Registration number: 02696420

Morgan Law Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

Morgan Law Limited

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Morgan Law Limited

Company Information

Directors	D C Ross D Cougill
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom

Morgan Law Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021 for Morgan Law Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. Following significant new equity investment as disclosed in note 16, the Company is now part of a new holding company structure. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited ("the Group").

Principal activity and business review

The principal activity of the Company is the provision of insurance services, with a focus on the provision of construction and property insurance. As part of the wider group segmental strategy, on 16 July 2018 and 6 November 2018 the Company disposed of its Personal and Commercial lines operations respectively, to Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited), a company under common control. These transactions resulted in the Company being placed into run-off.

The results for the Company show turnover of £2,888 (2020: £71,017) and loss before tax of £7,827 (2020: Profit before tax of £37,050) for the year. At 31 December 2021 the Company had net assets of £9,334,881 (2020: £9,341,400). The going concern note (part of accounting policies) on page 10 sets out the reasons why the directors believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

Outlook

On 16 July 2018 and 6 November 2018, the Company disposed of its ongoing trade and related assets to Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited), a fellow Group company, and has been in run-off from these dates. It is the directors' intention to liquidate the Company once the run-off process has completed.

Key performance indicators

The directors consider the key performance indicator for the Company to be ensuring its liabilities are settled fairly and expeditiously as the run-off process progresses. During the last 12 months, the insurance creditor liability has been reduced by £37,106 to £Nil. Non-financial key performance indicators include staffing levels which have remained at zero throughout the year.

Principal risk and uncertainties

Risk management

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

The principal risks and their mitigation are as follows:

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 Group has demonstrated its resilience from an economic shock and demonstrated operational and financial resilience in response to the Covid-19 pandemic. The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Group would respond to income declines by seeking cost savings. The Group had available liquidity of £683.3m at 30 June 2022 and closely monitors available liquidity on an ongoing basis.

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

Morgan Law Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Approved by the board on 14/09/2022 and signed on its behalf by:

D Cougill
D Cougill (Sep 14, 2022 22:26 GMT+1)

D Cougill
Director

Morgan Law Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2021.

Directors of the Company

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

D C Ross

D Cougill

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2021 (2020: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Risk management' section on page 2.

Future developments

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 2.

Political donations

The Company has not made any political donations during the year (2020: £Nil).

Going concern

In November 2018, the directors took the decision to cease trading following the disposal of the Company's trade and assets, and the Company is in run-off. As there is no intention to acquire replacement trade, the directors have prepared the financial statements on a basis other than that of a going concern.

Subsequent events

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' note on page 16.

Directors' indemnities

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

Approved by the board on 14/09/2022 and signed on its behalf by:

D Cougill
D Cougill (Sep 14, 2022 22:26 GMT+1)

D Cougill
Director

Morgan Law Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Morgan Law Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Commission and fees	4	2,888	71,017
Other operating costs		(12,065)	(39,394)
Reversal of impairment of financial assets		1,350	5,427
Operating (loss)/profit	5	(7,827)	37,050
(Loss)/Profit before tax		(7,827)	37,050
Income tax credit/(charge)	8	1,308	(18,146)
(Loss)/Profit for the year		(6,519)	18,904

The above results were derived from discontinued operations. There are no items of other comprehensive income in the current period or prior period.

Morgan Law Limited

(Registration number: 02696420)
Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Current assets			
Property, plant and equipment	9	1,092	2,032
Trade and other receivables	10	16,250,510	16,259,553
Cash and cash equivalents	11	200,131	282,534
		16,451,733	16,544,119
Current liabilities			
Trade and other payables	12	(7,096,619)	(7,181,178)
Income tax liability		(20,233)	(21,541)
		(7,116,852)	(7,202,719)
Net current assets		9,334,881	9,341,400
Total assets less current liabilities		9,334,881	9,341,400
Net assets		9,334,881	9,341,400
Capital and reserves			
Share capital	13	601,000	601,000
Retained earnings		4,246,237	4,252,756
Merger reserve		4,487,644	4,487,644
Total equity		9,334,881	9,341,400

For the financial year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board on .14/09/2022......... and signed on its behalf by:

D Cougill
D Cougill (Sep 14, 2022 22:26 GMT+1)

D Cougill
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

Morgan Law Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Merger reserve £	Retained earnings £	Total £
At 1 January 2021	601,000	4,487,644	4,252,756	9,341,400
Loss for the year	-	-	(6,519)	(6,519)
At 31 December 2021	601,000	4,487,644	4,246,237	9,334,881

	Share capital £	Merger reserve £	Retained earnings £	Total £
At 1 January 2020	601,000	4,487,644	4,233,852	9,322,496
Profit for the year	-	-	18,904	18,904
At 31 December 2020	601,000	4,487,644	4,252,756	9,341,400

The merger reserve was created in 2018 following the disposal of the Company's business and assets to Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited), a company under common control.

1 General information

The Company is a private company limited by share capital incorporated and registered in England, United Kingdom. The Company's registered office is 2 Minster Court, Mincing Lane, London EC3R 7PD. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report'.

These financial statements for the period ended 31 December 2021 were authorised by the board on 14 September 2022 and the Statement of Financial Position was signed on the board's behalf by D Cougill.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 101. There are no new standards, amendments to standards or interpretations which are effective in 2021 or not yet effective and that are expected to materially impact the Company's financial statements.

Summary of disclosure exemptions
In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

• the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

• the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;

• the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;

• the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact; and

2 Accounting policies (continued)

• the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the 'Critical accounting judgements and key sources of estimation uncertainty' on page 12.

Going Concern

In November 2018, the directors took the decision to cease trading following the disposal of the Company's trade and assets, and the Company is in run-off. As there is no intention to acquire replacement trade, the directors have prepared the financial statements on a basis other than that of a going concern. At 31 December 2021 the Company had net assets of £9,334,881 (2020: £9,341,400).

The book value of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value. The subsidiary's decision to cease taking on new business triggered an impairment review that found no impairment was necessary. There has been no adjustments as a result of the use of a basis other than going concern.

Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a service to a customer. This revenue is recognised in the accounting year when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Commission and fees

Revenue includes commission and fees receivable by the Company. Commission and fees relate mainly to placement or underwriting of policies on behalf of insurers or policyholders and are recognised at the later of policy inception date or when the policy placement has been completed and confirmed.

The Company charges fees and retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis, at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a third-party premium credit provider. Some of the policies are rolling until the customer cancels the policy.

2 Accounting policies (continued)

Taxation

The tax expense for the period comprises current tax. Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Current tax

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

Property, plant and equipment

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight-line basis over their estimated useful lives.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting year. Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in Statement of Comprehensive Income when the asset is derecognised.

At the reporting date, the Company's principal rates of depreciation were as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the remaining life of the lease

Financial instruments

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables. Trade and other receivables represent other receivables and amounts due from related parties. They are recognised initially at fair value and subsequently at amortised cost, less any expected credit loss allowance.

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost.

The Company recognises a loss allowance for such losses at each reporting date. The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. No financial instruments are subject to significant increase in credit risk as all under practical expedient for lifetime ECL.

ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

2 Accounting policies (continued)

Financial liabilities

Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. Trade and other payables represents amounts due to related parties. They are recognised initially at fair value and subsequently at amortised cost.

Share capital

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

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period.

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

4 Commission and fees

The analysis of the Company's turnover for the year from discontinued operations is as follows:

	2021 £	2020 £
Commission and fees	2,888	71,017

Turnover consists entirely of sales made in the United Kingdom.

5 Operating (loss)/profit

Arrived at after charging:

	2021 £	2020 £
Depreciation expense	940	979

For the year ended 31 December 2021, the Company has taken the exemption under s479 of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2021 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2020: £9,719).

6 Staff costs

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

7 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of The Ardonagh Group Limited and other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited for the year ended 31 December 2021.

8 Income tax

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

	2021 £	2020 £
Current taxation		
UK corporation tax	(1,308)	7,226
Adjustments in respect of prior periods	-	10,920
Total current taxation	(1,308)	18,146
Deferred taxation		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred taxation	-	-
Tax (credit)/charge in the Statement of Comprehensive Income	(1,308)	18,146

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

	2021 £	2020 £
(Loss)/profit before tax	(7,827)	37,050
Corporation tax at standard rate of 19% (2020: 19%)	(1,487)	7,040
Adjustments to tax charge in respect of previous periods - current tax	-	10,920
Fixed asset differences	179	186
Total tax (credit)/charge	(1,308)	18,146

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023.

9 Property, plant and equipment

	Leasehold improvements £
Cost or valuation	
At 1 January 2021	6,292
At 31 December 2021	6,292
Depreciation	
At 1 January 2021	4,260
Charge for the year	940
At 31 December 2021	5,200
Carrying amount	
At 31 December 2021	1,092
At 31 December 2020	2,032

10 Trade and other receivables

	2021 £	2020 £
Current trade and other receivables		
Trade receivables in relation to insurance transactions	-	22,339
Less: expected credit loss allowance	-	(1,350)
Net trade receivables	-	20,989
Receivables from other Group companies	16,248,538	16,238,564
Other receivables	1,972	-
	16,250,510	16,259,553

The directors believe that the intercompany receivables are recoverable. The balances are unsecured, interest free and repayable on demand.

11 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	200,131	282,534

Cash at bank includes £Nil (2020: £67,843) which constitutes restricted client money and insurer money and £200,131 (2020: £200,131) in office accounts which are considered restricted and not available to pay the general debts of the Company.

12 Trade and other payables

	2021	2020
	£	£
Current trade and other payables		
Trade payables in relation to insurance transactions	-	37,106
Amounts due to other Group companies	7,096,619	7,096,620
Other payables	-	47,452
	7,096,619	7,181,178

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

13 Share capital

As at 31 December 2021, the Company has authorised ordinary share capital of £601,000 (2020: £601,000).

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	601,000	601,000	601,000	601,000

The Company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

14 Related party transactions

During the period the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

15 Parent and ultimate parent undertaking

The immediate parent company of the Company is Morgan Law (Holdings) Limited and the ultimate parent company is Tara Topco Limited, (see note 16).

The Group's majority shareholder and ultimate controlling party at 31 December 2021 is HPS Investment Partners LLC. The ultimate parent company and parent company of the largest group that prepares group financial statements at 31 December 2021 that consolidate the Company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG). The parent company of the smallest group that prepares group financial statements at 31 December 2021 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

16 Subsequent events

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