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HAVEN FUNDING (32) PLC

Financial Statements

**For the year ended
31 December 2010**

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HAVEN FUNDING (32) PLC

DIRECTORS' REPORT

Year ended 31 December 2010

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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 (continued)

Year ended 31 December 2010

The directors submit their report and audited financial statements for the year ended 31 December 2010

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 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 borrowing of the HAs (the "Secured Bonds"). 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 has 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.

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.

DIRECTORS

The directors who served during the period and up to the date of signing the financial statements are as follows:

C Burke
F Edge
R Mountford
P Williamson

HAVEN FUNDING (32) PLC

DIRECTORS' REPORT (continued)

Year ended 31 December 2010

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.

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.

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 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.

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 had no trade creditors at 31 December 2010 (2009: Nil).

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 2010**

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.

INDEPENDENT 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



Colin Burke
By order of the board of
T.H.F.C. (Services) Limited
Company Secretary
28 June 2011

HAVEN FUNDING (32) PLC

INDEPENDENT AUDITORS REPORT

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 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows 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 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.

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 2010 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)

- 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
29 June 2011

HAVEN FUNDING (32) PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Note	2010 £	2009 £
OPERATING INCOME			
Interest receivable	4	5,745,381	6,241,982
Costs receivable from borrowers		<u>67,770</u>	<u>54,769</u>
		<u>5,813,151</u>	<u>6,296,751</u>
OPERATING EXPENDITURE			
Operating charges		67,770	54,826
Interest payable	5	<u>5,745,381</u>	<u>6,241,925</u>
		<u>5,813,151</u>	<u>6,296,751</u>
PROFIT BEFORE AND AFTER TAXATION ATTRIBUTABLE TO OWNERS OF THE PARENT	6	-	-
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

All amounts relate to continuing activities

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**STATEMENT OF FINANCIAL POSITION****31 December 2010**

		2010	2009
ASSETS	Note	£	£
Non-current assets			
Loans to Borrowers	8	75,579,682	87,502,410
Current assets			
Other receivables	9	1,466,716	1,608,056
Cash and cash equivalents		54,245	49,471
TOTAL ASSETS		77,100,643	89,159,937
EQUITY AND LIABILITIES			
Current liabilities			
Other payables	10	1,508,461	1,645,027
Non-current liabilities			
Financial liabilities – Secured Bonds	11	75,579,682	87,502,410
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	12	12,500	12,500
Profit and loss account		-	-
TOTAL EQUITY AND LIABILITIES		77,100,643	89,159,937

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



Piers Williamson
Director
28 June 2011

HAVEN FUNDING (32) PLC**STATEMENT OF CASH FLOWS****Year ended 31 December 2010**

	Note	2010 £	2009 £
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	13	4,833	12,358
Interest paid on bonds		(5,795,637)	(6,250,526)
Interest received on loans		5,795,578	6,250,557
Principal received from borrowers		984,038	981,000
Principal repaid on bonds		(984,038)	(981,000)
NET CASH INFLOW FROM OPERATING ACTIVITIES		4,774	12,389
NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		4,774	12,389
CASH AND CASH EQUIVALENTS AT 1 JANUARY		49,471	37,082
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		54,245	49,471

The accompanying notes are an integral part of these financial statements

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 or amended standards which have been adopted for the first time for the financial year starting 1 January 2010.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the company (although they may affect the accounting for future transactions and events)

- IFRS 1 (revised) 'First-time adoption' (effective 1 July 2009)
- IFRS 3 (revised) 'Business combinations' (effective 1 July 2009)
- IAS 27 (revised) 'Consolidated and separate financial statements' (effective 1 July 2009)
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on Eligible hedged items (effective 1 July 2009)
- Amendment to IFRS 2, 'Share based payments – Group cash-settled share-based payment transactions' (effective 1 January 2010)
- IFRIC 12, 'Service concession arrangements' (effective 30 March 2009)
- IFRIC 15, 'Arrangements for construction of real estates' (effective 1 January 2009 but EU endorsed for 1 January 2010)
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective 1 October 2008 but EU endorsed for 1 July 2009)
- IFRIC 17, 'Distributions of non cash assets to owners' (effective 1 July 2009)
- IFRIC 18, 'Transfer of assets from customers' (effective 1 July 2009)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

- IFRS 9, 'Financial instruments' (effective 1 January 2013, however, the standard has not yet been endorsed by the EU). This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. The company is yet to assess the full impact of IFRS 9, however initial indications are that it is likely to have little or no effect as the company only

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

holds financial instruments with basic loan features that are managed on a contracted yield basis

- Revised IAS 24 (revised), 'Related party disclosures' (effective 1 January 2011, however, the standard has not yet been endorsed by the EU)
- Amendment to IAS 32 'Classification of rights issues' (effective 1 February 2010)
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)
- Amendments to IFRIC 14 'Prepayments of a minimum funding requirement' (effective 1 January 2011)

Except for where noted, the new standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010, outlined above, are currently expected to have little or no effect in future accounting periods

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 period.

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 on an accruals basis. Premiums on issue are added to the original loan or bond value and charged 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, 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.

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

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.

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. 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'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 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. The carrying amount of the loans represents the maximum exposure to credit risk. No loans are past due or impaired at 31 December 2010 (2009 Nil).

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, 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 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.

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.

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

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

	2010 £	2009 £
Bank interest	-	57
On loans to borrowers	5,745,381	6,241,925
	<u>5,745,381</u>	<u>6,241,982</u>

5 INTEREST PAYABLE

	2010 £	2009 £
On 7% Secured Bonds 2032	<u>5,745,381</u>	<u>6,241,925</u>

6 PROFIT BEFORE AND AFTER TAXATION ATTRIBUTABLE TO THE OWNERS OF THE PARENT

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

	2010 £	2009 £
Fees paid to the auditors for		
- Annual audit of financial statements	6,300	5,875
- Other services	-	-
	<u>-</u>	<u>-</u>

7 EMPLOYEES

There were no employees during the year other than the directors (2009 Nil). The directors received no remuneration during the period in respect of their qualifying services (2009 Nil).

HAVEN FUNDING (32) PLC**NOTES ON THE FINANCIAL STATEMENTS (continued)**
Year ended 31 December 2010**8 LOANS**

	2010	2009
	£	£
Amortised cost		
At 31 December 2010	76,564,608	88,553,250
Less amounts due within one year	(984,926)	(1,050,840)
	<u>75,579,682</u>	<u>87,502,410</u>

9 OTHER RECEIVABLES

	2010	2009
	£	£
Loans due within one year	984,926	1,050,840
Interest receivable	455,192	526,493
Prepayments	13,741	16,531
Other debtors	12,857	14,192
	<u>1,466,716</u>	<u>1,608,056</u>

10 OTHER PAYABLES

	2010	2009
	£	£
7% Secured bonds due within one year	984,926	1,050,840
Interest payable	455,107	526,467
Other creditors	41,831	36,971
Accruals	26,597	30,749
	<u>1,508,461</u>	<u>1,645,027</u>

11 FINANCIAL LIABILITIES – SECURED BONDS

	2010	2009
	£	£
7% Secured Bonds 2032	76,564,608	88,553,250
Less amounts due within one year	(984,926)	(1,050,840)
	<u>75,579,682</u>	<u>87,502,410</u>

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2010

The secured bonds are repayable as follows

	2010 £	2009 £
Less than one year	984,926	1,050,840
Between one and two years	1,055,093	1,125,630
Between two and five years	3,638,093	3,881,340
In five years or more	70,886,496	82,495,440
	<u>76,564,608</u>	<u>88,553,250</u>

The 7% Secured Bonds are listed and are repayable between 2008 and 2032 and 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 HAs on behalf of the Secured Bond holders

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 loan value it was credited to the statement of comprehensive income on issue rather than amortised over the life of the loans.

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.

Contractual cash flows on secured bonds

2010	Due within one year	Due within one to two years	Due within two and five years	Due in over five years	Total 2010
Principal	984,926	1,055,093	3,638,093	70,886,497	76,569,609
Interest	5,342,583	5,272,431	15,344,598	64,245,825	90,205,437
Total	<u>6,327,509</u>	<u>6,327,524</u>	<u>18,982,691</u>	<u>135,132,322</u>	<u>166,770,046</u>

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2010

2009	Due within one year	Due within one to two years	Due within two and five years	Due in over five years	Total
Principal	1,050,840	1,125,630	3,881,340	82,495,440	88,553,250
Interest	6,180,653	6,105,809	17,813,130	79,172,988	109,272,580
Total	7,231,493	7,231,439	21,694,470	161,668,428	197,825,830

12 SHARE CAPITAL

	2010 £	2009 £
<i>Authorised</i>		
50,000 ordinary shares of £1 each	50,000	50,000
<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

13 RECONCILIATION OF PROFIT TO CASH USED IN OPERATIONS

	2010 £	2009 £
Net profit	-	-
Adjustments for		
Interest receivable	(5,745,381)	(6,241,982)
Interest payable	5,745,381	6,241,925
Changes in working capital		
Decrease/(Increase) in debtors	4,125	(9,533)
Increase in creditors	708	21,948
Cash generated from operations	4,833	12,358

14 ULTIMATE PARENT COMPANY AND INCORPORATION

At 31 December 2010 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

HAVEN FUNDING (32) PLC

NOTES ON THE FINANCIAL STATEMENTS (continued) **Year ended 31 December 2010**

The entire share capital of Haven (Funding) Holdings (2) Limited is held on behalf of the underlying borrowers of Haven Finance (32) Plc on a fiduciary basis

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the 7% Secured Bonds 2032, and associated loans, at 31 December 2010 was £92,417,850 (2009 £100,633,500). Fair value is derived from the market value of the bonds at that date. This corresponds to a level 2 valuation under the disclosure requirements of IFRS7 for both the bonds and the loans.

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 2010 the company had no capital commitments (2009 £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 £32,434 (2009 £23,629).

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 £15,011 (2009 £15,645).

18 TAXATION

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