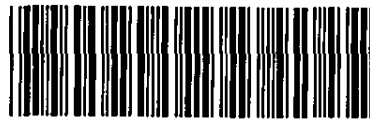


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HAVEN FUNDING (32) PLC
Annual Report and Financial Statements
For the year ended 31 December 2012

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HAVEN FUNDING (32) PLC

DIRECTORS' REPORT

Year ended 31 December 2012

Contents

Pages:

1 - 3	Directors' Report
4 - 5	Independent Auditors' Report
6	Statement of Comprehensive Income
7	Statement of Financial Position
8	Statement of Cash flows
99 - 17	Notes to the Financial Statements

Directors

C Burke
F Edge
R. Mountford
P Williamson

Company Secretary

T H F C (Services) Limited

Registered Office

4th Floor
107 Cannon Street
London
EC4N 5AF

Company Number

3480042

Independent Auditors

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

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT

Year ended 31 December 2012

The directors submit their report and audited financial statements for the year ended 31 December 2012

RESULTS AND DIVIDEND

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

PRINCIPAL ACTIVITIES

Haven Funding (32) Plc (the "Company") was incorporated on 8 December 1997. 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").

On 11 February 1998 the Company made an initial issue of Secured Bonds to a nominal value of £60,750,000, the proceeds of which were lent to HAs ("the borrowers") on terms that ensured the Company was not exposed to any risk on changes of interest rates. Further issues of Secured Bonds to a nominal value of £21,600,000 and £18,150,000 were made on 23 June 1998 and 18 November 1988 respectively.

All the Company's operating costs, net of interest earned, are recoverable from borrowers. The borrowing HAs of the Company are:

Mercian Housing Association Limited
Midland Heart Limited
Paradigm Homes Charitable Housing Association Limited
South Yorkshire Housing Association Limited
Spa Housing Association Limited
The Riverside Group Limited
Yorkshire Metropolitan Housing Association Limited

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

The Company expects to continue its principal activity for the life of the Secured Bonds, which have a final repayment date of 2032.

REVIEW OF 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.

SHARE CAPITAL AND COMPANY STRUCTURE

Haven Funding (32) 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) (2) Limited.

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

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT (continued) Year ended 31 December 2012

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
P Williamson

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 director's 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.

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT (continued)

Year ended 31 December 2012

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 Secured 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 had no trade creditors at 31 December 2012 (2011 Nil).

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

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 mitigated are explained in Note 3.

By order of the board



Colin Burke

By order of the board of

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

Company secretary

26 March 2013

HAVEN FUNDING (32) PLC

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2012

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 31 December 2012 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 Statement of Directors' Responsibilities set out on page 3, 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. 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 2012 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 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

HAVEN FUNDING (32) PLC

INDEPENDENT AUDITORS' REPORT (continued)

Year ended 31 December 2012

- 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 March 2013

HAVEN FUNDING (32) PLC**STATEMENT OF COMPREHENSIVE INCOME****Year ended 31 December 2012**

	Note	2012 £	2011 £
OPERATING INCOME			
Interest receivable	4	5,038,271	5,207,676
Costs receivable from borrowers		<u>105,613</u>	<u>63,289</u>
		<u>5,143,884</u>	<u>5,270,965</u>
OPERATING EXPENDITURE			
Interest payable	5	5,038,271	5,207,676
Operating charges	6	<u>105,613</u>	<u>63,289</u>
		<u>5,143,884</u>	<u>5,270,965</u>
PROFIT BEFORE AND AFTER TAXATION ATTRIBUTABLE TO OWNERS OF THE PARENT	7	<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>-</u>	<u>-</u>

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

HAVEN FUNDING (32) PLC**STATEMENT OF FINANCIAL POSITION**
As at 31 December 2012

	Note	2012 £	2011 £
ASSETS			
Non-current assets			
Loans to Borrowers	9	70,216,238	71,297,594
Current assets			
Other receivables	10	1,565,579	1,452,992
Cash and cash equivalents		74,512	68,452
TOTAL ASSETS		<u>71,856,329</u>	<u>72,819,038</u>
EQUITY AND LIABILITIES			
Current liabilities			
Other payables	11	1,627,591	1,508,944
Non-current liabilities			
Financial liabilities – Secured Bonds	12	70,216,238	71,297,594
TOTAL LIABILITIES		<u>71,843,829</u>	<u>72,806,538</u>
Equity			
Share capital	13	12,500	12,500
Profit and loss account		-	-
TOTAL EQUITY		<u>12,500</u>	<u>12,500</u>
TOTAL EQUITY AND LIABILITIES		<u>71,856,329</u>	<u>72,819,038</u>

The accompanying notes on pages 9 to 17 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
26 March 2013

Haven Funding (32) Plc

Registration Number 3480042

HAVEN FUNDING (32) PLC**STATEMENT OF CASH FLOWS**
Year ended 31 December 2012

	Note	2012 £	2011 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	14	6,095	14,230
Interest paid on bonds		(5,044,164)	(5,227,325)
Interest received on loans		5,044,129	5,227,302
Principal received from borrowers		1,009,406	963,235
Principal repaid on bonds		(1,009,406)	(963,235)
Prepayment received from borrower		-	3,294,373
Prepayment of bonds		-	(3,294,373)
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>6,060</u>	<u>14,207</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		<u>6,060</u>	<u>14,207</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>68,452</u>	<u>54,245</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u><u>74,512</u></u>	<u><u>68,452</u></u>

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1 GENERAL INFORMATION

Haven Funding (32) Plc ("the Company") provides finance 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

There are no new standards or interpretations or amendments to existing standards that have been applied for the first time in the current reporting period

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)

- Amendment to IAS 12, 'Income taxes' on deferred tax on investment properties (effective 1 January 2012)
- Amendment to IFRS 7, 'Financial instruments Transfers of financial instruments' (effective 1 July 2011)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income (effective 1 July 2012)
- IAS 19 (revised 2011), 'Employee benefits' (effective 1 July 2012)
- 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
- Amendment to IFRS 7, 'Financial instruments Disclosure on offsetting financial assets and financial liabilities' (effective 1 January 2013 and EU endorsed) requires additional disclosures on the use of offset in the statement of financial position and collateral available further to mitigate risks The Company intends to adopt this amendment in the next accounting period

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

- IFRS 9, 'Financial instruments' (effective 1 January 2015) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. 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 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 which will be adopted no later than the accounting period beginning on or after 1 January 2015, 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 not yet EU endorsed)
- IFRS 13, 'Fair value measurement' (effective 1 January 2013 and EU endorsed from 1 January 2013)
- 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)
- Amendment to IFRS 10, 12 and IAS 27 'Consolidation for investment entities' (effective 1 January 2014 and not yet EU endorsed)
- Amendment to IFRS 1, 'First time adoption', on hyperinflation and fixed dates (effective 1 July 2011 and EU endorsed from 1 January 2013)
- Amendment to IFRS 1 'First time adoption' on government loans (effective 1 January 2013 and not yet EU endorsed)

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2012

- 'Annual Improvements 2011' contain several other amendments to IFRS, which the IASB considers non-urgent but necessary. The amendments are effective for annual periods beginning on or after 1 January 2013 but are not yet EU endorsed. No material changes to accounting policies arise as a result of these amendments.

Except for where noted, there are no other IFRSs or IFRIC interpretations that are not yet effective that would be 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 bonds is accounted for using the effective interest rate method. Any premiums/discounts on issue are added to/ deducted from the original loan or 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")

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 assets are recognised in the financial statements when proceeds are drawn down.

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 bond 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.

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2012

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 issuer 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 7% Secured Bonds 2032 were used to make loans to the 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 2012 (2011: none). The Secured Bonds are rated "Aa3/AA-" by Moodys Investor Service and Standard & Poor's at 31 December 2012 (2011: "Aa3/AA-") 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 from borrowers four business days prior to payment to bondholders. Additionally borrowers maintain a debt service reserve fund with the trustee of the Secured Bondholders, amounting 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.

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2012

The loan repayments by the borrowers commenced 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. 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 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 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

	2012 £	2011 £
On loans to borrowers	5,038,271	5,207,676
	<u>5,038,271</u>	<u>5,207,676</u>

5 INTEREST PAYABLE

	2012 £	2011 £
On 7% Secured Bonds 2032	<u>5,038,271</u>	<u>5,207,676</u>

6 OPERATING EXPENSES

Operating expenses comprise management fees from T H F C (Services) Limited and other professional service fees.

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

7 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

	2012 £	2011 £
Fees paid to the auditors for.		
Annual audit of financial statements – current year	6,840	6,490
- prior year	1,200	-
	<u>8,040</u>	<u>6,490</u>

8 EMPLOYEES

There were no employees during the year other than the directors (2011 Nil) The directors received no remuneration during the year in respect of their qualifying services (2011 Nil)

9 LOANS TO BORROWERS

	2012 £	2011 £
Amortised cost	71,297,594	72,307,000
Less amounts due within one year	(1,081,356)	(1,009,406)
	<u>70,216,238</u>	<u>71,297,594</u>

Collateral arrangements are set out in Note 3

10 OTHER RECEIVABLES

	2012 £	2011 £
Loans due within one year	1,081,356	1,009,406
Interest receivable	424,022	429,880
Other receivables	49,879	6,490
Prepayments	10,322	7,216
	<u>1,565,579</u>	<u>1,452,992</u>

11 OTHER PAYABLES

	2012 £	2011 £
7% Secured bonds due within one year	1,081,356	1,009,406
Interest payable	423,879	429,772
Other payables	62,156	56,060
Accruals	60,200	13,706
	<u>1,627,591</u>	<u>1,508,944</u>

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2012

12 FINANCIAL LIABILITIES – SECURED BONDS

	2012 £	2011 £
7% Secured Bonds 2032	71,297,594	72,307,000
Less amounts due within one year	(1,081,356)	(1,009,406)
	<u>70,216,238</u>	<u>71,297,594</u>

Details of security are set out in Note 3

The secured bonds are repayable as follows

	2012 £	2011 £
Less than one year	1,081,356	1,009,406
Between one and two years	1,158,353	1,081,356
Between two and five years	3,993,926	3,728,428
In five years or more	65,063,959	66,487,810
	<u>71,297,594</u>	<u>72,307,000</u>

The 7% Secured Bonds are listed and are repayable between 2008 and 2032 and were issued in the following tranches

	Nominal Value £	(Discount) Premium £
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 net proceeds of these issues were used to make loans to the borrowing HAs 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 Secured Bond value it was credited to the statement of comprehensive income on issue rather than amortised over the life of the Bonds.

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

HAVEN FUNDING (32) PLC**NOTES TO THE FINANCIAL STATEMENTS (continued)**
Year ended 31 December 2012**Contractual cash flows on secured bonds**

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	1,081,356	1,158,353	3,993,926	65,063,959	71,297,594
Interest	4,972,234	4,895,215	14,166,700	52,109,923	76,144,072
Total	6,053,590	6,053,568	18,160,626	117,173,882	147,441,666

2011	Due within one year	Due within one to two years	Due within two and five years	Due in over five years	Total 2011
	£	£	£	£	£
Principal	1,009,406	1,081,356	3,728,428	66,487,810	72,307,000
Interest	5,044,129	4,972,234	14,432,257	56,739,581	81,188,201
Total	6,053,535	6,053,590	18,160,685	123,227,391	153,495,201

13 SHARE CAPITAL

	2012 £	2011 £
<i>Allotted, and part paid</i>		
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.

HAVEN FUNDING (32) PLC

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

14 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2012 £	2011 £
Net profit	-	-
Adjustments for		
Interest receivable	(5,038,271)	(5,207,676)
Interest payable	5,038,271	5,207,676
Changes in working capital		
(Increase)/ decrease in receivables	(46,495)	12,892
Increase in payables	52,590	1,338
	<u>6,095</u>	<u>14,230</u>
Cash generated from operations	<u>6,095</u>	<u>14,230</u>

15 ULTIMATE PARENT COMPANY

At 31 December 2012 the Company's immediate and ultimate parent Company was Haven Funding (Holdings) (2) Limited, a Company incorporated in the United Kingdom. Haven Funding (Holdings) (2) Limited is the only Company to prepare consolidated financial statements which include the Company. The entire share capital of Haven (Funding) Holdings (2) 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.

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the 7% Secured Bonds 2032, and associated loans, at 31 December 2012 was £100,652,033 (2011 £97,171,586). 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.

17 RELATED PARTY TRANSACTIONS

All administrative services are provided under a management agreement with T.H.F.C. (Services) Limited, a subsidiary of The Housing Finance Corporation Limited. The current directors are employees of T.H.F.C. (Services) Limited. Management fees due to T.H.F.C. (Services) Limited during the year amounted to £63,136 (2011 £12,148). Amounts due to T.H.F.C. (Services) Limited at 31 December 2012 amounted to £3,893 (2011 due to £1,122).

The Company 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 12 February 1998 (as amended by supplemental agreements). Fees payable to the Trustee for the year amounted to £15,469 (2011 £15,132). Amounts due to the Trustee at 31 December 2012 amounted to £2,595 (2011 £2,494).

18 TAXATION

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