

**FIRST FLEXIBLE (NO. 7) PLC**

**Report and Financial Statements**

**Year ended 30 September 2020**

## **STRATEGIC REPORT**

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

First Flexible (No. 7) PLC ('the Company') is a wholly owned subsidiary of Paragon Banking Group PLC ('the Group') and was set up to provide finance for its mortgage loan assets, by issuing mortgage backed floating rate loan notes and using the proceeds to purchase mortgage loans from other group companies.

During the year the Company operated in the United Kingdom, its principal activities are the provision of first mortgage loans.

On 17 June 2019 the Company sold its mortgage loans to a fellow group company and used the proceeds to repay its outstanding asset backed loan notes. Since that date the company has been managed with a view to the orderly settlement of its remaining assets and liabilities and its eventual closure.

As shown in the Company's profit and loss account on page 8, the Company's net interest income decreased from £161,000 to £2,000. This was due to the Company selling its mortgage loans on 17 June 2019. The result after tax has fallen from £nil to a loss of £1,000.

The balance sheet on page 9 of the Financial Statements shows the Company's financial position at the year end. Net assets have decreased due to the retained loss. Details of amounts owed from and to other group companies are shown in notes 9 and 12.

No interim dividend was paid during the year (2019: £nil). No final dividend is proposed (2019: £nil).

The Group manages its operations on a centralised basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group's mortgage lending operation, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this Report.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The remaining assets and liabilities of the Company are minor monetary assets and liabilities, principally owed to or by fellow group companies. There are therefore no significant risks or uncertainties relating to the financial position of the Company at the balance sheet date.

An analysis of the Company's exposure to risk, including financial risk, and the steps taken to mitigate these risks are set out in note 4.

### **FUTURE PROSPECTS**

The directors' intention is that the Company will be wound up once its existing assets and liabilities are settled. The accounts have therefore been prepared on the basis that the Company is not a going concern. This is further discussed in note 3.

**STRATEGIC REPORT (CONTINUED)**

**BOARD AND STAKEHOLDERS**

The Board of the Company is mindful of its duty to act in good faith and to promote the success of the Paragon Banking Group PLC group of companies (the ‘Group’) for the benefit of its shareholders and with regard to the interests of all of its stakeholders and, in particular, the interests of the Company’s noteholders. The Board confirms that, for the year ended 30 September 2020, it has acted to promote the success of the Company for the benefit of its members as a whole and continues to have due regard to the following matters (as per section 172 of the Companies Act 2006):

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

As part of the Group, stakeholder engagement, for stakeholder groups where there is substantial common identity between the non-shareholder stakeholders of the Company and of the Group, takes place at a group level and the Company looks to group initiatives for guidance and takes them into account in its decision making. The Company follows Group policies and procedures as mentioned above, including those relating to the fair treatment of customers, standards of business conduct, the environment, the community and other stakeholders. More detail may be found in the Group’s 2020 Annual Report and Accounts.

In its decision making the Board of Directors will also have regard to the rights and interests of the holders of the Mortgage Backed Floating Rate Notes, while these were outstanding, in accordance with the transaction documents under which they were issued.

As a securitisation entity the decision-making powers of the Board of Directors were limited so long as the notes remain outstanding. Key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents. The principal decision made by the directors in the year was that to sell the Company’s mortgage book, pay off the Notes and eventually close the Company. In considering this and other items of business the Board makes autonomous decisions on their own merits, after due consideration of the long-term success of the Company, those factors set out in section 172 of the Companies Act 2006, where relevant, and the stakeholders impacted.

Board meetings are held periodically where the directors consider Company business, including its results and performance. As a special purpose funding vehicle for the Group, the Board also reviews strategy, financial, and operational performance, as well as information covering areas such as key risks and legal and regulatory compliance. This information is presented to the Board through reports sent in advance of each Board meeting and through in person presentations.

More information on the Company’s impact on individual stakeholder groups is set out below.

**SHAREHOLDERS**

The Company has a single shareholder, Paragon Mortgages (No. 24) Holdings Limited. However, the transaction documents limit this entity to a nominal interest in the risks and rewards of the business of the Company. Those risks and rewards attach to non-equity securities and fall to their holders which are companies within the Group. Hence the Company is considered to be controlled by Paragon Banking Group PLC.

**ENVIRONMENT**

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group’s activities. The Company operates in accordance with group policies, which are described in the Group’s Annual Report, which does not form part of this Report.

**STRATEGIC REPORT (CONTINUED)**

**EMPLOYEES**

The Company has no employees. All operational services are provided by employees of the Group. The Group's employment policies are described in its Annual Report, which does not form part of this Report.

Approved by the Board of Directors  
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'K G Allen', written in a cursive style.

K G Allen

Director

28 January 2021

**DIRECTORS' REPORT**

The directors present their Annual Report prepared in accordance with Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the audited Financial Statements of First Flexible (No. 7) PLC, a company registered in England and Wales with registration no: 04579544, for the year ended 30 September 2020.

**CORPORATE GOVERNANCE**

The directors have been charged with governance in accordance with the transactional documentation detailing the mechanism and structure of the transaction. The structure of the Group is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

**DIRECTORS**

The directors throughout the year and subsequently were:

R D Shelton

R J Woodman

K G Allen

J P Giles

P H Whitaker

**AUDITOR**

The directors have taken all reasonable steps to make themselves and the Company's auditor, KPMG LLP, aware of any information needed in preparing the audit of the Annual Report and Financial Statements for the year, and, as far as each of the directors is aware, there is no relevant audit information of which the auditor is unaware.

A resolution for the re-appointment of KPMG LLP as the auditor of the Company is to be proposed at the forthcoming Annual General Meeting.


**INFORMATION PRESENTED IN OTHER SECTIONS**

Certain information required to be included in a directors' report by the Companies Act 2006 and regulations made there under can be found in the other sections of the Annual Report, as described below. All of the information presented in these sections is incorporated by reference into this Directors' Report and is deemed to form part of this report.

- Commentary on the likely future developments in the business of the Company is included in the Strategic Report.
- A description of the Company's financial risk management objectives and policies, and its exposure to risks arising from its use of financial instruments are set out in note 6 to the accounts.
- Disclosure on any dividends paid during the year is included in the Strategic Report.

Approved by the Board of Directors

and signed on behalf of the Board



K G Allen

Director

28 January 2021

Registered Office: 51 Homer Road, Solihull, West Midlands, B91 3QJ

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
in relation to Financial Statements**

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- use 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 (as explained in note 3, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period.

The directors are responsible for keeping proper accounting records that 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, for the Company's systems of internal control and for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a strategic report and directors' report which comply with the applicable requirements of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.



K G Allen

Director

28 January 2021

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST FLEXIBLE NO. 7 PLC**

## **Opinion**

We have audited the Financial Statements of First Flexible (No. 7) PLC for the year ended 30 September 2020 which comprise the profit and loss account, the balance sheet, the statement of movement in equity and the related notes 1 to 13, including the accounting policies in note 3.

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including Financial Reporting Standard 101 – 'Reduced Disclosure Framework'; 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 have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 3 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 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.

## **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, 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST FLEXIBLE (NO. 7) PLC (CONTINUED)**

## **Directors' responsibilities**

As explained more fully in their 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; 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.

## **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 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 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](http://www.frc.org.uk/auditorsresponsibilities).

## **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.



**Michael Davidson (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

28 January 2021



**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 30 SEPTEMBER 2019**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
Interest receivable			
Mortgages		-	328
Other		3	6
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
		3	334
Interest payable and similar charges	5	(1)	(173)
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
Net interest income		2	161
Other operating income		-	6
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Total operating income		2	167
Operating expenses		(3)	(166)
Provisions for losses	10	-	(1)
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
Operating loss, being loss on ordinary activities before taxation	7	(1)	-
Tax on loss on ordinary activities	8	-	-
		<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
Loss on ordinary activities after taxation	11	(1)	-
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All activities derive from continuing operations.

There are no recognised gains or losses, other than the loss for the current year and the result for the preceding year, and consequently a separate statement of comprehensive income has not been presented.

**BALANCE SHEET**

**30 SEPTEMBER 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>ASSETS EMPLOYED</b>					
<b>CURRENT ASSETS</b>					
Debtors falling due within one year	9	73		108	
Cash at bank		-		6	
		<u>73</u>		<u>114</u>	
			<u>73</u>		<u>114</u>
<b>FINANCED BY</b>					
<b>EQUITY SHAREHOLDERS' FUNDS</b>					
Called up share capital	10	12		12	
Profit and loss account	11	61		62	
		<u>73</u>		<u>74</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	12		-		40
			<u>73</u>		<u>114</u>

These Financial Statements were approved by the Board of Directors on 28 January 2021.

Signed on behalf of the Board of Directors



K G Allen  
Director

## STATEMENT OF MOVEMENT IN EQUITY

## YEAR ENDED 30 SEPTEMBER 2020

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Loss for the year	-	(1)	(1)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(1)	(1)
Opening equity	12	62	74
Closing equity	12	61	73

## YEAR ENDED 30 SEPTEMBER 2019

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Opening equity	12	62	74
Closing equity	12	62	74

**NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2020**

**1. GENERAL INFORMATION**

First Flexible No. 7 PLC ('the Company') is a company domiciled in the United Kingdom and incorporated in England and Wales under the Companies Act 2006 with company number 04579544. The address of the registered office is 51 Homer Road, Solihull, West Midlands, B91 3QJ. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

These financial statements are presented in pounds sterling, which is the currency of the economic environment in which the Company operates.

**2. BASIS OF PREPARATION**

The Financial Statements have been prepared in accordance with applicable UK accounting standards. Disclosures have been made in accordance with Financial Reporting Standard 101 – 'Reduced Disclosure Framework' ('FRS 101').

As permitted by FRS 100 – 'Application of Financial Reporting Requirements' ('FRS 100') the Company has applied the measurement and recognition requirements of International Financial Reporting Standards ('IFRS') as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of disclosure exemptions provided by FRS 101 has been taken.

**Adoption of new and reviewed reporting standards**

In the preparation of these financial statements, the following accounting standards are being applied for the first time.

- IFRS 16 – 'Leases'

This has had no impact upon the balance sheet or the profit and loss account.

**3. ACCOUNTING POLICIES**

The particular accounting policies applied are described below.

**Accounting convention**

The Financial Statements are prepared under the historical cost convention, except as required in the valuation of certain financial instruments which are carried at fair value.

**Going concern**

In accordance with IAS 1 – 'Presentation of Financial Statements' a company may only present its financial statements on a going concern basis if management do not intend to liquidate the company or cease trading.

Following the disposal of its loan assets and the repayment of its external borrowings on 17 June 2019, the Company has effectively ceased to trade, and the intention of the directors is to settle its remaining assets and liabilities in an orderly fashion and, in due course, dissolve the Company. The directors have considered the available resources of the Company and concluded that all liabilities will be settled in full.

Due to the effective cessation of trade, these financial statements have not been prepared on a going concern basis, but due to the nature of the remaining assets and liabilities, the amounts presented do not differ from the values which would have been presented had the going concern basis been adopted.

**NOTES TO THE ACCOUNTS****YEAR ENDED 30 SEPTEMBER 2020****3. ACCOUNTING POLICIES (CONTINUED)****Cash at bank**

Balances shown as cash at bank in the balance sheet comprise demand deposits and short-term deposits with banks with initial maturities of not more than 90 days.

**Current tax**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Amounts owed by or to group companies**

The balances owed by or to other group companies are carried at the current amount outstanding less any provision.

**Revenue**

The revenue of the Company comprises interest receivable and other income. The accounting policy for the recognition of each element of revenue is described separately within these accounting policies.

**Fee and commission income**

Other income includes administration fees charged to borrowers, which are credited to the profit and loss account when the related service is performed.

**Deferred purchase consideration**

Under the Mortgage sale agreement profits from First Flexible No 7 PLC are paid up to the companies which originated the loans by way of deferred purchase consideration. Deferred purchase consideration is recognised in the period in which it becomes payable and is paid when sufficient cash resources allow. Mortgage Trust Services PLC and Paragon Finance PLC, to whom deferred purchase consideration is paid, are fellow group companies.

**Disclosures**

In preparing these financial statements the Company has taken advantage of the exemptions from disclosure provided by FRS 101 in respect of:

- The requirement to produce a cash flow statement and related notes
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- The effects of new, but not yet effective IFRSs
- Disclosures in respect of key management personnel
- Disclosures of transactions with a management entity which provides key management personnel services to the Company

As the consolidated financial statements of Paragon Banking Group PLC, the ultimate parent undertaking of the Company, include equivalent disclosures the Company has also taken advantage of these further exemptions provided by FRS 101:

- Certain disclosures required by IFRS 13 – ‘Fair Value Measurement’
- Certain disclosures required by IFRS 7 – ‘Financial Instruments Disclosures’

The Company presently intends to continue to apply these exemptions in future periods.

**NOTES TO THE ACCOUNTS****YEAR ENDED 30 SEPTEMBER 2020****4. FINANCIAL RISK MANAGEMENT**

Until the sale of its loans and the repayment of the asset backed loan notes, the Company's operations were financed principally by floating rate, asset backed loan notes and, to a lesser extent, by a mixture of share capital and loans from other group companies. The Company issued financial instruments to finance the acquisition of its portfolio of loans to customers. In addition, various financial instruments, for example debtors and accruals, arise directly from the Company's operations.

The principal risks arising from the Company's financial instruments were credit risk, liquidity risk and interest rate risk. The board of the Company's holding company reviews and agrees policies for all companies in the Group managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year and since the year end.

**Credit risk**

The Company's credit risk was primarily attributable to its loans to customers. The maximum credit risk at 30 September 2019 approximates to the carrying value of loans to customers. There were no significant concentrations of credit risk due to the large number of customers included in the portfolios.

The Company acquired mortgages from Paragon Mortgages Limited and Mortgage Trust Services PLC, fellow Group companies which placed strong emphasis on good credit management at the time of underwriting new loans.

The acquired mortgages were secured by first charges over residential properties in the United Kingdom. Despite this security, in assessing credit risk an applicant's ability to repay the loan remained the overriding factor in the decision to lend by the originating lender. Additionally, each mortgage had the benefit of one or more life assurance policies and certain mortgages have the benefit of a mortgage guarantee indemnity insurance policy.

Paragon Finance PLC and Mortgages Trust Services PLC, fellow group companies, continued to administer the mortgages on behalf of First Flexible (No. 7) PLC and the collections process was the same as that utilised for all companies in the group.

In order to control credit risk relating to counterparties to the Company's financial instruments, the board of the Company's holding company determines on a group basis, which counterparties the group of companies will deal with, established limits for each counterparty and monitors compliance with those limits.

**Liquidity risk**

The Company's assets were principally financed by asset backed loan notes issued through the securitisation process. Securitisation effectively eliminates the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets to be funded.

**NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2020**

**4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**Interest rate risk**

The rates payable on the asset backed loan notes issued by the Company were reset quarterly on the basis of LIBOR. The Company's assets predominantly bear LIBOR linked interest rates or were base rate linked interest rates. The interest rates charged on the Company's variable rate loan assets were determined by reference to, inter alia, the Company's funding costs and the rates being charged on similar products in the market. Generally this ensured the matching of changes in interest rates on the Company's loan assets and borrowings and any exposure arising on the interest rate resets is relatively short term.

In part, the Company's interest rate hedging objectives were achieved by the controlled mismatching of the dates on which instruments mature, redeem or have their interest rates reset.

**Currency risk**

The Company has no material exposure to foreign currency risk.

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Asset backed loan notes	-	97
Subordinated loan interest	-	28
Interest payable to group companies	1	2
Amortisation of premium	-	46
	<u>1</u>	<u>173</u>

**6. DIRECTORS AND EMPLOYEES**

Directors' fees from the Company during the year is stated in note 7.

The Company had no employees in the current or preceding year. All administration is performed by employees of the Group. The directors of the Company, with the exception of P H Whitaker, are employed by Paragon Finance PLC, a fellow group company, and their remuneration is disclosed within the financial statements of that company, which do not form part of this Report.

**7. OPERATING LOSS, BEING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Operating profit is after charging:		
Directors' fees	3	3
Auditor remuneration - audit services	-	10
Deferred purchase consideration	-	183
	<u>-</u>	<u>196</u>

The Company's audit fee for the current year of £1,000 was paid by the ultimate parent company, Paragon Banking Group PLC. Non audit fees provided to the Group are disclosed in the accounts of the parent company and the exemption from disclosure of fees payable to the Company's auditor in respect to non-audit services in these financial statements has been taken.

**NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2020**

**8. TAX ON LOSS ON ORDINARY ACTIVITIES**

**a) Tax charge for the year**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Current tax		
Corporation tax	-	-
	<u>          </u>	<u>          </u>

**b) Factors affecting the tax charge for the year**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Loss before tax	(1)	-
UK corporation tax at 19% (2019: 19%) based on the profit for the year	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

The standard rate of corporation tax in the UK applicable to the Company in the period was 19.0% (2019: 19.0%), based on currently enacted legislation. During the period, legislation was substantively enacted, reversing the reduction in the tax rate to 17.0% which had been due to come into effect from April 2020. Consequently, temporary differences which had been expected to reverse at a tax rate of 18% in the current year, or 17% in subsequent years, have either reversed or are expected to reverse at a rate of 19%. The impact of this change has been accounted for in the year.

**9. DEBTORS**

	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
Amounts falling due within one year:		
Amounts due from group companies	73	108
Prepayments and accrued income	-	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

**10. CALLED UP SHARE CAPITAL**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Allotted:		
49,998 ordinary shares of £1 each (25p paid)	12,500	12,500
2 ordinary shares of £1 each (fully paid)	2	2
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>



**NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2020**

**11. PROFIT AND LOSS ACCOUNT**

	<b>£000</b>
At 1 October 2018	62
Result for the financial year	-
At 30 September 2019	<u>62</u>
Loss for the financial year	(1)
At 30 September 2020	<u><u>61</u></u>

An interim dividend of £nil per share was paid during the year (2019: £nil). No final dividend is proposed (2019: £nil).

**12. CREDITORS**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:		
Amounts due to group companies	-	28
Accruals and deferred income	-	12
	<u>-</u>	<u>40</u>
	<u><u>-</u></u>	<u><u>40</u></u>

**13. ULTIMATE PARENT COMPANY**

The smallest and largest group into which the Company is consolidated, and the Company's immediate and ultimate parent company and ultimate controlling party is Paragon Banking Group PLC, a company registered in England and Wales.

Copies of the Group's financial statements are available from that company's registered office at 51 Homer Road, Solihull, West Midlands, B91 3QJ.