

Registration Number: 3194469

HOUSING ASSOCIATION FUNDING PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

HOUSING ASSOCIATION FUNDING PLC

COMPANY INFORMATION

Directors	Sean Martin Apex Corporate Services (UK) Limited Apex Trust Corporate Limited
Company secretary	Apex Trust Corporate Limited
Registered number	3194469
Registered office	Bastion House 6th Floor, 140 London Wall London EC2Y 5DN United Kingdom
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London EC4M 7AU

HOUSING ASSOCIATION FUNDING PLC

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HOUSING ASSOCIATION FUNDING PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2021

BUSINESS REVIEW

Housing Association Funding Plc (the "Company"), 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 2021 was 100.2% (2020: 99.9%) of the £27 million (2020: £26 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 142.7% (2020: 144%) 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 £61.1 million (2020: £68.5 million) and that of the Loans was £61.2 million (2020: £68.5 million). The cash balance at year end was at £18.5 million (2020: £18.3 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.

The Covid-19 pandemic continues to persist and the ultimate duration of the pandemic and its short-term and long-term impact on the Global economy is unknown. National governments and supranational organisations in multiple states continue taking steps designed to protect their populations from Covid-19, including requiring or encouraging home working, the cancellation of sporting, cultural and other events and restricting or discouraging gatherings of people. Covid-19 has created market turmoil and increased market volatility generally. Mutations in the virus, a setback in vaccine distribution and negative global economic consequences arising from the pandemic, amongst other factors, could have a future adverse impact on the global financial markets. The Directors will continue to monitor the impact on the Company's activities.

Post year end, the Optivo loan was fully repaid on 4 June 2021 and the A2 Loan was fully repaid on 6 December 2021.

On 24 February 2022, Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates.

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.

HOUSING ASSOCIATION FUNDING PLC
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MAY 2021

FINANCIAL KEY PERFORMANCE INDICATORS

The Company continued to satisfy all its key performance indicators and to make payments to noteholders (the "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. The Housing Associations have sufficient liquidity to cover its rental payments. 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 benefits 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 interest of the company's employees,
- c) the need to foster the company's business relationship with suppliers, customers and others,
- d) the impact of the company's operation 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 as the time of issuance. The directors have had regards to the matter 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 operation 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 purpose.

This report was approved by the Board on 22 July 2022 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 2021

The directors present their report and the audited financial statements for the year ended 31 May 2021.

DIVIDENDS

The directors do not recommend the payment of a dividend for the current year (2020: 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

The significant events since the year end are disclosed in the note 18 to 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 to discuss urgent issues. The day-to-day activities of the Company are controlled by Apex Trust Corporate Limited.

GOING CONCERN

Covid-19 Impact

The Covid-19 impact has been discussed in the principal risks and uncertainties paragraph above. 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.

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 (the "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 which is the liquidity fund held by Barclays plc, as disclosed in note 9 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 as it was a downgrade drawdown and the directors have no reason to believe the Company will not meet its liabilities as they fall due.

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.

Ukraine and Russian conflict

On 24 February 2022, Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. The extent of these impacts on the Company are unclear at this stage.

The world economy will pay a hefty price for the war in Ukraine encompassing weaker growth, stronger inflation and potentially long-lasting damage to supply chain. The global growth is expected to fall from 4.5% to 3% and on the otherhand doubling the projected inflation to nearly 9%. The Directors are regularly monitoring the situation as they unfold as well have contingency planning to ensure that the Company mitigate the strategic and economic risk.

The impact of the ongoing conflict is deemed to be immaterial on the business operation and on the set of financial statements.

HOUSING ASSOCIATION FUNDING PLC

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 MAY 2021

GOING CONCERN (continued)

External factors

The Housing Associations are constantly monitoring the impact of key economic factors namely adverse movements in inflation and interest rates, increase in energy costs, removal of £20 universal credit, end of furlough schemes which have become a challenge to rental collections. However post year end, there has been no noticeable effect on the rental collections and the Company still receives rental income from the Housing Associations.

The directors have also considered the likelihood of one or more of the Borrowers seeking to repay their loans and the impact it would have on the Company's going concern status. The directors are aware that the Borrowers have expressed a preference to repay their loans in full if one or more of the remaining Borrowers chooses to prepay. However, the Borrowers have recently confirmed that they remain committed to keep making payments in line with the terms of the agreements and therefore the directors consider the likelihood of a prepayment to be remote. Should the position change and were the Borrowers to prepay the Company would be wound up and the directors are satisfied that in that event there would be sufficient resources for the Company to meet all obligations including the costs of liquidation

Consequently, the directors are satisfied that the Company is able to meet its obligations and 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 22 July 2022 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 2021**

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 2021 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 2021 and of its profit 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 entities, 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the company's future financial performance; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Our application of materiality and an overview of the scope of our audit

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	£819,000 (Prior year: £892,000)
How we determined it	1% of total assets (This is unchanged from the prior year)
Rationale for benchmark applied	In determining the overall materiality, we considered financial metrics which we believe to be relevant and concluded that total assets was the most relevant benchmark for a special purpose entity. 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. We set performance materiality at £532,000, which represents 65% of overall materiality (Prior year: £580,000).
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £24,600 (Prior year: £27,800) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we 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 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 our risk assessment, our understanding of the company, its environment, controls and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: compliance with the Financial Conduct Authority (FCA) listing regulations and compliance with United Kingdom Generally Accepted Accounting Practice.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the company, and the industry in which it operates and considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls.

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at 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 19 January 2021 to audit the financial statements for the year ending 31 May 2020 and subsequent financial periods. The period of total uninterrupted engagement is 12 years, covering the years ended 31 May 2010 to 31 May 2021.

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 our additional report to the audit committee.

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.



David Allen (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
30 Old Bailey
London
EC4M 7AU

25 July 2022

HOUSING ASSOCIATION FUNDING PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021

	Note	Financial year ended 31-May-21 £	Financial year ended 31-May-20 £
Interest receivable on Housing Association loans and bank balances	4	4,301,379	4,793,222
Interest payable on Loan notes		(4,191,560)	(4,747,593)
Gross Profit		109,819	45,629
Administrative expenses		(281,209)	(396,515)
Fees receivable		174,454	350,886
Profit on ordinary activities before taxation	3	3,064	-
Tax on profit on ordinary activities	6	(582)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,482	-

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 2021

Registered Number: 3194469

	Note	Financial year ended 31-May-21 £	Financial year ended 31-May-20 £
NON CURRENT ASSETS			
Housing Association loans	7	53,486,558	61,273,958
CURRENT ASSETS			
Debtors	8	9,888,759	9,610,926
Cash at bank	9	18,481,293	18,297,639
		<u>28,370,052</u>	<u>27,908,565</u>
CREDITORS: amounts falling due within one year	10	(28,388,329)	(27,724,286)
NET CURRENT ASSETS		<u>(18,277)</u>	184,279
TOTAL ASSETS LESS CURRENT LIABILITIES		53,468,281	61,458,237
CREDITORS: amounts falling due after more than one year	11	(53,250,799)	(61,243,237)
NET ASSETS		<u>217,482</u>	<u>215,000</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Retained earnings		167,482	165,000
SHAREHOLDERS' EQUITY		<u>217,482</u>	<u>215,000</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on the 22 July 2022.



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 2021

	Share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 June 2019	50,000	165,000	215,000
Total comprehensive income for the financial year	-	-	-
Balance as at 31 May 2020	50,000	165,000	215,000
Balance as at 1 June 2020	50,000	165,000	215,000
Total comprehensive income for the financial year	-	2,482	2,482
Balance as at 31 May 2021	50,000	167,482	217,482

Retained earnings represent cumulative profits and losses of the Company.

HOUSING ASSOCIATION FUNDING PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2021

	Financial year ended 31-May-21 £	Financial year ended 31-May-20 £
Operating activities		
Profit before taxation	3,064	-
Decrease in debtors	229,681	190,478
Increase/(Decrease) in creditors	26,609	(145,562)
Net cash inflow from operating activities before tax	259,354	44,916
Cash flow from investing activities		
Repayment of loans	7,279,886	6,751,223
Net cash inflow from investing activities	7,279,886	6,751,223
Cash flow from financing activities		
Repayment of loans notes	(7,355,586)	(6,867,003)
Net cash outflow from financing activities	(7,355,586)	(6,867,003)
Net increase/(decrease) in cash and cash equivalents	183,654	(70,864)
Cash and cash equivalents at the beginning of the year	18,297,639	18,368,503
Cash and cash equivalents at end of the year	18,481,293	18,297,639

HOUSING ASSOCIATION FUNDING PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

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:

Bastion House, 6th Floor, 140 London Wall, London, EC2Y 5DN, 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

Covid-19 Impact

Since the outbreak of the coronavirus 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. Covid-19 restriction in place were removed in August 2021 which has lead to a growth in the GDP of the economy. Since then, there has been a positive impact on the economy, however, the Board will continue to monitor the impact on the Company's activities.

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

Post year end, the Optivo loan was fully repaid in June 2021 and the A2 Loan fully repaid in December 2021.

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.

Ukraine and Russian conflict

On 24 February 2022, Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates.

The world economy will pay a hefty price for the war in Ukraine encompassing weaker growth, stronger inflation and potentially long-lasting damage to supply chain. The global growth is expected to fall from 4.5% to 3% and on the otherhand doubling the projected inflation to nearly 9%. The Directors are regularly monitoring the situation as they unfold as well have contingency planning to ensure that the Company mitigate the strategic and economic risk.

The impact of the ongoing conflict is deemed to be immaterial on the business operation and on the set of financial statements.

HOUSING ASSOCIATION FUNDING PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2021

2 ACCOUNTING POLICIES (continued)

2.2 Going concern (continued)

External factors

The Housing Associations are constantly monitoring the impact of key economic factors namely adverse movements in inflation and interest rates, increase in energy costs, removal of £20 universal credit, end of furlough schemes which have become a challenge to rental collections. However post year end, there has been no noticeable effect on the rental collections and the Company still receives rental income from the Housing Associations.

The directors have also considered the likelihood of one or more of the Borrowers seeking to repay their loans and the impact it would have on the Company's going concern status. The directors are aware that the Borrowers have expressed concerns about ongoing costs and have indicated a preference to repay their loans in full if one or more of the remaining Borrowers chooses to prepay. However, the Borrowers have recently confirmed that they remain committed to keep making payments in line with the terms of the agreements and therefore the directors consider the likelihood of a prepayment to be remote. Should the position change and were the Borrowers to prepay the Company would be wound up and the directors are satisfied that in that event there would be sufficient resources for the Company to meet all obligations including the costs of liquidation.

Consequently, the directors are satisfied that the Company is able to meet its obligations and 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.

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.

HOUSING ASSOCIATION FUNDING PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2021

2 ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

Financial assets - classified as basic financial instruments (continued)

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

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:

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

	2021	2020
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Audit of the annual financial statements of the Company (Exclusive of VAT)	36,750	35,350
Administrative expenses	244,459	368,975
	<u>244,459</u>	<u>368,975</u>

During the year, the Company accrued audit fees (inclusive of VAT) of £6,300 (2020: £5,000) to H.A. Funding Limited.

4 INTEREST INCOME

	2021	2020
	£	£
Interest income comprises:		
Interest receivable on Housing Association loans	4,301,379	4,792,066
Interest receivable on cash and bank balances	-	1,156
	<u>4,301,379</u>	<u>4,793,222</u>

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 £13,769 (2020: £11,054) 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 2021 (2020: £nil).

Employees

No employees were employed by the Company during the year ended 31 May 2021 (2020: none).

HOUSING ASSOCIATION FUNDING PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2021

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2021	2020
	£	£
UK corporation tax charge on profit for the year	<u>582</u>	<u>-</u>

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 2021 the applicable rate of corporation tax in the UK is 19% (2020: 19%):

	2021	2020
	£	£
Tax on profit		
Profit on ordinary activities before tax	3,064	-
Profit on ordinary activities multiplied by standard rate of corporation in the UK of 19% (2020: 19%)	<u>582</u>	<u>-</u>
Total tax	<u>582</u>	<u>-</u>

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

	2021	2020
	£	£
Balance as at 1 June 2020	68,553,844	75,305,067
Loans due in one year (see note 8)	(7,787,400)	(7,279,886)
Capital repayments from Housing Association	(7,279,886)	(6,751,223)
Balance as at 31 May 2021	<u>53,486,558</u>	<u>61,273,958</u>
Repayable as follows:		
In more than one year but not more than five years	36,893,344	34,511,879
In more than five years	16,593,214	26,762,079
	<u>53,486,558</u>	<u>61,273,958</u>

Capital repayments from Housing Association represents balances repaid early and routine payments in line with the repayment schedule. 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

	2021	2020
	£	£
Accrued interest	2,024,056	2,270,476
Housing Association loans	7,787,400	7,279,886
Prepayment	24,488	23,066
Share capital due - due more than one year	37,498	37,498
Other receivable	15,317	-
	<u>9,888,759</u>	<u>9,610,926</u>

9 CASH AT BANK

	2021	2020
	£	£
Amounts held on behalf of Housing Associations	8,402,379	8,464,123
Operating account	627,586	382,188
Liquidity facility	9,451,328	9,451,328
Total	<u>18,481,293</u>	<u>18,297,639</u>

Amounts held on behalf of Housing Associations can only be 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.

HOUSING ASSOCIATION FUNDING PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2021

9 CASH AT BANK (continued)

In 2016 due to the downgrade on the rating of Barclays PLC, the Company made a downgrade drawing of the full commitment of 9.4mil as per the liquidity facility agreement and this was held in an account with Barclays before it could be transferred to the Bank of New York. 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

	2021	2020
	£	£
Amounts due to Housing Associations	7,983,054	8,219,253
*Additional Facility Provider	9,447,777	9,447,777
Corporation tax	6,170	5,588
Other creditors	1,140,314	602,531
Loan notes payable in less than one year	7,843,700	7,206,848
Accrued interest	1,967,314	2,242,289
	<u>28,388,329</u>	<u>27,724,286</u>

The amounts due to Housing Associations relates to amounts due and that are required to be paid back to the Housing Associations in accordance with note 9 to the financial statements by using amounts held in the Company's bank accounts on behalf the Housing Associations.

*This relates to the liquidity facility in note 9 which is held on behalf of Barclays Plc, with a corresponding obligation to payback.

11 CREDITORS - Amounts falling due after more than one year

	2021	2020
	£	£
Loan notes outstanding in issue at amortised cost	<u>53,250,799</u>	<u>61,243,237</u>
Repayable		
In more than one year but not more than five years	37,293,738	34,511,879
In more than five years	15,957,061	26,731,358
	<u>53,250,799</u>	<u>61,243,237</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.

Notes

Interest on the fixed rate liabilities is determined and payable on a semi-annual basis at the following rate:

	Carrying value	Carrying value	Effective rate
	2021	2020	
	£	£	
1997: 68,250,000 8.25% notes	16,753,440	18,556,283	8.28%
1998: 64,600,000 8.25% notes	18,839,163	21,076,291	6.81%
2001: 28,100,000 8.25% notes	9,854,139	11,056,910	6.10%
2005: 31,320,000 8.25% notes	15,647,758	17,760,602	4.84%

HOUSING ASSOCIATION FUNDING PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2021

13 FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

Notes (continued)

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:

	Carrying value	<i>Carrying value</i>	Effective rate
	2021	2020	
	£	£	
1997	17,289,137	19,208,971	8.57%
1998	18,612,247	20,801,932	7.03%
2001	9,768,747	10,950,291	6.31%
2005	15,603,827	17,592,650	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 2021 is disclosed in the table below:

Assets	Carrying value	Maximum exposure
	2021	2021
	£	£
Loans	61,273,958	61,273,958
Other receivables	2,076,871	2,076,871
Cash at bank	18,481,293	18,481,293

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

Assets	Carrying value	Maximum exposure
	2020	2020
	£	£
Loans	68,553,844	68,553,844
Other receivables	2,307,974	2,307,974
Cash at bank	18,297,639	18,297,639

HOUSING ASSOCIATION FUNDING PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2021

13 FINANCIAL INSTRUMENTS (continued)

Liquidity risk

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

	2021	2020
	£	£
In one year or less, or on demand	11,875,984	11,875,984
In more than one year, but no more than two years	11,875,984	11,875,984
In more than two years, but not more than five years	47,503,937	47,503,937
In more than five years	5,937,992	17,813,976
Total	<u>77,193,897</u>	<u>89,069,881</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, Bastion House, 6th Floor, 140 London Wall, London, EC2Y 5DN, United Kingdom.

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

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 £13,769 (2020: £11,054) (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 £26,781 (2020: £21,519), services relating to the provision of Note Trustee £15,451 (2020: £15,189), and additional services of £33,751 (2020: £61,958). The total amount paid to Apex Trust Corporate Limited during the year was £79,005 (2020: £109,719). At year-end, £15,866 was pre-paid (2020: £12,845) and £5,545 was accrued (2020: £nil). The other directors of the Company received no remuneration for the year ended 31 May 2021 (2020: nil).

18 Subsequent events

Post year end, the Optivo loan was fully repaid in June 2021 and the A2 Loan was fully repaid in December 2021.

On 24 February 2022, Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates.

The world economy will pay a hefty price for the war in Ukraine encompassing weaker growth, stronger inflation and potentially long-lasting damage to supply chain. The global growth is expected to fall from 4.5% to 3% and on the otherhand doubling the projected inflation to nearly 9%. The Directors are regularly monitoring the situation as they unfold as well have contingency planning to ensure that the Company mitigate the strategic and economic risk.

The impact of the ongoing conflict is deemed to be immaterial on the business operation and on the set of financial statements.

There were no other significant events occurring after the date of the Statement of Financial Position up to the date of signing of the financial statements.