

HAVEN FUNDING PLC
Annual Report and Financial Statements
For the year ended 31 December 2015

HAVEN FUNDING PLC

Annual report and financial statements for the year ended 31 December 2015

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Directors

C. Burke
F. Edge
I. Peacock
P. Williamson

Company Secretary

T.H.F.C. (Services) Limited

Registered Office

4th Floor
107 Cannon Street
London
EC4N 5AF

Company Number

3139687

Independent Auditor

Nexia Smith & Williamson Audit Limited
Chartered Accountants and Statutory Auditor
25 Moorgate
London
EC2R 6AY

HAVEN FUNDING PLC

DIRECTORS' REPORT

Year ended 31 December 2015

The directors submit their Directors' report, Strategic report and audited financial statements for the year ended 31 December 2015.

RESULTS AND DIVIDEND

Haven Funding Plc (the "Company") made neither a profit nor a loss for the year. The directors do not propose the payment of a dividend.

SHARE CAPITAL AND COMPANY STRUCTURE

Haven Funding Plc is a public limited company incorporated and domiciled in the United Kingdom. The entire share capital of the Company is held by Haven Funding (Holdings) Limited.

DIRECTORS

The directors of the Company who served throughout the year and up to the date of signing the financial statements were:

C. Burke
F. Edge
I. Peacock
P. Williamson

CORPORATE GOVERNANCE

As an issuer of asset-backed securities (the Secured Bonds), the operations of the Company are conducted by an administrator, T.H.F.C. (Services) Limited, in accordance with the requirements of a corporate services agreement and the Trust Deed. This arrangement is monitored by the Board of Directors. There is no requirement for a separate audit committee.

The administrator and its parent have established an organisational structure with clearly defined levels of authority and division of responsibility; a comprehensive system of budgeting and reporting; and, policies and procedures relating to managing credit and liquidity risks. The Board of Directors of the Company monitors the application of this framework to the Company's financial reporting process.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and

DIRECTORS' REPORT (continued)
Year ended 31 December 2015

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



Colin Burke
T.H.F.C. (Services) Limited
Company Secretary
28 April 2016

PRINCIPAL ACTIVITIES

The Company was incorporated on 14 December 1995. The principal activity of the Company is to provide finance for Housing Associations (“HAs”) registered under The Housing Act 1996 through the issue of bonds secured on the assets of the Company (the “Secured Bonds”). All the Company’s operating costs, net of interest earned, are recoverable from borrowers. The borrowing HAs of the Company are:

A2Dominion Homes Limited
Bromford Housing Association Limited
Cheviot Housing Association Limited
First Wessex
Hanover Housing Association Limited
Hyde Housing Association Limited
Metropolitan Housing Trust Limited
Portal Housing Association Limited
Sanctuary Housing Association (formerly known as Shaftesbury Housing Association Limited)
The Swaythling Housing Society Limited

Prudential Trustee Company Limited acts as the Trustee on behalf of all Secured Bondholders, under the terms of a Security Agreement, and has the benefit of a fixed charge over certain assets of the borrowers and a floating charge over all the assets of the Company.

The bond trustee may exercise certain powers in predetermined circumstances in the event of default by the borrowers.

The Company expects to continue its principal activity for the life of the Secured Bonds, which have a final repayment date of 2037.

The Company does not use derivative financial instruments in its risk management procedures.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company has fulfilled its obligations under the bonds and expects to do so for the foreseeable future. Given the straight forward nature of the business, the Company’s directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The directors consider the position of the Company at the year end to be satisfactory.

On 29 March 2016 Metropolitan Housing Trust Limited purchased Secured Bonds in aggregate principal amount of £3,474,340 and surrendered these to the Company to effect partial prepayment of its loan.

FINANCIAL RISK MANAGEMENT

The principal risks and uncertainties facing the Company relate to financial risks. The key financial risks of the Company and how they are managed are explained in Note 3.

HAVEN FUNDING PLC

STRATEGIC REPORT (continued)
Year ended 31 December 2015

By order of the board



Colin Burke
T.H.F.C. (Services) Limited
Company Secretary
28 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAVEN FUNDING PLC
Year ended 31 December 2015

We have audited the financial statements of Haven Funding Plc for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, the directors 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 Company's affairs as at 31 December 2015 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Guy Swarbreck
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

29 April 2016

HAVEN FUNDING PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 £	2014 £
OPERATING INCOME			
Interest receivable	4	20,042,997	20,028,898
Costs receivable from borrowers		<u>92,845</u>	<u>96,769</u>
		20,135,842	20,125,667
OPERATING EXPENDITURE			
Interest payable	5	20,042,997	20,028,898
Operating expenses	6	<u>92,845</u>	<u>96,769</u>
		20,135,842	20,125,667
RESULT BEFORE AND AFTER TAXATION			
	7	-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>-</u>	<u>-</u>

There have been no changes in equity in the current or prior year, therefore no separate statement of changes in equity has been prepared.

HAVEN FUNDING PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

ASSETS	Note	2015 £	2014 £
Non-current assets			
Loans to borrowers	9	278,324,703	279,464,707
Current assets			
Other receivables	10	6,262,589	6,190,688
Cash and cash equivalents		17,145	17,078
TOTAL ASSETS		<u>284,604,437</u>	<u>285,672,473</u>
EQUITY AND LIABILITIES			
Current liabilities			
Other payables	11	6,267,234	6,195,266
Non-current liabilities			
Financial liabilities – Secured Bonds	12	278,324,703	279,464,707
TOTAL LIABILITIES		<u>284,591,937</u>	<u>285,659,973</u>
Equity			
Share capital	13	12,500	12,500
Retained earnings		-	-
TOTAL EQUITY		<u>12,500</u>	<u>12,500</u>
TOTAL EQUITY AND LIABILITIES		<u>284,604,437</u>	<u>285,672,473</u>

The accompanying notes on pages 9-18 are an integral part of these financial statements.

These financial statements on pages 6-18 were approved by the board and signed on its behalf by:



Fenella Edge
Director
28 April 2016

Haven Funding Plc

Registered Number 3139687

HAVEN FUNDING PLC

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 £	2014 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	14	67	2,699
Interest paid on bonds		(21,107,376)	(21,196,626)
Interest received on loans		21,107,376	21,196,626
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>67</u>	<u>2,699</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		67	2,699
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>17,078</u>	<u>14,379</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u><u>17,145</u></u>	<u><u>17,078</u></u>

1 GENERAL INFORMATION

Haven Funding Plc (“the Company”) provides funding for Housing Associations (“HAs”). The Company is a public limited company which has Secured Bonds listed on the Main Market of the London Stock Exchange. It is incorporated and domiciled in the United Kingdom.

The Company on-lent the proceeds of the issue of the Secured Bonds to HAs (the “Borrowers”).

2 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

Changes in accounting policies and disclosures

(a) New and amended Standards and Interpretations adopted by the Company

In the current year, the following new and amended Standards and Interpretations have been adopted by the Company:

- IFRS 13 Fair Value Measurement: the amendments clarify the scope of portfolio exemptions and the measurement requirements for short-term receivables and payables.
- IAS 24 Related Party Disclosures: the amendments clarify the meaning of key management personnel and the disclosure requirements when key management personnel services are provided by a management entity.

The adoption of these amendments has not had a material impact on the reported results or financial position of the Company and has not given rise to any additional disclosure requirements.

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2015 but not currently relevant to the Company

Other standards effective or amended in the year have not had a material impact on the reported results or financial position of the Company.

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2015

- IFRS 9 Financial Instruments (Effective 1 January 2018 not yet endorsed by EU): This deals with the classification, measurement and impairment of financial assets and financial liabilities.

- IFRS 15 Revenue for Contracts with Customers (Effective 1 January 2018 not yet endorsed by EU): The standard represents a single revenue recognition standard to be applied across various industries. The standard replaces IAS 18 Revenue.

The directors are currently assessing the impact and timing of adoption of these Standards on the Company's results and financial position.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

Critical Accounting Judgements

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting adjustments; these require management's judgement in applying the accounting policies. The main critical accounting judgement in preparing these financial statements is the evaluation as to whether the loans to HAs are impaired. The directors have concluded there is no such impairment in the current year.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Interest

Interest receivable on loans to HAs and interest payable on the Secured Bonds is accounted for using the effective interest rate method. Any premiums/discounts on issue are added to/deducted from the original loan amount or Secured Bond nominal value and charged/credited to the statement of comprehensive income over the expected life of the loan or bond using the effective interest rate method so that the interest receivable and payable, as adjusted for the amortisation of premiums/discounts, gives a constant yield to maturity.

Cash and cash equivalents

Cash and cash equivalents represent amounts on demand deposit at commercial banks.

Loans to Borrowers ('Loans')

The Loans are stated at amortised cost less allowance for loan impairment. Any premium or discount on issue is added to/deducted from the nominal value of the Loans and charged or credited to the statement of comprehensive income over the expected life of the Loan so that the interest income as adjusted for the amortisation of premium/discount gives a constant yield to maturity. Additional loan amounts are recognised in the financial statements when proceeds are drawn down by borrowers.

Secured Bonds

Secured Bonds are stated at amortised cost. Any premium or discount on issue is added to/deducted from the nominal value of the Secured Bonds and charged or credited to the statement of comprehensive income over the expected life of the Secured Bond so that the interest charge as adjusted for the amortisation of premium/discount, gives a constant yield to maturity. Secured Bonds are recognised in the financial statements as a liability when the proceeds are received.

Netting

The Company does not net financial assets and liabilities and has no other enforceable offsets.

Fair Values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

IFRS 13 *Fair value measurement* requires an entity to classify for disclosure purposes its financial instruments held at amortised cost according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Fair values for such instruments are reported by reference to unadjusted quoted prices for identical assets or liabilities where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis.

Valuation technique using observable inputs – Level 2

Financial instruments classified as Level 2 are fair valued using models whose inputs (for example, interest rates and credit spreads) are observable in an active market.

Valuation technique using significant unobservable inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. The Company has no instruments classified in Level 3 (2014: none).

The Company's Secured Bonds are tradable but the markets are not considered to be active. Accordingly market prices of the reference gilt have been adjusted for an appropriate credit spread to arrive at a fair value (Level 2 valuation). The fair value of the associated fixed rate Loans is similarly adjusted for appropriate credit spreads (Level 2 valuation).

Prepayment

It is expected that each Loan will run to maturity however each loan agreement provides that any borrower may at any time purchase bonds at any price and following such a purchase, the borrower is required to surrender the bonds to the Company by way of prepayment of the borrower's loan in an amount equal to the outstanding balance of the bonds being surrendered. The prepaid amount of the Loan and the equivalent bond nominal amount is removed from the statement of financial position on delivery of the Deed of Surrender.

Segmental Analysis

All operating income and expenditure is derived from activities undertaken in the United Kingdom. The Company's only activity is to provide finance to HAs. Other relevant segmental information is given in Note 19.

3 FINANCIAL RISK MANAGEMENT

The proceeds from the issue of the 8.125% Secured Bonds 2037, were used to make loans to HAs.

Credit risk

The Company faces credit risk on its loans to HAs which are subject to the collateral arrangements described below. The carrying value of the Loans represents the maximum exposure to credit risk. No Loans are past due or impaired at 31 December 2015 (2014: None). The Secured Bonds are rated "Aa2/AA-" by Moody's Investor Service and Standard & Poor's at 31 December 2015 (2014: "Aa3/AA") which the directors consider reflects the credit quality of the underlying Loans. Fitch Ratings withdrew their rating during the year for commercial reasons.

Collateral arrangements

The Company's credit risk is mitigated by the following factors. The Loans are secured by way of a fixed charge over certain assets of the borrowers. All borrowers are subject to external regulation by the Homes and Communities Agency. Each borrower has provided a first legal mortgage over property owned or leased by the borrower to ensure that the debt is adequately serviced from the relevant assets through to maturity in the event of a default.

As the on-going cash flow from the underlying security is the key component to securing the transaction, measurement of the book value and fair value of the secured properties is not required by the transaction documentation. For this reason it would not be practical or cost effective to obtain this information on an annual basis.

Prudential Trustee Company Limited acts as the Trustee on behalf of all Secured Bondholders (the Bond Trustee), under the terms of a Trust Deed, and has the benefit of a fixed charge over certain assets of the borrowers and a floating charge over all the assets of the Company.

The Bond Trustee has the power to take control of the charged properties in certain pre-determined circumstances to protect cash flows to be used to satisfy obligations under the bonds.

Liquidity risk

To mitigate liquidity risk the Company collects capital repayments and interest coupons from borrowers four business days prior to payment to bondholders. Additionally borrowers maintain a debt service reserve fund with the Bond Trustee which amounts to a minimum of one year's worth of interest and capital repayments that can be drawn upon in the event of a late payment.

The Loan repayments by the borrowers commence four business days before 31 March 2017. The repayments are calculated on an annuity basis with the final repayments being made four business days before 30 September 2037. Interest is receivable half yearly in arrears at an amount equal to the relevant borrower's proportionate share of all interest falling due for payment by the Company on the Secured Bonds. The maturity analysis of financial liabilities is given in Note 12.

Interest rate risk

The interest charged on the Loans is fixed and is equal to the interest payable on the related Secured Bonds and hence there is no cash flow risk between the receipt and payment of interest. Accordingly, the directors consider that the Company is not subject to any risk on the fluctuation of interest rates.

Fair value risk and market price risk

There is a gross fair value risk on the Loans and Secured Bonds but there is no net risk. Market price risk is not expected to impact on the Company because (i) the Loans and Secured Bonds are held at amortised cost in the financial statements and (ii) the Company expects to hold them until maturity.

Currency risk

All financial assets and liabilities are denominated in sterling and hence there is no currency risk.

4 INTEREST RECEIVABLE

	2015 £	2014 £
On loans to borrowers	21,107,376	21,197,994
Amortisation of premium	(1,064,379)	(1,169,096)
	<u>20,042,997</u>	<u>20,028,898</u>

5 INTEREST PAYABLE

	2015 £	2014 £
On 8.125% Secured Bonds 2037	21,107,376	21,197,994
Amortisation of premium	(1,064,379)	(1,169,096)
	<u>20,042,997</u>	<u>20,028,898</u>

6 OPERATING EXPENSES

Operating expenses comprise management fees payable to T.H.F.C. (Services) Limited and other professional service fees.

7 RESULT BEFORE AND AFTER TAXATION

The result before taxation is wholly attributable to the Company's principal activity, arose wholly within the United Kingdom and is stated after charging:

	2015 £	2014 £
Fees paid to current auditor for annual audit of financial statements - current year	7,230	7,020
Fees paid to previous auditor for annual audit of financial statements - prior year	-	2,529
	<u>7,230</u>	<u>9,549</u>

8 EMPLOYEES

There were no employees during the year other than the directors (2014: Nil). The directors received no remuneration during the year directly from the Company in respect of their qualifying services (2014: £Nil). All directors are remunerated by T.H.F.C. (Services) Limited for their services to the Company. It is not practicable to obtain the relevant data to accurately disclose the Company's share of this cost.

9 LOANS TO BORROWERS

	2015 £	2014 £
Loan amount	259,783,095	259,783,095
Unamortised premium	19,459,052	20,523,431
Amortised cost	<u>279,242,147</u>	<u>280,306,526</u>
Premium due within one year	(917,444)	(841,819)
Non-current amortised cost	<u>278,324,703</u>	<u>279,464,707</u>

Collateral arrangements are set out in Note 3.

10 OTHER RECEIVABLES

	2015 £	2014 £
Premium on Loans due within one year	917,444	841,819
Interest receivable	5,320,215	5,320,215
Other receivables	7,740	12,030
Prepaid expenses	17,190	16,624
	<u>6,262,589</u>	<u>6,190,688</u>

11 OTHER PAYABLES

	2015 £	2014 £
Premium on Secured Bonds due within one year	917,444	841,819
Interest payable	5,320,215	5,320,215
Other payables	4,645	4,578
Accruals	24,930	28,654
	<u>6,267,234</u>	<u>6,195,266</u>

12 FINANCIAL LIABILITIES – SECURED BONDS

	2015 £	2014 £
8.125% Secured Bonds 2037		
Nominal amount	259,783,095	259,783,095
Unamortised premium	19,459,052	20,523,431
Amortised cost	279,242,147	280,306,526
Premium due within one year	(917,444)	(841,819)
Non-current amortised cost	278,324,703	279,464,707

Details of security are set out in Note 3.

The 8.125% Secured Bonds are listed and are repayable between 2017 and 2037 and were issued in the following tranches:

	Nominal Value £	Premium £
11 March 1997	82,500,000	813,450
24 June 1997	25,000,000	561,550
4 August 1997	47,300,000	1,935,185
19 November 1997	46,300,000	4,859,972
19 May 1998	11,500,000	1,920,121
25 November 1998	18,000,000	3,788,838
11 March 1999	7,000,000	2,337,545
31 May 2000	16,800,000	3,082,412
25 July 2000	9,000,000	1,404,567
6 September 2000	66,000,000	10,983,192
	329,400,000	31,686,832
Prepayments	(69,616,905)	(3,161,545)
	<u>259,783,095</u>	<u>28,525,287</u>

On 29 March 2016 Metropolitan Housing Trust Limited purchased Secured Bonds in aggregate principal amount of £3,474,340 and surrendered them to the Company to effect partial prepayment of its loan.

The premiums on issue have been added to the value of the Secured Bonds and are amortised through the statement of comprehensive income over the life of the Secured Bonds.

The net premium and cumulative amortisation at the beginning of the year was £20,523,431 and £11,163,401 (2014: £21,692,527 and £9,994,305) respectively. Amortisation charged during the year was £1,064,379 (2014: £1,169,096).

The net proceeds of above issues were used to make loans to the borrowing HAs of the Company.

Interest on the Secured Bonds is payable half yearly in arrears. As from 31 March 2017, each half yearly repayment will be increased to include a capital element in order to redeem part of the principal amount of the Secured Bonds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

Contractual cash flows on Secured Bonds

2015	Due within one year	Due within one to two years	Due within two to five years	Due in over five years	Total 2015
	£	£	£	£	£
Principal	-	4,729,611	16,674,698	238,378,786	259,783,095
Interest	21,107,376	21,013,213	60,554,351	212,251,693	314,926,633
Total	21,107,376	25,742,824	77,229,049	450,630,479	574,709,728

2014	Due within one year	Due within one to two years	Due within two to five years	Due in over five years	Total 2014
	£	£	£	£	£
Principal	-	-	15,398,123	244,384,972	259,783,095
Interest	21,107,376	21,107,376	61,830,862	231,988,399	336,034,013
Total	21,107,376	21,107,376	77,228,985	476,373,371	595,817,108

13 SHARE CAPITAL

	2015	2014
	£	£
<i>Allotted and part paid</i>		
50,000 (2014: 50,000) ordinary shares of £1 each of which 25p per share is paid	12,500	12,500

The Company's capital comprises only its share capital which the directors consider adequate for the nature and scale of the Company's operations and the risks to which it is subject as set out in Note 3. The Company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2015

14 RECONCILIATION OF RESULT BEFORE TAX TO CASH GENERATED FROM/ (USED IN) OPERATIONS

	2015 £	2014 £
Result before taxation	-	-
Adjustments for:		
Interest receivable	(20,042,997)	(20,028,898)
Interest payable	20,042,997	20,028,898
Changes in working capital:		
Decrease in receivables	3,724	288
(Decrease) / increase in payables	(3,657)	2,411
Cash generated from operations	<u>67</u>	<u>2,699</u>

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Level 2 fair value of the 8.125% Secured Bonds due 2037 and associated Loans, as at 31 December 2015 are shown below. The fair value is derived from the market value of the reference gilts at that date. There is no difference between the fair value and carrying value of all other financial assets and liabilities.

	2015		2014	
	Carrying value £	Fair value £	Carrying value £	Fair value £
Financial assets:				
<i>Classified as Loans & Receivables</i>				
Loans to borrowers				
Non-current	278,324,703		279,464,707	
Current	917,444		841,819	
Total	<u>279,242,147</u>	<u>385,675,718</u>	<u>280,306,526</u>	<u>407,957,196</u>
Interest receivable	5,320,215	5,320,215	5,320,215	5,320,215
Other receivable	7,740	7,740	12,030	12,030
Total financial assets	<u>284,570,102</u>	<u>391,003,673</u>	<u>285,638,771</u>	<u>413,289,441</u>
Financial liabilities:				
<i>Classified as Financial Liabilities at Amortised Cost</i>				
Secured Bonds				
Non-current	278,324,703		279,464,707	
Current	917,444		841,819	
Total	<u>279,242,147</u>	<u>385,675,718</u>	<u>280,306,526</u>	<u>407,957,196</u>
Interest payable	5,320,215	5,320,215	5,320,215	5,320,215
Other payables and accruals	29,575	29,575	33,232	33,232
Total financial liabilities	<u>284,591,937</u>	<u>391,025,508</u>	<u>285,659,973</u>	<u>413,310,643</u>

16 ULTIMATE PARENT COMPANY

At 31 December 2015 the Company's immediate and ultimate parent company was Haven Funding (Holdings) Limited, a company incorporated in the United Kingdom. Haven Funding (Holdings) Limited is the only company to prepare consolidated financial statements which include the Company. The entire share capital of Haven (Funding) Holdings Limited is held by a Share Trustee under a declaration of trust on behalf of qualified charities. Copies of the group financial statements may be obtained from the Company Secretary's office c/o T.H.F.C. (Services) Limited, 4th Floor, 107 Cannon Street, London EC4N 5AF.

17 RELATED PARTY TRANSACTION

All administrative services are provided under a management agreement with T.H.F.C. (Services) Limited, a subsidiary of The Housing Finance Corporation Limited. The directors are employees of T.H.F.C. (Services) Limited. Management fees payable to T.H.F.C. (Services) Limited during the year amounted to £42,709 (2014: £42,515). Amounts due from T.H.F.C. (Services) Limited at 31 December 2015 amounted to £9,855 (2014: £9,827).

The Company has granted security in favour of Prudential Trustee Company Limited ("the Bond Trustee") to secure the bonds and other moneys under the terms of a Trust Deed dated 11 March 1997 (as amended by supplemental agreements). Fees payable to the Bond Trustee for the year amounted to £24,731 (2014: £24,413). Amounts due from the Bond Trustee at 31 December 2015 amounted to £4,811 (2014: £4,764).

18 TAXATION

The Company has incurred no tax liability in the current or prior year.

19 SEGMENTAL INFORMATION

Details of borrowers whose total interest payable to the Company exceeds 10% of the total interest receivable for the year are given below.

Borrower	2015	2014
	%	%
Hyde Housing Association Limited	37	37
Bromford Housing Association Limited	20	20
Metropolitan Housing Trust Limited	10	10
Others	33	33
Total	100	100

20 EVENT AFTER REPORTING PERIOD

Since the year end Metropolitan Housing Trust Limited purchased Secured Bonds in aggregate principal amount of £3,474,340 and surrendered these to the Company to effect prepayment of its loan as shown in Note 12.

21 SECURITY OFFERED TO INVESTORS

Haven Funding Plc is a special purpose vehicle and the security offered to investors is limited only to the assets of the Company being principally the secured loans and share capital. The shareholders of the Company's parent, Haven Funding (Holdings) Limited, cannot be held liable for the debts of the Company in the event of insolvency.