

ORIGEN FINANCIAL SERVICES LIMITED

REGISTRATION NUMBER 3926629

AMENDED STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019



ORIGEN FINANCIAL SERVICES LIMITED

Directors	Michelle Louise Davis (appointed 17 December 2019) Howard Evans Duncan George Jarrett Mark Robert Pearson Alec Charles Ramsey Robert Thomas Waller Linda Mary Whorlow
Secretary	James Kenneth MacKenzie
Company Number	3926629
Registered Office	1 st Floor Infor House 1 Lakeside Road Farnborough Hampshire GU14 6XP
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Atria One 144 Morrison Street Edinburgh EH3 8EX

ORIGEN FINANCIAL SERVICES LIMITED

STRATEGIC REPORT

Principal activities

The Company's principal activity is the provision of independent financial advice to individual and corporate clients.

Origen Financial Services Limited (OFSL) is a private limited company incorporated and domiciled in England & Wales.

Review of business and future developments

The Company is a wholly owned subsidiary of Momentum Group Limited.

The OFSL business continues to offer regulated advice and related services to private clients and Corporate Customers.

Profit increased again in 2019. No additional capital was required to support this business growth.

Trading has been strong at the start of 2020 and the balance sheet is well placed relative to the current status of COVID-19 (Note 18). The Directors and Executive Management of the Company actively monitor OFSL's balance sheet and capital position and the Company continues to benefit from shareholder support.

The Company continues to monitor the recent coronavirus disease (COVID-19) outbreak, which is causing worldwide economic disruption and will impact performance in 2020. The Company operates a risk and capital management framework to ensure customers are protected against severe risk events: operationally, the business is continuing to service its customers through this turbulent period.

Corporate governance, capital management and financial instruments

Overview

The Aegon UK Group, of which the Company is a part, has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operation of the business across the group that includes a clearly stated organisational structure, appropriate delegated authorities and independent internal audit (compliance monitoring) and risk management functions. Risk management for the Company operates within this governance framework. The Company is continuously monitoring the market and economic turbulence that has arisen as a consequence of the COVID-19 outbreak.

Origen has a formal structure in place for monitoring and managing risks across the business which comprises of a risk appetite, a detailed risk management framework including risk policies and oversight and challenge of risks. Origen's risk management function is responsible for risk methodology, risk tolerance and risk policies. This involves identifying risks, in particular operational risks, as well as reviewing and providing oversight and challenges for risk assessments carried out by operating units across the business.

The Directors consider that the Company is subject to strategic and market risk, operational risk and finance risk. They operate policies which are designed to ensure that after taking account of mitigating actions and probability, the Company maintains a level of finance and resource that is appropriate for the risks it faces.

Strategic & Market Risk

These risks relate to Origen's strategic goal setting for the business and include external factors such as economic conditions, competitor actions, reputational damage and shareholder support. A key role of the Origen Board is to focus on company strategy and reputation and ensure that necessary resources are in place to meet the Company's objectives. The internal Origen governance structure consists of a series of statutory boards, executive management teams, committees / action groups and sub-committees / working groups. Origen's governance is overseen by Aegon UK.

ORIGEN FINANCIAL SERVICES LIMITED STRATEGIC REPORT

Operational Risk

These risks are the ones the business faces on a day-to-day basis which can affect the success of achieving strategic goals and objectives. Operational risks will typically include business risks such as sales practices, regulatory and compliance risks, administration risks, business disruption and health and safety.

Origen manages its operational risk exposure to ensure that it is maintained within defined risk tolerance levels across the business. Identified risks are assessed and documented in line with requirements of the risk framework.

The oversight of Origen's operational and regulatory risk exposures is through the Compliance and Operational Risk Committee, which reports to the Origen Board.

Risk and compliance professionals are also employed within Origen to identify, implement and sustain the changes required as a result of new regulations and to instil a culture of compliance within the Company. Directors and other executives maintain a regular dialogue with the Financial Conduct Authority (FCA) to ensure that regulatory concerns are addressed as they arise.

Following the recent coronavirus disease (COVID-19) outbreak Origen has invoked its business continuity plans to help ensure the safety of and well-being of its staff, as well as its capacity to support its customers and maintain its business operations, while maintaining its financial and operational resilience.

Finance Risk

These risks relate to events that could prevent the business achieving its objectives due to financial matters such as liquidity issues, capital resource issues and solvency of the business. Cash and short term deposits are placed with credit-rated banks which reduces credit risk and credit risk on trade and other debtors is managed through aged debtor analysis.

The Company's objectives in managing its capital are to ensure that there are adequate resources to meet the Company's liabilities as they fall due, that the Company meets external capital requirements set by the FCA and allocates capital efficiently to support growth and return excess capital where appropriate. The Company manages its capital position by measuring its resources and cash available on a regular basis, and through regular monitoring of excess regulatory capital. The Company met all external capital requirements during the year.

The movement in the Company's equity position during the year is shown in the Statement of Changes in Equity.

On behalf of the Board 22 May 2020



Robert Thomas Waller
Director

ORIGEN FINANCIAL SERVICES LIMITED REPORT BY THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 December 2019

This Strategic Report, Directors' Report and Financial Statements ("Financial Statements) for the year ended 31 December 2019 replaces the version originally approved and signed on 29 April 2020. These financial statements now constitute the only valid Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2019. These Financial Statements have been prepared as at the date of the original financial statements (that is, the date on which the original financial statements were approved) and not at the date of the revision (that is the date of the approval of the revised financial statements). Accordingly, these financial statements do not deal with events occurring between those dates. The only change to these financial statements, versus the earlier version, is to correct the title on page 12 to 'STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019' from 'STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019'.

Structure of these financial statements

These financial statements have been prepared on a going concern basis, and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2019, and applied in accordance with the Companies Act 2006.

Financial Results and dividends

The results for the year are set out on page 11.

The profit, before taxation, is £2,289k (2018: £672k). The Directors do not recommend the payment of a dividend (2018: £Nil).

Total revenue for the year increased to £19,740k, an increase of 21.6% from £16,234k in 2018. This reflects increased activities for both private client and corporate customers.

Overall results have improved year on year, resulting in a pre tax profit for the year.

The Strategic Report includes a review of the Company's business and future developments.

Financial risk management

The Strategic Report includes the risk management policy for the company.

Immediate and ultimate parent undertaking

The immediate parent Company is Momentum Group Limited and the ultimate parent Company is Aegon N.V..

Directors and their interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were Howard Evans, Duncan George Jarrett, Mark Robert Pearson, Alec Charles Ramsey, Robert Thomas Waller and Linda Mary Whorlow. Michelle Louise Davis was appointed as a Director on 17 December 2019. The Directors have declared that they had no interest in the share capital of the Company during the year and up to the date of signing.

ORIGEN FINANCIAL SERVICES LIMITED
REPORT BY THE DIRECTORS

Going concern

In assessing whether the Company is a going concern the Directors have taken into account the latest guidance issued by the Financial Reporting Council.

After making enquiries, which included considering the liquidity of the Company's assets, profitability including possible impacts of COVID-19, projected regulatory capital position and confirmation of the availability of ongoing support from the intermediate parent undertaking Aegon UK plc, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Political contributions

No political contributions were made during the year (2018: £Nil).

Directors' qualifying third party indemnity provisions

During the year and to the date of signing this report, the Company maintained liability insurance for Directors and officers of the Company through arrangements made by Aegon N.V. for the benefit of itself and its subsidiary companies.

Disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware; and each Director has taken all steps they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and have been deemed reappointed under section 487(2) of Companies Act 2006.

Annual General Meetings

In accordance with the provisions of the Companies Act legislation the Company has dispensed with the holding of Annual General Meetings.

The financial statements on pages 11 to 32 were approved by the Board of Directors on 22 May 2020 and signed on its behalf by



Robert Thomas Waller
Director

ORIGEN FINANCIAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ORIGEN FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGEN FINANCIAL SERVICES LIMITED

Report on the audit of the revised financial statements

Opinion

In our opinion, Origen Financial Services Limited's revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, seen as at the date the original financial statements were approved; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

We have audited the revised financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, cash flow statement, the statement of changes in equity for the year then ended; and the notes to the revised financial statements, which include a description of the significant accounting policies, and which replace the original financial statement approved by the directors on 29 April 2020. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date the original financial statements were approved.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the revised financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the revised financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – revision to the title of Statement of Financial Position

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.1.1 to these revised financial statements concerning the need for revision is to correct the title on page 11 to 'STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019' from 'STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019'. The original financial statements were approved on 29 April 2020, and our previous auditors' report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous auditors' report to the date of this report.

ORIGEN FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGEN FINANCIAL SERVICES LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the revised financial statements is not appropriate; or
- the directors have not disclosed in the revised financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the revised financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the revised financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the revised financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the revised financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the revised financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report by the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report by the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report by the Directors for the year ended 31 December 2019 is consistent with the revised financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report by the Directors.

ORIGEN FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGEN FINANCIAL SERVICES LIMITED

Responsibilities for the revised financial statements and the audit

Responsibilities of the directors for the revised financial statements

As explained more fully in the Directors' Responsibilities Statement in relation to the Revised Financial Statements, the directors are responsible for the preparation of the revised financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of revised financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revised financial statements.

A further description of auditors' responsibilities for the audit of financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. In the context of an audit of revised financial statements, in respect of our conclusion relating to going concern, we are only required to consider audit evidence up to the date of our original auditors' report. In other respects, this description forms part of our auditors' report.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors. The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Companies (Revision of Defective Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

ORIGEN FINANCIAL SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ORIGEN FINANCIAL SERVICES LIMITED**

Other required reporting

Opinion prescribed by the Companies (Revision of Defective Accounts and Reports) Regulations 2008

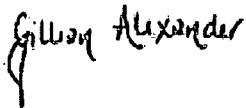
The original financial statements for the year ended 31 December 2019 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in note 1.1.1 to these revised financial statements.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the revised financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gillian Alexander (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
22 May 2020

ORIGEN FINANCIAL SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> £'000	<u>2018</u> £'000
Revenue			
Revenue from rendering of services		19,740	16,234
Cost of sales	2	<u>(12,910)</u>	<u>(11,765)</u>
Gross profit		6,830	4,469
Administrative expenses	3	<u>(4,500)</u>	<u>(3,791)</u>
Operating profit		2,330	678
Finance income	4	5	3
Finance costs	5	<u>(46)</u>	<u>(9)</u>
Profit before taxation		2,289	672
Tax charge	6	<u>(351)</u>	<u>(123)</u>
Profit for the year		<u>1,938</u>	<u>549</u>

The profit for the year relates wholly to continuing activities and is attributable to the equity holders of the Company.

The profit for the year is consistent with total comprehensive income and there were no other items of comprehensive income not already reflected within the profit for the year.

ORIGEN FINANCIAL SERVICES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> £'000	<u>2018</u> £'000
Non-current assets			
Property, plant and equipment	7	807	662
Trade and other receivables	8	1,354	104
Financial assets	9	2,500	2,500
Deferred tax asset	6	161	178
		<u>4,822</u>	<u>3,444</u>
Current assets			
Trade and other receivables	8	4,252	2,354
Cash and short term deposits	10	3,395	2,507
		<u>7,647</u>	<u>4,861</u>
Total assets		<u>12,469</u>	<u>8,305</u>
Current liabilities			
Tax payable	6	417	102
Trade and other payables	11	3,335	2,646
Financial liabilities	12	400	37
Provisions	14	56	92
		<u>4,208</u>	<u>2,877</u>
Non current liabilities			
Financial liabilities	13	4,119	3,224
		<u>4,119</u>	<u>3,224</u>
Total liabilities		<u>8,327</u>	<u>6,101</u>
Net assets		<u>4,142</u>	<u>2,204</u>
Capital and reserves			
Issued share capital	15	8,750	8,750
Capital contribution	15	24,591	24,591
Accumulated losses		<u>(29,199)</u>	<u>(31,137)</u>
Total equity		<u>4,142</u>	<u>2,204</u>

The financial statements on pages 11 to 32 were approved by the Board of Directors on 22 May 2020 and signed on its behalf by



Robert Thomas Waller

Director

Company number: 3926629

ORIGEN FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Issued share capital £'000</u>	<u>Capital contribution £'000</u>	<u>Accumulated losses £'000</u>	<u>Total Equity £'000</u>
At 1 January 2019	8,750	24,591	(31,137)	2,204
Profit for the year	-	-	1,938	1,938
At 31 December 2019	8,750	24,591	(29,199)	4,142

FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Issued share capital £'000</u>	<u>Capital contribution £'000</u>	<u>Accumulated losses £'000</u>	<u>Total Equity £'000</u>
At 1 January 2018	8,750	24,591	(31,686)	1,655
Profit for the year	-	-	549	549
At 31 December 2018	8,750	24,591	(31,137)	2,204

The Company did not recognise any income or expense directly in equity (2018: £Nil).

ORIGEN FINANCIAL SERVICES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> £'000	<u>2018</u> £'000
Operating activities			
Profit before tax		2,289	672
<i>Adjustments to reconcile profit/(loss) before tax to net cash inflow from operating activities:</i>			
Depreciation on property, plant and equipment and Right-of-use assets	7 & 8	651	216
Decrease in provisions	14	(36)	(89)
Net finance cost		41	6
(Increase)/decrease in trade and other receivables	8	(3,534)	831
Increase/(decrease) in trade and other payables	11	1,952	(862)
Income tax paid		(19)	(47)
Net cash generated from operating activities		<u>1,344</u>	<u>727</u>
Investing activities			
Purchase of property, plant and equipment	7	<u>(409)</u>	<u>(185)</u>
Net cash used in investing activities		(409)	(185)
Financing activities			
Interest received	4	5	3
Interest paid	5	(46)	(9)
Finance Lease		<u>(6)</u>	<u>(20)</u>
Net cash used in financing activities		(47)	(26)
Net increase in cash and cash equivalents		888	516
Cash and cash equivalents at 1 January		<u>2,507</u>	<u>1,991</u>
Cash and cash equivalents at 31 December	10	<u>3,395</u>	<u>2,507</u>

The cash flow statement is prepared according to the indirect method.

ORIGEN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

1.1.1 Basis of preparation

The Strategic Report, Directors' Report and Financial Statements ("Financial Statements") for the year ended 31 December 2019 replaces the version originally approved and signed on 29 April 2020. These financial statements now constitute the only valid Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2019. These Financial Statements have been prepared as at the date of the original financial statements (that is, the date on which the original financial statements were approved) and not at the date of the revision (that is the date of the approval of the revised financial statements). Accordingly, these financial statements do not deal with events occurring between those dates. The only change to these financial statements, versus the earlier version, is to correct the title on page 12 to 'STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019' from 'STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019'.

The financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2019 and applied in accordance with the Companies Act 2006. The financial statements have been prepared in accordance with the historical cost convention.

After making enquiries, which included considering the liquidity of the Company's assets, profitability including the possible impacts of COVID-19, projected regulatory capital position and confirmation of the availability of ongoing support from the intermediate parent undertaking Aegon UK plc, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Accounting policies have been applied consistently throughout the year, other than where new policies have been adopted.

1.1.2 Adoption of new IFRS accounting standards

New standards and amendments to standards become effective at the date specified by IFRS, but may allow companies to opt for an earlier adoption date. In 2019, the following amendments to existing standards issued by the IASB became mandatory but, with the exception of IFRS 16 Leases, are not currently relevant or do not significantly impact the financial position or financial statements:

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over Tax Treatments;
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;
- Annual Improvements 2015-2017; and
- Amendment to IAS 19 Plan Amendment, curtailment or settlement.

IFRS 16 Leases, which replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a lease, was effective for the Company from 1 January 2019. The most significant change following the adoption of IFRS 16 is related to leases that were identified as operating leases held by a lessee under IAS 17. Under IAS 17, these leases were reported as (off- balance sheet) operating lease obligations, and after 1 January 2019 reported as (on-balance) lease liabilities with the accompanying lease assets.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.1.2 Adoption of new IFRS accounting standards (continued)

The accounting policy for leases applicable from 1 January 2019 is included in note 1.9.

Transitional disclosures

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

In order to implement the standard, the Company has adopted a number of key options and practical expedients allowed under IFRS 16 of which the following are the most significant:

- The Company elected to apply the 'grandfather' option, which means that all conclusions previously reached under IAS 17 (and IFRIC 4) are deemed compliant with IFRS 16;
- The Company has elected to use hindsight in areas that involve judgment or estimation, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Impact on financial statements

At 1 January 2019, the Company recognised a right-of-use asset of £1,637k and a lease liability of £1,637k. The right-of-use asset relates property £1,546k and office equipment £91k. The most significant judgment for the Company is related to the determination of the appropriate discount rate used in measurement of the lease liability.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2.56%.

The reconciliation between operating lease commitments at 31 December 2018 and lease liabilities at 1 January 2019 is as follows:

	<u>£'000</u>
Operating lease commitments disclosed in 31 December 2018 financial statements	831
VAT included in commitments disclosed in 31 December 2018 financial statements	(138)
Recognition for short-term leases	67
Derecognition of prior year commitment	(64)
Recognition of future lease obligations (minimum rentals period disclosed in prior year operating lease commitments)	1,036
Discounted using the incremental borrowing rate as at 1 January 2019	<u>(95)</u>
Lease liability recognised in accordance with IFRS 16 requirements as at 1 January 2019	<u>1,637</u>

Operating lease commitments of £640k relating to real estate were previously disclosed in the service entity Origen Limited. On review of these lease agreements it was noted that the agreements are with Origen Financial Services and therefore the lease liability and right-of-use asset has been recognised within the financial statements.

ORIGEN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.1.3 Early Adoption of new IFRS accounting standards

In 2019 the Company will be early adopting IFRS 3 Amendment, Business Combinations which was endorsed 21 April 2020, early adoption is permitted and the application included within the financial statements.

The amendment to IFRS 3 Business Combinations are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Impact on the financial statements

With effect from 1 March 2019, the Company entered into an agreement to provide financial advice to a group of customers. With the application of amendment to IFRS 3 Business Combinations the asset is recognised at cost plus directly attributable expenses within the financial statements.

1.1.3 Future Adoption of new IFRS accounting standards

The following amendments to the existing standards and interpretation, published prior to January 1, 2020, which are not yet effective for or early adopted by the Company, will not significantly affect the financial position or financial statements:

- IFRS 9 Financial Instruments;
- IFRS 17 Insurance Contracts;*
- IAS 1 and IAS 8 Definition of Material: Interest Rate Benchmark Reform; and
- Amendments to references to The Conceptual Framework.

* The above new standards, amendments to existing standards and interpretations have not yet been endorsed by the European Union.

1.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The significant judgements made within the financial statements relate to the deferred tax asset see note 1.6, right-of-use assets see note 8 and provisions see note 14.

ORIGEN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.3 Revenue recognition

Revenue is recognised by the entity at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring services to a customer. Revenue is recognised net of discounts, VAT and any other sales related taxes. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from rendering of services is derived from the principal continuing activity which is the provision of independent financial advice to individual and corporate clients in the UK. Revenue comprises of fees, adviser charges and commission. Fees are recognised as revenue in the accounting periods in which the services are provided and are recognised at the tax point date. Fees are raised when the business has established the right to the consideration. Initial commission and adviser charges are recognised as revenue when the policies are accepted by the product providers.

Trail commission is recognised as revenue on an accrued basis to the extent that commission receipts are probable and can be estimated reliably.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount. Interest accrued is recognised by reference to the interest received, the amount outstanding and the effective interest rate applicable.

1.4 Property, plant and equipment

Depreciation on fixed assets is calculated on a straight line basis as follows:

Computer equipment and software	-	3 years
Plant machinery & vehicles	-	5 years
Short leasehold improvements	-	over the period of the lease

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment charge.

Depreciation and impairment losses are recognised in the Statement of Comprehensive Income within administrative expenses. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Statement of Comprehensive Income in the period of derecognition.

1.5 Financial assets

Financial assets are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased.

ORIGEN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.5 Finance assets (continued)

(a) Classification

Financial assets with fixed or determinable payments that are not quoted on an active market and that the Company does not intend to sell in the near future are accounted for as loans.

(b) Measurement

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, any directly attributable incremental transaction costs. Loans are subsequently carried at amortised cost using the effective interest rate method.

(c) Amortised cost

The amortised cost of a debt instrument is the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amounts and minus any impairment. The effective interest rate method is a method of calculating the amortised cost and of allocating the interest income or expense over the relevant period.

(d) Fair value

The fair value of an asset is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction. For quoted financial assets for which there is an active market, the fair value is the bid price at the Statement of Financial Position date. In the absence of an active market, fair value is estimated by using present value or other valuation techniques.

e) Impairment

An asset is impaired if the carrying amount exceeds the amount that would be recovered through its use or sale. For tangible, intangible and financial assets, if not held at fair value through profit or loss, the recoverable amount of the asset is estimated when there are indications that the asset may be impaired.

(f) Derecognition

A financial asset is derecognised when the contractual rights to the asset's cash flows expire, when the Company has transferred the asset and substantially all the risks and rewards of ownership, or when the Company has transferred the asset without transfer or retaining of substantially all the risks and rewards of ownership, provided the other party can sell or pledge the asset. On derecognition the difference between the disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income. Any cumulative gain or loss previously recognised in equity is also recognised in the Statement of Comprehensive Income.

1.6 Taxes

Current income tax

Income tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, or paid to or recovered from other group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial

ORIGEN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.6 Taxes (continued)

position date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement

Deferred income tax

Deferred income tax is provided where required using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

1.7 Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

1.8 Cash and cash equivalents

Cash and short-term deposits comprise cash at bank and in hand and cash equivalents with an original maturity of three months or less.

1.9 Leases

A right-of-use asset and a lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of real estate and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (using the same rate to measure the lease liability), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be

ORIGEN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.9 Leases (continued)

readily determined, the Company's incremental borrowing rate. Generally, the incremental borrowing rate is used as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimated amount of the expected payable under a residual value guarantee, or if the assessment changes of whether it will exercise a purchase, extension or termination option.

The right-of-use assets are presented in 'Trade and other receivables' and lease liabilities in 'Financial liabilities' in the statement of financial position.

1.10 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

2. Cost of sales

Origen Financial Services Limited has no employees. It has a service contract with fellow Aegon UK plc group undertaking Origen Limited, which supplies all its staff requirements at cost.

Included within cost of sales and recharged by Origen Limited are the following staff costs:

	<u>2019</u>	<u>2018</u>
Wages and salaries	9,317	8,314
Social security costs	1,113	1,033
Other pension costs	581	485
Termination and relocation costs	11	13
	<u>11,022</u>	<u>9,845</u>

The average monthly number of employees during the year was as follows:

	<u>2019</u>	<u>2018</u>
	Number	Number
Revenue generators (registered individuals)	62	54
Other staff	119	111
	<u>181</u>	<u>165</u>

Administrative expenses recharged by Origen Limited are detailed in note 3. Further details of related party transactions are set out in note 17.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Administrative expenses

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Costs included within administrative expenses are as follows:		
Auditors' remuneration – audit of financial statements	108	108
Depreciation on property, plant and equipment	264	216
Operating lease rentals – plant and machinery	-	46
	-	46

Administrative expenses include £829k (2018: £765k) relating to infrastructure recharges including the lease of land and buildings to the Company by Origen Limited. Further details of related party transactions are set out in note 17.

The fees paid to auditors by the Company are the total audit fees for the statutory and regulatory reporting of the Company, its immediate parent and Origen Limited.

The recharge cost of staff employed by Origen Limited is included in cost of sales and detailed in note 2.

The directors' emoluments for executive directors of Origen Financial Services Limited and fees paid to non-executive directors are disclosed in the financial statements of Origen Limited.

4. Finance income

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Interest income from fellow Aegon UK plc group undertaking	5	3
	5	3

As part of the Company's banking arrangements, interest payable on an overdraft held by the Company's immediate holding Company Momentum Group Limited is netted off against deposit interest receivable on surplus funds held by the Company.

For terms and conditions relating to related party transactions, refer to note 16.

5. Finance costs

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Interest expense on loan from Aegon UK plc	11	9
Interest on lease liabilities	35	-
	46	9

For terms and conditions relating to related party transactions, refer to note 17.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Tax charge

(a) Current year tax

	<u>2019</u>	<u>2018</u>
	£'000	£'000
<u>UK current tax</u>		
Income tax charge for the year	(417)	(102)
Adjustment in respect of prior years	83	-
Total current tax charge	<u>(334)</u>	<u>(102)</u>
 <u>UK deferred tax</u>		
Excess of capital allowance over depreciation	(17)	(21)
Origination and reversal of timing difference	1	-
Adjustment in respect of prior years	(1)	-
Total deferred tax charge	<u>(17)</u>	<u>(21)</u>
 Total tax charge reported in the Statement of Comprehensive Income	 <u>(351)</u>	 <u>(123)</u>

(b) Reconciliation of tax

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Profit before taxation	<u>2,289</u>	<u>672</u>
 Income tax calculated using the weighted average applicable statutory rates	 (435)	 (128)
Adjustment in respect of prior years	82	-
Other taxes	-	3
Effect of change in the rate of corporation tax on deferred tax	2	2
Total tax charge reported in the Statement of Comprehensive Income	<u>(351)</u>	<u>(123)</u>

The weighted average applicable statutory tax rate is 19.00% (2018: 19.00%).

The current tax rate of 19%, which has been effective since 1 April 2017, was enacted by Finance (No. 2) Act on 26 October 2015. The Finance Act 2016, enacted on 6 September 2016, included a future reduction in the corporation tax rate from 19% to 17% with effect from 1 April 2020.

The impact of this reduction in tax rate on the deferred tax balances has been included in the above figures and the deferred tax tables.

In the Spring Budget 2020, the Government announced the corporation tax rate would remain at 19% from 1 April 2020 rather than reducing to 17%. Applying the revised tax rate would have the effect of increasing the net deferred tax asset position by £19k.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Tax charge (continued)

(b) Reconciliation of tax (continued)

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Tax payables		
Income tax payable	<u>417</u>	<u>102</u>
Deferred tax assets comprise		
Capital allowances	159	177
Timing differences	<u>2</u>	<u>1</u>
Net deferred tax assets	<u>161</u>	<u>178</u>
	<u>2019</u>	<u>2018</u>
Deferred tax assets	£'000	£'000
At 1 January	178	199
Amounts recorded in the Statement of Comprehensive Income	<u>(17)</u>	<u>(21)</u>
At 31 December	<u>161</u>	<u>178</u>

No deferred tax asset is recognised in the statement of financial position in respect of trade losses carried forward of £1,435k (2018: £1,876k) with a potential tax value of £244k (2018: £319k) as there is uncertainty regarding the timing and emergence of future taxable profits. The future tax deductibles are carried forward without expiry.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Property, plant and equipment

	<u>Plant, machinery and vehicles</u> £'000	<u>Short leasehold improvements</u> £'000	<u>Computer equipment and software</u> £'000	<u>Total</u> £'000
Cost				
At 1 January 2018	82	832	1,584	2,498
Additions	2	14	169	185
Disposals	-	-	-	-
At 31 December 2018	84	846	1,753	2,683
Additions	-	-	409	409
Disposals	-	-	-	-
At 31 December 2019	84	846	2,162	3,092
Accumulated depreciation				
At 1 January 2018	78	555	1,172	1,805
Charge for the year	3	112	101	216
Disposals	-	-	-	-
At 31 December 2018	81	667	1,273	2,021
Charge for the year	2	113	149	264
Disposals	-	-	-	-
At 31 December 2019	83	780	1,422	2,285
Net book value				
At 31 December 2019	1	66	740	807
At 31 December 2018	3	179	480	662

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Trade and other receivables

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Non-current trade and other receivables		
Other debtors – Rent Deposits paid	104	104
Right-of-use assets	1,250	-
	1,354	104
Current trade and other receivables		
Trade receivables	1,527	970
Other receivables	14	14
Prepayments and accrued income	2,711	1,370
	4,252	2,354
	5,606	2,458

Trade receivables are non-interest bearing and are generally on 30 day terms and are shown net of any provision for impairment.

As at 31 December 2019, trade receivables at a nominal value of £10k (2018: £37k) were provided for.

Movements in the provision for impairment of trade receivables were as follows:

	<u>2019</u>	<u>2018</u>
	£'000	£'000
At 1 January	37	39
Charge for the year	9	2
Unused amounts reversed (See note 1)	(36)	(4)
At 31 December	10	37

Note 1- unused amounts reversed reflects the net movement in the brought forward provision during the year.

As at 31 December 2019, the analysis of trade receivables that were past due but not impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired	
			30 – 90 days	>90 days
	£'000	£'000	£'000	£'000
2019	1,527	813	617	97
2018	970	631	322	17

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Trade and other receivables (continued)

Movements in right-of-use assets were as follows:

	<u>Office equipment</u> £'000	<u>Real estate for own use</u> £'000	<u>Total</u> £'000
Cost			
At 1 January 2019 (restated)	91	1,546	1,637
Additions	-	-	-
At 31 December 2019	<u>91</u>	<u>1,546</u>	<u>1,637</u>
Accumulated depreciation and impairment losses			
At 1 January 2019	-	-	-
Depreciation through income statement	(24)	(363)	(387)
At 31 December 2019	<u>(24)</u>	<u>(363)</u>	<u>(387)</u>
Net book value at 31 December 2019	<u>67</u>	<u>1,183</u>	<u>1,250</u>

For information on the Lease liabilities and maturity analysis, please refer to note 12 current financial liabilities, note 13 non current financial liabilities and note 16 lease obligations respectively.

9. Financial assets

	<u>2019</u> £'000	<u>2018</u> £'000
Non-current		
Loan to a fellow Aegon UK plc group undertaking	500	500
Loan to immediate parent undertaking	2,000	2,000
	<u>2,500</u>	<u>2,500</u>

The loan to a fellow Aegon UK plc group undertaking is unsecured and bears interest at a rate 0.75% above LIBOR.

The loan to immediate parent undertaking is unsecured and does not bear interest.

10. Cash and short term deposits

	<u>2019</u> £'000	<u>2018</u> £'000
Cash at bank	<u>3,395</u>	<u>2,507</u>

The cash at bank is non interest bearing.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Trade and other payables

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Current trade and other payables		
Trade payables	445	118
Other payables	438	282
Amounts owed to fellow Aegon UK plc group undertakings	291	504
Accruals and deferred income	<u>2,161</u>	<u>1,742</u>
	<u>3,335</u>	<u>2,646</u>

Current trade and other payables are non-interest bearing and are normally settled within 30 days. Further details of related parties are set out in note 17.

12. Current financial liabilities

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Finance lease	19	38
Lease liabilities	<u>381</u>	<u>-</u>
	<u>400</u>	<u>38</u>

13. Non current financial liabilities

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Loan from immediate parent undertaking	2,550	2,550
Loan from fellow Aegon UK plc group undertaking	650	650
Lease liabilities	881	-
Other liabilities	<u>38</u>	<u>24</u>
	<u>4,119</u>	<u>3,224</u>

The loan from immediate parent undertaking is unsecured and subordinated to the interests of all other creditors. The loan is non interest bearing and has no expiry.

The loan from fellow Aegon UK plc group undertaking is unsecured and subordinated to the interests of all other creditors. A notice period of a minimum of 5 years is required for repayment of this loan unless the approval of the Financial Conduct Authority is obtained. Interest is charged at a rate 0.75% above LIBOR.

The amounts above reflect the sum payable at the Statement of Financial Position date.

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Provisions

	<u>Compensation</u>	<u>Indemnity</u>	<u>Total</u>
	£'000	£'000	£'000
At 1 January 2019	86	6	92
Released in year	(28)	-	(28)
Provided in year	93	11	104
Utilised in year	(105)	(7)	(112)
At 31 December 2019	46	10	56

Provision calculations involve the use of management judgement and estimates. Accordingly, there are inherent uncertainties within the calculations, and it is possible that the eventual costs incurred may differ from the amounts provided. All provisions at 31 December 2019 are included in current liabilities.

Compensation provision

The directors are aware of certain claims made by clients arising from professional advice given by the Company. These claims have been considered and a gross provision of £46k (2018: £86k) has been made, being the directors' best estimate of any claims or legal fees that may result.

Indemnity provision

Provision for repayment of indemnity commission earned prior to 31 December 2019 in the event that a policy lapses or is adjusted after that date is included in the financial statements. The provision is based on a statistical analysis of smaller historical indemnity claims plus provision for any larger repayment claims notified to the date of the approval of these financial statements. The future level of policy lapses and adjustments and the consequent repayment of commission is highly uncertain and the amount of the indemnity provision is therefore subject to a significant degree of management judgement.

Dilapidation provision

The Company is required to restore the leased premises of its office space to their original condition at the end of the respective lease terms. Dilapidation provisions are recharged to the Company by Origen Limited at cost and included within administrative expenses note 3. During the year a further £42k has been provided in the service entity Origen Limited in respect of potential dilapidation payments on the remaining leasehold (2018: £37k).

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Capital and reserves

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Authorised share capital		
8,750,000 (2018: 8,750,000) ordinary shares of £1 each	<u>8,750</u>	<u>8,750</u>
Allotted, called up and fully paid		
8,750,000 (2018: 8,750,000) ordinary shares of £1 each	<u>8,750</u>	<u>8,750</u>
	<u>2019</u>	<u>2018</u>
	£'000	£'000
Capital contribution	<u>24,591</u>	<u>24,591</u>

The capital contribution reserve is used to record capital contributions received from the immediate parent undertaking, Momentum Group Limited.

No contributions were received during the year ended 31 December 2019 (2018: £Nil).

Information on capital management and risk management is included in the Strategic Report under 'Corporate governance, capital management and financial instruments'.

16. Lease obligations

The remaining contractual maturity of the lease liability (recognised in accordance with IFRS 16, which was effective for the Company from 1 January 2019), is set out in the table below. The lease liability, presented in note 12 and note 13, is recognised on a discounted basis whereas the below analysis is presented on an undiscounted basis. As described in note 1.1.2, the comparative information has not been restated following adoption of IFRS 16 and continues to be reported under IAS 17 and IFRIC 4.

Therefore, in the table below, the future minimum rentals payable under the non-cancellable leases are presented as at 31 December 2018.

	<u>< 1 yr</u>	<u>1<2 yr</u>	<u>2<3 yrs</u>	<u>3<4 yrs</u>	<u>4<5yr</u>	<u>>5 yrs</u>	<u>Total</u>
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lease liabilities	408	391	268	109	109	41	1,327
	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2018</u>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operating lease obligations	408	408	391	268	109	150	1,736

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Related party transactions

(a) Immediate parent undertaking

The immediate parent Company is Momentum Group Limited which is registered in England and Wales. Copies of Momentum Group Limited financial statements are available from the Company Secretary, Momentum Group Limited, 1st Floor Infor House, 1 Lakeside Road, Farnborough, Hampshire, GU14 6XP.

(b) Ultimate parent undertaking

The ultimate parent Company is Aegon N.V., which is incorporated in the Netherlands. The group financial statements of Aegon N.V. are available from the Company Secretary, Aegon UK plc, Edinburgh Park, Edinburgh, EH12 9SE.

(c) Year end balances and transactions with related parties

Administrative expenses and cost of sales are recharged to the Company by Origen Limited at cost, details are set out in notes 2 and 3. The terms of loans from related parties are described in note 13. The terms of loans to related parties are described in note 9.

Outstanding balances (other than related party loans) are generally unsecured, interest free and cash settlement is generally expected within 30 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2019 the Company has not made any provision for doubtful debt relating to amounts owed by related parties (2018: £Nil).

The company operates a deferred bonus scheme with funds held in Origen Financial Services LTIP Settlement ("the Trust"), in which the trustees are also employees of the Company. The trade and other payables balance includes £14k (2018: £12k) owing to the Trust, during the year £88k was paid into the Trust and £140k was received by the Company.

Year end balances related to related party transactions are detailed in notes 9, 11 and 13.

(d) Compensation of key management personnel (including directors)

	<u>2019</u>	<u>2018</u>
	<u>£'000</u>	<u>£'000</u>
Short term employee benefits	1,640	1,452
Post employment employee benefits	142	103
Payments to third parties for the services of key management personnel	54	55
Termination payments	-	-
	<u>1,836</u>	<u>1,610</u>
	<u>2019</u>	<u>2018</u>
Highest paid director	£'000	£'000
Amounts included above:		
Director's remuneration including bonuses	390	350
Post employment employee benefits	10	10
	<u>400</u>	<u>360</u>

ORIGEN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Related party transactions (continued)

(d) Compensation of key management personnel (including directors) (continued)

The emoluments for the non-executive director, who served during the year was paid by the Aegon UK plc Group. The Directors do not believe that it is practicable to apportion this amount between their services as non-executive Directors of Origen Financial Services Limited and their services to other Aegon UK plc Group companies.

18. Events after the reporting period

Since January 2020, the coronavirus disease (COVID-19) outbreak is causing disruption to society, impacting the Company, its employees, suppliers and customers.

Origen has invoked its business continuity plans to help ensure the safety and well-being of its staff, as well as its capacity to support its customers and maintain its business operations, while maintaining its financial and operational resilience.

Financial markets have been severely impacted by significant decreases in interest rates, equity markets and commodity prices, and by credit spreads widening. Governments and central banks are responding to this crisis with aid packages and further quantitative easing. At the date of this report the depth and length of this crisis is unknown.

The Company is continuously monitoring the market and economic turbulence that has arisen as a consequence of the COVID-19 outbreak. The most significant risks the Company faces are related to market, operational and finance risks.

In light of the COVID-19 outbreak and in concluding these financial statements, the Company has performed an updated capital and liquidity assessment for the business taking into account experience since year-end 2019 up to the date of these Accounts. This assessment along with the confirmation of the availability of ongoing support from the intermediate parent undertaking Aegon UK plc shows the business remains within the target capital management zone and is within liquidity risk appetite.

Going forward, because of the far-reaching measures governments around the world are taking to control the impact of this pandemic, it is expected income will be impacted by these measures. At the date of this report it remains too early to tell what the precise impact of these measures will be on the Company's income.