

**FINANCE FOR HOME LOANS (HOLDINGS) LIMITED**

**Report and Financial Statements**

**Year ended 30 September 2010**

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# **FINANCE FOR HOME LOANS (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

The directors present their Annual Report and the audited Financial Statements of Finance For Home Loans (Holdings) Limited ('the Company'), registration no 2013548, for the year ended 30 September 2010

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

The Company is a wholly owned subsidiary of The Paragon Group of Companies PLC ('the Group') The Company continued to act as a holding company during the year The principal activity of the group continued to be the provision of mortgage loans secured on residential properties within the United Kingdom. The movements on fixed assets investments are as detailed in note 4

The Company did not trade in either the current or preceding year and, accordingly, no profit and loss account has been prepared The balance sheet on page 5 of the Financial Statements shows that the Company's financial position at the year end is, in both net assets and cash terms, consistent with the prior year Details of amounts owed from other group companies are shown in note 5

No interim dividend was paid during the year (2009 £nil) No final dividend is proposed (2009 £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 Company's primary financial assets and liabilities are with other group companies, therefore the directors do not consider that the Company is exposed to any significant cash flow, credit or liquidity risks

After considering the above, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the annual accounts

### **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

### **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

### **DIRECTORS**

The directors throughout the year and subsequently were

N Keen

R D Shelton

## **FINANCE FOR HOME LOANS (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **CREDITOR PAYMENT POLICY**

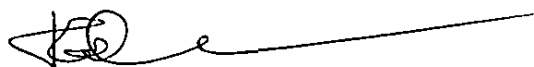
The Company agrees terms and conditions with its suppliers. Payment is then made on the terms agreed, subject to the appropriate terms and conditions being met by the supplier. The trade creditor days figure has not been stated as the measure is not appropriate to the business.

#### **AUDITORS**

The directors have taken all necessary steps to make themselves and the Company's auditors 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 auditors are unaware.

No notice from members under section 488 of the Companies Act 2006 having been received, the directors intend that the auditors, Deloitte LLP, shall be deemed to be reappointed in accordance with section 487(2) of the Act.

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

A handwritten signature in black ink, appearing to be 'J G Gemmell', with a long horizontal line extending to the right.

J G Gemmell  
Secretary,  
25 February 2011

## **FINANCE FOR HOME LOANS (HOLDINGS) LIMITED**

### **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,
- 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 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 of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FINANCE FOR HOME LOANS (HOLDINGS) LIMITED**

We have audited the Financial Statements of Finance For Home Loans (Holdings) Limited for the year ended 30 September 2010 which comprise the balance sheet and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its result 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.

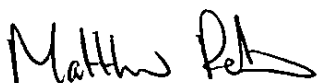
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Financial Statements.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- 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.



Matthew Perkins (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Birmingham, United Kingdom

25 February 2011

# FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

## BALANCE SHEET

30 SEPTEMBER 2010

	Note	£000	2010 £000	£000	2009 £000
<b>ASSETS EMPLOYED</b>					
<b>FIXED ASSETS</b>					
Investments	4		-		-
<b>CURRENT ASSETS</b>					
Debtors falling due within one year	5		3		3
			<u>3</u>		<u>3</u>
<b>FINANCED BY</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Called up share capital	6		1		1
Share premium account	7		2		2
Revaluation reserve	7		-		-
Profit and loss account	7		-		-
			<u>3</u>		<u>3</u>

These Financial Statements were approved by the Board of Directors on 25 February 2011

Signed on behalf of the Board of Directors



R D Shelton

Director

# FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 30 SEPTEMBER 2010

#### 1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with applicable UK Accounting Standards. The particular accounting policies adopted are described below. They have been applied consistently throughout the current and preceding years. The Financial Statements have been prepared on a going concern basis as described in the Directors' Report.

##### Accounting convention

The Financial Statements are prepared under the historical cost convention as modified by the revaluation of investment in subsidiaries.

##### Investment in subsidiaries

The Company's investments in subsidiary companies are valued by the directors at the Company's share of the book value of their underlying net assets.

##### Transactions with other group companies

The Company has taken advantage of the exemption granted by Financial Reporting Standard 8 - 'Related Party Disclosures' and does not therefore provide details of transactions with other Group companies as it is a wholly owned subsidiary of The Paragon Group of Companies PLC, the accounts of which are publicly available.

##### Cash flow statement

The Company has taken advantage of the exemption granted by Financial Reporting Standard 1 - 'Cash Flow Statements' and does not therefore provide a cash flow statement as it is a wholly owned subsidiary of The Paragon Group of Companies PLC, the accounts of which are publicly available.

##### Consolidated accounts

The Company is exempt under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements, being a wholly-owned subsidiary undertaking of The Paragon Group of Companies PLC.

#### 2. FINANCIAL RISK MANAGEMENT

The Company's primary financial assets and liabilities are with other group companies, therefore the directors do not consider that the Company is exposed to any significant cash flow, credit or liquidity risks.

#### 3. PROFIT AND LOSS ACCOUNT

Directors' received no remuneration from the Company during either the current or the preceding year.

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 are all 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.

The Company's audit fee of £1,000 (2009 £1,000) was paid by the ultimate parent company, The Paragon Group of Companies 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 auditors in respect to non-audit services in these Financial Statements has been taken.

# FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 30 SEPTEMBER 2010

#### 4. INVESTMENTS

	2010 £000	2009 £000
<b>Shares in subsidiary companies</b>		
Valuation		
Balance at 1 October 2009	-	-
Disposal	-	-
Balance at 30 September 2010	<u>-</u>	<u>-</u>
Cost		
Balance at 1 October 2009 and 30 September 2010	<u>13</u>	<u>13</u>

The Company holds 100% of issued share capital of the following companies which consists wholly of ordinary shares

NHL First Funding Corporation Limited

NHL Second Funding Corporation Limited

NHL Third Funding Corporation Limited

The Company holds 20 66% of issued share capital of the following companies which consists wholly of ordinary shares

NHL Fourth Funding Corporation Limited

All of the companies are dormant

All of the Subsidiary companies are registered in England and Wales

In the opinion of the directors, the value of the above investments is not less than the amount shown above

#### 5. DEBTORS

	2010 £000	2009 £000
Amounts falling due within one year		
Amounts due from group companies	<u>3</u>	<u>3</u>



# FINANCE FOR HOME LOANS (HOLDINGS) LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 30 SEPTEMBER 2010

#### 6. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Share capital		
Allotted and fully paid		
100 ordinary shares of £1 each	100	100
400 preferred ordinary shares of £1 each	400	400
500 5% non-cumulative preference shares of £1 each	500	500
	1,000	1,000

Preference shareholders rank equally with the preferred ordinary shareholders on the payment of a dividend. The preference shareholders are paid a non-cumulative dividend of 5% per annum.

On a winding up, the preference shareholders are entitled,

- i) to repayment of capital in priority to ordinary shareholders, but after preferred ordinary shareholders have been repaid their capital plus a premium of £3 per share, and
- ii) to 25% of the value of the share premium account at the date of the winding up.

Preference shareholders have no right to attend or vote at the general meetings unless the resolutions proposed affect them.

#### 7. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Share capital	Share premium account	Revaluation reserve	Profit and loss account	Shareholders' funds
	£000	£000	£000	£000	£000
At 1 October 2008	1	2	-	-	3
Result for the financial year	-	-	-	-	-
At 30 September 2009	1	2	-	-	3
Result for the financial year	-	-	-	-	-
At 30 September 2010	1	2	-	-	3

#### 8. 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 The Paragon Group of Companies PLC, a company registered in England and Wales.

Copies of the Group's financial statements are available from that company's registered office at St Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE.