

Registration number: 00142067

Ed Broking (UK) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

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Ed Broking (UK) Limited

Contents

Company Information	1
Strategic Report	2 to 6
Directors' Report	7 to 8
Statement of Directors' Responsibilities	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Unaudited Financial Statements	13 to 25

Ed Broking (UK) Limited

Company Information

Directors	A Erotocritou S W Hough
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom

Ed Broking (UK) Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022 for Ed Broking (UK) Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of Ardonagh Group Holdings Limited ("the Group"). The Company for the financial year ending 31 December 2022 has taken the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies, whereas the prior year was audited.

Principal activities and business review

The principal activity of the Company is that of an intermediary holding company providing head office services to the Ed Broking Group subsidiaries.

The results for the Company show revenue of £Nil (2021: £Nil) and loss before tax of £5,017k (2021: £12,640k) for the year. At 31 December 2022 the Company had net liabilities of £7,846k (2021: £2,807k). The going concern note (part of accounting policies) on page 14 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

Companies Act s.172 Duty

The Directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("s.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole consistent with s.172 Duties.

Board oversight and governance is discharged by the Ardonagh Specialty Holdings Limited Board ("Specialty Board"). The Specialty Board considers and approves acquisitions and disposals, set integration/synergy plans, risk appetite and recommends investments over a set limit to the Ardonagh Group Board for approval. The performance and delivery of annual and integration plans are also subject to detailed oversight by the Specialty Board.

The Specialty Board have constituted the following Committees:

Risk Committee - discharges rigorous oversight over the management of risk and receives regular reports from the Risk & Compliance function and deep-dives into specific risks, such as cyber risk.

Remuneration Committee - approves matters delegated to them by the Group Remuneration Committee and recommend matters that require approval by the Group Remuneration & Nominations Committee. These matters include senior hires, bonus and pay budgets and allocation thereof, and Balanced Scorecards used to measure performance.

Audit Committee - exercises robust oversight over prudential and financial risk and Internal Audit plan delivery.

All our Boards and committees operate under written terms of reference and a delegated authority framework set by the Ardonagh Group. Our Boards and Committees are supplied with regular, comprehensive and timely information in a form and quality that enables them to discharge their duties effectively. Below is an explanation of how the Specialty Board engage with our stakeholders and how their views inform Board decision making.

Shareholders

There are two shareholder representative directors on the Specialty Board who articulate their views during Board discussions.

Ed Broking (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Employees

Our employees are central to the success of Ardonagh Specialty, and our remuneration structures are designed to reward good performance and support our values. In addition, the business focusses on providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths.

Specialty have adopted an Equality and Diversity Policy and the Specialty Board believes that equality, diversity and inclusion strengthen the Specialty business, contribute to long-term performance, and attract key talent. The Specialty Board has taken time to consider management actions and initiatives regarding diversity and inclusion, and they support and monitor management actions to increase the proportion of senior leadership roles held by women and other under-represented groups.

An annual Groupwide employee pulse survey has been conducted since 2019. Specialty achieved an average score of 7.1 (out of 10) across all questions, slightly below the 7.5 average score across the Ardonagh Group. The survey highlighted positive trends regarding fostering cultures of inclusion and respect, however the survey also highlighted that there is also work to do and management are taking actions across the following three themes; belonging & inclusion, organisational direction and people-first culture.

Customers

Seeking good customer outcomes is central to the success of the business. Management continues to seek customer views and improve how we track our customers' perceptions of our businesses. Our services are periodically reviewed to ensure they continue to meet the needs of our customers.

In preparation for the new UK Customer Duty launched by the FCA, the Specialty Board selected an independent non-executive director to act as a Consumer Duty Champion who helps facilitate the voice of the customer to be heard in the Boardroom.

Insurers

Our insurance partners are fundamental to the success of the business. Senior leaders regularly meet with key insurance partners, supported by increasingly sophisticated data, to discuss performance and ways in which we can continue to meet customers' needs and these developments are reported to our Boards.

Our Suppliers

Our policy is to treat our suppliers fairly and to pay them in accordance with contractual terms. Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to appropriate monitoring and engagement. Management ensures appropriate due diligence is performed on key suppliers before they are engaged. We require that our suppliers have ESG and modern slavery policies that are at least as stringent as our own.

Ed Broking (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Community

Ardonagh contributes to the communities in which we operate through the Ardonagh Charitable Trust. Further details on how we interact with communities are set out in the Sustainability Report available on the Ardonagh website.

The Specialty Board considered the new UK Consumer Duty rules and how they will impact our businesses and our stakeholders, as outlined out below:

Our Board

The Specialty Board considered and approved management's implementation plans to ensure compliance with the new Consumer Duty rules by the regulatory deadline. The Board received training and the previously mentioned Consumer Duty champion on the Board received additional briefings and training to ensure they can effectively discharge oversight and challenge. The Specialty Board will receive annual reviews in order to evidence that products and services comply with the new Consumer Duty.

Colleagues

Our directors received assurances that relevant staff will receive training on the new Consumer Duty rules and regular communications are sent out to staff to ensure awareness of the new rules and support the embedding of the Consumer Duty requirements. Our Boards regularly consider the culture within our businesses and ensure risk frameworks and remuneration policies help drive the right conduct and behaviours.

Regulatory

The Specialty Board discharged oversight and challenge to ensure the business complies with regulatory deadlines set out in the new Consumer Duty rules. In addition, our Risk Committee consider interactions with the FCA to ensure our regulatory relationship is constructive, transparent and cooperative.

Outlook

The Company will continue to operate in the same capacity for the foreseeable future.

Key performance indicators

The directors of Ardonagh manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that a detailed analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Group which includes this Company is discussed in the Group's annual report.

The key performance indicator for this company is the carrying value of its subsidiaries, as these are the main assets of the Company. The performance of the subsidiaries will determine whether an impairment to the carrying value is required and this is tested on a regular basis.

In the current year there was no impairment charge recognised.

Principal risks and uncertainties

The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide-ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Group Risk Management Committee meetings and the Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Group Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

Ed Broking (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

The principal risks and their mitigation are as follows:

Strategic and commercial risk

There are risks of changes to the competitive and economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of the economic and competitive environment and by diversification of product lines and channels.

Financial risk

There is the risk of an adverse impact on business value or earnings capacity as well as the risk of inadequate cash flows to meet financial obligations. These risks are mitigated by proactive management of the business plan, by regular monitoring of cash flows against risk appetite and by a focus on debt collection.

The Company and Group have demonstrated operational and financial resilience to economic uncertainties and changes in customer confidence.

The Company and Group have sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Company and Group would respond to income declines by seeking cost savings. The Group had available liquidity of £995.1m at 30 June 2023. The Company has positive net current assets and net assets. The Company and Group closely monitor available liquidity on an ongoing basis.

Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Company and Group are diversified and not materially exposed to a single carrier or customer.

Operational risk

There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and/or from external events. These risks are mitigated by having a Risk Management Framework in place. The framework requires all risks to have owners, and these owners have appropriate controls in place which are regularly monitored, and significant changes to a risk are escalated as required.

The Company's business depends on the ability of employees to process transactions using secure information systems. The capacity to service customers depends on storing, retrieving, processing and managing information. Interruption or loss of information processing capabilities through loss of stored data, the failure of computer equipment or software systems, a telecommunications failure or other disruption, could have a material adverse effect on business, results of operations and financial condition. To mitigate these risks the Company has certain disaster recovery procedures and insurance to protect against such contingencies.

Regulatory and legal risk

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non-compliance with laws, regulations and applicable administrative provisions. If we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to substantial fines or other sanctions that may have an adverse effect on our results of operations and financial condition. Ardonagh Specialty and the Company operate a robust risk and control framework, underpinned by the three line of defence governance model, and closely monitor changes to the regulatory environment.

Ed Broking (UK) Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Climate risk

The Company acknowledges that there are risks posed by climate change that could potentially have impacts on our products, client needs, revenues and costs and it intends to integrate further climate-related considerations into our financial planning processes from 2023 onwards. As an insurance intermediary, we recognise our operations will evolve as climate change influences manifest themselves through changing business patterns. We continue to seek to optimise our businesses and operations, which includes identifying and pro-actively managing climate-related opportunities and risks.

Approved by the Board on 28 September 2023 and signed on its behalf by:



S W Hough
Director

Ed Broking (UK) Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2022.

Directors of the Company

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

S P Hearn (*resigned 13 March 2023*)

A D Wallin (*resigned 9 March 2023*)

The following directors were appointed after the year end:

A Erotocritou (*appointed 13 March 2023*)

S W Hough (*appointed 1 June 2023*)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2022 (2021: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 4.

Future developments

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 4.

Political donations

The Company has not made any political donations during the year (2021: £Nil).

Subsequent events

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 25.

Going concern

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. At 31 December 2022, the Company had net liabilities of £7.8m (2021: £2.8m) and net current liabilities of £28.8m (2021: £18.2m). In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Midco 2 plc. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

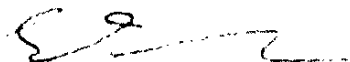
Directors' indemnities

All directors of the Company and fellow Group companies benefit from qualifying third-party indemnity provisions, subject to the conditions set out in the Companies Act 2006, which were in place during the financial year and at the date of this report.

Ed Broking (UK) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on 28 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'S W Hough', written in a cursive style.

S W Hough
Director

Ed Broking (UK) Limited

Statement of Directors' Responsibilities

The directors are responsible 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "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 year. 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 UK Accounting Standards 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 responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Ed Broking (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 (Audited) £ 000
Administrative expenses		<u>(5,160)</u>	<u>(12,838)</u>
Operating loss	4	(5,160)	(12,838)
Finance income	5	<u>143</u>	<u>198</u>
Loss before tax		(5,017)	(12,640)
Income tax	8	<u>(22)</u>	<u>-</u>
Loss for the year		<u><u>(5,039)</u></u>	<u><u>(12,640)</u></u>

The above results arise from continuing operations. There was no other comprehensive income in the current or prior year.

Ed Broking (UK) Limited

(Registration number: 00142067)

Statement of Financial Position as at 31 December 2022

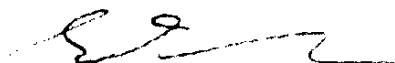
	Note	2022 £ 000	2021 (Audited) £ 000
Non-current assets			
Property, plant and equipment	9	29	33
Investments in subsidiaries	10	20,912	15,312
Deferred tax assets	8	39	-
		<u>20,980</u>	<u>15,345</u>
Current assets			
Cash and cash equivalents		6	19
Trade and other receivables	11	917	10,292
		<u>923</u>	<u>10,311</u>
Current liabilities			
Trade and other payables	12	(29,749)	(28,463)
Net current liabilities		<u>(28,826)</u>	<u>(18,152)</u>
Total assets less current liabilities		<u>(7,846)</u>	<u>(2,807)</u>
Net liabilities		<u>(7,846)</u>	<u>(2,807)</u>
Capital and reserves			
Share capital	14	134,144	134,144
Retained losses		<u>(141,990)</u>	<u>(136,951)</u>
Total equity		<u>(7,846)</u>	<u>(2,807)</u>

For the financial year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The director acknowledges their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 28 September 2023 and signed on its behalf by:



S W Hough
Director

The notes on pages 13 to 25 form an integral part of these financial statements.
Page 11

Ed Broking (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Retained losses £ 000	Total £ 000
At 1 January 2022	134,144	(136,951)	(2,807)
Loss for the year	<u>-</u>	<u>(5,039)</u>	<u>(5,039)</u>
At 31 December 2022	<u><u>134,144</u></u>	<u><u>(141,990)</u></u>	<u><u>(7,846)</u></u>

	Share capital £ 000	Retained losses £ 000	Total £ 000
At 1 January 2021	133,775	(124,311)	9,464
Loss for the year	-	(12,640)	(12,640)
Issue of share capital	<u>369</u>	<u>-</u>	<u>369</u>
At 31 December 2021	<u><u>134,144</u></u>	<u><u>(136,951)</u></u>	<u><u>(2,807)</u></u>

The notes on pages 13 to 25 form an integral part of these financial statements.
Page 12

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, that is incorporated and registered in England, United Kingdom. The details of the Company's registered office address can be found on page 1. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report' section.

The financial statements for the year ended 31 December 2022 were authorised for issue by the Board on 28 September 2023 and the Statement of Financial Position was signed on the board's behalf by S W Hough.

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.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. Amounts shown are rounded to the nearest pound, unless stated otherwise. These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 102.

As a wholly owned subsidiary of Ardonagh Group Holdings Limited, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

In preparing the Company individual financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures;
- from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows.

On the basis that equivalent disclosures are given in the consolidated financial statements of Ardonagh Group Holdings Limited the parent of the Company, the Company has also taken advantage of the exemption not to provide:

- the disclosure requirements of Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

As shown in account note 16, the Company is a member of a group (“the Group”) of which Tara Topco Limited is the ultimate parent company and Ardonagh Group Holdings Limited is the highest level at which results are consolidated.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2022 the Company had net liabilities of £7,847k (2021: £2,807k) and net current liabilities of £28,826k (2021: £18,152k). The net current liabilities include amounts receivable from related parties of £799k (2021: £10,156k), and amounts due to related parties of £28,820k (2021: £27,124k). The Company reported a loss before tax of £5,017k (2021: £12,640k).

The Directors have assessed the Company’s financial position and its ability to meet its obligations as and when they fall due. This has included the consideration of:

- The Company’s capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Company and its systems of risk management and internal control.
- The Company’s financial position and Group entities’ ability to meet intercompany obligations, noting that the Group’s capital management, among other things, aims to ensure that the Group meets its financial covenants attached to its interest-bearing loans and borrowings.
- The actual cashflows of the Company during the year and since the year end.
- A letter of financial support from the Group confirming resources will be made available to support the Company’s ongoing operations as a going concern.

Key assumptions that the Directors have reflected in the base case cash flow forecasts include that Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 and 2023 trading performance continues to demonstrate resilience.

Key stress scenarios that the Directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- Additional interest costs on the term and CAR debt facilities based on forward interest rate expectations.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

The Directors continue to consider the wider operational and financial consequences and ramifications of global political and economic tensions (including related to the Ukrainian conflict, foreign exchange rates, inflation and increasing interest rates). In particular:

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Company has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.
- The Company continue to monitor the risk of cyber-attacks and has not identified any significant security risks during the period ended 31 December 2022.

Following the assessment of the Company's financial position, liquidity and its' ability to meet its obligations as and when they fall due, including potential financial implications of the economic uncertainty and stress tests, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Property, plant and equipment

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Depreciation is calculated so as to write off the cost less residual values of tangible fixed assets on a straight line basis over their estimated useful economic lives.

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
Fixtures and fittings	10% to 20% per annum
Computer equipment	33% per annum

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provisions for impairment. A provision for impairment is made to the extent that, in the Directors' view, the carrying amount exceeds the recoverable amount of the fixed asset investment.

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash and cash equivalents, trade and other debtors, trade and other creditors, and equity investments. The Company has chosen to apply the measurement and recognition provisions of Section 11 Basic Financial Instruments and in full.

Financial assets- classified as basic financial instruments

Cash and cash equivalents

Cash and cash equivalents including cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment 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 financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities - classified as basic financial instruments

Trade and other creditors

Trade and other creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Revenue

Revenue comprises costs recharged to other Ed Group companies for services such as finance, legal and HR. Revenue receivable is recognised in the year to which it relates or, if later, when it can be measured with reasonable certainty.

Employee benefits

Pension costs

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.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Taxation

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.

Current tax

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at agreed settlement rates or at the rates of exchange prevailing at the Statement of Financial Position date and the related gains and losses are reported in the Statement of Comprehensive Income through administrative expenses.

Finance income and costs policy

The Company's finance income and finance costs include:

- interest income from intercompany balances
- interest payable on bank overdrafts

Interest income and expense are recognised using the effective interest method for debt instruments classified as amortised cost.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Directors consider that there are no significant judgements or significant sources of estimation uncertainty in preparation of the financial statements.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

4 Operating loss

Arrived at after charging:

	2022	2021
	£ 000	£ 000
Auditor's remuneration: audit of these financial statements	588	15
Depreciation expense	5	5
Staff costs	3,559	11,804
Foreign exchange losses	114	7
Management fees recharged	(494)	(579)

For the year ended 31 December 2022, the Company has taken the exemption under s479A of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2022 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred for the Company for the year (2021: £15,000).

Auditor's remuneration has been accrued in Ed Broking (UK) Limited in the year in relation to audits across the whole of the Specialty segment and not just in relation to Ed Broking (UK) Limited.

5 Finance income and finance costs

	2022	2021
	£ 000	£ 000
Finance income		
Interest from other Group companies (note 11)	143	198
Finance costs		
	-	-
Net finance income	143	198

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

6 Staff costs

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

	2022	2021
	£ 000	£ 000
Wages and salaries	2,691	4,738
Social security costs	294	531
Pension costs, defined contribution scheme	214	236
Redundancy costs	360	6,299
	<u>3,559</u>	<u>11,804</u>

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

	2022	2021
	No.	No.
Management and administration	46	37

7 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of Ardonagh Group Holdings Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of Ardonagh Group Holdings Limited. It is impracticable to determine the proportionate amount of emoluments relating to the Company.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

8 Income tax

The Company's tax charge is the sum of the total current and deferred tax expense.

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	61	-
Adjustments in respect of prior periods	-	-
Total current taxation	<u>61</u>	<u>-</u>
Deferred taxation		
Origination and reversal of temporary differences	(39)	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred taxation	<u>(39)</u>	<u>-</u>
Tax charge in the Statement of Comprehensive Income	<u>22</u>	<u>-</u>

The following table reconciles the tax charge calculated at the UK statutory rate on the Company's loss before tax with the actual tax charge for the year.

	2022 £ 000	2021 £ 000
Loss before tax	<u>(5,017)</u>	<u>(12,640)</u>
Corporation tax at standard rate of 19% (2021: 19%)	(953)	(2,402)
Expenses not deductible for tax purposes	12	47
Remeasurement of deferred tax for changes in tax rates	-	(23)
Transfer pricing adjustments	1,001	2,522
Group relief surrendered / (claimed)	-	(133)
Movement in deferred tax not recognised	(38)	(11)
Total tax charge	<u>22</u>	<u>-</u>

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

8 Income tax (continued)

Deferred tax

The UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023. UK deferred tax balances as at 31 December 2022 are measured at the rate that the respective assets and liabilities will reverse.

Deferred tax assets and liabilities are recognised on the balance sheet as follows:

	Asset £ 000
2022	
Accelerated tax depreciation	<u>39</u>

	Asset/(liability) £
2021	
Accelerated tax depreciation	<u>-</u>

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	31 December 2022 £ 000
Accelerated tax depreciation	<u>-</u>	<u>39</u>	<u>39</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	31 December 2021 £ 000
Accelerated tax depreciation	<u>-</u>	<u>-</u>

The company did not recognise deferred tax assets as follows. These deferred tax assets have not been recognised in these accounts as it is not expected that the Group's future profitability will be sufficient to utilise them.

	2022 £ 000	2021 £ 000
Losses	<u>57</u>	<u>57</u>
Unrecognised deferred tax assets	<u>57</u>	<u>57</u>

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Property, plant and equipment

	Fixtures and fittings £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2022	112	508	620
At 31 December 2022	112	508	620
Depreciation			
At 1 January 2022	93	494	587
Charge for the year	-	4	4
At 31 December 2022	93	498	591
Carrying amount			
At 31 December 2022	19	10	29
At 31 December 2021	19	14	33

10 Investments in subsidiaries

	£ 000
Cost or valuation	
At 1 January 2022	15,312
Additions	5,600
At 31 December 2022	20,912

The Company increased its investment in the shares of Piiq Risk Partners Limited by £3,600,000 in April 2022 and by a further £2,000,000 in September 2022.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

10 Investments in subsidiaries (continued)

Details of the subsidiaries as at 31 December 2022 are as follows.

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2022	2021
Piiq Risk Partners Limited	Insurance and reinsurance intermediary	England	100%	100%

The registered office of the subsidiary detailed above is: 2 Minster Court, Mincing Lane, London, EC3R 7PD.

11 Trade and other receivables

	2022 £ 000	2021 £ 000
Receivables from other Group companies	799	10,156
Prepayments	15	72
Other receivables	103	64
	<u>917</u>	<u>10,292</u>

The directors believe that the intercompany receivables are recoverable. The balances are unsecured, repayable on demand and interest is charged at 2% above GBP LIBOR.

12 Trade and other payables

	2022 £ 000	2021 £ 000
Current trade and other payables		
Accrued expenses	733	1,266
Amounts due to other Group companies	28,820	27,124
Other payables	196	73
	<u>29,749</u>	<u>28,463</u>

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

12 Trade and other payables (continued)

Amounts due to other Group companies are unsecured, interest free and payable on demand.

In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have considered the letter of support provided by Ardonagh Midco 2 plc. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

13 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The total cost charged to the Statement of Comprehensive Income of £213,758 (2021: £236,122) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 December 2022, contributions of £Nil (2021: £Nil) due in respect of the current reporting year had not been paid over to the schemes and are included in other payables.

14 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>134,144</u>	<u>134,144</u>	<u>134,144</u>	<u>134,144</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

15 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 102 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

Ed Broking (UK) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

16 Parent and ultimate parent undertaking

The immediate parent company is Ed Broking Holdings (London) Limited and the ultimate parent company is Tara Topco Limited.

The Group's majority shareholder and ultimate controlling party at 31 December 2022 is Madison Dearborn Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Group Holdings Limited (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). The parent company of the smallest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). Financial statements for Ardonagh Group Holdings Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

17 Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.