

Paragon Treasury Plc

Financial Statements for the year ended 31 March 2018

Company number

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COMPANIES HOUSE

Paragon Asra

PA Housing



Paragon Treasury Plc
A subsidiary of Paragon Asra Housing Limited

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Board and Directors

Members of the Board

Directors

Stephen Amos (Chairman)
Curtis Juman
David Hunter
Dilip Kavi (resigned 12 May 2017)
Marion Hall (resigned 12 May 2017)

Company Secretary

Marion Hall

Registered Office

Case House
85-89 High Street
Walton on Thames
Surrey
KT12 1DZ

Bankers

Charity and Education Team
National Westminster Bank
Commercial Banking
9th Floor
280 Bishopsgate
London
EC2M 4RB

Auditors

KPMG LLP
1 Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

Solicitors

Devonshires LLP
30 Finsbury Circus
London
EC2M 7DT

Directors' Report

The directors present their report together with the audited financial statements for the year to 31 March 2018.

Overview and principal activities

Paragon Treasury Plc (PTP) was incorporated on 30 October 2014. PTP was a wholly owned subsidiary of Paragon Asra Housing Limited (PA Housing) during the year. PTP is a special purpose funding vehicle, used to secure funding for PA Housing. PTP obtains finance directly from capital markets and on-lends this to PA Housing. All associated expenses are borne by the underlying borrower.

Financial instruments

PTP has no financial instruments other than its outstanding bond issuance. The directors consider that PTP has a low level of exposure to interest rate risk and credit risk.

Results and dividends

The Statement of Comprehensive Income is on page 14 and shows the result for the year.

Future developments

The directors do not anticipate any changes in the company's principal activity.

Employees

PTP does not employ any staff.

Political and charitable contributions

The company made no political or charitable donations, nor did it incur any political expenditure during the period.

Directors and their interests

The directors of the company who held office during the period are as follows:

Stephen Amos	Chairman
Curtis Juman	
David Hunter	
Dilip Kavi	(resigned 12 May 2017)
Marion Hall	(resigned 12 May 2017)

None of the directors who held office during the year had any interest in the shares of the company.

Strategic report

The directors present their strategic report, report of the directors and the audited financial statements for PTP for the year ended 31 March 2018.

Principal activities and review of business

The Statement of Comprehensive Income shows a profit of £nil for the period. This is in line with PTP's role as a special purpose lending vehicle not seeking to generate financial returns.

On 21 January 2015 PTP issued a £225,000,000 bond and £25,000,000 was retained on the same day for future issuance. The future issuance must take place before 21 January 2020. The bond issue has a coupon rate of 3.625% and was raised to help PTP's parent undertaking during the year, Paragon Community Housing Limited (Paragon), fund the development of new homes, and to refinance existing loans. At issue the yield was 3.626% and the bond was issued at a discount of £40,500 which is being amortised over the life of the bond. The proceeds of the issuance were therefore £224,959,500 which PTP on-lent in full to Paragon.

On 13 April 2017 Paragon amalgamated with asra Housing Association Limited and Leicester Housing Association Limited, also registered providers of social housing, to form Paragon Asra Housing Limited (PA Housing). From that date, PA Housing became the parent undertaking of PTP.

No new activity was undertaken in the year.

Effects of material estimates and judgements upon performance

There have been no material estimates made in the preparation of these financial statements.

Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of PTP.

Going concern

The directors have considered the current and future activities of PTP and have confirmed their view that PTP continues to be a going concern.

Principal risks and uncertainties

As PTP on-lent to Paragon, the main risk facing PTP is that PA Housing, as Paragon's successor proves unable to meet its obligations to make payments of interest or principal when they fall due. To mitigate this risk, PTP and PA Housing have entered into a secured loan agreement (the Bond Loan Agreement) pursuant to which PA Housing provides security in the form of social housing assets. These assets are subject to regulation by the Regulator of Social Housing (RSH) and therefore offer a level of protection in terms of regulatory scrutiny. PTP has the right to seek recourse to this security if PA Housing fails to meet any payment obligations due by it to PTP.

Following the amalgamation completed on 13 April 2017 PA Housing, as the successor entity to Paragon, is currently rated A3 (stable) by Moody's Investor Services.

Assessment of the effectiveness of internal control

The directors have overall responsibility for maintaining a sound system of internal controls and for reviewing its effectiveness. The directors recognise that such a system can provide only reasonable and not absolute assurance against material misstatements or loss.

The system of internal controls is designed to manage risk and fraud and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the company's assets and interests.

In meeting their responsibilities, the directors have adopted a risk-based approach to internal controls which is embedded within the normal management and governance arrangements and it is a continuous process.

The internal controls are implemented consistently across the group of entities and further detail is provided in the consolidated accounts of PA Housing.

Risk management objectives and policies

PA Housing's treasury function is responsible for the management of the group's funds, including those held by PTP, and control of the associated risks. Its activities are governed by the Board and the Treasury Committee of PA Housing, who have responsibility for overseeing treasury strategy and risk management for all the group entities including PTP.

Interest rate risk management

PTP has borrowed funds on a fixed rate basis from the capital markets and on-lent the proceeds to Paragon at the same fixed rate. As such PTP is not exposed to interest rate risk. PTP does not undertake any interest rate hedging activities nor has it entered into any interest rate derivative transactions. PTP's underlying credit risk with PA Housing is discussed above.

Approval

This strategic report was approved by order of the Board on 20 September 2018.



Stephen Amos
Director

Viability Statement

As required by the provisions of the UK Corporate Governance Code, the directors have assessed the long term viability of Paragon Treasury Plc (The Company) for a period of three years, taking into account the company's current position and the potential impact of the principal risks documented on page 5 of the strategic report. The nature of the company's activity is to hold long term bonds and on-lend within the group. The on-lending currently in place is made to Paragon Asra Housing Limited (PA Housing) and is due for final repayment by 2047.

In making this assessment the directors have considered the following characteristics of the business:

The board of PA Housing has adopted a set of financial golden rules which underpin the parent company's approach to financial management. Through long term financial planning work, PA Housing ensures that these rules are harmonised with its broader corporate objectives so that in effect, they comprise the building blocks of its financial strategy. This approach helps the parent to preserve financial resilience into the long term.

The long term financial business plan demonstrates the ability of the parent to service the debt in the company, taking into account detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.

The approach to risk management as set out in the Director's report (page4) ensures that PA Housing has a structured approach to the management of risk, and the principal risks are identified and reviewed regularly by the Board.

Liquidity is one of the financial golden rules that the PA Housing Board has adopted and this is checked by regular reforecasting of cashflows. Paragon Treasury has access to another £25M of borrowing from the existing bond issue and the parent has access to £165M from committed revolving credit facilities.

The liabilities to bond holders are secured by a legal charge over property assets owned by the parent with a value in excess of total borrowings. The parent has entered into a guarantee with the company over future interest payments and the property security.

On the basis of this and other matters considered and reviewed by the Company Board during the year, the Company Board has reasonable expectations the Group and the Company will both be able to continue in operation and meet their liabilities as they fall due over the three year period used for this assessment.

Statement of Directors' responsibilities in respect of the Directors' report, Strategic report and the financial statements

The directors are responsible for preparing the Director's report, Strategic report and 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 they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

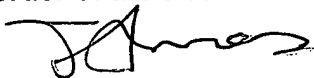
Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy

By order of the Board



Stephen Amos
Director
20 September 2018

Audit and Risk Committee Statement (ARC)

ARC is a sub-committee of the PA Housing Board which leads on risk management and internal control. ARC meets at least three times each year and currently comprises of four members.

Amongst other duties, ARC is responsible for:

- advising the Board on matters of internal control and risk management;
- approving internal and external audit arrangements, including recommending the appointment of auditors, agreeing their terms of reference and monitoring their performance;
- reviewing the outcome of internal and external audit activities; and
- reviewing with the external auditors the annual statutory Financial Statements and recommending these for approval by the Board.

At the meeting of ARC on 8 March 2018 the committee were presented with the audit plan and strategy by the Group's external auditors, KPMG. ARC heard about the key audit matters relevant to Paragon Treasury plc, most notably the risk of the company being unable to repay its debts.

ARC sought assurances as to how the auditors would address the key audit matters:

- the risk of default on the intra-group loan; and
- the effectiveness of internal controls.

The committee considered a number of factors including:

- the responses of Management when questioned about the business plan;
- the regular reports received from the Internal Audit function;
- the scope of the external audit;
- the risk management framework that is in place; and
- the adoption of the financial golden rules.

ARC was satisfied as to the ability of the company to meet its obligations and respond to the key audit matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAGON TREASURY PLC

1 Our opinion is unmodified

We have audited the financial statements of Paragon Treasury Plc ("the Company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 09 May 2018. The period of total uninterrupted engagement is for the financial year ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter, in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £223m (2017: £223m)

Refer to page 9 (Audit and Risk Committee Statement), page 17 (accounting policy) and pages 18 to 20 (accounting disclosure)

The risk – low risk high value

The Company's primary activity is to issue bonds, source investor financing and on-lend to the Parent. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to the Parent.

The carrying amount of the long term intercompany debtor balance represents 99% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAGON TREASURY PLC - continued

Whilst there are small amounts of financial income and financial expense during the loan period, the risk mainly stems from the expectation of the ability of the Parent to repay the loan in instalments arising from 2041/42 to 2046/47.

Our response

Our procedures included:

- i. **Assessment of Recoverability:** Assessing 100% of intercompany long term debtors owed by the Parent (2017: 100%) to identify, with reference to the Parent's financial draft balance sheet, whether they have a positive net asset value and sufficient headroom to cover the debt owed, and that future cash flow plans include repayment of the debt.
- ii. **Test of detail:** Assessing the creditor recognised by the Parent and comparing it to the debtor recognised by the company.
- iii. **Test of detail:** Assessing the balance on-loaned to the group with reference to the bond issue funds and the onward loan document between the Company and the Parent.
- iv. **Confirmation of value:** Obtained a confirmation letter from the counterparty to assess the gross, net and repayment date of the loan to the Parent.

Our results

We found the Company's assessment of the recoverability of the Long term debtor balance to be acceptable.

3 Our application of materiality and an overview of the scope of our audit

Paragon Treasury Plc is part of a Group headed by Paragon Asra Housing Limited. Materiality of £2.2m, as communicated by the Group audit team, has been applied to the audit of the Company.

This is lower than the materiality we would otherwise have determined by reference to Net Assets, and represents 0.98% of the Company's Net Assets.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.11m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Paragon Treasury Plc was undertaken to the materiality level specified above and was all performed at the Company's head office in Leicester.

4 We have nothing to report on going concern

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. We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAGON TREASURY PLC - continued

Strategic report and directors' report

Based solely on our work on the other information:

- 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.

6 We have nothing to report on the other 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 by the Company, 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:

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including 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, other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAGON TREASURY PLC - continued

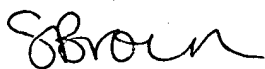
In addition we considered the impact of laws and regulations in the specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the company's activities and its legal form. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors and other management and inspection of regulatory and legal correspondence.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8 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.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

25 September 2018

Statement of Comprehensive Income for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Interest receivable and similar income	4	8,208	8,169
Other income		8	31
Operating expenses		(8)	(31)
Interest payable and other finance costs	5	(8,208)	(8,169)
Operating profit		-	-
Taxation	6	-	-
Profit on ordinary activities for the financial year		-	-

All amounts relate to continuing activities.

The notes on pages 14 to 20 form part of these financial statements.

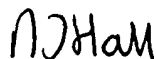
Statement of Financial Position as at 31 March 2018

	Note	2018 £'000	2017 £'000
Current assets			
Debtors: receivable after more than one year	7	222,578	222,524
Debtors: receivable within one year	7	1,549	1,570
Cash and cash equivalents		13	13
Total assets		224,140	224,106
Creditors: amounts falling within one year	8	(1,549)	(1,570)
Total assets less current liabilities		222,591	222,536
 Creditors: amounts falling due after more than one year	8	 (222,578)	 (222,523)
Net assets		13	13
 Equity			
Called up share capital	9	13	13
Total shareholders' funds		13	13

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2018.



Stephen Amos
Director



Marion Hall
Secretary

The notes on pages 14 to 20 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2018

	Note	Profit and Loss Reserve £'000
As at 1 April 2016	13	13
Profit for the year	-	-
As at 31 March 2017	13	13
As at 1 April 2017	13	13
Profit for the year	-	-
As at 31 March 2018	13	13

Notes to the Financial Statements for the year ended 31 March 2018

1. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Paragon Treasury Plc, includes FRS 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (September 2015).

The following principal accounting policies have been applied:

1.1 Disclosure exemptions adopted

As a qualifying entity as defined in FRS 102, the directors are taking advantage of the reduced disclosure framework and have not presented a Statement of Cash Flows.

1.2 Going concern

On the basis of their assessment of the company's financial position and resources, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

1.3 Revenue

The revenue shown in the Statement of Comprehensive Income represents interest receivable on the loan to PA Housing, plus amounts invoiced to cover the administrative expenses incurred during the period. Also included is any amortisation on bond discount costs due from PA Housing. Interest receivable is recognised on an accruals basis. All revenue comes from group entities.

1.4 Taxation

The charge for the year is based on profits arising on activities that are liable to tax, using tax rates that have been enacted or substantively enacted by the year end date.

1.5 Financial instruments

All financial instruments have been classified as basic. The Bond was initially recorded at transaction price (less any issue costs) and on subsequent measurement carried in the Statement of Financial Position at amortised cost using the effective interest method. The Bond discount is amortised over the life of the instrument.

1.6 Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset, or liability, and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

1.7 Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements and estimates:

The estimate for debtors relates to the recoverability of the balances outstanding at the reporting date. A review is performed on an individual debtor basis to consider whether each debt is recoverable. The debtor balance relates to on-lent funding to PA Housing and this was under a secured loan agreement, backed by housing assets owned by PA Housing.

Notes to the Financial Statements for the year ended 31 March 2018

2 Statement of Comprehensive Income

During the year the company incurred interest on the borrowings it holds. The borrowings have been on-lent to PA Housing and interest charged by PTP at the same interest rate at which it has borrowed. Consequently, the net finance costs of PTP show neither a gain nor a loss.

The auditors' remuneration for the year was £4,500 (2017: £3,300).

3 Directors' emoluments

The directors were also directors of PA Housing throughout the year. They do not receive remuneration for their duties as directors of PTP. Any employment costs were retained by PA Housing and disclosed in the financial statements of the group as appropriate.

The company has no directly employed personnel.

4 Interest receivable and similar income	2018	2017
	£'000	£'000
Interest due from group entities	8,208	8,168
Release of bond discount receivable from other group entities		1
Other income	8	31
	8,216	8,200
5 Interest payable and other finance costs	2018	2017
	£'000	£'000
Bond interest payable	8,208	8,168
Release of bond discount payable by other entities	-	1
	8,208	8,169
6 Taxation on ordinary activities	2018	2017
	£'000	£'000
UK Corporation tax	-	-
Profit on ordinary activities before taxation	-	-

Notes to the Financial Statements for the year ended 31 March 2018

7 Debtors	2018 £'000	2017 £'000
Amounts receivable after more than one year		
Long term loan to group entities	222,614	222,562
Less: Bond discount	(36)	(38)
	222,578	222,524
Amounts receivable within one year		
Amounts due from group entities	1,549	1,570

Included in amounts receivable after more than one year is a 32 year loan facility made to PA Housing, the parent of PTP, by means of the Bond Loan Agreement. The loan is at a fixed rate of 3.625%, and will be repaid by means of uniform instalments over each of the five years prior to the bond's maturity, from 2042 to 2047. The loan is secured against certain social housing assets owned by PA Housing. The bond discount of £40,500 is amortised on a straight line basis over the life of the bond.

8 Creditors	2018 £'000	2017 £'000
Amounts falling due within one year		
Interest payable to 2047 Bond investors	1,541	1,564
Accruals	8	6
	1,549	1,570
Amounts falling due after more than one year		
32 year Fixed rate Bond	222,614	222,562
Less: Bond discount	(36)	(38)
	222,578	222,524
Bonds are repayable, as follows:		
In five years or more	225,000	225,000

Risk management objectives and policies

The parent undertaking's treasury function is responsible for the management of the group's funds, including those held by PTP, and control of associated risks. Its activities are governed by the Board and Treasury Committee and the function is responsible for all the treasury matters arising in the group and its legal entities.

Interest rate risk

The company has no exposure to interest rate risk as all amounts owed to the 2047 Bond investors are at a fixed rate of interest, as is the interest receivable from PA Housing on amounts on-lent under the Bond Loan Agreement.

There were no other interest bearing assets or liabilities.

Notes to the Financial Statements for the year ended 31 March 2018

8 Creditors (continued)

Credit risks and uncertainties

PTP is dependent on receipt of funds from PA Housing in order to meet its contractual obligations to settle interest and repayment of principal in relation to the 2047 Bond. PTP is therefore exposed to the credit risk that PA Housing, as the sole counterparty to the Bond Loan Agreement, fails to reimburse PTP. The directors consider this risk to be very low owing to the fact that PA Housing is a financially sound business that has been assigned an investor-grade credit rating of A3 (stable), has a strong asset base and a track record of generating operating surpluses. Additionally, the business is subject to regular assessment by an effective regulator with strong powers of oversight.

The maximum credit risk currently faced by the company is £226,541,866 (2017: £226,564,212) being the issued amount of funds raised through the 2047 Bond and on-lent to PA Housing, together with interest accrued thereon but not yet settled.

9 Called up share capital

Allotted and issued

50,000 ordinary shares of £1 each

2018
£'000

2017
£'000

50

50

Issued share capital paid up

50,000 ordinary shares of £1 each, part paid 25 pence

13

13

Upon incorporation PTP issued 50,000 ordinary shares of £1 each of which £12,500 were paid up to provide working capital to establish the business.

All shares rank pari passu in all regards.

10 Financial institution disclosures

As PTP on-lent to PA Housing, the main risk facing PTP is that PA Housing is unable to meet its obligations to make payments of interest or principal when due. This risk is mitigated through entry by both parties into a secured loan agreement, backed by social housing assets owned by PA Housing. These assets are subject to regulation by the RSH and therefore offer a level of protection in terms of regulatory scrutiny.

11 Related parties

PTP is wholly owned by Paragon Asra Housing Limited with effect from 13 April 2017. Paragon Community Housing Limited, asra Housing Association Limited and Leicester Housing Association Limited amalgamated to create Paragon Asra Housing Limited. Prior to this PTP was wholly owned by Paragon Community Housing Limited and, in accordance with the requirements of paragraph 33.1A of FRS102, transactions between the Company and other group members have not been separately disclosed. All intra-group transactions have taken place in the normal course of business. There are no other related party transactions requiring disclosure.

Printed copies of the parent and group financial statements can be obtained from the address on page 3.