DocuSign Envelope ID: 648963FF-E352-448F-8891-7D2064F99918

Integro Insurance Brokers Holdings Limited

Company Registration Number: 04016257

Annual Report and Financial Statements

For the year ended 31 December 2021

Contents

Group information

DIRECTORS:	A Westenberger K A Cross C S Buesnel
COMPANY SECRETARY:	S Woods
REGISTERED OFFICE:	71 Fenchurch Street London EC3M 4BS
REGISTERED NUMBER:	04016257 (England and Wales)
INDEPENDENT AUDITOR:	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

Strategic Report

Integro Insurance Brokers Holdings Limited ("the Company") and its subsidiaries form the UK group ("the Group" or "Tysers Group"). The Company registration number is 04016257.

The Directors present the Strategic Report for Tysers Group for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is that of a holding company investing in provision of brokerage and insurance administrative services through its subsidiary undertakings in the UK and overseas.

The business of the Group is carried out through its following key regulated subsidiaries:

- Tysers Insurance Brokers Limited ("TIBL");
- Tysers Belgium NV; and
- Tysers Ireland Ltd.

The Group operates as a global insurance brokerage and specialty risk firm, delivering dedicated quality insurance brokerage services through client-focused business practices. Its UK operations cover both wholesale and retail activities, structured in divisions organised by business line.

The Group's main subsidiary, TIBL is a Lloyd's of London accredited insurance broker, authorised and regulated by the Financial Conduct Authority, whose primary business activity is insurance and reinsurance intermediation.

The Group forms part of the wider "Integro Group", headed by Integro Group Holdings LP, a partnership incorporated in the United States. Integro Group Holdings LP is the ultimate parent and controlling entity of the Tysers Group.

Corporate Developments

Tysers Group has been subject to an ongoing sale process during 2021. As noted below in the Going Concern statement, on 8 May 2022 AUB Group Limited, an ASX200 listed group comprising insurance brokers and underwriting agencies entered into a binding agreement to purchase the Tysers Group. Completion is subject to regulatory approvals and is expected to conclude towards the end of 2022.

Business review

The Group prepared consolidated financial statements for the first time for the year ended 31 December 2021.

The Group reported a consolidated loss before tax of £58.0m (2020: £46.2m) including amortisation of £35.4m (2020: £35.0m) relating to goodwill and intangibles acquired in the business combinations.

During the year, the Group sold its investments in WeSpecialty, ATL Holdings Group Pty Ltd, MCMM Services Ltd, RFIB Hong Kong Ltd, HQ Insurance Pty Ltd and MOI Insurance Brokers Kazakhstan.

Key performance indicators (KPI's) are factors by reference to which the performance or position of the Group can be measured effectively.

Strategic Report (continued)

EBITDA is a common measure used by investors and analyst to evaluate the financial performance of the companies. It is a defined as the company's profit or loss (Earnings) Before Interest expenses, Taxation, Depreciation and Amortisation. Therefore, the Directors consider EBITDA is an important measure of operating performance because it reflects, the underlying operating cash profits by eliminating many of non-cash items such as depreciation and amortisation.

A reconciliation of the Group's consolidated operating loss to EBITDA is set out below.

	2021	2020	Change
	£'000	£'000	%
Turnover	168,172	183,441	(8.3%)
Consolidated operating loss	(31,358)	(26,793)	(17.0%)
Add back:			
Depreciation	1,895	1,339	41.4%
Amortisation-goodwill and other intangibles	35,405	34,984	1.2%
EBITDA	5,942	9,530	(37.7%)

The Group turnover decreased by 8.3% and EBITDA declined by 37.7% mainly due to the ongoing impact of COVID-19 combined with the impact of stronger a Sterling exchange rate against the US dollar in 2021. The Group generates a significant portion of its turnover in US dollars, but its expense base is largely GBP denominated and fixed.

The Group's total equity decreased by £49.2m mainly due to an annual amortisation charge of goodwill and other intangibles (see note 15 and 16). The goodwill is amortised over 10 years using a straight-line basis.

Goodwill and other intangibles amortisation charge is included within administrative expenses. See note 15 and 16.

The Group's brokerage activities are carried out through its following principal subsidiaries (discussed below). Approximately 97% (2020: 78%) of the Group's consolidated turnover comes from these subsidiaries:

Tysers Insurance Brokers Ltd (TIBL) is the principal subsidiary of the Group and contributes substantially to its consolidated results. In 2021, the subsidiary contribution to the Groups' results was as follows:

	2021	2020	Change
	£'000	£'000	%
Turnover	150,657	131,409	15%
Operating Profit	3,648	6,845	(42%)
Add back:			
Depreciation	1,783	1,218	46%
Amortisation	1,137	729	56%
EBITDA	6,568	8,792	(25%)

Turnover: represents TIBL 's services in relation to brokerage services to wholesale and retail clients.

Strategic Report (continued)

TIBL's turnover increased by £19.2m (15%) when compared with prior year. The increase is due to the full year contribution of the RFIB portfolio in 2021, following the transfer of trade in October 2020 from RFIB Group Ltd ("RFIB"), offset by reductions driven primarily by the weakening of the USD against GBP in 2021 and reduced marine war premium rates.

Operating profit: The operating profit is arrived at by subtracting administrative expenses from revenue for the year before exceptional items or financing costs or income.

In addition to explained above, one of the other key drivers affecting the operating profit for the year was an increase in administrative expenses to £162.4m (2020: £139.6m). The increased cost for the year was mainly associated with increased full year staff cost resulting from transfer of the RFIB business as described above and the expense impact of the TIBL's strategic investments in IT infrastructure to enhance business operations. As the TIBL's expense base is GBP denominated, there is no equivalent offset to the expenses to match the reduction in revenue driven by the weaker US Dollar rate in 2021 which has lead to the lower operating margin in this financial year.

Overall, EBITDA, reflects the ongoing impact of COVID-19 together with stronger Sterling exchange rate against the US dollar on TIBL's performance for the 2021 financial year.

Tysers Belgium NV, a private limited company incorporated in Belgium to serve clients within the European Economic Area. The subsidiary operates via the UK branch, a permanent UK establishment to carry out brokerage business.

The subsidiary delivered turnover of £8.8m (2020: £772k) in 2021, representing a significant contribution to the Group's results.

The operating profit of the subsidiary increased by 10% to £834k (2020: £722k)

Tysers Ireland Ltd, a subsidiary regulated by the Central Bank of Ireland, is a specialist insurance underwriting agency. The subsidiary's turnover increased by 13% to £2.8m (2020: £2.5m). The subsidiary reported a net profit before taxation of £1.3m. The subsidiary's administrative expenses increased by 29% to £1.0m (2020: £0.8m) mainly driven by increased staff cost.

EBITDA remain consistent with prior year at £1.6m (2020: £1.7m)

Hawkes Bay Casualty Limited, a subsidiary incorporated in Hong Kong in 2012. The Group has 60% controlling interest in the subsidiary which contributed £1.5m (2020: £1.3m) to the Group's turnover in the year showing steady growth.

Administrative expenses comprise staff cost of £177.2k (2020: £190.3k) and other non-staff cost of £8.2k (2020: credit of £49.9k). Staff costs decreased due to subsidies received from the Government in Hong Kong.

EBITDA increased by 26% to £647k (2020: £479k) due to lower recurring costs.

Other subsidiaries make the remainder of the contribution to the Group's results for the year.

Strategic Report (continued)

Principal Risks and Uncertainties

The Group, through its central compliance function, operates a risk management framework designed to identify, assess, manage, monitor and report on a range of risks to which it is exposed.

The most significant movements in principal risks during the period included:

- A decrease in overall strategic risks as the impact of the pandemic receded during the second half of 2021 and demand resumed for certain business lines, entertainment in particular.
- An increase in staff retention, debt and liquidity risks as the ongoing efforts to sell the group extended for longer than anticipated.
- A slight decrease in operational risks resulting from the ongoing investment in strengthening the Company's IT infrastructure, together with further improvements to operating processes and controls, noting that post year end sanctions risk has increased in 2022 in respect of Russia due to the ongoing conflict in Ukraine.

The principal risks that the Group faces fall into the following categories:

Strategic Risks

Economic instability
The Group's business is driven as much by overall economic activity and growth as (re)insurance market rates, with greater levels of activity generally driving greater demand for its services. There is a risk that economic instability reduces client demand.

Insurance market volatility
Volatility or declines in premiums, as well as declines in commission rates, may impact the business and results of operations. The Group derives most of its revenue from commissions and fees for broking services. Commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. A significant reduction in commissions, along with general volatility or declines in premiums, could have a significant adverse effect on business.

Mitigation of the strategic risks is achieved from diversification across a broad range of geographic locations, risk classes and industry classes.

People

Staff retention
The Group's principal asset is its people; there is a risk that it may not be able to attract and retain market leading talent.

Mitigation is through the efforts to create an inclusive and supportive culture and working environment, including an employee recognition scheme, in addition to competitive benefits and rewards.

Financial Risks

Counterparty credit risk
Risk of loss may arise from the Group's own funds via exposure to bank failure and non-payment of debts by clients and insurer as well as the impact of bank failure on client monies held in trust by the Company.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Financial Risks

Mitigation is via credit control monitoring and escalation procedures together with credit policies covering banking counterparty minimum creditworthiness and monitoring.

Foreign currency risk ("FX risk")
The risk arising from revenues and costs being denominated in different currencies. The majority of the Group's costs are incurred in GBP, whilst the Group earns the majority of its revenue in foreign currencies, primarily USD, EUR and CAD.

FX risk is managed by the Group for material currency exposures via FX hedge transactions put in place from time to time.

Debt & Liquidity risk
The risk that the Group is not able to meet its obligations as they fall due. The Company and a number of its subsidiaries are party to the amended secured debt agreements for the borrowings of a parent company, Integro Parent Inc, under which the Group is pledged as security. In addition, in December 2019, the Company and a number of subsidiaries ("the Guarantors") also entered into a financial guarantee agreement pursuant to which they issued joint and several financial guarantees over the obligations of Integro Parent Inc and other credit parties (see note 32). This debt requires significant amounts of cash to service, the majority of which is provided by the Group, either via inter-company loans or dividend distribution of retained realised profits. This limits the availability of funds for working capital, investment and other general corporate purposes. There is a risk that the underlying business does not generate sufficient cash to meet these secured financial obligations, to which it is guarantor, as they fall due.

Mitigation is via a combination of a) a group wide cash management process b) monitoring liquidity risk through detailed cash forecasts and sensitivity analyses, and c) having access via intragroup lending to an Integro Group external revolving credit facility (RCF) which forms part of the secured debt facilities of the Integro Group. This RCF, further referenced below in the Going Concern statement was fully drawn by $62.5m during the period to support the ongoing liquidity needs of the Group in servicing its external debt and maintaining sufficient liquidity to support the operations of the subsidiary.

A pre-condition of the completion of the Transaction is the release of all encumbrances, guarantees and indemnities on the Guarantors in respect of the settlement of the various debt obligations set out above.

Defined benefit pensions
The risk of adverse financial impact on the Group because of an increase in the defined benefit ("DB") pension scheme deficits.

Following the acquisition of RFIB Group Ltd in 2020, the Group has two DB pension schemes in its principal subsidiary, TIBL. The last triennial actuarial valuations were carried out as at 1 January 2019 with a combined deficit of £13.4m. Currently agreed recovery plans are £2.25m, annually until 2023, rising to £2.64m for 2 years and then reducing to £0.55m in 2027. As noted under the debt and liquidity risk above, the Group Treasury function undertakes cash flow forecasting and closely monitors and manages the Group's cash balances including in respect of DB pension funding.

Mitigation includes appropriate scheme investment strategy and diversification, effective independent trustee governance and regular monitoring and reporting of scheme asset performance and liability positions.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Operational

Regulatory compliance
The Group's regulated subsidiaries are exposed to the risk of failure to comply with regulatory requirements resulting in not being able to conduct business or being subject to fines or other sanctions that may have an adverse effect on results and financial condition. The Group operates a robust risk and control framework and closely monitors changes to the regulatory environment.

Financial Crime & Sanctions
The Group is exposed to the risk that it engages in (or fails to prevent its agents engaging in) corrupt practices including bribery, corruption and money laundering which could result in criminal charges and financial penalties, together with reputational damage.

As a Group supporting international clients, the risk also exists of engaging with sanctioned territories and/or individuals/entities which could give rise to a breach in sanctions/export control orders. Since February 2022 the Group has put in place an additional monitoring control framework to enforce sanctions against Russian individuals and businesses, which is updated daily against latest UK/EU/US sanctions to ensure that Tysers Group does not deal with any sanctioned entity or individual as a client or ultimate beneficial owner of a client.

Mitigation is via an ongoing enhancement to the Group's financial crime risk management framework, including governance, monitoring and key controls.

Change Management
There is a risk that the appetite of the Group for change exceeds its capability to deliver and absorb changes effectively. This is mitigated via effective programme governance and oversight ensuring effective resourcing, planning and delivery of change projects.

Operational resilience
Loss of physical site: The Group operates from several offices in the UK and overseas and there is a risk of a business interruption due to a large, unexpected incident.

Loss of IT: The Group is reliant on the ability to process its transactions on behalf of its clients. Risks arise from non-performance or failure of IT, whether in-house or from an outsourcing provider/IT supplier, malicious act and/or cyber-crime, and internal operational issues.

These risks are mitigated through the recent adoption of flexible working arrangements, ongoing investment in IT infrastructure and services, and enhancements to the Group's operational resilience framework, including governance, evaluation, management and reporting of operational resilience risks managed via a dedicated operational resilience team.

Litigation- E&O claims
The Group is exposed to the risk of loss if internal procedures in relation to market security, placement and claims are not complied with or alleged negligence/breach of contract in the provision of services or advice arises.

The Group maintains professional indemnity insurance for errors and omissions claims as part of a Group wide cover. The terms of this insurance vary by policy year and the ability to obtain professional indemnity insurance in the future may be adversely impacted by general developments in the market for such insurance, or by the Group's claims experience. If insurance coverage were to prove inadequate or unavailable, there would be an increase in financial exposure to the Group.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

Mitigation includes appropriate training, policies and procedures setting consistent standards including ongoing enhancements from lessons learnt.

Information & Cyber Security Risk
Failure to protect or prevent theft of corporate intellectual property and client data from cyber security breaches through inadequate controls, training, or data management procedures.

Mitigation includes cyber security audits and ongoing investment in IT platform security including data loss prevention capabilities, identity and access management, network access controls, firewalls, security event monitoring, mobile device encryption and penetration testing.

Other uncertainties

COVID -19
The Group began re-opening its offices again in a staged and measured fashion in the second half of 2021, as the UK and other geographical locations in which it operates were emerging from the COVID-19 pandemic. However, ongoing health restrictions for significant parts of the year required a proportion of the Group's services to be provided by its employees working from home, and whilst the Group has been able to cope well with the operational impacts resulting from the outbreak of COVID-19, there has inevitably been an impact to its trading results. With restrictions arising from this pandemic now substantially eased, the recurrence of this risk in the way it has impacted 2021 trading is now assessed as limited. The priority of the Directors continues to be the wellbeing of the Group's staff and its clients.

Brexit uncertainty
The UK left European Union in January 2020. There continues to be uncertainty with Financial Services provision between the United Kingdom and the European Union (EU). While the Directors continue to monitor the changing regulations, they do not believe there will be a material adverse impact on the Group's results.

Ukraine
Following the onset of hostilities in the Ukraine, the UK National Security Centre has advised that the threat level in the UK is currently heightened, meaning the likelihood of cyber-attack has increased.

The Group's security team has communicated the need for all staff to remain vigilant and will continue to monitor the threat levels.

Climate change
Financial risks from climate change do not currently represent a material risk to the Group. The senior management and the subject matter experts use the Risk register to review the climate related risks and have concluded that no material physical or financial liability risks could arise from the current business model and operations.

Future prospects
The Group has plans for significant future growth. Since the onset of the pandemic and consequent disruptions to global economies in 2020, the Group has struggled to deliver underlying growth; firstly, owing to its exposure to business lines and insurance classes particularly impacted by reduced client demand such as the entertainment industry, and secondly during the last 15 months owing to the distraction and uncertainty caused by the sale of the Tysers Group.

The risk appetite for growth during this period had been reduced, with resources and management attention being focused on preserving capital and liquidity, improving the operational efficiency and resilience of the business and further strengthening the overall control environment to manage key operational risks noted above.

Strategic Report (continued)

Future prospects (continued)

Improved profitability resulting from the strong recovery in business volumes post pandemic are already underway and reduced exceptional expenditure associated with both the sale of the Group and other various non-recurring items related to the integration of recent acquisitions and operating model investments will generate greater capacity for investment in the business.

In addition, net cash flow available for reinvestment in the Group should improve materially as a result of the sale to AUB owing to an anticipated material reduction in balance sheet leverage of the Group's parent group and the associated debt service costs required to be funded by the Group.

Combined with strategic benefits such as additional business flow opportunities from being part of the wider AUB group and improved market positioning of the Tysers Group, a strengthened financial position will support an organic growth strategy centred on the recruitment of new people, targeting key lines of business, as well as continued investment in the operating model and supporting infrastructure. Inorganic growth may also be resumed where strategic fit is good.

Going concern

As at 31 December 2021, the Group had a net liability position of £96.9m (2020: £47.7m). The net liability position arises as a result of the £332.8m (2020: £312.4m) loan due to an intermediate parent company, Integro Parent Inc. This loan has a fixed maturity date on 31 December 2023. The Directors are satisfied that the Group has adequate resources to continue in operational existence for the period up to 31 December 2023, subject to the material uncertainty described below.

The Directors consider the going concern basis for preparing these financial statements to be appropriate, notwithstanding the material uncertainty discussed below, following an assessment of the Group's financial performance, financial position, its subsidiaries' regulatory solvency position, and its ability to meet its obligations as and when they fall due. This assessment has considered a base case profitability and cash flow projections and various stresses which cover the period up to 31 December 2023, taking into account the principal risks facing the Group, including the potential financial and operational impacts of the current economic and business environment, including matters such as insurance market conditions, inflation, the Russia and Ukraine conflict, and the continuing trade recovery following the recent COVID-19 pandemic. The Group's business activities, together with the factors likely to affect its future development and the principal risks and uncertainties are described in the Strategic Report.

Whilst the Directors have prepared the financial statements on a going concern basis, there is considered to be a material uncertainty related to the Company and a number of its subsidiaries being party to the secured debts of an intermediate parent company, Integro Parent Inc, under which they are pledged as security. Most significantly, in December 2019, the Company and a number of its subsidiaries entered into a contractual agreement pursuant to which they issued joint and several financial guarantees over the obligations of the Integro Parent Inc and other credit parties within the Tysers Group (see Note 32 "Financial Guarantee"). Therefore, the Group's going concern assessment is linked to the ability of Integro Parent Inc, to repay these secured debts as they fall due. The details of the secured debts as at 31 December 2021 are as follows:

- A revolving credit facility (RCF) of $62.5m (which is secured as part of the first lien term debt below);
- The payment of a deferred FX option premium liability of $68.3m (which is secured as part of the first lien term debt below);
- A first lien term debt of $252.0.m; and
- A second lien term debt of $147.0m.

Strategic Report (continued)

Going concern (continued)

In addition, as part of the amendments described below on 8 May 2022, Integro Parent Inc was given access to an additional bridge facility of $12.5m. This facility (which is secured as part of the first lien debt above) was drawn in full on 10 May 2022.

As discussed further in Note 34 on 8 May 2022 AUB Group Limited, an ASX200 listed group comprising insurance brokers and underwriting agencies, entered into a binding agreement to purchase the Tysers Group (the "Transaction"). In order for Integro Parent Inc and the Tysers Group to remain in compliance with the conditions of the secured debts until the completion of the Transaction, the secured debts were amended and extended on 8 May 2022. The maturity and required repayment dates of the secured debts is now determined by the earlier of:

- The completion of the acquisition of the Tysers Group by AUB Group Limited;
- 8 May 2023 (for the first lien) and 8 May 2024 (for the second lien); or
- The termination of, or upon material amendment to, the binding agreement that the current shareholders of the Tysers Group have agreed with AUB Group Limited.

A pre-condition of the completion of the Transaction is the release of all encumbrances, guarantees and indemnities on the Group in respect of the settlement of the various debt obligations set out above. Additionally, as part of the completion of the Transaction the loan due to Integro Parent Inc will be refinanced by or reassigned within the AUB Group.

The Transaction is subject to regulatory approval which is in progress and pre completion conditions which are expected to be satisfied during August 2022. As the Transaction is not complete as at the date of approval of these financial statements, and Integro Parent Inc has yet to secure the necessary funding for the secured debts, which is expected to be achieved when the Transaction completes, there is considered to be a material uncertainty over the Company's and the Group's ability to continue as going concerns.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2.2 of the financial statements.

Section 172 Statement

The Group has an established Governance, Risk Management and Internal Control Framework that facilitates Board and Committee oversight. The Framework also ensures that Directors take into account all relevant factors in accordance with their duties prior to making and minuting major Board decisions and that the Board makes decisions for the long-term success of the Group and its stakeholders including customers, suppliers, regulators, and employees. The Board considers conclusions from the Group's regular review of the Framework to improve Board and Committee activities and decision-making processes.

Supplier payment policy and performance

It is the Group's policy to agree appropriate terms and conditions in advance with its suppliers and to make payments in accordance with those terms and conditions, provided that the supplier has complied with them.

Regulatory relationships

The Group has relationships with regulators in multiple jurisdictions in which operates. The engagement with regulators is conducted in a transparent manner, facilitated by the Group's legal and compliance team which reports on a regular basis to the board and deals with any ad hoc matters.

Strategic Report (continued)

Section 172 Statement (continued)

Shareholder
Odyssey Investments Partners, via its fund, is the ultimate shareholder and its engagement is essential for the long-term success of the Group. Our shareholder and fund holders are engaged through Group board meetings and quarterly updates on business performance. The discussions covered include performance of the Group, acquisition strategy, group capital requirements, enterprise risk management, employee compensation, and strategic direction of the Group including potential sale and impact of ongoing financial guarantee obligations.

Employment policies and diversity
During the period the Group employed an average of 1,073 people (2020: 1,158 people), most of whom are employed in the United Kingdom.

The Board recognises that the continuing success of the Group depends on its employees and is adopting policies designed to retain, attract, develop and train talented individuals and teams.

The Group is an equal opportunities employer and bases decisions on an individual's ability regardless of race, religion, gender, age or disability. The Group's equal opportunities policy is designed to ensure that all applicants are given the same consideration when they apply for jobs and that all employees enjoy the same training, career development and prospects.

In 2021, the Group has ensured continued support for staff working from home and developed a strategy to enable flexible working conditions. This 'Work Anywhere' project not only provides more choice to employees, but additionally enables the Group to attract and retain a more diverse workforce from a broader geographical base.

Clients
Client care is within the Board's main areas of interest. Listening to our clients' needs and acting in their best interest is our priority. Working within international markets, we bring innovative and tailored solutions to our customers, and once established, we maintain long lasting relationships with them. The Group's engagement with clients is routinely discussed in the board pack at the quarterly board meetings.

Approval

This report was approved by the board of Directors on 15 August 2022 and signed on its behalf:

DocuSigned by:
Andrew Westenberger
3B49F05EEDD24ED...
Andrew Westenberger
Director

Directors' Report

The Directors present this report together with the Strategic Report, consolidated financial statements and auditor's report for the year ended 31 December 2021.

Business review and activities

The principal activities of the Group are set out in the Strategic Report on page 3. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report on pages 3 to 12. Details of the principal risks and uncertainties are included in the Strategic Report.

Information on likely future developments of the Group is disclosed in the Strategic Report on page 9 to 10.

Directors

The Directors who held office during the year and those in office at the date of this report were as follows:

A Westenberger		
K A Cross	appointed	2 October 2020
C S Buesnel	appointed	2 September 2021
S J H Palmer	resigned	1 July 2021

Company secretary

On 24 August 2021, Sian Woods was appointed as Company Secretary.

Results and dividend

The results of the Group for the period are set out on page 23. The loss for the year was £53.8m (2020: £44.6m).

During the year the Company did not declare an interim dividend (2020: £nil). The Directors do not recommend the payment of a final dividend (2020: £nil).

Directors' and officers' liability

The Group has made qualifying third-party indemnity provision for the benefit of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision was in place during the period and remains in force as at the date of approving this Directors' Report.

Corporate governance

The Board discharges its responsibilities by providing effective governance and oversight to the Group within a framework of prudent and proportionate controls, which enables risk to be assessed at an early stage and proactively managed. The Board sets the Group's strategic aims and ensures that the necessary financial and human resources are in place for the Group to meet its business commitments. The Board regularly monitors management's performance.

Directors' Report (continued)

Corporate governance (continued)

The Board maintains a schedule of matters, which are specifically reserved for its decision. Such matters include, but are not limited to, the final approval of the annual budget and strategic plan, major acquisitions and disposals, material contracts, and any changes to the Group's financing arrangements. It has also adopted a framework of delegated commercial and operational authorities, which define the scope of the executive officers' powers and those of subsidiary management.

The Board of Directors convene at least four times a year at formal Board meetings.

The Group's overriding objective is to maximise long-term shareholder value whilst meeting the needs of regulators, clients and employees. The Board has overall responsibility for the Group's identification and evaluation of key risks and ensuring appropriate systems of internal control are in place. This includes reviewing financial, operational and compliance controls and risk management procedures. The role of executive management is to implement the Board's policies on risk and control and present assurance on compliance with these policies by the Group. All group employees are accountable for operating within these policies.

Financial Risk Management

The Group's financial risk management is described in the principal risks and uncertainties section of the Strategic Report.

Share capital

The Group's issued share capital at the beginning and end of the financial year was £0.5m.

Political contributions

No political contributions were made during the period (2020: £nil).

Capital contribution

The capital contribution has no voting rights attached. No capital contribution has been received from the Group's ultimate parent company during the year (2020: £nil).

Events after the reporting period

Information relating to events after the reporting period is given in note 34 of the financial statements.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings.

Directors' Report (continued)

Learning and development

The education and development of the Group's employees are a priority. With the intent of attracting, recruiting, developing and retaining key employees, the Group maintains a number of policies and procedures, such as an equal opportunities policy.

Employee development is encouraged through appropriate training. Regular and open communication between management and employees is viewed as essential for motivating a highly educated workforce. Briefings are held regularly to provide business updates and give opportunities for questions and feedback.

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 employees becoming disabled, every effort is made to ensure their employment with the Group continues and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

Health and safety

The Group has well-developed health and safety policies and procedures, safeguarding employees, contractors and visitors in compliance with applicable registration and practice.

Clients and Suppliers

Clients and suppliers are managed, and due diligence is performed in line with the Group's policies and additional risk assessments are undertaken based on a range of criteria. Suppliers are monitored in terms of value of their offerings from both a financial but also market development perspective. Product suppliers are consistently benchmarked to ensure they are working with the Group to maximise both customer as well as shareholder value. Significant operational and exceptional expenditure is reported to the Board.

Carbon Reporting

The Group is currently in the process of designing and implementing processes to reduce its carbon footprint. Its work involves reducing its environmental impact and carbon emissions through improvements to energy efficiency in its operations, reducing the need for business travel through the use of virtual meeting technologies, promoting recycling and reducing the waste sent to landfill.

The Group has a global workplace vision and coordinated strategy that encompasses real estate and workplace transformation, hybrid and remote working ("Work Anywhere"). This includes an office consolidation programme. The adoption of Work Anywhere and hybrid working gives the Group's employees more choice over how and where they work, utilising technology that enables remote working. Through office consolidation and remote working, the Company continues to deliver benefit in the form of overall reductions in office energy use and commuting.

Directors' Report (continued)

Carbon Reporting (continued)

During this period the Group completed its office consolidation programme. In the period from March 2020 to March 2022 the London office carbon footprint reduced by 53%. The Group also enacted its hybrid working strategy, significantly reducing the need for staff to travel to attend offices globally. Both initiatives have significantly reduced the carbon emissions of UK operations.

As the impact of the pandemic has receded, travel (and in particular air travel) has resumed as a fundamental requirement of a growing and successful international broking business. This became a key area of focus for carbon emissions reduction. In H2 2022 the Group will implement a carbon offsetting solution with a view to making the business air travel fully carbon neutral.

The continuous development and implementation of carbon footprint reduction initiatives remains an important focus for the Group.

Methodology:
The Group has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information has been obtained directly from energy suppliers. Transport mileage data was provided for company and employee-owned vehicles. CO2 emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information and retained within the organisations data file for reference where required. The table below shows the energy consumption of the Group's principal subsidiary, TIBL.

	2021			2020		
	Scope	**kWh (Annual)**	**t/CO_2e**	**Scope**	**kWh (Annual)**	**t/CO_2e**
Flight & Rail	Scope 3	1,185,345	392	Scope 3	4,144,297	1370
Vehicle Fleet	Scope 1	332,175	93	Scope 1	203,436	57
Electricity	Scope 2	386,824	90	Scope 2	315,443	74
			575			**1501**
Intensity Ratio per FTE			0.58			1.54

Directors' Report (continued)

The Independent Auditor, Ernst & Young LLP, will be proposed for reappointment at the Group's Board meeting in accordance with section 485 of the Companies Act 2006.

Directors' statement as to disclosure of information to the Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 13. Having made enquiries of fellow Directors and of the Company's Auditor, each of these Directors confirms that:

- so far as each Director at the date of approving this Report is aware, there is no information relevant to the audit of the Group's financial statements for the period ended 31 December 2021 of which the Group's Auditor is unaware; and
- each Director has taken all the steps that he is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Andrew Westenberger
3B49F05EEDD24ED...

Andrew Westenberger
Director

15 August 2022

Statement of Directors' Responsibilities
For the year ended 31 December 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, being FRS 102 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRO INSURANCE BROKERS HOLDINGS LIMITED

We have audited the financial statements of Integro Insurance Brokers Holdings Limited ('the company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise:

Group:

- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Changes in Equity;
- Consolidated Statement of Cash Flows; and
- Related notes 1 to 36 including a summary of significant accounting policies.

Company:

- Parent Company Statement of Financial Position;
- Parent Company Statement of Changes in Equity; and
- Related notes 1 to 17 including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the group's and of the company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Material uncertainty related to going concern

We draw attention to Notes 2.2 and 3.2 in the consolidated and parent company financial statements respectively, which describes that the going concern assessment of the group and the company is linked to the ability of its intermediate parent company, Integro Parent Inc, to repay the group's secured debts, which is expected to be achieved when the AUB Group Limited purchase of the Tysers Group as described in Note 34 completes.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRO INSURANCE BROKERS HOLDINGS LIMITED

Material uncertainty related to going concern (continued)

As stated in Notes 2.2 and 3.2 in the consolidated and parent company financial statements respectively, these events or conditions, along with the matters set forth in note 32 of the consolidated financial and note 14 of parent company financial statements "Financial Guarantee" indicate that a material uncertainty exists that may cast significant doubt on the group and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRO INSURANCE BROKERS HOLDINGS LIMITED

Matters on which we are required to report by exception (continued)

- 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 parent company 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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 18, 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 Group's and 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 group or 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and company and determined that the most significant are the relevant laws and regulations related to elements of Companies Act 2006 and UK tax legislation.

- We understood how the group and company are complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the company's principal UK subsidiary and UK regulator, reviewed minutes of the Board of Directors and relevant committees and gained an understanding of the group and company's approach to governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRO INSURANCE BROKERS HOLDINGS LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. We also considered the controls that the group and company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and management for their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the group's and company's methods of enforcing and monitoring compliance with such policies. Further, we performed audit procedures which included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.

- In respect of the matter described in Note 32 of the consolidated financial statements – Regulatory Matters - we embedded our forensic specialists as part of the audit team to assess the sufficiency of the investigation performed by management to date supported by their external legal counsels and forensic accountant. We also reviewed key materials related to management's investigation including correspondence with the UK and US law enforcement agencies, regulators and external legal counsels' advice. We supplemented this review with various discussions with the legal counsels and forensic accountant engaged by management.

- In addition, we considered the impact of COVID-19 on the group and company, including an assessment of the consistency of operations and group-wide controls in place as they transitioned to operating remotely for a significant portion of 2021, and making inquiries with management via use of videoconferencing.

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

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.

DocuSigned by:
Ernst & Young LLP
761F4B486BF8436...

Neeta Ramudaram (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

15 August 2022

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	**168,172**	183,441
Other operating income	5	**13,876**	14,065
Administrative expenses	6	**(213,406)**	(224,299)
Operating loss		**(31,358)**	(26,793)
Interest receivable and similar income	9	**903**	1,447
Interest payable and similar charges	10	**(22,083)**	(20,391)
Gain/(loss) on disposal of investments	11	**2,377**	(1,239)
Exceptional items	12	**(7,842)**	1,000
Share of results from associates		**(38)**	(183)
Loss before taxation		**(58,041)**	(46,159)
Tax credit	13	**4,231**	1,525
Loss for the year		**(53,810)**	(44,634)
Attributable to:			
Non-controlling interest	35	**73**	(129)
Owners of the company		**(53,883)**	(44,505)
		(53,810)	(44,634)
Other comprehensive income			
Loss for the year		**(53,810)**	(44,634)
Foreign currency translation adjustment		**296**	(122)
Remeasurement of the pension scheme defined benefit liability	26	**5,309**	(5,202)
Increase in provision for annuity payments	26	**(64)**	(8)
Recognition of currency forward hedge reserve		**-**	(413)
Tax relating to components of other comprehensive income	13	**(678)**	1,062
Other comprehensive income / (loss) for the year		**4,863**	(4,683)
Total comprehensive loss for the year		**(48,947)**	(49,317)
Attributable to:			
Non-controlling interest	35	**173**	(209)
Owners of the company		**(49,120)**	(49,108)
		(48,947)	(49,317)

All amounts relate to continuing operations

The notes on pages 27 to 70 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Company number: 04016257

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Goodwill	15	**187,466**	221,086
Other intangibles assets	16	**4,163**	4,052
Tangible assets	17	**6,228**	6,789
Investment in associate	18	**2,036**	2,074
Other investments	19	**-**	2,047
		199,893	236,048
Current assets			
Debtors	20	**85,744**	108,224
Deferred tax asset	13	**9,508**	5,369
Fiduciary cash	21	**213,339**	190,408
Cash at bank and in hand		**20,315**	11,821
		328,906	315,822
Creditors - amounts falling due within one year	22	**(273,835)**	(259,927)
Net current assets		**55,071**	55,895
Total assets less current liabilities		**254,964**	291,943
Creditors – amounts falling due after more than one year	23	**(334,350)**	(312,416)
Other Provisions	25	**(8,427)**	(10,788)
Pensions and similar obligations	26	**(9,069)**	(16,405)
Provisions for liabilities		**(17,496)**	(27,193)
Net liabilities		**(96,882)**	(47,666)
Capital and reserves			
Called up share capital	28	**500**	500
Share premium	29	**11,415**	11,415
EBT reserves	29	**594**	2,624
Retained earnings		**(110,340)**	(63,054)
Foreign currency translation reserve		**114**	(82)
Non-controlling interest	35	**835**	931
Total equity		**(96,882)**	(47,666)

The consolidated financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 15 August 2022:

DocuSigned by:
Andrew Westenberger
3B49F05EEDD24ED...
Andrew Westenberger
Director

The notes on pages 27 to 70 form an integral part of these consolidated financial statements.

Integro Insurance Brokers Holdings Limited

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Share Capital £'000	Share Premium £'000	EBT Reserves £'000	Retained Earnings £'000	Foreign currency translation reserve £'000	Non-controlling interest £'000	Total £'000
As at 1 January 2020		500	11,415	3,821	(13,988)	(40)	204	1,912
EBT movement	29	-	-	(1,197)	-	-	-	(1,197)
Acquisition of RFIB Group	35	-	-	-	-	-	936	936
Loss for the year		-	-	-	(44,505)	-	(129)	(44,634)
Currency translation differences					-	(42)	(80)	(122)
Tax relating to components of other comprehensive	13	-	-	-	1,062	-	-	1,062
Recognition of currency forward hedge reserve		-	-	-	(413)	-	-	(413)
Remeasurement of the pension scheme defined benefit liability	26	-	-	-	(5,202)	-	-	(5,202)
Increase in provision for annuity payments	26	-	-	-	(8)	-	-	(8)
At 31 December 2020		**500**	**11,415**	**2,624**	**(63,054)**	**(82)**	**931**	**(47,666)**
EBT movement	29	-	-	(2,030)	2,030	-	-	-
Loss for the year		-	-	-	(53,883)	-	73	(53,810)
Currency translation differences					-	196	100	296
Disposal of Non-controlling interest	35	-	-	-	-	-	(269)	(269)
Tax relating to components of other comprehensive	13	-	-	-	(678)	-	-	(678)
Recognition of currency forward hedge reserve		-	-	-	-	-	-	-
Remeasurement of the pension scheme defined benefit liability	26	-	-	-	5,309	-	-	5,309
Increase in provision for annuity payments	26	-	-	-	(64)	-	-	(64)
At 31 December 2021		**500**	**11,415**	**594**	**(110,340)**	**114**	**835**	**(96,882)**

The notes on pages 27 to 70 form an integral part of these consolidated financial statements.

Integro Insurance Brokers Holdings Limited

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Net cash generated from / (used in) operating activities	36	**10,949**	(19,946)
Cash flow from investing activities			
Acquisition of businesses net of cash acquired	14	-	(77,730)
Purchase of intangible assets	16	**(1,392)**	(475)
Purchase of tangible assets	17	**(1,412)**	(3,318)
Payment of cash to EBT investees		-	(155)
Proceeds from sale of investments	11	**3,067**	840
Interest received	9	**363**	723
Net cash generated from/(used in) investing activities		**626**	(80,115)
Cash flow from financing activities			
Repayment of deferred consideration in respect of prior year business combination	24	**(3,666)**	(223)
Proceeds from maturities of forward currency contracts		**554**	-
		(3,112)	(223)
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		**8,463**	(100,284)
Cash and cash equivalents at the beginning of the year		**11,821**	112,067
Exchange gain on cash and cash equivalents		31	38
Cash and cash equivalents at the end of the year		**20,315**	11,821
Cash and cash equivalents consist of:			
*Cash at bank and in hand		**20,315**	11,821

*Cash at bank also includes restricted cash of £1.4m (2020: £nil) held in accordance with FCA Threshold Conditions TC2.4.

The notes on pages 27 to 71 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2021

1. Presentation of the financial statements

General information
Integro Insurance Brokers Holdings Limited is a private limited company limited by shares and domiciled in England. The address of its registered office is 71 Fenchurch Street, London, EC3M 4BS.

Statement of compliance
These are the Group's first consolidated financial statements prepared in compliance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006".

Composition of financial statements
The consolidated financial statements are drawn up in pound sterling, the presentational currency of Integro Insurance Brokers Holdings Ltd. The financial statements comprise:

- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flow statement
- Notes to the consolidated financial statements

Composition of the UK Group
A list of the subsidiaries and associates which, in the opinion of the Directors, principally affected the amount of profit or net assets of the Group is given in Note 6 of Company accounts (see page 83), 'subsidiaries undertakings.

Financial period
These financial statements cover the financial year from 1 January to 31 December 2021, with comparative figures for the financial years from 1 January to 31 December 2020.

Parent company financial statements
A separate parent company financial statements of Integro Insurance Holdings Ltd ("the Company"), have been prepared in accordance with UK GAAP and with UK accounting presentation. The company balance sheet is presented on page 72 and the accounting policies are given on pages 74 to 89.

2. Summary of significant accounting principles and policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of accounting

These consolidated financial statements have been, under the historical cost convention, presented in GBP sterling (£) and all values are rounded to the nearest thousand pounds, except when otherwise indicated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Notes to the consolidated financial statements for the year ended 31 December 2021

2. Summary of significant accounting principles and policies (continued)

2.2 Going concern

As at 31 December 2021, the Group had a net liability position of £96.9m (2020: £47.7m). The net liability position arises as a result of the £332.8m (2020: £312.4m) loan due to an intermediate parent company, Integro Parent Inc. This loan has a fixed maturity date on 31 December 2023. The Directors are satisfied that the Group has adequate resources to continue in operational existence for the period up to 31 December 2023, subject to the material uncertainty described below.

The Directors consider the going concern basis for preparing these financial statements to be appropriate, notwithstanding the material uncertainty discussed below, following an assessment of the Group's financial performance, financial position, its subsidiaries' regulatory solvency position, and its ability to meet its obligations as and when they fall due. This assessment has considered a base case profitability and cash flow projections and various stresses which cover the period up to 31 December 2023, taking into account the principal risks facing the Group, including the potential financial and operational impacts of the current economic and business environment, including matters such as insurance market conditions, inflation, the Russia and Ukraine conflict, and the continuing trade recovery following the recent COVID-19 pandemic. The Group's business activities, together with the factors likely to affect its future development and the principal risks and uncertainties are described in the Strategic Report.

Whilst the Directors have prepared the financial statements on a going concern basis, there is considered to be a material uncertainty related to the Company and a number of its subsidiaries being party to the secured debts of an intermediate parent company, Integro Parent Inc, under which they are pledged as security. Most significantly, in December 2019, the Company and a number of its subsidiaries entered into a contractual agreement pursuant to which they issued joint and several financial guarantees over the obligations of the Integro Parent Inc and other credit parties within the Tysers Group (see Note 32 "Financial Guarantee"). Therefore, the Group's going concern assessment is linked to the ability of Integro Parent Inc, to repay these secured debts as they fall due. The details of the secured debts as at 31 December 2021 are as follows:

- A revolving credit facility (RCF) of $62.5m (which is secured as part of the first lien term debt below);
- The payment of a deferred FX option premium liability of $68.3m (which is secured as part of the first lien term debt below);
- A first lien term debt of $252.0.m; and
- A second lien term debt of $147.0m.

In addition, as part of the amendments described below on 8 May 2022, Integro Parent Inc was given access to an additional bridge facility of $12.5m. This facility (which is secured as part of the first lien debt above) was drawn in full on 10 May 2022.

As discussed further in Note 34 on 8 May 2022 AUB Group Limited, an ASX200 listed group comprising insurance brokers and underwriting agencies, entered into a binding agreement to purchase the Tysers Group (the "Transaction"). In order for Integro Parent Inc and the Tysers Group to remain in compliance with the conditions of the secured debts until the completion of the Transaction, the secured debts were amended and extended on 8 May 2022. The maturity and required repayment dates of the secured debts is now determined by the earlier of:

2. Summary of significant accounting policies (continued)

2.2 Going concern (continued)

- The completion of the acquisition of the Tysers Group by AUB Group Limited;
- 8 May 2023 (for the first lien) and 8 May 2024 (for the second lien); or
- The termination of, or upon material amendment to, the binding agreement that the current shareholders of the Tysers Group have agreed with AUB Group Limited.

A pre-condition of the completion of the Transaction is the release of all encumbrances, guarantees and indemnities on the Group in respect of the settlement of the various debt obligations set out above. Additionally, as part of the completion of the Transaction the loan due to Integro Parent Inc will be refinanced by or reassigned within the AUB Group.

The Transaction is subject to regulatory approval which is in progress and pre completion conditions which are expected to be satisfied during August 2022. As the Transaction is not complete as at the date of approval of these financial statements, and Integro Parent Inc has yet to secure the necessary funding for the secured debts, which is expected to be achieved when the Transaction completes, there is considered to be a material uncertainty over the Company's and the Group's ability to continue as going concerns.

2.3 Basis of consolidation

The consolidated financial statements include:

- the assets and liabilities, and the results and cash flows, of the Group and its subsidiaries.
- the Group's share of the results and net assets of associates

Subsidiaries are consolidated from the date of acquisition, being the date when the Group obtains control and are consolidated until the date that such control ceases.

Where the reporting date and reporting period of a subsidiary are not the same as the parent's reporting date and reporting period, the consolidated financial statements are made up:

- from the financial statements of the subsidiary as of its last reporting date before the parent's reporting date, adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements, provided that reporting date is no more than three months before that of the parent; or

- from interim financial statements prepared by the subsidiary as at the parent's reporting date.

The financial statements of entities consolidated are made up to 31 December each year. Entities over which the Group has the power to direct the relevant activities so as to affect the returns to the Group, generally through control over the financial and operating policies, are accounted for as subsidiaries.

Where the Group has the ability to exercise significant influence over entities, they are accounted for as associates. The results and assets and liabilities of associates are incorporated into the consolidated financial statements using the equity method of accounting. The financial statements of the equity-accounted entities are prepared for the same reporting year as the Group.

2. Summary of significant accounting policies (continued)

2.4 Business combinations

Transactions and balances between consolidated subsidiaries are fully eliminated on consolidation.

The non-controlling interests are included in equity under the line item "Total equity" in the consolidated statement of financial position. As part of the consolidated statement of comprehensive income, the non-controlling interests are included in the total comprehensive income/loss attributable to non-controlling interests.

Business combinations are accounted for by applying the purchase method. The identifiable assets acquired, and liabilities are recognised at their fair value at the date of acquisition.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill arising on acquisition is capitalised in the Statement of Financial Position at cost less any provision for impairment and is amortised through the Statement of Comprehensive Income in equal instalments over a maximum of ten years, being the period over which benefit is expected to be derived.

2.5 Interest in associates

The results of the associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment is carried on the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity, less distribution received and less any impairment in value of the investments.

2.6 Disposal of subsidiaries

Where the Group disposes of its controlling interest in a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.7 Foreign currency translation

Presentation currency
The Group's presentation currency is the pound sterling ("£").

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translations at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income for the period.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Administrative expenses'.

2.8 Foreign operations

On consolidation, the results and financial position of foreign subsidiaries and branches are translated into the presentation currency of the Group from their functional currencies, i.e., the currency of the primary economic environment in which the entity operates. Assets and liabilities of foreign subsidiaries and branches are translated into GBP at the exchange rate prevailing at the reporting date. Income and expenses are translated into GBP using an average exchange rate. The impact of these currency translations is recorded in other comprehensive income and recognised in the foreign currency translation reserve in equity.

2.9 Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, rebates, VAT and other sales-related taxes. Turnover represents net invoiced fees from delivery of services and contracts.

Brokerage income is earned as of the effective date of the underlying insurance agreement since substantially all services have been rendered at that date. Brokerage and commission revenues which result from adjustments to the underlying premiums are recorded when they are reported to the Group. Management reviews the calculation of brokerage and fee income to ensure that revenues are fairly stated at the end of each period. Brokerage income received prior to the effective date of the underlying insurance agreement is deferred until services have been rendered. Brokerage in respect of quota share and binding authority business is recognised when the premiums are declared.

2.10 Other operating income

Profit commission
Profit commissions due to the Group are recognised when they are deemed to be probable and can be reliably measured, and typically over a period of two years from the inception of the relevant insurance distribution arrangement.

2. Summary of significant accounting policies (continued)

2.10 Other operating income (continued)

An estimate for the total profit commission due to the Group under each insurance distribution arrangement is calculated using the formula set out within the relevant insurance distribution agreement, together with notified premium and claim data and other appropriate information provided by the underwriter or other third parties. The recognition of this estimate is then deferred so that 50% of it is recognised at the conclusion of the insurance distribution arrangement (typically 1 year from its inception), and 50% of it is recognised upon the expiry of the period of risk of all insurance policies placed under the insurance distribution arrangement (typically 2 years from the inception of the insurance distribution arrangement and 1 year insurance policies), or at the point of the settlement of cash if this is earlier. Overrider commissions are recognised by applying the contractual percentage to the notified or estimated (if available) premium balance placed by the Group under the appropriate insurance distribution arrangement, or at the point of the settlement of cash if this is earlier.

Premium financing
Fees for the provision of payment instalment plans are recognised over the life of the relevant arrangement.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income includes that receivable on fiduciary cash balances held.

2.11 Employee Benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Wages and salaries
Wages and salaries, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Share based payments
A number of the Group's employees participate in Integro Group Holdings LP's, the ultimate parent entity's, share based payment scheme. As the Group receives services from these employees as consideration for share-based payments granted by parent entity, the Group recognises a cost in its Statement of Comprehensive Income, even though the Group is not legally party to the transaction.

Integro Group Holdings LP ("Integro Group") recognises the fair value of equity-based compensation as an expense over that period in which entitlement to the compensation vests under the fair value-based measurement method as described in the Group consolidated financial statements.

The Group has elected, in accordance with section 26.16 of FRS 102, to recognise and measure the expense on the basis of a reasonable allocation of the group expense. A group recharge is calculated based on allocation of the total Group charge based on the number of share-based payment awards held by the Group's employee. As the Group settles this recharge as part of its intercompany settlement process, the overall impact of the transaction is a charge to the Consolidated Statement of Comprehensive Income and credit to the intercompany account.

Notes to the consolidated financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

Pension costs

Defined Benefits Pension Scheme: The Group has two defined benefit pension plans (2020: two defined benefit pension plans).

The amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income.
Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus, otherwise deficit which presents in the Statement of Financial Position. The Group recognises a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Deferred tax is charged or credited to Other Comprehensive Income for items that are charged or credited directly in Other Comprehensive Income. Deferred tax charged or credited with items charged or credited to the Consolidated Statement of Comprehensive Income are charged or credited to the Consolidated Statement of Comprehensive Income.

Annuities: an estimate of the current value of payments due to be made to a small number of annuitants has been determined on the basis of actuarial advice. Actuarial gains or losses are recognised in the Other Comprehensive Income. Any interest is recognised in the Profit and Loss. The liability has been presented on the face of the Statement of Financial Position within pension and other similar obligations.

Defined contribution scheme: the amount charged to the Consolidated Statement of Comprehensive Income in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position. As part of the transfer of RFIB Group Limited's trade assets and liabilities, including its employees, the Group continues to make payments into related defined contribution schemes.

2.12 Operating leases

The Group accounts for the leases of all offices as operating leases. Operating lease rentals are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease, even if the payments are not made on such a basis.

2. Summary of significant accounting policies (continued)

2.13 Interest payable and similar charges

Interest payable and similar charges are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.14 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

Current tax, including UK Corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided for in full, using the liability method, and recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable timing differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the timing differences can be controlled and it is probable that the timing differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible timing differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible timing differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible timing difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible timing differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the timing differences will reverse in the foreseeable future and taxable profit will be available against which the timing differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

2. Summary of significant accounting policies (continued)

2.14. Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to Other Comprehensive Income for items that are charged or credited directly in Other Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.15 Intangible assets

Goodwill
Goodwill arising on acquisition is capitalised in the Consolidated Statement of Financial Position at cost less any provision for impairment and is amortised through the Statement of Comprehensive Income on a straight-line basis over a maximum of 10 years, being the period over which benefit is expected to be derived.

Software and website
Software costs are capitalised in the Statement of Financial Position and amortised over 3-5 years, being the period over which benefit is expected to be derived, unless the expected useful economic life is deemed to be longer by management. Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value or amortisation rate are amended prospectively to reflect the new circumstances and any associated expense charged to the Consolidated Statement of Comprehensive Income.

Trade name
Trade name is stated at cost less provisions for amortisation and impairment.

Trade name acquired in a business combination, separately from goodwill when all three of the following conditions are met:

(a) the recognition criteria are met (i.e., that it is probable that economic benefits will flow, and the value of the asset can be measured reliably);
(b) the intangible asset arises from contractual or other legal rights; and
(c) the intangible asset is separable.

Trade name is separately acquired or acquired as part of a business combination are amortised over their estimated useful lives of 10 years, using the straight-line basis from the time they are available to use.

2. Summary of significant accounting policies (continued)

2.15 Intangible assets (continued)

The carrying value of trade name is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

2.16 Tangible assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Costs include the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. The Group's policy is to provide depreciation at rates calculated to write off the cost of the tangible fixed assets on a straight-line basis over their effective useful lives. The rates used are as follows:

Leasehold improvements	Lease period
Fixtures & fittings	5 years
Computer equipment	3 years

Gains or losses on the sale of tangible fixed assets are recognised in the period of disposal of the asset. Improvements which extend the useful lives of assets are capitalised. Repairs and maintenance are expensed as incurred.

2.17 Impairment of non-financial assets

The carrying values of all non-financial assets, including goodwill and other intangibles assets are reviewed for impairment, either on a stand-alone basis or as part of a larger cash generating unit, when there is an indication that the assets might be impaired. Any provision for impairment is charged to the Consolidated Statement of Comprehensive Income in the year concerned.

Impairment is performed by comparing carrying value to the recoverable amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

Impairments of goodwill are not reversed. Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

2.18 Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
Basic financial assets, including trade and other debtors, rental deposits and amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Notes to the consolidated financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

2.18 Financial instruments (continued)

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. However, the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

In its capacity as an insurance broker or agent, the Group collects premiums from insureds and, after deducting its commission, remits the premiums to the respective insurance companies ('underwriters'). The Group also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims ('Fiduciary cash') are held separate from the Group 's operating cash and are not made available for corporate use, thus are shown in the Statement of Financial Position separate from the Group 's operating and investment accounts.

Debtors and creditors arising from a transaction between the client and insurers (e.g., a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals recorded internally in respect of insurance broking debtors and insurance broking creditors. Whereas prior to receipt of fiduciary monies the insurance broker has no effective contractual right to any premium or claim amounts due, once received the insurance broker assumes a degree of risk, reward and control.

As such, only the fiduciary cash received, along with the corresponding onward liabilities, are recognised on the Statement of Financial Position.

The Group reviews the collectability of its brokerage receivables balance on an individual account by account basis. An allowance for doubtful accounts is established and charged to administration expenses if it is probable that the debtor will be unable to pay, and the amount of the uncollectible balance can be reasonably estimated.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities
Basic financial liabilities, including trade creditors, deferred consideration and amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Notes to the consolidated financial statements for the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently stated at fair value obtained from quoted market prices in active markets.

Financial guarantees are recognised at the point it is deemed probable (more likely than not) to result in a financial outflow. A contingent liability is recognised when the probability of the guarantee being called upon is more than remote, but not yet probable.

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Amounts due to / from group undertakings

Amounts due from group undertakings represent resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. Amounts due to group undertakings represent present obligations of the Group arising from past events, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits.

2.20 Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits held at call with banks. Cash equivalents includes short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

2.21. Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The Group 's four main matters requiring a provision are:

Claims handling provision
The basis of the claims handling provision is to estimate and reserve a level of expenses required to handle, administer and process all claims, reported and unreported, outstanding at the balance sheet date. The timing of unwind of the provision is uncertain but expected to fully unwind over the course of five years. Any adjustment to this is released into the Consolidated Statement of Comprehensive Income. Claims handling provision expenses are incurred in connection with the negotiation and settlement of claims. They include all internal and external expenses incurred in the handling of claims. Internal expenses include all direct expenses of the claims department and any part of the general administration expenses attributable to the claims function.

Onerous lease provision
The Group provides for the cost of its operating property leases under contracts which have been abandoned. Any adjustment to this is expensed to the Consolidated Statement of Comprehensive Income.

Dilapidation's provision
The Group provides for the cost of making good the properties it vacates as obliged by the conditions of its respective lease agreements by means of a dilapidations provision. Any adjustment to this is expensed to the Consolidated Statement of Comprehensive Income.

2. Summary of significant accounting policies (continued)

2.21. Provisions (continued)

Errors and omissions
The Group provides for the expected cost, net of insurance recoveries, arising from known E&O cases and other litigation at the point at which it is deemed probable to result in a financial loss.

2.22 Exceptional Items

Exceptional items are those items the Group considers to be one-off or material in nature that should be brought to the reader's attention in understanding the Group 's financial performance.

2.23 Employee Benefit Trust

Hawkes Bay Holding Limited ("HBH"), a direct subsidiary of the Company is a sponsor of the Tyser Group Employee Share Ownership Plan 2007 ("EBT"). Accordingly, assets and liabilities of the EBT have been accounted for by the Group as an extension of its own business and recognised in the Group's financial statements. Shares held by the EBT are classified in capital and reserves, as own shares held by the EBT reserve and recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to the EBT share surplus reserve. No gain or loss is recognised on the purchase, sale issue or cancellation of equity shares.

2.24 Dividend distribution

Distributions to equity holders are not recognised in the Consolidated Statement of Comprehensive Income under FRS 102 but are disclosed as a component of the movement in shareholders' equity. A liability is recorded for a dividend when the dividend is approved by the Company's shareholders. Interim dividends are recognised when a dividend is paid.

3. Critical accounting judgements and estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual future results may differ from these assumptions and estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Management judgement is required to estimate the amount of the provision liability. The judgement is based on historical statistical information and actual costs incurred to satisfy the Group's obligations in respect of such provisions supplemented, where appropriate, by internal and external specialist advice. The four main areas where judgement is required to estimate the provisions of the Group are as noted in paragraph 2.21 above:

3. Critical accounting judgements and estimation uncertainty (continued)

Provisions (continued)

- Claims handling
- Onerous leases
- Dilapidations
- Errors and omissions and litigation claims

Valuation of pension liabilities

The Group records in its Statement of Financial Position a liability equivalent to the deficit on the Group's defined benefit pension schemes. This liability is determined with advice from the Group's actuarial advisers each year and can fluctuate based on a number of factors, some of which are outside the control of management. The main factors that can impact the valuation include:

- the discount rate used to discount future liabilities back to the present date, determined each year from the yield on corporate bonds;
- the actual returns on investments experienced as compared to the expected rates used in the previous valuation;
- the actual rates of salary and pension increase as compared to the expected rates used in the previous valuation;
- the forecast inflation rate experienced as compared to the expected rates used in the previous valuation; and
- mortality assumptions.

Details of the assumptions used to determine the liability at 31 December 2021 are set out in Note 26.

Impairment of goodwill and other intangibles

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on recoverable amount based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.
If it is not possible to estimate the recoverable amount of the individual asset, the Group estimates, the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount. An impairment loss recognised for all assets, excluding goodwill, is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Notes to the consolidated financial statements for the year ended 31 December 2021

3. Critical accounting judgements and estimation uncertainty (continued)

The Group tests goodwill and other intangibles annually for impairment. Details of the underlying assumptions and judgements applied by the Directors is explained in note 15.

Revenue recognition on profit commission
The Group makes estimates as to the profitability of certain contractual arrangements to which profit commission clauses attach to determine the quantum of profit commission the group will ultimately be due. The profitability of these contracts can be uncertain due to the value of any claims not yet settled or not yet known. In general, the value of claims is deducted from the final profit of a given portfolio when calculating the profit commission due.

Estimates of profitability of contracts are ascertained via a number of different methods, including, but not limited to:

- information provided by underwriter (be that statements or other support);
- internally generated data on premiums and/or claims; and
- experience of historic profit commissions agreements.

The Group's accounting policy is to recognise 50% of the notified claims upon the expiry of the period of risk of all insurance policies placed under the insurance distribution arrangement (typically 1 year after its inception year), with the remaining 50% being earned once the claims development data provides sufficient comfort over the profitability estimates (typically 2 years after the inception year).

4. Turnover

The table below analyses revenue by the location of the client from whom the business is derived.

	2021	2020
	£'000	£'000
Geographical analysis by location of customers		
United Kingdom & Europe	**67,625**	70,562
United States	**54,747**	60,211
South America	**3,045**	3,512
Middle East & Asia	**24,170**	26,372
Australia	**7,208**	7,070
Other countries	**11,377**	15,714
	168,172	183,441

Turnover comprises brokerage and commission.

Notes to the consolidated financial statements for the year ended 31 December 2021

5. Other operating income

Included in other operating income is:

	2021 £'000	2020 £'000
Management fees	1,528	840
Profit commission	7,447	6,627
Premium financing	458	428
Other	4,443	6,170
	13,876	14,065

Other income in 2021, includes fixed broker service fee income of £2.1m, and consultancy income of £1m.

In 2020, other income includes dividends from liquidated entities of £2m, proceeds of successful litigation in relation to an historic onerous property case amounting to £1.2m and credit write-backs of £8k.

6. Operating loss

The operating loss is stated after charging:

	2021 £'000	2020 £'000
Staff costs (Note 8)	121,131	129,530
Depreciation of tangible fixed assets (Note 17)	1,895	1,339
Amortisation and impairment of purchased goodwill (Note 15)	34,243	34,086
Amortisation and impairment of other intangible assets (Note 16)	1,162	898
Software license maintenance	6,186	5,802
Loss/(profit) on sale of tangible assets	(13)	47
Exchange losses	474	3,425
Change in dilapidation provision (Note 25)	(123)	(167)
Operating lease rentals	2,236	5,205
Utilities	4,247	205
Bad debt expense	667	263
Auditor's remuneration (Note 7)	1,782	1,343

Notes to the consolidated financial statements for the year ended 31 December 2021

7. Auditor's remuneration

During the year the following fees were paid or payable for services provided by Ernst & Young LLP and other auditors of the Group:

	2021 £'000	2020 £'000
Audit of parent company and consolidated financial statements	338	50
Audit of the company's subsidiaries	1,168	1,043
	1,506	1,093
Other services		
Audit related assurance services	232	210
	1,739	**1,303**

The fees payable to other auditors of the subsidiaries were £43k (2020: £40k).

8. Staff costs

The aggregate payroll costs of the above employees, including Directors, were as follows:

	2021 £'000	2020 £'000
Employees		
Wages and salaries	**103,252**	112,573
Social security costs	**12,169**	10,299
Share-based payments	**181**	31
Pension costs	**5,529**	6,627
	121,131	129,530

The total expense of share-based payments arises from transactions accounted for as equity settled share-based payment transactions. These are recharged from the ultimate parent company, Integro Group Holdings LP.

The monthly average number of persons employed by the Group (including Directors) during the year was as follows:

	2021 Numbers	**2020 Numbers**
Management	**11**	11
Production	**662**	746
Technical and Administration	**400**	401
	1,073	**1,158**

Notes to the consolidated financial statements for the year ended 31 December 2021

8. Staff costs (continued)

Directors' emoluments

The Directors' emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	1,169	911
Group pension contributions to money purchase scheme	10	6
	1,179	**917**

Highest paid director

The highest paid directors' emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	492	558
Group pension contributions to money purchase scheme	-	-
	492	**558**

The highest paid director is not entitled to receive any benefits under a defined benefit scheme in respect of their qualifying service.

Pension Costs

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £5.3m (2020: £5.2m) during the year.

9. Interest receivable and similar income

	2021 £'000	2020 £'000
Expected return on scheme assets (note 26)	540	724
Interest receivable	363	723
	903	**1,447**

10. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable on annuities (note 26)	(5)	(10)
Interest payable on defined benefit pension (note 26)	(736)	(957)
Other finance costs	(21,342)	(19,424)
	(22,083)	**(20,391)**

Notes to the consolidated financial statements for the year ended 31 December 2021

11. Gains /(loss) on disposal of investments

The Group disposed its controlling interest in number of entities and recognised a pre-tax gain of £2.4m (2020: loss of £1.2m) which comprises:

2021
ATL Holdings Group Pty Ltd:
In February 2021, £440k was received for the shares held in ATL Holdings Group Pty Limited, recognising the whole receipt as a gain on sale.

MCMM Services Limited
In April 2021, the Company sold its investment in MCMM Services Limited for a total consideration of £650k, making a gain of 269k.

RFIB Hong Kong Ltd
In March 2021, the Group sold its investment in RFIB Hong Kong Limited for £30k, resulting in a gain on sale of £8k.

WeSpecialty SAS
In March 2021, the Group sold its investment in WeSpecialty SAS for a consideration, and gain, of £7k.

HQ Insurance Pty Ltd
In May 2021, the Group sold its investment in HQ Insurance Pty Limited for consideration of £1.7m, resulting in a gain on sale of £1.5m.

MOI Insurance Brokers Kazakhstan
In December 2021, the Group sold its investment in MOI insurance Broker LLP for consideration of £191k resulting in a gain of £179k.

2020
In December 2020, RFIB (UK) Limited, London and Overseas Reinsurance Intermediaries Limited, RFIB Marine Limited and George Yard Run-Off Limited were placed into liquidation. As a result, loss of £150k in respect of RFIB (UK) Limited, £1.5m in respect of London and Overseas Reinsurance Intermediaries Limited, £282k in respect of RFIB Marine Limited and £181k in respect of George Yard Run-Off Limited were recognised in the year ended 31 December 2020.

At 31 December 2020, the carrying value of these investments were written down by £2.0m, resulting in a loss. As a result of the sale of small lines of business, a gain of £840k is included in the Statement of Comprehensive Income, resulting in a net loss of £1.2m.

12. Exceptional items

	2021	**2020**
	£'000	**£'000**
PAYE related historic disclosure	-	(1,000)
Proceeds from the waiving of restrictive covenants	-	2,000
Special compensation award	(7,842)	-
	(7,842)	**1,000**

The Group has recognised a liability of £7.8m (2020: £nil) in respect of Special Compensation Agreements ("SCA") granted during the second quarter of 2021 to certain employees for continued employment during 2021,2022 and 2023. The liability has been recognised on the basis a transfer of future economic benefits is considered probable at the balance sheet date and spread over the vesting period.

Notes to the consolidated financial statements for the year ended 31 December 2021

12. Exceptional items (continued)

The Group incurred £1,000k in the year ended 31 December 2020 related to an accrual of an historical PAYE liability of £1,000k, offset by proceeds received from the waiving of restrictive covenants from the exit of a small team £2,000k.

13. Tax

This note analyses the tax charge for the period and explains the factors that affect it.

(a) Analysis of tax charge reported in the Consolidated Statement of Comprehensive Income

	2021 £'000	2020 £'000
Current tax:		
UK Corporation tax on profits for the period	-	(135)
Adjustments in respect of previous periods	185	(257)
	185	(392)
Foreign tax suffered	400	442
Total current tax	585	50
Deferred tax		
Origination and reversal of timing differences	(3,151)	(1,421)
Adjustments in respect of previous periods	(115)	(208)
Effect of changes in tax rates	(1,550)	54
Total deferred tax	(4,816)	(1,575)
Total tax credit per Consolidated Statement of Comprehensive Income	(4,231)	(1,525)

(b) Analysis of tax charge reported in the other comprehensive income:

	2021 £'000	2020 £'000
Other comprehensive income items - deferred tax current year charge/(credit)	678	(1,062)

Notes to the consolidated financial statements for the year ended 31 December 2021

13. Tax (continued)

(c) Factors affecting the tax charge for the year

	2021 £'000	2020 £'000
Loss for the year	(58,040)	(46,159)
Tax on loss at the standard UK tax rate of 19.00% (2020: 19.00%)	(11,028)	(8,770)
Effects of: -		
Expenses not deductible for tax purpose	1,895	2,572
Income not taxable	(1,192)	(1,931)
Effects of super deductions	(46)	-
Transfer Pricing adjustments	428	-
Gains/rollover relief	81	-
Effects of overseas tax rates	33	40
Adjustments from previous periods	70	(465)
Tax rate changes	(1,590)	54
Deprecation on ineligible assets	56	-
Deferred tax not provided	631	276
Amortisation of goodwill	6,431	6,501
Transfer of trade	-	198
Total tax credit for the year	(4,231)	(1,525)

Notes to the consolidated financial statements for the year ended 31 December 2021

13. Tax (continued)

	2021 £'000	2020 £'000
Deferred tax has moved in the year as follows:		
Deferred tax asset at 1 January	(5,369)	(2,564)
Adjustment in respect of prior years	(115)	(205)
Income statement credit due to changes in tax rate	(4,702)	(1,370)
Deferred tax charge / (credit) in the Statement of Comprehensive Income	678	(1,062)
Movement arising from the transfer of trade	-	(168)
Deferred tax asset at 31 December	**(9,508)**	**(5,369)**

The deferred tax assets comprise the following:

Fixed asset timing differences	(359)	(181)
Short term timing differences	(3,962)	(3,311)
Losses	(5,187)	(1,877)
	(9,508)	**(5,369)**

The UK government has signalled its intention to increase the main rate of corporation tax to 25% from 19% with effect from 1st April 2023. This change was enacted on 10th June 2021. As this increased rate was enacted at the balance sheet date, the 25% rate is potentially relevant in respect of the calculation of deferred tax. Deferred tax has therefore been calculated at a rate of 19% on assets and liabilities which are expected to unwind prior to 1st April 2023 (notably in respect of bonus accruals, tax losses and the defined benefit pension scheme) and at a deferred tax rate of 25% on all other assets and liabilities which are expected to be realised after that date.

Tax losses carried forward on which a deferred tax asset is recognised amount to £22,112k (2020: £9,167k). No deferred tax asset is recognised for tax losses arising in overseas jurisdictions.

The net deferred tax asset expected to reverse in 2022 is £2,525k. This relates primarily to short term timing differences arising on bonus accruals, the defined benefit pension schemes and tax losses.

Notes to the consolidated financial statements for the year ended 31 December 2021

14. Business combinations

There were no business acquisitions during 2021.

On January 2, 2020, the Group acquired 100% of the issued share capital of Risk Transfer group Limited ("RTG"), the privately owned parent company of RFIB Group Limited, a leading independent specialist Lloyd's broker for total consideration of approximately £104m.

Goodwill determined at acquisition date was as follows:

	£'000
Purchase consideration	**103,914**
Assets	
Other investments	391
Tangible assets	3,747
Debtors	201,590
Fiduciary cash	62,090
Cash at bank and in hand	13,557
	281,375
Liabilities	
Creditors	(260,061)
Net pension scheme liability	(7,980)
Other provision	(610)
	(268,651)
Net assets acquired at acquisition	**12,724**
Goodwill	**91,190**

Purchase consideration components include cash consideration of £91.3m, share consideration of £4.3m, permitted leakage of £2.9m and employee loans of £0.9m. Transaction costs of £4.5m were capitalised on acquisition.

Goodwill is amortised using straight-line method over its useful economic life of 10 years.

Notes to the consolidated financial statements for the year ended 31 December 2021

15 Goodwill

	2021 £'000	2020 £'000
Cost		
At 1 January	**346,297**	**255,416**
Additions	-	91,190
Remeasurements of contingent consideration	623	(309)
At 31 December	**346,920**	**346,297**
Amortisation		
At 1 January	**125,211**	**91,125**
Amortisation for the year	34,243	34,086
At 31 December	**159,454**	**125,211**
Net book value		
At 31 December	**187,466**	**221,086**

The Group tests goodwill and other intangible assets for impairment where there are indicators of impairment.

An impairment test of an asset or cash-generating unit (CGU) is performed by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of sell or its value in use, where its value in use is the present value of its future cash flows.

CGUs are the smallest group of assets that independently generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. However, the Directors have determined use of single CGU in the light of the following:

- Goodwill and intangibles as arisen over the course of historical business acquisitions, two largest being the Tysers and RFIB group purchases, containing multiple different teams which on integration have been combined with existing divisions.

- The Group's business strategy of acquisitions is to integrate businesses from a teams' resource perspective including brokers, broker support, operational and corporate support as well as technology and infrastructure. Even where there is ongoing use of historic Policy Admin Systems (PAS), because of the team integration post acquisition it is not feasible to identify original identifiable cashflows; tracing the business cashflows back to the specific corporate acquisitions is not possible post integration.

An impairment test requires the application of significant judgement because it relies on key assumptions, including forecast cash flows, a discount rate, a terminal growth rate and an EBITDA multiple.

15 Goodwill (continued)

Under FRS 102 Section 27, cash flow projections used to estimate an asset's value in use should be based on the most recent financial forecasts that have been approved by management.

The Group performed the detailed impairment review using discounted cash flow model which included the following assumptions:

- Free cash flow is derived from business forecast for the next four years from 2022 to 2025
- A discount rate of 11.3% is used to calculate the present value of future cash flows
- The terminal rate is assumed to be 1.7%
- The Directors consider the forecast financial results to represent a reasonable representation of the outlook as at the Valuation Date.

Discount rate
The Group has selected a pre-tax required of return of 11.3% (2020: 13.25%). This has been calculated as the cost of capital for the Group using a CAPM analysis.

Terminal growth rate
A terminal growth rate for an entity will primarily reflect the long-term growth rate expected in the economy within which it is operating. Given that the cash flows and discount rates of the Group are presented with GBP as the functional currency, the appropriate terminal growth rate should be presented as a nominal growth rate in GBP. Hence, the most appropriate growth benchmark is a UK nominal growth rate.

A simple proxy for the nominal growth rate of an economy is the risk-free rate. Therefore, the UK risk free rate is most relevant when considering the appropriate long-term growth rate for the Group. However, the Group operates in 140 countries and hence consideration have been given to the global market that the Group operates in. Therefore, terminal growth rate of 1.7% is used.

The risk-free rates of major jurisdictions are outlined in the table below:

Jurisdiction	Yield 30 Year Government bond
UK	1.0%
Europe	2.0%
USA	1.8%
Japan	0.7%

Jurisdiction	GDP Growth rate
UK	1.8%
Europe	1.7%
Advanced economies	1.6%
Developing economies	4.4%
World	3.3%

Notes to the consolidated financial statements for the year ended 31 December 2021

16. Other intangible assets

	Software and website £'000	Trade name £'000	Total £'000
Cost			
At 1 January 2021	**2,916**	**4,000**	**6,916**
Additions	1,392	-	**1,392**
Disposals	(201)	-	**(201)**
At 31 December 2021	**4,107**	**4,000**	**8,107**
Amortisation			
At 1 January 2021	**1,831**	**1,033**	**2,864**
Amortisation for the year	762	400	**1,162**
Disposals	(82)	-	(82)
At 31 December 2021	**2,511**	**1,433**	**3,944**
Net book value			
At 31 December 2021	**1,596**	**2,567**	**4,163**
At 31 December 2020	1,085	2,967	4,052

Other intangibles above represent trade name "Tysers" acquired in 2018 as part of the acquisition of Hawkes Bay Holdings Limited and its subsidiaries. The fair value of the trade name at acquisition was £4.0m.

17.Tangible assets

	Leasehold Improvements £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 January 2021	8,308	1,612	4,564	14,484
Additions	45	-	1,367	1,412
Disposals / write off	(46)	(9)	(23)	(78)
At 31 December 2021	8,307	1,603	5,908	15,818
Depreciation				
At 1 January 2021	**3,393**	**1,034**	**3,268**	**7,695**
Charge for the year	632	276	987	**1,895**
Disposals / write off	-	-	-	-
At 31 December 2021	**4,025**	**1,310**	**4,255**	**9,590**
Net book value				
At 31 December 2021	**4,282**	**293**	**1,653**	**6,228**
At 31 December 2020	4,915	578	1,296	6,789

Notes to the consolidated financial statements for the year ended 31 December 2021

18. Investments in associates

	2021	2020
	£'000	£'000
Helix Underwriting Partners Ltd	1,629	1,675
Factory & Industrial Risk Managers Pty Ltd	407	399
At 31 December	**2,036**	2,074

19. Other investments

	2021	2020
Cost	£'000	£'000
At 1 January	2,047	3,083
Transfer of Integro Shares in EBT	-	(409)
Impairment loss	(2,030)	(627)
Disposal /write off	(17)	-
	-	2,047

In 2020, the Trustees of the EBT transferred a second tranche of Integro Group Holdings LP shares to the beneficiaries of the EBT at a value of £0.4m. A separate impairment review was performed in respect of the investment, and an impairment of £0.6m was recognised.

In 2021, the Group recognised impairment charge of £2.0m relating to its investments held by the EBT resulting in carrying value to £nil (2020: £627k).

Disposal/write off comprise loss on sale of MOI Insurance Brokers Kazakhstan and write off of investment in First Marine A/S Denmark.

20. Debtors

	2021	2020
	£'000	£'000
Trade debtors - commission (brokerage and fees) only	35,849	48,378
Amounts due from parent undertakings	25,777	30,172
Other debtors	1,362	8,812
Derivative assets	-	390
Prepayments and accrued income	22,756	19,327
Corporation tax	-	1,145
	85,744	108,224

Trade debtors are stated after allowance for doubtful debts of 3.5m (2020: £2.9m).

Trade debtors do not include insurance debtor balances prior to cash transfer either from clients or insurers or reinsurers as applicable. Including these balances, trade debtors as at 31 December 2021 are £263,835k (2020: £381,487k).

Other debtors include a VAT recoverable of £1,256k (2020: £1,074k).

There were no amounts falling due after more than one year (2020: £Nil).

Notes to the consolidated financial statements for the year ended 31 December 2021

21. Fiduciary cash

Fiduciary cash represents client money held in the form of premiums due to underwriters and claims paid by insurers and due to policyholders. At the year end, the fiduciary cash held by the Group amounted to £213.3m (2020: £190.4m).

22. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**3,320**	8,553
Fiduciary creditors – client monies held	**213,339**	190,408
Amounts owed to parent undertakings	**3,371**	10,680
Corporation tax	**451**	-
Accruals and deferred income	**43,578**	34,112
Other taxation and social security	**3,834**	4,769
Deferred consideration	**3,949**	6,575
Other creditors	**1,993**	4,830
	273,835	259,927

Fiduciary creditors do not include insurance creditor balances either from clients or insurers or reinsurers as applicable. Including these balances, gross fiduciary creditors as at 31 December 2021 are £522.6m (2020: £557.2m).

Accruals and deferred income include an exceptional item which relates to Special Compensation Agreements ("SCA") granted during the year to certain employees for continued employment. The amount recognised in 2021 amounted to £6.3m (2020: £nil) payable within one year and £1.5m (2020: £nil) due after more than one year (note 23).

Other creditors include amounts payable to pension schemes of £686k (2020: £605k).

23. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Other liabilities (note 22)	1,536	-
Amounts owed to parent undertakings	332,814	312,416
	334,350	**312,416**

As at 31 December 2021, the Group owes £332.8m (2020: £312.4m) to the parent intermediary. The amount of the liability includes interest charge for the year of £20.4m (2020: £19.6m).

The loan has a fixed maturity date of 31 December 2023. The Group is charged interest of 6.6% (2020: 6.6%).

Notes to the consolidated financial statements for the year ended 31 December 2021

24. Deferred consideration

	Deferred Consideration £'000
At 1 January 2020	6,883
Payments	(223)
Adjustment in cost arising from re-measurement of deferred consideration	(309)
Interest on loan notes arising from acquisition of Hawkes Bay Holdings Limited	197
At 31 December 2020	6,548
At 1 January 2021	**6,548**
Payments	(3,666)
Adjustment in cost arising from re-measurement of deferred consideration	623
Interest on loan notes arising from acquisition of Hawkes Bay Holdings Limited	444
At 31 December 2021	**3,949**

25. Other provisions

The Group had the following provisions during the year:

	Claims Handling £'000	Onerous Lease £'000	Dilapidations £'000	Errors and Omissions £'000	Total £'000
At 1 January 2021	4,148	6,002	465	173	10,788
Charged / (released) in the year	(408)	(2,605)	(123)	775	(2,361)
At 31 December 2021	**3,740**	**3,397**	**342**	**948**	**8,427**

Claims handling provision

The basis of the claims handling provision is to estimate and reserve a level of expenses required to handle, administer and process all claims, reported and unreported, outstanding at the balance sheet date. The timing of unwind of the provision is uncertain but expected to fully unwind over the course of five years. Any adjustment to this is released into the Statement of Comprehensive Income. Claims handling provision expenses are incurred in connection with the negotiation and settlement of claims. They include all internal and external expenses incurred in the handling of claims. Internal expenses include all direct expenses of the claims department and any part of the general administration expenses attributable to the claims function.

Notes to the consolidated financial statements for the year ended 31 December 2021

25. Other provisions (continued)

Onerous lease provision
The Group provides for the cost of its operating property leases under contracts which have been abandoned. The additional provision is a result of changing the discount rate assumption and an onerous lease property acquired part of RFIB Group Ltd acquisition in 2020.The Group recognise any adjustment to the provision as an expense to the consolidated Statement of Comprehensive Income.

Dilapidation's provision
The Group provides for the cost of making good the properties it vacates as obliged by the conditions of its respective lease agreements by means of a dilapidations provision. Any adjustment to this is expensed to the Consolidated Statement of Comprehensive Income.

Errors and omissions provision (E&O)
The Group provides for the expected cost, net of insurance recoveries, arising from known E&O cases and other litigation at the point at which it is deemed probable to result in a financial loss.

26. Pensions and similar obligations

The Group has two defined benefit pension plans for certain employees in the United Kingdom who meet certain age and length-of-service requirements upon retirement. These schemes are closed to new members and the accrual of future benefits. Assets of the Schemes are held in separate trustee administered funds. The schemes are:

- The Tyser and Company 1974 Retirement Benefits Scheme ("Tyser Scheme"); and
- The RFIB Group Pension Scheme ("RFIB Scheme") – acquired through business combination in 2020.

The contributions are determined by a qualified actuary acting on behalf of the trustees of the Scheme on the basis of triennial valuations using an aggregate method of funding incorporating a control period of 20 years. A full actuarial valuation was carried out by a qualified independent actuary as at 1 January 2019. Each year thereafter roll-forward calculations are performed.

The movement in the pension provision for the year end 31 December 2021 is shown in the table below.

All in £000	Tysers Scheme	Annuitants	RFIB Scheme	Total
At 1 January 2020	4,408	644	-	5,052
Acquired through business combination	-	-	7,980	7,980
Movements on scheme net deficit	1,205	(66)	2,234	3,373
At 31 December 2020	5,613	578	10,214	16,405
Movements on scheme net deficit	(3,088)	(15)	(4,233)	(7,336)
At 31 December 2021	**2,525**	**563**	**5,981**	**9,069**

Integro Insurance Brokers Holdings Limited

Notes to the consolidated financial statements for the year ended 31 December 2021

26. Pensions and similar obligations (continued)

The movement for the year is represented by:

2021 (all in £'000)	**Tysers Scheme**	**Annuitants**	**RFIB Scheme**	**Total**
Consolidated Statement of Comprehensive income				
Interest on scheme liabilities (note 10)	(263)	(5)	(473)	(741)
Expected return on scheme assets (note 9)	196	-	344	540
Payments to annuitants	-	84	-	84
Contributions	1,000	-	1,208	2,208
Consolidated Other Comprehensive income				
Actuarial gain	2,155	-	3,154	5,309
Actuarial loss	-	(64)	-	(64)
	3,088	**15**	**4,233**	**7,336**
2020 (all in £'000)				
Consolidated Statement of Comprehensive income				
Interest on scheme liabilities (note 10)	(344)	(10)	(613)	(967)
Expected return on scheme assets (note 9)	266	-	458	724
Payments to annuitants	-	84	-	84
Contributions	1,000	-	1,000	2,000
Consolidated Other Comprehensive income				
Actuarial gain	2,123	-	3,079	5,202
Actuarial loss	-	(8)	-	(8)
	3,045	**66**	**3,924**	**7,035**

Tysers Scheme- defined benefit plan

The principal actuarial assumptions used at the reporting date were:

	2021	**2020**
	% per annum	**% per annum**
Discount rate	1.90%	1.30%
RPI price inflation	3.50%	3.00%
CPI price inflation	2.80%	2.30%
Rate of increase in pension in payment	3.80%	3.50%
Post retirement mortality	S3PxA (CMI 2020 projections with 1% long term trend rate)	S3PxA (CMI 2019 projections with 1% long term trend rate)
Current pensioners age 65 - males	21.8	21.8
Current pensioners age 65 - females	24.1	24.1
Future pensioners age 65 (currently age 45) - males	22.8	22.8
Future pensioners aged 65 (currently age 45) - females	25.3	25.2

As the scheme is closed to the accrual of future benefits no assumption is required in relation to rate increase in salaries.

26. Pensions and similar obligations (continued)

The assets of the Tysers scheme and the expected rate of return were:

	2021	2020
	£'000	£'000
Market value of investments	16,187	14,719
Long-term rate of return expected at year end	3%	5%
Total market value of assets	16,187	14,719
Present value of scheme liabilities	(18,712)	(20,332)
Pensions (deficit) before deferred tax	(2,525)	(5,613)
Related deferred tax	480	1,066
Deficit in the scheme	**(2,045)**	**(4,547)**
Funding level	**84%**	**62%**

The major categories of scheme assets as a percentage of total scheme assets were:

	2021	2020
	%	%
Equities	46.2	44.7
Bonds	25.0	30.4
Cash	13.10	7.3
Liability driven investments	8.4	7.7
Other	7.3	9.9
	100%	**100%**

The Group has paid £83,333 per month during 2021 in accordance with the Recovery Plan of the 1 January 2019 formal actuarial valuation. Under this Recovery Plan for the Scheme, contributions of £83,333 per month will continue until 31 May 2025. These contributions will be reviewed as part of the 1 January 2022 triennial valuation. No further regular contributions are being made to the scheme.

Changes in the present value of the Tysers scheme liabilities were as follows:

	2021	2020
	£'000	£'000
Present value of scheme liabilities at start of the year	**20,332**	17,320
Interest cost	263	344
Actuarial (gain)/loss	(1,638)	2,863
Benefits paid	(245)	(195)
Present value of scheme liabilities at end of year	**18,712**	20,332

26. Pensions and similar obligations (continued)

Changes in the fair value of the scheme assets were as follows:

	2021 £'000	2020 £'000
Market value of scheme assets at start of the year	**14,719**	12,912
Expected return	196	266
Actuarial gain	517	736
Benefits paid	(245)	(195)
Contributions paid by the Group	1,000	1,000
Market value of scheme assets at end of year	**16,187**	14,719

The movement in deficit during the year is as follows:

(Deficit) at the beginning of the year	**(5,613)**	(4,408)
Finance charge		
-Interest on scheme liabilities	(263)	(344)
-Expected return on scheme assets	196	266
Contributions	1,000	1,000
Actuarial gain/ (loss) - net	2,155	(2,127)
(Deficit) carried forward	**(2,525)**	(5,613)

The amounts charged to the Group's Consolidated Statement of Comprehensive Income are as follows:

	2021 £'000	2020 £'000
Current service cost	-	-
Finance charge		
- Interest on scheme liabilities	263	344
- Expected return on scheme assets	(196)	(266)
Amounts charged	67	78
	67	78

Notes to the consolidated financial statements for the year ended 31 December 2021

26. Pensions and similar obligations (continued)

The amounts included in the Group's current year Consolidated Statement of Comprehensive Income are as follows:

	2021	2020
	£'000	£'000
Difference between expected and actual return on scheme assets		
• Amount	517	736
• Percentage of scheme assets	3.19%	5.0%
Experience gains and (losses) arising on the scheme liabilities		
• Amount	194	43
• Percentage of present value liabilities	1.04%	-0.2%
Changes in assumptions underlying present value of liabilities		
• Amount	1,422	(2,818)
• Percentage of present value liabilities	7.6%	13.9%
Changes in demographic assumptions underlying value of liabilities		
• Amount	22	(88)
• Percentage of present value liabilities	0.12%	0.4%
Total actuarial (loss) / gain recognized		
• Amount	2,155	(2,127)
• Percentage of present value of liabilities	11.95%	10.5%

The current service costs will not rise as the scheme is closed to the accrual of future benefits.

Amounts for the year are as follows:

	2021	2020
	£'000	£'000
Present value of scheme liabilities	**(18,712)**	(20,332)
Market value of scheme assets	**16,187**	14,719
Deficit in the Scheme	**(2,525)**	(5,613)
Actual return less expected return on scheme assets	**517**	736
Experience gain/(loss) arising on scheme liabilities	**194**	43
Changes in demographic assumptions underlying value of liabilities	**22**	(88)
Change in assumptions underlying present value of scheme liabilities	**1,422**	(2,818)

Notes to the consolidated financial statements for the year ended 31 December 2021

26. Pensions and similar obligations (continued)

Annuity payments to former partners

The Group makes unfunded annuity payments to two former partners, under contractual arrangements entered into in connection with the incorporation of Tyser & Co Limited. The liability has been estimated by a qualified independent actuary acting on behalf of the Group in accordance with FRS 102 Section 28.

	2021 £'000	2020 £'000
Liability at the beginning of the year	**578**	644
Movements in the year		
– Actuarial losses	64	8
– Interest on scheme liabilities	5	10
Charge in the year	69	18
Payments to annuitants	(84)	(84)
Liability carried forward	563	578
Related deferred tax assets	(107)	(110)
Deficit carried forward	**456**	468

As the obligation to pay annuities is unfunded, the liability is equivalent to a pensions deficit and contributions comprise benefits paid by the Group to annuitants.

The major assumptions used by the actuary in this estimate were

	2021	2020
Inflation assumption	4.0%	3.1%
Rate used to discount liabilities	1.5%	0.9%

The amounts charged to operating profit are as follows:

Current service cost		
Finance charge		
- Interest on scheme liabilities	5	10
Actuarial losses	64	8

Notes to the consolidated financial statements for the year ended 31 December 2021

26. Pensions and similar obligations (continued)

RFIB Scheme

The major financial assumptions used by the actuary at the reporting date were:

	2021 % Per annum	2020 % Per annum
Inflation assumption	3.15	3.00
Rate of increase for deferred pensions	2.00	2.00
LPI pension in payment increases	2.75 – 3.10	2.65 – 2.95
Rate used to discount scheme liabilities	1.80	1.35
Salary increases	2.15	2.00

The underlying mortality assumption is based upon:

2021: S2PXA tables with CMI 2020 improvements, a long-term trend rate of 1.25%, with an initial additional parameter of 0.25%, a smoothing factor of 7 and a w2020 parameter of 10%. An age adjustment of plus one year is applied to pensioner members

2020: S2PXA tables with CMI 2019 improvements, a long-term trend rate of 1.25%, with an additional parameter of 0.25% and a smoothing factor of 7. An age adjustment of plus one year is applied to pensioner members.

The assets of the RFIB scheme and the expected rate of return were:

	2021 £'000	2020 £'000
Market value of investments	25,507	25,128
Long-term rate of return expected at year end	2.74%	3.85%
Total market value of assets	26,507	25,128
Present value of scheme liabilities	(32,488)	(35,342)
Pensions (deficit) before deferred tax	(5,981)	(10,214)
Related deferred tax	1,136	1,941
Deficit in the scheme	**(4,845)**	(8,273)
Funding level	**77%**	59%

Notes to the consolidated financial statements for the year ended 31 December 2021

26. Pensions and similar obligations (continued)

The major categories of scheme assets as a percentage of total scheme assets were:

	2021 %	2020 %
Diversified growth funds	51.8	50.4
Bonds	25.2	23.9
Cash	16.5	3.9
Liability driven investments	6.5	21.8
	100	100%

The Group paid contribution of £1.2m (2020: £nil). The scheme was transferred to the Group on 1 October 2020 using the valuation as at 31 December 2020. No further regular contributions are being made to the scheme, other than deficit funding.

Changes in the present value of the RFIB scheme liabilities were as follows:

	2021 £'000	2020 £'000
Present value of scheme liabilities at start of year	**35,342**	**30,182**
Interest cost	473	613
Actuarial gain/loss	(2,797)	5,185
Benefits paid	(530)	(638)
Present value of scheme liabilities at end of year	**32,488**	**35,342**

Changes in the fair value of the scheme assets were as follows:

	2021 £'000	2020 £'000
Market value of scheme assets at start of the year	**25,128**	**22,202**
Expected return	344	458
Actuarial gain	357	2,106
Benefits paid	(530)	(638)
Contributions paid by group	1,208	1,000
Market value of scheme assets at end of year	**26,507**	**25,128**

The movement in deficit during the year is as follows:

	2021 £'000	2020 £'000
(Deficit) at the beginning of the year	**(10,214)**	(7,980)
Finance charge		
- Interest on scheme liabilities	(473)	(613)
- Expected return on scheme assets	344	458
Contributions	1,208	1,000
Actuarial gain/(loss) - net	3,154	(3,079)
(Deficit) carried forward – pension liability	**(5,981)**	**(10,214)**

Notes to the consolidated financial statements for the year ended 31 December 2021

26. Pensions and similar obligations (continued)

The amounts charged to the Group's Consolidated Statement of Comprehensive Income are summarised on page 57.

Amounts for the year are as follows:

	2021 £'000	2020 £'000
Present value of scheme liabilities	(32,488)	(35,342)
Market value of scheme assets	26,507	25,128
Deficit in the Scheme	(5,981)	(10,214)
Actual return less expected return on scheme assets	357	2,106
Experience gain arising on scheme liabilities	327	290
Changes in demographic assumptions underlying value of liabilities	2,227	(101)
Change in assumptions underlying present value of scheme liabilities	243	(5,374)

27. Derivative financial instruments – Forward contracts

In 2020, the Group entered into forward currency contracts to mitigate the exchange rate risk arising on future currency receivables. At 31 December 2020 there were outstanding forward exchange contracts for the sale of foreign currencies for sterling as follows, included in Debtors (See note 19):

	2021		2020	
	Contract Value 2020 £'000	Fair Value 2020 £'000	Contract Value 2020 £'000	Fair Value 2020 £'000
Contracts to sell USD 17m	-	-	12,997	479
Contracts to sell EUR 3.5m	-	-	3,068	(89)
	-	**-**	**16,065**	**390**

All of these forward exchange contracts expired during the year.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable parties in an arm's length transaction. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Notes to the consolidated financial statements for the year ended 31 December 2021

27. Derivative financial instruments – Forward contracts

- Level 1: Quoted market price: financial instruments with quoted prices for identical instruments in active markets.
- Level 2: Valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets and financial instruments valued using models where all significant inputs are observable.
- Level 3: Valuation technique with significant unobservable inputs: financial instruments valued using models where one or more significant inputs are unobservable.

The forward currency contracts are level 2 financial instruments measured at fair value which is determined using market observable forward rates (in line with FRS 102 s12). The key assumptions used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP:EUR.

28. Allotted and issued share capital

	2021 £'000	2020 £'000
Allotted issued and fully paid:		
500,101		
Ordinary Shares of £1 each	500	500
	500	**500**

All shares were issued and fully paid. There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. No other capital contributions have been received during the year ended 31 December 2021 (2020: £Nil).

29. Share premium and EBT Reserves

	2021 **£'000**	2020 £'000
Share premium	**11,415**	11,415
EBT Reserve	**594**	2,624

In 2018, the sale of all of the Group's shares held by the trust for a consideration of £6.3m resulted in an EBT reserve surplus of £5.7m. Transfers in 2018 reduced this to £3.8m as at the end of 2018. There was no movement in 2019. As at the end of 2020 this reserve stood at £2.6m following a share transfer and cash transfer to the beneficiaries of the EBT during 2020 of £1.2m. There has been no movement in in 2021 other than recognising an impairment charge relating to the investment in the EBT of £2.0m reducing EBT reserve to £594k.

Notes to the consolidated financial statements for the year ended 31 December 2021

30. Share based payments

The Group's employees participate in equity settled share-based payment scheme set up by Integro Group Holdings LP ("Integro Group").

As the Group receives services from these employees as consideration for share-based payments granted by Integro Group, the Group recognises a cost in its Statement of Comprehensive Income, even though the Group is not legally a party to the transaction. Therefore, the Group has recognised a share-based expense of £181k (2020: £31k) in the Consolidated Statement of Comprehensive Statement of Income with the corresponding credit recognised in the inter-company payable.

The costs of the share-based payments are included in administrative expenses (see note 6).

31. Commitments

Operating lease commitments
The Group had future minimum lease payments under non-cancellable operating leases as set out below:

	2021	2020
	£'000	£'000
Not later than one year	5,540	6,164
Later than one year and not later than five years	17,465	18,697
Later than five years	21,498	25,946
	44,503	50,807

The Group had no other off balance sheet arrangements.

The Group had no capital commitments as at 31 December 2021 (2020: £Nil).

32. Contingent liabilities

Regulatory matters
In 2020, the principal subsidiary of the Group, Tysers Insurance Brokers Limited ("TIBL") received notification from law enforcement agencies in the UK and the US that it is the subject of investigations into suspicions of bribery and corruption in relation to historic conduct between 2013 and 2017, in respect of one particular client based in a specific territory, by Integro Insurance Brokers Limited (the former trading and registered name of the TIBL), its employees, agents and associated persons, and also into related suspicions of money laundering. TIBL is cooperating with all ongoing investigations related to this matter and no charges have been brought against it in either the UK or the US to date.

As at the date of an approval of these financial statements, management is unable to predict the likely timing, outcome or ultimate impact of the foregoing investigations or any related matters. Adverse determinations in one or more of these matters could have a material impact on both TIBL's and the Group's results of operations, financial condition or cash flows in a future period.

Financial Guarantee
The Company and a number of its subsidiaries are party to the amended secured debt agreements for the borrowings of a parent company, Integro Parent Inc, under which the Group is pledged as security. In addition, in December 2019, the Company and a number of subsidiaries ("the Guarantors") also entered into a financial guarantee agreement pursuant to which they issued joint and several financial guarantees over the obligations of Integro Parent Inc and other credit parties.

These guarantees have been issued in the respect of the following debt obligations:

32. Contingent liabilities (continued)

- A revolving credit facility (RCF) of $62.5m (which is secured part of the first lien),
- The payment of a deferred FX option premium of $68.3m (which is secured part of the first lien),
- A first lien term debt of $252.0.m,
- A second lien term debt of $147.0m, and
- An additional bridge facility of $12.5m granted by existing lenders on 8th May 2022 and drawn in full on 10 May 2022 (which is secured part of the first lien).

As discussed in note 34, on 8 May 2022 AUB Group Limited, an ASX200 listed group comprising insurance brokers and underwriting agencies entered into a binding agreement to purchase the Tysers Group (the "Transaction"). In order for Integro Parent Inc and the Tysers Group to remain in compliance with the conditions of the secured debts until the completion of the Transaction, the secured debts was amended and extended. The maturity and required repayment dates of the secured debts is now determined by the earlier of:

(i) The completion of the acquisition of the Tysers Group by AUB Group Limited,
(ii) 8 May 2023 (for the first lien) and 8 May 2024 (for the second lien), or
(iii) The termination of, or upon material amendment to, the sale agreement that the current shareholders of the Tysers Group have agreed with AUB Group Limited.

All obligations under the secured debts are currently being met, and the Group remains in compliance with all debt covenant obligations during the period and at the balance sheet date. The amendment to the secured debts arrangements on 8 May 2022, removed the leverage test debt covenant requirement.

Should the sale not complete or if additional funding is not secured, Integro Parent Inc would not be able to meet the liabilities arising from the debt obligations as they fall due and would therefore be in default on those obligations.

If the default remained unresolved, the remedies available to lenders under the secured debts include an acceleration of all debts due under the secured debts and the exercise of security via liens over the assets of the borrower, Integro Parent Inc.; these assets being the shareholdings in its direct and indirect subsidiary companies including the entire Tysers Group. As a last resort, the financial guarantees issued by the Guarantors, could also be enforced by the lenders.

If called, these financial guarantees would result in the Guarantors becoming fully liable for the full outstanding obligations of the borrower, since the guarantees are joint and several. This would result in the above liabilities totalling $542.3m, becoming liabilities of the Guarantors. In these circumstances, the Guarantors would not have sufficient assets to meet these liabilities. In the view of management, this course of action by the lenders would result in a materially lower likely recovery for lenders compared to the sale of the Group, including the Company, as a going concern.

Accordingly, it is management's assessment that the likelihood of the lenders enforcing these guarantees on the Guarantor is more than remote, but less than probable. Management has reached this conclusion because; (i) this action by the lenders is conditional on the failure of the Integro Parent Inc to successfully secure additional funding, through the agreed sale to AUB Group Limited described above or otherwise, with which to repay the secured debts, and (ii) the lenders acting in a manner which management believes would be detrimental to their own economic interests. On this basis, management have disclosed a contingent liability in respect of this guarantee. The minimum exposure of this contingent liability is nil, and the maximum exposure is $542.3m.

Notes to the consolidated financial statements for the year ended 31 December 2021

33. Related party transactions

As at 31 December 2021, the Group owes £310.4m (2020: £292.9m) to the parent intermediary. The amount of the liability includes interest charge for the year of £20.4m (2020: £19.6m). See note 10.

There are no other related party transactions.

Key management personnel
All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration is respect of these individuals is £4.7m (2020: £4.2m).

As at 31 December 2021 there were no loans outstanding to officer of the Group (2020: £nil).

As at the date of signing the accounts the Directors regarded Integro Group Holdings LP, a partnership incorporated in the United States, as being the Group's ultimate parent undertaking and controlling party.

The parent company of the largest Group to include the Group in its consolidated financial statements is Integro Group Holdings LP.

34. Events after the reporting period

Sale of Tysers Group
On 8 May 2022, AUB Group Limited, an Australian ASX200 listed group, entered into a binding agreement to purchase the Tysers Group, with the exception of certain legal entities outside Tysers Group. The agreed purchase price is £500m on a debt free basis with potential additional deferred consideration of up to £100m. The transaction is considered to be a non-adjusting post balance sheet event, and therefore has no impact on the Group's financial statements as at 31 December 2021.

Russia-Ukraine Conflict
On 24 February 2022, the Russian Federation commenced a military invasion of Ukraine. Russian actions with respect to Ukraine have resulted in certain sanctions being imposed by the United Kingdom, the European Union, the United States, and other jurisdictions. The Group currently does not have significant operations in Russia or Ukraine.

As at the date of an approval of these financial statements, the impact of the military conflict between Russia and Ukraine has not had a significant impact on the Group's operations.

Special Compensation Agreements ("SCA").
During the second quarter of 2022, an additional tranche of the Special Compensation Agreements ("SCA"), similar to those disclosed in Note 12, have been granted to certain employees for continued employment during 2022, and 2023. The income statement charge for the period to 31 July 2022 is estimated as approximately £2.8m.

The Directors confirm that there are no other events after the reporting period that are required to be disclosed.

Notes to the consolidated financial statements for the year ended 31 December 2021

35. Non-controlling interest

The movement in non-controlling interests was as follows:

	2021	2020
	£'000	£'000
At 1 January	**931**	204
Acquisition of RFIB Group	**-**	936
Total comprehensive income attributable to non– controlling interests	**173**	(209)
Disposal of NCI	(269)	-
	835	931

On 2 January 2020 as part of the acquisition RTG, the Group acquired 60% of the issued shares of RFIB Saudi Arabia Limited. As at the reporting date the Group still holds 60% of RFIB Saudi Arabia Limited.

36. Statement of cash flow

(a) Reconciliation of operating profit to operating cash flows

	2021	2020
	£'000	£'000
Loss for the financial year	**(53,810)**	(44,634)
Adjustments for:		
Tax on loss	**(4,231)**	(1,525)
Net interest expense	**21,180**	18,944
Share of results from Associates	**38**	183
(Profit)/loss on disposal of operations	**(2,377)**	1,239
Exceptional items charge / (credit)	**7,842**	(1,000)
Operating loss	**(31,358)**	(26,793)
Amortisation of intangible assets	**35,405**	34,984
Impairment of EBT investment	**2,047**	627
Depreciation of tangible assets	**1,895**	1,339
Proceeds from the waiving of restrictive covenants	**-**	2,000
Post-employment benefits less payments	**(1,540)**	(1,266)
Working capital movements:		
(Increase)/decrease in debtors	**16,267**	(32,776)
Increase/(decrease) in payables	**(11,767)**	1,939
Net cash generated from/(used in) operating activities	**10,949**	(19,946)

Notes to the consolidated financial statements for the year ended 31 December 2021

36. Statement of cash flow (continued)

(b) Analysis of changes in net debt

	At 1 January 2021 £'000	Changes in fair value /exchange rate £'000	Disposal of subsidiaries £'000	Cash flow £'000	Interest & other charges £'000	At 31 December 2021 £'000
Cash at bank	11,821	31	3,067	5,396	-	20,315
Derivative financial instruments	390	164	-	(554)	-	-
Loan from parent undertaking	(312,416)	-		-	(20,398)	(332,814)
	(300,205)	**195**	**3,067**	**4,842**	**(20,398)**	**(312,499)**

Parent Company Statement of Comprehensive Income
For the year ended 31 December 2021

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own statement of comprehensive income for the year.

The notes on pages 74 to 89 form an integral part of these financial statements

Parent Company Statement of Financial Position

Company number: 04016257

As at 31 December 2021

	Notes	2021 £'000	*Re-stated 2020 £'000
Fixed assets			
Investments in subsidiaries	6	376,766	376,411
Investments in associate	6	1,907	1,907
		378,673	**378,318**
Current assets			
Debtors	7	33,606	33,538
		33,606	33,538
Creditors			
Creditors - amounts falling due within one year	8	(72,213)	(72,501)
Net current liabilities		(38,607)	(38,963)
Total assets less current liabilities		340,066	339,355
Creditors: amounts falling due after more than one year	9	(332,814)	(312,416)
Net assets		**7,252**	**26,939**
Capital and reserves			
Called up share capital	11	500	500
Share Premium	12	11,415	11,415
Retained earnings		(4,663)	15,024
Total equity		**7,252**	**26,939**

** See note 4 for details.*

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 15 August 2022:

DocuSigned by:

Andrew Westenberger

3B49F05EEDD24ED...

Andrew Westenberger
Director

The notes on pages 74 to 89 form an integral part of these financial statements

Integro Insurance Brokers Holdings Limited

Parent Company Statement of Changes in Equity
For the year ended 31 December 2021

	Called Up Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total £'000
At 1 January 2020	**500**	**11,415**	**2,937**	**14,852**
Total comprehensive profit for the year	-	-	12,087	12,087
At 31 December 2020	**500**	**11,415**	**15,024**	**26,939**
At 1 January 2021	**500**	**11,415**	**15,024**	**26,939**
Total comprehensive loss for the year	-	-	(19,687)	(19,687)
At 31 December 2021	**500**	**11,415**	**(4,663)**	**7,252**

The notes on pages 74 to 89 form an integral part of these financial statements.

Notes to the Parent Company financial statements for the year ended 31 December 2021

1. General information

Integro Insurance Brokers Holdings Limited is a private company limited by shares. The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's registered office address is 71 Fenchurch Street, London, EC3M 4BS. The Company is a holding company. The Company's shares are not publicly traded.

2. Statement of compliance

The financial statements of Integro Insurance Brokers Holdings Limited have been prepared in compliance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

3.1 Basis of accounting

These financial statements have been, under the historical cost convention, presented in GBP sterling (£) and all values are rounded to the nearest thousand pounds, except when otherwise indicated.

The Company's functional and presentation currency is the pound sterling ("£").

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3.2 Going concern

As at 31 December 2021, the Company has net assets of £7.3m (2020: £26.9m). The net asset includes a £332.8m (2020: £312.4m) loan due to an intermediate parent company, Integro Parent Inc. This loan has a fixed maturity date on 31 December 2023.The Directors are satisfied that the Company has adequate resources to continue in operational existence for the period up to 31 December 2023, subject to the material uncertainty described below.

The Directors consider the going concern basis for preparing these financial statements to be appropriate, notwithstanding the material uncertainty discussed below, following an assessment of the Company's financial performance, financial position, and its ability to meet its obligations as and when they fall due. This assessment has considered a base case profitability and cash flow projections and various stresses which cover the period up to 31 December 2023, taking into account the principal risks facing the Company, including the potential financial and operational impacts of the current economic and business environment, including matters such as insurance market conditions, inflation, the Russia and Ukraine conflict, and the continuing trade recovery following the recent COVID-19 pandemic. The Company's business activities, together with the factors likely to affect its future development and the principal risks and uncertainties are described in the Strategic Report.

Notes to the Parent Company financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.2 Going concern (continued)

Whilst the Directors have prepared the financial statements on a going concern basis, there is a material uncertainty related to the Company being party to the secured debts of an intermediate parent company, Integro Parent Inc, under which the Company is pledged as security. Most significantly, in December 2019, the Company entered into a contractual agreement pursuant to which it issued a joint and several financial guarantee over the obligations of the Integro Parent Inc and other credit parties within the Tysers Group (see Note 14 "Financial Guarantee"). Therefore, the Company's going concern assessment is linked to the ability of Integro Parent Inc, to repay these secured debts as they fall due. The details of the secured debts as at 31 December 2021 are as follows:

- A revolving credit facility (RCF) of $62.5m (which is secured as part of the first lien term debt below);
- The payment of a deferred FX option premium liability of $68.3m (which is secured as part of the first lien term debt below);
- A first lien term debt of $252.0.m; and
- A second lien term debt of $147.0m.

In addition, as part of the amendments described below on 8th May 2022, Integro Parent Inc was given access to an additional bridge facility of $12.5m. This facility (which is secured as part of the first lien debt above) was drawn in full on 10 May 2022.

As discussed further in Note 16 on 8 May 2022 AUB Group Limited, an ASX200 listed group comprising insurance brokers and underwriting agencies, entered into a binding agreement to purchase the Tysers Group (the "Transaction"). In order for Integro Parent Inc and the Tysers Group to remain in compliance with the conditions of the secured debts until the completion of the Transaction, the secured debts were amended and extended on 8 May 2022. The maturity and required repayment dates of the secured debts is now determined by the earlier of:

- The completion of the acquisition of the Tysers Group by AUB Group Limited.
- 8 May 2023 (for the first lien) and 8 May 2024 (for the second lien); or
- The termination of, or upon material amendment to, the binding agreement that the current shareholders of the Tysers Group have agreed with AUB Group Limited.

A pre-condition of the completion of the Transaction is the release of all encumbrances, guarantees and indemnities on the Company in respect of the settlement of the various debt obligations set out above. Additionally, as part of the completion of the Transaction the loan due to Integro Parent Inc will be refinanced by or reassigned within the AUB Group.

The Transaction is subject to regulatory approval which is in progress and pre completion conditions which are expected to be satisfied during August 2022. As the Transaction is not complete as at the date of approval of these financial statements, and Integro Parent Inc has yet to secure the necessary funding for the secured debts, which is expected to be achieved when the Transaction completes later in 2022, there is considered to be a material uncertainty over the Company's ability to continue as a going concern.

Notes to the Parent Company financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemption if certain conditions have been complied with. A qualifying entity is defined as a member of a group that prepares publicly available consolidated financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Integro Insurance Holdings Limited which are available on the Companies House website. https://www.gov.uk/government/organisations/companies-house.

As a qualifying entity, the Company has taken advantage of the following disclosure exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- from disclosing share-based payment arrangements, required by paragraphs 26.18(b), 26.19 to 26.21 and 26.23 of FRS 102, provided that is for a qualifying entity that is:
  - a subsidiary, the share-based payment arrangement concerns equity instruments of another group entity; or
  - an ultimate parent, the share-based payment arrangement concerns its own equity instruments, and its separate financial statements are presented alongside the consolidated financial statements of the group;
  - and, in both cases, provided that the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
  - from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
  - from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

3.4 Revenue, dividend and interest income

The Company is a non-trading intermediate parent company and does not currently generate revenues.

Dividend income
Dividend income is recognised when the Company's right to receive the payment is established, which is generally when the subsidiaries' shareholders approve the dividend or when it is received.

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

Income from participation in limited liability partnership
The Company recognises its share of the limited liability partnership's income at the end of the financial year based on the result of the limited liability partnership for the year.

Notes to the Parent Company financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.5 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current or deferred taxation assets and liabilities are not discounted.

Current income tax
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax
Deferred income tax is provided in full, using the liability method, and recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable timing differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the timing differences can be controlled and it is probable that the timing differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible timing differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible timing differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible timing difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible timing differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the timing differences will reverse in the foreseeable future and taxable profit will be available against which the timing differences can be utilised.

3. Summary of significant accounting policies (continued)

3.5 Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to Other Comprehensive Income for items that are charged or credited directly in Other Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.6 Dividend distribution

Distributions to equity holders are not recognised in the Statement of Comprehensive Income under FRS 102 but are disclosed as a component of the movement in shareholders' equity. A liability is recorded for a dividend when the dividend is approved by the Company's shareholders. Interim dividends are recognised when a dividend is paid.

3.7 Investments

<u>Investments in subsidiaries</u>

Investments held as fixed assets are stated at cost less provision for impairment in value, adjustments to purchase price and changes in deferred consideration.

Contingent consideration and deferred consideration are initially recognised at estimated fair value amount where the consideration obligation is certain and can be measured reliably, where

- the contingent and/or deferred consideration obligation is not considered certain or cannot be reliably measured but subsequently becomes certain and measurable or
- contingent consideration and/or deferred consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

Any movement in the estimated amount is recorded in investments in subsidiaries.

3. Summary of significant accounting policies (continued)

Investments in associates

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary nor a joint venture. The associate is measured at cost less any impairment in the value of the investment.

Income from investments are recognised in the Statement of Comprehensive Income when received.

3.8 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including other debtors and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other debtors are stated net of doubtful debts and are monitored on a regular basis by management. Provisions are established on the basis of the age of the amounts overdue and when specific debtors are identified as being unable to pay.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade creditors and amounts owed to group undertakings including intercompany loans, are initially recognised at transaction price.

Debt instrument recognised on a discounted present value basis are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

Financial guarantees are recognised at the point it is deemed probable (more likely than not) to result in a financial outflow. A contingent liability is recognised when the probability of the guarantee being called upon is more than remote, but not yet probable.

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts that there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Parent Company financial statements for the year ended 31 December 2021

3. Summary of significant accounting policies (continued)

3.9 Amounts due to / from group undertakings

Amounts due from group undertakings represent resources controlled by the Company as a result of past events and from which future economic benefits are expected to flow to the company. Amounts due to group undertakings represent present obligations of the Company arising from past events, the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

3.10 Deferred and contingent consideration

Deferred consideration arises when settlement of all or any part of the cost of a business combination is deferred. It is stated at fair value at the date of acquisition, which is determined by discounting the amount due to present value at that date. At each balance sheet date deferred consideration comprises the remaining deferred consideration valued at acquisition.

Where contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination. Any movement in the estimated amount is recorded in Investments in subsidiaries.

3.11 Related party disclosure

The Company is exempt under the terms of section 33.1A of FRS 102 'Related Party Disclosures' from disclosing related party transactions with entities that are a part of the Integro Group Holdings LP group.

3.12 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Notes to the Parent Company financial statements for the year ended 31 December 2021

4. Prior year adjustments

In the prior years, the Company had incorrectly presented the loan due to Integro Parent Inc. This balance was previously included within Creditors – amounts falling due within one year but should have been presented in Creditors – amounts falling due after more than one year as the intercompany loan has a maturity date of 31 December 2023. Furthermore, the Company had offset an inter-company balance due from Integro Insurance Brokerage Services against the inter-company balance payable to Integro Parent Inc, rather than showing these balances on a grossed-up basis.

Consequently, the 2020 comparatives have been restated for both errors. See notes 7,8,9 and 15 for details.

The impact on the 2020 comparatives after the prior year adjustments is set out below:

Restatement of 2020 Financial Statements Line items	As previously reported £'000	Prior year adjustments £'000	As restated £'000
Statement of Financial Position			
Debtors	6,931	26,607	33,538
Creditors – falling due within one year	358,310	(285,809)	72,501
Creditors – amounts falling due after more than one year	-	312,416	312,416
	358,310	26,607	384,917

5. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairments – investments in subsidiaries and associates

The Company states its investments in subsidiaries and associates at cost less accumulated impairment losses. The Company perform the impairment review on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable.

The impairment review compares the carrying amount of the asset with its recoverable amount, which is the higher of its value in use or fair value less costs to sell. The Directors have allocated the total fair value less cost to sell based on the EBITDA of an investee entity. EBITDA is a key measure of business performance, and therefore, the directors consider it the most appropriate basis for allocation.

Notes to the Parent Company financial statements for the year ended 31 December 2021

5. Critical accounting estimates and judgements

Contingent consideration

In arriving at contingent consideration, the Directors have to exercise their judgement in estimating the future consideration payable in relation to the acquisition of new businesses where future consideration is dependent upon certain performance targets being achieved.

Details of contingent consideration can be found in Note 10.

6. Investments

Investments in subsidiaries	2021 £'000	2020 £'000
At 1 January	**376,411**	272,806
Investment in Risk Transfer Group	-	103,914
Adjustment in cost arising from remeasurement of deferred consideration	**623**	(309)
Disposal of HQ Insurance Pty Limited	**(268)**	-
Impairment		
Impairment of investments	-	-
At 31 December	**376,766**	376,411

On 28th May 2021 the Company sold its investment in HQ Insurance Pty Limited for consideration of AUD3,188k, resulting net gain of £1.5m recognised in the Parent Company statement of comprehensive income.

On January 2, 2020, the Company acquired 100% of the issued share capital of Risk Transfer Group Limited ("RTG"), the privately-owned principal parent company of RFIB Group Limited, a leading independent specialist Lloyd's broker for total consideration of approximately £103.9m. Consideration components include: cash consideration of £91.3m, share consideration of £4.3m , permitted leakage of £2.9m, and employee loans of £0.9m. Transaction costs of £4.5m were capitalised on acquisition. See note 14 of the Consolidated financial statements of Integro Insurance Brokers Holdings Limited for the year ended 31 December 2021.

Deferred consideration relating to Hawkes Bay Holdings Limited and Integro Insurance Brokers (Ireland) Limited was revised downwards by £309k during the year ended 31 December 2020.

Investments in associates

	2021 £'000	2020 £'000
At 1 January & 31 December	**1,907**	1,907

The carrying value represents 20% investments in Helix Underwriting Partners Ltd, a company registered in Bermuda. The acquisition was made on 31 December 2019.

The subsidiary undertakings at 31 December 2021 were:

Integro Insurance Brokers Holdings Limited

Notes to the Parent Company financial statements for the year ended 31 December 2021

6. Investments (continued)

Undertaking	Country of registration of incorporation	Principal Activity	Class of shares held	Percentage Held
Direct				
Tysers Insurance Brokers Limited	England & Wales	Insurance Broking	Ordinary	100%
Galileo Underwriting LLP	England & Wales	Insurance Broking	Partnership	48%
Svalinn 1319 Limited (formerly Entertainment Risk Management Limited)	England & Wales	Insurance Consultancy	Ordinary	100%
Robertson Taylor Insurance Brokers Limited	England & Wales	Dormant	Ordinary	100%
Hawkes Bay Holdings Limited	England & Wales	Holding Company	Ordinary	100%
Integro Insurance Brokers (Ireland) Limited	England & Wales	In liquidation	Ordinary	100%
Integro Australia Holdings Pty Ltd (1)	England & Wales	Holding Company	Ordinary	100%
Risk Transfer Group Limited (8)	England & Wales	Holding Company	Ordinary	100%
Indirect				
Tyser & Co Ltd	England & Wales	De-authorised broker	Ordinary	100%
Tyser Group Services Ltd	England & Wales	Service Company	Ordinary	100%
Tyser Risk Management (Bangladesh) Ltd (3)	Bangladesh	Risk Management	Ordinary	100%
Aquila Underwriting LLP	England & Wales	Controlling Interest	Ordinary	100%
Aquila Group Investments Ltd	England & Wales	Holding Company	Ordinary	100%
Galileo Underwriting LLP	England & Wales	Insurance Broking	Controlling Interest	52%
Attento Underwriting Agency Ltd (Formerly Graphite Underwriting Agency Ltd)	England & Wales	Underwriting Agency	Ordinary	51%
Tysers Holdings Limited (formerly SART Holdings Ltd) (7)	Hong Kong	Holding Company	Ordinary	60%
Hawkes Bay Specialty Ltd (formerly SART Underwriting Ltd) (7)	Hong Kong	Insurance Broking	Ordinary	100%
Hawkes Bay Casualty Ltd (formerly SART Casualty Ltd) (7)	Hong Kong	Insurance Broking	Ordinary	60%
SART Specialty Ltd (7)	Hong Kong	Insurance Broking	Ordinary	60%

Notes to the Parent Company financial statements for the year ended 31 December 2021

6. Investments (continued)

Undertaking Indirect	Country of registration of incorporation	Principal Activity	Class of shares held	Percentage Held
Integro Australia Pty Ltd[1]	Australia	Insurance Broking	Ordinary	100%
H2 Integro Pty Ltd[1]	Australia	Wholesale Broker	Ordinary	100%
Able Insurance Pty Ltd[1]	Australia	Insurance Broking	Ordinary	100%
Limehouse Agencies Limited	England & Wales	Holding Company	Ordinary	100%
George Yard Services Limited	England & Wales	Service Company	Ordinary	100%
CCP MidCo Limited	England & Wales	Holding Company	Ordinary	100%
Tysers Ireland Limited[9]	Ireland	Insurance Consultancy	Ordinary	100%
CCP Bidco Limited	England & Wales	Holding Company	Ordinary	100%
RFIB Holdings Limited	England & Wales	Holding Company	Ordinary	100%
George Yard Investments Limited	England & Wales	Holding Company	Ordinary	100%
RFIB Group Limited	England & Wales	De-authorised broker	Ordinary	100%
Tysers Belgium NV[4]	Belgium	Underwriting Agency	Ordinary	90%
George Yard International Investments Limited[16]	Guernsey	Holding Company	Ordinary	100%
RFIB Bermuda Limited[17]	Bermuda	De-authorised broker	Ordinary	100%
RFIB Bermuda Subco Ltd[17]	Bermuda	Insurance Broking	Ordinary	100%
Tysers (Singapore) Pte Ltd[18]	Singapore	Insurance Broking	Ordinary	100%
RFIB Saudi Arabia Limited[19]	Saudi Arabia	Insurance Broking	Ordinary	60%
RFIB Africa (Pty) Ltd[20]	South Africa	Dormant	Ordinary	100%
Staple Hall Risk Solutions (SA) Pty Ltd[21]	South Africa	Dormant	Ordinary	100%

The Company's 100% share in Galileo Underwriting LLP comprises 52% directly owned by Tysers Insurance Brokers Limited (formerly Integro Insurance Brokers Limited), a wholly owned direct subsidiary undertaking.

The registered office of all the Company's UK subsidiary undertakings is 71 Fenchurch Street, London, United Kingdom, EC3M 4BS.

Two shares (2%) in Tyser Risk Management (Bangladesh) Ltd are held by a local director on behalf of the Group

Notes to the Parent Company financial statements for the year ended 31 December 2021

6. Investments (continued)

Investments	Country of registration or incorporation	Principal Activity	Class of shares held	Percentage Held
Direct investments				
Helix Underwriting Limited[15]	Bermuda	Underwriting Agency	Ordinary	20%
Indirect investments				
Factory and Industrial Risk Managers Proprietary Limited [6]	South Africa	Underwriting Agency	Ordinary	40%
First Marine A/S Denmark[12]	Denmark	Insurance Broking	Ordinary	13%
London Direct Underwriters[13]	Czech Republic	Insurance Broking	Ordinary	35%
Yo Pont Insurance Services Company Limited [14]	Taiwan	Insurance Broking	Ordinary	10%

During 2021, a number of investments were sold as part of an entity rationalisation plan. The largest and most significant of these was the disposal of HQ Insurance Pty Limited on 28th May 2021 for upfront consideration for the Company's 15% shareholding of AUD3,188k and additional deferred consideration of 461k in April 2022 providing additional targets are met.

Registered office addresses for the non-UK investments are as follows:

1 Level 1, 27 James Street, Fortitude Valley QLD 4006, Australia
2 Level 10, 1 Elizabeth Plaza, North Sydney, NSW, Australia 2060
3 Level 4, 34 Awal Centre, Kemal Ataturk Avenue, Banani, Dhaka 1213, Bangladesh
4 Pegasuslaan, 5, B-1831 Deigem, Belgium
5 37 rue des Mathurins, 75008 Paris, France
6 18 Pine Street, Northmead, Benoni, 1501
7 3/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
8 28 Esplanade, St Helier, Jersey JE2 3QA
9 Castle House, Main Street, Rathfarnham, Dublin 14 D14 X8H4 Ireland
10 C/ - Nexia Brisbane Pty Ltd, Level 28, 10 Eagle Street, Brisbane QLD 4000
11 Office 241, 248 Furmanov Street, Almaty, 050059
12 Nytorv 3, 1450 Copenhagen, Denmark
13 Strojirenska 47/18, 15521 Prague - Zlicin, Czech Republic
14 10411, 18 Chang An E., Sec. 1
15 5th Floor Victoria Place, 31 Victoria St, Hamilton, HM10, Bermuda.
16 Level 5, Mill Court La Charroterie, St Peter Port, Guernsey GY1 1EJ
17 Victoria Place, 31 Victoria Street, Hamilton, HM10, Bermuda
18 50 Raffles Place, #37-00 Singapore Land Tower 048623 Singapore
19 29th Floor, Hamad Tower, King Fahid Road, Olaya, Riyadh, Saudi Arabia
20 The Pivot Block E, 1st Floor, Montecasino Boulevard, Fourways Gauteng 2191, South Africa
21 319 Pine Avenue Ferndale Randburg, Johannesberg 2194, South Africa

Notes to the Parent Company financial statements for the year ended 31 December 2021

7. Debtors

Due within one year	2021 £'000	*Re-stated 2020 £'000
Amounts owed by group undertakings (see note 15)	**33,606**	33,538
	33,606	33,538

*See note 4 for the details on 2020 re-statement.

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

8. Creditors – falling due within one year

	2021 £'000	*Re-stated 2020 £'000
Accruals	**361**	1,648
Amounts owed to group undertakings (see note 15)	**68,216**	64,305
Deferred consideration (see note 10)	**3,636**	6,548
	72,213	72,501

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

*See note 4 for the details on 2020 re-statement

9. Creditors – amounts falling due after more than one year

	2021 £'000	*Re-stated 2020 £'000
Amounts owed to group undertakings (see note 15)	**332,814**	312,416
	332,814	312,416

The loan is due to Integro Parent Inc, a fellow group undertaking with a fixed maturity of 31 December 2023. The balance outstanding including accumulated interest as at 31 December was £332,814k (2020: £312,416k). The Company is charged interest of 6.6% (2020: 6.6%).

* See note 4 for the details on 2020 re-statement.

Notes to the Parent Company financial statements for the year ended 31 December 2021

10. Deferred consideration

	2021 £'000	2020 £'000
At 1 January	**6,548**	6,883
Payments	**(3,666)**	(223)
Adjustment in cost arising from re-measurement of deferred consideration	**623**	(309)
Interest on loan notes arising from acquisition of Hawkes Bay Holdings Limited	**131**	197
At 31 December	**3,636**	6,548

Deferred consideration includes contingent consideration.

Contingent consideration represents the Directors' estimate of the future consideration payable in relation to acquisitions in 2018 and previous years that are dependent upon certain performance targets begin achieved.

Contingent consideration payments are structures for each acquisition based on the revenue and earnings performance of the acquired entity.

During 2021 the Company made payments of £3.7m (2020: £0.22m) relating to deferred consideration. An adjustment in cost arising from re-measurement of deferred consideration of £623k (2020: £309k) was also made.

In June 2021, amounts owed under the deferred loan notes arising from the 2018 acquisition of Hawkes Bay Holdings Limited fell due. On 9th June 2021, an agreement to defer payment of the principal and related interest (amounting to £2.9m) was reached with two of the contracted parties. The remainder of the amount was paid to the contracted parties in June 2021. The deferral was initially granted to 31 December 2021 but was extended again to 30 June 2022 in exchange for an increase in the premium due.

11. Allotted and issued share capital

	2021 £'000	2020 £'000
Allotted, issued and fully paid:		
500,101 Ordinary shares of £1 each	**500**	500
	500	500

All shares were issued and fully paid.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the Parent Company financial statements for the year ended 31 December 2021

12. Share premium

	2021 £'000	2020 £'000
Share premium	**11,415**	11,415

13. Commitments

The Company had no capital commitments as at 31 December 2021 (2020: Nil).

14. Contingent liabilities

Financial Guarantee
See note 32 to the consolidated financial statements of Integro Insurance Brokers Holdings Limited for the year ended 31 December 2021.

15. Related party transactions

The table below gives details of the transactions between the Company, its parent and other related parties which comprise other fellow group undertakings on the grounds that they are members of the same parent, Integro Insurance Brokers Holdings Limited.

	2021 £'000	Re-stated 2020 £'000
Amounts due from group undertakings		
Integro Insurance Brokerage Services *	**26,909**	26,607
Risk Transfer Group Limited	**2,243**	2,243
Integro Australia Holding Pty Ltd	**1,270**	1,335
Integro Australia Pty Ltd	**1,461**	1,535
Able Insurance Pty Ltd	**405**	426
Integro Ltd	**1,318**	1,390
RFIB UK Limited	**-**	2
	33,606	33,538
Amounts due to group undertakings		
Integro Group Holdings LP	**61**	-
Integro Parent Inc *	**336,054**	312,416
Tysers Insurance Brokers Ltd	**52,431**	51,829
Galileo Underwriting LLP	**44**	44
Tyser & Co Ltd	**10,337**	10,337
RFIB Bermuda SubCo Limited	**8**	-
RFIB Group Limited	**2,095**	2,095
	401,030	376,721

* See note 4 for details.

Among the amounts payable to Integro Parent Inc is £332,814k (2020: £312,416k), a loan maturing in 2023. See note 9.

Notes to the Parent Company financial statements for the year ended 31 December 2021

16. Events after the reporting date

Sale of Tysers Group
On 8 May 2022, AUB Group Limited, an Australian ASX200 listed group, entered into a binding agreement to purchase the Tysers Group, with the exception of certain legal entities. The agreed purchase price is £500.0m on a debt free basis with potential additional deferred consideration of up to £100.0m. The transaction is considered to be a non-adjusting post balance sheet event, and therefore has no impact on the Company financial statements as at 31 December 2021.

Russia-Ukraine Conflict
On 24 February 2022, the Russian Federation commenced a military invasion of Ukraine. Russian actions with respect to Ukraine have resulted in certain sanctions being imposed by the United Kingdom, the European Union, the United States, and other jurisdictions. The Company currently does not have significant operations in Russia or Ukraine.

As at the date of an approval of these financial statements, the impact of the military conflict between Russia and Ukraine has not had a significant impact on the Company's operations

The Directors confirm that there are no other events after the reporting period that are required to be disclosed.

17. Ultimate parent company

The immediate parent entity at 31 December 2021 was Integro Limited.

The ultimate parent company and controlling entity at 31 December 2021 was Integro Group Holdings LP, a partnership incorporated in the United States.