

**Powerplace Insurance Services Limited**

**Annual report and financial  
statements**

Registered number 06164788  
For the year ended 31 May 2020



# Powerplace Insurance Services Limited

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# Powerplace Insurance Services Limited

## Company information

<b>Directors</b>	CP Ralph SA Badley
<b>Company secretary</b>	CP Ralph
<b>Registered office</b>	Buckholt Drive Warndon Worcester WR4 9SR
<b>Auditor</b>	KPMG One Snowhill Snow Hill Queensway Birmingham B4 6GH

# Powerplace Insurance Services Limited

## Strategic report

The directors present their Strategic report for the year ended 31 May 2020.

### Principal activity

The principal activity of the Company is the provision of an e-trading facility for the sale and administration of commercial insurance products.

### Business review

The Company has performed in line with directors expectations. The drop in turnover reflects lower usage of the platform by a small number of customers.

### Risk management

Risk management remains a high priority for the business. Processes are designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management.

The principal risks facing the business, and the controls in place to mitigate these, are as follows:

#### *The retention of its customer base*

The business continues to develop and enhance the Powerplace trading platform, through its close association with the Open GI Limited research and development teams and an expanding panel of insurers. In addition, customer account management is performed by broker and insurer facing relationship teams.

#### *Financial risk*

The Company generates cash and is a guarantor to the funding facilities of the Group. The facility is regularly reviewed by the directors to ensure sufficient covenant headroom is available.

#### *Regulatory risk*

The Company is regulated by the Financial Conduct Authority ("FCA"). The Company actively monitors its compliance with regulatory and capital resource requirements of the FCA.

#### *Cyber risk*

The Company's operations are dependent on maintaining and protecting the confidentiality, integrity and availability of the IT systems and information. The Company has a highly skilled technology team which monitors and reviews the performance and availability of the Company's IT systems including the risk of cyber-attack. Controls in place include physical controls over server room access; penetration testing; open source compliance reviews and denial of service attack protections. In addition, the Company has also included protection from various cyber-related events in its corporate insurance policies.

#### *Business interruption risk*

The Company maintains and regularly reviews its business continuity plan. The plan is documented and tested to ensure risk of business interruption is minimised. The Company maintains duplicate servers at physically separate locations with virtually real-time failover capability.

#### *Covid-19 risk*

CV19 is a potential source of uncertainty. We observe that the initial wave and national lockdown resulted in changes that we were able to assess and which have been relatively modest in context of the overall Group, it remains possible that a second national lockdown may occur. We would expect that the resilience shown by our customers to be evidenced again, were this to happen, and we note that the Group is operating satisfactorily from home.

#### *Brexit impact risk*

100% of the Company's revenues are generated in the United Kingdom and following an assessment the impact of Brexit is considered to be low.

### S172 Statement

The Directors are required to include a statement of how they have had regard to stakeholders to promote the success of the Company, in accordance with section 172 of the Companies Act 2006.

# Powerplace Insurance Services Limited

## Strategic report *(continued)*

### S172 Statement *(continued)*

Under s172, a director must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole, and in doing so have regard to:

- the likely consequences of any decision in the long-term,
- the interests of the Group employees,
- the need to foster the Group business relationships with suppliers, customers and others,
- the impact of the Group operations on the community and the environment,
- the desirability of the Group maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Group.

*Information about our stakeholders are included in the Corporate Social Responsibility section of this report and information on how the Board has discharged its duties is included in the Board Responsibilities section.*

### **Board Responsibilities**

The Board of Directors is responsible to shareholders for effective direction and control of the Company. This report describes the framework for corporate governance and internal control that the Directors have established to enable them to carry out this responsibility.

The Board's main responsibilities are:

- providing leadership of the Company within a framework that enables risk to be assessed and managed,
- reviewing and approving the overall Company strategy and direction,
- reviewing operational and financial performance,
- approving the year-end financial statements and annual budget,
- approving material agreements and contracts including acquisitions and disposals,
- determining, maintaining and overseeing controls and risk management policies,
- reviewing the environmental and health and safety performance of the Group,
- reviewing and approving remuneration policies and appointments to the Board, and
- monitoring and maintaining the Companies financing relationships.

### **Corporate Social Responsibility**

The Group's relationships with stakeholders enable them to create sustainable value and deliver the strategy. We aim to maintain and develop these relationships to best serve customers, generate shareholder returns and benefit wider society.

#### ***Shareholders***

It is essential the Group has fair and transparent communication with investors. The Group's CEO, and the CFO regularly meet the Group's majority shareholder to discuss the Group's performance and strategic objectives to maximise shareholder return.

# Powerplace Insurance Services Limited

## Strategic report (continued)

### S172 Statement (continued)

#### *Customers*

The Group's customers are paramount to the success of the business in both growing our revenues and optimising cashflow. Providing sustainable, high quality products to these customers is imperative to our reputation and long-term success.

#### *Suppliers*

The Group's supplier relationships are an important part of the value chain and processes are in place to ensure they comply with standards and legislation, as well as meeting ethical and quality expectations.

#### *Employees*

The Group's employees are the foundation of our business and imperative to its success. The Group promotes a positive working environment for all employees with rigorous policies and procedures that protect, develop and satisfy our existing and future employees.

#### *Health & Safety*

Providing a healthy and safe environment for people is an absolute priority in our business. H&S is part of a continuous training programme across the Group.

#### *Employee Satisfaction*

The Group aims to recruit, develop and retain employees by providing training and personal development, engagement through local working groups, reviewing reward, incentive and benefit programmes, whilst also recruiting apprentices to build the pipeline of talent for the future.

#### *Wider Society*

The Group aims to have a positive impact on the local communities in which we operate. The Group continues to support charities and local community projects.

#### *Economic Sustainability*

The Group is focused on providing sustainable value creation that enables the business to trade successfully in the longer term. To meet this objective, the Group is selective about investment and who we trade with, to protect our reputation for ethics, standards and quality.

The Group has policies and processes in place to ensure that its own operations, as well as those of its customers and suppliers, comply with legal and regulatory requirements. This includes key areas such as data protection, responsible sourcing, health and safety, quality, modern slavery and equal opportunities.

#### **Outlook**

The Company is well-placed to take advantage of its position in the commercial lines e-trading marketplace and ensure it can continue to offer its customers relevant products to distribute on the Powerplace trading platform. The directors are confident the outlook for the Company is good.

Approved by the Board on 21 October 2020 and signed on its behalf by:



**CP Ralph**  
Director

Buckholt Drive,  
Warndon,  
Worcester,  
WR4 9SR

# Powerplace Insurance Services Limited

## Directors' report

The directors present their report and the financial statements for the year ended 31 May 2020.

### Directors of the Company

The directors, who held office during the year and up to the date of this report were as follows:

SA Badley	(appointed 10 October 2019)
C C H Guillaume	(resigned 12 July 2019)
C P Ralph	
HD Barker	(resigned 28 November 2019)
NA Giddings	(resigned 28 November 2019)
S Hughes	(resigned 28 November 2019)
DAR Kelly	(resigned 28 November 2019)

### Results and dividends

The results for the year are set out in the profit and loss account on page 9.

The profit for the financial year of £491,000 (2019: profit £1,148,000) has been transferred to reserves. The directors do not recommend payment of a dividend for the year (2019: £Nil).

### Financial instruments

The Company's principal financial instruments comprise cash, insurance debtors, insurance creditors and loans from group companies. These form the day to day trading balances of the Company.

### Employment policies

The Company's policy is to consult and discuss with employees those matters likely to affect employee's interests. This is done through regular meetings of the Employee Engagement Forum, comprising elected staff representatives and our Chief People Officer who attends the monthly board meetings. In addition, regular staff meetings and other updates seek to achieve a common awareness on the part of all employees of the financial and strategic factors affecting the Company's performance.

The Company is committed to the equality of opportunity to all its employees in all areas of its work. All of our employees are treated in a fair and equal manner and in accordance with the law regardless of gender, marital status, race, religion, colour, age, disability or sexual orientation.

### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Approved by the Board on 21 October 2020 and signed on its behalf by:



**CP Ralph**  
Director

Buckholt Drive,  
Warndon,  
Worcester,  
WR4 9SR

## **Powerplace Insurance Services Limited**

### **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## KPMG LLP

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of Powerplace Insurance Services Limited**

#### **Opinion**

We have audited the financial statements of Powerplace Insurance Services Limited ("the Company") for the year ended 31 May 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and related notes, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, *including FRS 101 Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### **Strategic report and Directors' report**

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

# **Independent auditor's report to the members of Powerplace Insurance Services Limited** *(continued)*

## **Strategic report and Directors' report** *(continued)*

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 6 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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

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

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

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

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

21 October 2020

# Powerplace Insurance Services Limited

## Profit and Loss Account for the year ended 31 May 2020

	Note	2020 £000	2019 £000
<b>Turnover</b>	2	4,956	12,756
Cost of sales		(3,371)	(9,797)
		<hr/>	<hr/>
<b>Gross profit</b>		1,585	2,959
Administrative expenses		(918)	(1,531)
		<hr/>	<hr/>
<b>Operating profit</b>	3	667	1,428
Interest receivable and similar income	6	12	24
		<hr/>	<hr/>
<b>Profit before tax</b>		679	1,452
Tax on profit	7	(188)	(304)
		<hr/>	<hr/>
<b>Profit for the year</b>		491	1,148
		<hr/> <hr/>	<hr/> <hr/>

The above results were derived from continuing operations.

There are no recognised gains or losses other than those included above and therefore no separate Statement of Other Comprehensive Income has been presented.

The notes on pages 12 to 20 form an integral part of these financial statements.

# Powerplace Insurance Services Limited

## Balance Sheet

at 31 May 2020

	<i>Note</i>	<b>2020</b> <b>£000</b>	2019 £000
<b>Fixed assets</b>			
Intangible assets	8	<u>1,378</u>	<u>1,281</u>
<b>Current assets</b>			
Debtors	9	9,654	9,660
Cash at bank and in hand	10	<u>2,364</u>	<u>3,016</u>
		<b>12,018</b>	<b>12,676</b>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(4,057)</u>	<u>(5,152)</u>
<b>Net current assets</b>		<b>7,961</b>	<b>7,524</b>
<b>Total assets less current liabilities</b>		<b>9,339</b>	<b>8,805</b>
Deferred tax liabilities	12	<u>(262)</u>	<u>(218)</u>
<b>Net assets</b>		<b>9,077</b>	<b>8,587</b>
<b>Capital and reserves</b>			
Called up share capital	13	15,500	15,500
Profit and loss account		<u>(6,423)</u>	<u>(6,913)</u>
<b>Shareholders' funds</b>		<b>9,077</b>	<b>8,587</b>

The notes on pages 12 to 20 form an integral part of these financial statements.

These financial statements were approved by the Board on 21 October 2020 and were signed on its behalf by:



**CP Ralph**

*Director*

Company registered number: 06164788

# Powerplace Insurance Services Limited

## Statement of Changes in Equity for the year ended 31 May 2020

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 June 2018	15,500	(8,061)	7,439
Profit for the year	-	1,148	1,148
At 31 May 2019	15,500	(6,913)	8,587
At 1 June 2019	15,500	(6,913)	8,587
Profit for the year	-	490	490
At 31 May 2020	15,500	(6,423)	9,077

The notes on pages 12 to 20 form an integral part of these financial statements.

# Powerplace Insurance Services Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting Policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, OM Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of OM Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company's registered address at 1 Le Marchant Street, St Peter Port, Guernsey, GY1 2JJ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of OM Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Judgements made by directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Going concern

The directors have prepared the financial statements of the Company on the going concern basis as the directors are satisfied that the Company and, as the Company is party to a cross guarantee, the Group, have sufficient funds to continue trading for the foreseeable future. The Group's secured loan facilities have maturity dates between 29 December 2024 and 29 December 2025.

# Powerplace Insurance Services Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Trade creditors

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Intangible assets

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development.

##### *Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use, the estimated useful life is as follows:

Software	10 years
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# Powerplace Insurance Services Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Impairment

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Leases

IFRS 16 was adopted with an initial application date of the 1 June 2018. The entity applied the modified retrospective transition approach and thus prior periods were not reinstated. The amounts disclosed for 2019 and 2020 and are presented on a comparable basis.

#### Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### Turnover

Turnover represents amounts (net of value added tax) receivable in respect of gross commission received in respect of the sale of commercial insurance products. This is recognised on the inception or renewal date of an insurance product/policy.

IFRS 15 was adopted with the initial application date of the 1 June 2018. The entity applied the cumulative effect transition method and thus prior periods were not restated. The amounts disclosed for 2019 and 2020 are presented on a comparable basis.

#### Expenses

##### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

# Powerplace Insurance Services Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Insurance transactions, client money and insurer money

The Company records on its balance sheet amounts due to and from clients and insurers, and money held on behalf of clients and insurers in relation to the insurance transactions that the Company handles on behalf of those parties. In accordance with the requirements of the Financial Conduct Authority, client money is held in bank accounts governed by Trust Deeds established for the benefit of such clients. Insurer money is held in accordance with the agreements in place between the insurer and the Company. Amounts held in trust accounts cannot be called upon in the event of insolvency of the Company, however, interest received on all these cash balances is recognised and reflected as revenue in these financial statements as the Company has the right to such interest in accordance with the terms of business agreed with clients and insurers. The cash at bank balance presented in these financial statements represents the aggregation of the money held for the benefit of the Company, clients and insurers.

#### Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 2 Turnover

All turnover is attributable to customers within the United Kingdom and is attributable to the principal activity of the Company.

### 3 Expenses and auditor's remuneration

Arrived at after charging:

	2020 £000	2019 £000
Amortisation expense	167	104
Audit of these financial statements	13	14
Taxation compliance services	4	4

The audit and taxation fees are borne by Open GI Limited, a fellow Group undertaking, for both current and preceding financial years.

# Powerplace Insurance Services Limited

## Notes (continued)

### 4 Staff costs

The average number of persons employed by the Company (including directors) during the year, analysed by category as follows:

	2020	2019
Administrative and management	4	6
	<u>4</u>	<u>6</u>

### 5 Directors' remuneration

	2020 £000	2019 £000
Remuneration	15	17
	<u>15</u>	<u>17</u>
In respect of the highest paid director:		
Remuneration	8	10
	<u>8</u>	<u>10</u>

### 6 Interest receivable and similar income

	2020 £000	2019 £000
Bank interest	12	24
	<u>12</u>	<u>24</u>

### 7 Corporation tax

Tax charge in the profit and loss account.

	2020 £000	2019 £000
<b>Current taxation</b>		
UK corporation tax	145	265
UK corporation tax adjustment to prior periods	(1)	-
	<u>144</u>	<u>265</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	18	39
Effect of tax rate change on opening balance	26	-
	<u>44</u>	<u>39</u>
Total deferred taxation	44	39
	<u>44</u>	<u>39</u>
Total charge in the profit and loss account	188	304
	<u>188</u>	<u>304</u>

The effective tax rate on profit before tax for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

# Powerplace Insurance Services Limited

## Notes (continued)

### 7 Corporation tax (continued)

The differences are reconciled below:

	2020 £000	2019 £000
Profit before tax	678	1,452
Corporation tax at 19% (2019: 19%)	129	276
Adjustment in respect of prior periods	(1)	-
Transfer pricing adjustments	34	32
Differences in rates	26	(4)
Total tax charge	188	304

### Factors that may affect future current and total tax charges

A UK corporation tax rate from 19% (effective 1 April 2020) was substantively enacted on 17<sup>th</sup> March 2020 reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. The deferred tax liability at 31<sup>st</sup> May 2020 has been calculated at 19% (2019: 17%). This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 31 May 2020 has been calculated on these rates.

### 8 Intangible assets

	Internally generated software development costs £000
<b>Cost or valuation</b>	
At 1 June 2019	1,502
Additions	264
At 31 May 2020	1,766
<b>Amortisation</b>	
At 1 June 2019	221
Amortisation charge	167
At 31 May 2020	388
<b>Carrying amount</b>	
At 31 May 2020	1,378
At 31 May 2019	1,281

# Powerplace Insurance Services Limited

## Notes (continued)

### 9 Trade and other debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	7,950	7,525
Accrued income	14	67
Prepayments	15	63
Insurance debtors	1,675	2,005
	<u>9,654</u>	<u>9,660</u>

Insurance debtors relate to amounts receivable in respect of payments on the sale of products to the insurance market.

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

### 10 Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank – current account	1,059	917
Cash at bank – trust accounts	1,305	2,099
	<u>2,364</u>	<u>3,016</u>

Included within the cash balance above is an amount of £1,305,000 (2019: £2,099,000) held in a Trust account. These amounts are received in connection with insurance creditors in note 11.

### 11 Trade and other creditors

	2020 £000	2019 £000
Amounts owed to group undertakings	967	812
Insurance creditors	2,857	3,973
Accruals	26	27
Other creditors	207	340
	<u>4,057</u>	<u>5,152</u>

Insurance creditors represent amounts payable to insurers on the sale of products to the insurance market.

Amounts owing to group undertakings are unsecured, repayable on demand and interest free.

# Powerplace Insurance Services Limited

## Notes (continued)

### 12 Deferred tax

The movements in deferred tax liabilities for the year are as follows:

	Deferred tax liability £000
At beginning of year	218
Origination/reversal of intangible assets movements (note 7)	44
	<hr/>
At end of year	262
	<hr/> <hr/>

The elements of deferred tax are as follows:

	2020 £000	2019 £000
Intangible assets	262	218
	<hr/>	<hr/>

At 31 May 2020 there was no unprovided deferred tax (2019: £Nil).

### 13 Share capital

Allotted, called up and fully paid shares

	2020 Number	2020 £	2019 Number	2019 £
Ordinary shares of £1 each	15,500,001	15,500,001	15,500,001	15,500,001
	<hr/>	<hr/>	<hr/>	<hr/>

### 14 Guarantee

The Company is a cross guarantor under a funding arrangement between the sponsoring bank and OM Midco Limited, an intermediate holding company, which at 31 May 2020 amounted to £323 million (2019: £313 million).

### 15 Related party transactions

As disclosed in note 1, the Company has applied the exemption under FRS 101 and has not disclosed any related party transactions with wholly-owned subsidiaries within the Group.

There were no related party transactions requiring disclosure during the year ended 31 May 2020 (2019: none).

### 16 Ultimate parent company and controlling party

The Company's ultimate parent company is OM Topco Limited, a company incorporated in Guernsey.

The results of the Company are consolidated within the Group headed by OM Topco Limited. Copies of the Group financial statements, incorporating those of the Company, are available from the Company's registered address at OM Topco Limited, 1 Le Marchant Street, St. Peter Port, Guernsey GY1 2JJ.

The Company's ultimate controlling party is Montagu Private Equity LLP.

### 17 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on past experience, together with expectations of future events which are believed to be reasonable at the present time. Actual results may ultimately differ from these estimates.

The judgements which have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

# Powerplace Insurance Services Limited

## Notes (continued)

### 17 Accounting estimates and judgements (continued)

#### *Development cost*

The Company invests in the development of future products and the enhancement of existing products. The key areas of judgement are determining whether the expenditure meets the criteria under IAS 38 "Intangible assets", details of which are set out in note 1, and estimating useful economic life.

Using the criteria in IAS 38, development costs are capitalised at the point management's assessment of the likelihood of a successful outcome of each development activity is realised.