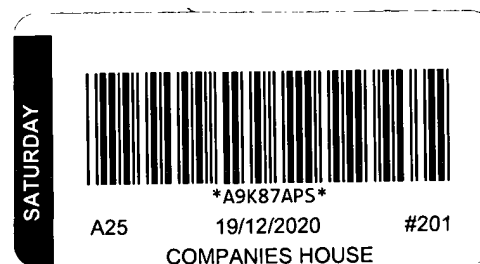


# Carole Nash Insurance Consultants Limited

## REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2019



Company Registration No. 02600841

# Carole Nash Insurance Consultants Limited

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# Carole Nash Insurance Consultants Limited

## COMPANY INFORMATION

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### DIRECTORS

IJ Donaldson  
CD Ball

### REGISTERED OFFICE

Trafalgar House  
110 Manchester Road  
Altrincham  
Cheshire  
WA14 1NU

### BANKERS

The Royal Bank of Scotland  
Bolton Customer SC  
PO Box 2027  
Parklands  
De Havilland Way  
Bolton  
BL6 4YU

Bank of Ireland  
St Stephens Green  
Dublin 2  
Ireland

### AUDITOR

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
United Kingdom  
M3 3HF

### FCA REGISTERED NUMBER

307243

# Carole Nash Insurance Consultants Limited

## STRATEGIC REPORT

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The directors have pleasure in submitting their Strategic Report for the Carole Nash Insurance Consultants Limited ("the Company") for the year ended 31 December 2019.

### REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The principal activity of the company continued to be that of an independent intermediary providing insurance for motorcycles together with other general insurance business.

The directors review and monitor the business using key performance indicators as well as detailed reports and analysis. The KPIs include policy count, retention and profit before tax. Policy count and renewal performance have remained extremely resilient throughout 2019. The overall policy count increased to 231,952 (2018: 225,303). This resulted in an operating profit of £2,524,606 (2018: £4,748,599) and a profit before tax of £4,213,101 (2018: £6,538,082).

Carole Nash Legal Services LLP, the company's joint venture with NewLaw Legal LLP, providing expert legal help to Carole Nash customers has seen a strong performance in the year with profits of £2,144,759 (2018: £2,348,919).

The company continues to develop the core Carole Nash brand and its affinity partnership with Harley-Davidson Insurance Services. In addition, development work continues on other product areas, especially the Six Wheel® and Private Car products, and on greater use of a price comparison centric distribution model.

### RISK MANAGEMENT

All 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 policy 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 on financial performance or the achievement of strategic business objectives. The Ardonagh Risk Management Framework 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 gained through financial, operational, compliance and quality based auditing. The Risk Committee monitored remedial action as part of its wider remit to oversee the internal control environment.

The principal risks and uncertainties facing the Company are discussed below.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are classed as financial, economic, credit, strategic, conduct and regulatory and operational risks.

#### *Financial risks*

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.

# Carole Nash Insurance Consultants Limited

## STRATEGIC REPORT

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### *Economic risks*

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.

The Company operates in the UK and is affected by economic conditions in the UK and the associated possibility of decline in business and customer confidence. The Board has developed a strategy that is focused on the achievement of long-term sustainable growth, and the Board believes that this is the most effective way of mitigating the risk of general decline in economic conditions. The Brexit decision is unlikely to directly impact the Company given business operates solely within the UK.

### *Credit risks*

The Company manages liquidity risk through regular cash flow forecasts and monitoring. The Company continued to provide credit to customers in connection with the arrangement of insurance contracts until April 2019. Company policies are aimed at minimising exposure to losses arising from customers defaulting under these credit arrangements. The Company actively monitors overdue debt and has procedures in place to minimise exposure in the event of default. Credit facilities are only offered to customers for the payment of insurance policies arranged by the Company. Under these arrangements the Company retains the right to set off any returned premium due from the insurer on cancellation of a policy against the original loan.

From April 2019, insurance contracts entered into by customers requiring credit are funded by a third party premium credit provider. Under the terms of these arrangements, the premium credit provider will pay over to the Company the insurance premium due once a successful collection has been made from the customer. The credit risk remains with Carole Nash. Procedures are in place to actively monitor outstanding amounts and minimise exposure. Under these arrangements the Company retains the right to set off any returned premium due from the insurer on cancellation of a policy.

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to ensure an optimal cost of capital. The amount of capital currently held far exceeds the minimum regulatory requirement.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors', the directors have considered the adequacy of the Company's cash resources. Having performed this assessment of the Company's liquidity and going concern position, the directors consider that there are no material uncertainties that may cast doubt about the Company's ability to continue as a going concern.

### *Strategic risks*

The Company operates in a highly competitive market which has changed in structure substantially over recent years with the entry of many major retailers, a reduction in the number of small brokers and the further development of internet trading. The Company is actively addressing these business challenges through the ongoing strategy to remove complexity, reduce costs and deliver excellent customer service and value.

# Carole Nash Insurance Consultants Limited

## STRATEGIC REPORT

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### *Conduct and regulatory risks*

The Company falls under the regulatory regime of the Financial Conduct Authority (FCA) and must meet the operational, financial and reporting requirements of that Authority. These include capital adequacy (the requirement being a minimum of 5% of prior year income) and other financial requirements together with a range of customer facing obligations under the general requirement of 'Treating Customers Fairly'.

Atlanta has a Risk and Compliance function which oversees a conduct risk framework across the segment and is part of the Ardonagh Risk and Compliance function which liaises with the FCA on regulatory matters. Work has been undertaken during 2019 and 2020 to further strengthen and embed the conduct risk framework and implement the Senior Managers & Certification Regime (SMCR) which became mandatory for insurance intermediaries in 2019.

### *Operational risks*

Like most businesses, implementation of our strategy relies on a sufficient number of suitably skilled people, operation of compliant processes and technology which is fit for purpose. The Company has established processes and procedures for managing such operational risks. Assurance on the effectiveness of controls is gained from the work performed by financial, group assurance and group internal audit teams.

The Directors of the Company have also considered the wider operational consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across the Company's offices, with measures to manage employee absences, access to other offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of the 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.

### SECTION 172 STATEMENT

The Directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("S.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its members as a whole and in doing so, have regard to; the likely consequences of any decision in the long-term, the interests of the company's employees, the need to foster the company's business relationships with suppliers, customers and others, the impact of the company's operations on the community and the environment, the desirability of the company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company. The day to day Board level governance over the business is undertaken by the Board of Atlanta Investment Holdings 3 Limited ("Segment Board"). Both directors of the Company are also members of the Segment Board.

The Board considers the long-term consequences of its decisions and these are guided by a 5-year business plan, risk appetite and risk framework, which seeks to ensure that the business plan is executed with due regard to our stakeholders and maintaining our high standards of business conduct. Ongoing engagement with our shareholders and bondholders are primarily exercised by the Group Board and a voluntary disclosure of how the Group Board applies the Wates Corporate Governance Principles for Large Private Companies and discharges their s.172 Duties are set out in the financial statements of The Ardonagh Group Limited. The Board have identified the following as our key stakeholders and how the Board engages with each stakeholder is set out below; employees, the Financial Conduct Authority ("FCA"), insurers and suppliers.

# Carole Nash Insurance Consultants Limited

## STRATEGIC REPORT

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### SECTION 172 STATEMENT (continued)

#### *Employees*

As a Board we believe in the importance of communication and engagement with our employees. Our Businesses all undertake regular communication and other engagement activities, including the annual AtlantaFest where all Atlanta staff come together to celebrate the business, listen to live bands and raise money for charity. the first Ardonagh Group-wide employee pulse survey was undertaken in Q4 2019 which achieved an excellent 73% response rate from over 6,000 employees across the Ardonagh Group. The results have been promising with an overall positivity score of 69.10% for the Atlanta Group. In February 2020 the Segment Board considered the pulse survey scores across the businesses and the actions to be taken as a result of the survey. Management have identified the following eight priorities to drive positive employee experiences across the Group and in turn, ensure the successful delivery of business strategy, strategic priorities and great client outcomes.

#### *Our People Commitments:*

- Attract and retain the best people by providing a high-performing, collaborative and flexible working environment, where people feel engaged with the Group and valued for their contribution
- Recruit people using fair and professional selection methods
- Provide a good onboarding experience and ongoing career support to give people the best possible start and return to work following periods of extended leave
- Develop the personal and professional skills and knowledge of all employees throughout their careers, helping them achieve their full potential within the Group
- Recognise achievements at all levels and provide opportunities for all our people to progress their career
- Reward people fairly within transparent and appropriate remuneration frameworks; remaining competitive and allowing for changing external factors
- Build a supportive culture which is inclusive, positive and fair; where opportunities are open to all, people can lead and are led effectively, and change is well managed
- Provide an environment where health, wellbeing and the importance of community are actively promoted, where people can bring their whole self to work

The survey has highlighted a number of areas that evidence a strong baseline culture and an indication of the calibre of our people.

#### *Customers*

Seeking good customer outcomes is central to the success of the business. Put simply, it's what we always seek to achieve. Management keep track of how our customers perceive our products and services and review our products and services to ensure they continue to meet the needs of our customers.

Management also undertakes root cause analysis on complaints to ensure that when things do go wrong, we are able to learn from them and improve our service and achieve a good customer outcome. During 2019 the Business implemented an enhanced conduct risk framework and risk appetite that will support the Board in discharging effective oversight over how well we perform against key customer related metrics and evidence how the Board and management demonstrably puts the customer at the heart of our decision making.

# Carole Nash Insurance Consultants Limited

## STRATEGIC REPORT

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### SECTION 172 STATEMENT (continued)

#### *Regulatory relationships*

The FCA are a key stakeholder and the Board prioritise positive, open and transparent engagement with the FCA and with all our regulatory relationships around the world by ensuring the right 'tone from the top' which starts with how the Board engages with regulators. The Business regularly participate in regulatory thematic reviews and we believe that a strong relationship with our regulators is a competitive advantage.

#### *Insurers and suppliers*

Our insurance partners are fundamental to the success of the business. The business regularly meets with our key insurance partners to discuss performance and ways in which we can enhance cover for customers and feedback on insurer relationships are reported to our Segment Board. Our key noninsurer suppliers are defined by the Atlanta Outsourcing and Procurement Policy, which ensures that all key suppliers are identified and subject to appropriate monitoring. Due diligence is performed before suppliers are engaged. Payment terms are agreed with insurers and key suppliers as part of the engagement process.

#### *Community*

The Ardonagh Group's UK registered charity, Ardonagh Community Trust (ACT) celebrated two years in October 2019. Over the last two years, ACT has allowed us to harness the collective power of The Ardonagh Group to help local communities become stronger, better and brighter. Through the match funding programme, which supports personal fundraising activity such as marathons and bake sales, over 167 Group employees, including those with Swinton, had their chosen charity supported by ACT benefitting 72 charities as at 31 December 2019. Alongside match funding, ACT's community grant programme awarded a total of 25 grants in 2019 which benefitted initiatives and organisations within communities closely linked to our employees. The grants covered a breadth of areas such as arts & culture, community development, education, healthcare, mental health, people in need and sport and applications are submitted by teams and individuals across the Group. In order to further support the communities our employees live and work in, employees are encouraged to use one paid day per year to give back through skilled or un-skilled volunteering to causes they care about.

This Strategic Report was approved by order of the board on 16 December 2020.

**CD Ball**  
Director





# Carole Nash Insurance Consultants Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Carole Nash Insurance Consultants Limited ("the Company") for year ended 31 December 2019.

The directors have not disclosed the following sections of the Director's Report: "risks and uncertainties" as this have been included within the Strategic Report on pages 2-6.

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of an independent intermediary providing insurance for motor cycles together with other general insurance business.

### RESULTS AND DIVIDENDS

The results for the year are shown in the statement of comprehensive income on page 12. During the year no dividends were paid (2018: £nil). The directors do not recommend any final dividend for 2019 (2018: £nil).

### DIRECTORS

The following directors held office during the financial year and up to the date of approval of this report:

CT Roberts (resigned 30 December 2019)  
IJ Donaldson  
CD Ball  
JVL Devaney (resigned 30 December 2019)  
JR Fairhurst (resigned 30 December 2019)  
PF Evans (resigned 29 April 2019)

### 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 23. The directors do not believe that any changes due to Brexit will have a significant impact on the Company.

### FUTURE DEVELOPMENTS

The company targets profitable growth in the motorcycle and the motor insurance market in general by increasing its aggregator trading and capitalising on new digital and analytical capabilities while maintaining a strong brand presence.

A new entity has been established in the Republic of Ireland into which business from the current branch operation was transferred during the year.

### 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 the 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 1).

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

# Carole Nash Insurance Consultants Limited

## DIRECTORS' REPORT

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### EMPLOYEE INVOLVEMENT

Employee involvement is discussed in detail in the Strategic Report on page 2-6.

### BRANCHES OUTSIDE THE UK

The company's trade in the Republic of Ireland was previously operated through a branch. The branch incorporated in October 2019 with all trade transferred.

### RISK MANAGEMENT

All risk exposures are monitored by the Risk Forum on a regular basis and reported to the Board along with mitigating controls and actions in place. There is a robust policy and framework in place which ensures identification and management of the risk from all areas of the business. Details of financial risk management objectives and policies are disclosed in the Strategic Report on page 2-6.

### DIRECTORS' INDEMNITIES

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

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This Directors' Report was approved by order of the board on 16 December 2020.



**CD Ball**  
Director

# Carole Nash Insurance Consultants Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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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; 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 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 CAROLE NASH INSURANCE CONSULTANTS LIMITED

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

### *Opinion*

In our opinion the financial statements of Carole Nash Insurance Consultants Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit 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 balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

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.

### *Other information*

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

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

We have nothing to report in respect of these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAROLE NASH INSURANCE CONSULTANTS LIMITED (continued)

### *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.

#### *Matters on which we are required to report by exception*

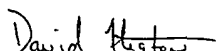
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

16 December 2020

## Carole Nash Insurance Consultants Limited

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Continued operations £	Discontinued operations £	Total 2019 £	Continued operations £	Discontinued operations £	Total 2018 £
TURNOVER	4	22,199,341	3,503,129	25,702,470	23,312,087	3,832,572	27,144,659
Administrative expenses		(21,624,065)	(1,553,799)	(23,177,864)	(20,536,534)	(1,859,526)	(22,396,060)
OPERATING PROFIT		575,276	1,949,330	2,524,606	2,775,553	1,973,046	4,748,599
Income from participating interest		1,679,920	-	1,679,920	1,776,689	-	1,776,689
Interest receivable and similar income	7	8,624	-	8,624	13,204	-	13,204
Interest payable and similar charges	8	-	(49)	(49)	-	(410)	(410)
PROFIT BEFORE TAXATION	9	2,263,820	1,949,281	4,213,101	4,565,446	1,972,636	6,538,082
Taxation	10	(981,668)	(75,269)	(1,056,937)	(1,109,878)	(87,871)	(1,197,749)
PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		1,282,152	1,874,012	3,156,164	3,455,568	1,884,765	5,340,333

The notes on pages 15 to 34 form an integral part of the financial statements.

# Carole Nash Insurance Consultants Limited

## STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2019

	Note	2019		2018	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		1,039,365		1,689,123
Tangible assets	13		682,709		645,480
Investments	14		5,113,669		3
			<u>6,835,743</u>		<u>2,334,606</u>
<b>CURRENT ASSETS</b>					
Debtors	15	25,352,887		17,251,865	
Cash at bank and in hand	16	2,905,046		6,074,585	
		<u>28,257,933</u>		<u>23,326,450</u>	
<b>CURRENT LIABILITIES</b>					
Creditors: Amounts falling due within one year	17	(8,015,459)		(6,504,306)	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			<u>20,242,474</u>		<u>16,822,144</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>27,078,217</u>		<u>19,156,750</u>
<b>NET ASSETS</b>			<u>27,078,217</u>		<u>19,156,750</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		18,866		18,866
Capital redemption reserve	20		41,800		41,800
Other reserves	20		133,380		133,380
Share-based payment reserve	20		3,547		800
Merger reserve	20		4,762,556		-
Profit and loss account	20		22,118,068		18,961,904
			<u>27,078,217</u>		<u>19,156,750</u>

The notes on pages 15 to 34 form an integral part of the financial statements.

The financial statements on pages 12 to 34 were approved by the board of directors and authorised for issue on 16 December, 2020 and are signed on its behalf by:

CD Ball  
Director



Company Registration No. 02600841

## Carole Nash Insurance Consultants Limited

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	Called up share capital	Capital redemption reserve	Other reserves	Share-based payment reserve	Merger Reserve	Profit and loss account	Total
		£	£	£	£	£	£	£
Balance at 1 January 2018		18,866	41,800	133,380	-	-	13,621,571	13,815,617
Profit for the year		-	-	-	-	-	5,340,333	5,340,333
Total comprehensive income for the year		-	-	-	-	-	5,340,333	5,340,333
Transactions with owners:-								
Share-based payment	24	-	-	-	800	-	-	800
Total transactions with owners in their capacity as owners		-	-	-	800	-	-	800
Balance at 31 December 2018		18,866	41,800	133,380	800	-	18,961,904	19,156,750
Profit for the year		-	-	-	-	-	3,156,164	3,156,164
Total comprehensive income for the year		-	-	-	-	-	3,156,164	3,156,164
Transactions with owners:-								
Share-based payment	24	-	-	-	2,747	-	-	2,747
Incorporation of branch		-	-	-	-	4,762,556	-	4,762,556
Total transaction with owners in their capacity as owners		-	-	-	2,747	4,762,556	-	4,765,303
Balance at 31 December 2019		18,866	41,800	133,380	3,547	4,762,556	22,118,068	27,078,217



# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES

#### GENERAL INFORMATION

Carole Nash Insurance Consultants Limited ("the Company") is a private company limited by shares, and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Trafalgar House, 110 Manchester Road, Altrincham, Cheshire, WA14 1NU.

The Company principal activities and nature of operations are included in the Directors' Report.

#### BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise stated.

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 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 23.

#### REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' – Carrying amounts of financial instruments held at amortised cost or cost.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Ardonagh Midco 3 PLC. The consolidated financial statements of Ardonagh Midco 3 PLC are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### GOING CONCERN

As shown in account note 25, 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 12 to 34 have been prepared on a going concern basis. At 31 December 2019, the Company had net assets of £27.1m (31 December 2018: £19.2m) and net current assets of £20.2m (31 December 2018: £16.8m). The Company reported a profit before tax of £4.2m for the year ended 31 December 2019 (31 December 2018: £6.5m).

As further described in post balance sheet events note, on 14th July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The Directors' going concern assessment takes into account these new financing arrangements and latest forecasts for the enlarged group.

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:

- 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.
- Following the 14th July 2020 Group refinancing, the source of funding of the Group includes £1.975 billion of debt in the form of \$500m (£400m) payment-in-kind ("PIK") toggle notes due 2027, a privately placed term loan facility due 2026 of £1.575 billion comprising £1.413 billion denominated in pound sterling and €180m denominated in euro (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.
- Group funding also includes a £300m committed Capex, Acquisition and Re-organisation ("CAR") facility due 2026, of which £50m has been drawn to fund acquisitions, and a £191.5m RCF that is not drawn at the date of this report.
- 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. Following the 14th July 2020 Group refinancing, the Group's available liquidity was £595.1m at 30 September 2020.
- The Group is largely insulated from currency FX volatility.

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. Actual trading in the ten months ended October 2020 is significantly ahead of the stresses to the base plan noted above.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### GOING CONCERN (continued)

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

The Directors of the Company have also considered the wider operational consequences and ramifications of the Covid-19 pandemic.

- Business Continuity Plans are in place across the Company's offices, with measures to manage employee absences, access to other offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of the 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.

Following the assessment of the Company's ability to meet its obligations as and when they fall due and the Group's financial position and liquidity, including the potential financial implications of the Covid-19 pandemic included in Group 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.

#### FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

#### FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

#### TURNOVER AND REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable in relation to the placement of insurance policies and from third party service providers.

Revenue is measured at the fair value of the consideration received or receivable in relation to the placement of insurance policies and from third party service providers.

##### *i) Placement of insurance policies*

Commissions and fees from the sale of insurance policies are recognised at the earliest of the date of inception of the policy or at the point at which the placement services are substantially complete, the effective commencement date. Commissions and fees related to additional and return premiums are recognised as they occur.

##### *ii) Third party service providers*

Revenue arising from third party credit providers is recognised on inception of the loan. Income earned from other service providers is recognised evenly over the period of the agreement.

Turnover of the Company is derived in the United Kingdom.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### OTHER INCOME

##### *Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

#### SHARE-BASED PAYMENTS

Equity shares consisting of equity-settled share-based payments have been issued to certain employees. The shares are in Atlanta Investment Holdings 3 Limited, an intermediate holding company. The equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

#### RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs, and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments in the statement of financial position.

#### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. A tax charge is also shown for amounts payable to group companies from which group relief is received.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### TAXATION (continued)

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

##### *Development costs*

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred. As not all research time is collated from normal staff costs a figure for this expenditure cannot be given.

Amortisation is calculated to allocate the development costs over their estimated useful lives as follows:

Development costs	- 20-50% straight line
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##### *Other intangible assets*

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful lives, as follows:-

Customer lists	- Reducing balance over 2-6 years
Software and licences	- 20-50% straight line

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL) (continued)

The useful life of customer lists is based on the expected life of the list once the customers start to renew.

The useful life of development costs is based on the anticipated revenue streams of the products developed.

The useful life of software is based on the expected length of time that the software will be used in the Company.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Computer equipment	- 20-50% straight line
Motor vehicles	- 25% reducing balance
Office equipment	- 10-50 straight line
Fixtures and fittings	- 10-50% straight line

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

#### LEASES

##### *The Company as a lessee – Finance Leases*

Where assets are financed by leasing arrangements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of comprehensive income in proportion to the remaining balance outstanding.

##### *The Company as a lessee – Operating Leases*

All other leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

#### INVESTMENTS

Interests in joint ventures and subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in joint ventures and subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### CASH AND LIQUID RESOURCES

The Company is regulated by the Financial Conduct Authority (FCA). The Company has risk transfer agreements in place with all insurance companies. As a matter of good practice the Company continues to keep insurer monies in separate insurer trust accounts. The total funds held in these accounts are included within cash at bank and in hand (see note 16).

#### INSURANCE TRANSACTIONS

Amounts due to and from clients and insurers are recorded within current assets and current liabilities, whilst money held on behalf of clients in relation to the insurance transactions that the company handles on behalf of those parties is recorded within cash. In accordance with the requirements of the Financial Conduct Authority, insurer money is held in bank accounts governed by a Trust Deed established for the benefit of insurers. No client money is held and agreements with all insurers operate on a risk transfer basis. Interest received on all of these cash balances is recognised as interest receivable.

#### FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

##### *Trade, group and other debtors*

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments 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 Company after deducting all of its liabilities.

##### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### *Trade, group and other creditors*

Trade, group and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### FINANCIAL INSTRUMENTS (continued)

##### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar expenses.

##### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### DIVIDENDS

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

#### DISCONTINUED OPERATIONS

A disposal group qualifies as a discontinued operation if it is a component of an entity (which will have been a cash-generating unit or group of cash-generating units) that either has been disposed of, or it is classified as held for sale and:

- It represents a separate major line of business or geographical area of operation, or
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- It is a subsidiary acquired exclusively with a view to resale

Discontinued operations are separated from continuing operations on the statement of comprehensive income for 2019 and the 2018 comparative.

Discontinued operations are included in continuous in all other disclosures unless otherwise stated.

### 2 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

##### *Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

##### *Determining useful economic lives of intangible and tangible assets*

The company amortises intangible assets and depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The useful life of development costs is based on the anticipated revenue streams of the products developed. The actual lives of these assets can vary depending on a variety of factors including technological advancement.



# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 2 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (CONTINUED)

#### KEY SOURCES OF ESTIMATION UNCERTAINTY

##### *Claw back of premium finance commissions*

The company establishes a provision against premium finance commissions that may be clawed back on subsequent customer payment default. When assessing the likelihood of future customer payment default the directors consider factors such as historic cancellation rates. As at 31 December this provision was £77,727 (2018: £77,787).

##### *Shortfalls arising from cancellation of premium finance arrangements*

The company establishes a provision for shortfalls that may arise between amounts repayable to third party credit providers and amounts recoverable from insurers in the event of cancellation of insurance policies and associated premium finance arrangements due to customer payment default. When assessing the likelihood of future customer payment default the directors consider factors such as historic cancellation rates. As at 31 December this provision was £104,573 (2018: £69,595).

### 3 DISCONTINUED OPERATIONS

In response to the anticipated changes resulting from Brexit, alternative arrangements were made by the Ardonagh group affecting UK businesses that operate in other EU states. These included the creation of an entity in the Republic of Ireland to continue servicing clients of motorcycle insurance broker Carole Nash. These had previously been serviced by a Branch of the UK entity. In October 2019 the new entity received authorisation from the Central Bank of Ireland and, in December 2019 the existing Irish Branch was transferred to an Irish new entity under a sale and purchase agreement; Carole Nash Insurance Consultants (Ireland) Designated Activity Company (DAC). The consideration is in the form of Carole Nash DAC issuing share capital to Carole Nash. DAC recognise share capital and share premium totalling £5m, with Carole Nash recognising investment in subsidiary of the same amount. Fixed assets were transferred at Net Book Value with accumulated depreciation and amortisation remaining in the Branch, as the Branch had used those assets. The new entity commenced trading on the 7th October 2019. The disposal of the Irish Branch constituted a discontinued operation, and as such, has been separated from continued operations in the Statement of Comprehensive Income.

### 4 TURNOVER

Turnover of £22,199,341 (2018: £23,312,087) is attributable to the UK and £3,503,129 (2018: £3,832,572) is attributable to the Republic of Ireland.

### 5 EMPLOYEES

The average monthly number of persons (including directors) employed during the year was:

	2019 Number	2018 Number
Operations	257	288
Support	85	78
Management	10	11
	<hr/>	<hr/>
	352	377
	<hr/>	<hr/>

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 5 EMPLOYEES (continued)

Staff costs for the above persons:	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>9,070,696</b>	9,287,199
Social security costs	<b>828,651</b>	907,229
Other pension costs	<b>345,581</b>	405,661
	<b>10,244,928</b>	10,600,089

<b>DIRECTORS' REMUNERATION</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
In respect of the directors of Carole Nash Insurance Consultants Limited:		
Emoluments	<b>318,060</b>	599,743
Amounts paid to money purchase pension schemes	<b>16,466</b>	76,580
	<b>334,526</b>	676,323

Included in directors' emoluments is compensation for loss of office of £nil (2018: £144,945).

The number of directors to whom relevant benefits are accruing under:	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Money purchase pension schemes was:	<b>2</b>	2

<b>HIGHEST PAID DIRECTOR</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration	<b>270,623</b>	180,896
Amounts paid to money purchase pension schemes	<b>13,133</b>	13,133
	<b>283,756</b>	194,029

### 6 RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme whose assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company and amounted to £345,581 (2018: £405,661). Contributions totalling £7,482 (2018: £53,583) were payable to the fund at the year end.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

7	INTEREST RECEIVABLE AND SIMILAR INCOME	2019 £	2018 £
	Bank interest receivable	8,624	13,204
8	INTEREST PAYABLE AND SIMILAR CHARGES	2019 £	2018 £
	Bank interest payable	49	410
9	PROFIT BEFORE TAXATION	2019 £	2018 £
	Profit before taxation is stated after charging/(crediting):		
	Amortisation of intangible assets	862,758	600,227
	Depreciation of tangible fixed assets:		
	Owned assets	303,823	259,907
	Loss on foreign exchange	20,206	19,621
	Loss on disposal of intangible fixed assets	-	19,418
	(Profit)/loss on disposal of tangible fixed assets	(25)	5,592
	Rentals payable under operating leases	430,646	446,408

During the year ended 31 December 2018, certain directors and staff of the Company have been granted shares in Atlanta Investments Holdings 3 Limited, a parent company of Carole Nash Insurance Consultants Limited conditional upon remaining in the employment of the group.

Fees payable to Deloitte LLP and its associates in respect of audit services are below. There were no non-audit services.

	2019 £	2018 £
Audit services:		
Statutory audit	75,115	59,420
Accounting services	-	5,592
	75,115	65,012
	2019 £	2018 £
Exceptional costs	612,486	911,445

In line with the Company's ongoing strategic investment policy, there is an internal reporting process for the identification and classification of strategic spend that is deemed to be one off in nature. During the year, the Company continued with its strategic investment plan which included broker system implementation. Exceptional costs in 2019 also related to the formation of the new Irish entity and Brexit planning.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

10	TAXATION	2019	2018
		£	£
	Current tax:		
	UK corporation tax	919,392	1,165,424
	Overseas taxation	75,269	(31,761)
	Adjustments in respect of previous periods	28,724	131,875
	Total current tax	1,023,385	1,265,538
	Deferred tax:		
	Origination and reversal of timing differences	42,023	(82,021)
	Adjustments in respect of previous periods	(8,471)	14,232
	Total deferred tax	33,552	(67,789)
	Total tax on profit	1,056,937	1,197,749

	2019	2018
	£	£

Factors affecting tax charge for the year:

The tax assessed for the year is higher (2018: lower) than the average standard rate of corporation tax in the UK 19% (2018: 19%). The differences are explained below:

Profit before tax	4,213,101	6,538,082
Profit multiplied by the average standard rate of corporation tax in the UK 19% (2018: 19%)	800,489	1,242,236
<i>Effects of:</i>		
Different tax rates for overseas branches	(30,513)	(68,363)
Expenses not deductible for tax purposes	2,844	612
Difference between capital allowances and depreciation	(6,066)	31,143
Other short-term timing differences	23,990	9,650
Adjustments in respect of previous periods	20,253	(17,529)
Deferred tax expense from unrecognised tax loss	245,940	-
Tax expense	1,056,937	1,197,749

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%.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 11 COMMITMENTS UNDER OPERATING LEASES

*The Company as a lessee:*

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Amounts due within one year	264,551	399,843
Amounts due between two and five years	232,959	521,164
Amounts due after five years	-	3,256
	<u>497,510</u>	<u>924,263</u>

### 12 INTANGIBLE ASSETS

	Customer lists £	Software and licences £	Development costs £	Total £
<i>Cost</i>				
At beginning of year	680,391	4,058,145	508,303	5,246,839
Additions	-	158,408	179,861	338,269
Disposals	(185,740)	-	-	(185,740)
	<u>494,651</u>	<u>4,216,553</u>	<u>688,164</u>	<u>5,399,368</u>
<i>Amortisation</i>				
At beginning of year	431,040	3,053,123	73,553	3,557,716
Charge for the year	73,971	527,217	261,570	862,758
Disposals	(60,471)	-	-	(60,471)
	<u>444,540</u>	<u>3,580,340</u>	<u>335,123</u>	<u>4,360,003</u>
<i>Net book value</i>				
<b>At 31 December 2019</b>	<u><b>50,111</b></u>	<u><b>636,213</b></u>	<u><b>353,041</b></u>	<u><b>1,039,365</b></u>
At 31 December 2018	<u>249,351</u>	<u>1,005,022</u>	<u>434,750</u>	<u>1,689,123</u>

The 2018 brought forward balances above are the same as the 2018 statutory accounts in total, however the split across the three categories is different. Since the 2018 Year End there has been a reclassification of the intangible assets.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 12 INTANGIBLE ASSETS (continued)

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS102 Section 18.

Included in the development cost additions are the capitalised costs in respect of staff who have worked on developments in the year amounting to the sum of £179,861 (2018: £506,879).

The amortisation charge for the year is recognised within administrative expenses.

### 13 TANGIBLE FIXED ASSETS

	Computer equipment £	Motor vehicles £	Office equipment £	Fixtures and fittings £	Total £
<i>Cost</i>					
At beginning of year	1,286,468	40,030	499,988	909,633	2,736,119
Additions	64,964	-	28,755	265,012	358,731
Disposals	(29,995)	-	(3,649)	(78,852)	(112,496)
At end of year	1,321,437	40,030	525,094	1,095,793	2,982,354
<i>Depreciation</i>					
At beginning of year	850,375	24,483	478,987	736,794	2,090,639
Charge for year	171,177	3,887	23,999	104,760	303,823
Disposals	(15,129)	-	(1,927)	(77,761)	(94,817)
At end of year	1,006,423	28,370	501,059	763,793	2,299,645
<i>Net book value</i>					
<b>At 31 December 2019</b>	<b>315,014</b>	<b>11,660</b>	<b>24,035</b>	<b>332,000</b>	<b>682,709</b>
At 31 December 2018	436,093	15,547	21,001	172,839	645,480

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

14	FIXED ASSET INVESTMENTS	Participating interest £	Subsidiary £	Total £
	<i>Cost and carrying amount</i>			
	At beginning of year	1	2	3
	Additions	-	5,113,666	5,113,666
		<hr/>	<hr/>	<hr/>
	At end of year	1	5,113,668	5,113,669
		<hr/>	<hr/>	<hr/>

The participating interest reflects the joint venture with NewLaw Legal Limited (Registered Office: Belmont House, Churchill Way, Cardiff) in Carole Nash Legal Services LLP, a legal practice. Carole Nash Insurance Consultants Limited owns 50% of the equity in Carole Nash Legal Services LLP. The net assets of Carole Nash Legal Services LLP at 31 December 2019 were £4,744,597 (2018: £4,429,838) and the company's share of profit for the year was £1,679,920 (2018: £1,776,689). At 31 December 2019 the amount owing to Carole Nash Insurance Consultants Limited by Carole Nash Legal Services LLP in respect of the profit share was £3,619,699 (2018: £3,339,385).

The investment in subsidiary reflects the investment in Carole Nash Insurance Consultants (Ireland) DAC (Registered Office: Ulysses House, 22/24 Foley Street, Mountjoy, Dublin, Ireland), a new legal entity incorporated in the Republic of Ireland during 2018. Carole Nash Insurance Consultants owns 100% of the ordinary shares in Carole Nash Insurance Consultants (Ireland) DAC. The net assets of Carole Nash Insurance Consultants (Ireland) DAC at 31 December 2019 were €290,893 (2018: €2) and its loss for the period was €105,404 (2018: £nil).

15	DEBTORS	2019 £	2018 £
	<i>Amounts falling due within one year:</i>		
	Insurance debtors	1,042,286	1,047,391
	Trade debtors	490,480	273,117
	Other debtors	4,890	11,661
	Amounts owed by group undertakings	19,295,678	11,509,590
	Corporation tax recoverable	57,354	74,842
	Amounts due from participating interest	3,619,699	3,339,385
	Prepayments and accrued income	671,311	791,138
	Deferred tax asset (see note 18)	171,189	204,741
		<hr/>	<hr/>
		25,352,887	17,251,865
		<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts due from participating interest are unsecured, interest free and have no fixed date at repayment.

Insurance debtors are stated after provision for impairment of £6,203 (2018: £62,101).

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 16 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash held in separate insurer trust accounts in respect of balances held under risk transfer agreements and amounted to £1,393,538 (2018: £1,418,845).

### 17 CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Insurance creditors	1,922,826	2,035,470
Trade creditors	217,502	433,780
Amounts owed to group undertakings	2,402,645	439,566
Other tax and social security costs	374,567	176,229
Corporation tax	-	1,201,876
Pension contributions	7,482	53,583
Other creditors	-	29,267
Accruals and deferred income	3,090,437	2,134,535
	<u>8,015,459</u>	<u>6,504,306</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 18 DEFERRED TAX ASSET

	2019 £	2018 £
At beginning of year	204,741	136,952
Credit during the year	(33,552)	67,789
<b>At end of year</b>	<u>171,189</u>	<u>204,741</u>

The deferred tax asset has been recognised as follows:

	2019 £	2018 £
Accelerated capital allowances	146,315	189,369
Other timing differences	24,874	15,372
	<u>171,189</u>	<u>204,741</u>



# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 18 DEFERRED TAX ASSET (continued)

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 £20,140 higher.

In addition to the amount disclosed above, the Company has potential deferred tax assets at 31 December 2019 of £245,940 (2018: £nil) in relation to fixed assets totalling £1,446,706 (2018: £nil). This deferred tax asset has not been recognised in these accounts as it is not expected that the Company's future profitability will be sufficient to utilise it.

19 CALLED UP SHARE CAPITAL	2019 £	2018 £
Allotted, issued and fully paid:		
1,482,000 A ordinary shares of 1p each	14,820	14,820
141,613 B ordinary shares of 1p each	1,416	1,416
28 C ordinary shares of £60 each	1,680	1,680
95,053 deferred shares of 1p each	950	950
	<hr/>	<hr/>
	18,866	18,866
	<hr/>	<hr/>

#### *Ordinary share rights*

The shares rank equally except that the voting rights of A ordinary shares are 79% plus 5% for the deferred shares, B ordinary shares are 15% and C ordinary shares are 1% in aggregate. In addition, on return of capital, A ordinary shareholders receive the excess after the nominal value of A and B ordinary shares have been returned and C ordinary shareholders have received £1 in aggregate. Dividends may be paid on all shares, on a class of shares or on any share in the same class.

### 20 RESERVES

#### CAPITAL REDEMPTION RESERVE

This reserve is a non-distributable reserve representing paid up share capital that was created by the Company purchasing its own shares.

#### OTHER RESERVES

This reserve was created on a capital reduction.

#### SHARE-BASED PAYMENT RESERVE

Cumulative value of shares of a parent company expensed to profit and loss for the share-based payment scheme.

#### MERGER RESERVE

This reserve was created on the incorporation of the Irish branch.

#### PROFIT AND LOSS ACCOUNT

Cumulative profit and loss net of distribution to owners.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 21 FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENCIES

The company gave a fixed and floating charge dated 18 March 2019 in favour of Citibank, N.A, London Branch as security against all the property or undertaking of the company. This was satisfied in full on 23 July 2020.

The company gave a fixed and floating charge dated 10 June 2020 in favour of Citibank, N.A, London Branch as security against all the property or undertaking of the company. This was satisfied in full on 23 July 2020.

The company has given a fixed and floating charge dated 14 July 2020 in favour of Ares Management Limited as security against all the property or undertaking of the company.

At the year end amounts contracted for but not provided in the financial statements amounted to £nil (2018: £176,912).

### 22 RELATED PARTY TRANSACTIONS

During the year the company made recharges to Carole Nash Legal Services LLP and placed insurance business with other group companies. The amounts paid to/(received from) related parties in the year and the balances (due to)/receivable from those parties at 31 December are as follows:

	Transaction 2019 £	Transaction 2018 £	Outstanding at 31 December 2019 £	Outstanding at 31 December 2018 £
Carole Nash Legal Services LLP	-	(2,564)	-	-
Towergate Insurance Brokers	127,750	87,080	-	(2,703)
	<u>127,750</u>	<u>84,516</u>	<u>-</u>	<u>(2,703)</u>

DI Newman, a former director of the company during the prior year, was also a director of the Insurance Fraud Bureau. The company was a broker member of the Insurance Fraud Bureau during the prior year with membership fees payable of £nil (2018: £18,000).

See note 5 for disclosure of the directors' remuneration.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 23 SUBSEQUENT EVENTS

No subsequent events have occurred which would have a material impact on these financial statements. 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 Accounting Policies).

During July 2020, the Group implemented the "July 2020 transaction" which comprises of the 14<sup>th</sup> July 2020 refinancing (see note 1 which provides further detail on how the group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions) and three acquisitions, as set out in the Ardonagh Offering Memorandum dated 22<sup>nd</sup> June 2020, and as summarized below.

- On 14th July 2020, the Group purchased the entire issued share capital of Nevada 5 Topco Limited, of which Arachas Topco Limited is an indirect subsidiary. The consideration paid was €135.8m cash. Additionally, all the existing borrowings of the acquire group were settled.
- On 14th July 2020, the Group purchased the entire issued share capital of Nevada 4 Midco 1 Limited, the parent of Bravo Investment Holdings Limited. The consideration for the share capital was £39.8m cash. Additionally, all the existing borrowings of the acquire group were settled.
- On 7 August 2020, the Group completed the purchase of the entire issued share capital of Bennetts Motorcycling Services Limited ("Bennetts"). The consideration paid for the share capital was £1.3m cash. Additionally, all the existing borrowings of the acquiree were settled. The Group exchanged contracts to acquire Bennetts on 17 February 2020 and Ardonagh voluntarily notified the merger to the Competitions and Markets Authority ("CMA"). Following its Phase 1 investigation, the CMA announced on 16 September 2020 that it would refer the merger for an in-depth Phase 2 investigation unless the Group offered suitable undertakings to address the CMA's concerns. In response, the Group has offered to divest Bennetts and has not reported this interest as a business combination as it has been determined that it does not control Bennetts. This interest in the share capital of Bennetts has been recognised as a financial asset measured at fair value through other comprehensive income and is shown as an asset held for sale.
- On 1 October 2020, the Group entered into a binding commitment to grant a loan facility investment on arm's length commercial terms of up to £13.0m and associated commitments to a related party of the Group to fund a business combination to be made by that related party.
- In connection with the agreement to grant the loan facility the Group also entered into an agreement to provide indemnity coverage in respect of certain costs and liabilities for which the related party may become liable in relation to that investment or otherwise incur in connection with the business combination, although these are not expected to arise on the basis of the due diligence and business plan for the relevant business.
- During October, £50.0m was drawn on the £300.0m Capex, Acquisition and Re-organisation ("CAR") facility due 2026 to fund acquisitions, which leaves £250.0m of the CAR facility still available.
- The Group completed the purchase of other individually immaterial businesses after the reporting period, the aggregate consideration for which was £0.4m cash and contingent consideration with a fair value of £0.7m.
- On 1 November 2020, the Group sold its Milburn Insurance Brokers business and assets, which was part of the Ardonagh Advisory segment. The consideration received was cash of £0.1m, deferred consideration of £0.3m and contingent consideration with a fair value of £1.8m.
- Ardonagh Specialty has entered into a 10-year arrangement with a business process outsourcing services specialist after the reporting date to deliver a technology led transformation of its insurance broking services.

# Carole Nash Insurance Consultants Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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### 24 SHARE-BASED PAYMENTS

During 2019 certain directors of the company had been granted shares in Atlanta Investments Holdings 3 Limited, a parent company of Carole Nash Insurance Consultants Limited conditional upon remaining in the employment of the group. The expense recognised for these share-based payments in respect of employee services received during the year to 31 December 2019 is £2,747 (2018: £800).

### 25 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

Atlanta Investment Holdings A Limited is the immediate parent company. The smallest Group in which the results of the Company are consolidated is that headed by Ardonagh Midco 3 PLC whose registered office is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The consolidated financial statements of Ardonagh Midco 3 PLC are available to the public from Companies House, Maindy, Cardiff, CF12 3UZ.

At 31 December 2019, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). The Group's majority shareholder is HPS Investment Partners LLC. The Ardonagh Group Limited is the largest group in which the results are consolidated and its financial statements are available upon request from Townergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.