HAVEN FUNDING PLC

Annual Report and Financial Statements

For the year ended 31 December 2013

HAVEN FUNDING PLC

Annual report and financial statements for the year ended 31 December 2013

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Directors

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

Company Secretary

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

Registered Office

4th Floor
107 Cannon Street
London
EC4N 5AF

Company Number

3139687

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

DIRECTORS' REPORT
Year ended 31 December 2013

The directors submit their directors' report, strategic report and audited consolidated financial statements for the year ended 31 December 2013.

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.

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 Carinthia Housing Association Limited
Cheviot Housing Association Limited
First Wessex Housing Group
Hanover Housing Association Limited
Hyde Housing Association Limited
Metropolitan Housing Trust Limited
Portal Housing Association Limited
Shaftesbury Housing Association Limited
Swaythling Housing Society Limited

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

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

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

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

SHARE CAPITAL AND COMPANY STRUCTURE

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

DIRECTORS

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

C. Burke
F. Edge
R. Mountford (Resigned 26 June 2013)
I. Peacock (Appointed 01 April 2013)
P. Williamson

CORPORATE GOVERNANCE

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware, and
- he/she has taken all responsible 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 auditors are aware of that information.

By order of the board

Colin Burke
T.H.F.C. (Services) Limited
Company Secretary
26 June 2014

STRATEGIC REPORT
Year ended 31 December 2013

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

On 25 April 2013, Metropolitan Housing Trust Limited purchased bonds to a nominal value of £8,500,000 and surrendered them to Haven Funding Plc to effect partial prepayment of their loan in the same amount.

FINANCIAL RISK MANAGEMENT

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

By order of the board

Colin Burke
T.H.F.C. (Services) Limited
Company Secretary
26 June 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVEN FUNDING PLC
Year ended 31 December 2013

We have audited the financial statements of Haven Funding (32) Plc for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow 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 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 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 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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVEN FUNDING PLC (continued)
Year ended 31 December 2013

- 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.

Andrew Hawkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2014

HAVEN FUNDING PLC

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	Note	**2013** **£**	2012 £
OPERATING INCOME			
Interest receivable	4	**20,044,787**	22,082,800
Costs receivable from borrowers		**95,883**	91,866
		20,140,670	22,174,666
OPERATING EXPENDITURE			
Interest payable	5	**20,044,787**	22,082,800
Operating expenses	6	**95,883**	91,866
		20,140,670	22,174,666
RESULT BEFORE AND AFTER TAXATION	7	-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

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 2013

	Note	2013	2012
ASSETS		**£**	**£**
Non-current assets			
Loans to borrowers	9	**285,690,953**	295,937,589
Current assets			
Other receivables	10	**6,253,475**	6,376,238
Cash and cash equivalents		**14,379**	25,977
TOTAL ASSETS		**291,958,807**	302,339,804
EQUITY AND LIABILITIES			
Current liabilities			
Other payables	11	**6,255,354**	6,389,715
Non-current liabilities			
Financial liabilities – Secured Bonds	12	**285,690,953**	295,937,589
TOTAL LIABILITIES		**291,946,307**	302,327,304
Equity			
Share capital	13	**12,500**	12,500
Retained earnings		**-**	-
TOTAL EQUITY		**12,500**	12,500
TOTAL EQUITY AND LIABLITIES		**291,958,807**	302,339,804

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:

Fenella Edge

Fenella Edge
Director
26 June 2014

Haven Funding Plc Registered Number 3139687

HAVEN FUNDING PLC

STATEMENT OF CASH FLOWS
Year ended 31 December 2013

NET CASH FLOW FROM OPERATING ACTIVITIES	Note	2013 £	2012 £
Cash (used in)/ generated from operations	14	**(11,598)**	7,872
Interest paid on bonds		**(21,860,313)**	(22,205,625)
Interest received on loans		**21,860,313**	22,205,625
NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITES		**(11,598)**	7,872
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		**(11,598)**	7,872
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**25,977**	18,105
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**14,379**	25,977

1 GENERAL INFORMATION

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

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

2 ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared on a going concern basis 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) New and amended standards adopted by the Company

The following new standard and an amendment to an existing standard have been applied for the first time in the current reporting period:

- Amendment to IFRS 7, 'Financial instruments: Disclosure on offsetting financial assets and financial liabilities' which requires additional disclosures on the use of offset in the statement of financial position and collateral available further to mitigate risks. This information has been included in Note 3 to the financial statements.

- IFRS 13, 'Fair value measurement' which requires entities to provide additional information concerning fair value disclosures where financial instruments are carried at amortised cost. This information has been included in the summary of accounting policies under 'Fair values' and in Note 15 to the financial statements.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2013 but not currently relevant to the Company (although they may affect the accounting for future transactions and events).

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income (effective 1 July 2012)

- Amendment to IAS 12, 'Income taxes' on deferred tax on investment properties (effective 1 January 2012 and EU endorsed from 1 January 2013)

- IAS 19 (revised 2011), 'Employee benefits' (effective 1 July 2012)

- Amendment to IFRS 7, 'Financial instruments: Transfers of financial instruments' (effective 1 July 2011)

(c) New standards, amendments and interpretations issued which could be relevant for the Company but which are not effective for the financial year beginning 1 January 2013 and have not been early adopted

- Amendment to IAS 32, 'Financial instruments: Presentation on offsetting financial assets and financial liabilities' (effective 1 January 2014 and EU endorsed) clarifies the situations where offsetting should or should not be used but this is not expected to have significant impact on the Company.

- IFRS 9, 'Financial instruments' (effective date not final) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010 and further updated in November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments and establishes a more principles-based approach to hedge accounting. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is 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. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company does not believe that the current version new standard will necessitate a change to its current amortised cost treatment for all financial instruments but this will be kept under review pending further changes to the standard. The changes to hedge accounting will not affect the Company. The final implementation date for this standard has not been determined by the IASB and it use also remains subject to endorsement by the EU.

- IFRS 10, 'Consolidated financial statements' (effective 1 January 2013 and EU endorsed from 1 January 2014, with earlier adoption permitted) builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is in the process of assessing the full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

- IFRS 11, 'Joint arrangements' (effective 1 January 2013 and EU endorsed from 1 January 2014, with earlier adoption permitted)

- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013 and EU endorsed from 1 January 2014, with earlier adoption permitted)

- Amendment to IFRS 10, 11, 12 'Transitional Guidance' (effective 1 January 2013 and EU endorsed)

- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013 and EU endorsed from 1 January 2014, with earlier adoption permitted)

- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013 and EU endorsed from 1 January 2014, with earlier adoption permitted)

- 'Annual Improvements to IFRSs 2010 -2012 cycle' and 'Annual Improvements to IFRSs 2011 -2013 cycle' contain several minor amendments to IFRS. The amendments are largely effective for annual periods beginning on or after 1 July 2014 but are not yet endorsed by the EU. No material changes to accounting policies will arise as a result of these amendments.

Except where noted, IFRSs or IFRIC interpretations that are not yet effective are not expected to have a material impact on the Company.

Critical Accounting Judgements

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

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

Interest

Interest receivable on loans to HAs and interest payable on the Secured Bonds is accounted for using the effective interest rate method. Any premiums/discounts on issue are added to/deducted from the original loan or Secured Bond value and charged or 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 interest 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.

Fair Values

The fair value of a financial instrument is the amount 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 (2012: 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 loan and the equivalent bond amounts are removed from the statement of financial position.

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. Therefore no segmental information is prepared by management.

3 FINANCIAL RISK MANAGEMENT

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

Credit risk

The Company faces credit risk on its loans to HAs which are subject to the collateral arrangements described below. The carrying value of the loans represents the maximum exposure to credit risk. No loans are past due or impaired at 31 December 2013 (2012: none). The Secured Bonds are rated "Aa3/AA-/AAsf" by Moodys Investor Service, Standard & Poor's and Fitch Ratings at 31 December 2013] (2012: "Aa3/AA-/AAsf") which the directors consider reflects the credit quality of the underlying loans.

Collateral arrangements

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

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

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

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

Liquidity risk

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

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

Interest rate risk

The interest charged on the Loans 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 Company 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 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

	2013	2012
	£	£
On Loans to borrowers	21,732,594	22,205,625
Amortisation of premium	(1,687,807)	(122,825)
	20,044,787	22,082,800

The amortisation of loan premium has been increased in 2013 due to a cumulative adjustment to correct a previous calculation error and also includes additional amortisation due to prepayment. A similar offsetting adjustment has been made to amortisation of premium on secured bonds in interest payable such that there is no effect on profit before or after taxation for the year.

5 INTEREST PAYABLE

	2013	2012
	£	£
On 8.125% Secured Bonds 2037	21,732,594	22,205,625
Amortisation of premium	(1,687,807)	(122,825)
	20,044,787	22,082,800

6 OPERATING EXPENSES

Operating expenses comprise management fees from 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:

	2013	2012
	£	£
Fees paid to auditors for:		
Annual audit of financial statements - current year.	7,614	6,840
- prior year.	-	1,200
	7,614	8,040

8 EMPLOYEES

There were no employees during the year other than the directors (2012: Nil). The directors received no remuneration during the year in respect of their qualifying services (2012: Nil).

9 LOANS TO BORROWERS

	2013 £	2012 £
Loan amount	**264,800,000**	273,300,000
Unamortised premium	**21,692,527**	23,380,334
Amortised cost	**286,492,527**	296,680,334
Premium due within one year	**(801,574)**	(742,745)
Non-current amortised cost	**285,690,953**	295,937,589

10 OTHER RECEIVABLES

	2013 £	2012 £
Premium on Loans due within one year	**801,574**	742,745
Interest receivable	**5,422,959**	5,597,034
Other receivables	**11,649**	19,943
Prepaid expenses	**17,293**	16,516
	6,253,475	6,376,238

11 OTHER PAYABLES

	2013 £	2012 £
Premium on Secured Bonds due within one year	**801,574**	**742,745**
Interest payable	**5,422,959**	**5,597,034**
Other payables	**1,879**	**13,477**
Accruals	**28,942**	**36,459**
	6,255,354	**6,389,715**

12 FINANCIAL LIABILTIES – SECURED BONDS

8.125% Secured Bonds 2037	**2013** **£**	2012 £
Nominal amount	**264,800,000**	273,300,000
Unamortised premium	**21,692,527**	23,380,334
Amortised cost	**286,492,527**	296,680,334
Premium due within one year	**(801,574)**	(742,745)
Non-current amortised cost	**285,690,953**	295,937,589

Details of security are set out in Note 3.

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

	Nominal Value **£**	**Premium** **£**
11 March 1997	82,500,000	813,450
24 June 1997	25,000,000	561,550
4 August 1997	47,300,000	1,935,185
19 November 1997	46,300,000	4,859,972
19 May 1998	11,500,000	1,920,121
25 November 1998	18,000,000	3,788,838
11 March 1999	7,000,000	2,337,545
31 May 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
	329,400,000	31,686,832
Prepayments	(64,600,000)	(2,644,161)
	264,800,000	29,042,671

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 proceeds of above issues were used to make Loans to the borrowing HAs of the Company.

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

Contractual cash flows on Secured Bonds

2013	Due within one year	Due within one to two years	Due within two and five years	Due in over five years	Total 2013
	£	£	£	£	£
Principal	-	-	**10,041,746**	**254,758,254**	**264,800,000**
Interest	**21,515,000**	**21,515,000**	**63,953,381**	**257,055,088**	**364,038,469**
Total	**21,515,000**	**21,515,000**	**73,995,127**	**511,813,342**	**628,838,469**

2012	Due within one year	Due within one to two years	Due within two and five years	Due in over five years	Total 2012
	£	£	£	£	£
Principal	-	-	4,975,700	268,324,300	273,300,000
Interest	22,205,625	22,205,625	66,517,816	287,000,553	397,929,619
Total	22,205,625	22,205,625	71,493,516	555,324,853	671,229,619

13 SHARE CAPITAL

	2013	2012
	£	£
Allotted and part paid		
50,000 (2012: 50,000) ordinary shares of £1 each of which 25p per share is paid	**12,500**	12,500

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

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

	2013 £	2012 £
Result before taxation	-	-
Adjustments for:		
Interest receivable	**(20,044,787)**	(22,082,800)
Interest payable	**20,044,787**	22,082,800
Changes in working capital:		
Decrease/ (increase) in receivables	**7,517**	(11,989)
(Decrease)/ increase in payables	**(19,115)**	19,861
Cash (used in)/ generated from operations	**(11,598)**	7,872

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 2013 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.

	2013		2012	
	Carrying value £	Fair value £	Carrying value £	Fair value £
Financial assets:				
Classified as Loans & Receivables				
Loans to Borrower(s)				
Non-current	**285,690,953**		295,937,589	
Current	**801,574**		742,745	
Total	**286,492,527**	**378,065,887**	296,680,334	415,156,517
Interest receivable	**5,422,959**	**5,422,959**	5,597,034	5,597,034
Other receivable	**11,649**	**11,649**	19,943	19,943
Total financial assets	**291,927,135**	**383,500,495**	302,297,311	420,773,494
Financial liabilities:				
Classified as Financial Liabilities at Amortised Cost				
Secured bonds				
Non-current	**285,690,953**		295,937,589	
Current	**801,574**		742,745	
Total	**286,492,527**	**378,065,887**	296,680,334	415,156,517
Interest payable	**5,422,959**	**5,422,959**	5,597,034	5,597,034
Other payables and Accruals	**30,821**	**30,821**	49,936	49,936
Total financial liabilities	**291,946,307**	**383,519,667**	302,327,304	420,803,487

16 NETTING

	2013		2012	
	Loans to borrowers £	Secured bonds £	Loans to borrowers £	Secured bonds £
Gross book value – non-current	285,690,953	285,690,953	295,937,589	295,937,589
– current – principal	-	-	-	-
– current – discount	-	-	-	-
– current – premium	801,574	801,574	742,745	742,745
– total current	801,574	801,574	742,745	742,745
Accrued interest	5,422,959	5,422,959	5,597,034	5,597,034
Gross carrying value of loans / secured bonds	291,915,486	291,915,486	302,277,368	302,277,368
On-balance netting under IAS 32	-	-	-	-
Carrying values included in statement of financial position	291,915,486	291,915,486	302,277,368	302,277,368
Other enforceable offsets:				
Collateral received	(291,915,486)		(302,277,368)	
Collateral pledged		(291,915,486)		(302,277,368)
Net exposure on loans to borrowers	-		-	
Uncollateralised liability on secured bonds		-		-

17 ULTIMATE PARENT COMPANY

At 31 December 2013 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.

18 RELATED PARTY TRANSACTION

All administrative services are provided under a management agreement with T.H.F.C. (Services) Limited, a subsidiary of The Housing Finance Corporation Limited. The directors are employees of T.H.F.C. (Services) Limited. Management fees payable to T.H.F.C. (Services) Limited during the year amounted to £29,313 (2012: £40,514). Amounts due from T.H.F.C. (Services) Limited at 31 December 2013 amounted to £9,752 (2012: £9,649).

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

£23,756 (2012: £22,985). Amounts due from the Bond Trustee at 31 December 2013 amounted to £4,640 (2012: £4,496).

19 TAXATION

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

20 EVENT AFTER REPORTING PERIOD

Since the year end Metropolitan Housing Trust has purchased bonds, to nominal values of £1,300,000 on 5 March 2014, £1,520,000 on 24 March 2014 and £2,196,905 on 31 March 2014, and surrendered them to Haven Funding Plc to effect further partial prepayment of their loan in the same amounts.