Registration number: SC358475

Corgi Homeplan Ltd

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2019

Corgi Homeplan Ltd

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Corgi Homeplan Ltd

Company Information

Directors	Jason Howie
	Adrian Letts
	David Walter
Registered office	1 Masterton Park South Castle Drive Dunfermline Fife Scotland KY11 8NX

Corgi Homeplan Ltd

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Fair review of the business

The Company's principal activity during the period was the retailing of 'home services' such as gas boiler, central heating and electrical plumbing maintenance plans. During the year, the company grew the 'home services' policy book from 159,753 to 175,607 policies, with 15,854 net policy additions in the period, a growth of 10%. The principal strategy for the year was centred around business growth, namely policy growth.

On 30 November 2019, CORGI HomePlan acquired the trade and assets of CORGI HomeHeat Limited for a nominal value of £1. This will allow CORGI HomePlan to continue to use "CORGI HomeHeat" to sell boilers to residential customers.

Plans for the coming year are to support the integration of SSE Homes Services (OVO (S) Home Services Limited) under CORGI Homeplan's operating model and ensure adequate systems and controls are in place to provide excellent customer service to new and existing customers.

COVID-19

Throughout the pandemic, our priority has been to ensure the safety of our people whilst continuing to support all of our customers, particularly those that are vulnerable. Our investment in technology and shared platforms has ensured a high level of connectivity which means we are able to move to remote operations with minimal disruption.

However, unfortunately COVID-19 will impact our commercial performance in 2020, due to some key sales channels within the business experiencing significant interruption as a result of the lockdown.

As a result of COVID-19, we also anticipate the need to recognise additional bad debt charges in 2020 as the economic consequences of the pandemic materialise with our customers. This will be recognised in accordance with IFRS 9, however there has been no financial impact on these financial statements.

Corgi Homeplan Ltd

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties

The directors acknowledge that they have responsibility for the Company's systems and internal control and risk management and for monitoring their effectiveness. The purpose of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company. No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

Control is maintained through an organisation structure with clearly defined responsibilities, authority levels and lines of reporting; the apportionment of suitably qualified staff in specialised business areas; and continuing investment in quality information systems. These methods of control are subject to periodic review as to their implementation and continued suitability.

The main risks that the company could face have been considered by the directors as follows:

- Compliance with FCA regulations, Appointed Representative Deed and RSA Coverholder Agreements;
- The ability to win and retain customers;
- Speed of technology development to support best practice solutions; and
- Process failure in the company's operations

The board reviews and agrees policies for addressing each of these risks.

Approved by the Board on 20 January 2021 and signed on its behalf by:

....

Adrian Letts
Director

Corgi Homeplan Ltd

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the unaudited financial statements for the year ended 31 December 2019.

Directors' of the company
The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Vincent Casey (resigned 28 August 2020)

Thomas Rebel (resigned 12 January 2021)

Thomas Hatfield (resigned 9 July 2019)

Peter Southcott (resigned 20 February 2019)

Neil Carnaffan (resigned 11 July 2019)

Jason Howie (appointed 16 April 2019)

The following directors were appointed after the year end:

Adrian Letts (appointed 6 April 2020)

David Walter (appointed 9 December 2020)

Dividend
The directors propose a dividend for the current year of £nil (2018: £nil).

Going concern
Despite the Company making a loss for the period ending 31 December 2019 it remains in a net asset position. The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Directors' liabilities
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provisions defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the period and is currently in force.

Corgi Homeplan Ltd

Directors' Report for the Year Ended 31 December 2019 (continued)

Statement of Directors' Responsibilities in respect of the financial statements

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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; and
- 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.

The directors 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.

The financial statements on pages 6 to 29 were approved by the Board of Directors on 20 January 2021 and signed on its behalf by:

....

Adrian Letts
Director

Corgi Homeplan Ltd

Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue	3	20,301	19,784
Cost of sales		(5,185)	(4,277)
Gross profit		15,116	15,507
Administrative expenses		(13,546)	(10,718)
Other losses	4	(1,566)	-
Operating profit	5	4	4,789
Finance income		281	97
Finance costs		(560)	(122)
Net finance costs	6	(279)	(25)
(Loss)/profit before tax		(275)	4,764
Income tax (expense)/receipt	8	(60)	259
(Loss)/profit for the year		(335)	5,023

The above results were derived from continuing operations.

There is no other comprehensive income other than the (loss)/profit for the year.

Corgi Homeplan Ltd

(Registration number: SC358475)
Statement of Financial Position as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	9	332	342
Intangible assets	11	18	-
Deferred tax assets	8	15	-
Right of use assets	10	423	-
		788	342
Current assets			
Inventories	12	19	-
Trade and other receivables	13	18,007	10,275
Income tax asset		-	408
Cash and cash equivalents	14	1,400	1,117
		19,426	11,800
Total assets		20,214	12,142
Current liabilities			
Trade and other payables	18	(11,929)	(4,033)
Loans and borrowings	16	(431)	-
Deferred income		(2,014)	(2,002)
Provisions	17	(68)	-
		(14,442)	(6,035)
Net assets		5,772	6,107
Equity			
Share capital	15	-	-
Retained earnings		5,772	6,107
Total equity		5,772	6,107

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Corgi Homeplan Ltd

(Registration number: SC358475)
Statement of Financial Position as at 31 December 2019 (continued)

The financial statements on pages 6 to 29 were approved by the Board on 20 January 2021 and signed on its behalf by:

....
Adrian Letts
Director

Corgi Homeplan Ltd

Statement of Changes in Equity for the Year Ended 31 December 2019

	Retained earnings £ 000	Total £ 000
At 1 January 2019	6,107	6,107
Loss for the year	(335)	(335)
At 31 December 2019	5,772	5,772

	Retained earnings £ 000	Total £ 000
At 1 January 2018	1,084	1,084
Profit for the period	5,023	5,023
At 31 December 2018	6,107	6,107

The notes on pages 11 to 29 form an integral part of these financial statements.

Corgi Homeplan Ltd

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(335)	5,023
Adjustments to cash flows from non-cash items			
Depreciation	5	251	89
Finance income	6	(281)	(97)
Finance costs	6	560	122
Income tax (receipt)/expense	8	60	(259)
		255	4,878
Working capital adjustments			
Increase in inventories	12	(19)	-
Increase in trade and other receivables	13	(7,732)	(6,288)
Increase in trade and other payables	18	7,896	1,218
Increase in provisions	17	68	-
Cash (used in)/generated from operations		468	(192)
Income taxes received/(paid)	8	347	(39)
Net cash flow (used in)/generated from operating activities		815	(231)
Cash flows from investing activities			
Interest received	6	281	97
Acquisitions of property plant and equipment		(117)	(314)
Acquisition of intangible assets	11	(18)	-
Net cash flows used in investing activities		146	(217)
Cash flows from financing activities			
Interest paid	6	(560)	(122)
Repayment of finance leases		(118)	-
Net cash flows used in financing activities		(678)	(122)
Net increase/(decrease) in cash and cash equivalents		283	(570)
Cash and cash equivalents at opening		1,117	1,687
Cash and cash equivalents at closing		1,400	1,117

Corgi Homeplan Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated and domiciled in Scotland.

The address of its registered office is:
1 Masterton Park
South Castle Drive
Dunfermline
Fife
Scotland
KY11 8NX
UK

These financial statements were authorised for issue by the Board on 20 January 2021.

2 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.

Critical accounting judgements and key sources of estimation uncertainty
The key estimates and judgements made by the directors in the preparation of the financial statements are in respect of impairment of trade receivables and recognition of deferred tax assets.

Deferred tax assets
Deferred tax assets are only recognised when it is considered more likely than not that the Company will make future taxable profits against which the deferred tax asset can be utilised. Having assessed the level of profits made by the Company since the year end and forecasts of revenue and costs for the coming years, the directors believe it is probable that the Company will generate sustainable profits and therefore a deferred tax asset has been recognised.

Impairment of trade receivables
Impairments against trade receivables are recognised where the loss is probable. The Directors have based their assessment of the level of impairment on collection rates experienced by the Company to date. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically and could lead to changes in the impairment provision methodology which would impact the income statement in future years.

2 Accounting policies (continued)

Basis of preparation
The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in the 'Critical accounting judgements and key sources of estimation uncertainty' section above.

The financial statements are presented in 'Pounds Sterling' (£), which is the Company's functional and the Company's presentation currency.

Going concern
Despite the Company making a loss for the year ended 31 December 2019, it remains in a net asset position. The directors are satisfied that the accounts should be prepared on a going concern basis as the Company has ready access to financial support from the ultimate parent company, for the foreseeable future. Based on current projections, the directors are satisfied that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective
The following have been applied for the first time from 1 January 2019 and have had an effect on the financial statements:

IFRS 16 Leases

The Company had to change its accounting policies as a result of adopting IFRS 16. The Company has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7%.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

• applying a single discount rate to a portfolio of leases with reasonably similar characteristics
• accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
• excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
• using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The associated right-of-use assets for property leases were measured on a modified retrospective basis as if the new rules had always been applied.

As a result of adopting IFRS 16, the Company recognised a right-of-use asset of £549,000 with a corresponding lease liability of £549,000.

New Standards, interpretations and amendments not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Accounting policies (continued)

Revenue recognition

Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Transaction price

In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Variable consideration
If the consideration in a contract includes a variable amount, revenue is only recognised in an amount at which a significant reversal is improbable in the future.

(ii) Consideration payable to a customer
If the contract contains consideration payable to a customer, the consideration payable is accounted for as a reduction of the transaction price.

Contract assets and receivables

A contract asset is the right to consideration in exchange for goods or services provided to the customer. If the Company provides goods or services to a customer before the customer pays consideration or before payment is due, a contract asset, accrued income, is recognised for the earned consideration that is conditional.

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to provide goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company provides goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities, deferred income, are recognised as revenue when the Company performs under the contract.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

2 Accounting policies (continued)

Finance income and costs policy
Financing expense comprises interest payable on loans and borrowings and is recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested and on loans to group undertakings.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

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 or 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	Period of the lease
Office equipment	3 - 5 years straight line
IT hardware equipment	3 years straight line
Computer equipment	3 years straight line

Intangible assets

Intangible assets include development costs and computer software. Assets have been measured at cost less any accumulated amortisation and impairment losses. Development costs represent software currently in development whereas computer software represents software in use by the Company. When software assets are substantially available for use, they are transferred from development costs to computer software and amortisation commences. Computer software costs include capitalised internal labour costs for IT developers.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand 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.

Trade receivables

Trade receivables are amounts due from customers for goods 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 receivables do not carry any interest and are held at transaction price less an appropriate impairment recognised where the loss is probable. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2 Accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or 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 payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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 group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

2 Accounting policies (continued)

Leases

The below policy has been applied in 2019 following the adoption of IFRS 16 as noted above.

In the previous year, the company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. Leases in which substaintially all the risks and rewards of ownership are retained by the lessor were classified as 'operating leases'. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underling asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Group has the right to:

• Obtain substantially all the economic benefits from the use of the underlying asset, and;
• Direct the use of the underlying asset (eg direct how and for what purpose the asset is used).

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented separately as non-operating /included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

2 Accounting policies (continued)

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease. The modification is accounted for as a separate lease if both:

(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases. If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification. For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.
For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases
The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).
The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value. Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. *If contribution payments exceed the contribution due for service, the excess is recognised as an asset.*

2 Accounting policies (continued)

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £ 000	2018 £ 000
Servicing and Commission Income	20,301	19,784

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2019 £ 000	2018 £ 000
Other (losses) / gains on write off of intercompany transactions	(1,566)	-

5 Operating profit

Arrived at after charging

	2019 £ 000	2018 £ 000
Depreciation expense	125	89
Depreciation on right of use assets - Property	126	-
Operating lease expense - property	(29)	49

Corgi Homeplan Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

6 Net finance costs

	2019 £ 000	2018 £ 000
Finance income		
Interest income on bank deposits	14	5
Other finance income	267	92
Total finance income	281	97
Finance costs		
Interest on bank overdrafts and borrowings	(44)	(16)
Other finance costs	(516)	(106)
Total finance costs	(560)	(122)
Net finance costs	(279)	(25)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	4,485	3,011
Social security costs	414	253
Other Pension costs	104	91
	5,003	3,355

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

	2019 No.	2018 No.
Sales, marketing and distribution	151	118
Administrative	16	5
Management	3	2
	170	125

7 *Staff costs (continued)*

During the year the remuneration and salary costs of two directors were recognised within the payroll costs above, with the remaning costs recognised within OVO Group Ltd.

The Directors emoluments for Corgi Homeplan Ltd for the year ended 31 December 2019 was £533,849 (2018: £624,857). The highest paid Director's emoluments totalled £304,847 (2018: £280,301).

The Directors of the Group are deemed to be the key management personnel.

8 Income tax receipt/(expense)

Tax charged/(credited) in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	-	(1)
UK corporation tax adjustment to prior periods	76	(239)
	76	(240)
Deferred taxation		
Deferred tax adjustment relating to prior year	(1)	-
Arising from changes in tax rates and laws	1	-
Arising from origination and reversal of temporary differences	(16)	(19)
Total deferred taxation	(16)	(19)
Tax expense/(receipt) in the income statement	60	(259)

The tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

8 Income tax receipt/(expense) (continued)

	2019 £ 000	2018 £ 000
(Loss)/profit before tax	(275)	4,764
Corporation tax at standard rate	(52)	905
Increase (decrease) in current tax from adjustment for prior periods	76	(259)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	306	-
Group loss relief received without payment	(269)	(905)
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(1)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	1	-
Total tax charge/(credit)	60	(259)

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020. However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 17 March 2020 by way of a special resolution.

Deferred tax

Deferred tax assets and liabilities

2019	**Asset** **£ 000**
Accelerated tax depreciation	15

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	-	15	15

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	(18)	18	-

Corgi Homeplan Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019 (continued)

9 Property, plant and equipment

	Leasehold property £ 000	Fixtures, fittings, and office equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2018	19	332	4	355
Additions	123	191	-	314
Disposals	-	-	(60)	(60)
At 31 December 2018	141	464	3	608
Additions	37	80	-	117
At 31 December 2019	178	544	3	725
Depreciation				
At 1 January 2018	10	224	4	238
Charge for year	23	66	-	89
Eliminated on disposal	-	-	(60)	(60)
At 31 December 2018	33	232	3	268
Charge for the year	38	87	-	125
At 31 December 2019	71	319	3	393
Carrying amount				
At 31 December 2019	107	225	-	332
At 31 December 2018	109	233	-	342

10 Right of use assets

	Property £ 000	Total £ 000
Cost or valuation		
At 1 January 2019	549	549
At 31 December 2019	549	549
Depreciation		
At 1 January 2019	126	126
At 31 December 2019	126	126
Carrying amount		
At 31 December 2019	423	423

11 Intangible assets

	Internally generated software development costs £ 000	Total £ 000
Cost or valuation		
Additions	18	18
At 31 December 2019	18	18
Amortisation		
Carrying amount		
At 31 December 2019	18	18

12 Inventories

	31 December 2019 £ 000	31 December 2018 £ 000
Finished goods and goods for resale	19	-

13 Trade and other receivables

	31 December 2019 £ 000	31 December 2018 £ 000
Trade receivables	272	-
Provision for impairment of trade receivables	(18)	-
Net trade receivables	254	-
Receivables from related parties	13,229	5,293
Accrued income	375	414
Prepayments	1,080	631
Other receivables	3,069	3,937
	18,007	10,275

14 Cash and cash equivalents

	31 December 2019 £ 000	31 December 2018 £ 000
Cash at bank	1,400	1,117

15 Share capital

Allotted, called up and fully paid shares

	31 December 2019		31 December 2018	
	No.	£	No.	£
Ordinary A shares of £1 each	300	300	300	300
Ordinary B shares of £1 each	1	1	1	1
Ordinary C shares of £1 each	1	1	1	1
Ordinary D shares of £1 each	1	1	1	1
Ordinary E shares of £1 each	1	1	1	1
	304	304	304	304

16 Loans and borrowings

	31 December 2019 £ 000	31 December 2018 £ 000
Current loans and borrowings		
Finance lease liabilities	431	-

17 Provisions

	Provisions £ 000	Total £ 000
Current liabilities	68	68

18 Trade and other payables

	31 December 2019 £ 000	31 December 2018 £ 000
Trade payables	470	272
Accrued expenses	764	627
Amounts due to related parties	10,317	2,698
Social security and other taxes	141	79
Other payables	237	357
	11,929	4,033

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £104,000 (2018 - £91,000).

20 Related party transactions

Summary of transactions with other related parties
During 2019, a total of £1,566,000 relating to intercompany loans between CORGI Homeplan, CLCB Ltd and CORGI Homeheat were written off due to the winding up for CLCB Ltd and CORGI Homeheat.

As at 31 December 2019, CORGI Homeplan Ltd was owed £10,650,000 (2018: £460,000) from OVO Finance Ltd.

In addition, as at 31 December 2019, CORGI Homeplan Ltd was owed £2,579,000 from OVO Energy Ltd (2018 owed £101,000 to OVO Energy Ltd).

In addition, as at 31 December 2019, CORGI Homeplan Ltd owed OVO Group Ltd £10,314,000 (2018: £2,597,000), and owed OVO Energy Ltd £3,000.

All related party balances are repayable on demand.

21 Parent and ultimate parent undertaking

The largest consolidated statements that incorporate Corgi Homeplan Ltd are those of Imagination Industries Limited, which are available upon request from the registered office shown in Note 1.

The company's immediate parent is OVO Finance Ltd.

The ultimate parent is Imagination Industries Limited. These financial statements are available upon request from

The ultimate controlling party is Stephen Fitzpatrick.