MASTERCOVER INSURANCE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED NUMBER: 01393740

CONTENTS

COMPANY INFORMATION

Directors

D Cougill
D Ross

Company Secretary

D Clarke

Registered Office

2 Oaks Court
Warwick Road
Borehamwood
Hertfordshire
WD6 1GS
United Kingdom

Registered number

01393740

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ
United Kingdom

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2019 for Mastercover Insurance Services Limited ("the Company").

Principal Activity and Business Review

The Company's business is as an insurance intermediary.

On 20 December 2017 Mastercover Insurance Services Limited was acquired by Nevada Investment Holdings 7 Limited from GUK Broking Services Limited and became a member of The Ardonagh Group Limited, ("the Group"). As part of the wider group reorganisation strategy, on 18 May 2018 the Company disposed of its operations to Towergate Underwriting Group Limited and Four Counties Insurance Brokers Limited, two companies under common control. This transaction resulted in the Company being placed into run-off. It is the directors' intention to wind-up the Company once the run-off process has completed.

Results

The results of the Company show turnover of £41,703 (2018: £618,139) and loss before tax of £18,897 (2018: £139,375 loss). At 31 December 2019 the Company had net assets of £3,581,850 (2018: £3,596,893). The going concern note (part of accounting policies) on page 13, sets out why the directors believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

Outlook

The directors do not expect there to be any changes in the nature of the business in 2020. The Company is in run-off and it is the directors' intention to wind-up the Company once the run-off process has completed.

The unprecedented and rapidly evolving nature of the global Covid-19 pandemic (including the short-term and long-term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including Mastercover Insurance Services Limited. Consideration of the financial risk and future impact can be found in the Strategic Report within the 'Risk management' section but as the Company is in run-off, the impact is not expected to be material.

Key Performance Indicators

The Company has been in run-off since 18 May 2018 and as a result, the directors consider the key performance indicator for the Company to be ensuring its liabilities are settled fairly and expeditiously. Non-financial key performance indicators include staffing levels which have remained at zero throughout the year, attributed to the transfer of trade in May 2018.

Risk management

The principal risk facing the Company is ensuring timely settlement of its liabilities. The directors believe that the Company has access to financial support to meet projected financial obligations over the coming year. This is based upon specific Group support provided to regulated subsidiaries, cash flow projections over a period of twelve months and Ardonagh Services Limited's ("ASL") non legally binding present intention to provide financial support.

Impact of Covid-19

The Company and Group have considered the consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across each of the operating segments, with measures to manage employee absences, access to the wider network of all offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of our employee base. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach on a daily basis in line with latest global developments and government guidance. Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. As a Group, Ardonagh is highly diversified and not materially exposed to a single carrier, customer or market sector.

The Company has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19 and closely monitors available liquidity on an ongoing basis.

STRATEGIC REPORT (continued)

General Data Protection Regulation

The Company's computer systems store information about its customers, some of which is sensitive personal data. Database privacy, identity theft and related computer and internet issues are matters of growing public concern and are subject to changes in rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation. Although the Company has taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our database and to ensure that our processing of personal data complies with the relevant data protection regulations, our technology may fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss.

Future Impact of Brexit

The Brexit decision may affect the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. Following the 2019 general election, the Prime Minister has been clear that he is driven to deliver Brexit with a transition period ending on 31 December 2020.

We continue to believe that the direct impact on the Group will not be significant because it conducts only limited business within the EU and, importantly, because several additional mitigation strategies have been put in place during 2019 (i.e. gaining direct authorisation in certain EU member states) to reduce the risk . However, the loss of passporting rights may affect the insurance markets in which the Group operates, possibly reducing insurance capacity, competition and choice.

Brexit could also lead to a general decline in economic conditions in the UK where the Group operates predominantly. The diversified business portfolio of the Group continues to mitigate the risk of a general decline in economic conditions.

As noted in the Outlook section above the Company's operations are in run-off and the Company is managed on a basis other than that of a going concern.

Approved by the board on **4th November 2020** and signed on its behalf by:

....
Director

DIRECTORS' REPORT

The directors of Mastercover Insurance Services Limited (registered number 01393740) present their annual report and the audited financial statements for the year ended 31 December 2019.

Directors of the Company

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

D Cougill	Appointed on 1 October 2020
D Ross	Appointed on 1 October 2020
H S Williams	Resigned on 1 October 2020
R L Worrell	Resigned on 1 October 2020

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2019 (2018: £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 2.

Future developments

Details of future developments can be found in the Strategic Report within the 'Risk management' section on page 2-3.

Political donations

The Company has not made any political donations during the financial year ended 31 December 2019 (2018: £Nil).

Going Concern

The Company is in run-off and it is the directors' intention to wind-up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a basis other than that of a going concern.

Subsequent Events

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' note on page 19.

Directors' Liabilities

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, in place during the financial year at the date of this report.

Disclosure of Information to the Auditor

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

DIRECTORS' REPORT (continued)

Reappointment of Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

This report was approved by the board on 4th November 2020 and signed on its behalf by:

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Director

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 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASTERCOVER INSURANCE SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Mastercover Insurance Services Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASTERCOVER INSURANCE SERVICES LIMITED

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MASTERCOVER INSURANCE SERVICES LIMITED

Use of our report

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

Claire Clough.

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Claire Clough (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date:..4 November 2020

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Commission and fees	3	**41,703**	618,139
Administrative expenses	4	**(77,782)**	(740,240)
Amortisation	4	**-**	(17,274)
Impairment of financial assets	4	**17,183**	-
Loss before tax		**(18,896)**	(139,375)
Tax credit	7	**2,213**	22,837
Loss for the financial year		**(16,683)**	(116,538)

All recognised gains or losses are accounted for in the Statement of Comprehensive Income.

All amounts are derived from discontinued operations.

The notes on pages 13 to 19 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2019 £	As at 31 December 2018 £
Current assets			
Property, plant and equipment	8	**14,735**	-
Trade and other receivables	9	**3,868,329**	3,518,509
Cash at bank and in hand	10	**-**	406,860
		3,883,064	3,925,369
Current liabilities			
Trade and other payables	11	**(96,166)**	(107,256)
Provisions	13	**(187,047)**	(104,864)
Loans and borrowings	12	**(19,641)**	-
		(302,854)	(212,120)
Net current assets		**3,580,210**	3,713,249
Total assets less current liabilities		**3,580,210**	3,713,249
Non-current liabilities			
Provisions	13	**-**	(116,356)
		-	(116,356)
Net assets		**3,580,210**	3,596,893
Capital and reserves			
Share capital	14	**131,000**	131,000
Retained earnings		**449,210**	465,893
Merger reserve		**3,000,000**	3,000,000
		3,580,210	3,596,893

These financial statements were approved and authorised for issue by the board and were signed on their behalf by:

....

Director

The notes on pages 13 to 19 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital **£**	**Merger reserves** **£**	**Retained earnings** **£**	**Total** **£**
At 1 January 2019	**131,000**	**3,000,000**	**465,893**	**3,596,893**
Net loss for the year	**-**	**-**	**(16,683)**	**(16,683)**
At 31 December 2019	**131,000**	**3,000,000**	**449,210**	**3,580,210**

	Share capital £	Merger reserves £	Retained earnings £	Total £
At 1 January 2018	131,000	-	582,431	713,431
Net loss for the year	-	-	(116,538)	(116,538)
On discontinued operations	-	3,000,000	-	3,000,000
At 31 December 2018	131,000	3,000,000	465,893	3,596,893

On 18 May 2018, the Company transferred the future economic rights of the business only, for which £3.0m consideration was paid, leading to the recognition of a £3.0m merger reserve.

The notes on pages 13 to 19 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

Mastercover Insurance Services Limited (the Company) is a limited company incorporated and registered in England, the United Kingdom (UK). The address of its registered office is stated on page 1. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report' section.

Basis of Preparation
These financial statements have been prepared in accordance with FRS 102 the "Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of the large and medium-sized Companies and Groups (Accounts and Reports) regulations 2008.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. These financial statements have been presented in Pound Sterling (£) as this is the currency of the primary economic environment in which the Company operates.

Disclosure exemptions adopted from FRS 102 are:

- Section 7 Statement of Cash Flows and paragraph 3.17(d);
- Financial instruments – Section 1.12C/11; and
- Related party transactions within the Group – Section 33.1A.

Going Concern
It is the directors' intention to wind-up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a basis other than that of a going concern.

The book values of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short-term nature. As such no adjustments to balances are required with the Company being reported on a basis other than that of a going concern.

Revenue Recognition
Revenue is generated from the commissions and fees associated with the placement of insurance contracts and policies. These are recognised at the earliest of the date of the inception of the contract or at the point at which the placement services are substantially complete, the effective commencement date. Commissions and fees related to additional and return premiums are recognised as they occur.

Holiday Pay Accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Insurance Debtors and Creditors
The Company acts as an agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Insurance cash is treated as an asset; this recognises that the Company is entitled to retain the investment income on any cash flows arising from these transactions. Brokerage debtors are treated as an asset as the funds are earned at the inception of the policy. Premium finance debtors are regarded as an asset due to the Company bearing the risk of default.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives using the straight line method. The rates applicable are:

- Leasehold improvements 3 years

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies *(continued)*

Current tax
Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, deferred tax is reversed. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax assets and the deferred tax liability can only be offset when they relate to income taxes levied by the same taxation authority. Where deferred tax is offset on different taxable entities this is allowed when it is intending either to settle current tax assets or liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

The tax expense for the period comprises current tax. Income tax is recognised in the Statement of Income, 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. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Income on a straight line basis over the period of the lease.

Provisions for liabilities
A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

Where appropriate the Company discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement. In the year the Company discount rate used to calculate the present value of provisions was amended to reflect the risk-free rate.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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.

There were no critical judgements or key sources of estimation uncertainty that have a significant effect on the carrying amounts of assets and liabilities in these financial statements.

2 Discontinued operations

As part of the Group's strategy to align the legal entity structure with its operating segments the Company disposed of its operations to entities under common control.

Being common control transactions, these transfers are outside the scope of IFRS 3 Business Combinations. No goodwill is recognised on such transfers and instead, any consideration in excess of the carrying value of transferring assets and liabilities is taken to the merger reserve.

On 18 May 2018, the Company transferred the future economic rights of the business only, for which £3.0m consideration was paid, leading to the recognition of a £3.0m merger reserve.

3 Commission and fees

The whole of the turnover is attributable to the provision of insurance broking services to driving instructors, small businesses and private individuals. All turnover arose within the United Kingdom.

4 Loss before tax

The loss before taxation is stated after charging:

	2019	2018
	£	£
Amortisation of intangible assets	-	17,274
Depreciation of property, plant and equipment	**7,249**	46,633
Operating leases relating to onerous contract	-	221,220
Operating leases relating to property	-	22,108
Impairment of financial assets	**17,183**	-

The audit fee of £26,950 (2018: £25,000) for the audit of the Company financial statements was paid by other Group entities for which no recharge was made.

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, The Ardonagh Group Limited.

5 Staff Costs

The average monthly number of persons employed by the Company during the year was 0 (2018: 5) all of whom were administration staff. The payroll costs in respect of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	-	255,903
Social security costs	-	26,096
Other pension costs	-	4,134
	-	286,133

The Company had no employees in the current year. All administration is performed by employees of the Group, for which no recharge is made to the Company.

6 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 The Ardonagh Group Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

7 Tax Credit

The tax credit is based on the loss for the year and represents:

	2019	2018
	£	£
Current tax		
UK corporation tax based on loss for the year	**(2,213)**	(18,433)
UK corporation tax adjustment to prior periods	**-**	(4,404)
Tax credit in the Statement of Income	**(2,213)**	(22,837)

Factors affecting the tax credit

	2019	2018
	£	£
Loss before tax	**(18,896)**	(139,375)
Corporation tax at standard rate of 19% (2018: 19%)	**(3,590)**	(26,481)
Other tax adjustments, reliefs and transfers	**-**	3,698
Fixed asset differences	**1,377**	3,242
Deferred tax expenses from unrecognised tax loss or credit	**-**	991
Tax expense relating to changes in tax rates or laws	**-**	117
Adjustments from prior years	**-**	(4,404)
Tax credit for the year	**(2,213)**	(22,837)

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

8 Property, plant and equipment

	Leasehold improvements £	Total £
Cost		
As at 1 January 2019	-	-
Additions	21,984	21,984
As at 31 December 2019	**21,984**	**21,984**
Depreciation		
As at 1 January 2019	-	-
Charge in the year	(7,249)	(7,249)
As at 31 December 2019	**(7,249)**	**(7,249)**
Net book value		
As at 31 December 2019	**14,735**	**14,735**
As at 31 December 2018	-	-

9 Trade and other receivables – due within 1 year

	2019 £	2018 £
Current assets		
Insurance broking receivables	**59,549**	-
Amounts owed by Group undertakings	**3,787,427**	3,451,934
Other receivables	**-**	21,422
Prepayments	**14,951**	18,677
Tax refundable	**6,402**	26,476
Total current assets	**3,868,329**	3,518,509

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

10 Cash at Bank

	2019 £	2018 £
Non statutory trust cash at bank	-	405,107
Other cash at bank	-	1,753
	-	406,860

The non-statutory trust account contains funds paid by clients due to insurers. This cash is regulated by the FCA and is protected for client benefit only.

11 Trade and other payables – due within 1 year

	2019 £	2018 £
Insurance broking payables	**47,564**	73,386
Amounts due to other Group companies	**12,976**	-
Other creditors	**35,626**	33,870
	96,166	107,256

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

12 Loans and borrowings

	2019 £	2018 £
Bank overdrafts	**19,641**	-
	19,641	-

13 Provisions

	Onerous lease £	Dilapidations £	Total £
At 1 January 2019	**221,220**	-	**221,220**
Additional provisions made during the year	-	**21,984**	**21,984**
Utilised during the year	**(56,157)**	-	**(56,157)**
At 31 December 2019	**165,063**	**21,984**	**187,047**

Analysis of total provisions:	2019 £	2018 £
Non-current – to be utilised in more than one year	-	116,356
Current – to be utilised within one year	**187,047**	104,864
	187,047	221,220

Onerous lease – provides for the cost incurred on vacant properties for the full remaining term of the lease.

Dilapidations – provides for the estimated amounts payable for dilapidations on each property at the end of the lease term.

14 Share Capital

	2019	2018
	£	£
131,000 ordinary shares of £1 each	**131,000**	131,000

The 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 Commitments

The future total minimum lease payments due under non-cancellable operating leases:

	2019	2018
	£	£
Due within 1 year	-	51,773
Due between 2 and 5 years	-	57,447
	-	109,220

The operating leases are primarily in connection with property occupied by the Company. In 2018, the business premises were vacated, and the associated costs are now recognised as an onerous lease provision, see note 13.

16 Ultimate parent undertaking and controlling party

The Group's majority shareholder and ultimate controlling party at 31 December 2019 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2019 that consolidate the Company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG). The parent company of the smallest group that prepares group financial statements at 31 December 2019 that consolidate the Company is Ardonagh Midco 3 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 3 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

17 Subsequent events

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements.

On 14 July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The existing borrowings included the existing senior secured notes and the revolving credit facility, the repayment of which released the Group from the associated security. The new borrowings include $500m senior unsecured notes, a senior secured term loan facility of £1,575m comprising £1,412.8m denominated in pound sterling and €180m denominated in euro and a £191.5m revolving credit facility that is not drawn at the date of this report. The Group completed the purchase of the entire issued share capital of Nevada 5 Topco Limited (an indirect parent of Arachas Topco Limited) on 14 July 2020, for a consideration of €135,781,781.51 cash. The Group also completed the purchase of the entire issued share capital of Nevada 4 Midco 1 Limited (the parent of Bravo Investment Holdings Limited) on 14 July 2020, for a consideration of £39,794,109.14 cash. The new borrowings have also been used to fund the acquisition of Bennetts Motorcycling Services Limited.