notes receivable	1,436	1,502
Interest bearing balance from joint venture	186	-
Bond (at fair value)	15,409	32,020
Payables falling due within one year		
Share capital called up not paid	(38)	(38)
Payables falling due after more than one year		
Loan repayable	(185,192)	(140,265)

The management charge included an allocation of budgeted Central Services staff costs based on those full time equivalents whose work directly related to Radian Support Limited. The charge also included directly attributable budgeted software and shared IT infrastructure costs.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

30. Related party transactions Continued

Transactions with Subsidiaries and Joint Ventures Continued

The facilities charge was a proportional allocation of budgeted facilities costs based on usage of the Windsor office. Due to the cessation of Radian Support Limited, no charges arose in 2016/17.

Loan note interest is payable to Windsor and District Housing Association Limited at 12.5% according to the terms of the agreement with Affinity (Reading) Holdings Limited.

In addition to the Affinity (Reading) Holdings Limited loan notes balance and loan note interest, Windsor and District Housing Association Limited has a 50% investment in Affinity (Reading) Holdings Limited (through its 33.3% of solely held shares and 33.3% of jointly held shares) which in turn holds 100% of the share capital of Affinity (Reading) Limited. The investment is disclosed in note 14.

31. Events after the reporting period

On 13 July 2017 the Radian Support Limited Board approved the formal winding up of the business, following the announcement on 19 April 2016 to withdraw from the care and support sector. Members have formally applied to the FCA to dissolve Radian Support Limited.

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

32. Ultimate parent company and controlling party

Radian Group Limited is the ultimate Parent Company. Radian Group Limited is limited by guarantee and therefore has no shareholders.

Radian Group Limited shares a registered office with all subsidiaries at Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.

Below is a list of all entities which make up the Group.

Subsidiary	Country of incorporation or registration	Activity	Proportion of voting rights
The Swaythling Housing Society Limited	Registered Society (England)	Registered Provider	100%
Windsor and District Housing Association Limited	Registered Society (England)	Registered Provider	100%
Portal Housing Association Limited	Charitable Registered Society (England)	Registered Provider	100%
Drum Housing Association Limited	Charitable Registered Society (England)	Registered Provider	100%
Radian Support Limited	Charitable Registered Society (England)	Care and support services	100%
Radian Capital plc	Public limited company (England)	Funding vehicle	100%
Oriel Housing Limited	Registered Society (England)	Registered Provider	100%
Swaythling Assured Homes plc	Public limited company (England)	Rental of residential property (dormant)	100%
Radian Care and Support Limited	Dormant company limited by guarantee (England)	Dormant company	100%
Radian Housing Limited	Dormant company limited by guarantee (England)	Dormant company	100%
Radian Living Limited	Dormant company limited by guarantee (England)	Dormant company	100%
Wayfarer Limited	Dormant limited company (England)	Dormant company	100%

Notes to the Financial Statements for the Year Ended 31 March 2017 Continued

32. Ultimate parent company and controlling party Continued

Joint Venture	Status	Activity	Holding
Affinity (Reading) Holdings Limited	Limited company (England)	Holding company	50%
Affinity (Reading) Limited	Limited company (England)	Operator of PFI contract to refurbish, manage and maintain housing inventory	50%
Affinity Housing Services	Unincorporated	Housing services provider	50%

33. Restated revenue reserves

This reconciliation sets out the effects on the Group's revenue reserves of correcting prior year errors.

The Pensions Trust Growth Plan

We have made a prior year adjustment to account for the Growth Plan pension liability (note 25). We previously followed old UK GAAP and accounted for employer contributions as they fell due, disclosing a contingent liability for our share of the scheme deficit on an annuity purchase basis that would be payable on our withdrawal from the scheme. We are making an adjustment to account for the scheme under FRS 102. As the scheme is in deficit and we have agreed to a deficit funding arrangement we have made a prior year adjustment to recognise this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The unwinding of the discount rate is recognised as a finance cost.

	31 March 2016	1 April 2015
	£'000	£'000
Original revenue reserves	162,083	130,141
Adjustment due to recognition of Growth Plan pension liability	(37)	(33)
Restated revenue reserves	**162,046**	**130,108**

Restated surplus for the year ended 31 March 2016

	31 March 2016
	£'000
Original surplus on ordinary activities after tax	22,368
Adjustment due to recognition of Growth Plan pension liability	3
Restated surplus on ordinary activities after tax	**22,371**

Want further information?

If you have any questions about this information, please call us on **0300 123 1 567**

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