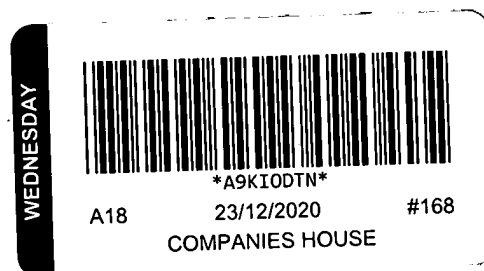


**Lutine Assurance Services Limited**

**Annual report and financial  
statements**

Registered number 02340151  
For the year ended 31 December  
2019



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## **Company information**

### **Directors**

DJ Coles  
SW Hough

### **Registered office**

Quay Point  
Lakeside Boulevard  
Doncaster  
South Yorkshire  
DN4 5PL

### **Bankers**

Lloyds Bank plc  
14 Church Street  
Sheffield  
South Yorkshire  
United Kingdom  
S1 1HP

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

### **Independent Auditor**

Deloitte LLP  
1 City Square  
Leeds  
United Kingdom  
LS1 2AL

### **Solicitor**

DLA Piper UK LLP  
1 St. Peter's Square  
Manchester  
United Kingdom  
M2 3DE

## Strategic Report

The director's present the strategic report for the year-ended 31<sup>st</sup> December 2019.

Lutine Assurance Services Limited (the "Company") is a subsidiary of URIS Topco Limited ("UTL"). UTL and its subsidiary undertakings hereby referred to as the URIS Group. The Company's ultimate parent company is The Ardonagh Group Limited ("TAGL").

The annual report and financial statements present the results of the Company.

### *Principal activity and future developments*

The Company's principal activity is that of brokering life assurance policies. The Company continues to actively seek new business opportunities and does not anticipate any significant change to operations in the future.

### **Principal risks and uncertainties**

The Company has robust and comprehensive risk identification and reporting systems with the key outputs being regularly reviewed by the directors and sub-committees to the board. The key risks and uncertainties identified by the Company and its response to these risks are summarised in the table below.

<b>Risk</b>	<b>Assessment of risk</b>	<b>Mitigation of risk</b>
<b>Market</b>  Changes in the dynamics of the market may have an impact on the competitive position of the Company.	This could lead to: <ul style="list-style-type: none"> <li>the loss of revenue;</li> <li>the lack of opportunity to win new or renewal contracts; and</li> <li>lack of capability or scalability in the Company products or services.</li> </ul>	The Company mitigates this risk by: <ul style="list-style-type: none"> <li>a price-competitive proposition;</li> <li>a strong track record for delivery;</li> <li>investment in technical / operations; and</li> <li>diversification of revenue.</li> </ul>
<b>Regulation</b>  Changes in the regulatory environment or requirements may have an impact on the Company's products or services.	The increased requirements of authorised firms leads to: <ul style="list-style-type: none"> <li>less outsourcing of activities;</li> <li>compliance requirements increasing the cost to serve;</li> <li>contractual compliance not being fulfilled; and</li> <li>a compliance breach impacting the Company's reputation.</li> </ul>	The Company operates a robust compliance, audit and risk management framework, with appropriately skilled staff.  The governance structure within the Company ensures the rapid escalation of any new and emerging risks, or significant changes in risk exposure for review at board level.
<b>Financial resources</b>  Limitations in financial resources may impact the Company's ability to deliver new opportunities or meet market and environmental changes.	A lack of adequate financial resources may lead to: <ul style="list-style-type: none"> <li>an inability to finance growth;</li> <li>lack of investment in technology and our people; and</li> <li>restrictions in resources available to service the business leading to customer dissatisfaction.</li> </ul>	The risk is mitigated by: <ul style="list-style-type: none"> <li>a robust credit control process;</li> <li>relationship with its banks;</li> <li>a strategic and business planning process with accurate and timely reporting to monitor performance; and</li> <li>maintaining a strong capital position, with diverse proposition.</li> </ul>
<b>Technology</b>  Loss of the technological advantage may impact the Company's ability to maintain its market position and adversely impact margin and profitability.	The Company relies upon, and promotes, its proprietary technology platforms in the delivery of services to existing and potential clients. Systems are fundamental to operational delivery, any loss of data or prolonged system failure could cause significant client and reputational damage.	The risk is mitigated by: <ul style="list-style-type: none"> <li>continual investment into system development and infrastructure;</li> <li>robust IT strategy, infrastructure and appropriate business continuity plan;</li> <li>a robust IT security policy; and</li> <li>contractual arrangements with all key providers.</li> </ul>

## Strategic Report (continued)

<p><b>Cyber Risk</b></p> <p>Cyber risk are risk of financial loss, disruption or damage to the reputation resulting from failure of its IT systems</p>	<p>This could lead to:</p> <ul style="list-style-type: none"> <li>• damaged business reputation and erode the trust your customers have for you (loss of customers/sales);</li> <li>• legal consequences (fines and regulatory sanctions) and substantial financial loss.</li> </ul>	<p>The risk is mitigated by:</p> <ul style="list-style-type: none"> <li>• conventional defences, including firewalls and antivirus software;</li> <li>• security-focused workplace culture;</li> <li>• data backup and storage and conduct audits on a regular basis.</li> </ul>
<p><b>People</b></p> <p>Inability to recruit and retain talent may impact the Company's ability to meet its contractual, market and regulatory requirements.</p>	<p>The performance of the business is crucially dependent upon the capacity and capability of its employees. The ability to attract, develop and retain qualified staff in all areas is essential to meeting core business objectives.</p>	<p>To risk is mitigated by:</p> <ul style="list-style-type: none"> <li>• the Company operates to a defined People Strategy as set-out;</li> <li>• benchmarking of salary and benefits;</li> <li>• investment in coaching, mentoring, training and development; and</li> <li>• investment in the working environment.</li> </ul>

### *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.

### **Business review**

#### *Financial performance and key performance indicators*

The Company had an operating loss of £96,000 (2018: £92,000 profit). With a tax credit of £77,000 (2018: £2,000 charge) the Company's loss for the financial year was £19,000 (2018: £90,000 profit).

The loss in the year is as a result of decreased revenues due to a change in capacity provider and increased staff costs.

The loss made in the year has resulted in a decrease in net assets from £1,445,000 in 2018 to £1,426,000.

Due to the size and activity of the Company, the directors do not feel that further KPI's are required to understand the performance of the Company.

#### *Dividends paid*

No dividends were declared or paid in the current or prior year.

#### *Going concern*

As shown in note 1, 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 11 to 13 have been prepared on a going concern basis. At 31 December 2019, the Company had net assets of £1,426,000 (31 December 2018: £1,445,000). The Company reported an operating loss of £96,000 for the year ended 31 December 2019 (operating profit 31 December 2018: £92,000).

The Directors consider the going concern basis to be appropriate following their assessment of the Company'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:

## Strategic Report (*continued*)

- The current capital structure and liquidity of the Company and the Group, as well as the assessment that the Group continues to be a going concern.
- The Group manages its cash and funding requirements on a Group-wide basis.
- The source of funding of the Group includes £1.975 billion of debt in the form of \$500m (£400m) of Senior Unsecured Notes and £1.575 billion of private borrowings with maturity dates of 6.5 years and 6 years respectively to which the Company is a guarantor along with the other significant subsidiaries in the Group. The guarantor obligations are joint and several obligations of all of the guarantors and this means that when there is a requirement to repay the borrowed funds, the lender may also call upon the guarantors as a whole, as well as each of them severally, to do so.
- The principal risks facing the Company and the Group, including the potential financial and operational impacts of Covid-19, and its systems of risk management and internal control.
- The Group has assessed that it has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19. The Group had available liquidity of £181.7m at 31 December 2019 and closely monitors available liquidity on an ongoing basis.
- The Group is largely insulated from currency FX volatility.
- The Group has access to a Revolving Credit Facility ("the Group's RCF"). The Group's RCF facility capacity is £191.5m that is undrawn.

Key stress scenarios that TAGL considered as part of its 2019 Going Concern assessment include cumulative stresses to the Group's base plan of a net reduction in cashflow of over £100m in 2020 and further reductions in 2021. TAGL's 2019 Going Concern stress testing indicated that revenues would need to decline by up to 30% compared to base case in the 7 quarters from Q2 2020, offset by certain discretionary cost cuts and headcount reductions but assuming that the cost base does not reduce at the same speed as revenue to reach the Group's liquidity limits. The Directors of TAGL considered these stress conditions to be a remote scenario.

Further details can be found in the 2019 Annual Report and Financial Statements of TAGL, which is published on its website.

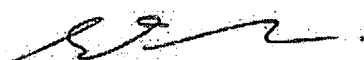
### *Financial risk*

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 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.

By order of the board



**SW Hough**  
Director

Quay Point  
Lakeside Boulevard  
Doncaster  
DN4 5PL  
4 December 2020

## Directors' Report

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

### Directors

The Company directors during the financial year were as follows:

DJ Coles  
SW Hough

There have been no further changes to the directors since the financial year end.

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors and its holding company directors which were made during the year and remain in force at the date of this report.

### Political and charitable contributions

The Company made no political or charitable contributions in the year (2018: £nil).

### Dividends

No dividends were declared or paid in the current year (2018: £nil).

### Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

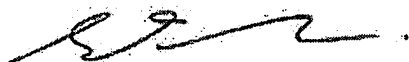
### Post balance sheet events

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 (see note 1 Basis of preparation).

### Financial Risks

Financial risks applicable to the Company and how these are managed have been disclosed in the Strategic Report.

The report is approved and authorised for issue by the board of directors.



**SW Hough**  
Director

Quay Point  
Lakeside Boulevard  
Doncaster  
South Yorkshire  
DN4 5PL  
4 December 2020

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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;
- 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUTINE ASSURANCE SERVICES LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Lutine Assurance Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st 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 12.

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 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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **Independent auditor's report *(continued)***

### **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.

### **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](http://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.

## **Independent auditor's report *(continued)***

### **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.

*M. R. Watson*

Martin Watson ACA  
(Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
4 December 2020

## Statement of Comprehensive Income

for the year ended 31 December 2019

		2019	2018
	Notes	£000	£000
Turnover		776	858
Administrative expenses		(872)	(766)
Operating (loss)/ profit, being (loss)/profit before taxation		(96)	92
Tax on (loss)/ profit	5	77	(2)
(Loss)/ profit for the financial year		(19)	90

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. There is no statement of other comprehensive income as there is nothing to disclose in this respect.

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

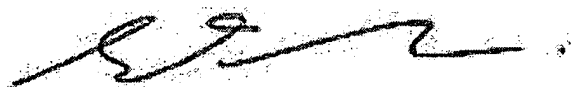
## Statement of Financial Position

as at 31 December 2019

	Notes	2019 £000	2018 £000
<b>Current assets</b>			
Debtors	6	1,362	1,423
Cash at bank and in hand	7	1,049	24
		<u>2,411</u>	<u>1,447</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(985)</u>	<u>(2)</u>
<b>Net current assets</b>		<u>1,426</u>	<u>1,445</u>
<b>Total assets less current liabilities</b>		<u>1,426</u>	<u>1,445</u>
<b>Net assets</b>		<u>1,426</u>	<u>1,445</u>
<b>Capital and reserves</b>			
Called up share capital	10	3	3
Profit and loss account		<u>1,423</u>	<u>1,442</u>
<b>Shareholder's funds</b>		<u>1,426</u>	<u>1,445</u>

The notes on pages 11 to 17 form an integral part of these financial statements.

The financial statements of Lutine Assurance Services Limited were approved by the board of directors and authorised on 4 December 2020. They were signed on its behalf by:



**SW Hough**  
Director

Registered Number: 02340151

**Statement of Changes in Equity**  
*for the year ended 31 December 2019*

	<b>Called-up share capital £000</b>	<b>Profit &amp; loss Account £000</b>	<b>Total £000</b>
<b>At 1 January 2018</b>	<b>3</b>	<b>1,352</b>	<b>1,355</b>
Profit for the year	-	90	90
<b>At 31 December 2018</b>	<b>3</b>	<b>1,442</b>	<b>1,445</b>
Loss for the year	-	(19)	(19)
<b>At 31 December 2019</b>	<b>3</b>	<b>1,423</b>	<b>1,426</b>

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

## Notes to the financial statements

for the year ended 31 December 2019

### 1 Accounting policies

The following accounting policies have been applied consistently throughout the current and preceding year.

#### *General Information*

Lutine Assurance Services Limited, registration number 02340151, is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and principal activities are set out in the Strategic Report on pages 2-4.

#### *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 102.

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 a wholly owned subsidiary of The Ardonagh Group 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.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, The Ardonagh Group Limited, which may be obtained from the Company's registered offices. Exemptions have been taken in the separate Company financial statements in relation to the presentation of a cash-flow.

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, see note 12.

#### *Going concern*

The Directors consider the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the Company and Group's liquidity position, borrowing facilities and financial risk management objectives.

#### *Insurance balances*

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, cash balances, debtors and creditors arising from insurance intermediary transactions are shown as assets and liabilities.

The position of the insurance intermediary as agent means that the credit risk is generally borne by the principals. There can be circumstances where the insurance intermediary acquires credit risk through statute, or through the act or omission of the insurance intermediary or one of the principals.

#### *Financial instruments*

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or liabilities with another party under conditions that are potentially unfavourable to the Company.

## Notes to the financial statements *(continued)* *for the year ended 31 December 2019*

### 1 Accounting policies *(continued)*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividend policy) are dealt with as appropriations in the reconciliation of movements in shareholder's funds.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### **Revenue recognition**

The Company operates a number of different activities with different income streams; therefore requiring the use of a variety of methods to recognise revenue as set out below. In all cases revenue is recognised when the service or activity has been performed and it is probable that the Company will have the economic benefits and the revenue can be reliably measured.

##### Commission and brokerage fees

Commission and brokerage fees are recognised as they are earned, which generally occurs at the later of the initial billing or the inception date of the related insurance policy after providing for cancellations and making allowance for post placement obligations.

##### Profit commission

Profit commission is a commission paid by an insurer based on the overall profitability of the business placed during a particular period and is determined after this period. Where it is possible to reasonably estimate the profit commission revenue, the revenue is recognised on an earned basis after making allowances for future and ongoing claims based on the terms of the profit commission arrangements, net of any associated profit commission paid by the Company to a third party.

##### Contracts with multiple elements

In certain circumstances, the Company receive revenues across the various service lines. Where these commissions and fees are separately identifiable in the contract the revenue is recognised in line with the above recognition policy. In the circumstances where the commission or fee is not separately identifiable in the contract a proportion of the commission



## Notes to the financial statements *(continued)*

*for the year ended 31 December 2019*

### **1 Accounting policies *(continued)***

or fee is allocated to each of the services provided and the respective revenues are recognised in line with the above recognition policies.

#### ***Leases***

Leases where the Company does not have substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are charged to the profit and loss account on a straight-line basis over the period of the lease.

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

Interest receivable and payable is recognised in the profit and loss account on an accruals basis. If the collection of interest is considered doubtful, it is suspended and excluded from interest income in the profit and loss account.

#### ***Taxation***

Current tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantively enacted by the statement of financial position date.

#### ***Deferred tax***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is considered recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated without discounting, at the tax rate expected to be effective at the time the timing differences are expected to reverse.

#### ***Critical accounting judgements and key sources of estimation uncertainty***

In the application of the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Critical judgements in applying the Group's accounting policies***

There are no critical judgements contained within the financial statements during the year.

#### ***Key source of estimation uncertainty***

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Notes to the financial statements *(continued)*

for the year ended 31 December 2019

### 2 Notes to the statement of comprehensive income

The auditor's remuneration for the statutory audit work in the current year was £nil (2018: £nil). The current year remuneration is included in the financial statements of Uris Group Limited as part of the total value for the group. There were no non-audit fees paid to the auditors in either the current or prior year.

### 3 Remuneration of directors

The Company paid no directors' remuneration (2018: £nil). None of the directors had any pension benefits provided by the Company (2018: £nil). The directors' remuneration is paid by Uris Group Limited.

### 4 Staff numbers and costs

During 2019 the majority of staff costs were incurred in Uris Group Limited and charged to Lutine Assurance Services Limited via a management recharge. The monthly average employed by the Company during the period were as follows;

	2019	2018
Operations	5	5
	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	217	209
Social security costs	17	9
Pension contributions	10	23
	<u>244</u>	<u>241</u>

### 5 Taxation

	2019	2018
	£000	£000
Corporation tax		
UK corporation tax	(18)	-
UK corporation tax adjustment to prior periods	-	2
Deferred tax (see note 9)		
Arising from origination and reversal of temporary differences	(59)	-
Adjustment in respect of prior years	-	-
Tax charge / (credit)	<u>(77)</u>	<u>2</u>

## Notes to the financial statements (continued)

for the year ended 31 December 2019

The tax credit for the year is 59k greater (2018: 15k lower tax charge) than the expected income tax charge computed using the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below;

	2019 £000	2018 £000
(Loss)/Profit before tax	(96)	92
Current tax at 19.00% (2018: 19.00%)	(18)	17
Effects of:		
Tax expense relating to changes in tax rates or laws	-	(1)
Adjustments to tax charge in respect of previous periods - current tax	-	2
Deferred tax expense/(credit) from unrecognised tax loss or credit	(59)	(16)
	(77)	2

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%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax asset would have been £7,000 higher.

### 6 Debtors

	2019 £000	2018 £000
Trade debtors	76	-
Insurance trade debtors	84	-
Amounts due from group undertaking	868	1,423
Prepayments and accrued income	275	-
Deferred tax asset	59	-
	1,362	1,423

Amounts due from group undertakings are unsecured, interest free loans and are repayable on demand.

### 7 Cash

	2019 £000	2018 £000
Insurance cash balances	894	-
Unrestricted cash balances	155	24
	1,049	24

### 8 Creditors

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade creditors	7	2
Insurance trade creditors	978	-
	985	2

**Notes to the financial statements (continued)**  
*for the year ended 31 December 2019*

**9 Deferred tax**

	2019 £000	2018 £000
Accelerated tax depreciation	10	-
Losses	49	-
At end of year	<u>59</u>	<u>-</u>

The amounts recognised for deferred taxation and the amounts not recognised are set out below:

	2019 Recognised £000	2019 Not Recognised £000	2018 Recognised £000	2018 Not Recognised £000
Accelerated tax depreciation	10	5	-	15
Losses	49	-	-	49
Deferred tax asset	<u>59</u>	<u>5</u>	<u>-</u>	<u>64</u>

**10 Called up share capital**

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>3</u>	<u>3</u>

**11 Ultimate parent company**

The Company is a subsidiary undertaking of URIS Group Limited, incorporated in the United Kingdom and registered in England and Wales. Their registered office is Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL.

The Group's majority shareholder is HPS Investment Partners LLC. At 31 December 2018, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). The Ardonagh Group Limited is the largest group and Ardonagh Midco 3 Plc is the smallest group in which the results are consolidated (incorporated in England and Wales, registered office address, 55 Bishopsgate, London, EC2N 3AS). Their financial statements are available upon request from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

## **Notes to the financial statements *(continued)***

*for the year ended 31 December 2019*

### **12 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 (see note 1 Basis of preparation). The Covid-19 pandemic is an evolving situation and as such, the local and global economic impact is currently unknown. It is not considered possible to estimate the impact on the company alone.