

Clarion Funding PLC

**Annual Report and Financial Statements
For the period ended 31 March 2018**

Companies House No. 10922187

CONTENTS

Board and Advisers	3
Strategic Report	4
Report of the Board	5-7
Statement of Board's Responsibilities In Respect of the Strategic Report, the Report of the Board and the Financial Statements	8
Independent Auditor's Report to the Members of Clarion Funding PLC	9-12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15-18

Clarion Funding PLC

BOARD AND ADVISERS

Board

Gareth Francis	(Chair, appointed 18 August 2017)
Clare Miller	(appointed 14 June 2018)
Mark Washer	(resigned 15 June 2018)

Registered Office

Level 6
6 More London Place
Tooley Street
London
SE1 2DA

Principal Solicitors

Devonshires Solicitors LLP 30 Finsbury Circus London EC2M 7DT	Allen & Overy LLP One Bishops Square London E1 6AD
--	---

Bankers

NATWEST Bank PLC
143 High Street
Bromley
Kent
BR1 1JH

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

STRATEGIC REPORT

Clarion Funding PLC ("CFP"), registered company no. 10922187, presents its first annual report and audited financial statements for the period ended 31 March 2018.

Principal Activities

CFP was incorporated on 18 August 2017 and is 100% owned by Clarion Housing Group Limited ("Clarion Housing Group").

CFP is a special purpose funding vehicle, ("SPV") which will be used to secure funding for Clarion Housing Group through its Euro Medium Term Note (EMTN) Programme. Funding is to be obtained by CFP directly from the capital markets which will then be on-lent to Clarion Treasury Limited ("CTL" (another SPV)) and from there to Clarion Housing Association Limited ("the Association").

Principal Risks and Uncertainties

As CFP on-lends all of its proceeds from capital market transactions to CTL (which in turn on-lends these proceeds to the Association), the main risk facing CFP is the recoverability of interest and principal payments from CTL and/or the Association as they fall due.

This risk is mitigated in a number of ways:

- First, CFP on-lends funding to CTL under a secured loan agreement, which is backed by housing assets of the Association as well as a guarantee from the Association of all CTL liabilities to CFP under the loan agreement. If there are any payments which are not made to CFP (or if CTL is in breach of its loan agreement with CFP), then CFP can enforce the security under the loan;
- Second, as evidenced by the Group's investment grade credit rating from Moody's Investor Service, the financial performance of the guarantor is deemed to be strong.

As CFP is not obliged to provide incremental funding to CTL, CFP is not at risk if it cannot obtain further funding for CTL. All of CFP's costs related to providing funding services are also billed to CTL.

Review of the Year

No income or cost has been generated by CFP during the period and therefore there is no Statement of Comprehensive Income to report.

Since incorporation CFP has incurred bond issuance costs of £1.2 million. These have been treated as a prepayment and therefore held on the Statement of Financial Position pending issuance at which point the costs will be released over the life of the debt in line with the Group's accounting policies. There is an equal and opposite liability on the Statement of Financial Position reflecting the recharge of such costs to CTL which is in line with the company's role as a special purpose funding vehicle.

Due to the limited nature of the company's operations, there are no other KPIs which the Board consider to be relevant.



Gareth Francis
Chair
11 July 2018

REPORT OF THE BOARD

The Group's System of Internal Controls Responsibility

The Board of Clarion Housing Group Limited is the ultimate governing body for the Group and is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its operations.

The Board is responsible for ensuring that sound systems of internal control exist across the Group which focus on the significant risks that threaten the Group's ability to meet its objectives, and provide reasonable - but not absolute - assurance against material misstatement or loss.

The key means of identifying, evaluating and managing the systems of internal control are:

- Corporate governance arrangements;
- Written Group-wide financial regulations and delegated authorities, which were subject to review during the year;
- Policies and procedures for all key areas of the business. These are reviewed periodically to ensure their continued appropriateness;
- A Group-wide Internal Audit function, structured to deliver the Audit and Risk Committee's risk-based audit plan. As well as having an in-house team, the Group uses the services of professional firms of auditors and other specialists as necessary. All audit reports are reviewed by the Audit and Risk Committee, which also receives updates on the implementation of agreed external and internal audit recommendations. Detailed reports on the Group's and subsidiaries' activities are also presented to senior managers so that recommendations for strengthened controls and improvement can be implemented promptly;
- A Group-wide Health and Safety function;
- Management structures providing balance and focus within the Group;
- A Group-wide risk management process, which enables management to manage risk so that residual risk, after appropriate mitigation, can be absorbed without serious permanent damage to the Group or its subsidiaries. This includes a formal risk management approach to new business and major development initiatives and action plans to mitigate the worst effects of the risks. Risk management is considered at each Audit and Risk Committee meeting, through reviews of individual risk areas and/or risk maps, as well as considered regularly by the Board;
- The Group and its subsidiaries have annual budgets and long-term business plans. Throughout the year, Boards and managers regularly monitored performance against budgets, value for money and other quality indicators. An important tool in this process is the Group's Balanced Scorecard which identifies performance against key performance indicators, underpinned by supporting performance indicators and management information;
- Regulatory requirements and service objectives with managers ensuring that variances are investigated and acted upon;
- An anti-fraud and anti-bribery culture which is supported by a policy and procedure for dealing with suspected fraud, bribery and whistleblowing. The Group participated in the 2016/17 National Fraud Initiative, sponsored by the Cabinet Office;
- All housing investment decisions and major commitments were subject to appraisal and approval by the Investment Committee and, when appropriate, the Group Executive Team and the relevant Board, in accordance with the Group's financial regulations; and
- A Group-wide treasury management function reporting at least three times a year to the Treasury Committee.

REPORT OF THE BOARD (CONTINUED)

The Group Chief Executive and senior subsidiary managers have reviewed the internal control and assurance arrangements by reference to checks on the above and a report has been made to the respective Boards on the effectiveness of the control systems for the year ended 31 March 2018 and up to the date of approval of the Annual Report and the Financial Statements. The Audit and Risk Committee and the Group Board have expressed their satisfaction with these arrangements.

Status

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements, for the year ended 31 March 2018 and up to the date of approval of the financial statements.

Going Concern

After reviewing CFP's strategic business planning and control procedures, the Board has a reasonable expectation that it has adequate resources to continue operating for the longer term (i.e. at least three years) from the date of approval of the financial statements.

Directors

The Directors holding office during the year and at the date of this report are listed on page 3.

Directors' and Officers' Liability

Directors' and officers' liability insurance has been purchased by the Group during the year, and covers the company.

Dividends

No dividend was paid during the year and none is proposed.

Charitable and Political Contributions

The company made no charitable contributions during the year and no political contributions.

Disclosure of Information to Auditor

The Board members who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

REPORT OF THE BOARD (CONTINUED)

Auditor

KPMG LLP have expressed their willingness to continue in office as the Group's auditor. Accordingly, a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.



Gareth Francis
Chair
11 July 2018

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE REPORT OF THE BOARD AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Strategic Report, the Report of the Board and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board is 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 the Board to ensure that the financial statements comply with the Companies Act 2006. The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUNDING PLC

1. Our opinion is unmodified

We have audited the financial statements of Clarion Funding PLC ("the Company") for the year ended 31 March 2018 which comprise the Statement of Financial Position, Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the directors on 7 February 2018. The period of total uninterrupted engagement is one year for the financial year ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Going concern including recoverability of Long Term Debtors

Events after the reporting period – issuance of £250m bond

Refer to page 4 for the Strategic Report, page 15 to 16 for the accounting policy and page 17 for the financial disclosures.

The risk – low risk high value

The Company's primary activity is to source investor financing and on-lend within the Group. As at the 31 March 2018 the Company had no significant transactions and had not issued any bonds. Its creditor balances relate to the costs associated with the establishment of the Company and the establishment of the Euro Medium Term Note Programme.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUNDING PLC (CONTINUED)

As noted in the events after the reporting period note, the Company issued £250m of 30 year bonds on the 19 April 2018 and on-lent the proceeds within the Group resulting in the recognition of significant long term debtors and creditors.

The going concern is dependent on the ability of the other Group companies to repay the intercompany loan in 30 years and source the financing cost in the intermediate period. This is not a risk of significant misstatement, however, due to its potential impact on the basis that the financial statements are drawn up it is considered to be the area that had the greatest effect on our overall Company audit.

Our response

Our procedures included:

- i. **Tests of detail:** Confirmation that the £250m bond has been received by Clarion Funding PLC following the issuance on the 19 April 2018 and the on-lending within the Group.
- ii. **Assessment of Group going concern:** Assessing the work performed by the Group audit team, and considering the results of that work, on Group net assets. This included assessment of the headroom available on those net assets, and therefore the ability of the other Group companies to fund repayment of the receivable.

Our results

We found the Company's assessment of the recoverability of the post balance sheet long term debtor balance to be acceptable.

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

Clarion Funding PLC is part of a Group headed by Clarion Housing Group. Materiality of £13,000 (2017: nil), as communicated by the Group audit team, has been applied to the audit of the Company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Company's head office in London.

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUNDING PLC (CONTINUED)

5. We have nothing to report on the other information in the Report of the Board

The directors are responsible for the other information presented in the Report of the Board together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLARION FUNDING PLC (CONTINUED)

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, and through discussion with the directors (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8. The purpose of our audit work and to whom we owe our responsibilities

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.



**Andrew Sayers (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
15 Canada Square
London
E14 5GL

16 July 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018 £'000
Current assets		
Debtors falling due after more than one year	5	1,283
Cash and cash equivalents		12
		<u>1,295</u>
Current liabilities		
Creditors: amounts falling due within one year	6	(248)
		<u>1,047</u>
Net current assets		
		<u>1,047</u>
Creditors: amounts falling due after more than one year	7	(997)
		<u>50</u>
Net assets		
		<u><u>50</u></u>
Capital and reserves		
Share capital	8	50
Equity shareholder's funds		<u><u>50</u></u>

The financial statements were approved by the Board and were signed on their behalf by:



Gareth Francis
Chair
11 July 2018

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	Share capital £'000	Total equity £'000
At 18 August 2017	-	-
Shares issued during the period	50	50
At 31 March 2018	50	50

No income, cost or other gains/losses have been generated by CFP during the period and therefore there are no profit and loss reserves to report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (March 2018) ("FRS 102") and the Companies Act 2006.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Clarion Funding PLC ("the company") financial statements.

Basis of preparation

The financial statements are prepared on an accruals basis and under the historical cost convention.

Going concern

On the basis of their assessment of the company's financial position and resources, the Board believe that the company is well placed to manage its business risks. Therefore the company's Board have a reasonable expectation that the company has adequate resources to continue in operational existence for the longer term (i.e. at least three years) from the date of approval of the financial statements. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Disclosure exemptions

The company has taken advantage of the exemptions in FRS 102 in respect of the following:

- a. the requirement to present a statement of cash flows and related notes; and
- b. financial instrument disclosures, including: categories of financial instruments; items of income, expense, gains or losses in respect of financial instruments; and, exposure to, and management of, financial risks.

Value Added Tax

The company is not registered for VAT.

Impairment

Debtors are assessed for recoverability at each reporting date.

After an impairment loss has been recognised, the recoverable amount of an asset or cash-generating unit may increase because of changes in: economic conditions; the circumstances that previously caused the impairment; or, the expected use of the asset(s). As a result, the carrying amount is adjusted to the lower of the new recoverable amount and the carrying amount that would have been determined had the original impairment not occurred, with the exception that the impairment of goodwill is not reversed.

Interest receivable, interest payable and financing costs

Interest receivable is only recognised to the extent that it is probable that it will be recoverable when due.

Interest payable is recognised over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Transaction costs relating to the refinancing of existing debt are expensed as incurred unless there is a substantial modification of the terms.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

1. Accounting policies (continued)

Corporation tax

The company is liable to corporation tax, and the charge is based on the profit for the year taking into account differences between certain items for taxation and accounting purposes.

Deferred tax is provided for in full on differences between the treatment of certain items for taxation and accounting purposes, unless the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future. Deferred tax is calculated using the tax rates and laws which have been enacted (given Royal Assent) or substantively enacted (passed by the House of Commons) by the reporting date and are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax charge/(credit) is presented either in the Income Statement, Other Comprehensive Income or equity depending on the transaction that resulted in the tax charge/(credit).

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are offset only where allowed by FRS 102, and likewise they are not discounted.

Non-derivative financial instruments

The company applies the recognition and measurement provisions of IFRS 9 *Financial Instruments*, as allowed by FRS 102.

All investments, short-term deposits and loans held by the company are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

Where contractual cash flows meet the recognition requirements of IFRS 9, investments, short-term deposits and loans are subsequently measured at amortised cost, unless the difference between the historical cost and amortised cost basis is deemed immaterial. Amortised cost is calculated using the effective interest method which applies a rate of interest that exactly discounts estimate future cash payments or receipts (including any associated premium, discount or loan arrangement costs) through the expected life of the financial instruments to the net carrying amount of the financial asset or liability. The current rate of LIBOR at the reporting date is used and assumed to be constant for the life of the loan. Loans and investments that are payable or receivable in one year are not discounted.

Where contractual cash flows do not meet the recognition requirements of IFRS 9, loans, investments and short-term deposits are subsequently measured at fair value with gains or losses taken to the Income Statement.

Where loans and other financial instruments are redeemed during the year, a redemption penalty is recognised in the Income Statement of the year in which the redemption takes place, where applicable.

Other debtors and creditors are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction and does not qualify for treatment as a concessionary loan, in which case the present value of the future receipts discounted at a market rate of interest is used.

Cash and cash equivalents include cash balances and call deposits, as well as short-term investments with an original maturity of three months or shorter. It also includes those overdrafts which are repayable on demand and form an integral part of the company's cash management strategy.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

2. Significant judgements and accounting estimates

Significant judgements

With the exception of those relating to accounting estimates and uncertainty, no significant judgements have been made in applying the company's accounting policies.

Accounting estimates

The nature of estimation means that actual outcomes could differ from the estimates made. No accounting estimates have been made which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities - and therefore the income and expenses recognised - within the next financial year.

3. Directors' remuneration

Gareth Francis, Clare Miller and Mark Washer are, or were, employees of Clarion Housing Group Limited and are, or were, representatives of that entity. Their remuneration is disclosed there as appropriate.

The directors are considered the key management personnel for the purposes of FRS 102.

4. Auditor remuneration and staff costs

Auditors' remuneration for audit services has been expensed in the accounts of Clarion Housing Group Limited and not charged to Clarion Funding PLC. £54k of auditors' remuneration relating to assurance work over the EMTN programme has been included in bond issuance costs and recharged to CTL.

There are no staff employed by the company and hence no staff costs.

5. Debtors

Amounts falling due after one year	2018
	£'000
Prepayments and accrued income	1,245
Amounts due from Group undertakings: trading	38
	<hr/> 1,283 <hr/>

Prepayments and accrued income relates to bond issuance costs on notes to be issued (see Note 11). As these costs will be related to notes which are expected to be of long-term maturity, the fees balance is presented as long term. Once this can be attached to a note issue, it will be reclassified to be shown net of the note issuance.

6. Creditors: amounts falling due within one year

	2018
	£'000
Accruals and deferred income	<hr/> 248 <hr/>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018
(CONTINUED)**

7. Creditors: amounts falling due after more than one year

	2018
	£'000
Amounts due to Group undertakings: loans	<u><u>997</u></u>

The above balance reflects the recharge of CFP's prepaid bond issuance costs to Clarion Treasury Limited.

8. Share capital

	2018
	£'000
Shares of £1 allotted and issued	
At the beginning of the period	-
Issued during the period	<u>50</u>
At end of the period	<u><u>50</u></u>

£12,500 of share capital is paid up. The remaining £37,500 share capital is unpaid and included in Debtors, *Amounts falling due after one year* (Note 5).

9. Related Party Disclosures

The company has taken advantage of the exemption in FRS 102 to not disclose transactions with other wholly owned members of the Clarion Housing Group.

Debtor and creditor balances with other members of the Clarion Housing Group are either trading balances which are non-interest bearing and are generally due to be settled within one year of their recognition, or are loans subject to a market rate of interest.

No other related party transactions require disclosure.

10. Immediate and ultimate parent undertaking

The company's immediate and ultimate parent undertaking is Clarion Housing Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014 and which is regulated by the Regulator of Social Housing. Group accounts have been prepared by Clarion Housing Group Limited and are available from www.clarionhg.com. Clarion Housing Group Limited's registered office is: Level 6, 6 More London Place, Tooley Street, London, SE1 2DA.

11. Events after the end of the reporting period

The first note from the EMTN programme was issued on 19th April 2018. This 30 year, £250 million note was issued with a discount of £2.4 million and a coupon of 3.125% which is paid semi-annually.