

Registered Number: 01770899 England

SWINTON PROPERTIES LIMITED

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021



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DIRECTORS:

C D Ball
I J Donaldson

COMPANY SECRETARY:

Ardonagh Corporate Secretary Limited

REGISTERED OFFICE:

Embankment West Tower
101 Cathedral Approach
Salford
M3 7FB

INDEPENDENT AUDITORS:

Deloitte LLP
The Hanover Building
Corporation Street
Manchester
M4 4AH

BANKERS:

Lloyds Bank plc
City Office
11-15 Monument Street
London
EC2V 9JA

COMPANY NUMBER:

01770899 England

BACKGROUND

The principal activity of the Company continues to be property management, and will remain so under the wider Swinton group's strategic plan until such time as all the properties have been sold. Swinton is part of the Ardonagh Group ("The Group") and forms part of the Retail segment ("The Segment") of the Ardonagh business, known as "Atlanta".

REVIEW OF PERFORMANCE

The Company's key financial and other performance indicators during the year were as follows:

	2021 £'000	2020 £'000
Turnover	-	8
Operating loss	(21)	(207)
Profit/(loss) for the financial year	126	(14)
Total equity	18,036	17,910

The Company owned 2 (2020: 2) long leasehold properties at the year end and total rent receivable during the year was £Nil (2020: £8,000). The portfolio of the company is unoccupied and the properties are held for sale, following the Swinton group's strategy to cease operations within the branch network. One of the properties was sold post year end.

Given the straightforward nature of the business, the directors are of the opinion that the above represent the key KPIs required to gain an understanding of the development, performance and position of the business.

RISK MANAGEMENT

All of the Swinton group's employees are responsible for risk management, with ultimate responsibility resting with the Board. Responsibility and accountability for managing risk is shared across all business units within Atlanta (Autonet, Carole Nash and Swinton). The Atlanta Risk & Audit Committee and sub-committees of the Executive Committee provide oversight responsibilities.

A risk management framework is in place which sets out the structure for the governance and oversight of risk and summarises the principles for the management of risks within the Company. The framework is supplemented by a risk management policy which provides detailed guidance for the identification, measurement, monitoring and reporting of risks. Atlanta operate in line with risk management practises and governance requirements as set out by Ardonagh Group.

Atlanta faces a range of risks which have the potential to impact financial performance or the achievement of strategic business objectives. The Ardonagh Risk Management Framework which has been in place throughout the financial year and up to the date that these financial statements were approved. Monitoring of risk is carried out and assurance is gained through financial, operational, compliance and quality based auditing. The Risk Committee monitors remedial action as part of its wider remit to oversee the internal control environment.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are those arising from fluctuations in the UK property market. This is actively monitored so that management are able to take appropriate action where required. The company does not have any ongoing operating cost commitments.

The wider Group has 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 Group would respond to income declines by seeking cost savings.

The Group had available liquidity of £683.3m at 30 June 2022 and closely monitors available liquidity on an ongoing basis. See note 2b for further detail on Going Concern.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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

The Strategic Report was approved by Order of the Board



C D Ball
Director
28th September 2022

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2021.

RESULTS, DIVIDEND AND FUTURE DEVELOPMENTS

The results for the financial year are set out in the statement of comprehensive income on page 10. The directors declared and paid dividends of £Nil in the year (2020: £Nil). The directors do not recommend any final dividend for 2021 (2020: £nil).

The company supports the Swinton group through the management of its property portfolio and will continue to do so going forward.

As discussed in the Strategic Report, the companies within the Swinton group closely monitor available liquidity on an ongoing basis. The companies are forecast to remain profitable for the foreseeable future.

GOING CONCERN

Following work undertaken and enquiries made, the Directors believe that the Company is well placed to manage the risks facing it and are satisfied that the Company has adequate resources for at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements (see note 2b).

FINANCIAL RISK MANAGEMENT

Details of financial risk management can be found in the Strategic Report on page 3.

ENERGY AND CARBON REPORTING

The Company has not separately reported its energy and carbon information. Instead, this information has been reported at group level and details can be found in the 2021 annual report and financial statements of Ardonagh Midco 2 plc, published on its website.

CHARITABLE AND POLITICAL DONATIONS

The Company did not make any charitable or political donations during the year (2020: £Nil).

DIRECTORS

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

I J Donaldson
C D Ball

SUBSEQUENT EVENTS

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section in note 16.

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Insurance has been purchased by the wider group to indemnify the Company's directors against liability in respect of proceedings brought by third parties, against them in their capacity as a director, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place during the financial year and remained in force as at the date of approving the report of the directors.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, Deloitte LLP, have indicated their willingness to continue in office, and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Directors' Report was approved by Order of the Board



C D Ball
Director
28th September 2022

Independent auditor's report to the members of Swinton Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Swinton Properties Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31st Dec 2021 and of its profits for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; 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 101 "Reduced Disclosure Framework".

Basis for 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These includes UK Companies Act, pensions legislation, tax legislation; and do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management regarding instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

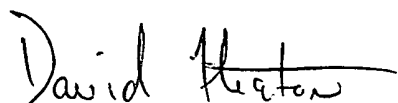
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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.

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.



**David Heaton (Senior Statutory Auditor
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom**

Date: 28 September 2022

	Note	2021 £'000	2020 £'000
TURNOVER	4	-	8
Loss on disposal of tangible fixed assets		-	(171)
Administrative expenses		-	(43)
Depreciation, amortisation and impairment of non-financial assets	5	(21)	(1)
OPERATING LOSS	5	(21)	(207)
Interest receivable from a fellow subsidiary undertaking		291	396
Interest payable to immediate parent company		(109)	(151)
PROFIT BEFORE TAXATION		161	38
Tax on profit	7	(35)	(52)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		126	(14)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		126	(14)

All results relate to continuing operations.

	Note	2021 £'000	2020 £'000
NON CURRENT ASSETS			
Right of use assets	9	-	144
		<u>-</u>	<u>144</u>
CURRENT ASSETS			
Other receivables	10	28,936	28,646
Assets held for sale	8	123	-
		<u>29,059</u>	<u>28,646</u>
CURRENT LIABILITIES			
Other payables	11	(10,940)	(10,832)
Corporation tax		(83)	(48)
		<u>(11,023)</u>	<u>(10,880)</u>
NET CURRENT ASSETS		<u>18,036</u>	<u>17,766</u>
NET ASSETS		<u>18,036</u>	<u>17,910</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,094	1,094
Share premium account		1,781	1,781
Retained earnings		15,161	15,035
TOTAL EQUITY		<u>18,036</u>	<u>17,910</u>

The notes on pages 13 to 24 are an integral part of these financial statements.

The financial statements on pages 10 to 24 were approved by the Board of Directors on 28 September 2022 and signed on their behalf by:



C D Ball - Director
Company Number: 01770899

	Called up share capital	Share premium account	Retained earnings (Restated)	Total equity
	£'000	£'000	£'000	£'000
Balances as at 1 January 2020	1,094	1,781	15,049	17,924
Loss for the financial year	-	-	(14)	(14)
Total comprehensive income for the year	-	-	(14)	(14)
Balance as at 31 December 2020	1,094	1,781	15,035	17,910

	Called up share capital	Share premium account	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balances as at 1 January 2021	1,094	1,781	15,035	17,910
Profit for the financial year	-	-	126	126
Total comprehensive income for the year	-	-	126	126
Balance as at 31 December 2021	1,094	1,781	15,161	18,036

1) GENERAL INFORMATION

Swinton Properties Limited supports the Swinton group through the management of its property portfolio and will continue to do so going forward until such time as all the properties have been sold.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Embankment West Tower, 101 Cathedral Approach, Salford M3 7FB.

2) STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies, which have been applied consistently throughout the year, is set out below:

a) Basis of Preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

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 101.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has taken advantage of the following disclosure exemptions available in FRS 101, where relevant:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-Based Payments' because the arrangement concerns equity instruments of the Group;
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement';
- the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis;
- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;

2) STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

a) Basis of Preparation (continued)

- the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101, where exemptions have been applied.

As noted in the Subsequent events note 16, TAGL merged into a Cayman company Tara Topco Ltd on 31 May 2022 and, as part of the post-merger structuring, a newly established UK-incorporated company being re-named Ardonagh Group Holdings Limited ("AGHL") obtained control of a newly established Jersey-incorporated company New Midco 3 Limited on 1 June 2022, the owner of Ardonagh Midco 1 Limited. Ardonagh Midco 1 Limited was the only direct subsidiary of TAGL (TAGL indirectly owned all the Ardonagh businesses) prior to TAGL's merger with Tara Topco Ltd and AGHL is now the parent of the businesses that were previously part of the Ardonagh Group that was headed by TAGL until 31 May 2022. The references below to the Group going concern position are to that performed for TAGL at a consolidated level prior to 31 May 2022 but applies equally to the Group now headed by AGHL (following TAGL ceasing to exist) so that the references to the Group apply equally to the AGHL Group of companies.

There are no new standards, amendments or interpretations which are effective in 2021 or not yet effective and that are expected to materially impact the Company's financial statements.

As a wholly owned subsidiary of The Ardonagh Group Limited ("TAGL") at 31 December 2021, 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 for the year ended 31 December 2021.

b) Going concern

As shown in account note 17, the Company is a member of a group ("the Group") of which The Ardonagh Group Limited ("TAGL") is the ultimate parent company and the highest level at which results are consolidated.

The financial statements of the Company set out on pages 10 to 24 have been prepared on a going concern basis. At 31 December 2021, the Company had net assets of £18.0m (31 December 2020: £17.9m) and net current assets of £18.0m (31 December 2020: £17.8m). The Company reported a profit before tax of £0.2m for the year ended 31 December 2021 (31 December 2020: £0.04m).

The Directors consider the going concern basis to be appropriate following their assessment of the Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

- The Group's capital structure, operations and liquidity
- Base case and stressed cash flow forecasts over the calendar years 2022 and 2023.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Group and its systems of risk management and internal control.
- Actual trading and cashflows of the Company and Group since the Company's incorporation, including those of the group of companies previously owned by TAGL.

2) STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

b) Going concern (continued)

Key assumptions made in preparing the Group's base case cash flow forecasts are that:

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.

Key stress scenarios that the Group has considered include cumulative stresses to the Group's base plan as a result of:

- Shortfalls in base case projected income throughout 2022 and 2023.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and some reduction in employee headcount and remuneration.
- The impact of increasing interest rates.

The Directors have also modelled reverse stress scenarios, including assessing those that result in a default on its term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the Group considers such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the Group's analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

The Directors continue to consider the wider operational consequences and ramifications of global political tensions (including related to the Ukrainian conflict) and the Covid-19 pandemic. In particular:

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

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

2) STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

Turnover, comprising net properties, chief and ground rents, is recognised on an accruals basis.

d) Taxation

The charge for current tax is based on the results for the period after making allowance for non-assessable or disallowable items. It is calculated using rates of tax that have been enacted at the balance sheet date.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

e) Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3) STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

e) Leases (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2) STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

f) Share capital

Ordinary shares are included in equity. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the statement of comprehensive income in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

g) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

h) Finance income and costs policy

The Company's finance income and finance costs include:

- interest income
- unwind of discount on financial assets or liabilities, including lease liabilities and lease receivables

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

Interest earned on assets mandatorily required to be measured at FVTPL is recorded using the contractual interest rate.

i) Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

j) Held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets, property, plant and equipment and right-of-use assets are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3) CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- No critical judgements are made in applying the entity's accounting policies.
- There are no critical accounting estimates or assumptions

4) TURNOVER

Turnover comprises net properties, chief and ground rents, split as follows:

	2021 £'000	2020 £'000
External rents	-	8
	<u>-</u>	<u>8</u>
	-	8
	<u>-</u>	<u>8</u>

Properties owned by the Company were occupied by Atlanta Insurance Intermediaries Limited (formerly Swinton Group Limited) "Swinton", for use in its principal activity as an insurance intermediary. No formal leases were in place between the Company and Swinton, however rent was receivable by the Company, and was based on the rateable value of the properties which were valued annually. The portfolio of the company is now unoccupied and the properties are held for sale, following Swinton's strategy to cease operations within the branch network.

In addition to the rent from Swinton, rent was receivable where space which was not occupied by Swinton in the properties was subleased to third parties.

5) OPERATING LOSS

	Note	2021 £'000	2020 £'000
Operating loss is stated after charging:			
Depreciation of ROU assets	9	1	1
Impairment of held for sale assets	8	20	-

The remuneration receivable by the Company's auditors for auditing the financial statements of the Company, amounting to £8,000 (2020: £8,000), is borne by Atlanta Insurance Intermediaries Limited, a fellow group undertaking. The remuneration of the Company's auditors for provision of non-audit services to the Company was £Nil (2020: £Nil).

The Company recognised an impairment loss of £20,000 in measuring the assets held for sale at the lower of their carrying value and their fair value costs to sell.

6) DIRECTORS AND EMPLOYEE INFORMATION

The directors did not receive any remuneration in respect of their services to the Company during the year (2020: £Nil).

The Company had no employees in the year (2020: Nil).

7) TAX ON PROFIT

(a) Tax charge included in profit or loss

	2021 £'000	2020 £'000
<i>Current tax:</i>		
UK corporation tax at 19% (2020: 19%)	35	48
Adjustments in respect of prior periods	-	4
	<hr/>	<hr/>
Total current tax (see note 7(b))	35	52
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	(3)
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	3
	<hr/>	<hr/>
Total deferred tax (see note 7(d))	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	35	52
	<hr/>	<hr/>

(b) Reconciliation of tax charge for the year:

	2021 £'000	2020 £'000
Profit before taxation	161	38
	<hr/>	<hr/>
Profit before taxation multiplied by standard tax rate in the UK of 19% (2020: 19%)	31	7
- Adjustments to tax charge in respect of prior periods- current tax	-	4
- Fixed asset differences	-	33
- Non-deductible expenses	4	8
- Chargeable losses	-	(607)
- Deferred tax not recognised	192	607
- Remeasurement of deferred tax for changes in tax rates	(192)	-
	<hr/>	<hr/>
Total tax charge for the year	35	52
	<hr/>	<hr/>

7) TAX ON PROFIT (continued)

(c) Factors affecting current and future tax charges

UK deferred tax balances as at 31 December 2021 are measured at the substantively enacted rate at which the respective assets and liabilities are expected to reverse.

In the March 2021 Budget, it was announced that the UK corporation tax rate would rise from its current rate of 19% to 25% with effect from April 2023. In September 2022, it was announced that this rate change would no longer take place and that the rate would remain at 19%. However, only the former announcement was substantively enacted at the Balance Sheet date, and so deferred tax is measured in these financial statements in line with the March 2021 announcement.

(d) Deferred tax

The company did not recognise deferred tax assets as follows:

	2021 £'000	2020 £'000
Capital losses	799	607
Unrecognised deferred tax assets	799	607

The deferred tax asset has not been recognised in these accounts as it is not expected that the Group's future profitability will be sufficient to utilise it.

8) ASSETS HELD FOR SALE

At 31 December 2021, the company classified 2 long leasehold properties as held for sale.

The figures shown in the table below reflect the carrying value of assets to be derecognised on disposal. The Company recognised an impairment loss of £20,000 in measuring the assets held for sale at the lower of their carrying value and their fair value costs to sell.

	2021 £'000	2020 £'000
Right of use assets	123	-
Total assets classified as held for sale	123	-

9) LEASES

The Company's leases are for long leasehold properties in the UK, for which a premium is paid when the lease is acquired. Service charges and other contractual payments to the lessor are excluded from the measurement of the lease liability. VAT (including when it is irrecoverable) and business rates are also excluded from the measurement of the lease liability as they do not constitute a lease payment under IFRS 16. The table below provides a schedule of the movements in the carrying amount of the right-of-use assets and lease liabilities (when the Company acts as a lessee) that are held on the statement of financial position during the year ended 31 December 2021.

	RoU Leasehold property £000	Total £000	RoU lease liabilities £000
At 1 January 2021	144	144	-
Depreciation	(1)	(1)	-
Reclassification to assets held for sale	(143)	(143)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	-	-	-
	<hr/>	<hr/>	<hr/>

10) DEBTORS

	2021 £'000	2020 £'000
Amounts owed by a fellow subsidiary undertaking	28,936	28,646
	<hr/>	<hr/>
	28,936	28,646
	<hr/>	<hr/>

Amounts owed by a fellow subsidiary undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged on the amounts owed.

11) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Amounts due to parent undertaking	10,934	10,826
Other creditors	6	6
	<hr/>	<hr/>
	10,940	10,832
	<hr/>	<hr/>

Amounts owed to parent undertaking are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged on the amounts due.

12) PROVISIONS FOR OTHER LIABILITIES

The Company had no provisions for other liabilities at the reporting date.

13) CALLED UP SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, and fully paid		
1,094,047 deferred shares of £1 each	1,094	1,094
40,000 deferred shares of 1p each	-	-
419 ordinary shares of 5p each	-	-
	<hr/>	<hr/>
	1,094	1,094
	<hr/>	<hr/>

14) RELATED PARTY TRANSACTIONS

The company is exempt from disclosing related party transactions with other group companies that are wholly owned within the group. There are no other related party transactions to disclose.

15) CONTINGENT LIABILITIES

The Company had no contingent liabilities at the reporting date.

16) SUBSEQUENT EVENTS

Following the satisfaction of closing conditions on 31 May 2022, Ardonagh has obtained a significant new equity investment into the Group led by existing long-term shareholders MDP and HPS, alongside new co-investors through accounts managed by MDP and HPS, including a wholly owned subsidiary of the Abu Dhabi Investment Authority ('ADIA'), and several other large global institutions. Under the terms of the transaction, funds affiliated with MDP have increased their shareholding in the Group, and HPS has reinvested in the Group. Co-investors, including a wholly owned subsidiary of ADIA and several other large global institutions, have also acquired more than USD1 billion equity through accounts managed by MDP and HPS as part of the transaction, which gives an enterprise valuation for Ardonagh of USD7.5 billion. The new equity investment has resulted in The Ardonagh Group Ltd merging into a newly created company Tara Topco Limited ('Tara') on 31 May 2022 following which the Ardonagh Group activities became overseen by a newly created subsidiary of Tara from 1 June 2022 that is being re-named Ardonagh Group Holdings Limited.

17) ULTIMATE PARENT COMPANY & CONTROLLING PARTY

The Company's immediate parent company is Swinton (Holdings) Limited and the ultimate parent is Tara Topco Limited.

The Group's majority shareholder and ultimate controlling party at 31 December 2021 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2021 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 2021 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD