

Company Registration No: 03203909

FINANCE FOR PEOPLE (NO. 4) PLC

Report and Financial Statements

Year ended 30 September 2016



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'). During the year the Company operated in the United Kingdom, 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. There have been no significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Company's profit and loss account is shown on page 5. Profit after tax has decreased from £42,000 to £37,000. This was principally due to a decrease in other 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 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 9.

The directors recommend no final dividend (2015: £nil) which, given the interim dividend of £0.05 per preference share and £375.05 per ordinary share (2015: £0.05 per preference share and £425.05 per ordinary share), means a total dividend for the year of £0.05 per preference share and £375.05 per ordinary share (2015: £0.05 per preference share and £425.05 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

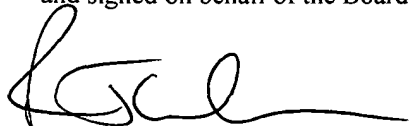
The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with group policies, which are described in the 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



R J Woodman

Director

16 February 2017

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 Finance for People (No. 4) PLC, a company registered in England and Wales with registration no: 03203909, for the year ended 30 September 2016.

DIRECTORS

The directors throughout the year and subsequently were:

R D Shelton

R J Woodman

K G Allen

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.

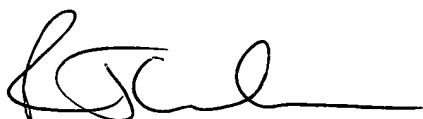
A resolution for the re-appointment of KPMG LLP as the auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

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 4 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



R J Woodman

Director

16 February 2017

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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 of the Company, 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.



Pandora Sharp

Company Secretary

16 February 2017

INDEPENDENT AUDITOR'S 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 2016 which comprise the profit and loss account, the balance sheet, the statement of movements in equity and the related notes 1 to 13. 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), including FRS 101 Reduced Disclosure Framework.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.



Simon Clark (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

16 February 2017

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £000	2015 £000
Interest receivable	5	3	3
Net interest income		<u>3</u>	<u>3</u>
Other operating income		35	40
Total operating income		<u>38</u>	<u>43</u>
Operating expenses		(1)	(1)
Operating profit, being profit on ordinary activities before taxation	7	<u>37</u>	<u>42</u>
Tax on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation	11	<u>37</u>	<u>42</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 comprehensive income has not been presented.

BALANCE SHEET

30 SEPTEMBER 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
ASSETS EMPLOYED					
CURRENT ASSETS					
Debtors falling due within one year	9		55		58
FINANCED BY					
EQUITY SHAREHOLDER'S FUNDS					
Called up share capital	10	12		12	
Profit and loss account	11	42		45	
			54		57
CREDITORS					
Amounts falling due within one year	12		1		1
			55		58

These Financial Statements were approved by the Board of Directors on 16 February 2017.

Signed on behalf of the Board of Directors



R D Shelton

Director

STATEMENT OF MOVEMENTS IN EQUITY

YEAR ENDED 30 SEPTEMBER 2016

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Profit for the year	-	37	37
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	37	37
<i>Transactions with owners</i>			
Dividends	-	(40)	(40)
Net movement in equity in the year	-	(3)	(3)
Opening equity	12	45	57
Closing equity	12	42	54

YEAR ENDED 30 SEPTEMBER 2015

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Profit for the year	-	42	42
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	42	42
<i>Transactions with owners</i>			
Dividends	-	(45)	(45)
Net movement in equity in the year	-	(3)	(3)
Opening equity	12	48	60
Closing equity	12	45	57

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2016

1. GENERAL INFORMATION

Finance for People (No.4) 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 03203909. 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. ACCOUNTING POLICIES

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.

On its transition to FRS 101 the Company has applied IFRS 1 – 'First-time Adoption of IFRS' whilst ensuring its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and performance of the Company is provided in note 3.

Accounting convention

The Financial Statements are prepared under the historical cost convention.

Going concern

The Financial Statements have been prepared on a going concern basis. 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.

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 of interest receivable and other operating income. The accounting policy for the recognition of each element of revenue is described separately within these accounting policies. Interest receivable from other Group companies is recognised in accordance with the effective interest rate method.

Deferred sale consideration

Deferred sale consideration is recognised in the period in which it is received. It is received from Paragon Mortgages (No.7) PLC, a fellow group company.

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.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

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
- The requirement to provide comparative period reconciliations in respect of share capital
- 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 The Paragon Group of Companies 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.

3. TRANSITION TO FRS 101

As stated in note 2 these are the first financial statements prepared by the Company in accordance with FRS 100 and FRS 101. The accounting policies used in drawing up the financial statements for the year ended 30 September 2016 are set out in note 2 and these have also been applied in preparing the comparative information presented in these financial statements.

In preparing these accounts the Company has not been required to adjust amounts presented in its balance sheet under old UK GAAP. This is a result of the old UK Accounting Standards principally affecting the Company’s accounting, FRS 25 – ‘Financial Instruments: Presentation’ and FRS 26 – ‘Financial Instruments: Recognition and Measurement’ being equivalent to their IFRS counterparts IAS 32 - ‘Financial Instruments: Presentation’ and IAS 39.

4. 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.

5. INTEREST RECEIVABLE

Interest receivable includes £3,000 (2015: £3,000) in respect of interest received on loans to other group companies.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2016

6. 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.

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

	2016 £000	2015 £000
Operating profit is after charging / (receiving):		
Auditor remuneration - audit services	1	1
Deferred sale consideration	(35)	(40)

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.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Tax charge for the year

	2016 £000	2015 £000
Current tax		
Corporation tax	-	-

b) Factors affecting the tax charge for the year

	2016 £000	2015 £000
Profit before tax	37	42
UK corporation tax at 20% (2015: 20.5%) based on the profit for the year	7	8
Effects of:		
Non-deductible expenses	(7)	(8)
Tax charge for the year	-	-

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2016

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

During the year ended 30 September 2013 the UK Government enacted provisions reducing the rate of corporation tax from 21.0% to 20.0% from 1 April 2015.

During the year ended 30 September 2015 the Government announced provisions further reducing the rate of corporation tax to 19.0% with effect from 1 April 2017 and to 18.0% from 1 April 2020 which were substantially enacted during the year. The tax rate applying from 1 April 2020 was further reduced to 17% during the year.

Therefore the standard rate of corporation tax applicable to the Company for the year ended 30 September 2016 was 20.0%, the rate in the year ended 30 September 2017 is expected to be 19.5%, the rate in the years ending 30 September 2018 and 30 September 2019 are expected to be 19.0%, the rate in the year ending 30 September 2020 is expected to be 18.0% and the rate in subsequent years is expected to be 17.0%.

9. DEBTORS

	2016 £000	2015 £000
Amounts falling due within one year:		
Amounts due from group companies	55	58

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

10. CALLED UP SHARE CAPITAL

	2016 £	2015 £
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
	<u>12,502</u>	<u>12,502</u>

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 2016

11. PROFIT AND LOSS ACCOUNT

	£000
At 1 October 2014	48
Profit for the financial year	42
Dividend paid	(45)
At 30 September 2015	45
Profit for the financial year	37
Dividend paid	(40)
At 30 September 2016	42

An interim dividend of £0.05 (2015: £0.05) per preference share and £375.05 (2015: £425.05) per ordinary share was paid during the year. No final dividend is proposed (2015: £nil).

12. CREDITORS

	2016 £000	2015 £000
Amounts falling due within one year:		
Accruals and deferred income	1	1

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 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.