

MOORGATE SERVICING LIMITED

Report and Financial Statements

Year ended 30 September 2020



STRATEGIC REPORT

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Moorgate Servicing Limited ('the Company') is a subsidiary of Paragon Banking Group PLC ('the Group'). The Company acts as a holding company and during the year operated in the United Kingdom. The movements on fixed assets investments are as detailed in note 10 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 profit and loss account on page 6, profit after tax increased from £nil to £100,000. This was due to an interim dividend being received from its subsidiary. Net interest income has remained at £nil.

The balance sheet on page 7 of the Financial Statements shows the value of investments the Company currently holds. Details of amounts owed from and to other group companies is shown in notes 9 and 12 respectively.

The directors recommend no final dividend (2019: £nil) which, given the interim dividend of £50,000 per share (2019: £nil per share), means a total dividend for the year of £50,000 per share (2019: £nil 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.

The UK economy in the current year has been impacted significantly by the effects of the Covid-19 virus. This has caused major economic disruption within the UK and global economy but has also driven governments and regulators to offer unprecedented levels of support to businesses and consumers, aimed at mitigating its impact.

Together with continuing uncertainty arising from the potential economic impact of the UK's withdrawal from the European Union, the Covid-19 pandemic has made the long-term economic prospects for the UK and their impacts on the Company much difficult to forecast.

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

25 February 2021

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 Moorgate Servicing Limited, a company registered in England and Wales with registration no: 03303751, for the year ended 30 September 2020.

DIRECTORS

The directors throughout the year and subsequently were:

R D Shelton (resigned 3 February 2021)

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.

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.

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

25 February 2021

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 year. 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, 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.



K G Allen

Director

25 February 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOORGATE SERVICING LIMITED

Opinion

We have audited the Financial Statements of Moorgate Servicing Limited ("the company") for the year ended 30 September 2020 which comprise the profit and loss account, the balance sheet, the statement of movement in equity and the related notes 1 to 13, 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 2020 and of the company's profit for the year then ended;
- the company's financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the companies act 2006.
- 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 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.

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 that report 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 AUDITOR'S REPORT TO THE MEMBERS OF MOORGATE SERVICING 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 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.



Michael Davidson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

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

25 February 2021

MOORGATE SERVICING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £000	2019 £000
Other operating income		100	-
Operating expenses		-	-
Operating profit, being profit on ordinary activities before taxation	6	<u>100</u>	<u>-</u>
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation	11	<u>100</u>	<u>-</u>

All activities derive from continuing operations.

There are no recognised gains or losses, other than the profit for the current year and the result for the preceding year, and consequently a separate statement of comprehensive income has not been presented.

MOORGATE SERVICING LIMITED**BALANCE SHEET****30 SEPTEMBER 2020**

	Note	2020 £000	2020 £000	2019 £000	2019 £000
ASSETS EMPLOYED					
FIXED ASSETS					
Investments	8		14		14
CURRENT ASSETS					
Debtors falling due within one year	9		174		-
			<u>188</u>		<u>14</u>
FINANCED BY					
EQUITY SHAREHOLDER'S FUNDS					
Called up share capital	10	-		-	
Profit and loss account	11	-		-	
		<u>-</u>		<u>-</u>	
CREDITORS					
Amounts falling due within one year	12		188		14
			<u>188</u>		<u>14</u>

These Financial Statements were approved by the Board of Directors on 25 February 2021.

Signed on behalf of the Board of Directors



K G Allen
Director

MOORGATE SERVICING LIMITED**STATEMENT OF MOVEMENT IN EQUITY****YEAR ENDED 30 SEPTEMBER 2020**

	Share capital £000	Profit and loss account £000	Total equity £000
<i>Total comprehensive income for the year</i>			
Profit for the year	-	100	100
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	100	100
<i>Transactions with owners</i>			
Dividends	-	(100)	(100)
Net movement in equity in the year	-	-	-
Opening equity	-	-	-
Closing 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>			
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
<i>Transactions with owners</i>			
Dividends	-	-	-
Net movement in equity in the year	-	-	-
Opening equity	-	-	-
Closing equity	-	-	-

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2020

1. GENERAL INFORMATION

Moorgate Servicing 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 03303751. 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. BASIS OF PREPARATION

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.

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

Accounting convention

The Financial Statements are prepared under the historical cost convention.

Going concern

Accounting standards require the directors to assess the Company's ability to continue to adopt the going concern basis of accounting. In performing this assessment, the directors consider all available information about the future, the possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to them. Particular focus is given to the Group's financial forecasts to ensure the adequacy of resources available for the Company to meet its business objectives on both a short term and strategic basis.

The Group has a formalised process of budgeting, reporting and review. The Group's planning procedures forecast its profitability, capital position, funding requirement and cash flows on a company by company basis. In compiling the most recent forecast, for the period commencing 1 October 2020, particular attention was paid to the potential consequences of Covid-19 on the Group's operations, customers, funding and prospects, both in the short and longer term. This included consideration of a number of different scenarios with impacts of varying duration and severity. In common with the Group's approach to IFRS 9, the economics used in the forecasting process were updated in October in light of the continuing development of the Covid-19 crisis, based on updated external projections. Future business activity was reforecast reflecting the potential impacts of the pandemic on markets and products.

After performing this assessment, the directors concluded that there was a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, and that therefore it was appropriate for them to continue to adopt the going concern basis in preparing the Annual Report and Accounts. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2020

3. ACCOUNTING POLICIES (CONTINUED)

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.

Investment in subsidiaries

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

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 on intercompany balances.

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.

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
- 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 Paragon Banking Group 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.

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.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2020

5. 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 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.

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

	2020 £000	2019 £000
Operating profit is after receiving:		
Dividend income	100	-
	<u>100</u>	<u>-</u>

The Company's audit fee for the current year of £3,000 (2019: £3,000) was paid by the ultimate parent company, Paragon Banking Group PLC. Non audit fees provided to the Group are disclosed in the accounts of the parent company and the exemption from disclosure of fees payable to the Company's auditor in respect to non-audit services in these Financial Statements has been taken.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Tax charge for the year

	2020 £000	2019 £000
Current tax		
Corporation tax	-	-
	<u>-</u>	<u>-</u>

b) Factors affecting the tax charge for the year

	2020 £000	2019 £000
Profit before tax	100	-
UK corporation tax at 19% (2019: 19%) based on the profit for the year	19	-
Effects of:		
Non-deductible income	(19)	-
Tax charge for the year	<u>-</u>	<u>-</u>

The standard rate of corporation tax in the UK applicable to the Company in the period was 19.0% (2019: 19.0%), based on currently enacted legislation. During the period, legislation was substantively enacted, reversing the reduction in the tax rate to 17.0% which had been due to come into effect from April 2020. Consequently, temporary differences which had been expected to reverse at a tax rate of 18% in the current year, or 17% in subsequent years, have either reversed or are expected to reverse at a rate of 19%. The impact of this change has been accounted for in the year.

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2020

8. INVESTMENTS

	2020 £000	2019 £000
Shares in group companies		
Valuation:		
Balance at 01 October 2019	14	14
Provisions movement	-	-
Balance at 30 September 2020	<u>14</u>	<u>14</u>

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

Redbrick Survey and Valuation Limited

Moorgate Asset Administration Limited

All of the above companies are registered in England and Wales

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

9. DEBTORS

	2020 £000	2019 £000
Amounts falling due within one year:		
Amounts due from group companies	<u>174</u>	<u>-</u>

10. CALLED UP SHARE CAPITAL

	2020 £	2019 £
Allotted:		
2 ordinary shares of £1 each (fully paid)	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2020

11. PROFIT AND LOSS ACCOUNT

	£000
At 1 October 2018	-
Result for the financial year	-
Dividend paid	-
	-
At 30 September 2019	-
Profit for the financial year	100
Dividend paid	(100)
	-
At 30 September 2020	-

An interim dividend of £50,000 per share was paid during the year (2019: £nil per share). No final dividend is proposed (2019: £nil).

12. CREDITORS

	2020	2019
	£000	£000
Amounts falling due within one year:		
Amounts due to group companies	188	14
	188	14

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 Paragon Banking Group PLC, a company registered in England and Wales.

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