Registration number: 04043759

Towergate Underwriting Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

Contents

Towergate Underwriting Group Limited

Company Information

Directors	D C Ross D Cougill
Company secretary	D Clarke
Registered office	4th Floor 1 Minster Court Mincing Lane London EC3R 7AA
Auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

Towergate Underwriting Group Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their Strategic Report for the year ended 31 December 2018 for Towergate Underwriting Group Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of The Ardonagh Group Limited ("the Group").

Principal activities and business review

The principal activity of the Company is the provision of insurance intermediary services.

The results for the Company show turnover of £198.4m (2017: £201.5m) and loss before tax of £46.5m (2017: £50.8m) for the year. At 31 December 2018 the Company had net assets of £253.3m (2017: £295.7m). The going concern note (part of accounting policies) on page 17 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

As part of the Group strategy to align the legal entity structure with its operating segments, the Company acquired and disposed of several operations from/to entities under common control in the current and previous years as discussed in note 4 and 5.

Business strategy and objectives

The business strategy of the Company will focus on providing insurance intermediary services across niche and specialist lines of business, and whilst predominantly based in the United Kingdom ("UK") the Company recognise the opportunity that European expansion offers to add further distribution channels

The Company continues to emphasise the fundamental importance of putting customers first. The Company has developed policies and processes with the aim of treating every customer fairly and consistently. This includes endeavouring to provide them with the best products, advice and service, which can build loyalty and advocacy, which in turn will strengthen reputation and support profits. Serving customers well involves dealing with complaints promptly and effectively, having high standards around underwriting and pricing, and taking a customer-focused approach to sales and marketing. The development of a strong customer base assists in developing income growth which is another objective of the business. The Company aims to both increase retention rates and attract new customers.

The Company also aspires to create a high performance culture, creating excellent customer service through highly engaged employees. The Company aims to attract, develop and promote the best talent and to create a supportive environment in which every employee continuously learns and develops. This is achieved by creating a shared understanding of the Company's strategic goals and objectives, building the capability of managers and leaders to manage performance, and by ensuring each employee has the knowledge, skill and capability to perform their role. The Company's culture and competitive remuneration packages enable it to attract and retain key staff.

Outlook

Following the acquisition and disposal of operations in 2018 and 2017 as described above, the Company will be focused on its Insurance Broking businesses in the future and the Company will form part of the Group's Insurance Broking segment. The directors believe this focus will be beneficial to the Company and expect to see future performance improvements as a result.

Key performance indicators

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

	Unit	2018	2017
Gross written premium ("GWP")	£m	765.9	916.3
Turnover	£m	198.4	201.5
Administrative expenses	£m	202.9	200.0
Turnover/GWP ratio	%	25.9	22.0
Administrative expenses/turnover ratio	%	102.3	99.3

The turnover/GWP ratio has increased by 3.9% from 22.0% in 2017 to 25.9% in 2018. This is as a result of the wider group divisionalisation strategy of acquiring several operations under common control, coupled with an increase in other income, mainly marketing contribution and trading deals. Administrative expenses have increased by £2.9m from £200.0m in 2017 to £202.9m in 2018. This has led to an increase in the administrative expenses/turnover ratio.

Non-financial key performance indicators include staffing levels which have decreased by 10% throughout the year mainly due to the business transfers mentioned in Strategic Report on page 2.

Principal risks and uncertainties

Risk management
The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Risk Management Committee meetings and the Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

The principal risks and their mitigation are as follows:

Strategic and commercial risk
There are risks of changes to the competitive and economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of the economic and competitive environment and diversification of product lines and channels.

Financial risk
There is the risk of adverse impact on business value or earning capacity as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows against risk appetite and a focus on debt collection.

Operational risk
There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and/or from external events. These are mitigated by having an Enterprise Risk Management Framework in place, which is owned by the Group Risk Officer. The framework requires all risks to have owners, and these owners have appropriate controls in place which are regularly monitored and significant changes to the risk escalated as required.

The Company's business depends on the ability of employees to process transactions using secure information systems. The capacity to service customers depends on storing, retrieving, processing and managing information. Interruption or loss of information processing capabilities through loss of stored data, the failure of computer equipment or software systems, a telecommunications failure or other disruption could have a material adverse effect on business, results of operations and financial condition. To mitigate these risks the Company has certain disaster recovery procedures in place and insurance to protect against such contingencies.

Regulatory and legal risk
This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the Company and the Group to reduce the risk of errors and non compliance.

Underwriting capacity risk
The Company is an insurance intermediary and depends on insurance companies providing it with insurance underwriting capacity and products. The underwriting capacity of insurance companies depends on, among other things, their ability to procure reinsurance, over which the Company has no control. To retain underwriting capacity, the Company also needs to maintain satisfactory loss ratios for its insurance company partners.

General Data Protection Regulation
The Company's computer systems store information about its customers, some of which is sensitive personal data. Database privacy, identity theft and related computer and internet issues are matters of growing public concern and are subject to changes in rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation. Although the Company has taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our database and to ensure that our processing of personal data complies with the relevant data protection regulations, our technology may fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss.

Volatility in premiums and insurance market cycle
The Company derives most of its revenue from commissions and fees for underwriting services. Its 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 material adverse effect on the results of operations and the Company's financial condition. This risk is mitigated by ensuring that the Company has a range of products and by diversifying its portfolio. This should reduce the effect of a cycle on one specific class of business.

Towergate Underwriting Group Limited

Strategic Report for the Year Ended 31 December 2018

Future impact of Brexit

As a business that operates predominantly in the United Kingdom ("UK"), the Company is affected by economic conditions in the UK and the associated possibility of decline in business and customer confidence. This risk has been exacerbated by the uncertainties surrounding the UK's decision to leave the European Union ("Brexit"). Our typical small to medium-sized business ("SME") customers and individual consumers may be more vulnerable to any economic downturn than larger commercial customers, reducing or delaying insurance purchases or making premium payments.

The Brexit decision could lead to the UK leaving the single market for goods and services and the ability of businesses to passport between the UK and other European Union states. The direct impact on the Company will not be significant because it currently conducts little business outside the UK, although there may be some effects on the insurance markets into which it places business.

Approved by the board on 22 Apr 2019 and signed on its behalf by:

D. COUGILL

Director

Towergate Underwriting Group Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors of the Company

The directors, who held office during the year, were as follows:

D C Ross

A Erotocritou (resigned 1 August 2019)

M S Mugge (resigned 2 March 2018)

The following director was appointed after the year end:

D Cougill (appointed 1 August 2019)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2018 (2017: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Risk management' section on page 3.

Future developments

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

Political donations

The Company has not made any political donations during the year (2017: £Nil).

Employment of disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they have the appropriate skills and technical ability to perform. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Employees who become disabled during their working life will be retrained if necessary and wherever possible will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Employee involvement

Employees are key to the Company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The Company is also keen to encourage an individual's personal development to ensure that they have the skills required to undertake their role. The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and the Group as a whole. This is achieved by formal and informal meetings, circulation of the Company weekly communications email and Group news posted on the internal website.

Going concern

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

Towergate Underwriting Group Limited

Directors' Report for the Year Ended 31 December 2018

Directors' liabilities

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

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Appointment of auditor

During the year ended 31 December 2017, a formal tender process took place, led by The Ardonagh Group Limited Audit Committee. As a result of this tender process the Audit Committee recommended, and The Ardonagh Group Limited board approved, the proposed appointment of Deloitte LLP as external auditor for the financial year ended 31 December 2018. The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the board on 11 April 2019 and signed on its behalf by:

D. COUGHLL

Director

Towergate Underwriting Group Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Towergate Underwriting Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Towergate Underwriting Group Limited ("the Company"):

• give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
• the Statement of Comprehensive Income;
• the Statement of Financial Position;
• the Statement of Changes in Equity; and
• the related notes 1 to 24;

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Towergate Underwriting Group Limited

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Towergate Underwriting Group Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Mark McIlquham (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 22 August 2019

Towergate Underwriting Group Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	Continuing operations 2018 £ 000	Discontinued operations 2018 £ 000	Total 2018 £ 000	2017 £ 000
Turnover	6	196,739	1,697	198,436	201,515
Amortisation and other amounts written off intangibles	7, 13	(5,719)	(9)	(5,728)	(6,599)
Administrative expenses		(200,989)	(1,885)	(202,874)	(199,945)
Impairment of financial assets		(755)	(187)	(942)	(1,574)
Loss on disposal of goodwill	7, 13	(31,203)	(2)	(31,205)	-
Impairment of goodwill	7, 13	(4,091)	-	(4,091)	(43,845)
Operating loss	7	(46,018)	(386)	(46,404)	(50,448)
Finance income		-	-	-	1
Finance costs		(67)	-	(67)	(400)
Net finance cost	8	(67)	-	(67)	(399)
Loss before tax		(46,085)	(386)	(46,471)	(50,847)
Income tax credit/(expense)	11	5,160	-	5,160	(3,399)
Net loss for the year		(40,925)	(386)	(41,311)	(54,246)

The notes on pages 16 to 65 form an integral part of these financial statements.

Towergate Underwriting Group Limited

(Registration number: 04043759)
Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Assets			
Non-current assets			
Property, plant and equipment	12	8,839	12,136
Intangible assets	13	221,386	260,269
Trade and other receivables	15	375	-
Other financial assets	14	77	77
Deferred tax assets	11	11,520	7,070
		242,197	279,552
Current assets			
Trade and other receivables	15	126,363	127,840
Cash and cash equivalents	16	94,481	87,473
		220,844	215,313
Total assets		463,041	494,865

The notes on pages 16 to 65 form an integral part of these financial statements.

Towergate Underwriting Group Limited

(Registration number: 04043759)
Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Equity and liabilities			
Equity			
Called up share capital	17	557,261	557,261
Other reserves		293	293
Capital contribution		62	-
Merger reserves		(5,505)	(2,528)
Retained losses		(298,817)	(259,360)
		253,294	295,666
Non-current liabilities			
Trade and other payables	18	209	2,234
Loans and borrowings		-	3
Provisions	22	2,653	3,189
Deferred tax liabilities	11	1,411	1,668
		4,273	7,094
Current liabilities			
Trade and other payables	18	201,721	186,131
Income tax liability		64	-
Provisions	22	3,689	5,974
		205,474	192,105
Total liabilities		209,747	199,199
Total equity and liabilities		463,041	494,865

Approved by the board on 22 April 2019 and signed on its behalf by:

D. COUGILL

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Director

The notes on pages 16 to 65 form an integral part of these financial statements.

Towergate Underwriting Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Note	Share capital £ 000	Other reserves £ 000	Capital contribution £ 000	Merger reserves £ 000	Retained losses £ 000	Total £ 000
At 1 January 2018		557,261	293	-	(2,528)	(259,360)	295,666
Adjustment to opening balance		-	-	-	-	1,854	1,854
Net loss for the year		-	-	-	-	(41,311)	(41,311)
New share capital issued		-	-	-	-	-	-
Capital contribution - share-based payment		-	-	62	-	-	62
On business combinations and discontinued operations	4, 5	-	-	-	(2,977)	-	(2,977)
At 31 December 2018		557,261	293	62	(5,505)	(298,817)	253,294

The £1.9m adjustment to opening retained losses is a result of the adoption of IFRS 9 and IFRS 15 from 1 January 2018. The Company adopted these standards applying the modified retrospective approach without restatement. Of the adjustment above (£0.2m) relates to IFRS 9 and £2.0m relates to IFRS 15.

In 2018, the Company acquired and disposed of business and assets from/to fellow group entities. This resulted in a £3.0m movement on the merger reserves. For further details please refer to note 4 Discontinued operations and note 5 Business combinations.

	Note	Share capital £ 000	Other reserves £ 000	Capital contribution £ 000	Merger reserves £ 000	Retained losses £ 000	Total £ 000
At 1 January 2017		523,261	293	-	-	(205,114)	318,440
Net loss for the year		-	-	-	-	(54,246)	(54,246)
New share capital issued		34,000	-	-	-	-	34,000
Capital contribution- share-based payment		-	-	-	-	-	-
On business combinations		-	-	-	(2,528)	-	(2,528)
At 31 December 2017		557,261	293	-	(2,528)	(259,360)	295,666

In 2017, the Company acquired business and related assets from fellow group entities. This resulted in £2.5m of merger reserves being recognised.

The notes on pages 16 to 65 form an integral part of these financial statements.

1 Authorisation of financial statements

The Company is a private company limited by share capital incorporated, domiciled and registered in England, United Kingdom. The details of the registered office address can be found on page 1, and its principal activity on page 2.

The financial statements for the year ended 31 December 2018 were authorised for issue by the board on ..22..April........ 2019 and the Statement of Financial Position was signed on the board's behalf by ..D..Cuzner....

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 101.

Summary of disclosure exemptions

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

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

• the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;

• the requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;

• the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement apart from those which are relevant for the financial statements which are held at fair value and not held as part of a trading portfolio;

• the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;

2 Accounting policies (continued)

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

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

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

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

• the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of the disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

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

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting policies and estimates disclosure on page 42.

Going Concern
The financial statements of the Company have been prepared on a going concern basis. At 31 December 2018 the Company had net assets of £253.3m (2017 £295.7m) and net current assets of £15.4m (2017: £23.2m). The net current assets include amounts receivable from related parties of £103.6m (2017: £96.8m), and amounts due to related parties of £122.3m (2017: £89.9m). The Company was one of a number of group companies who at 31 December 2018 guaranteed bank and bond debt owed by Ardonagh Midco 3 Plc, an intermediate holding company in the group.

The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have considered the going concern position of the Group and its ability to meet its obligations as and when they fall due. This assessment of the Group's position included:

• the current capital structure and liquidity of the Group and its base case and stressed cash flow forecasts over the calendar years 2019 and 2020;
• the principal risks facing the Group and its systems of risk management and internal control; and
• 2019 liquidity to date is tracking favourably to plan.

2 Accounting policies (continued)

Key assumptions that the directors have made in preparing the base case cash flow forecasts are that the Group:

• Invests to complete the major business transformation projects involving the finance function and broker system consolidation and achieves the projected synergies.
• Continues to benefit from the Revolving Credit Facility of £120m, which is limited to £90m whilst the Letter of Credit ancillary facility of £50m remains in place. None of the available £90m Revolving Credit Facility was utilised at 31 December 2018.
• Commences the main settlement of the ETV liabilities from the second half of 2019 and completes over a 24 month period.

Key stress scenarios considered in the base case are:

• A shortfall in base case projected operating cash flows due to adverse economic conditions, project over-spend and project delays.
• Deterioration in the quantum and acceleration of the settlement of the ETV liabilities compared to the base case.
• Mitigating actions within Management's control such as:
- Delayed capital expenditure and a reduction in discretionary spend. This action could be utilised if trading performance and cash flows are not in line with the reforecast and can be managed by temporary spending deferrals.
- Raising additional debt, additional shareholder support, and the potential sale of non-core assets.
• Impact of Brexit.

Following their assessment of the Company's and Group's financial position and ability to continue and its ability to meet its obligations as and when they fall due, the directors have a reasonable expectation that the Company will be able to continue to operate for at least the next twelve months from the date of approval of the financial statements. Therefore, the annual financial statements have been prepared on a going concern basis.

2 Accounting policies (continued)

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

Application of new and revised International Financial Reporting Standards ("IFRS")
The Company adopted IFRS 9 and IFRS 15 on 1 January 2018. The impact of the adoption on the Company's equity at 1 January 2018 was an increase of £1.9m. Further detail of the transition adjustments and amendments to accounting policies can be found in the respective sections below.

IFRS 9 Financial Instruments

The Company's adoption date is 1 January 2018.

IFRS 9, the new Standard for financial instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. It makes changes to the previous guidance on the classification and measurement of financial assets and introduces an expected credit loss ("ECL") model for the impairment of financial assets.

As a result of the adoption of IFRS 9, the Company adopted the consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Previously, the Company's approach was to include the impairment of trade receivables in operating costs.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, that are applied to disclosures relating to 2018 but have not generally been applied to comparative information (as permitted under IFRS 9). The comparative period notes disclosures repeat the disclosures made in the prior year and are presented in accordance with IFRS 7 (pre-amendment by IFRS 9). Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

The impact on the Company's equity at 1 January 2018 is as follows:

	Retained losses
	£ 000
Closing balance - 31 December 2017 - IAS 39	259,360
Increase in loss allowances for trade receivables	162
Opening balance 1 January 2018 - IFRS 9	259,522

2 Accounting policies (continued)

The application of IFRS 9 has had no impact on the cash flows of the Company.

Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Company's management assessed which business models apply to the financial assets held by the Company and classified its financial instruments into the appropriate IFRS 9 categories. The assessment of the business model within which a financial asset is held was made based on the facts and circumstances that existed at the date of initial application.

The table below shows the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018:

	Note	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Additional loss allowance and remeasurement recognised under IFRS 9	New carrying amount under IFRS 9
				£ 000	£ 000	£ 000
Unlisted equities	a)	Available for sale investments	Fair value through other comprehensive income	77	-	77
Trade & other receivables	b)	Loans and receivables	Amortised cost	119,101	(162)	118,939
Cash and cash equivalent	b)	Loans and receivables	Amortised cost	87,473	-	87,473
Borrowings	c)	Amortised cost	Amortised cost	(3)	-	(3)
Contingent consideration payable	c)	Fair value through profit or loss	Fair value through profit or loss	(33)	-	(33)
Trade payables in relation to insurance transactions	c)	Amortised cost	Amortised cost	(61,158)	-	(61,158)

2 Accounting policies (continued)

(a) Reclassification from available for sale to Fair Value Through Other Comprehensive Income ("FVTOCI")
The Company elected to present in other comprehensive income (OCI) changes in the fair value of all its unlisted equity investments previously classified as available for sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of £0.1m were reclassified from available for sale to FVTOCI. There were no fair value gains to be reclassified.

Despite reclassification of the assets, the Company does not consider any changes in the value of the assets. Therefore, no adjustment through OCI has been made.

(b) Cash and cash equivalents and trade receivables
The Company's cash and cash equivalents and trade receivables continue to be accounted for at amortised cost. The business model in which these assets are held is 'hold to collect' as the Company does not sell cash balances and trade receivables to other parties. The "solely payments of principal and interest" test is met as only interest is earned. These assets do not have a significant financing component. The application of IFRS 9's impairment requirements at 1 January 2018 resulted in an additional impairment loss on trade and other receivables, over the impairment recognised under IAS 39, of £0.2m.

(c) Financial liabilities
There was no impact on the Company's accounting for financial liabilities.

(d) Financial assets and liabilities designated as Fair Value Through Profit and Loss (FVTPL)
The Company has not designated any financial assets and financial liabilities at FVTPL and it has no current intention to do so. There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification, or which the Company has elected to reclassify upon the application of IFRS 9.

2 Accounting policies (continued)

Impairment
IFRS 9 introduces a new expected credit loss (ECL) model that replaces the incurred loss impairment model used in IAS 39. Under IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. The Company has three main types of assets which are subject to IFRS 9's ECL model:

• trade and other receivables;
• contract assets; and
• cash and cash equivalents.

The Company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

The new impairment model mainly impacts the Company's trade receivables. The application of IFRS 9's impairment requirements at 1 January 2018 resulted in additional impairment losses on trade and other receivables, over the impairment recognised under IAS 39 of £0.2m.

Trade and other receivables
The Company has applied the simplified approach to recognise lifetime ECL for its trade receivables as these items do not have a significant financing component. This approach allows the use of a provision-matrix and is similar to the Company's existing bad debt policy. However, under IFRS 9 this incorporates more forward-looking information, such as the Company's outlook on the economy, and is applied also to non-impaired assets.

ECL was calculated based on actual credit loss experience over two years. Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors were based on GDP and unemployment rate forecasts and resulted in the following adjustments:

On 1 January 2018 (opening reserves adjustment), increase historical credit loss experience by 11% because GDP growth was predicted to be 11% lower in 2018 relative to 2017, and increase it by a further 5% because the unemployment rate was predicted to be 5% higher in 2018 relative to 2017 (source: ICAEW Economic Forecast); and

On 31 December 2018, do not increase historical credit loss experience because GDP growth and the unemployment rate predicted for 2019 indicate that an increase to 2018 data is not required (source: HM Treasury 'Forecasts for the UK economy').

2 Accounting policies (continued)

Cash and cash equivalents and contract assets
The cash and cash equivalents are held with bank and financial institution counterparties with, wherever possible, a minimum single A credit rating from both Moody's and S&P. Contract assets represent the Company's right to consideration in exchange for services rendered or work completed when that right is conditional on something other than the passage of time (for example, profit commission or other variable commission). The contract assets are transferred to receivables when the rights become unconditional or are billed.

The Company considers that its cash and cash equivalents and contract assets have low credit risk based on the external credit ratings of the counterparties.

The application of IFRS 9's impairment requirements at 1 January 2018 did not impact cash and cash equivalents and contract assets.

Derecognition
The derecognition rules have been transferred from IAS 39 and remain largely unchanged.

IFRS 15 Revenue from Contracts with Customers

The Company's adoption date is 1 January 2018.
IFRS 15 replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts'.
The core principle of IFRS 15 is that the entity should recognise revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Specifically, IFRS 15 introduces the following 5-step approach to revenue recognition:
Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company adopted IFRS 15 by applying the modified retrospective approach without restatement, with the cumulative effect on initial application recognised as an adjustment to the opening equity balances at 1 January 2018. In accordance with the transition requirements, the standard has only been applied to contracts that were incomplete as at 1 January 2018. The Company also utilised the practical expedient in IFRS 15 not to account retrospectively for contract modifications prior to the date of initial application. The disclosure requirements of IFRS 15 have not been applied to comparative information, nor to contracts that were considered complete at the date of initial application.

Impact of adoption
The following tables and related narratives summarise the impact of adopting IFRS 15 on the Company's financial statements. There was no material impact on the Company's statement of cash flows for the year ended 31 December 2018. Further information about the Company's accounting policy under IFRS 15 compared to IAS 18 is provided under the Revenue accounting policy on page 37.

2 Accounting policies (continued)

Impact on the opening balance of equity at 1 January 2018

The table below shows the impact of initially applying IFRS 15 on the opening balance of equity at 1 January 2018:

	Note	Post-placement obligations	Cost to fulfil	Cost to obtain	Total
		£ 000	£ 000	£ 000	£ 000
Assets					
Other assets	(a), (b)	-	2,370	334	2,704
Liabilities					
Contract liabilities	(c)	(214)	-	-	(214)
Income tax assets/(liability)		41	(451)	(64)	(474)
Net assets/(liabilities)		(173)	1,919	270	2,016
Equity		173	1,919	(270)	(2,016)

Equity
The total impact on equity on transition is a £2.0m credit, which comprises a £2.0m credit to retained losses. The opening reserves adjustments do not impact the Statement of Comprehensive Income.

Impact on the Statement of Comprehensive Income for the year ended 31 December 2018
The table below illustrates the impact of IFRS 15 on the Statement of Comprehensive Income for the year ended 31 December 2018:

	Amount which would be presented under IAS 18	IFRS 15 impact/ adjustment	As presented in the financial statements at 31 December 2018
	£ 000	£ 000	£ 000
Turnover	198,432	4	198,436
Administrative expenses	(205,271)	1,454	(203,817)
Operating loss	(6,839)	1,458	(5,381)
Tax credit/(charge)	1,299	(277)	1,022
Net operating loss	(5,540)	1,181	(4,359)

2 Accounting policies (continued)

Impact on statement of financial position at 31 December 2018

The following table illustrates the impact of IFRS 15 on the financial position at 31 December 2018. Line items that were not affected by IFRS 15 have not been included.

	Amounts which would be presented under IAS 18	IFRS 15 amounts recognised on transition	IFRS 15 impact/ adjustment	Discontinued operation and business combination	As presented in the Financial statements at 31 December 2018
	£ 000	£ 000	£ 000	£ 000	£ 000
Non-current assets					
Other assets*	-	334	41	-	375
Current assets					
Other assets*	-	2,370	1,418	(1,004)	2,784
Non-current liabilities					
Contract liabilities*	-	(2,286)	2,102	45	(139)
Deferred income	(121)	2,224	(2,103)	-	-
Current liabilities					
Contract liabilities*	-	(8,115)	3,867	100	(4,148)
Deferred income	(4,096)	7,963	(3,867)	-	-
Trade payables in relation to insurance transactions	(53,446)	(2,427)	-	-	(55,873)
Income tax asset/(liability)	687	(474)	(277)	-	(64)
Loss corridor provision	(2,427)	2,427	-	-	-
	(59,403)	2,016	1,181	(859)	(57,065)

* Other assets are included in the trade and other receivables and contract liabilities are included in the trade and other payables in the Statement of Financial Position.

2 Accounting policies (continued)

(a) Costs to fulfil
Salaries and other costs associated with customer-facing employees are, when applying IFRS 15, deferred and matched with the related revenue, resulting in the later recognition of these costs. The impact on transition to IFRS 15 is a £2.0m credit to equity (net of tax).

(b) Costs to obtain
When applying IFRS 15, incremental costs paid to distributors (usually aggregator websites) for obtaining new business are capitalised if the estimated life of the client relationship purchased is greater than one year, resulting in the later recognition of these costs. The impact on transition to IFRS 15 is a £0.3m credit to equity (net of tax).

(c) Post-placement obligations
When applying IFRS 15, commissions and fees revenue associated with post-placement performance obligations (mainly claims handling services) is deferred based on standalone selling prices, resulting in the later recognition of revenue. The impact on transition to IFRS 15 is £0.2m debit to equity (net of tax).

Presentation of assets and liabilities
The Company changed the presentation of certain amounts in the Statement of Financial Position to reflect the terminology of IFRS 15:
• Amounts expected to be paid under loss corridor arrangements have been reclassified from provisions to insurance creditors (trade and other payables) on transition to IFRS 15;
• Other assets include contract costs capitalised under IFRS 15, specifically costs to obtain and costs to fulfil assets;
• Contract liabilities represent the Company's obligation to transfer services to a customer for which the Company has received the consideration (or the amount is due) from the customer. This includes deferred revenue related to post-placement performance obligations and other deferred income (e.g. advances from customers for policies not yet incepted); and
• Amounts of deferred income that were previously presented under trade and other payables have been reclassified to contract liabilities on transition to IFRS 15.

Summary of disclosure exceptions
FRS 101 provides certain disclosure exemptions in relation to IFRS15 and the Company has taken advantage of the following disclosure exemptions;
• the requirement of paragraph 115 to disclose the relationship between the disclosure of disaggregated revenue (in accordance with paragraph 114) and revenue information that is disclosed for each reportable segment;
• the requirements of paragraph 120 to 125 to disclose information about the remaining performance obligation and judgements or changes in judgements; and
• the requirements of paragraph 126 and 127 to disclose the method, inputs and assumptions used to determine the contract price.

2 Accounting policies (continued)

Intangible assets

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Customer relationships

Customer relationship intangible assets arise from business combinations where the acquirer is able to benefit from selling future new business through existing relationships. Their fair value has been calculated as the sum of the present value of projected cash flows, in excess of returns on contributory assets over the life of the relationship with the customers. These assets are amortised on a straight-line basis over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Trademarks, patents and licences

Brand intangible assets arise from business combinations where they are separable or from contractual or other legal rights. Their fair value has been calculated as the sum of the present value of projected royalty payments that would be paid to licence the right to use the brand. These assets are amortised on a straight-line basis over their estimated useful lives of 5 years, which considers the Company's track record of retaining brands for a period and experience of the insurance broker market.

Computer software

Acquired computer software licences arise either through business combinations when they are separable or are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated by using the net book value acquired. These costs are amortised on a straight-line basis over their estimated useful lives of 4 years.

2 Accounting policies (continued)

Internally-generated computer software and assets under construction
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development of computer software (or from the development phase of an internal project) is recognised if and only if all the following conditions have been demonstrated:
• the technical feasibility of completing the intangible asset so that it will be available for use or sale;
• the intention to complete the asset and use or sell it;
• the ability to use or sell the intangible asset;
• how the intangible asset will generate future economic benefits;
• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
• the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above and is classified as an asset under construction. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period when it is incurred.

Subsequent to initial recognition, internally-generated intangible assets when ready for use as intended by management are transferred to the appropriate intangible asset class and reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives of four years. In the period between initial recognition and ready for use no amortisation is charged on internally-generated intangible assets.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2 Accounting policies (continued)

Impairment of assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each Statement of Financial Position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Any impairment charges arising from the review of the carrying value of goodwill and intangible assets are, where material, disclosed separately on the face of the Statement of Comprehensive Income.

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

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

Where assets under construction projects are incomplete, costs are capitalised as work in progress and included within property, plant and equipment assets. These costs are not subject to depreciation until completion of the project.

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

Leasehold improvements:	Over the life of the lease
Fixtures and fittings:	15% per annum or over 6 year
Motor vehicles:	25% per annum
Computer equipment:	25% per annum
Furniture and office equipment:	20% per annum

2 Accounting policies (continued)

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a current legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2 Accounting policies (continued)

Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:
• Amortised cost;
• Fair value through other comprehensive income ("FVTOCI").

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets classified as amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost:
• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The Company's financial assets measured at amortised cost include trade and other receivables, cash and cash equivalents and other financial assets.

These assets are held within a business model whose objective is to collect the contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Thus, such assets are subsequently measured and carried at amortised cost in the Statement of Financial Position. The Company's trade receivables do not have a significant financing component and as such their transaction (invoiced) price is considered to be their amortised cost.

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated Statement of Financial Position as part of trade receivables.

2 Accounting policies (continued)

Equity instruments designated as FVTOCI

The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met. Gains and losses on these equity instruments are never recycled to profit or loss. Dividend income from equity instruments measured at FVTOCI is recognised in profit or loss as part of investment income when the right to payment has been established (provided that it is probable that the economic benefits will flow to the Company and that the amount of income can be measured reliably), except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities. Equity instruments at FVTOCI are not subject to an impairment assessment.

The Company has designated all of its unlisted equity investments as at FVTOCI, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the operating costs line item;

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition. They would only be reclassified if the Company were to change its business model for managing its financial assets, in which case the affected financial assets would be reclassified in the period following that change.

2 Accounting policies (continued)

Impairment of financial assets
The Company assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVTOCI. The Company recognises a loss allowance for such losses at each reporting date.

The Company recognises lifetime ECL for loans and trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables, including the time value of money where appropriate. Scalar factors are typically based on GDP and unemployment rate forecasts.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if; i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

All cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable banks and financial institution counterparties with, wherever possible, a minimum single A credit rating from both Moody's and S&P. The Company measures the loss allowance for such assets at an amount equal to 12 months ECL.

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

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available.

Default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:
• when there is a breach of financial covenants by the counterparty; or

2 Accounting policies (continued)

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
• significant financial difficulty of the issuer or the borrower;
• a breach of contract, such as a default or past due event;
• the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender(s) would not otherwise consider;
• it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
• the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Company writes off all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2 Accounting policies (continued)

Classification and subsequent measurement of financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified and measured at FVTPL when the financial liability is:
• contingent consideration relating to a business combination to which IFRS 3 applies;
• held for trading; or
• it is designated as at FVTPL.
Financial liabilities are otherwise classified and measured at amortised cost.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

The Company has no debt instruments that are measured at FVTPL.

For financial liabilities that are denominated in a foreign currency, that are measured at amortised cost or at fair value through profit or loss, and that are not part of a designated hedging relationship, the foreign exchange gains and losses are recognised in profit or loss.

The Company's financial liabilities include trade and other payables.

Trade payables
Trade payables are initially recognised at fair value and are subsequently measured at amortised cost except for deferred and contingent consideration which is measured at fair value based on the underlying criteria of each transaction.

Finance income and finance costs
The Company's finance income and finance costs include:
• interest income
• interest expense
• unwind of discount on provisions.

Interest income and expense are recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

2 Accounting policies (continued)

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation.

Where appropriate the Company discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement. In the year the Company discount rate used to calculate the present value of provisions was amended to reflect the risk-free rate.

Share capital

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

2 Accounting policies (continued)

Revenue
The Company applied IFRS 15 from 1 January 2018 using the modified retrospective approach without restatement (see 'IFRS 15 Revenue from Contracts with Customers' accounting policy on page 23).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a service to a customer.

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

The Company retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a third-party premium credit provider. Some of the Company's contracts are rolling on a monthly basis, in which case payment is made on a monthly basis (see below). The Company utilises the practical expedient in IFRS 15 not to adjust the amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

Post-placement performance obligations
The Company may also have post-placement obligations in contracts with customers, which mainly consist of claims handling services associated with the claims life cycle for example first notification, claims investigation, decision and settlement, supply chain management, fraud investigation, field/loss adjusting services and management information), but may also include other performance obligations such as the provision of mid-term adjustments.

To the extent that commission and fees received (or receivable) relate to both placement and post-placement performance obligations, a suitable proportion of income related to post-placement obligations is deferred based on the estimated standalone selling prices of the performance obligations in the contract and presented as a contract liability. Revenue for post-placement obligations is recognised over the period of providing the services. Under IAS 18, the Company recognised the commission and fees on placement of policies and recognised a provision for the costs to satisfy these performance obligations.

2 Accounting policies (continued)

Variable consideration
The Company is a party to the following arrangements where the consideration receivable by the Company is variable:

Profit share/loss corridor arrangements - these are trading deals with insurers which include incentives and penalties based on performance of the book of business for an accident year. Revenue related to these arrangements is recognised on a best estimate basis, only to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur (a constraint).

Under the profit share arrangements, an additional commission is earned from the insurer based on the profit from the underlying book of business or the number of policies placed. The estimated profit share is recognised as a contract asset and is reclassified to trade and other receivables when the final results are determined. Some profit commissions may be provided in advance, in which case they can be subject to a clawback. Advanced profit share is recognised as a contract liability until the Company performs the underlying obligations.

Under the loss corridor arrangements, the commission received by the Company is subject to a clawback if a set loss ratio exceeds a particular threshold for an accident year. When the threshold is exceeded, a payment calculated as a percentage of the loss is due to the insurer up to a maximum (between 1.0% and 4.0% of the loss). Expected clawbacks under loss corridor arrangements are recognised in trade and other payables.

The final results relating to an accident year are calculated by the insurer and agreed with the Company between 12 and 36 months of the accident year-end depending on business line, and settlement of the amount is made within 3 months of the formal agreement between the parties.

Under IAS 18, profit commission was recognised at a point when it can be measured with reasonable certainty, which was in some cases later than under IFRS 15. Commission expected to be clawed-back under a loss corridor arrangement was reduced against a provision when a loss to the Company was probable and the amount could be measured reliably.

Some policies placed by the Company are rolling on a monthly basis with no re-brokering each month. The Company recognises the commission on these contracts at policy inception for the expected duration of the contract or for the period until the policy is re-brokered, whichever is earlier. A contract asset is recognised for the amount that has been recognised as revenue but not yet invoiced to the customer. Under IAS 18, revenue from these products was recognised on a monthly basis.

Some contracts with customers include cancellation rights, whereby the commission receivable by the Company is subject to a clawback. If no claims are made under the policy, then cancellations usually entitle the policyholder to a proportional refund of the premium (which includes a proportion of the Company's commission). Fees are normally non-refundable.

When the effect is material, the Company adjusts the estimated consideration for the expected clawback based on historical experience of average cancellations and recognises revenue only on the amount that is not expected to be refunded. The Company reassess at the end of the reporting period whether the estimated clawback needs to be revisited. Amounts that are expected to be refunded are recognised in trade and other payables. Accounting under IAS 18 was not materially different.

2 Accounting policies (continued)

Other income
Other income represents rent receivable and service charges receivable in respect of sub-let properties.

Contract costs (Other assets)
Contract costs are assets recognised in accordance with IFRS 15 which consist of:

Costs to fulfil - salary and other costs of customer-facing employees who undertake activities necessary to satisfy contracts with the customer. The Company estimates the proportion of costs that are eligible to be capitalised based on the time spent by customer-facing employees on relevant inception/renewal activities. Capitalised costs are released to profit or loss on inception or renewal of the contract with the customer, which normally takes place within 1-3 months of the reporting period.

Costs to obtain - incremental fees paid to distributors (usually aggregator websites) for obtaining new business. These costs are amortised, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, over the average life of the relationship with the customer. The Company utilises the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Contract costs are presented within 'other assets' when recognised in the Statement of Financial Position. Under IAS 18, contract costs were expensed as incurred.

2 Accounting policies (continued)

Employee benefits

Pension costs

The Company operates a number of defined contribution pension schemes. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The costs of the Company's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

Long-Term Incentive Plans

The Company operates a number of Long Term Incentive Plans ("LTIP"), under which the Company receives services from employees as consideration for cash settled incentives which vest over a number of years based on achievement against certain performance measures and/or service conditions. The incentives are paid to participants at the end of the relevant performance and/or service period (the 'performance period'), in some instances interim payments are made but in all instances participants must then remain in employment for a further period (the clawback period) in order to retain the full value of their pay out.

The Company recognises an expense in respect of LTIPs over the vesting period, which is deemed to commence when the Company makes participants aware of their right to participate in the LTIP and ends on conclusion of the clawback period.

Where a LTIP is payable in instalments the Company recognises an expense either based on (i) the staged vesting approach or (ii) the plan's benefit formula, depending on the specific facts and circumstances of the relevant award. Where benefits are materially higher in later years the expense is recognised on a straight-line basis over the vesting period.

At the end of each reporting period the Company revises its estimate of the expected pay out, it recognises the impact of the revision to original estimate, if any, in the income statement with a corresponding adjustment to the related provision (during the performance period) or prepayment (during the clawback period) as relevant.

Share incentive plans

The Group operates an equity-settled, share-based compensation plan, under which the Company receives services from employees as consideration for the award of Management Incentive Plan shares ("MIP"). MIP shares have no dividend or voting rights and cannot be sold, they are convertible to ordinary shares of the Ardonagh Group on occurrence of a crystallisation event, this being defined as the earlier of a liquidity event an Initial Public Offering or a winding-up.

The Group has the option to repurchase MIP shares if employees leave the Company prior to the occurrence of a crystallisation event. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, measured based on the fair value of the options granted and recognised on a straight-line basis over the vesting period. At the end of each reporting period the Company assesses the length of the vesting period based on the most likely date of crystallisation, and where a crystallisation event is not deemed probable, no expense is recognised.

2 Accounting policies (continued)

Taxation

Current tax

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

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, deferred tax is reversed. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax asset and the deferred tax liability can only be offset when they relate to income taxes levied by the same taxation authority. Where deferred tax is offset on different taxable entities this is allowed when it is intending either to settle current tax assets or liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

Contingent consideration

Contingent consideration is measured at fair value on acquisition date and relates to either a deferred portion of the purchase price or relates to the future acquisition by the Company of a minority shareholding. Contingent consideration which is a deferred portion of the purchase price is measured at fair value at the date of acquisition and amended in future periods if the amount that is payable is determined to be different. Contingent consideration related to the future purchase of minority interests in fellow subsidiaries is valued according to an agreed calculation based on the results of the relevant company, this contingent consideration is revalued annually.

Financial guarantees

Contracts meeting the definition of a financial guarantee are recognised at fair value under IFRS 9, or under IFRS 4 'Insurance Contracts' where the conditions required in order for it to be regarded as an insurance contract are satisfied. This is determined on a contract by contract basis, depending on whether the risk transferred represents a financial risk or an insurance risk.

Accounting for business combinations under common control

Business combinations with entities under common control are outside the scope of IFRS 3. These are accounted for by assessing the fair market value for the book of business and associated assets to ensure the transfer does not qualify as a distribution. Existing assets and liabilities are transferred using the predecessor accounting model. No new goodwill is recognised under predecessor accounting. As a common control transaction any gain or loss on acquisition is transferred to the merger reserve.

2 Accounting policies (continued)

Discontinued operations
A disposal group qualifies as a discontinued operation if it is a component of an entity (which will have been a cash-generating unit or group of cash-generating units) that either has been disposed of, or it is classified as held for sale, and:
• it represents a separate major line of business or geographical area of operations; or
• it is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or,
• it is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented seperately as 'discontinued operations' in the Statement of Comprehensive Income.

Additional disclosures are provided in Note 4. All other notes to the financial statements include amounts for continuing operations, unless otherwise stated.

3 Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Critical judgement in applying accounting policies

Deferred tax assets
Significant judgement is required in determining the asset recognised in respect of deferred tax. A deferred tax asset is recognised for temporary timing differences, and management's best estimate is used to determine the extent that it is probable that taxable profit will be available in the future, against which the temporary differences can be utilised, and the amount of this taxable profit. Deferred tax assets are measured at the tax rates in accordance with the tax laws that have been enacted or substantively enacted by the end of the reporting year. The deferred tax asset as at 31 December 2018 is £11.6m (31 December 2017: £7.1m), see note 11.

3 Critical accounting estimates and judgements (continued)

Key sources of estimation uncertainty:

Revenue recognition
The Company is a party to profit sharing and loss corridor arrangements. These arrangements adjust the consideration that the Company is entitled to for satisfying its performance obligations and the amount and timing of revenue subject to profit sharing or loss corridor arrangements is inherently uncertain.

The Company applies judgement in estimating the related variable consideration which is measured on a best estimate basis, using either the 'expected value' method or the 'most likely amount' method, to the extent that a significant reversal will not occur (a constraint).

In making the estimate, the Company uses historical, current and forecast information that is reasonably available to it. A higher constraint (in some cases, fully constrained) is applied when the results underlying these arrangements are highly susceptible to factors outside the Company's influence or when the Company's experience has limited predictive value. When the results underlying these arrangements are highly susceptible to factors outside the Company's influence and the Company's experience has limited predictive value, then a higher constraint is applied (in some cases - fully constrained).

Estimates of the variable consideration are assessed at the end of each reporting period to determine whether they need to be revised. The underwriting results are being reviewed by the Company and the insurer on a regular basis and information provided by the insurer is used to refine the estimated amount of consideration. As the underwriting results become more certain, the constraint is relaxed.

Impairment of assets
The Company tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on the higher of fair value less costs to sell and a value in use calculation based on management's assumptions and estimates. This determination requires significant judgement. In making this judgement the Company evaluates, among other factors, the duration and extent to which the fair value of cash generating unit is less than its cost, the financial health of and near-term business outlook for the cash generating unit, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow. More specific assumptions vary between cash generating units but include the gross commission rate, net new business, expense ratio, discount rate and terminal growth rate.

Details of the annual impairment review are set out in note 13.

Useful lives of intangible assets
The Company has recognised a number of intangible assets resulting from business combinations. The determination of the useful lives of these intangible assets has been estimated. Details of the approach to measuring the fair value of intangible assets and their estimated useful lives are described in further detail in the accounting policies section, see 'Intangible assets' accounting policy on page 27.

4 Discontinued operations

As part of the Group's strategy to align the legal entity structure with its operating segments the Company disposed of several operations to entities under common control.

Being common control transactions, these transfers are outside the scope of IFRS 3 Business Combinations. Assets and liabilities are transferred at book value using the predecessor accounting model in line with the Group's policy.

Analysis of the result of discontinued operations is as follows:

	Footman James-retail portfolio to Autonet Insurance Services Ltd	PIUA - underwriting portfolio to URIS Group Ltd	Various underwriting portfolios to Geo Underwriting Services Ltd	Total
	£ 000	£ 000	£ 000	£ 000
Property, plant and equipment	-	-	73	73
Intangible assets	70	535	1,423	2,028
Financial assets	-	-	45,175	45,175
Financial liabilities	-	(40)	(53,816)	(53,856)
Provisions	-	-	(358)	(358)
Net assets/(liabilities) disposed	70	495	(7,503)	(6,938)
Goodwill disposed - cost	362	-	-	362
Goodwill disposed - amortisation	(82)	-	-	(82)
Net goodwill disposed	280	-	-	280
Consideration				23,526
Merger reserves				(30,184)

4 Discontinued operations (continued)

The results of the discontinued operations, which have been included in the Statement of Comprehensive Income were as follows:

	2018 £ 000
Revenue	1,697
Expenses	(2,083)
Net loss attributable to discontinued operations	(386)

5 Business combinations

During the year, the Company acquired three portfolios Haven, Trust and Holiday Homes from third parties. As a result of the acquisition, the Company recognised the following assets:

	Haven portfolio	Trust portfolio	Saga Holiday Homes portfolio	Total
	£ 000	£ 000	£ 000	£ 000
Intangible assets	397	261	72	730
Deferred tax	(27)	(17)		(44)
Net assets acquired	370	244	72	686
Consideration				
Cash paid	250	195	72	517
Contingent consideration	120	49	-	169
	370	244	72	686

During the year several portfolio acquisitions were made from entities under common control as part of the Group's strategy to align the legal entity structure with its operating segments. Being common control transactions these are outside the scope of IFRS 3. No goodwill is recognised on such transfers and instead, any consideration in excess of the carrying value of transferring assets and liabilities is taken to merger reserves. Aggregate totals for assets and liabilities for each portfolio acquired from the fellow group companies are noted below:

5 Business combinations (continued)

	CCV Risk Solutions Ltd	Antur Insurance Services Ltd	Morgan Law Ltd	Dawson Whyte Ltd	Mastercover Insurance Services Ltd	Four Counties Insurance Brokers Ltd	Total
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Property, plant and equipment	52	61	19	43	-	-	175
Intangible assets	143	-	-	-	-	-	143
Financial assets	(888)	91	56	142	-	-	(599)
Financial liabilities	(183)	(64)	(11)	(71)	-	-	(329)
Related party balances	(10,773)	2,362	-	-	-	-	(8,411)
Provisions	(132)	(49)	(36)	(125)	-	-	(342)
Net assets/(liabilities) acquired	(11,781)	2,401	28	(11)	-	-	(9,363)
Consideration							(23,798)
Merger reserves							33,161

6 Turnover

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

	2018 £ 000	2017 £ 000
Commission and fees	192,609	196,327
Profit commission arrangements	9	-
Trading deals	5,660	4,408
Other revenue	158	780
	198,436	201,515

During 2018, the Company recognised revenue of £0.1m relating to performance obligations satisfied prior to 2018.

The analysis of the company's turnover for the year by geographical location is as follows:

	2018 £ 000	2017 £ 000
United Kingdom	197,714	201,454
Rest of Europe	324	60
North America	398	1
	198,436	201,515

7 Operating loss

Arrived at after charging/(crediting)

	2018 £ 000	2017 £ 000
Auditor's remuneration: audit of these financial statements	350	389
Depreciation expense	2,763	2,919
Amortisation expense	5,728	6,599
Impairment of goodwill	4,091	43,845
Contingent consideration write off	3	-
Operating lease expense - property	5,364	11,987
Operating lease expense - other	386	526
Loss on disposal of property, plant and equipment	1,249	-
Goodwill and customer relationships write-offs	31,205	-
Management charges paid to/(received from) parent	17,079	(9,390)
Impairment of financial assets	932	1,574
Intercompany bad debt provision	118	-

7 Operating loss (continued)

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, The Ardonagh Group Limited.

Management fees £17.6m (2017: £(9.4m)) relate to central recharges. Centralised IT, staff , property and other cost are recharged across cost centres within the rest of the Group.

During the year, the Company provided £0.1m (2017: £Nil) against related party balances. See note 23 for further details.

8 Finance income and finance cost

	2018 £ 000	2017 £ 000
Finance income		
Other finance income	-	1
Finance costs		
Unwinding of discount	(58)	(423)
Interest on overdue tax	(9)	23
Total finance costs	(67)	(400)
Net finance cost	(67)	(399)

Interest expense represents unwinding of discount calculated on provisions (note 22).

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	88,318	106,143
Social security costs	9,639	10,633
Pension costs, defined contribution scheme	2,060	1,129
Redundancy costs	525	1,408
	100,542	119,313

9 Staff costs (continued)

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration	795	652
Sales	1,337	1,774
Management	161	121
	2,293	2,547

10 Directors' remuneration

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

Directors emoluments of £Nil (2017: £75,000) for services provided to this Company have been paid by other Group entities, which make no recharge to the Company.

11 Income tax

Tax (charged)/credited in the Statement of Comprehensive Income

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	410	-
UK corporation tax adjustment to prior periods	-	18
	410	18
Deferred taxation		
Arising from origination and reversal of temporary differences	4,750	(3,686)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	269
Total deferred taxation	4,750	(3,417)
Tax (expense)/credit in the Statement of Comprehensive Income	5,160	(3,399)

11 Income tax (continued)

	2018 £ 000	2017 £ 000
Loss before tax	(46,471)	(50,847)
Corporation tax at standard rate	8,829	9,788
Corporation tax adjustment for prior periods	-	18
Increase/(decrease) in unrecognised deferred tax	4,445	(5,210)
Decrease from effect of revenues exempt from taxation	-	39
Effect of expenses not deductible in determining taxable profit (tax loss)	(752)	(153)
Other tax adjustments, reliefs and transfers	42	-
Fixed assets differences	(7,368)	(7,991)
Deferred tax adjustment for prior periods	-	269
Tax expense relating to changes in tax rates or laws	(36)	(203)
Adjustments to brought forward values	-	44
Total tax (charge)/credit	5,160	(3,399)

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This reduction, from the existing rate of 19%, will reduce the Company's future current tax charge / credit accordingly.

Deferred tax

Deferred tax assets and liabilities

2018	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	3,185	-	3,185
Provisions	499	-	499
Tax losses carry-forwards	7,836	-	7,836
Other items	-	(1,411)	(1,411)
	11,520	(1,411)	10,109

11 Income tax (continued)

2017	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	910	-	910
Provisions	811	-	811
Tax losses carry-forwards	5,349	-	5,349
Other items	-	(1,668)	(1,668)
	7,070	(1,668)	5,402

Deferred tax movement during the year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in goodwill additions £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	910	2,275	-	3,185
Provisions	811	(312)	-	499
Tax losses carry-forwards	5,349	2,487	-	7,836
Other items	(1,668)	300	(43)	(1,411)
Net tax assets	5,402	4,750	(43)	10,109

Other items refers to the deferred tax liability on customer relationships and trade name assets arising from business combinations.

It is anticipated that the Company will have sufficient profitability in future years to ensure the utilisation of the deferred tax assets.

In addition to the amount disclosed above, the Company has potential deferred tax assets at 31 December 2018 of £9.8m (2017: £14.2m) in relation to allowances for capital expenditure not yet claimed. These deferred tax assets have not been recognised as it is considered unlikely that the Company will have sufficient profitability to utilise them.

11 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	1,904	(994)	910
Provisions	700	111	811
Tax losses carry-forwards	8,186	(2,837)	5,349
Other items	(1,972)	303	(1,668)
Net tax assets	8,818	(3,417)	5,402

12 Property, plant and equipment

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Motor vehicles £ 000	Assets under construction £ 000	Computer hardware £ 000	Furniture and office equipment £ 000	Total £ 000
Cost or valuation							
At 1 January 2018	12,856	8,474	122	110	11,890	3,697	37,149
Additions	161	33	22	140	21	158	535
Disposals	(2,046)	-	(98)	-	-	-	(2,144)
On business combinations	131	57	73	-	110	13	384
On discontinued operations	(164)	-	-	-	(111)	(18)	(293)
Intercompany ad-hoc transfers	59	3	25	-	-	10	97
At 31 December 2018	10,997	8,567	144	250	11,910	3,860	35,728
Depreciation							
At 1 January 2018	5,215	6,644	121	-	10,223	2,810	25,013
Charge for the year	1,180	498	10	-	788	287	2,763
Eliminated on disposal	(797)	(1)	(86)	-	-	-	(884)
On business combinations	50	32	62	-	55	10	209
On discontinued operations	(135)	-	-	-	(70)	(15)	(220)
Intercompany ad-hoc transfer	6	-	1	-	-	1	8
At 31 December 2018	5,519	7,173	108	-	10,996	3,093	26,889
Carrying amount							
At 31 December 2018	5,478	1,394	36	250	914	767	8,839
At 31 December 2017	7,641	1,830	1	110	1,667	887	12,136

13 Intangible assets

	Goodwill £ 000	Trademarks, patents and licenses £ 000	Contractual customer relationships £ 000	Internally generated software development costs £ 000	Software under construction £ 000	Computer software £ 000	Total £ 000
Cost or valuation							
At 1 January 2018	577,267	1,356	21,121	14,405	9,017	30,325	653,491
Additions	499	4	227	-	3,946	10	4,686
Disposals	(59,928)	-	-	1	(276)	-	(60,203)
On discontinued operations	(362)	-	(690)	(18)	(1,456)	(296)	(2,822)
On business combinations	-	6	226	-	-	10	242
Intercompany ad-hoc transfers	-	-	-	-	(107)	-	(107)
At 31 December 2018	517,476	1,366	20,884	14,388	11,124	30,049	595,287
Amortisation							
At 1 January 2018	341,898	916	10,896	12,268	-	27,244	393,222
Amortisation charge	-	420	2,303	1,547	-	1,458	5,728
Impairment	4,091	-	-	-	-	-	4,091
Amortisation eliminated on disposals	(28,798)	-	-	-	-	-	(28,798)
On discontinued operations	(82)	-	(157)	(4)	-	(198)	(441)
On business combinations	-	5	86	-	-	8	99
At 31 December 2018	317,109	1,341	13,128	13,811	-	28,512	373,901
Carrying amount							
At 31 December 2018	200,367	25	7,756	577	11,124	1,537	221,386
At 31 December 2017	235,369	440	10,225	2,137	9,017	3,081	260,269

During the year, the Company acquired books of business from a third party and recognised goodwill of £0.5m and customer relationships of £0.2m as described in note 5.

13 Intangible assets (continued)

Impairment testing

For the year ended 31 December 2018

Management reviews business performance based on lines of business. Goodwill is allocated to, and subsequently tested for impairment at a cash generating unit ("CGU") level.

The recoverable amount of each CGU is determined as the higher of fair value less costs to sell (FVLCS) and value in use (VIU), in accordance with the Company's accounting policy. For the year ended 31 December 2018, the recoverable amount of each CGU was determined to be FVLCS.

FVLCS is considered to be a level 3 valuation in the fair value hierarchy, as it is not based on observable market data. It is based on each CGUs' net assets and its future economic rights which is calculated from an average of a multiple of revenue and a multiple of EBITDA.

The carrying value of goodwill and intangible assets allocated to each CGU are as follows:

	Goodwill		Trademarks		Customer relationships	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Advisory	116.6	104.6	-	0.1	5.8	7.1
Retail	82.6	94.5	-	0.3	1.9	2.6
Underwriting	1.1	36.4	-	-	-	0.5
	200.3	235.5	-	0.4	7.7	10.2

The Company acquired third party business during the year resulting in additional goodwill of £0.4m being recognized in Advisory CGU and £0.1m in Retail CGU. It has disposed of £0.3m goodwill in Retail CGU to another company within the same group. It has impaired £34.5m of goodwill in Underwriting CGU following transfer of its underwriting business to another company within the same group. As a result of the Caring Professions business transfer from Retail CGU to Advisory CGU, £16.1m of goodwill has been reallocated from Retail CGU to Advisory CGU.

The FVLCS in Retail CGU is in excess of its carrying value and no impairment of goodwill is necessary for the year ended 31 December 2018.

The carrying value in Advisory and Underwriting CGUs are in excess of their FVLCS. Goodwill was impaired by £0.6m in Underwriting CGU.

The impairment charge in Underwriting CGU has been driven by Underwriting business transfer to another company within the same group.

13 Intangible assets (continued)

For the year ended 31 December 2017
Management reviews business performance based on lines of business. Goodwill is allocated to, and subsequently tested for impairment at a cash generating unit ("CGU") level. The recoverable value of each CGU is determined as the higher of fair value less costs to sell (FVLCS) or value in use (VIU), in accordance with the Company's accounting policy. For the year end 31 December 2017, the recoverable amount of each CGU was determined to be FVLCS.

The Company has assessed its FVLCS as its proportion of the total FVLCS of the Group in which the Company sits, calculated on the basis of the quoted market price of the Group's debt, and share transactions taking place in the year. FVLCS has been allocated to each of the Company's CGU's on the basis of its proportion of revenue for 2018 per the three-year plan. This most accurately reflects the perspective of external market participants as it incorporates the Company's future investment plans and strategic objectives in the value attributed to each CGU of the Company.

FVLCS is considered to be a level 3 valuation in the fair value hierarchy, as it is not based on observable market data.

14 Other financial assets

	2018 £ 000
Non-current financial assets	
Financial assets at fair value through other comprehensive income	77

	2017 £ 000
Non-current financial assets	
Available for sale financial assets	77

The fair value through other comprehensive income financial assets (2017: available for sale financial assets) are comprised of unlisted investments.

15 Trade and other receivables

	2018 £ 000	2017 £ 000
Other assets*	375	-
Total non-current trade and other receivables	375	-

	2018 £ 000	2017 £ 000
Trade receivables in relation to insurance transactions	14,568	13,480
Provision for impairment of trade receivables	(1,195)	(1,640)
Net trade receivables	13,373	11,840
Receivables from other group companies	103,586	96,839
Accrued income	4,032	5,169
Prepayments	745	8,739
Other receivables	1,843	5,253
Other assets*	2,784	-
Total current trade and other receivables	126,363	127,840

*Contract assets and other assets are included in the trade and other receivables in the Statement of Financial Position.

Included within other assets (current and non current) are cost to obtain and cost to fulfill the contracts under IFRS 15.

Costs to fulfil include salary and other costs of customer-facing employees who undertake activities necessary to satisfy anticipated contracts with the customer. The net impact on profit or loss for the year ended 31 December 2018 was £0.4m.

Costs to obtain include incremental fees paid to distributors (usually aggregator websites) for obtaining new business and are amortised, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, over the average life of the relationship with the customer. During the year ended 31 December 2018, amortisation amounting to £0.6m was recognised in the Statement of Comprehensive Income.

There was no impairment loss in relation to the costs capitalised.

15 Trade and other receivables (continued)

During the year, the Company made a provision of £0.1m, totalling £3.3m at the year end, against receivables from related parties.

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

16 Cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash on hand	11	8
Cash at bank	94,470	87,465
	94,481	87,473

Cash at bank includes £69.1m (2017: £70.6m), which constitutes restricted client money and insurer money and £12.2m (2017: £12.2m), in office accounts which are considered restricted and not available to pay the general debts of the Company.

17 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	557,261	557,261	557,261	557,261

18 Trade and other payables

	2018 £ 000	2017 £ 000
Non-current trade and other payables		
Deferred income	-	2,224
Contingent consideration	70	10
Contract liabilities*	139	-
Trade and other payables	209	2,234

*Contract liabilities are included in the trade and other payables in the Statement of Financial Position.

Following the adoption of IFRS 15 on 1 January 2018, deferred income of £2.2m, including £0.8m of claims handling cost, has been reclassified as a contract liability. For further details please refer to Note 2.

	2018 £ 000	2017 £ 000
Current trade and other payables		
Trade payables in relation to insurance transactions	58,173	61,158
Accrued expenses	16,677	22,116
Amounts due to other group companies	122,284	89,863
Social security and other taxes	77	360
Other payables	251	4,648
Deferred income	-	7,963
Contingent consideration	111	23
Contract liabilities	4,148	-
	201,721	186,131

Following the adoption of IFRS 15 on 1 January 2018, deferred income of £7.9m, including claims handling liabilities of £1.7m, has been reclassified as a contract liability. For further details please refer to Note 2.

The balances due to other group companies are unsecured, interest free and repayable on demand.

19 Obligations under leases

Operating leases

The total future value of minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Within one year	8,458	11,513
In two to five years	17,832	28,623
In over five years	720	4,530
	27,010	44,666

Under the lease agreements, there is no contingent rent payable and there are no restrictions imposed by these lease arrangements. Renewal terms will be considered on a lease by lease basis.

20 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £2.1m (2017: £1.1m).

21 Commitments

Guarantees

On 25 May 2017, Ardonagh Midco 3 plc, a newly incorporated intermediate holding company, entered into a £90.0m super senior RCF.

On 20 June 2017, Ardonagh Midco 3 plc issued £400.0m of 8.375% Senior Secured Notes and USD520.0m of 8.625% Senior Secured Notes. On 22 June 2017, the £425.0m Senior Secured Notes and £75.0m floating rate super Senior Secured Notes issued by Ardonagh Finco plc in April 2015 were redeemed.

On 20 December 2017, Ardonagh Midco 3 plc issued an additional £55.0m of 8.375% Senior Secured Notes which are fungible with the existing GBP Senior Secured Notes issued on 20 June 2017. On the same date the commitments under the RCF were increased to £105.0m.

On 18 June 2018, Ardonagh Midco 3 plc issued an additional £98.3m of 8.375% Senior Secured Notes which are fungible with the existing GBP Senior Secured Notes issued on 20 June 2017 and 20 December 2017.

On 26 September 2018, the Group's RCF was amended and restated to include an additional £50.0m facility made available solely to provide a Letter of Credit ancillary facility for the same amount. On 5 October 2018, a letter of credit of £50.0m was issued for the benefit of specified entities within the Group solely to provide credit support in respect of potential redress liabilities relating to the sale of certain enhanced transfer value (ETV) products. See note 32 for further information relating to ETV redress liabilities. While the Letter of Credit ancillary facility remains in place the commitments under the RCF that may actually be utilized are contractually limited to £90.0m (excluding the Letter of Credit ancillary facility). Permissible RCF drawings are further limited by the terms of the Group's overall credit facility arrangement. The RCF facility had not been utilised at 31 December 2018 (31 December 2017: £30.0m utilised).

On 19 November 2018 USD235m additional 8.625% Senior Secured Notes were issued.

The obligations of Ardonagh Midco 3 plc under the Notes, RCF, and the subsequently issued 8.375% and 8.625% notes, are guaranteed and secured by Ardonagh Midco 2 plc, the immediate parent company of Ardonagh Midco 3 plc, and all its material and certain other subsidiaries. These subsidiaries are listed below:

Ardonagh Midco 3 plc (RCF Guarantor only)	Lunar 101 Limited
Ardonagh Finco plc	Morgan Law Limited
Nevada Investment Holdings 5 Limited	Paymentshield Group Holdings Limited
Nevada Investment Holdings 6 Limited	Paymentshield Holdings Limited
Nevada Investment Holdings 7 Limited	Paymentshield Limited
Ardonagh Midco 2 plc	Paymentshield Services Limited
Nevada Investments Holdings Limited	Ardonagh Services Limited (formerly Towergate Insurance Limited)

21 Commitments (continued)

PFIH Limited
Nevada InvestorCo Limited
Nevada Investments Topco Limited
Price Forbes Holdings Limited
Price Forbes & Partners Limited
Nevada Investments 1 Limited
Nevada Investments 2 Limited
Nevada Investments 3 Limited
Nevada Investments 4 Limited
Nevada Investments 5 Limited
Nevada Investments 6 Limited
Nevada Investments 7 Limited
Arista Insurance Limited
Bishopsgate Insurance Brokers Limited
Broker Network Holdings Limited
CCV Risk Solutions Limited
Cullum Capital Ventures Limited
Four Counties Insurance Brokers Limited
Geo Specialty Group Holdings Limited
Geo Underwriting Services Limited
Towergate Risk Solutions Limited
Towergate Underwriting Group Limited
URIS Group Limited
URIS Central Administration Limited
Millennium Insurance Brokers Limited
URIS Topco Limited
Chase Templeton Group Limited
Chase Templeton Holdings Limited
Chase Templeton Limited
Towergate Insurance Broking Holdings Limited
Ardonagh Specialty Holdings Limited
Swinton Group Limited
Swinton (Holdings) Limited
Swinton Properties Limited
Atlanta Investment Holdings Limited
Atlanta Investment Holdings A Limited
Autonet Insurance Services Limited
Carole Nash Insurance Consultants Limited
KDB Medicals Limited

These guarantees have been treated under IFRS 4 in line with the accounting policy described in note 2.

22 Provisions

	Onerous lease £ 000	Long term incentive plan £ 000	Loss corridor £ 000	Dilapidations £ 000	Other provisions £ 000	Total £ 000
At 1 January 2018	1,589	-	2,427	3,606	1,541	9,163
Increase in provision	130	1,817	-	-	899	2,846
Reclassification	-	-	(2,427)	-	-	(2,427)
Decrease through discontinued operations and business combinations	-	126	-	217	(358)	(15)
Provisions used	(743)	-	-	(463)	(2,077)	(3,283)
Unwind of discounted amount	21	-	-	37	-	58
At 31 December 2018	997	1,943	-	3,397	5	6,342
Non-current liabilities	489	-	-	2,164	-	2,653
Current liabilities	508	1,943	-	1,233	5	3,689

Onerous lease - provides for the cost incurred on vacant properties for the full remaining term of the lease.

Long term incentive plan - There are two long-term incentive schemes which were established in 2016; the amounts that will ultimately vest are dependent on the personal achievement of the employees (performance ratings and individual contribution targets) The incentives are paid to participants at the end of the relevant performance measurement period. Interim payments were made in 2017, the amount of these will be deducted from the final payments due in June 2019. Payments may be clawed back in the event that an employee leaves the company within 18 months of receiving a payment.

Loss corridor - provides for the estimated losses recoverable by the insurer for net premium earned to date on those schemes with loss sharing clauses. On 1 January 2018 following the adoption of IFRS 15, the loss corridor provision was reclassified to insurance creditors.

Dilapidations - provides for the estimated amounts payable for dilapidation on each property at the end of the lease term.

Other provisions relate to potential liabilities relating to legacy balances.

Over 1 year provisions are discounted at the rate of 1.9%. The finance charge relating to unwinding of the discount has been charged to the income statement.

23 Related party transactions

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

Business was also conducted, on an arm's length basis, within The Ardonagh Group Limited group of companies. The table below shows the transactions and balances with entities that form part of the group but are not wholly owned by The Ardonagh Group Limited.

	2018 Paid to £ 000	2018 Received from £ 000	2018 (Due to) /receiveable from at year end £ 000	2017 Paid to £ 000	2017 Received from £ 000	2017 (Due to) /receivable from at year end £ 000
Towergate Financial (London) Limited *	-	-	94	-	-	94
Towergate Financial (West) Limited *	110	-	560	-	27	450
Towergate Financial (North) Limited *	-	-	146	-	-	146
Towergate Financial (Scotland) Limited *	-	-	222	1	-	222
Towergate Financial (East) Limited *	-	-	209	-	-	209
Towergate Financial (Group) Limited *	-	-	2,040	7	-	2,040
Oyster Risk Solutions Limited	-	4,122	(11,941)	-	2,317	(7,819)
Oyster Property Insurance Specialist Limited	-	(4)	122	1	-	126

* The balances due from Towergate Financial companies are deemed not recoverable and provisions have been made against them, see note 7.

24 Parent and ultimate parent undertaking

The Group's majority shareholder and controlling party is HPS Investment Partners LLC. At 31 December 2018, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address 47 Esplanade, St Helier, Jersey, JE1 0BD). The Ardonagh Group Limited is the largest group in which the results are consolidated. The parent company of the smallest group, which includes the Company and for which group accounts are prepared, is Ardonagh Midco 3 plc, a company incorporated in Great Britain. Financial statements for The Ardonagh Group Limited and Ardonagh Midco 3 plc are available on request from:

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