

**HAVEN FUNDING PLC**

**Annual Report**

**For the year ended 31 December 2023**

**Companies House no: 03139687**

# HAVEN FUNDING PLC

## Annual Report and Financial Statements for the year ended 31 December 2023

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### Directors

J. Coetzee (Appointed 07 February 2023)  
P. Nair (Appointed 01 April 2024)  
A. Poobalasingam (Appointed 28 July 2023)  
D. Stokes  
P. Williamson (Resigned 01 April 2024)

### Company Secretary

J. Coetzee (Appointed 07 February 2023)  
T.H.F.C. (Services) Limited

### Registered Office

3<sup>rd</sup> Floor  
17 St Swithin's Lane  
London  
EC4N 8AL

### Company Number

03139687

### Independent Auditor

CLA Evelyn Partners Limited  
Chartered Accountants and Statutory Auditor  
45 Gresham Street  
London  
EC2V 7BG

# HAVEN FUNDING PLC

## DIRECTORS' REPORT

Year ended 31 December 2023

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The directors submit their Directors' report, Strategic report and audited financial statements for the year ended 31 December 2023.

### RESULTS AND DIVIDEND

Haven Funding Plc ("the company") made neither a profit nor a loss for the year (2022: £Nil). The directors do not propose the payment of a dividend (2022: £Nil).

### SHARE CAPITAL AND COMPANY STRUCTURE

The company is a public limited company incorporated and domiciled in England and Wales. The entire issued share capital of the company is held by M&G Trustee Company Limited ("MGTCL"), formerly Prudential Trustee Company Limited.

### DIRECTORS

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

J. Coetzee (Appointed 07 February 2023)  
F. Edge (Resigned 27 July 2023)  
P. Nair (Appointed 01 April 2024)  
A. Poobalasingam (Appointed 28 July 2023)  
D. Stokes  
P. Williamson (Resigned 01 April 2024)

### 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 ("THFCS"), in accordance with the requirements of a corporate services agreement and the Trust Deed. This arrangement is monitored by the board of directors, three of whom 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 annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements 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 accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## HAVEN FUNDING PLC

### DIRECTORS' REPORT (continued) Year ended 31 December 2023

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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 information is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

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



Julie Coetzee  
**Director**  
26 June 2024

## **HAVEN FUNDING PLC**

### **STRATEGIC REPORT**

**Year ended 31 December 2023**

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#### **PRINCIPAL ACTIVITIES**

The company was incorporated on 14 December 1995. The principal activity of the company is to provide finance for registered providers of social housing, registered social landlords and registered housing associations, in England, Wales, Scotland and Northern Ireland (“HAs”) 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  
Abri Group Limited (formerly Portal Housing Association Limited)  
Abri Group Limited (formerly Swaythling Housing Society Limited)  
Anchor Hanover Group  
Bernicia Group  
Bromford Housing Association Limited  
Metropolitan Housing Trust Limited  
Sanctuary Housing Association

M&G Trustee Company Limited (“MGTCCL”), formerly 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.

All bonds are listed on the Professional Securities Market of the London Stock Exchange.

#### **FINANCIAL RISK MANAGEMENT**

The key financial risks of the company and how they are managed are explained in note 4.

## **SECTION 172(1) STATEMENT**

### **Long-term consequences**

The Board's objective is to have a long-term beneficial impact on the company and the wider affordable housing sector through the delivery of cost-effective funding to UK housing associations.

The length and secured nature of the loans made by the company to its borrowers requires the company to ensure that both its borrowers and the company will continue to meet their respective legal and other obligations to both the company and bondholders as detailed in the relevant transaction documents.

The loan agreements stipulate that all ongoing costs of the issuer are recoverable from the borrowers. All expenses of the company are funded before they are incurred.

Material risks of the company are monitored by its board on a regular basis in conjunction with the administrator, T.H.F.C. (Services) Limited ("THFCS"). The majority of Board members of the issuer are also Board members of the administrator.

### **Interests of employees**

Due to the nature of the activities of the business there are no employees. There are no plans for the business to hire employees in the foreseeable future.

### **Foster business relationships**

The company has seven borrowers. All business relationships are managed by the directors of the company and the administrator.

The administrator, THFCS, provides relationship management services (for liaison with borrowers including query resolution and general assistance with loan agreements), regular engagement with bondholders (including periodic publication of financial and compliance information), financial services (which includes management of relationships with suppliers and ensuring the efficient collection and distribution of coupons between the borrowers and investors (or their duly appointed agent)) and secretarial services to manage compliance obligations of the issuer and borrowers. This arrangement is monitored by the board of directors.

Lending requires a constant focus on maintaining stakeholder relationships and the administrator's team has a wealth of experience in all relevant areas.

### **Impact of operations on community and environment**

Our corporate objective is to deliver cost-effective funding to housing associations. In so doing, we aim to boost the provision and quality of affordable housing for the benefit of tenants and communities throughout the UK. The company operates on a not-for-profit basis and makes no surplus or loss after cost recoveries.

Every effort is made to consider the environmental impact of decisions taken, although due to the nature of its activities the company's direct environmental impact is limited.

**Maintaining reputations**

The intention of the board is to operate the business responsibly and in line with good industry practice and governance expected of a lending business and, in so doing, contribute to the delivery of our plan. The ongoing operations of the business are conducted by an administrator under a corporate services agreement. This arrangement is monitored by the Board of the administrator through periodic reporting.

**Acting fairly between members of the company**

As a Board of Directors, we have a responsibility to act fairly between members of the company. The entire issued share capital is held by MGTCL on a fiduciary basis on behalf of qualifying charities as defined in the Declaration of Trust. MGTCL also acts as bond trustee on behalf of bondholders.

**Events after the reporting date**

On 6 June 2024 Standard & Poor's withdrew their rating due to their new assessment criteria stipulating that they did not have enough information on the underlying borrowers.

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



Julie Coetzee  
**Director**  
26 June 2024

### **Opinion**

We have audited the financial statements of Haven Funding Plc (the “company”) for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

### **In our opinion, the financial statements:**

- give a true and fair view of the state of the company’s affairs as at 31 December 2023 and of its result for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent



## HAVEN FUNDING PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAVEN FUNDING PLC

(continued)

Year ended 31 December 2023

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material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## HAVEN FUNDING PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAVEN FUNDING PLC

(continued)

Year ended 31 December 2023

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

We obtained an understanding of the company's legal and regulatory framework through enquiry of management regarding their understanding of the relevant laws and regulations, the company's policies and procedures regarding compliance and how they identify, evaluate and rectify any instances of non-compliance. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with requirements of the framework through:

- The directors overseeing the operation of the company's management services agreement with the THFC Group, which requires T.H.F.C. (Services) Limited to implement, monitor and update operating procedures, manuals and internal controls as legal and regulatory requirements change.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and international accounting standards in conformity with the Companies Act 2006 in respect of the preparation and presentation of the financial statements; and
- The Listing Rules as applicable to the Professional Securities Market ("PSM") ("the PSM Rules"), in relation to the listing of secured bonds.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Discussions with management including consideration of known or suspected non-compliance with the PSM Rules;
- Confirming through review of the company's engagement letter with legal advisors that they are engaged to provide ongoing updates and advice to ensure ongoing compliance with the PSM Rules;
- Performing a review of board minutes to identify any indicators of known or suspected non-compliance with significant laws and regulations; and
- Performing a review of any legal correspondence with the company's legal advisors.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key area identified as part of the discussion was with regard to the manipulation of the financial statements through manual journals. This was communicated to the other members of the engagement team who were not present at the discussion.

The procedures carried out to gain evidence in the above areas included;

- Testing a sample of manual journal entries, selected through applying specific risk assessments based on the company's processes and controls surrounding manual journals.

## HAVEN FUNDING PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAVEN FUNDING PLC

(continued)

Year ended 31 December 2023

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

#### Use of our report

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



Lindsay Manson  
Senior Statutory Auditor, for and on behalf of  
CLA Evelyn Partners Limited  
Statutory Auditor  
Chartered Accountants

45 Gresham Street  
London  
EC2V 7BG

26 June 2024

# HAVEN FUNDING PLC

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	Note	2023 £	2022 £
<b>OPERATING INCOME</b>			
Interest on loans receivable		10,038,677	10,371,791
Amortisation of premium on loans receivable	8	(527,411)	(523,639)
Amortisation of discount on loans receivable	8	-	-
Interest on bank deposits		-	-
Other income		115,413	106,575
		<u>9,626,679</u>	<u>9,954,727</u>
<b>OPERATING EXPENDITURE</b>			
Interest payable on secured bonds		10,038,677	10,371,791
Amortisation of premium on secured bonds	9	(527,411)	(523,639)
Amortisation of discount on secured bonds	9	-	-
Interest on drawn liquidity facility		-	-
Operating expenses	5	115,413	106,575
		<u>9,626,679</u>	<u>9,954,727</u>
<b>RESULT BEFORE AND AFTER TAXATION</b>	6	<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>-</u></u>	<u><u>-</u></u>

There have been no changes in equity or reserves 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 2023

		2023	2022
ASSETS	Note	£	£
<b>Non-current assets</b>			
Loans to borrowers at carrying value	8	121,903,828	127,051,757
<b>Current assets</b>			
Loans to borrowers at carrying value	8	5,147,929	4,790,740
Interest receivable on loans		2,486,385	2,573,695
Prepayments		20,319	19,058
Other receivables		12,814	17,842
Cash and cash equivalents		14,025	6,971
<b>TOTAL ASSETS</b>		<b>129,585,300</b>	<b>134,460,063</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities – secured bonds at carrying value	9	121,903,828	127,051,757
<b>Current liabilities</b>			
Financial liabilities – secured bonds at carrying value	9	5,147,929	4,790,740
Interest payable on secured bonds		2,486,385	2,573,695
Accruals		33,133	31,371
Other payables		1,525	-
<b>TOTAL LIABILITIES</b>		<b>129,572,800</b>	<b>134,447,563</b>
<b>Equity</b>			
Share capital	10	12,500	12,500
Retained earnings		-	-
<b>TOTAL EQUITY</b>		<b>12,500</b>	<b>12,500</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,585,300</b>	<b>134,460,063</b>

The accompanying notes on pages 13-28 are an integral part of these financial statements.

These financial statements on pages 10-28 were approved by the board and signed on its behalf by:



[David Stokes \(Jun 26, 2024 16:03 GMT+1\)](#)

David Stokes

**Director**

26 June 2024

Haven Funding Plc

Registered Number 03139687

# HAVEN FUNDING PLC

## STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 £	2022 £
<b>Result before taxation</b>		-	-
<b>Adjustments for:</b>			
Interest income net of amortisation – loans receivable		(9,511,266)	(9,848,152)
Interest expense net of amortisation – secured bonds payable		9,511,266	9,848,152
<b>Changes in working capital:</b>			
Decrease in receivables		3,767	1,487
Increase / (decrease) in payables		3,287	(11,090)
<b>NET CASH GENERATED FROM / (USED IN) OPERATIONS</b>		<u>7,054</u>	<u>(9,603)</u>
Interest paid on secured bonds		(10,125,987)	(10,452,417)
Interest received on loans		10,125,987	10,452,417
Principal received from borrowers	8	4,263,329	3,936,900
Principal repaid on secured bonds	9	(4,263,329)	(3,936,900)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		<u>7,054</u>	<u>(9,603)</u>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		6,971	16,574
<b>MOVEMENT IN THE YEAR</b>		<u>7,054</u>	<u>(9,603)</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<u>14,025</u>	<u>6,971</u>

**1 GENERAL INFORMATION**

Haven Funding Plc (“the company”) provides funding to registered providers of social housing, registered social landlords and registered housing associations in England, Wales, Scotland and Northern Ireland (“HAs”). The company is a public limited company limited by shares which has secured bonds listed on the Professional Securities Market of the London Stock Exchange. It is incorporated and domiciled in England and Wales. The address of the registered office is 3<sup>rd</sup> Floor, 17 St. Swithin’s Lane, London, EC4N 8AL.

The company on-lent the proceeds of the issue of the secured bonds to HAs (“the borrowers”).

**2 ACCOUNTING POLICIES**

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.

**Basis of preparation**

The financial statements have been prepared on a going concern basis in accordance with UK-adopted international accounting standards in conformity with the provisions of the Companies Act 2006.

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

**Going concern**

The company has made loans to registered providers of social housing and its viability is dependent on the ongoing receipt of interest and principal from its borrowers in accordance with their respective loan agreements thereby ensuring that the company is able to meet its obligations under the terms of its funding arrangements in addition to covering operating costs.

At the date of signing the accounts there is no evidence to suggest that the company or any borrower will be unable to meet its covenants in the foreseeable future.

As such, the Board has a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

## ACCOUNTING POLICIES (continued)

### Changes in accounting policies and disclosures

#### (a) Standards and interpretations effective for the company in these financial statements

The following new and amended Standards and Interpretations are effective for periods beginning on or after 1 January 2023, but were adopted early by the company in the prior year:

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates
- IAS 1 Presentation of Financial Statements: Disclosure initiative – accounting policies

In addition, the company adopted Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’ accounting policies. The amendments did not result in any changes to the accounting policies themselves or the accounting policy information disclosed in this note.

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) Standards and interpretations effective for the company in future periods

- i. Effective for periods beginning on or after 1 January 2024
  - IAS 1 Presentation of Financial Statements: Classification of Liabilities
  - IAS 7/IFRS 7 Supplier Finance Arrangements
  - IFRS 16 Lease Liability in a Sale and Leaseback
- Effective for periods beginning on or after 1 January 2025
  - IAS 21 Lack of Exchangeability

These changes to standards effective on or after 1 January 2024 or 1 January 2025 are not expected to have a material effect on the financial statements.

### Interest

Interest receivable on loans to HAs and interest payable on the secured bonds is accounted for using the effective interest rate method. Any premium/discount on issue is 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.



## ACCOUNTING POLICIES (continued)

### Costs recoverable

All operating costs are recovered from the borrower in line with contractual arrangements. All recovered costs are recognised within operating income as other income in the period in which costs are recovered.

Issue costs incurred during the issue of the loans to borrowers are recovered from the borrower on completion of the loan transaction.

Fees are measured at the transaction price received or receivable allocated to the performance obligation satisfied and represent amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. As the expected period between transfer of a promised good or service and payment from the borrower is one year or less then no adjustment for a financing component has been made.

### Financial Instruments

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Net transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVPL”)) are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. The company incurs and recovers all transaction costs, so they do not form part of the fair value at recognition.

### Financial assets

#### *Classification and measurement*

The company applies IFRS 9 and classifies its financial assets in the following measurement categories:

- fair value through profit or loss (“FVPL”); or
- fair value through other comprehensive income (“FVOCI”); or
- amortised cost.

The classification requirements for debt instruments are described below. Classification and subsequent measurement of debt instruments depend on:

- 1) the company’s business model for managing the asset; and
- 2) the cash flow characteristics of the asset (“SPPI test”).

**ACCOUNTING POLICIES (continued)**

- 1) *Business model*: The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is:
- solely to collect the contractual cash flows from the assets ("Hold to collect"); or
  - to collect both the contractual cash flows and cash flows arising from sale of the assets ("Hold to collect and sell"); or
  - neither of these ("Other").

Factors considered by the company in determining the business model for a group of assets include past experience of how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, the likely future experience of cash flows, and how credit risks are assessed and managed.

- 2) *SPPI test*: Where the business model is "Hold to collect" or "Hold to collect and sell", the company assesses whether the financial instruments' contractual cash flows represent solely payment of principal and interest on that principal ("SPPI"). In making this assessment, the company considers whether those cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk and other basic lending risks that are consistent with a basic lending arrangement) or reflect exposure to risk or volatility that are inconsistent with a basic lending arrangement.

Based on these factors, the company classifies its debt instruments into one of the measurement categories detailed above. All of the company's financial assets have been assessed as falling within a "Hold to collect" business model whose contractual cash flows are SPPI and are therefore subsequently measured at amortised cost.

Amortised cost is the amount at which the financial asset is measured at initial recognition minus the principal repayments, adjusted for the cumulative amortisation using the effective interest rate method, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of an asset.

Interest income from these financial assets is calculated by applying the effective interest rate to the gross carrying amount of the financial asset and is included in the statement of comprehensive income within 'operating income'.

*Reclassification*

The company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

The company holds the following debt instrument under financial assets:

*Loans receivable*

Loans receivable represents monies lent to HAs under loan agreements and held at amortised cost.

**ACCOUNTING POLICIES (continued)**

*Cash and bank balances*

Cash and cash equivalents comprise cash balances that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

*Other receivables*

Other receivables are recognised at transaction price and are subsequently measured at amortised cost.

*Impairment*

The company assesses on a forward-looking basis the expected credit losses (“ECL”) associated with any debt instruments carried at amortised cost. The company may recognise a loss allowance for such losses at each reporting date.

The IFRS 9 impairment model has three stages – Stage 1, Stage 2 and Stage 3 (default).

The company may recognise a 12-month expected credit loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk (stage 2) that would no longer render the instrument low risk. Stage 3 requires objective evidence that an asset is credit impaired.

The measurement of ECL reflects:

- (a) Probability-weighted amounts of loss given default using an agreed methodology;
- (b) the time value of money; and
- (c) reasonable and supportable information on the social housing sector that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of the future operating environment.

The company operates within a default free sector and all seven borrowers have complied with their performance and payment obligations in accordance with their respective loan agreements since inception.

For these reasons the company does not use a complex expected loan loss model and bases its assessment of 12-month expected credit loss solely on its loss experience in the period since the loans were made. Loss experience to date is zero so management’s assessment of the 12-month expected credit loss is also zero.

Collateral arrangements are described in note 4.

**ACCOUNTING POLICIES (continued)**

*Significant Increase in Credit Risk (movement from stage 1 to stage 2)*

The company has identified a number of early warning indicators (“EWIs”) against which assets are monitored. If any of the events occur, internal consideration is given as to whether an individual loan should move to stage 2 classification.

EWIs include but are not restricted to, the following:

- a) Unexpected adverse changes in the executive and management structure of the borrowers;
- b) annual financial statements of borrowers carry an auditor’s qualification;
- c) government action which negatively impacts on the borrower’s business;
- d) significant adverse changes in the business or financial condition of the borrower;
- e) failure of semi-annual performance tests;
- f) regulatory down grade to a non-compliant financial grading;
- g) payment of interest and capital after due date but within grace period;
- h) early warning signs of cash flow/ liquidity problems;
- i) decline in internal credit grading to a level below an equivalent investment grade.

*Definition of default (movement to stage 3)*

The company has identified a series of quantitative and qualitative criteria that will be used to determine if an account meets the definition of default, and therefore should move to stage 3:

- a) Payment default;
- b) Cross default;
- c) Breach of covenant(s).

*Derecognition*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- The company transfers substantially all the risks and rewards of ownership; or
- The company neither transfers nor retains substantially all the risks and rewards of ownership and the company has not retained control.

**Financial liabilities**

*Classification and measurement*

Financial liabilities are recognised where the substance of the contractual arrangement results in the company having an obligation to either deliver cash or another financial asset to the holder.

Financial liabilities include borrowings and other payables.

## ACCOUNTING POLICIES (continued)

### *Initial recognition and subsequent measurement*

Financial liabilities (other than derivatives) are initially recognised at the fair value of consideration less directly attributable net transaction costs and subsequently at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method.

### *Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

### **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. The company has no instruments classified in Level 1 (2022: none).

### *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 (2022: 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).

The fair values of financial instruments are disclosed in note 11.

## ACCOUNTING POLICIES (continued)

### 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 the date that the bonds are surrendered to the issuer for cancellation.

### 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 15.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with international accounting standards requires the use of certain critical accounting adjustments; these require management's judgement in applying the accounting policies. The area involving a higher degree of judgement or complexity or where assumptions are significant to the financial statements is the evaluation as to whether the loans to HAs are impaired.

### Critical accounting judgement

#### *Impairment of Loans to Borrowers (Note 8)*

The directors have concluded that no impairment provision is required in relation to the loans in accordance with IFRS9 (2022: £Nil). This is for a number of reasons which includes, but is not limited to, the credit quality of the borrowers and the company's zero loss experience to date. As the company is not subject to any net credit risk any incurred loss impairment would be matched by a similar adjustment to the gross liability. At 31 December 2023, the carrying value of the loans to borrowers is £127,051,757 (2022: £131,842,497).

## 4 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 company 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,

### FINANCIAL RISK MANAGEMENT (continued)

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 2023 (2022: None).

Gross credit risk on the loans is mitigated by the collateral and security arrangements described below: The secured bonds are rated “Baa1/BBB+” by Moody’s Investor Service and Standard & Poor’s at 31 December 2023 (2022: “Baa1/A-”).

On 27 June 2023 Standard & Poor’s reduced its rating to BBB+ due to their re-assessment of the strength of the underlying borrowers. On 27 November 2023 Moody’s Investor Service affirmed their rating at Baa1. Standard & Poor’s withdrew their rating on 15 March 2024, due to their new assessment criteria stipulating that they did not have enough information on the underlying borrowers.

#### Collateral and security 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 Regulator of Social Housing. 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.

M&G Trustee Company Limited (“MGTCL”), formerly 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.

Collateral, unless subject to enforcement, is not recorded on the company’s statement of financial position.

#### 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 commenced 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 9.

**FINANCIAL RISK MANAGEMENT (continued)**

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.

**5 OPERATING EXPENSES**

	<b>2023</b>	2022
	£	£
Annual audit fee	13,394	11,790
Management fees paid to T.H.F.C. (Services) Limited.	37,471	44,271
Other professional fees	64,548	50,514
	<u>115,413</u>	<u>106,575</u>

Operating expenses comprise management fees payable to THFCS and other professional service fees.

**6 RESULT BEFORE AND AFTER TAXATION**

The result before taxation is wholly attributable to the company's principal activity, which arose wholly within the United Kingdom.

**7 EMPLOYEES**

There were no employees during the year (2022: Nil). The directors received no remuneration during the year directly from the company in respect of their qualifying services (2022: £Nil). All directors are remunerated by THFCS 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.



# HAVEN FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2023

### 8 LOANS TO BORROWERS

2023	Nominal Value £	Loan Premium £	Carrying Value £
At beginning of year	125,672,078	6,170,419	131,842,497
Repayments	(4,263,329)	-	(4,263,329)
Amortisation in year	-	(527,411)	(527,411)
<b>Total</b>	<u>121,408,749</u>	<u>5,643,008</u>	<u>127,051,757</u>
Ageing of loans to borrowers			
Due within 1 year	4,616,767	531,162	5,147,929
Due after 1 year	116,791,982	5,111,846	121,903,828
Total	<u>121,408,749</u>	<u>5,643,008</u>	<u>127,051,757</u>
2022	Nominal Value £	Loan Premium £	Carrying Value £
At beginning of year	129,608,978	6,694,058	136,303,036
Repayments	(3,936,900)	-	(3,936,900)
Amortisation in year	-	(523,639)	(523,639)
<b>Total</b>	<u>125,672,078</u>	<u>6,170,419</u>	<u>131,842,497</u>
Ageing of loans to borrowers			
Due within 1 year	4,263,329	527,411	4,790,740
Due after 1 year	121,408,749	5,643,008	127,051,757
Total	<u>125,672,078</u>	<u>6,170,419</u>	<u>131,842,497</u>

Collateral arrangements are set out in note 4.

HAVEN FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 December 2023

9 FINANCIAL LIABILITIES – SECURED BONDS

2023	Nominal Value £	Loan Premium £	Carrying Value £
At beginning of year	125,672,078	6,170,419	131,842,497
Repayments	(4,263,329)	-	(4,263,329)
Amortisation in year	-	(527,411)	(527,411)
<b>Total</b>	<u>121,408,749</u>	<u>5,643,008</u>	<u>127,051,757</u>
Due within 1 year	4,616,767	531,162	5,147,929
Due after 1 year	116,791,982	5,111,846	121,903,828
Total	<u>121,408,749</u>	<u>5,643,008</u>	<u>127,051,757</u>
2022	Nominal Value £	Loan Premium £	Carrying Value £
At beginning of year	129,608,978	6,694,058	136,303,036
Repayments	(3,936,900)	-	(3,936,900)
Amortisation in year	-	(523,639)	(523,639)
<b>Total</b>	<u>125,672,078</u>	<u>6,170,419</u>	<u>131,842,497</u>
Due within 1 year	4,263,329	527,411	4,790,740
Due after 1 year	121,408,749	5,643,008	127,051,757
Total	<u>125,672,078</u>	<u>6,170,419</u>	<u>131,842,497</u>

Details of security are set out in note 4.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
Year ended 31 December 2023

**FINANCIAL LIABILITIES – SECURED BONDS (continued)**

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

	<b>Nominal Value £</b>	<b>Premium £</b>
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	1,486,531
6 September 2000	<u>66,000,000</u>	<u>10,901,228</u>
	329,400,000	31,686,832
Prepayments and amortisation to date	<u>(184,191,245)</u>	<u>(17,572,236)</u>
	<u><u>145,208,755</u></u>	<u><u>14,114,596</u></u>

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 £6,170,419 and £25,516,413 (2022: £6,694,058 and £24,992,774) respectively. Amortisation charged during the year was £527,411 (2022: £523,639).

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

Interest on the secured bonds is payable half yearly in arrears. From 31 March 2017, each half yearly repayment 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 2023

FINANCIAL LIABILITIES – SECURED BONDS (continued)

Contractual cash flows on secured bonds

2023	Due within one year	Due within one to two years	Due within two to five years	Due in over five year	Total 2023
	£	£	£	£	£
Principal	4,616,767	4,999,537	17,625,584	94,166,861	121,408,749
Interest	9,772,547	9,389,819	25,542,390	42,603,695	87,308,451
<b>Total</b>	<b>14,389,314</b>	<b>14,389,356</b>	<b>43,167,974</b>	<b>136,770,556</b>	<b>208,717,200</b>

  

2022	Due within one year	Due within one to two years	Due within two to five years	Due in over five year	Total 2022
	£	£	£	£	£
Principal	4,263,329	4,616,767	16,276,304	100,515,678	125,672,078
Interest	10,125,980	9,772,547	26,891,704	50,644,200	97,434,431
<b>Total</b>	<b>14,389,309</b>	<b>14,389,314</b>	<b>43,168,008</b>	<b>151,159,878</b>	<b>223,106,509</b>

10 SHARE CAPITAL

The company's capital comprises only its share capital of 50,000 (2022: 50,000) ordinary shares 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.

	2023 £	2022 £
<i>Alloted and part paid</i>		
Ordinary shares of £1 each of which 25p per share is paid	12,500	12,500

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2023**

**11 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 2023 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.

	<b>2023</b>	<b>2023</b>	2022	2022
	<b>Carrying</b>	<b>Fair</b>	Carrying	Fair
	<b>Value</b>	<b>Value</b>	Value	Value
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Loans and secured bonds</i>				
Loans to borrowers	127,051,757	145,037,387	131,842,497	146,665,327
Secured bonds	127,051,757	145,037,387	131,842,497	146,665,327
<i>Other financial assets &amp; liabilities</i>				
Other financial assets:				
Interest receivable	2,486,385	2,486,385	2,573,695	2,573,695
Sundry receivables	12,814	12,814	17,842	17,842
	2,499,199	2,499,199	2,591,537	2,591,537
Other financial liabilities:				
Interest payable	2,486,385	2,486,385	2,573,695	2,573,695
Other payables	34,657	34,657	31,371	31,371
	2,521,042	2,521,042	2,605,066	2,605,066

**12 CONTROL**

At 31 December 2023, the share capital was held by MGTCL on a fiduciary basis on behalf of qualifying charities as defined in the Declaration of Trust and hence no group financial statements are prepared.

**13 RELATED PARTY TRANSACTIONS**

All administrative services are provided under a management agreement with THFCS, a subsidiary of The Housing Finance Corporation Limited ("THFC"). The directors are employees of THFCS. Management fees payable to THFCS during the year amounted to £53,391 (2022: £50,514). Amounts due from THFCS at 31 December 2023 amounted to £12,489 (2022: £12,090).

The company has granted security in favour of MGTCL 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 £27,529 (2022: £25,050). Amounts prepaid in respect of the next period to the bond trustee at 31 December 2023 amounted to £4,614 (2022: £3,997).

## HAVEN FUNDING PLC

### NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2023

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#### 14 TAXATION

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

#### 15 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.

<b>Borrower</b>	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Bromford Housing Association Limited	35	35
Metropolitan Housing Trust Limited	16	16
Sanctuary Housing Association	16	16
Anchor Hanover Group	14	14
Abri Group Limited	11	11
Others	8	8
<b>Total</b>	<b>100</b>	<b>100</b>

#### 16 SECURITY OFFERED TO INVESTORS

The company 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, MGTCL, cannot be held liable for the debts of the company in the event of insolvency.

#### 17 EVENTS AFTER THE REPORTING DATE

On 6 June 2024 Standard & Poor's withdrew their rating due to their new assessment criteria stipulating that they did not have enough information on the underlying borrowers.