

3480042

HAVEN FUNDING (32) PLC

Financial Statements

**Year ended
31 December 2008**



HAVEN FUNDING (32) PLC

Annual report and financial statements for the year ended 31 December 2008

Contents

Page:

1 - 3	Directors' report
4 - 5	Report of the independent auditors
6	Income statement
7	Balance sheet
8	Cash flow statement
9 - 15	Notes to the financial statements

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

3480042

Auditors

PricewaterhouseCoopers LLP
80 Strand
London
WC2R 0AF

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT

Year ended 31 December 2008

The directors submit their report and financial statements for the year ended 31 December 2008.

RESULTS AND DIVIDEND

The company made neither a profit nor a loss for the period. The directors do not propose the payment of a dividend

PRINCIPAL ACTIVITY

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 company are:

Chiltern Hundreds Housing Association Limited
Spa Housing Association Limited
English Churches Housing Group Limited
Focus Housing Association Limited
Servite Housing Limited
Mercian Housing Association Limited
South Yorkshire Housing Association Limited
Yorkshire Metropolitan Housing Association Limited

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

The company expects to continue its principal activity for the life of the Secured Bonds.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

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

SHARE CAPITAL AND COMPANY STRUCTURE

Haven Funding (32) Plc is a public limited company incorporated and domiciled in the United Kingdom. 49,999 shares of the company are held by Haven Funding (Holdings) (2) Limited. 1 share is held by The Prudential Trustee Company Limited.

The directors have no beneficial interest in the share capital of Haven Funding (Holdings) (2) Limited.

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 their qualifying services.

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT (continued) **Year ended 31 December 2008**

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 of the profit or loss of the company 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 company will continue in business.

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

The company's financial statements are published on The Housing Finance Corporation's ("THFC's") website (www.thfcorp.com) and the directors are responsible for the maintenance and integrity of the website. However there is currently uncertainty regarding the legal requirements in publishing information on websites, compounded because information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

In the case of each director:

- 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 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 auditors are aware of that information.

CREDITOR PAYMENT POLICY

The company'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 May and 30 November 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.

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT (continued) **Year ended 31 December 2008**

FINANCIAL RISK MANAGEMENT

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

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

On behalf of the board



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

29 June 2009

HAVEN FUNDING (32) PLC

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAVEN FUNDING (32) PLC

We have audited the financial statements of Haven Funding (32) Plc for the year ended 31st December 2008, which comprise the Income Statement, the Balance Sheet, the Cash Flow Statements, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31st December 2008 and of its income and expenditure and cash flows for the year then ended; and

HAVEN FUNDING (32) PLC

REPORT OF THE INDEPENDENT AUDITORS (continued)

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

29 June 2009

HAVEN FUNDING (32) PLC**INCOME STATEMENT****Year ended 31 December 2008**

	Note	2008 £	2007 £
OPERATING INCOME			
Interest receivable	3	6,304,786	6,736,983
Costs receivable from borrowers		<u>59,151</u>	<u>59,390</u>
		<u>6,363,937</u>	<u>6,796,373</u>
OPERATING EXPENDITURE			
Operating charges		63,937	64,433
Interest payable	4	<u>6,300,000</u>	<u>6,731,940</u>
		<u>6,363,937</u>	<u>6,796,373</u>
PROFIT BEFORE AND AFTER TAXATION	5	<u>-</u>	<u>-</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 income statement.

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

HAVEN FUNDING (32) PLC

BALANCE SHEET 31 December 2008

		2008 £	2007 £
ASSETS	Note		
Non-current assets			
Loans	7	88,553,250	89,534,250
Current assets			
Other receivables	8	1,537,259	1,022,019
Cash and cash equivalents		37,082	41,907
TOTAL ASSETS		90,127,591	90,598,176
LIABILITIES			
Current liabilities			
Other payables	9	1,561,841	1,051,426
Non-current liabilities			
Financial liabilities – secured bonds	10	88,553,250	89,534,250
CAPITAL AND RESERVES			
Share capital	11	12,500	12,500
Profit and loss account		-	-
TOTAL CAPITAL, RESERVES AND LIABILITIES		90,127,591	90,598,176

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:



Director
29 June 2009

HAVEN FUNDING (32) PLC**CASH FLOW STATEMENT****Year ended 31 December 2008**

		2008	2007
	Note	£	£
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	12	(9,610)	936
Interest paid		(6,300,000)	(6,605,077)
Interest received		6,304,785	6,610,120
Principal received from borrowers		465,750	-
Principal repaid on bonds		(465,750)	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(4,825)	5,979
NET INCREASE IN CASH IN THE YEAR		(4,825)	5,979
CASH AT BANK AT 1 JANUARY		41,907	35,928
CASH AT BANK AT 31 DECEMBER		37,082	41,907

The accompanying notes are an integral part of these financial statements.

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, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

(a) Interpretations effective from 1 January 2008.

The following interpretations are mandatory for accounting periods beginning on or after 1 January 2008:

IFRIC 11, IFRS 2 - 'Company and treasury share transactions' is not relevant to the Company's operations because the Company does not operate any share schemes;

IFRIC 12, 'Service concession arrangements' is not relevant to the Company's operations because the Company does not provide public sector services; and

IFRIC 14, 'IAS 19 - The limit on a defined benefit asset' is not relevant to the Company's operations because the Company does not operate any defined benefit pension plans.

(b) Amendments to existing standards early adopted by the Company.

No amendments to existing standards have been early adopted by the Company in 2008.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and are not considered material to the Company.

IAS 32 (amendment), 'Financial instruments: presentation' and IAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2009).

IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective for accounting periods starting from 1 October 2008).

IAS 31 (amendment), 'Interests in joint ventures' (effective from 1 January 2009).

IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009).

IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009).

IFRS 3 (revised), 'Business combinations' (effective for accounting periods starting from 1 July 2009).

IFRIC 13, 'Customer loyalty programmes' (effective for accounting periods starting from 1 July 2009).

There were also another 23 amendments made to different IAS's or IFRS's by the IASB in May 2008. These all had an effective date from 1 January 2009 or 1 July 2009. None of these are 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 critical accounting judgement is deemed to be the recording of Secured Bonds and related Loans at amortised cost.

Segmental Analysis

All operating income and expenditure is derived from activities undertaken in the United Kingdom.

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 so that the interest receivable, 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 ("Loan")

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

Secured Bonds

Secured Bonds are stated at amortised cost.

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

2 FINANCIAL RISK MANAGEMENT

Credit risk

The company's credit risk is mitigated by the following factors: The loans are secured on certain assets of the borrowers. 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.

Liquidity risk

To mitigate liquidity risk the company 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 30 November 2008. The repayments are calculated on an annuity basis with the final repayments being made four business days before 30 November 2032. 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.

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 December 2008

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 the 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 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

3 INTEREST RECEIVABLE

	2008 £	2007 £
Bank interest	4,786	5,063
On loans to borrowers	6,300,000	6,731,940
	<u>6,304,786</u>	<u>6,736,983</u>

4 INTEREST PAYABLE

	2008 £	2007 £
On 7% Secured Bonds 2032	<u>6,300,000</u>	<u>6,731,940</u>

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:

	2008 £	2007 £
Auditors' remuneration:		
- for the audit of the company's annual accounts	<u>4,940</u>	<u>4,759</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.

HAVEN FUNDING (32) PLC**NOTES ON THE FINANCIAL STATEMENTS (continued)****31 December 2008****7 LOANS**

Cost	2008 £	2007 £
At 31 December 2008	89,534,250	90,000,000
Less amounts due within 1 year	(981,000)	(465,750)
	<u>88,553,250</u>	<u>89,534,250</u>

8 OTHER RECEIVABLES

	2008 £	2007 £
Loans due within 1 year	981,000	465,750
Interest receivable	535,069	535,069
Prepayments	8,797	9,018
Other debtors	12,393	12,182
	<u>1,537,259</u>	<u>1,022,019</u>

9 OTHER PAYABLES

	2008 £	2007 £
7% Secured bonds due within 1 year	981,000	465,750
Interest payable	535,069	535,069
Other creditors	24,582	29,407
Accruals	21,190	21,200
	<u>1,561,841</u>	<u>1,051,426</u>

10 FINANCIAL LIABILITIES – SECURED BONDS

	2008 £	2007 £
7% Secured Bonds 2032	89,534,250	90,000,000
Less amounts due within 1 year	(981,000)	(465,750)
	<u>88,553,250</u>	<u>89,534,250</u>

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 December 2008

The secured bonds are repayable as follows:

	2008 £	2007 £
Less than 1 year	981,000	465,750
Between one and two years	1,050,840	981,000
Between two and five years	3,623,220	3,382,290
In five years or more	83,879,190	85,170,960
	<u>89,534,250</u>	<u>90,000,000</u>

The 7% Secured Bonds were issued in the following tranches:

	Nominal Value £	Premium /(Discount) £
11 February 1998	60,750,000	(1,494,174)
23 June 1998	21,600,000	418,716
18 November 1998	18,150,000	1,002,579
	<u>100,500,000</u>	<u>(72,879)</u>

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

The net proceeds of these issues were used to make loans to the borrowing RSLs of the company.

The discount arising on the issue on 11 February 1998, together with the issue costs, was incurred directly by the borrowers. The premiums arising on the issues on 23 June 1998 and 18 November 1998 were utilised to cover the issue costs for these issues. The remaining balance was transferred to the borrowers. The issue costs relating to these issues amounted to £1,015,026.

As the net discount on all the issues was immaterial to the total loan value it was credited to the income statement on issue rather than amortised over the life of the loans.

Interest on the Bonds is payable half yearly in arrears. As from 30 November 2008, each half yearly payment will be increased to include a capital element in order to redeem part of the principal amount of the Bonds.

11 SHARE CAPITAL

	2008 £	2007 £
<i>Authorised</i>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<i>Allotted, called up and part paid</i>		
50,000 ordinary shares of £1 each of which 25p per share is paid	<u>12,500</u>	<u>12,500</u>

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 December 2008

12 RECONCILIATION OF PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Net profit/(loss)	-	-
Adjustments for:		
Interest receivable	(6,304,786)	(6,736,983)
Interest payable	6,300,000	6,731,940
Changes in working capital:		
Decrease/(Increase) in debtors	10	(5,099)
(Decrease)/Increase in creditors	(4,834)	11,078
Cash used in operations	<u>(9,610)</u>	<u>936</u>

13 RECONCILIATION OF MOVEMENT IN NET FUNDS

	At 1 January 2008 £	Other movements £	Cash flow £	At 31 December 2007 £
Cash at bank	41,907		(4,825)	37,082
Loans to borrowers	90,000,000	-	(465,750)	89,534,250
Debt due within and greater than one year	(90,000,000)	-	465,750	(89,534,250)
	<u>41,907</u>		<u>(4,825)</u>	<u>37,082</u>

14 ULTIMATE PARENT COMPANY AND INCORPORATION

At 31 December 2008 the company's immediate and ultimate parent company was Haven Funding (Holdings) (2) Limited, a company incorporated in the United Kingdom.

Neither the holding company nor any other person or entity has the power to amend these financial statements after issue.

Haven Funding (32) PLC is incorporated in the United Kingdom.

15 FINANCIAL INSTRUMENTS

The proceeds from the issue of the 7% Secured Bonds 2032 were used to make loans to the borrowers of the company. 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 company is not subject to any risk on the fluctuation of interest rates.

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

31 December 2008

The fair value of the 7% Secured Bonds 2032, and associated loans, at 31 December 2008 was £90,995,449 (2007: £93,993,300). 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 liabilities.

16 CAPITAL COMMITMENTS

As at 31 December 2008 the company had no capital commitments (2007: £NIL)

17 RELATED PARTY TRANSACTIONS

All administrative services are provided under a management agreement with T.H.F.C. (Services) Limited. The current directors are employees of T.H.F.C. (Services) Limited. Management and trustee fees due to T.H.F.C. (Services) Limited during the year amounted to £29,137 (2007: £29,394).

18 TAXATION

The company has incurred no tax liability in the year.