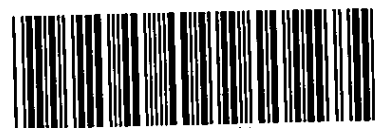


FINANCE FOR PEOPLE (NO. 4) PLC

Report and Financial Statements

Year ended 30 September 2013

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STRATEGIC REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Finance for People (No 4) PLC ('the Company') is a wholly owned subsidiary of The Paragon Group of Companies PLC ('the Group'). The principal activity of the Company was the provision of mortgage loans secured by first charges over residential properties within the United Kingdom. The loans were sold to another group company in a prior accounting period, the Company currently receives deferred purchase consideration for the loans sold. The directors consider that the Company has performed satisfactorily and will continue to do so.

The Company's profit and loss account is shown on page 5. Profit after tax has decreased from £57,000 to £51,000. This was principally due to a decrease in operating income.

The balance sheet on page 6 of the Financial Statements shows the Company's financial position at the year end. Net assets decreased due to the retained profit for the year less the interim dividend being paid during the year. Details of amounts owed from other group companies are shown in note 7.

The directors recommend no final dividend (2012 £nil) which, given the interim dividend of £0.05 per preference share and £575.05 per ordinary share (2012 £0.05 per preference share and £725.05 per ordinary share), means a total dividend for the year of £0.05 per preference share and £575.05 per ordinary share (2012 £0.05 per preference share and £725.05 per ordinary share).

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 Financial Statements.

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.

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



J G Gemmell
Company Secretary,
28 February 2014

DIRECTORS' REPORT

The directors present their Annual Report and the audited Financial Statements of Finance for People (No 4) PLC, registration no 3203909, for the year ended 30 September 2013

DIRECTORS

The directors throughout the year and subsequently were

N Keen

R D Shelton

J G Gemmell

AUDITOR

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

A resolution for the re-appointment of Deloitte 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 Schedule 7 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

- 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 2 to the accounts

Approved by the Board of Directors

and signed on behalf of the Board



J G Gemmell

Company Secretary,

28 February 2014

**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
- 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 PEOPLE (NO. 4) PLC

We have audited the Financial Statements of Finance for People (No 4) PLC for the year ended 30 September 2013 which comprise the profit and loss account, the statement of movement in shareholders' funds, the balance sheet and the related notes 1 to 11. 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 auditor

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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.



Peter Birch (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Birmingham, United Kingdom

28 February 2014

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 £000	2012 £000
Interest receivable	3	5	7
Net interest income		<u>5</u>	<u>7</u>
Other operating income		48	52
Total operating income		<u>53</u>	<u>59</u>
Operating expenses		(1)	(1)
Operating profit, being profit on ordinary activities before taxation	5	<u>52</u>	<u>58</u>
Tax on profit on ordinary activities	6	(1)	(1)
Profit on ordinary activities after taxation	9	<u><u>51</u></u>	<u><u>57</u></u>

All activities derive from continuing operations

There are no recognised gains or losses other than the profit for the current and preceding years, and consequently a separate statement of total recognised gains and losses has not been presented

STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

YEAR ENDED 30 SEPTEMBER 2013

	2013 £000	2012 £000
Profit attributable to shareholders'	51	57
Dividend paid	(60)	(75)
Net movement in shareholders' funds	<u>(9)</u>	<u>(18)</u>
Opening shareholders' funds	74	92
Closing shareholders' funds	<u><u>65</u></u>	<u><u>74</u></u>

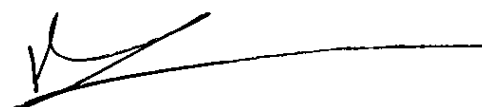
BALANCE SHEET

30 SEPTEMBER 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
ASSETS EMPLOYED					
CURRENT ASSETS					
Debtors falling due within one year	7	67		68	
Cash at bank		-		8	
			<u>67</u>	<u>8</u>	<u>76</u>
FINANCED BY					
SHAREHOLDERS' FUNDS					
Called up share capital	8	12		12	
Profit and loss account	9	53		62	
			<u>65</u>	<u>62</u>	<u>74</u>
CREDITORS					
Amounts falling due within one year	10		2		2
			<u>67</u>	<u>62</u>	<u>76</u>

These Financial Statements were approved by the Board of Directors on 28 February 2014

Signed on behalf of the Board of Directors



R D Shelton

Director

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2013

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 Strategic Report.

Accounting convention

The Financial Statements are prepared under the historical cost convention.

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.

Deferred purchase consideration

Deferred purchase consideration is recognised in the period in which it is received.

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.

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.

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. INTEREST RECEIVABLE

Interest receivable includes £5,000 (2012: £7,000) in respect of interest received on loans to other group companies.

4. DIRECTORS AND EMPLOYEES

Directors' received no remuneration for the services provided to 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.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2013

5. OPERATING PROFIT, BEING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £000	2012 £000
Operating profit is after charging		
Auditor remuneration - audit services	1	1

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

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Tax charge for the year

	2013 £000	2012 £000
Current tax		
Corporation tax	1	1

b) Factors affecting the current tax charge

	2013 £000	2012 £000
Profit before tax	51	58
UK corporation tax at 23.5% (2012: 25%) based on the profit for the year	12	14
Effects of		
Income not taxable	(11)	(13)

During the year ended 30 September 2012 the Government enacted provisions reducing the rate of corporation tax from 26.0% to 24.0% with effect from 1 April 2012 and 23.0% from 1 April 2013. During the year ended 30 September 2013 the Government enacted provisions further reducing the rate of corporation tax to 21.0% with effect from 1 April 2014 and 20.0% from 1 April 2015. Therefore the standard rate of corporation tax applicable to the Company for the year ended 30 September 2013 was 23.5%, the rate for the year ending 30 September 2014 is expected to be 22.0%, the rate for the year ending 30 September 2015 is expected to be 20.5% and the rate in subsequent years is expected to be 20.0%.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2013

7. DEBTORS

	2013 £000	2012 £000
Amounts falling due within one year		
Amounts due from group companies	67	68

The fair value of the above items are not considered to be materially different to their carrying values

8. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Allotted		
26 'A' ordinary shares of £1 each (25p called up and paid)	7	7
72 'B' ordinary shares of £1 each (25p called up and paid)	18	18
2 'B' ordinary shares of £1 each (fully paid)	2	2
49,900 preference shares of £1 each (25p called up and paid)	12,475	12,475
	12,502	12,502

The Preference Shares carry the right to receive a non-cumulative preferential dividend at the rate of 5% per annum on the capital for the time being paid up on them. On a winding-up the Preference Shares carry the right to the repayment of the capital paid up on them. The Preference Shares also carry the right to receive notice of, to attend and to vote at any general meeting of the Issuer.

The 'A' Ordinary Shares carry the right to receive, in priority to any dividend payable in respect of the 'B' Ordinary Shares but subject to the preferential dividend referred to above, a dividend set by reference to LIBOR on the capital for the time being paid up on them. On a winding up the 'A' Ordinary Shares carry the right to the repayment of the capital paid up on them. The 'A' Ordinary Shares carry no right to receive notice of or to attend or to vote at any general meeting of the Issuer except in the case of any resolution affecting the rights of the 'A' Ordinary Shares.

Subject to satisfaction in full of any dividend payable in respect of the Preference Shares and the 'A' Ordinary Shares, the 'B' Ordinary Shares carry the right to receive a dividend. On a winding up the 'B' Ordinary Shares carry the right to the payment of the capital paid up on them and, subject to the payment in full of the capital paid up on all shares in the capital of the Issuer, to receive all surplus assets. The 'B' Ordinary Shares carry the right to receive notice of, to attend and to vote at any general meeting of the Issuer.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2013

9. PROFIT AND LOSS ACCOUNT

	£000
At 1 October 2011	80
Profit for the financial year	57
Dividend paid	(75)
At 30 September 2012	62
Profit for the financial year	51
Dividend paid	(60)
At 30 September 2013	53

An interim dividend of £0.05 (2012: £0.05) per preference share and £575.05 (2012: £725.05) per ordinary share was paid during the year. No final dividend is proposed (2012: £nil).

10. CREDITORS

	2013 £000	2012 £000
Amounts falling due within one year		
Corporation tax	1	1
Accruals and deferred income	1	1
	<u>2</u>	<u>2</u>

11. 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 51 Homer Road, Solihull, West Midlands, B91 3QJ.