

HAVEN FUNDING PLC
Annual Report and Financial Statements
For the year ended 31 December 2016
Companies House no: 03139687

HAVEN FUNDING PLC

Annual report and financial statements for the year ended 31 December 2016

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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

03139687

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 2016

The directors submit their Directors' report, Strategic report and audited financial statements for the year ended 31 December 2016.

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 England and Wales. 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 who are also directors of the administrator. There is no requirement for a separate audit committee.

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

HAVEN FUNDING PLC

DIRECTORS' REPORT (continued)

Year ended 31 December 2016

- 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 any information published on the administrator'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.

This report was approved by the board and signed on its behalf by



Colin Burke
T.H.F.C. (Services) Limited
Company Secretary
9 June 2017

HAVEN FUNDING PLC

STRATEGIC REPORT

Year ended 31 December 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 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 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. 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.

On 28 March 2017 First Wessex purchased secured bonds in aggregate principal amount of £15,100,000 and surrendered these to the company to effect full prepayment of its loan.

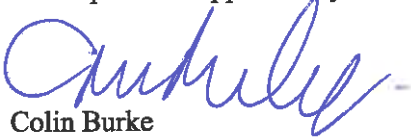
FINANCIAL RISK MANAGEMENT

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 2016

This report was approved by the board and signed on its behalf by



Colin Burke
T.H.F.C. (Services) Limited
Company Secretary
9 June 2017

HAVEN FUNDING PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVEN FUNDING PLC Year ended 31 December 2016

We have audited the financial statements of Haven Funding Plc for the year ended 31 December 2016 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 Statement of Directors' Responsibilities 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 2016 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, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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.

HAVEN FUNDING PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVEN FUNDING PLC
(continued)
Year ended 31 December 2016

Nexia Smith & Williamson

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

25 Moorgate
London
EC2R 6AY
12 June 2017

HAVEN FUNDING PLC

STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2016

	Note	2016 £	2015 £
OPERATING INCOME			
Interest receivable	4	19,746,528	20,042,997
Costs receivable from borrowers		<u>92,899</u>	<u>92,845</u>
		<u>19,839,427</u>	<u>20,135,842</u>
OPERATING EXPENDITURE			
Interest payable	5	19,746,528	20,042,997
Operating expenses	6	<u>92,899</u>	<u>92,845</u>
		<u>19,839,427</u>	<u>20,135,842</u>
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 2016

	Note	2016 £	2015 £
ASSETS			
Non-current assets			
loans to borrowers	9	269,007,195	278,324,703
Current assets			
Other receivables	10	10,888,513	6,262,589
Cash and cash equivalents		16,623	17,145
TOTAL ASSETS		<u>279,912,331</u>	<u>284,604,437</u>
EQUITY AND LIABILITIES			
Current liabilities			
Other payables	11	10,892,636	6,267,234
Non-current liabilities			
Financial liabilities – secured bonds	12	269,007,195	278,324,703
TOTAL LIABILITIES		<u>279,899,831</u>	<u>284,591,937</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>279,912,331</u>	<u>284,604,437</u>

The accompanying notes on pages 10-21 are an integral part of these financial statements.

These financial statements on pages 7-21 were approved by the board and signed on its behalf by:



Piers Williamson
Director
9 June 2017

Haven Funding Plc

Registered Number 03139687

HAVEN FUNDING PLC

STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 £	2015 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(522)	67
Interest paid on bonds		(20,825,086)	(21,107,376)
Interest received on loans		20,825,086	21,107,376
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		(522)	67
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(522)	67
CASH AND CASH EQUIVALENTS AT 1 JANUARY		17,145	17,078
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		16,623	17,145

1 GENERAL INFORMATION

Haven Funding Plc (“the company”) provides funding for housing associations (“HAs”). The company is a public limited company limited by shares which has secured bonds listed on the Main Market of the London Stock Exchange. It is incorporated and domiciled in England and Wales. The address of the registered office is 4th Floor, 107 Cannon Street, London, EC4N 5AF

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:

- Amendments to IAS 1: Presentation of Financial Statements: The amendments address some of the concerns expressed about existing presentation and disclosure requirements relating to the use of judgement when preparing their financial statements.

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 2016 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 2016

- IAS 7 Statement of Cash Flows Disclosure Initiative (Effective 1 January 2017, not yet endorsed by EU): The amendments respond to requests from investors for improved disclosures about changes in liabilities arising from financing activities by introducing a reconciliation of debt balances.
- IFRS 9 Financial Instruments (Effective 1 January 2018): This deals with the classification, measurement and impairment of financial assets and financial liabilities.

- IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018): 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 objective evidence of any such impairment in the current year. As the company is not subject to any net credit risk any impairment would be matched by a similar adjustment to the gross liability.

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 (2015: 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 is subject to gross credit risk on its loans but no net risk.

The ability of the company to make payments of interest, principal and any other sums due in respect of the bonds will depend on the issuer receiving like amounts from the borrowers under their loan agreements.

To the extent that the company does not receive sufficient amounts in respect of such loan agreements (whether in the ordinary course of business, following the enforcement of its security obtained in respect of each loan agreement or otherwise) then the company will not have sufficient monies to pay interest, principal or other sums due in respect of the bonds. Non-payment by the company may not necessarily constitute an event of default under the bonds.

The carrying value of the loans represents the maximum exposure to gross credit risk. No loans are past due or impaired at 31 December 2016 (2015: None).

Gross credit risk on the loans is mitigated by the collateral arrangements described below:

The secured bonds are rated "Aa2/AA-" by Moody's Investor Service and Standard & Poor's at 31 December 2016 (2015: "Aa3/AA").

On 28 April 2017 Standard & Poor's placed the rating of the bonds on credit watch with negative implications. This arose from changes in the housing association sector, both in terms of economic fundamentals and government policies, which puts potential pressure on cash flow generation from the social housing assets secured to the bond.

Collateral arrangements

The company's gross 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.

As with credit risk to the extent that the company does not receive sufficient amounts in respect of the loan agreements (whether in the ordinary course of business, following the enforcement of its security obtained in respect of each loan agreement or otherwise) then the company will not have sufficient monies to pay interest, principal or other sums due in respect of the bonds. Non-payment by the company may not necessarily constitute an event of default under the bonds.

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

	2016 £	2015 £
On loans to borrowers	20,893,145	21,107,376
Amortisation of premium	(1,146,617)	(1,064,379)
	<u>19,746,528</u>	<u>20,042,997</u>

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2016

5 INTEREST PAYABLE

	2016 £	2015 £
On 8.125% secured bonds 2037	20,893,145	21,107,376
Amortisation of premium	(1,146,617)	(1,064,379)
	<u>19,746,528</u>	<u>20,042,997</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:

	2016 £	2015 £
Fees paid to current auditor for annual audit of financial statements - current year	<u>7,626</u>	<u>7,230</u>

8 EMPLOYEES

There were no employees during the year other than the directors (2015: Nil). The directors received no remuneration during the year directly from the company in respect of their qualifying services (2015: £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

	2016 £	2015 £
Loan amount	256,308,755	259,783,095
Unamortised premium	18,312,435	19,459,052
Amortised cost	<u>274,621,190</u>	<u>279,242,147</u>
Nominal due within one year	(4,666,357)	-
Premium due within one year	(947,638)	(917,444)
Non-current amortised cost	<u>269,007,195</u>	<u>278,324,703</u>

Collateral arrangements are set out in note 3.

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

10 OTHER RECEIVABLES

	2016 £	2015 £
Loans due within one year	4,666,357	-
Premium on loans due within one year	947,638	917,444
Interest receivable	5,249,063	5,320,215
Other receivables	8,136	7,740
Prepaid expenses	17,319	17,190
	<u>10,888,513</u>	<u>6,262,589</u>

11 OTHER PAYABLES

	2016 £	2015 £
Loans due within one year	4,666,357	-
Premium on secured bonds due within one year	947,638	917,444
Interest payable	5,249,063	5,320,215
Other payables	4,123	4,645
Accruals	25,455	24,930
	<u>10,892,636</u>	<u>6,267,234</u>

12 FINANCIAL LIABILITIES – SECURED BONDS

	2016 £	2015 £
8.125% secured bonds 2037		
Nominal amount	256,308,755	259,783,095
Unamortised premium	18,312,435	19,459,052
Amortised cost	<u>274,621,190</u>	<u>279,242,147</u>
Nominal due within one year	(4,666,357)	-
Premium due within one year	<u>(947,638)</u>	<u>(917,444)</u>
Non-current amortised cost	<u>269,007,195</u>	<u>278,324,703</u>

Details of security are set out in note 3.

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2016

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
	<u>329,400,000</u>	<u>31,686,832</u>
Prepayments	<u>(73,091,245)</u>	<u>(3,519,847)</u>
	<u>256,308,755</u>	<u>28,166,985</u>

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.

On 28 March 2017 First Wessex purchased secured bonds in aggregate principal amount of £15,100,000 and surrendered them to the company to effect full 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 £19,459,052 and £12,227,780 (2015: £20,523,431 and £11,163,401) respectively. Amortisation charged during the year was £1,146,617 (2015: £1,064,379).

The net proceeds of above issues were used to make loans to the borrowers 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.

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2016

Contractual cash flows on secured bonds

2016	Due within one year £	Due within one to two years £	Due within two to five years £	Due in over five years £	Total 2016 £
Principal	4,666,357	5,053,383	17,815,509	228,773,506	256,308,755
Interest	20,732,186	20,345,339	58,380,651	190,431,545	289,889,721
Total	25,398,543	25,398,722	76,196,160	419,205,051	546,198,476
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

13 SHARE CAPITAL

	2016 £	2015 £
<i>Allotted and part paid</i>		
50,000 (2015: 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 its ongoing working capital requirements in relation to its obligations under the bonds. The company is not subject to externally imposed capital requirements.

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2016

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

	2016 £	2015 £
Result before taxation	-	-
Adjustments for:		
Interest receivable	(19,746,528)	(20,042,997)
Interest payable	19,746,528	20,042,997
Changes in working capital:		
(Increase) / decrease in receivables	(525)	3,724
Increase / (decrease) in payables	3	(3,657)
	<u>(522)</u>	<u>67</u>
Cash (used in) / generated from operations	<u>(522)</u>	<u>67</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 2016 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.

	2016		2015	
	Carrying value £	Fair value £	Carrying value £	Fair value £
Financial assets:				
<i>Classified as loans & receivables</i>				
Loans to borrowers				
Non-current	269,007,195		278,324,703	
Current	5,613,995		917,444	
Total	<u>274,621,190</u>	<u>405,973,650</u>	<u>279,242,147</u>	<u>385,675,718</u>
Interest receivable	5,249,063	5,249,063	5,320,215	5,320,215
Other receivables	8,136	8,136	7,740	7,740
Total financial assets	<u>279,878,389</u>	<u>411,230,849</u>	<u>284,570,102</u>	<u>391,003,673</u>
Financial liabilities:				
<i>Classified as financial liabilities at amortised cost</i>				
Secured bonds				
Non-current	269,007,195		278,324,703	
Current	5,613,995		917,444	
Total	<u>274,621,190</u>	<u>405,973,650</u>	<u>279,242,147</u>	<u>385,675,718</u>
Interest payable	5,249,063	5,249,063	5,320,215	5,320,215
Other payables and accruals	29,578	29,578	29,575	29,575
Total financial liabilities	<u>279,899,831</u>	<u>411,252,291</u>	<u>284,591,937</u>	<u>391,025,508</u>

16 ULTIMATE PARENT COMPANY

At 31 December 2016 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 TRANSACTIONS

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 £42,852 (2015: £42,709). Amounts due from T.H.F.C. (Services) Limited at 31 December 2016 amounted to £9,883 (2015: £9,855).

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 £25,035 (2015: £24,413). Amounts due from the bond trustee at 31 December 2016 amounted to £4,873 (2015: £4,811).

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	2016	2015
	%	%
Hyde Housing Association Limited	37	37
Bromford Housing Association Limited	20	20
Metropolitan Housing Trust Limited	9	10
Others	34	33
Total	100	100

20 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 shareholder of the company's parent, Haven Funding (Holdings) Limited, cannot be held liable for the debts of the company in the event of insolvency.

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2016

21 EVENTS AFTER REPORTING PERIOD

Since the year end First Wessex purchased Secured Bonds in aggregate principal amount of £15,100,000 and surrendered these to the Company to effect prepayment of its loan as shown in Note 12.

