

**ORIGEN FINANCIAL SERVICES LIMITED**

**REGISTRATION NUMBER 3926629**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2016**

THURSDAY



\*A65R9LVS\*

A15

04/05/2017

#386

COMPANIES HOUSE

# ORIGEN FINANCIAL SERVICES LIMITED

Directors	Peter Brian Coleman (appointed 5 <sup>th</sup> April 2017) Howard Evans Kevin Mark Gravener Duncan George Jarrett (appointed 10 <sup>th</sup> February 2017) Mark Robert Pearson Robert Thomas Waller Linda Mary Whorlow
Secretary	James Kenneth MacKenzie
Company Number	3926629
Registered Office	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

## THE STRATEGIC REPORT

### Principal activity

The Company's principal activity is the provision of independent financial advice to individual and corporate clients. Origen Financial Services Limited (OFSL) is incorporated and domiciled in England & Wales.

### Review of business and future developments

The OFSL business continues to operate through three main customer channels:-

- Private Client, offering regulated advice directly to individual clients
- Origen Corporate Services, which advises corporate clients
- Retirement Services, which advises individuals who are approaching retirement.

The overall performance of the business improved year on year and no additional capital was required to support the business.

This was achieved despite lower income following the Department of Work and Pensions changes impacting remuneration methods, the timing of some income streams and a fall in demand for annuity advice.

The business is well placed moving forward.

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.

### 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.

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 the 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**

### **THE 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.

#### **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.

**ORIGEN FINANCIAL SERVICES LIMITED**  
**REPORT BY THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 31 December 2016

**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 2016, and applied in accordance with the Companies Act 2006.

**Financial Results**

The results for the year are set out on page 10.

The loss, before taxation, is £100k (2015: £478k loss). The directors do not recommend the payment of a dividend (2015: £Nil).

Total revenue for the year decreased to £12,917k, a decrease of 4.1% from £13,474k in 2015, resulting from the Department of Work and Pensions changes impacting remuneration methods, the timing of some income streams and a fall in demand for annuity advice. However, overall results continued to improve year on year, resulting in a small pre tax profit for the year.

The services offered by the Company have minimal environmental impact. Wherever possible however, the Company recycles office products such as paper and printer cartridges.

**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 NV.

**Directors and their interests**

The directors who held office at the date of this report are shown on page 1. The directors have declared that they had no interest in the share capital of the Company in the year to 31 December 2016.

Robert Thomas Waller, Kevin Mark Gravener, Mark Robert Pearson, Howard Evans and Linda Mary Whorlow served as directors throughout the year. Clare Bousfield resigned as a director on 12 August 2016 and Amanda Helen Bowe resigned as a director on 21 September 2016.

Subsequent to the year end Duncan George Jarrett was appointed as a director on 10 February 2017 and Peter Brian Coleman was appointed as a director on 5 April 2017.

**Going concern**

In assessing whether the Company is a going concern the directors have taken into account the guidance issued by the Financial Reporting Council in October 2009.

After making enquiries, which included considering the liquidity of the Company's assets, profitability, projected regulatory capital position, and confirmation of the availability of ongoing support from the immediate parent undertaking, 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.

**ORIGEN FINANCIAL SERVICES LIMITED**  
**REPORT BY THE DIRECTORS**

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

**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 he ought to have taken as director to make himself 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.

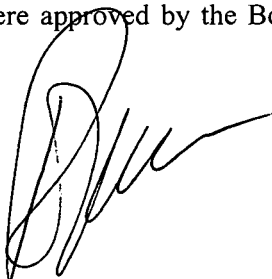
**Donations**

Total donations made during the year amounted to £1,000 (2015: £Nil).

**Political contributions**

No political contributions were made during the year (2015: £Nil).

The financial statements were approved by the Board of Directors on 27<sup>th</sup> April 2017 and signed on its behalf by



**Robert Thomas Waller**  
**Director**

## **ORIGEN FINANCIAL SERVICES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, Report by the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 financial statements**

#### **Our Opinion**

In our opinion, Origen Financial Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report by the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report by the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report by the Directors. We have nothing to report in this respect.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

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, 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.



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

We have no exceptions to report arising from this responsibility.

**Directors Remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements

**ORIGEN FINANCIAL SERVICES LIMITED**

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

or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report by the Directors , we consider whether those reports include the disclosures required by applicable legal requirements.



Julie Cavin (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
27<sup>th</sup> April 2017

**ORIGEN FINANCIAL SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>2016</u> £'000	<u>2015</u> £'000
<b>Revenue</b>			
Revenue from rendering of services		<b>12,917</b>	13,474
Cost of sales	<b>2</b>	<u><b>(9,986)</b></u>	<u>(10,449)</u>
<b>Gross profit</b>		<b>2,931</b>	3,025
Administrative expenses	<b>3</b>	<u><b>(3,025)</b></u>	<u>(3,497)</u>
<b>Operating profit/(loss)</b>		<b>(94)</b>	(472)
Finance income	<b>4</b>	<b>3</b>	4
Finance costs	<b>5</b>	<u><b>(9)</b></u>	<u>(10)</u>
<b>Profit/(loss) before taxation</b>		<b>(100)</b>	(478)
Tax (charge)/credit	<b>6</b>	<u><b>(43)</b></u>	<u>103</u>
<b>Loss for the year</b>		<u><b>(143)</b></u>	<u>(375)</u>

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

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

The notes on pages 14 to 28 form an integral part of the financial statements.

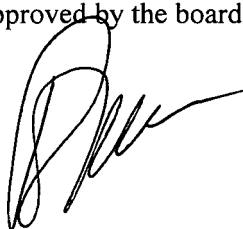
**ORIGEN FINANCIAL SERVICES LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	<u>Note</u>	<u>2016</u> £'000	<u>2015</u> £'000
<b>Non-current assets</b>			
Property, plant and equipment	7	703	710
Trade and other receivables	8	106	105
Financial assets	9	2,500	2,500
Deferred tax asset	6	208	330
		<u>3,517</u>	<u>3,645</u>
<b>Current assets</b>			
Tax receivables	6	79	397
Trade and other receivables	8	2,358	2,470
Cash and short term deposits	10	1,147	1,096
		<u>3,584</u>	<u>3,963</u>
<b>Total assets</b>		<u>7,101</u>	<u>7,608</u>
<b>Current liabilities</b>			
Trade and other payables	11	2,541	2,420
Provisions	13	50	535
		<u>2,591</u>	<u>2,955</u>
<b>Non current liabilities</b>			
Financial liabilities	12	3,200	3,200
		<u>3,200</u>	<u>3,200</u>
<b>Total liabilities</b>		<u>5,791</u>	<u>6,155</u>
<b>Net assets</b>		<u>1,310</u>	<u>1,453</u>
<b>Capital and reserves</b>			
Issued share capital	15	8,750	8,750
Capital contribution	15	24,591	24,591
Accumulated Losses		(32,031)	(31,888)
<b>Total equity</b>		<u>1,310</u>	<u>1,453</u>

The financial statements were approved by the board on 27<sup>th</sup> April 2017 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 2016**

	<u>Issued share capital £'000</u>	<u>Capital contribution £'000</u>	<u>Accumulated losses £'000</u>	<u>Total Equity £'000</u>
At 1 January 2016	8,750	24,591	(31,888)	1,453
Loss for the year	-	-	(143)	(143)
<b>At 31 December 2016</b>	<b>8,750</b>	<b>24,591</b>	<b>(32,031)</b>	<b>1,310</b>

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<u>Issued share capital £'000</u>	<u>Capital contribution £'000</u>	<u>Accumulated losses £'000</u>	<u>Total Equity £'000</u>
At 1 January 2015	8,750	24,591	(31,513)	1,828
Loss for the year	-	-	(375)	(375)
<b>At 31 December 2015</b>	<b>8,750</b>	<b>24,591</b>	<b>(31,888)</b>	<b>1,453</b>

The Company did not recognise any income or expense directly in equity (2015: £Nil).

**ORIGEN FINANCIAL SERVICES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<u>Note</u>	<u>2016</u> £'000	<u>2015</u> £'000
<b>Operating activities</b>			
Profit/(loss) before tax		(100)	(478)
<i>Adjustments to reconcile loss before tax to net cash inflow from operating activities:</i>			
Depreciation on property, plant and equipment	7	275	437
Decrease in provisions	13	(485)	(547)
Net finance cost		6	6
Decrease in trade and other receivables	8	112	484
Increase/(decrease) in trade and other payables	11	121	(1,927)
Income tax received		397	46
Net cash generated from/(used in) operating activities		<u>326</u>	<u>(1,979)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	7	<u>(269)</u>	<u>(233)</u>
Net cash generated from/(used in) investing activities		<u>(269)</u>	<u>(233)</u>
<b>Financing activities</b>			
Interest received	4	3	4
Interest paid	5	<u>(9)</u>	<u>(10)</u>
Net cash generated from/(used in) financing activities		<u>(6)</u>	<u>(6)</u>
Net increase/(decrease) in cash and cash equivalents		51	(2,218)
Cash and cash equivalents at 1 January		<u>1,096</u>	<u>3,314</u>
<b>Cash and cash equivalents at 31 December</b>	<b>10</b>	<u><u>1,147</u></u>	<u><u>1,096</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. Accounting policies**

**1.1.1 Basis of preparation**

The 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 2016 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 and confirmation of the availability of ongoing support from its immediate parent undertaking, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**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 2016, the following amendments to existing standards issued by the IASB became mandatory but are not currently relevant or do not significantly impact the financial position or financial statements:

- IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception;
- IFRS 11 Joint Arrangements - Amendment Accounting for Acquisition of Interests in Joint Operations;
- IFRS 14 Regulatory Deferral Accounts\*;
- IAS 1 Amendment Disclosure Initiative;
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization;
- IAS 27 Separate Financial Statements - Amendment Equity method in Separate Financial Statements
- Annual improvements 2012-2014 Cycle

\* Not yet endorsed by the European Union.

**1.1.3 Future Adoption of new IFRS accounting standards**

The following standards, amendments to existing standards and interpretations, published prior to January 1, 2017, were not early adopted by the Company, but will be applied in future years:

- IFRS 15 Revenue from Contracts with Customers including Clarifications to IFRS 15 as issued in 2016.

IFRS 15 has been endorsed by the European Union; the clarification to IFRS 15 has not yet been endorsed.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 will replace IAS 18 Revenue, as well as other IFRIC and SIC interpretations regarding revenue unless the contracts are within the scope of other standards (for example, financial instruments, insurance contracts or lease contracts).

The standard outlines the principles an entity shall apply to measure and recognize revenue and the related cash flows. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. In April 2016, the IASB issued amendments to IFRS 15 to address several

## ORIGEN FINANCIAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

implementation issues discussed by the Transition Resource Group (TRG). The amendments are intended to clarify the requirements in IFRS 15, not to change the standard.

IFRS 15 will be effective for the Company on January 1, 2018, using either of two methods: a full retrospective approach with certain practical expedients or a modified retrospective approach with the cumulative effect of initially applying this standard recognised at the date of initial application with certain additional disclosures.

We are evaluating the impact that adoption of this standard is expected to have on the Company's financial statements. The full impact will only be clear after full assessment of the standard.

The following amendments to the existing standard and interpretation, published prior to January 1, 2017, 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, including the amendment applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 2 Clarification of Classification and Measurement of Share Based Payments Transactions\*;
- IFRS 16 Leases\*;
- IAS 7 Amendment Disclosure initiative\*;
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses\*;
- IAS 40 Amendment Transfers of Investment Property\*;
- Annual improvements 2014-2016 Cycle\*;
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration\*

\* Not yet endorsed by the European Union.

IFRS 9 has been endorsed by the European Union. The amendment on Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts has not yet been endorsed.

#### **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.

#### **1.3 Revenue recognition**

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. 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 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 is recognised as revenue when the product is placed on risk. Trail commission is recognised as revenue on an accrued basis to the extent that commission receipts are probable and can be estimated reliably.



# ORIGEN FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### *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:

Fixtures and fittings	-	5 years
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.

#### **(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.

All remaining financial assets are classified as available for sale.

#### **(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.

Available for sale assets are recorded at fair value with changes in fair value recognised as a separate component of equity until the asset is derecognised or determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income.

#### **(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

## ORIGEN FINANCIAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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**

Available for sale fixed interest debt securities are impaired when it is considered probable that not all amounts due will be collected as scheduled. The impairment loss is calculated as the difference between the fair value and amortised cost of the investment. Any unrealised gain or loss previously recognised in shareholders' equity is therefore taken to the Statement of Comprehensive Income in the impairment loss.

#### **(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**

Current 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 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 when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

## ORIGEN FINANCIAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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**

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Statement of Comprehensive Income on a straight line basis over the lease term.

Incentives received to enter into lease agreements are released to the Statement of Comprehensive Income over the lease term or, if shorter, the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

#### **1.12 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.

# ORIGEN FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 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.

Administrative expenses recharged by Origen Limited are detailed in note 3.

Further details of related party transactions are set out in note 16.

### 3. Administrative expenses

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
Costs included within administrative expenses are as follows:		
Auditors' remuneration – audit of financial statements	106	106
Depreciation on property, plant and equipment	275	437
Operating lease rentals – plant and machinery	<u>42</u>	<u>41</u>

Administrative expenses include £752k (2015: £769k) relating to infrastructure recharges to the Company by Origen Limited. Further details of related party transactions are set out in note 16.

The operating lease rental costs in respect of land and buildings are borne by 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>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
Interest income from fellow Aegon UK plc group undertaking	<u>3</u>	<u>4</u>
	<u>3</u>	<u>4</u>

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.

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**5. Finance costs**

	<u>2016</u>	<u>2015</u>
	£'000	£'000
Interest expense on loan from Aegon UK plc	<u>9</u>	<u>10</u>

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

**6. Taxation**

**(a) Current year tax credit**

	<u>2016</u>	<u>2015</u>
	£'000	£'000
<u>UK current tax</u>		
Income tax credit for the year	80	117
Adjustment in respect of prior years	<u>(1)</u>	<u>16</u>
Total current tax credit	<u>79</u>	<u>133</u>

UK deferred tax

Excess of capital allowance over depreciation	(88)	(24)
Origination and reversal of timing difference	(34)	(12)
Adjustment in respect of prior years	<u>-</u>	<u>6</u>
Total deferred tax (charge)	<u>(122)</u>	<u>(30)</u>

Total tax (charge) / credit reported in the Statement of Comprehensive Income

<u>(43)</u>	<u>103</u>
-------------	------------

**(b) Reconciliation of tax credit**

	<u>2016</u>	<u>2015</u>
	£'000	£'000
Profit / (loss) before taxation	<u>(100)</u>	<u>(478)</u>
Income tax on accounting profit/(loss) calculated using the weighted average applicable statutory rates	20	97
Adjustment in respect of prior years	(1)	22
Non-deductible expenses	(1)	-
Other taxes	(42)	1
Effect of change in the rate of corporation tax on deferred tax	<u>(19)</u>	<u>(17)</u>
Total tax (charge) / credit reported in the Statement of Comprehensive Income	<u>(43)</u>	<u>103</u>

The weighted average applicable statutory tax rate is 20.00% (2015: 20.25%).

On 20 March 2013, the Chancellor announced that the tax rate will reduce by 2% to 21% from 1 April 2014 and then reduce a further 1% to 20% from 1 April 2015. These changes form part of the Finance Act 2013 and were substantively enacted on 2 July 2013.

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**6. Taxation (continued)**

The Finance (No. 2) Act 2015, substantively enacted on the 26 October 2015, included future reductions to the corporation tax rate from 20% to 19% with effect from 1 April 2017 and then from 19% to 18% from 1 April 2020.

The Finance Act 2016, substantively enacted on 6 September 2016, then amended this final change so that the corporation tax rate will reduce from 19% to 17% with effect from 1 April 2020.

The impact of these reductions in tax rates on the deferred tax balances have been included in the above figures and in the deferred tax tables.

	<u>2016</u> £'000	<u>2015</u> £'000
Tax receivables		
Income tax receivable	<u>79</u>	<u>397</u>
Deferred tax assets comprise	<u>2016</u> £'000	<u>2015</u> £'000
Capital allowances	207	295
Timing differences	<u>1</u>	<u>35</u>
Net deferred tax assets	<u>208</u>	<u>330</u>
<b>Deferred tax assets</b>	<u>2016</u> £'000	<u>2015</u> £'000
At 1 January	330	360
Amounts recorded in the Statement of Comprehensive Income	<u>(122)</u>	<u>(30)</u>
At 31 December	<u>208</u>	<u>330</u>

No deferred tax asset is recognised on the balance sheet in respect of unutilised tax losses carried forward of £1,876k (2015: £1,876k) with a potential tax value of £319k (2015: £356k) as there is insufficient certainty as to the availability of future profits.

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**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
<b>Cost</b>				
At 1 January 2015	82	788	1,032	1,902
Additions	-	114	119	233
Disposals	-	-	-	-
<b>At 31 December 2015</b>	<b>82</b>	<b>902</b>	<b>1,151</b>	<b>2,135</b>
Additions	-	-	269	269
Disposals	-	(105)	(33)	(138)
<b>At 31 December 2016</b>	<b>82</b>	<b>797</b>	<b>1,387</b>	<b>2,266</b>
<b>Accumulated depreciation</b>				
At 1 January 2015	34	208	746	988
Charge for the year	17	251	169	437
Disposals	-	-	-	-
<b>At 31 December 2015</b>	<b>51</b>	<b>459</b>	<b>915</b>	<b>1,425</b>
Charge for the year	16	98	161	275
Disposals	-	(104)	(33)	(137)
<b>At 31 December 2016</b>	<b>67</b>	<b>453</b>	<b>1,043</b>	<b>1,563</b>
<b>Net book value</b>				
<b>At 31 December 2016</b>	<b>15</b>	<b>344</b>	<b>344</b>	<b>703</b>
<b>At 31 December 2015</b>	<b>31</b>	<b>443</b>	<b>236</b>	<b>710</b>

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. Trade and other receivables**

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
<b>Non-current trade and other receivables</b>		
Other debtors – Rent Deposits paid	<u>106</u>	<u>105</u>
<b>Current trade and other receivables</b>		
Trade receivables	726	753
Other receivables	17	44
Prepayments and accrued income	<u>1,615</u>	<u>1,673</u>
	<u>2,358</u>	<u>2,470</u>
	<u>2,464</u>	<u>2,575</u>

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 2016, trade receivables at a nominal value of £31k (2015: £93k) were provided for.

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

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January	93	69
Charge for the year	12	75
Unused amounts reversed (See note 1)	<u>(74)</u>	<u>(51)</u>
At 31 December	<u>31</u>	<u>93</u>

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

As at 31 December 2016, the analysis of trade receivables that were past due but not impaired is as follows:

	<b>Total</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	
			<b>30 – 90 days</b>	<b>&gt;90 days</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2016</b>	<b>726</b>	<b>500</b>	<b>196</b>	<b>30</b>
<b>2015</b>	<b>753</b>	<b>377</b>	<b>337</b>	<b>39</b>



**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**9. Financial assets**

	<u>2016</u>	<u>2015</u>
	£'000	£'000
<b>Non-current</b>		
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>2016</u>	<u>2015</u>
	£'000	£'000
Cash at bank	<u>1,147</u>	<u>1,096</u>

The cash at bank is non interest bearing.

**11. Trade and other payables**

	<u>2016</u>	<u>2015</u>
	£'000	£'000
<b>Current trade and other payables</b>		
Trade payables	146	170
Other payables	220	179
Amounts owed to fellow Aegon UK plc group undertakings	581	325
Accruals and deferred income	<u>1,594</u>	<u>1,746</u>
	<u>2,541</u>	<u>2,420</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 16.

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. Financial liabilities**

	<u>2016</u> £'000	<u>2015</u> £'000
Loan from immediate parent undertaking	2,550	2,550
Loan from fellow Aegon UK plc group undertaking	<u>650</u>	<u>650</u>
	<u>3,200</u>	<u>3,200</u>

The loan from immediate parent undertaking is unsecured and subordinated to the interests of all other creditors. The loan is non interest bearing.

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 2016**

**13. Provisions**

	<u>Past Business Review</u>	<u>Compensation</u>	<u>Indemnity</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 January 2016	182	167	186	535
Released in year	(134)	(38)	(200)	(372)
Provided in year	-	365	86	451
Utilised in year	(48)	(470)	(46)	(564)
<b>At 31 December 2016</b>	<b>-</b>	<b>24</b>	<b>26</b>	<b>50</b>

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 2016 and 31 December 2015 are included in current liabilities.

**Past business review**

During the year, the FCA formally removed Origen from the skilled person Enhanced Transfer Value review. There was no unsuitable advice and no redress costs were incurred. The balance of the costs provided to complete the review were released in the year.

**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 £24k (2015: £167k) 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 2016 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.

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**14. Obligations under leases**

The Company has entered into commercial leases on plant and machinery. Future minimum rentals payable under non-cancellable operating leases are as follows:

	<u>2016</u> £'000	<u>2015</u> £'000
Less than one year	32	44
After one year but not more than five years	59	65

In 2015 the operating lease rental costs in respect of land and buildings occupied by the Company were incurred by Origen Limited and recharged to the Company.

**15. Capital and reserves**

	<u>2016</u> £'000	<u>2015</u> £'000
<b>Authorised share capital</b>		
8,750,000 (2015: 8,750,000) ordinary shares of £1 each	<u>8,750</u>	<u>8,750</u>
<b>Allotted, called up and fully paid</b>		
8,750,000 (2015: 8,750,000) ordinary shares of £1 each	<u>8,750</u>	<u>8,750</u>
	<u>2016</u> £'000	<u>2015</u> £'000
<b>Capital contribution</b>	<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 2016 (2015: £Nil).

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

**ORIGEN FINANCIAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**16. 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 NV, which is incorporated in the Netherlands. The group financial statements of Aegon NV 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 12. 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 2016 the Company has not made any provision for doubtful debt relating to amounts owed by related parties (2015: £Nil).

Year end balances related to related party transactions are detailed in notes 9, 11 and 12.

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

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b>£'000</b>	<b>£'000</b>
Short term employee benefits	<b>1,187</b>	1,215
Post employment employee benefits	<b>154</b>	157
Payments to third parties for the services of key management personnel	<b>49</b>	45
Termination payments	-	-
	<b><u>1,391</u></b>	<b><u>1,417</u></b>