

HAVEN FUNDING (HOLDINGS) LIMITED

Group Financial Statements

**Year ended
31 December 2009**

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HAVEN FUNDING (HOLDINGS) LIMITED

Annual report and financial statements for the year ended 31 December 2009

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Directors

C Burke
F Edge
R Mountford
P Williamson

Secretary

T H F C (Services) Limited

Registered Office

4th Floor
107 Cannon Street
London
EC4N 5AF

Company Number

3080752

Auditors

PricewaterhouseCoopers LLP
80 Strand
London
WC2R 0AF

HAVEN FUNDING (HOLDINGS) LIMITED

DIRECTORS' REPORT

Year ended 31 December 2009

The directors submit their report and financial statements for the year ended 31 December 2009

RESULTS AND DIVIDEND

Haven Funding (Holdings) Limited (the 'Company') and its subsidiary, Haven Funding Plc (together the 'Group') made neither a profit nor a loss for the period. The directors do not propose the payment of a dividend.

PRINCIPAL ACTIVITY

The company is the parent company of Haven Funding Plc, of which it owns 100% of the issued share capital. The principal activity of the company is to provide finance for Registered Social Landlords (RSLs) registered under The Housing Act 1996 through the issue of bonds secured on the borrowing of the RSLs (the "Secured Bonds"). All the company's operating costs, net of interest earned, are recoverable from borrowers. The borrowing RSLs of the group are:

Bromford Carinthia Housing Association Limited
Cheviot Housing Association Limited
Hanover Housing Association Limited
Hyde Housing Association Limited
Kelsey Housing Association Limited
Metropolitan Housing Association Limited
Portal Housing Association Limited
Portsmouth Housing Association Limited
Shaftesbury Housing Association Limited
Swaythling Housing Society Limited

The Prudential Trustee Company Limited has a fixed charge over certain assets of the borrowing RSLs on behalf of the secured bondholders.

The Group expects to continue its principal activity for the life of the secured bonds.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Group has fulfilled its obligations under the bonds and expects to do so for the foreseeable future.

SHARE CAPITAL

The entire issued share capital of the company is held by Prudential Trustee Company Limited under a declaration of trust.

DIRECTORS

The directors who served during the period are as follows:

C Burke
F Edge
R Mountford
P Williamson

The directors have no beneficial interest in the share capital of the company. The directors received no remuneration during the period in respect of qualifying services.

HAVEN FUNDING (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued) **Year ended 31 December 2009**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departure 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 group will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In the case of each director

- so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware, and
- he/she has taken all the reasonable 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 group's auditors are aware of that information

CREDITOR PAYMENT POLICY

The group's principal creditors are the holders of the Secured Bonds. Payments to the holders of the Secured Bonds are made in accordance with the underlying issue documents. Interest is payable on the bonds on 31 March and 30 September each year and hence no amounts were due for payment to the bond holders at the financial year end.

The company's policy is to pay all other creditors within 60 days of receipt of invoice.

FINANCIAL RISK MANAGEMENT

The key financial risks of the Group and how they are mitigated are explained in note 2.


HAVEN FUNDING (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued) **Year ended 31 December 2009**

AUDITORS

The auditors PricewaterhouseCoopers LLP, have expressed their willingness to remain in office, and a resolution to re-appoint them as auditors will be proposed at the annual general meeting

On behalf of the board



Colin Burke

For and on behalf of
T.H.F.C. (Services) Limited
Secretary
10 March 2010

HAVEN FUNDING (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVEN FUNDING (HOLDINGS) LIMITED

We have audited the Group and Company financial statements (the 'financial statements') of Haven Funding (Holdings) Limited for the year ended 31 December 2009 which comprise the Group Income Statement, Group and Company Balance Sheets, Group Cash flow Statement and the related notes. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2009 and of the Group's income and expenditure and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the group financial statements, Article 4 of the IAS Regulation, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or

HAVEN FUNDING (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT (continued)

- the Group and parent 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



David Braithwaite (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 March 2010

HAVEN FUNDING (HOLDINGS) LIMITED

GROUP INCOME STATEMENT

Year ended 31 December 2009

	Note	2009 £	2008 £
OPERATING INCOME			
Interest receivable and similar items	3	21,623,752	20,925,506
Costs recoverable from borrowers		83,401	51,132
		<u>21,707,153</u>	<u>20,976,638</u>
OPERATING EXPENDITURE			
Operating charges		89,449	71,032
Interest payable and similar items	4	21,623,704	20,905,606
		<u>21,707,153</u>	<u>20,976,638</u>
PROFIT BEFORE AND AFTER TAXATION	5	<u>0</u>	<u>0</u>

The accompanying notes are an integral part of these financial statements

All amounts relate to continuing activities

All recognised gains and losses are included in the group income statement

There were no movements in shareholders funds in the year

HAVEN FUNDING (HOLDINGS) LIMITED

GROUP BALANCE SHEET

31 December 2009

	Note	2009 £	2008 £
ASSETS			
Non-current assets			
Loans	7	297,469,845	298,092,706
Current assets			
Other receivables	8	6,247,273	6,197,389
Cash and cash equivalents	13	13,631	24,328
TOTAL ASSETS		303,730,749	304,314,423
LIABILITIES			
Current liabilities			
Other payables	9	6,260,903	6,221,716
Non-current liabilities			
Financial liabilities – secured bonds	10	297,469,845	298,092,706
CAPITAL AND RESERVES			
Share capital	11	1	1
Profit and loss account		-	-
TOTAL CAPITAL, RESERVES AND LIABILITIES		303,730,749	304,314,423

The accompanying notes are an integral part of these financial statements

These financial statements were approved by the board and signed on its behalf by



Fenella Edge
Director
10 March 2010

HAVEN FUNDING (HOLDINGS) LIMITED

COMPANY BALANCE SHEET 31 December 2009

		2009 £	2008 £
ASSETS	Note		
Non-current assets			
Investments	7	12,500	12,500
Current assets			
Cash and cash equivalents		<u>1</u>	<u>1</u>
TOTAL ASSETS		<u>12,501</u>	<u>12,501</u>
LIABILITIES			
Non-current liabilities			
Other payables	9	12,500	12,500
Share capital	11	1	1
Profit and loss account		-	-
TOTAL CAPITAL, RESERVES AND LIABILITIES		<u>12,501</u>	<u>12,501</u>

The accompanying notes are an integral part of these financial statements

These financial statements were approved by the board and signed on its behalf by



Fenella Edge
Director
10 March 2010

HAVEN FUNDING (HOLDINGS) LIMITED**GROUP CASH FLOW STATEMENT****Year ended 31 December 2009**

	Note	2009 £	2008 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used)/generated from operations	12	(10,745)	(42,192)
Interest paid		(22,205,625)	(24,484,689)
Interest received		22,205,673	24,504,587
NET CASH FLOW FROM OPERATING ACTIVITIES		(10,697)	(22,294)
NET (DECREASE) IN CASH IN THE YEAR	13	(10,697)	(22,294)
CASH AT BANK AT 1 JANUARY		24,328	46,622
CASH AT BANK AT 31 DECEMBER		13,631	24,328

The accompanying notes are an integral part of these financial statements

There were no cash flows in the parent company during the year

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1 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 accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

(a) Standards, amendments and interpretations effective on or after 1 January 2009

The following standards, amendments and interpretations, which became effective in 2009 are relevant to the Group.

- Amendments to IFRS 7, 'Financial instruments: Disclosures'. The IASB published amendments to IFRS 7 in March 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position or the income of the Group. This disclosure will not impact on the Group as all the financial instruments are held at amortised cost.
- IFRS 8, 'Operating segments'. IFRS 8 was issued in November 2006 and excluding early adoption would first be required to be applied to the Group's accounting period beginning on 1 January 2009. The standard replaces IAS 14, 'Segment reporting', with its requirement to determine primary and secondary reporting segments. Under the requirements of the revised standard, the Group's external segment reporting will be based on the internal reporting to the Group executive board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effect for the Group as reporting to the Board is not segmented.
- IAS 23, 'Borrowing costs'. A revised version of IAS 23 was issued in March 2007. It eliminates the option of immediate recognition of borrowing costs as an expense for assets that require a substantial period of time to get ready for their intended use. The application of the IAS 23 amendment does not have a material impact on the consolidated result or items of the consolidated balance sheet.
- IAS 32 and IAS 1, 'Puttable financial instruments and obligations arising on liquidation'. The IASB amended IAS 32 in February 2008. It now requires some financial instruments that meet the definition of a financial liability to be classified as equity. The Group has no such instruments which need reclassification.

(b) Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods and are expected to be relevant to the Group.

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2009

- IAS 39, 'Financial instruments Recognition and measurement – Eligible hedged items' The amendment 'Eligible hedged items' was issued in July 2008. It provides guidance for two situations. On the designation of a one-sided risk in a hedged item, IAS 39 concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. This will not give rise to any changes to the Group's financial statements and the Group currently has no hedging items.
- 'Improvements to IFRS' were issued in May 2008 (endorsed by the EU on 23 January 2009) and April 2009 (not yet endorsed). They contain numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.
- IFRS 9, 'Financial instruments part 1 Classification and measurement' IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:
 - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
 - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
 - While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. The Group's financial instruments are held at amortised cost and this is consistent with the business model. No material changes to accounting policies are expected as a result of these amendments.

Critical Accounting Judgements

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting adjustments, which require management's judgement in applying the accounting policies. The critical accounting judgement is deemed to be the recording of Secured Bonds and related Loans at amortised cost.

Basis of consolidation

The Group financial statements fully consolidate the results of subsidiary undertakings from the date on which control is acquired. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The company is the parent company of Haven Funding Plc and it owns 100% of its issued share capital.

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2009**

Investment in subsidiaries

Investments in subsidiaries are held at cost

Interest

Interest receivable on loans to RSLs and interest payable on the bonds is accounted for on an accruals basis. Premiums on issue are added to the original loan value and charged to the income statement over the expected life of the loan using the effective interest method so that the interest receivable and payable, as adjusted for the amortisation of premiums, gives a constant yield to maturity.

Cash and cash equivalents

Cash and cash equivalents represent amounts on demand deposit.

Loans to borrowers ("Loans")

The loans are stated at amortised cost less allowance for loan losses.

Any discount or premium on issue is deducted from/added to the carrying value of the loan and charged or credited to the income statement over the expected life of the loan so that the interest charge as adjusted for the amortisation of premium/discount gives a constant yield to maturity.

Secured Bonds

Secured Bonds are stated at amortised cost.

Any discount or premium on issue is deducted from/added to the carrying value of the secured bond and charged or credited to the income statement 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.

Prepayment

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 issuer by way of prepayment of the borrower's loan in an amount equal to the outstanding balance of the bonds being surrendered.

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 Registered Social landlords ("RSLs").

2 FINANCIAL RISK MANAGEMENT

Credit risk

The Group's credit risk is mitigated by the following factors. The loans are secured on certain assets of the borrowers and all borrowers are subject to external regulation by the Tenant Services Authority. 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.

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

Liquidity risk

To mitigate liquidity risk, the Group collects capital repayments and interest from borrowers four business days prior to payment to bondholders. Additionally borrowers maintain a debt service reserve fund with the bond trustee that approximates to 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 group on the Secured Bonds.

Interest rate risk

The interest charged on the loans to the borrowers 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 group is not subject to any risk on the fluctuation of interest rates.

Fair value risk and market price risk

There is a 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 group because (i) the loans and Secured Bonds are held at amortised cost in the financial statements and (ii) the group expects to hold them until maturity.

Currency risk

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

3 INTEREST RECEIVABLE AND SIMILAR ITEMS

	2009 £	2008 £
Bank interest	48	19,900
On loans to borrowers	22,205,625	23,262,465
Amortisation of premium	(581,921)	(2,356,859)
	<u>21,623,752</u>	<u>20,925,506</u>

4 INTEREST PAYABLE

	2009 £	2008 £
On 8 125% Secured Bonds 2037	22,205,625	23,262,465
Amortisation of premium	(581,921)	(2,356,859)
	<u>21,623,704</u>	<u>20,905,606</u>

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

5 PROFIT BEFORE AND AFTER TAXATION

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

	2009 £	2008 £
Fees paid to auditors for		
- Annual audit of group and subsidiary	5,875	4,940
- Other services	-	-
	<u>5,875</u>	<u>4,940</u>

6 EMPLOYEES

There were no employees during the year other than the directors. The directors received no remuneration during the period in respect of their qualifying services.

7 LOANS AND INVESTMENTS

Company	2009 £	2008 £
Investment in subsidiary undertaking at cost	<u>12,500</u>	<u>12,500</u>

The company owns all the share capital of Haven Funding PLC which is incorporated in England. The principal activity of Haven Funding PLC is to provide finance for Registered Social Landlords registered under The Housing Act 1996. The net assets of Haven Funding PLC at 31 December 2009 were £12,500 (2008: £12,500).

Group	2009 £	2008 £
Loans to borrowers		
Original loan less prepayments	273,300,000	273,300,000
Unamortised premium	<u>24,792,706</u>	<u>25,374,627</u>
	298,092,706	298,674,627
Less current element of unamortised premium	<u>(622,861)</u>	<u>(581,921)</u>
	<u>297,469,845</u>	<u>298,092,706</u>

8 OTHER RECEIVABLES

Group	2009 £	2008 £
Interest receivable	5,597,034	5,597,034
Other debtors	5,154	5,090
Prepayments	22,224	13,344
Current element of unamortised premium	622,861	581,921
	<u>6,247,273</u>	<u>6,197,389</u>

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

9 OTHER PAYABLES

	2009 £	2008 £
Group		
Interest payable	5,597,034	5,597,034
Other creditors	13,630	24,327
Accruals and deferred income	27,378	18,434
Current element of unamortised premium	622,861	581,921
	<u>6,260,903</u>	<u>6,221,716</u>
Company		
Other creditors	<u>12,500</u>	<u>12,500</u>

10 FINANCIAL LIABILITIES – SECURED BONDS

	2009 £	2008 £
8 125% Secured Bonds 2037 – amortised cost		
Nominal	273,300,000	329,400,000
Prepaid during the year	-	(56,100,000)
Unamortised premium	<u>24,792,706</u>	<u>25,374,627</u>
Amortised cost	<u>298,092,706</u>	<u>298,674,627</u>
Less current element of unamortised premium	<u>(622,861)</u>	<u>(581,921)</u>
Non-current amortised cost	<u>297,469,845</u>	<u>298,092,706</u>

Prudential Trustee Company Limited has a fixed charge over certain assets of the RSLs on behalf of the Secured Bond holders

The 8 125% Secured Bonds are repayable in between 2017 and 2037 and were issued in the following tranches

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2009

	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 2001	16,800,000	3,082,412
25 July 2001	9,000,000	1,404,567
6 September 2001	66,000,000	10,983,192
	<u>329,400,000</u>	<u>31,686,832</u>
Less prepayment	<u>(56,100,000)</u>	<u>(1,767,571)</u>
	<u>273,300,000</u>	<u>29,919,261</u>

The net proceeds of the above issues were used to make loans to the borrowing RSLs of the group

The premiums arising on the issue of 8 125% Secured Bonds were utilised to cover the issue costs. The remaining balance was transferred to the borrowers as follows:

	£
Premiums arising on issue of 8 125% Secured Bonds	31,686,832
Less issue costs	(3,346,974)
Premiums net of issue costs transferred to borrowers	<u>28,339,858</u>

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 Bonds.

Interest on the Bonds is payable half yearly in arrears.

Contractual cash flows on secured bonds

	Due within one year	Due within one to two years	Due within two and five years	Due in over five years	Total
Principal	-	-	-	273,300,000	273,300,000
Interest	22,205,625	22,205,625	66,616,875	342,415,556	453,443,681
Total	<u>22,206,625</u>	<u>22,205,625</u>	<u>66,616,875</u>	<u>615,715,556</u>	<u>726,743,681</u>

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2009

11 SHARE CAPITAL

	2009 £	2008 £
Company only		
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

The allotted share is held under a declaration of trust dated 26 February 1996. Distributions may only be made to borrower Registered Social Landlords at the discretion of the Trustee. Accordingly the Trustee has no beneficial interest in the group.

12 RECONCILIATION OF PROFIT TO CASH USED IN OPERATIONS

	2009 £	2008 £
Net profit/(loss)	-	-
Adjustments for		
Interest receivable	(21,623,752)	(20,925,506)
Interest payable	21,623,704	20,905,606
Changes in working capital		
(Increase) in debtors	(8,944)	(132)
(Decrease) in creditors	(1,753)	(22,160)
Cash (used in)/generated from operations	<u>(10,745)</u>	<u>(42,192)</u>

13 RECONCILIATION OF MOVEMENT IN NET FUNDS

	At 31 December 2008 £	Cash flow £	Non-cash Items £	At 31 December 2009 £
Cash at bank	24,328	(10,697)	-	13,631
Secured bonds	<u>(298,674,627)</u>	<u>-</u>	<u>581,921</u>	<u>(298,092,706)</u>
	<u>(298,650,299)</u>	<u>(10,967)</u>	<u>581,921</u>	<u>(298,079,075)</u>

14 FINANCIAL INSTRUMENTS

As referred to in note 10, the proceeds from the issue of the 8 125% Secured Bonds 2037 were used to make loans to the borrowing RSLs of the group. The interest charged on these loans to the borrowers is equal to the interest payable on the related secured bonds. Accordingly, the directors consider that the group is not subject to any risk on the fluctuation of interest rates.

HAVEN FUNDING (HOLDINGS) LIMITED

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2009

The fair value of the 8 1/2% Secured Bonds due 2037 and associated loans, as at 31 December 2009 was £347,962,827 (2008: £309,058,572). Fair value is derived from the market value of the bonds at that date.

There is no difference between the fair value and book value of all other financial assets and financial liabilities.

15 RESULTS FOR THE FINANCIAL YEAR

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group results for the financial year arise solely from the subsidiary undertaking as the parent company did not trade in the financial year.

16 INCORPORATION

Haven Funding (Holdings) Limited is incorporated in the United Kingdom.

17 RELATED PARTY TRANSACTIONS

Administrative services are provided under a management agreement by THFC (Services) Ltd. The directors are employees of THFC (Services) Limited. Management and trustee fees payable to THFC (Services) Limited during the year amounted to £41,985 (2008: £29,945).

The issuer has granted security in favour of The Prudential Trustee Company Limited ("the 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 Trustee for the year amounted to £20,408.

18 TAXATION

The company incurred no tax liability in the year.