

**Registration Number: 3194469**

**HOUSING ASSOCIATION FUNDING PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

# HOUSING ASSOCIATION FUNDING PLC

## COMPANY INFORMATION

<b>Directors</b>	Sean Martin Apex Corporate Services (UK) Limited Apex Trust Corporate Limited
<b>Company secretary</b>	Apex Trust Corporate Limited
<b>Registered number</b>	3194469
<b>Registered office</b>	125 Wood Street London EC2V 7AN
<b>Independent auditor</b>	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

# HOUSING ASSOCIATION FUNDING PLC

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# **HOUSING ASSOCIATION FUNDING PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MAY 2020**

#### **BUSINESS REVIEW**

Housing Association Funding Plc (the "Company" or "HAF"), registered in England and Wales No. 3194469, is a special purpose company whose only activity is to advance loans (the "Loans") to certain Housing Associations and to service notes and bank borrowings issued or raised to finance such advances and is likely to remain so in the foreseeable future. The Housing Association loans have been pledged to Royal Exchange Trust Company Limited as security for the notes (the "Notes").

The Company only operates in the UK and provides funding only to social housing providers.

The Loans made to Housing Associations by the Company are serviced out of the rental income generated by a portfolio of social housing properties owned and managed by the Housing Associations. The targets in the Loan Agreements represent the measure to which the Company monitors its business. The Company operated as expected during the year with demand for social housing remaining very high. The rent collection performance of the property portfolio over the year to 31 May 2020 was 99.9% (2019: 99.7%) of the £26 million (2019: £25 million) collectible. Overall rent collection performance remains significantly better than the 95% level specified under the Loan Agreements. The net rental income (being gross rent less provision for management, maintenance, services and credit losses primarily from empty dwellings) was 144% (2019: 142%) of the amount required by the Company to service its debt obligations on the long-term notes. The notes and the loans continued to redeem during the year. The balance of the notes at year end was £68.5 million (2019: £75.3 million) and that of the loans was £68.5 million (2019: £75.3 million). The cash balance at year end was at £18 million (2019: £18 million), the Company continues to operate an additional liquidity facility originally set up by Barclays held at BNY Mellon. The Company has not been required to make any drawdowns from this facility during the year.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's business is predicated on demand for rented housing. Therefore the principal risk facing the Company is based on changes in demographic conditions leading to a significant reduction in the demand to rent the housing which is security for its loan. Demand could reduce if there was an oversupply of housing, if the housing was not kept in a good and tenable condition, if the rents for the housing were uncompetitive or, if the housing were located in an undesirable or dangerous area. Management mitigate these risks by ensuring that the dwellings are let and kept in a good and tenable condition. It does this by checking monthly reports of rental collection, which reflect occupancy, against the targets laid down in the loan agreements and by examining the triennial stock condition surveys.

The directors do not currently consider credit risk to be a significant risk to the Company. The reason is that if there is a default by a borrower, the transaction is structured to transfer the management of the charged dwellings allowing the rents to continue to be collected and the dwellings to continue to be managed and maintained and the debt to be serviced out of the rental cash flow. There has not been a default by a borrower in the past eighteen years.

The directors consider the Company's overall exposure to interest rate risk to be immaterial for the purposes of these financial statements.

Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread across the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Due to the evolving nature of the pandemic, it is not possible at the date of issue of these financial statements to estimate its financial impact, if any, on the Company's activities, and on its Notes and Loans. The Board will continue to monitor the impact on the Company's activities.

For more information on the principal risks and how they are managed, please see note 13.

#### **INTERNAL CONTROL AND RISK MANAGEMENT**

Each of the borrowers is obliged under its loan agreement to provide the Company with monthly and quarterly reports about the performance of the dwellings which are charged as security for its borrowing. The administration team monitors the receipt of these investor reports.

Borrowers are also obliged to provide the Company with a solvency certificate every 6 months and an annual certificate confirming the income and rent which has been reported over the preceding year. It is a requirement that the annual certificate be verified by an accompanying Independent auditor's certificate. The administration team also reviews these certificates and any irregularities are immediately followed up.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The rent collection performance of the property portfolio over the year to 31 May 2020 was 99.9% (2019: 99.7%) of the £26 million (2019: £25 million) collectible. Overall rent collection performance remains significantly better than the 95% level specified under the Loan Agreements.

**HOUSING ASSOCIATION FUNDING PLC**  
**STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**

**FINANCIAL KEY PERFORMANCE INDICATORS (continued)**

As at 31 May 2020 the net rental income (being gross rent less provision for management, maintenance, services and credit losses primarily from empty dwellings) of the properties charged to the Company was 144% (2019: 142%) of the amount required by the Company to service its debt obligations on the long-term notes. Overall debt service (ability of the Housing Association to meet their loan obligation payments) remains significantly higher than the 105% level specified under the Loan Agreements between the Company and the relevant Housing Associations.

**STRATEGY AND FUTURE DEVELOPMENT**

The strategy of the Company is to ensure that it continues to service its debt obligations under the Notes in a full and timely manner up to and including the final maturity of the Notes in June 2027.

**FINANCIAL INSTRUMENTS**

The Company's principal financial instruments comprise lending to Housing Associations and borrowings that arise directly from its operations. The main purpose of these borrowings is to raise finance for the Company's operations. Further information regarding the risks arising from the use of all the Company's financial instruments is included within note 13. It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken. The Board reviews and agrees the policy for managing the financial risk profile of the Company.

**SECTION 172 STATEMENT**

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company

As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of Companies Act 2006 as follows:

With reference to the likely consequences of any decision in the long term, the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant securitisation legislation.

The matters set out in subsections (b)-(f) have limited or no relevance to the Company for the following reasons:

- The Company has no employees;
- The Company has appointed various professional third parties to perform certain roles governed by the Transaction Documents;
- As a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment; and
- The Company has a sole member with the issued shares all held on a discretionary trust basis for charitable purposes.

This report was approved by the Board on 26 February 2021 and signed on its behalf.



**Sean Martin**  
**For and on Behalf of**  
**Apex Trust Corporate Limited**  
**Director**

# **HOUSING ASSOCIATION FUNDING PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2020**

The directors present their report and the audited financial statements for the year ended 31 May 2020.

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the current year (2019: nil).

#### **DIRECTORS**

The directors who served during the year were as follows:

Sean Martin  
Apex Trust Corporate Limited  
Apex Corporate Services (UK) Limited

There were no qualifying indemnity provisions (whether made by the Company or otherwise) for the benefit of one or more directors of the Company or directors of an associated company.

#### **EVENTS SINCE THE END OF THE YEAR**

There are no significant events since the year end that requires disclosures or adjustments in the financial statements.

#### **CORPORATE GOVERNANCE STATEMENT**

The directors have a supervisory role in overseeing the business, strategic direction, organisational structure and risk management activities of the Company. The Director membership represents an appropriate mix of experience and knowledge relevant to the Company's business lines. Board meetings are held at least four times a year, and additional meetings can be held at any time to discuss urgent issues. The day-to-day activities of the Company are controlled by Apex Trust Corporate Limited.

#### **GOING CONCERN**

##### **Brexit**

The Company is continuing to evaluate the likely economic, political and regulatory risks arising from June 2016 referendum in relation to the UK's membership of the European Union ("EU") on the entity's business strategy and business risks in the short, medium and long term. The UK left the EU at the end of January 2020. In the short term, there has been no significant impact on the entity's business activities, there is no immediate change in its business strategy and there is no effect on the going concern position of the entity. The Directors will continue to monitor developments closely and make appropriate changes to its business as required. Potential risks arising because of the UK's exit from the European Union include:

- falling property prices because of a recession that fails to recover;
- an increase in borrower defaults because of a UK recession which could be triggered by an increase in interest rates and an increase in unemployment; and
- changes in the regulatory regime in the UK could negatively affect the efficiency of existing securitisation structures and the appetite of investors to use these.

The strength of the UK economy and possible Brexit implications could undermine or support the ability for the Housing Association borrowers to continue collecting rents from credit borrowers. Details of how credit risk is managed is disclosed in Note 13.

Despite there being a challenging economic environment for the housing association sector, compounded by the uncertainty of Covid-19 discussed below, the Company continues to satisfy all its key performance indicators and to make payments to Noteholders in full and on time without recourse to its additional facility. Additionally, the Housing Associations underlying the structured deal have seen increases in rental collection rates and there is no evidence that the Housing Associations are experiencing higher default rates than usual and all covenants under the original loan agreements being consistently met. As with previous years the Company continues to hold a £9.4 million 364-day additional fund, equivalent to more than six months' debt service for the Company (and equivalent to more than two years' debt service for any one of the Housing Associations) if this is required. To date there have been no requirements to utilise the funds drawn down on this facility and the directors have no reason to believe the Company will not meet its liabilities as they fall due.

Overall, the housing market is continually supported by Government initiatives which underpin demand for new and existing properties. To this extent house prices are, generally speaking, continuing to rise across the United Kingdom and there has not been any material events to date that would reverse this trend and, as far as the directors are aware, there is no near term regulation proposed by the UK Government which would put

## **HOUSING ASSOCIATION FUNDING PLC**

### **DIRECTORS' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 MAY 2020**

#### **GOING CONCERN (continued)**

##### **Covid-19 Impact**

Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread cross the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Due to the evolving nature of the pandemic, it is not possible at the date of issue of these financial statements to estimate its financial impact, if any, on the Company's activities, and on its Notes and Loans. The Board will continue to monitor the impact on the Company's activities. The recoverability of loan receivables is dependent on the ability of the Housing Associations to service the Loans from the rents they receive on their properties.

If there is a reduction in rental income received from the Housing Associations, then this may have an impact on the ability of the company to meet its obligations. If rental receipts were to decline, the directors have considered the point at which payment obligations cannot be met through repayments generated solely by rental receipts alone. It is estimated that rental receipts would have to fall by greater than 25% before the company would have to seek recovery through recourse to the respective Housing Associations and where necessary utilise liquidity funds to deal with any short term timing differences between rental receipts and interest payments.

The directors consider the likelihood of rentals falling by greater than 25% to be remote and that combined with the actions that can be taken in the event of that happening, the directors are satisfied that the company is able to meet its obligations as they fall due.

Consequently the going concern basis continues to be appropriate in preparing the financial statements.

#### **MATTERS COVERED IN THE STRATEGIC REPORT**

As permitted in paragraph 1A of Schedule 7 to large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 and 2. These matters relate to the business review, financial instruments, future developments and financial risk management and policies.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

It is not considered appropriate to have an audit committee as the sole business of the Company is to act as the issuer of Asset Backed Securities.

#### **INDEPENDENT AUDITOR**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the Board on 26 February 2021 and signed on its behalf.



**Sean Martin**

**For and on behalf of**

**Apex Trust Corporate Limited**

**Director**

**HOUSING ASSOCIATION FUNDING PLC  
DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MAY 2020**

The directors are responsible for preparing the Strategic Report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 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.

## **Independent auditor's report to the members of Housing Association Funding PLC**

### **Opinion**

We have audited the financial statements of Housing Association Funding PLC (the 'company') for the year ended 31 May 2020 which comprise The Statement of Comprehensive Income, The Statement of Financial Position, The Statement of Changes in Equity, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2020 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to public interest and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Within our audit of the financial statements, we have not identified any key audit matters.

## Independent auditor's report to the members of Housing Association Funding PLC (continued)

### Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£892,000 (Prior year: £962,000)
How we determined it	1% of total assets (This is unchanged from the prior year)
Rationale for benchmark applied	We consider total assets as the key benchmark as it is the main driver of repayments to the loan note holders. As such, we based our materiality levels based on this benchmark.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.  Performance materiality of £580,000 was applied in the audit based on 65% overall materiality (Prior year: £625,000).
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £27,800 (Prior year: £28,800) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### An overview of the scope of our audit, including extent to which the audit was considered capable of detecting irregularities, including fraud

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- at planning stage, we gained an understanding of the legal and regulatory framework applicable to the company, the industry in which it operates and considered the risk of acts by the company which were contrary to the applicable laws and regulations;
- we discussed with the directors the policies and procedures in place regarding compliance with laws and regulations;
- We discussed amongst the engagement team the identified laws and regulations, and remained alert to any indications of non-compliance; and
- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and

## **Independent auditor's report to the members of Housing Association Funding PLC (continued)**

sector experience and through discussions with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006 and UK tax legislation.

Our procedures in relation to fraud included but were not limited to:

- inquiries of management whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to impairment of loan receivables, and significant one-off or unusual transactions; and
- addressing the risk of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any "Key audit matters" relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report and the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **Independent auditor's report to the members of Housing Association Funding PLC (continued)**

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Other matters which we are required to address**

Following the recommendation of the Board of Directors, we were appointed by the directors on 12 November 2018 to audit the financial statements for the year ending 31 May 2018 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 31 May 2010 to 31 May 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

## Independent auditor's report to the members of Housing Association Funding PLC (continued)

### Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'David Allen', with a long horizontal flourish extending to the right.

David Allen (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars LLP

Tower Bridge House

St. Katharine's Way

London

E1W 1DD

26 February 2021

**HOUSING ASSOCIATION FUNDING PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MAY 2020**

	Note	Financial year ended 31-May-20 £	Financial year ended 31-May-19 £
Interest receivable on Housing Association loans and bank balances	4	4,793,222	5,360,855
Interest payable on Loan notes		(4,747,593)	(5,352,847)
<b>Gross Profit</b>		<b>45,629</b>	<b>8,008</b>
Administrative expenses		(396,515)	(366,655)
Fees receivable		350,886	366,655
<b>Profit on ordinary activities before taxation</b>	3	-	8,008
Tax on profit on ordinary activities	6	-	(1,521)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>6,487</b>

All amount relate to continuing operations.

The Notes on pages 15 to 21 form an integral part of the financial statements.

**HOUSING ASSOCIATION FUNDING PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MAY 2020**

	Note	Financial year ended 31-May-20 £	Financial year ended 31-May-19 £
<b>NON CURRENT ASSETS</b>			
Housing Association loans	7	61,273,958	68,491,920
<b>CURRENT ASSETS</b>			
Debtors	8	9,610,926	9,334,665
Cash at bank and in hand	9	18,297,639	18,368,503
		<u>27,908,565</u>	<u>27,703,168</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(27,724,286)	(27,530,003)
<b>NET CURRENT ASSETS</b>		<u>184,279</u>	173,165
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		61,458,237	68,665,085
<b>CREDITORS: amounts falling due after more than one year</b>	11	<u>(61,243,237)</u>	(68,450,085)
<b>NET ASSETS</b>		<u>215,000</u>	215,000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	50,000	50,000
Profit and loss account		<u>165,000</u>	165,000
<b>SHAREHOLDERS' EQUITY</b>		<u>215,000</u>	215,000

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on the 26 February 2021.



Sean Martin  
For and on behalf of  
Apex Trust Corporate Limited  
Director

The Notes on pages 15 to 21 form an integral part of the financial statements.

**HOUSING ASSOCIATION FUNDING PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MAY 2020**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 June 2018	50,000	158,513	208,513
Total comprehensive income for the financial year	-	6,487	6,487
<b>Balance as at 31 May 2019</b>	<b>50,000</b>	<b>165,000</b>	<b>215,000</b>
Balance as at 1 June 2019	50,000	165,000	215,000
Total comprehensive income for the financial year	-	-	-
<b>Balance as at 31 May 2020</b>	<b>50,000</b>	<b>165,000</b>	<b>215,000</b>

This reserve represents cumulative profits and losses of the Company.

**HOUSING ASSOCIATION FUNDING PLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MAY 2020**

	<b>Financial year ended 31-May-20 £</b>	<b>Financial year ended 31-May-19 £</b>
<b>Operating activities</b>		
Profit before taxation	-	8,008
Decrease in debtors	<b>190,478</b>	1,135,993
Decrease in creditors	<b>(145,562)</b>	(2,221,021)
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities before tax</b>	<b>44,916</b>	(1,089,350)
<b>Cash flow from investing activities</b>		
Repayment of loans	<b>6,751,223</b>	18,537,791
<b>Net cash inflow from investing activities</b>	<b>6,751,223</b>	18,537,791
<b>Cash flow from financing activities</b>		
Repayment of loans notes	<b>(6,867,003)</b>	(18,564,843)
<b>Net cash outflow from financing activities</b>	<b>(6,867,003)</b>	(18,564,843)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(70,864)</b>	(1,116,402)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,368,503</b>	19,484,905
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>18,297,639</b>	18,368,503
	<hr/>	<hr/>

# HOUSING ASSOCIATION FUNDING PLC

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MAY 2020

#### 1 GENERAL INFORMATION

The Company has debt listed on the London Stock Exchange and is registered in England and Wales with registration number 3194469. The address of its registered office and principal place of business is:

125 Wood St, London EC2V 7AN, United Kingdom

#### 2 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

##### 2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and applicable legislation, as set out in the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

The directors have adapted the arrangement of certain headings in the profit and loss account to reflect more accurately the nature of the Company's activities. A summary of important and material accounting policies is set out below.

##### 2.2 Going concern

###### Brexit

The Company is continuing to evaluate the likely economic, political and regulatory risks arising from June 2016 referendum in relation to the UK's membership of the European Union ("EU") on the entity's business strategy and business risks in the short, medium and long term. The UK left the EU at the end of January 2020. In the short term, there has been no significant impact on the entity's business activities, there is no immediate change in its business strategy and there is no effect on the going concern position of the entity. The Directors will continue to monitor developments closely and make appropriate changes to its business as required. Potential risks arising because of the UK's exit from the European Union include:

- falling property prices because of a recession that fails to recover;
- an increase in borrower defaults because of a UK recession which could be triggered by an increase in interest rates and an increase in unemployment; and
- changes in the regulatory regime in the UK could negatively affect the efficiency of existing securitisation structures and the appetite of investors to use these.

The strength of the UK economy and possible Brexit implications could undermine or support the ability for the Housing Association borrowers to continue collecting rents from credit borrowers. Details of how credit risk is managed is disclosed in Note 13.

Despite there being a challenging economic environment for the housing association sector, compounded by the uncertainty of Covid-19 discussed below, the Company continues to satisfy all its key performance indicators and to make payments to Noteholders in full and on time without recourse to its additional facility. Additionally, the Housing Associations underlying the structured deal have seen increases in rental collection rates and there is no evidence that the Housing Associations are experiencing higher default rates than usual and all covenants under the original loan agreements being consistently met. As with previous years the Company continues to hold a £9.4 million 364-day additional fund, equivalent to more than six months' debt service for the Company (and equivalent to more than two years' debt service for any one of the Housing Associations) if this is required. To date there have been no requirements to utilise the funds drawn down on this facility and the directors have no reason to believe the Company will not meet its liabilities as they fall due.

Overall, the housing market is continually supported by Government initiatives which underpin demand for new and existing properties. To this extent house prices are, generally speaking, continuing to rise across the United Kingdom and there has not been any material

###### Covid-19 Impact

Since the beginning of the coronavirus outbreak in January 2020, the coronavirus has spread cross the world, causing ongoing disruption to businesses and economic activity worldwide. Global markets have reacted sharply to this pandemic, with concerns regarding the economic impact this may have on a global scale. Due to the evolving nature of the pandemic, it is not possible at the date of issue of these financial statements to estimate its financial impact, if any, on the Company's activities, and on its Notes and Loans. The Board will continue to monitor the impact on the Company's activities

**HOUSING ASSOCIATION FUNDING PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**

**2 ACCOUNTING POLICIES (continued)**

**2.2 Going concern (continued)**

**Covid-19 Impact(continued)**

If there is a reduction in rental income received from the Housing Associations, then this may have an impact on the ability of the company to meet its obligations. If rental receipts were to decline, the directors have considered the point at which payment obligations cannot be met through repayments generated solely by rental receipts alone. It is estimated that rental receipts would have to fall by greater than 25% before the company would have to seek recovery through recourse to the respective Housing Associations and where necessary utilise liquidity funds to deal with any short term timing differences between rental receipts and interest payments.

The directors consider the likelihood of rentals falling by greater than 25% to be remote and that combined with the actions that can be taken in the event of that happening, the directors are satisfied that the company is able to meet its obligations as they fall due.

Consequently the going concern basis continues to be appropriate in preparing the financial statements.

**2.3 Value added tax**

Value added tax is not recoverable by the Company and is included with its related cost.

**2.4 Interest**

Interest receivable and interest payable are recognised in the profit and loss account using the effective interest method.

The effective interest method is a method of allocating the interest income or interest expense evenly in proportion to the amount outstanding over the period to maturity or repayment. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument.

**2.5 Fees receivable**

Fees recognised in the financial statements relate to the recharge of administrative costs incurred by the Company. These costs are recharged to the Housing Associations. Fees receivable are recognised on an accruals basis in the year in which the costs have been incurred.

**2.6 Taxation**

The Company has elected to be taxed under the Taxation for Securitisation Companies 2006 (Regulations) i.e., the permanent regime. Corporation tax is therefore calculated by reference to the profit of the securitisation company required to be retained in accordance with the relevant capital market arrangements.

**2.7 Segmental analysis**

The Company only operates in the UK and there are no reportable segments which are managed separately based on the Company's management and internal reporting structure.

**2.8 Financial instruments**

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, trade and other debtors, and trade and other creditors. The Company has chosen to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues in full.

**Financial assets - classified as basic financial instruments**

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

**HOUSING ASSOCIATION FUNDING PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**

**2 ACCOUNTING POLICIES (continued)**

**Financial assets - classified as basic financial instruments(continued)**

*Trade and other debtors and Housing Association loans (Fixed Assets)*

Trade and other debtors and *Housing Association loans (Fixed Assets)* are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

At each reporting date, the company assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial asset. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

**Financial liabilities - classified as basic financial instruments**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities are initially measured at their transaction price, including any transaction costs and are subsequently amortised cost using the effective interest rate method.

The Company's financial liabilities include notes listed on the London Stock Exchange with final maturity of June 2027. The Notes are non-derivative financial liabilities with fixed or determinable payments. Financial Liabilities are derecognised when the Company has paid all of the cash flows due on the notes (including principal) or is legally released from primary responsibility for the liability (or part of it) either by process of law or by the noteholders.

**2.9 Critical accounting estimates and judgment**

The preparation of the Company financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Company's results and financial position, are as follows:

*(i) Provision for impairment of loans receivable*

To the extent it is necessary to impair a financial asset as a result of having observed objective evidence of impairment, significant judgement may be needed. These judgements would revolve around the amount of any cash flows that would be recovered, the timing of when these would be and an appropriate discount rate based on the risk of the Company and the loans issued.

**3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2020	2019
	£	£
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Audit of the annual financial statements of the Company (Inclusive of VAT)	27,540	27,540
Administrative expenses	368,975	336,115
	<hr/>	<hr/>

During the year the Company accrued audit fees (inclusive of VAT) of £5,000 (2019: £3,060) to H.A. Funding Limited, these fees are not recharged.

**4 INTEREST INCOME**

	2020	2019
	£	£
<b>Interest income comprises:</b>		
Interest receivable on Housing Association loans	4,792,066	5,357,189
Interest receivable on cash and bank balances	1,156	115
	<hr/> <hr/>	<hr/> <hr/>
	4,793,222	5,357,304

**HOUSING ASSOCIATION FUNDING PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**

**5 DIRECTORS' REMUNERATION**

**Directors**

The following were directors of the Company during the year, Apex Corporate Services (UK) Limited, Apex Trust Corporate Limited and Sean Martin. Apex Corporate Services (UK) Limited received £11,054(2019: £9,218) for the provision of the directors' services based on a schedule set out in 1997. No other remuneration was paid to the directors for the year ended 31 May 2020 (2019: £nil).

**Employees**

No employees were employed by the Company during the year ended 31 May 2020 (2019: none).

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2020	2019
	£	£
UK corporation tax charge on profit for the year	-	1,521

**Factors affecting tax charge on profit for the year**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 19%. In 2020 the applicable rate of corporation tax in the UK changed to 19% (2019: 19%):

	2020	2019
	£	£
<b>Tax on profit</b>		
Profit on ordinary activities before tax	-	8,008
Profit on ordinary activities multiplied by standard rate of corporation in the UK of 19% (2019: 19%)	-	1,521
Total tax	-	1,521

The Company has elected to enter the permanent tax regime for securitisation companies. The directors are satisfied that the Company meets the definition of a securitisation company' as defined by both the Finance Act 2005 and subsequent secondary legislation.

**7 HOUSING ASSOCIATION LOANS - Amounts falling due after one year**

	2020	2019
	£	£
Balance as at 1 June 2019	75,305,067	86,552,774
Loans due in one year (see note 8)	(7,279,886)	(6,813,147)
Capital repayments from Housing Association	(6,751,223)	(11,247,707)
Balance as at 31 May 2020	61,273,958	68,491,920

**Repayable as follows:**

In more than one year but not more than five years	34,511,879	32,246,050
In more than five years	26,762,079	36,245,870
	61,273,958	68,491,920

Capital repayments from Housing Association represents balances repaid early. The Company has not recognized any impairment against the Loans and there are no repayments that are past due.

**8 DEBTORS - Amounts falling due within one year**

	2020	2019
	£	£
Accrued interest	2,270,476	2,484,020
Housing Association loans	7,279,886	6,813,147
Prepayment	23,066	-
Share capital due - due more than one year	37,498	37,498
	9,610,926	9,334,665

**HOUSING ASSOCIATION FUNDING PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**

**9 CASH AT BANK AND IN HAND**

	2020	2019
	£	£
Amounts held on behalf of Housing Associations	8,464,123	8,529,929
Operating account	382,188	387,246
Liquidity facility	9,451,328	9,451,328
Total	<u>18,297,639</u>	<u>18,368,503</u>

Amounts held on behalf of Housing Associations include amounts received directly from the Housing Associations and is used to pay the interest due on the Notes on each interest payment date. Any balance left after payment of the note interest is repaid to the Housing Associations.

In the event that the Company does not have sufficient funds to continue operations, the operating bank will provide the Company with a liquidity facility and this can be used as and when required.

**10 CREDITORS - Amounts falling due within one year**

	2020	2019
	£	£
Amounts due to Housing Associations	8,219,253	8,530,209
Additional Facility Provider	9,447,777	9,447,777
Corporation tax	5,588	5,588
Other creditors	602,531	260,534
Loan notes payable in less than one year	7,206,848	6,867,003
Accrued interest	2,242,289	2,418,891
	<u>27,724,286</u>	<u>27,530,003</u>

The amounts due to Housing Associations relates to amounts held in the Company's bank accounts on behalf to pay back to the Housing Associations in accordance with note 9 to the financial statements.

**11 CREDITORS - Amounts falling due after more than one year**

	2020	2019
	£	£
Loan notes outstanding in issue at amortised cost	<u>61,243,237</u>	<u>68,450,085</u>
<b>Repayable</b>		
In more than one year but not more than five years	34,511,879	32,501,472
In more than five years	26,731,358	35,948,613
	<u>61,243,237</u>	<u>68,450,085</u>

The Notes are repayable by equal semi-annual instalments of principal and interest on 07 June and 07 December in each year up to and including 07 June 2027 at the effective interest rates shown in Note 13. The debt is secured against the Loans to the Housing Associations.

**12 SHARE CAPITAL**

The Company has 50,000 ordinary shares at £1 each. Each share is entitled to one voting right. £2 has been allocated and fully paid for and £49,998 have been allotted and partially paid for. These shares do not have rights to dividends or preferences.

**13 FINANCIAL INSTRUMENTS**

**Interest rate risk**

Interest rate risk is the risk that the interest rate will fluctuate significantly. As the interest on the Loans and Notes are matched, there is limited interest rate risk. Movements in interest rates set by the BoE affecting the price of the bond will not impact on the Company's ability to continue. The Company has securitised receivables which consist of a portfolio of fixed rate loans to Housing Associations. The Company finances its operations through the issue of long term notes. The notes are denominated in sterling at fixed rates. The directors believe that the Company's exposure to both fair value and cash flow interest rate risk has been minimised due to the Loans and Notes being at fixed interest rates and same repayment terms.

**HOUSING ASSOCIATION FUNDING PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**  
**FINANCIAL INSTRUMENTS(continued)**  
**Interest rate risk(continued)**

**Notes**

Interest on the fixed rate liabilities is determined and payable on a semiannual basis at the following rate:

	<b>Carrying value</b>	<i>Carrying value</i>	<b>Effective rate</b>
	<b>2020</b>	2019	
	£	£	
1997: 68,250,000 8.25% notes	18,556,283	21,333,104	8.28%
1998: 64,600,000 8.25% notes	21,076,291	23,168,504	6.81%
2001: 28,100,000 8.25% notes	11,056,910	12,189,599	6.10%
2005: 31,320,000 8.25% notes	17,760,602	18,625,881	4.84%

The difference between the coupon rate and effective rate on the notes is due to the notes being issued at a premium/discount.

**Loans**

Interest on the fixed rate assets is determined and payable on a semiannual basis at the following rates:

	<b>Carrying value</b>	<i>Carrying value</i>	<b>Effective rate</b>
	<b>2019</b>	2018	
	£	£	
1997	19,208,971	20,942,693	8.57%
1998	20,801,932	22,817,374	7.03%
2001	10,950,291	12,053,531	6.31%
2005	17,592,650	19,491,469	4.94%

The directors believe that the Company's overall exposure to interest rate risk is insignificant and therefore interest rate sensitivity analysis has not been performed.

All financial assets are debt instruments measured at amortised cost.

**Foreign currency risk**

Foreign currency risk is the risk of exposure to changes in exchange rates. The Company is not exposed to any foreign exchange risk as all assets and liabilities of the Company are denominated in sterling and the Company does not carry out any transactions in foreign denominated currencies.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Under its Loan Agreement, each Housing Association has granted security in respect of its own obligations to Housing Association Funding Plc. The underlying security of each Housing Association includes a legal charge over its property portfolio. This constitutes a first priority legal mortgage, an assignment by way of security of the benefit of all insurance monies arising in respect of the relevant borrower's title to the portfolio and a charge on the relevant buildings insurance monies. The net rental income of the properties charged to Housing Association Funding Plc is monitored on a monthly and quarterly basis to ensure that the Housing Associations are able to service their debt on the loans. If there is a default by a borrower, the transaction is structured to transfer the management of the charged dwellings allowing the rents to continue to be collected and the dwellings to continue to be managed and maintained and the debt to be serviced out of the rental cash flow. Consequently, management assess the quality of the underlying security of each Housing Association rather than performing credit checks on the Housing Associations when arranging the Loan Agreements.

The maximum exposure to credit risk arising on the Company's financial assets at 31 May 2020 is disclosed in the table below:

Assets	<b>Carrying value</b>	<b>Maximum exposure</b>
	<b>2020</b>	<b>2020</b>
	£	£
Loans	68,553,844	68,553,844
Other receivables	2,307,448	2,307,448
Cash at bank and in hand	18,297,639	18,297,639

**HOUSING ASSOCIATION FUNDING PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MAY 2020**

**13 FINANCIAL INSTRUMENTS (continued)**

**Credit risk(continued)**

The maximum exposure to credit risk arising on the Company's financial assets at 31 May 2019 is disclosed in the table below:

Assets	Carrying value	Maximum exposure
	2019	2019
	£	£
Loans	75,305,067	75,305,067
Other receivables	2,521,518	2,521,518
Cash at bank and in hand	18,368,503	18,368,503

**Liquidity risk**

The table below reflects the undiscounted contractual cash flows of financial liabilities at the reporting date.

	2020	2019
	£	£
In one year or less, or on demand	<b>23,644,242</b>	39,257,577
In more than one year, but no more than two years	<b>11,822,121</b>	11,875,984
In more than two years, but not more than five years	<b>35,466,363</b>	35,627,952
In more than five years	<b>29,555,320</b>	41,565,945
Total	<b><u>100,488,046</u></b>	<u>128,327,458</u>

**14 CAPITAL MANAGEMENT**

The Company considers its capital to comprise its ordinary share capital and its accumulated retained earnings. The primary objective of this special purpose company is to ensure the obligations to the noteholders are met and to monitor the cash flows from the borrowing Housing Associations. In order to achieve its objectives in this area, the Company seeks to maintain a capital structure appropriate to its size and the underlying risk of the entity.

**15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company is a subsidiary of H.A. Funding Limited which is registered in England and Wales with registered number 3230346. Financial statements are prepared for H.A. Funding Limited. Copies may be obtained from its registered office at H.A. Funding Limited, 125 Wood Street, London, EC2V 7AN.

The issued share capital of the parent company is held by Royal Exchange Trust Company Limited subject to a declaration of trust ultimately for charitable purposes. The directors therefore consider H.A. Funding Limited to be the ultimate controlling party.

**16 RELATIONSHIP OF CORPORATE DIRECTOR TO CORPORATE TRUSTEE**

The directors of the Company and the corporate secretary are either employed by, or are provided by, companies whose ultimate parent is Apex Group Ltd. The fees for these services are borne by the Housing Associations.

**17 RELATED PARTY TRANSACTIONS**

The directors of the Company are shown on page 3 of this Annual Report. As well as the fees received for director services of £11,054 (2019: £9,218) (see note 5), Apex Trust Corporate Limited received the following fees during the year for services rendered to Housing Association Funding Plc: administration manager services for £21,519 (2019: £20,938), services relating to the provision of Note Trustee £15,189(2019: £14,979), and additional services of £61,958 (2019: £93,600). The total amount paid to Apex Trust Corporate Limited during the year was £109,719 (2019: £138,737). At year-end, £12,845 was pre-paid (2019: £37,616) and £nil was accrued (2019: £nil). The other directors of the Company received no remuneration for the year ended 31 May 2020 (2019: nil).