

**PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED**

**Report and Financial Statements**

**Year Ended 30 September 2020**

# PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

## STRATEGIC REPORT

### BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Paragon Mortgages (No. 20) Holdings Limited ('the Company') is a holding company and its main trading subsidiary is Paragon Mortgages (No. 20) PLC ('PM20'). PM20 is a special purpose company established to act as a funding vehicle within the group of companies headed by Paragon Banking Group PLC ('the Paragon Group'). 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 Group's consolidated income statement is shown on page 8.

The balance sheet on page 9 of the financial statements shows the value of investments the Company currently holds. Details of amounts owed to other group companies are shown in note 10.

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

The Paragon 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.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group comprises securitisation companies and has been structured so as to avoid, in as far as is possible, all forms of financial risk with its outstanding term loan match-funded to maturity. An analysis of the Group's exposure to risk, including financial risk, and the steps taken to mitigate these risks are set out in note 4.

### GOING CONCERN

After considering the above, the directors have a reasonable expectation that the Group 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.

### BOARD AND STAKEHOLDERS

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

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

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

As a securitisation entity the decision-making powers of the Board of Directors are limited. Key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents. However, in considering items of business the Board makes autonomous decisions on their own merits, after due consideration of the long-term success of the Company, those factors set out in section 172 of the Companies Act 2006, where relevant, and the stakeholders impacted.

Board meetings are held periodically where the directors consider Company business, including its results and performance.

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

# PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

### SHAREHOLDERS

The Company has a single shareholder, Intertrust Trustees (UK) Limited which holds the entire share capital of the Company on a discretionary trust basis for the benefit of certain charities. However, the transaction documents limit this entity to a nominal interest in the risks and rewards of the business of the Company. The Company itself has only a nominal interest in the risks and rewards of the business of its subsidiary, Paragon Mortgages (No. 20) PLC and those risks and rewards attach to non-equity securities and fall to their holders which are companies within the Paragon Group. Hence the Company is considered to be controlled by Paragon Banking Group PLC.

### ENVIRONMENT

The Paragon 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 Paragon Group's activities. The Company operates in accordance with group policies, which are described in the Paragon 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 Paragon Group. The Paragon 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



Helena Whitaker

per pro Intertrust Directors 1 Limited

Director

28 January 2021

# PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

## 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 for Paragon Mortgages (No. 20) Holdings Limited, a company registered in England and Wales with registration no: 08819769, for the year ended 30 September 2020.

## CORPORATE GOVERNANCE

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

## DIRECTORS

The directors during the year and subsequently were:

H Whitaker

Intertrust Directors 1 Limited

Intertrust Directors 2 Limited

## DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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 is unaware.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 (2) of the Companies Act 2006.

## INDEPENDENT AUDITOR

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

# PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

### 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



Helena Whitaker

per pro Intertrust Directors 1 Limited

Director

28 January 2021

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

# PARAGON MORTGAGES (NO. 20) 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 International Financial Reporting Standards ('IFRSs') as adopted by the EU 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 the Group, and of the profit or loss of the Group 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent 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, for the Company's systems of internal control and for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a strategic report and directors' report which comply with the applicable requirements of the Companies Act 2006.

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



Helena Whitaker

per pro Intertrust Directors 1 Limited

Director

28 January 2021

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED**

## **Opinion**

We have audited the Group and parent company's Financial Statements of Paragon Mortgages (No. 20) Holdings Limited for the year ended 30 September 2020 which comprise the consolidated income statement, the Group and Company balance sheet, the statement of movement in equity and the related notes 1 to 11, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2020 and of the group's result for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group 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.

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that 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 its 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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the 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 company will continue in operation.

## **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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED  
(CONTINUED)**

**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 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Michael Davidson (Senior Statutory Auditor)**

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

*Chartered Accountants*

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

28 January 2021



**PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED**

**CONSOLIDATED INCOME STATEMENT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
Interest receivable		-	-
Operating expenses		-	-
Operating profit being profit on ordinary activities before taxation		<u>-</u>	<u>-</u>
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation	9	<u><u>-</u></u>	<u><u>-</u></u>

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

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

**PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED**

**GROUP AND COMPANY BALANCE SHEETS**

**30 SEPTEMBER 2020**

	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
<b>ASSETS EMPLOYED</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiary undertakings	7	13	13	13	13
<b>FINANCED BY</b>					
<b>EQUITY SHAREHOLDERS' FUNDS</b>					
Called up share capital	8	-	-	-	-
Profit and loss account	9	-	-	-	-
Total equity		-	-	-	-
<b>CURRENT LIABILITIES</b>					
Other liabilities	10	13	13	13	13
		13	13	13	13

These financial statements of the Group and Company (registered number 08819769) were approved by the Board of Directors on 28 January 2021.

Signed on behalf of the Board of Directors

 Helena Whitaker  
per pro Intertrust Directors 1 Limited  
Director

**PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED**

**STATEMENT OF MOVEMENT IN EQUITY**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

*Group and Company*

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

**YEAR ENDED 30 SEPTEMBER 2019**

*Group and Company*

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

# PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 30 SEPTEMBER 2020

#### 1. GENERAL INFORMATION

Paragon Mortgages (No. 20) Holdings Limited ('the Company') is a company domiciled in the United Kingdom and incorporated in England and Wales under the Companies Act 2006 with company number 08819769. 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.

The Company and its subsidiary entity ('the Group'), are both controlled by Paragon Banking Group PLC and included within the consolidated accounts of the Group headed by that company ('the Paragon Group').

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 IFRSs 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.

The Company, as a company with a wholly owned subsidiary is required to prepare accounts under section 399 of the Companies Act 2006. However, due to restrictions on the Company's control of the assets and liabilities of its subsidiary company, the criteria for the inclusion of the subsidiary in the consolidated accounts set out in IFRS 10 – 'Consolidated Financial Statements' are not met. Hence the group accounts of the Company are the same as its individual company accounts.

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

- IFRS 16 – 'Leases'

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

#### 3. ACCOUNTING POLICIES

The particular accounting policies applied are described below.

##### **Accounting convention**

The Financial Statements are prepared under the historical cost convention.

##### **Going concern**

The Financial Statements have been prepared on a going concern basis as described in the Strategic Report, 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.

##### **Basis of consolidation**

The consolidated accounts deal with the accounts of the Company and its subsidiary made up to 30 September 2020.

##### **Fixed assets – investments in subsidiaries**

The investment in the subsidiary companies is shown at cost less provision for impairment.

##### **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.

# PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

### YEAR ENDED 30 SEPTEMBER 2020

#### 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. PROFIT AND LOSS ACCOUNT

Directors received no remuneration for the services provided to the Company during either the current or the preceding year.

All administration is performed by employees of related companies under the servicing agreement.

The Company's audit fee of £1,000 for the current and preceding year was paid by the ultimate controlling company, Paragon Banking Group PLC. No fees were payable to the Company's auditor in respect to non-audit services by the Company.

#### 6. PROFIT ATTRIBUTABLE TO MEMBERS OF PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED

The Company's profit after tax for the financial year amounted to £nil (2019: £nil). A separate income statement has not been prepared for the Company under the provisions of section 408 of the Companies Act 2006.

The Company has no other items of comprehensive income for the year ended 30 September 2020 and the year ended 30 September 2019.

#### 7. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	<b>Group &amp; Company 2020 £000</b>	<b>Group &amp; Company 2019 £000</b>
Balance at 1 October 2019 and 30 September 2020	13	13

Listed below is the subsidiary company of the Group which is incorporated in England and Wales:

<b>Company</b>	<b>Principal activity</b>	<b>Description of shares held</b>	<b>Proportion of nomin: value of issued share: held</b>	<b>Year end Status</b>
Paragon Mortgages (No. 20) PLC	Mortgage securitisations	Ordinary £1 shares	100%	Trading

During the year ended 30 September 2020 the Company received £nil (2019: £nil) in dividend income from its subsidiary.

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

**PARAGON MORTGAGES (NO. 20) HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2020**

**8. CALLED UP SHARE CAPITAL**

	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Allotted:		
1 ordinary share of £1 (fully paid)	1	1
	1	1

**9. PROFIT AND LOSS ACCOUNT**

	<b>£000</b>
<b>The Group</b>	
At 1 October 2018	-
Result for the financial year	-
	-
At 30 September 2019	-
Result for the financial year	-
	-
At 30 September 2020	-
<b>The Company</b>	<b>£000</b>
At 1 October 2018	-
Result for the financial year	-
	-
At 30 September 2019	-
Result for the financial year	-
	-
At 30 September 2020	-

No final dividend for the year ended 30 September 2020 (2019: £nil) is proposed.

**10. OTHER LIABILITIES**

	<b>Group 2020 £000</b>	<b>Group 2019 £000</b>	<b>Company 2020 £000</b>	<b>Company 2019 £000</b>
<b>Current liabilities:</b>				
Amounts due to group companies	13	13	13	13
	13	13	13	13

**11. ULTIMATE PARENT COMPANY**

The ultimate parent undertaking is Intertrust Trustees (UK) Limited who holds the entire share capital of the Company on a discretionary trust basis for the benefit of certain charities. The directors regard Paragon Banking Group PLC as the ultimate controlling party.

The smallest and largest group in which the Company is consolidated is that of the Paragon Banking Group PLC.

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