

Company Registration No: 07737522

IDEM CAPITAL HOLDINGS LIMITED

Report and Financial Statements

Year ended 30 September 2019

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STRATEGIC REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Idem Capital Holdings Limited ('the Company') is a wholly owned subsidiary of Paragon Banking Group PLC ('the Group'). The Company acts as a holding company and operates in the United Kingdom. The movements on fixed assets investments are as detailed in note 14 and these comprise the holdings in other group companies. 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.

As shown in the Company's income statement on page 6, the profit after tax has decreased from £36,571,000 to £28,026,000. This was due to a decrease in the amount of dividends the Company received from its subsidiaries.

The balance sheet on page 7 of the Financial Statements shows the value of investments the Company currently holds. Net assets have decreased as a result of the share capital reduction and of the profit for the year being more than the interim dividend paid during the year. Details of amounts owed from and to other group companies are shown in notes 16 and 21.

On 19 December 2018, the Company received an interim dividend of £24,000,000 from Idem Capital Securities Limited and the Board approved an interim dividend of £20,000,000 to Paragon Banking Group PLC.

On 14 February 2019 the Company reduced its share capital from £130,001,000 to £100.

On the 27 September 2019 the Board approved another interim dividend of £3,500,000 to Paragon Banking Group PLC.

The directors recommend no final dividend (2018: £nil) which, given the interim dividend of 15.4 pence per share in December 2018 and £35,000 per share in September 2019 after the share capital reduction (2018: 32.1 pence per share), means a total dividend for the year of 15.4 pence per share in December 2018 and £35,000 per share in September 2019 after the share capital reduction (2018: 32.1 pence per 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.

GOING CONCERN

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



K G Allen

Director

23 January 2020

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 Idem Capital Holdings Limited, a Company registered in England and Wales with registration no: 07737522, for the year ended 30 September 2019.

DIRECTORS

The directors throughout the year and subsequently were:

R J Woodman

D Newcombe

R D Shelton

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



K G Allen

Director

23 January 2020

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. The directors are required to prepare accounts for the Company in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

International Accounting Standard 1 – 'Presentation of Financial Statements' requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- make an assessment of the Company's ability to continue as a going concern;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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 the Company's profit or loss for the year.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company 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.

The directors confirm that, to the best of their knowledge, the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

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



Pandora Sharp

Company Secretary

23 January 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDEM CAPITAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Idem Capital Holdings Limited for the year ended 30 September 2019 which comprise the Income Statement, the Balance Sheet, the Statements of Movements in Equity and the related notes 1 to 23, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU); 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as impairment on loans and receivables and EIR on loans and advances and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDEM CAPITAL HOLDINGS LIMITED (CONTINUED)

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.

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.

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.



Matthew Rowell (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

23 January 2020

INCOME STATEMENT

YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £000	2018 £000
Interest receivable	6	3,478	8,253
Interest payable and similar charges	7	(368)	(823)
Net interest income		3,110	7,430
Other operating income	8	25,500	35,657
Total operating income		28,610	43,087
Operating expenses	9	(10)	(8)
Provision for losses	12	15	(5,098)
Operating profit being profit on ordinary activities before taxation		28,615	37,981
Tax charge on profit on ordinary activities	13	(589)	(1,410)
Profit on ordinary activities after taxation for the financial year	19	28,026	36,571

The profit for the current and preceding years relate entirely to continuing operations.

There were no other items of comprehensive income in either the current or preceding years.

IDEM CAPITAL HOLDINGS LIMITED

BALANCE SHEET

30 SEPTEMBER 2019

	Note	2019 £000	2018 £000
Assets employed			
Non-current assets			
Investment in subsidiary undertakings	14	55,572	34,340
		<u>55,572</u>	<u>34,340</u>
Current assets			
Other receivables	16	937	99,669
		<u>937</u>	<u>99,669</u>
Total assets		<u>56,509</u>	<u>134,009</u>
Financed by			
Equity shareholders' funds			
Called-up share capital	17	-	130,001
Reserves	18	1,198	(3,328)
Total equity		<u>1,198</u>	<u>126,673</u>
Current liabilities			
Current tax liabilities	20	589	1,410
Other liabilities	21	54,722	5,926
		<u>55,311</u>	<u>7,336</u>
Total liabilities		<u>55,311</u>	<u>7,336</u>
		<u>56,509</u>	<u>134,009</u>

These financial statements of the Group and Company (registered number 07737522) were approved by the Board of Directors on 23 January 2020.

Signed on behalf of the Board of Directors



R D Shelton

Director

IDEM CAPITAL HOLDINGS LIMITED

STATEMENT OF MOVEMENTS IN EQUITY

YEAR ENDED 30 SEPTEMBER 2019

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Profit for the year	-	28,026	28,026
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	28,026	28,026
<i>Transactions with owners</i>			
Dividends	-	(23,500)	(23,500)
Reduction in share capital	(130,001)	-	(130,001)
Net movement in equity in the year	(130,001)	4,526	(125,475)
Opening equity	130,001	(3,328)	126,673
Closing equity	-	1,198	1,198

YEAR ENDED 30 SEPTEMBER 2018

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Profit for the year	-	36,571	36,571
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	36,571	36,571
<i>Transactions with owners</i>			
Dividends	-	(41,750)	(41,750)
Net movement in equity in the year	-	(5,179)	(5,179)
Opening equity	130,001	1,851	131,852
Closing equity	130,001	(3,328)	126,673

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

1. GENERAL INFORMATION

Idem Capital Holdings Limited is a company domiciled in the United Kingdom and incorporated in England and Wales under the Companies Act 2006 with company number 07737522. The address of the registered office is 51 Homer Road, Solihull, West Midlands, B91 3QJ. The nature of the Group's operations and its principal activities are set out in the Strategic Report 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 International Financial Reporting Standards as adopted by the European Union. In the financial years reported upon this means that the financial statements accord also with International Financial Reporting Standards as approved by the International Accounting Standards Board.

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

- IFRS 9 – 'Financial Instruments' (together with consequential changes to IFRS 7 - 'Financial Instruments: Disclosures')

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

3. ACCOUNTING POLICIES

The particular policies applied are described below.

(a) Accounting convention

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

(b) Going Concern

The financial statements have been prepared on the going concern basis. The directors' reasons for the adoption of this basis are given in the Strategic Report.

(c) 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 Paragon Banking Group PLC.

(d) Investments in subsidiaries

The Company's investments in subsidiary undertakings are valued at cost less provision for impairment.

(e) Amounts owed by or to group companies

In the accounts of the Company balances owed by or to other Paragon Group companies are carried at the current amount outstanding less any provision. Where balances owing between Paragon Group companies fall within the definition of either financial assets or financial liabilities given in IAS 32 – 'Financial Instruments: Presentation' they are classified as 'Loans and Receivables' or 'Other financial liabilities', respectively.

(f) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of temporary differences. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Tax relating to items taken directly to equity is also taken directly to equity.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

3. ACCOUNTING POLICIES (CONTINUED)

(g) **Deferred taxation**

Deferred taxation is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered. As required by IAS 12 – ‘Income Taxes’, deferred tax assets and liabilities are not discounted to take account of the expected timing of realisation.

(h) **Revenue**

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

(i) **Dividends**

In accordance with IAS 10 – ‘Events after the balance sheet date’, dividends payable on ordinary shares are recognised in equity once they are appropriately authorised and are no longer at the discretion of the Company. Dividends declared after the balance sheet date, but before the authorisation of the financial statements remain within shareholders’ funds.

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. REVENUE

	Note	2019 £000	2018 £000
Interest receivable	6	3,478	8,253
Other operating income	8	25,500	35,657
Total revenue		<u>28,978</u>	<u>43,910</u>

6. INTEREST RECEIVABLE

	2019 £000	2018 £000
Interest on loans to Paragon Group companies	<u>3,478</u>	<u>8,253</u>

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Interest payable to the Group	-	533
Interest payable to group companies	368	290
	<hr/>	<hr/>
Total interest on financial liabilities	368	823
Other finance costs	-	-
	<hr/>	<hr/>
	368	823
	<hr/>	<hr/>

8. OTHER OPERATING INCOME

	2019 £000	2018 £000
Dividend income	25,500	35,657
	<hr/>	<hr/>

9. OPERATING EXPENSES

	Note	2019 £000	2018 £000
Auditor remuneration	11	10	8
		<hr/>	<hr/>

The Company utilises employees and facilities of the Paragon Group in its operations, and hence has no employees of its own.

10. KEY MANAGEMENT REMUNERATION

The directors, who are the key management personnel of the Group and the Company, received no remuneration from the Group.

During the period Mr R J Woodman was a director of Paragon Banking Group PLC and his remuneration is set out in the Annual Report of that Company.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

11. AUDITOR REMUNERATION

The analysis of fees payable to the Company's auditors and their associates, excluding irrecoverable VAT, required by the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 is set out below.

	2019 £000	2018 £000
Audit fee of the company	8	7
Total fees	8	7
Irrecoverable VAT	2	1
Total cost to the Group	10	8

Fees paid to the auditors and their associates for non-audit services to the Company are not disclosed because the consolidated accounts of the Paragon Group are required to disclose such fees on a consolidated basis.

12. PROVISION FOR LOSSES

	Note	2019 £000	2018 £000
(Release of provision) / impairment of financial assets			
Investments	14	(15)	5,098
		(15)	5,098

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

13. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2019 £000	2018 £000
Current tax		
UK Corporation tax on profits of the period	589	1,410
Total current tax	589	1,410
Deferred tax	-	-
Tax charge on profit on ordinary activities	589	1,410

The current rate of corporation tax applicable to the Company for the year ended 30 September 2019 is 19.0%. Legislation has been enacted that will reduce this to 17% with effect from 1 April 2020.

Therefore, the effective rate of corporation tax is expected to be 18% for the year ending 30 September 2020 and 17% thereafter. The deferred tax liability reflects the rate at which temporary differences are expected to reverse.

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before taxation	28,615	37,981
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	5,437	7,216
Effects of:		
Tax exempt revenues	(4,845)	(6,775)
Non-deductible (income) / expenses	(3)	969
Tax charge for the year	589	1,410

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

14. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company's investments in subsidiary undertakings represent shares in Group companies and funding loans to operating companies.

	Shares £000	Loans £000	Total £000
At 1 October 2017	10,469	153,810	164,279
Investments in subsidiaries	5	-	5
Loans advanced	-	185,344	185,344
Loans repaid	-	(310,190)	(310,190)
Provision movements	(5,098)	-	(5,098)
At 30 September 2018	5,376	28,964	34,340
Investments in subsidiaries	(3)	-	(3)
Loans advanced	-	57,877	57,877
Loans repaid	-	(36,657)	(36,657)
Provision movements	15	-	15
At 30 September 2019	5,388	50,184	55,572

The Company's operating subsidiaries, and the nature of the Group's interest in them, are shown in note 15.

15. SUBSIDIARY ENTITIES

Operating subsidiaries where the share capital is held within the Group comprise:

	Holding	Principal Activity
Direct subsidiaries of the Company		
Idem Capital Limited	100%	Intermediate holding company
Moorgate Loan Servicing Limited	100%	Asset administration
Paragon Personal Finance Limited	100%	Consumer loan finance
Idem Asset Management Limited	100%	Non-trading
Idem (No. 3) Limited	100%	Asset investment
Idem Capital Securities Limited	100%	Asset investment
Idem Luxembourg (No. 10) ‡	100%	Non-trading
Indirect subsidiaries of the Company		
Idem First Finance Limited	100%	Asset investment

The financial year end of all of the Company's subsidiary companies is 30 September. They are all registered in England and Wales and operate in the UK except:

- those entities marked ‡ which are registered in the Grand Duchy of Luxembourg.

The registered office of each of the entities listed in this note is the same as that of the Company (note 1).

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

16. OTHER RECEIVABLES

	2019 £000	2018 £000
Current assets		
Amounts owed by Paragon Group companies	936	99,669
	<u>936</u>	<u>99,669</u>

Amounts owed by Paragon Group companies and other debtors fall within the definition of financial assets given in IAS 32.

Interest accrued on group loans is included within other debtors.

17. CALLED-UP SHARE CAPITAL

The share capital of the Company consists of a single class of £1 ordinary shares.

Movements in the issued share capital in the year were:

	2019 Number	2018 Number
Ordinary shares		
At 1 October 2018	130,001,000	130,001,000
Reduction in share capital	(130,000,900)	-
	<u>100</u>	<u>130,001,000</u>
At 30 September 2019		

18. RESERVES

	Note	2019 £000	2018 £000
Profit and loss account	19	1,198	(3,328)
		<u>1,198</u>	<u>(3,328)</u>

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

19. PROFIT AND LOSS ACCOUNT

	2019 £000	2018 £000
At 1 October 2018	(3,328)	1,851
Profit for the year	28,026	36,571
Dividends paid	(23,500)	(41,750)
	<hr/>	<hr/>
At 30 September 2019	1,198	(3,328)
	<hr/>	<hr/>

The directors recommend no final dividend (2018: £nil) which, given the interim dividend of 15.4 pence per share in December 2018 and £35,000 per share in September 2019 after the share capital reduction (2018: 32.1 pence per share), means a total dividend for the year of 15.4 pence per share in December 2018 and £35,000 per share in September 2019 after the share capital reduction (2018: 32.1 pence per share).

20. CURRENT TAX LIABILITIES

	2019 £000	2018 £000
UK Corporation Tax	589	1,410
	<hr/>	<hr/>
	589	1,410
	<hr/>	<hr/>

21. OTHER LIABILITIES

	2019 £000	2018 £000
Current liabilities		
Other accruals	10	8
Paragon Group funding	49,403	-
Amounts owed to Paragon Group companies	5,309	5,918
	<hr/>	<hr/>
	54,722	5,926
	<hr/>	<hr/>

Other accruals fall within the definition of 'other financial liabilities' set out in IAS 32 and IAS 39 and their fair values are not considered to be materially different to their carrying values.

The Company's funding from the Group was restructured on its foundation in September 2013 so that the principal funding loan to the subsidiaries of the Company is between Paragon Banking Group and the Company. Drawings on this loan are provided by the Company for asset purchases and investments on a case by case basis by its subsidiaries and the loan is repayable to the extent that applicable funds are generated by the subsidiaries assets. The loan bears interest on a monthly basis at a rate of 6.00% per annum.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2019

22. RELATED PARTY TRANSACTIONS

During the year the parent company entered into transactions with its subsidiaries and other members of the Paragon Group, which are related parties.

Details of the Company's investments in subsidiaries and the income derived from them are shown in notes 14 and 15.

Paragon Group entities provided funding to the Company, as described in note 21. Interest paid to the Paragon Group by the Company in respect of this funding is £nil (2018: £533,000) as disclosed in note 7 was paid by the Company.

Outstanding current account balances with subsidiaries and other Paragon Group companies are shown in notes 16 and 21.

23. 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 consolidated financial statements of The Paragon Banking Group PLC are available from that company's registered office at 51 Homer Road, Solihull, West Midlands, B91 3QJ.