

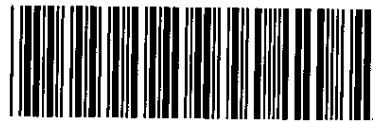
Registration number: 05555838

Geo Specialty Group Holdings Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021

TUESDAY



ABDFMHQW

A07

27/09/2022

#124

COMPANIES HOUSE

Geo Specialty Group Holdings Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Directors' responsibilities statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Unaudited Financial Statements	10 to 21

Geo Specialty Group Holdings Limited

Company Information

Directors	D Cougill
	N G Kirk
	D J Coles
	J G Sutton
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	2 Minster Court
	Mincing Lane
	London
	EC3R 7PD
	United Kingdom

Geo Specialty Group Holdings Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021 for Geo Specialty Group Holdings Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. Following significant new equity investment as disclosed in note 17, the Company is now part of a new holding company structure. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited ("the Group").

Principal activity and business review

The principal activity of the Company is that of a non-trading holding company.

The results for the Company show turnover of £Nil (2020: £Nil) and profit before tax of £2.4m (2020: £1.1m loss before tax) for the year. At 31 December 2021 the Company had net liabilities of £34.2m (2020: £36.7m) and net current liabilities of £184.2m (2020: £148.1m). The financial support offered from Ardonagh Midco 3 Plc, an immediate holding company in the Group, to settle the Company's liabilities as and when they fall due and the going concern note (part of accounting policies) on page 11 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

During the year ended 31 December 2021 and as part of an ongoing programme to align the Group legal entity structure with operating segments, the Company acquired 100% shareholding of Broker Network (MGA) Limited, URIS TopCo Limited and Midas Underwriting Limited. All were companies under common control.

Outlook

The directors do not expect there to be any changes in the nature of the business in 2022.

Key performance indicators

The directors of Ardonagh manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that a detailed analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Group which includes this Company is discussed in the Group's annual report.

The key performance indicator for this Company is the carrying value of its subsidiaries, as these are the main assets of the Company. The performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on an annual basis.

Total impairment charges for the current year were £8.3m (2020: £Nil).

Principal risks and uncertainties

A principal risk of this holding Company is the trading performance of its subsidiaries. Trading performance in the subsidiaries could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. The subsidiaries set performance targets for the year ahead and performance is reviewed regularly against these targets. Reasons for under performance are monitored and mitigating actions are taken. The investment is reviewed for impairment to ensure the appropriate carrying value in the holding company's accounts.

Geo Specialty Group Holdings Limited

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

The principal risks and their mitigation are as follows:

Financial risk

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

The Group and Company has demonstrated its resilience from an economic shock and demonstrated operational and financial resilience in response to the Covid-19 pandemic.

The Group and Company has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Group would respond to income declines by seeking cost savings. The Group had available liquidity of £683.3m at 30 June 2022 and closely monitors available liquidity on an ongoing basis.

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

Approved by the Board on 19/09/22 and signed on its behalf by:



Jon Sutton [Sep 20, 2022 13:06 GMT+1]

J G Sutton
Director

Geo Specialty Group Holdings Limited

Directors' Report for the Year Ended 31 December 2021

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

Directors of the Company

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

D Cougill

N G Kirk

S W Hough (resigned 27 January 2022)

D J Coles

The following director was appointed after the year end:

J G Sutton (appointed 27 January 2022)

Dividends

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

Financial risk management objectives and policies

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

Future developments

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

Political donations

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

Going concern

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. At 31 December 2021, the Company had net liabilities of £34.2m (2020: £36.7m). In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Midco 3 Plc. 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.

Subsequent events

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 22.


Directors' indemnities

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

Geo Specialty Group Holdings Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Approved by the board on 19/09/2022 and signed on its behalf by:



Jon Sutton (Sep 20, 2022 13:06 GMT+1)
J G Sutton
Director

Geo Specialty Group Holdings Limited

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Geo Specialty Group Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

		2021 £	2020 £
Administrative expenses		<u>(469)</u>	<u>-</u>
Operating loss	6	(469)	-
Gain on disposal of subsidiary	4	11,566,158	-
Acquisition costs	5	(268,805)	(941,438)
Finance costs	7	(627,754)	(207,491)
Impairment of investments	11	<u>(8,262,786)</u>	<u>-</u>
Profit/(loss) before tax		2,406,344	(1,148,929)
Income tax credit	10	<u>39,512</u>	<u>-</u>
Profit/(loss) for the year		<u>2,445,856</u>	<u>(1,148,929)</u>

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

Geo Specialty Group Holdings Limited

(Registration number: 05555838)

Statement of Financial Position as at 31 December 2021


	Note	2021 £	2020 £
Non-current assets			
Investments in subsidiaries	11	154,389,063	114,940,468
Current assets			
Trade and other receivables	12	224,997	-
Current tax assets		39,512	-
		<u>264,509</u>	<u>-</u>
Current liabilities			
Trade and other payables	13	(184,502,152)	(148,086,530)
Net current liabilities		<u>(184,237,643)</u>	<u>(148,086,530)</u>
Total assets less current liabilities		<u>(29,848,580)</u>	<u>(33,146,062)</u>
Non-current liabilities			
Trade and other payables	13	(4,358,995)	(3,507,369)
Net liabilities		<u>(34,207,575)</u>	<u>(36,653,431)</u>
Capital and reserves			
Share capital	14	49,500,404	49,500,404
Share premium		6,245,401	6,245,401
Retained losses		(89,953,380)	(92,399,236)
Total equity		<u>(34,207,575)</u>	<u>(36,653,431)</u>

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

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

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

Approved by the board on 19/09/2022 and signed on its behalf by:


Jon Sutton (Sep 20, 2022 13:06 GMT+1)

J G Sutton
Director

Geo Specialty Group Holdings Limited

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

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2021	49,500,404	6,245,401	(92,399,236)	(36,653,431)
Profit for the year	-	-	2,445,856	2,445,856
At 31 December 2021	<u>49,500,404</u>	<u>6,245,401</u>	<u>(89,953,380)</u>	<u>(34,207,575)</u>

	Share capital £	Share premium £	Retained losses £	Total £
At 1 January 2020	49,500,404	6,245,401	(91,250,307)	(35,504,502)
Loss for the year	-	-	(1,148,929)	(1,148,929)
At 31 December 2020	<u>49,500,404</u>	<u>6,245,401</u>	<u>(92,399,236)</u>	<u>(36,653,431)</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

The Company is a private company limited by share capital, that is incorporated and registered in England, United Kingdom. The details of the Company's registered office address can be found on page 1. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report' section.

These financial statements for the year ended 31 December 2021 were authorised for issue by the Board on 19/09/2022 and the Statement of Financial Position was signed on the Board's behalf by J G Sutton.

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 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The Company was a wholly owned subsidiary of The Ardonagh Group Limited for the year ended 31 December 2021 and so has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements. Its results are included in the consolidated financial statements of its ultimate parent.

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

There are no new standards, amendments to standards or interpretations which are effective in 2021 or not yet effective and that are expected to materially impact the Company's financial statements.

Summary of disclosure exemptions

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

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

- the requirements 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 of paragraphs 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- 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;

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f)(ii) -(iii), 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of valuation techniques, assumptions on which projections used in the impairment review are based and sensitivity analysis.
- 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;

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

Going concern

As shown in account note 16, the Company was a member of a group ("the Group") of which The Ardonagh Group Limited ("TAGL") was the ultimate parent company and the highest level at which results were consolidated for the year ended 31 December 2021.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2021 the Company had net liabilities of £34.2m (2020: £36.7m) and net current liabilities of £184.2m (2020: £148.1m). The net current liabilities include amounts due from related parties of £0.2m (2020: £Nil) and amounts due to related parties of £184.4m (2020: £145.0m). The Company reported a profit before tax £2.4m (2020: £1.2m loss before tax).

The directors have assessed the Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the directors have taken into account the following:

- The Group's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2022 and 2023.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Group, and its systems of risk management and internal control.
- Actual trading and cashflows of the Company and Group since the Company's incorporation, including those of the group of companies previously owned by TAGL.

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.

Key stress scenarios that the directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2022 and 2023.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.
- The impact of increasing interest rates.

The directors have also modelled reverse stress scenarios, including assessing those that result in a default on the Group's term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the directors consider such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

The directors continue to consider the wider operational and financial consequences and ramifications of global political and economic tensions (including related to the Ukrainian conflict, inflation and increasing interest rates). In particular:

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not materially exposed to a single carrier, customer or market sector.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Ardonagh Group has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.

Following the assessment of the Company and Group's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of economic uncertainty included in stress tests, the directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Investments in subsidiaries

A subsidiary is an entity over which the Company has control. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are accounted for at cost less, where appropriate, impairment.

Impairment of investments

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. The last annual impairment test was performed as at 31 December 2021.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses of £8.3m (2020: £Nil) are recognised in the Statement of Comprehensive Income.

Calculation of recoverable amount

An impairment test of an asset is performed by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use, where its value in use is the present value of its future cash flows. An impairment test requires the application of significant judgement because it relies on key assumptions, including forecast cash flows, a discount rate, a terminal growth rate and an EBITDA multiple.

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables. Trade and other receivables represent amounts due from related parties and are stated at amortised cost. The Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets carried at amortised cost and recognises a loss allowance for such losses where applicable, at each reporting date.

Financial liabilities

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

Deferred and contingent consideration

The Company is party to consideration arrangements in the form of deferred consideration and contingent consideration. Deferred consideration represents fixed or determinable amounts payable at a specified date in the future. Contingent consideration is consideration that is contingent on a future event, usually the future performance of the acquired business. These liabilities are recognised initially at their discounted present value and are remeasured at each reporting date. The discount unwind and the remeasurement of these liabilities are recognised in profit or loss as finance costs.

Finance costs policy

The Company's finance costs include the unwinding of discount on deferred consideration.

Interest expenses are recognised using the effective interest method for debt instruments classified as amortised cost.

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

3 Critical accounting judgements and key sources of estimation uncertainty

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.

There were no key sources of estimation uncertainty that have had a significant impact on the carrying amounts of assets and liabilities in the financial year.

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

Critical judgements in applying accounting policies

Impairment of investments

Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed its recoverable amount. An impairment test is performed by comparing the investment's carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. An impairment test requires the application of significant judgement because it relies on key assumptions, including revenue and an EBITDA multiple.

4 Gain on disposal of subsidiary

During the year the Company transferred its holding in Healthy Pets Limited to a fellow group company. This resulted in a profit of £11.6m being recognised on the disposal.

	2021	2020
	£	£
Gain on disposal	<u>11,566,158</u>	<u>-</u>

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

5 Acquisition costs

During the year costs were incurred in relation to an aborted acquisition of £0.3m.

	2021 £	2020 £
Acquisition costs	<u>(268,805)</u>	<u>(941,438)</u>

6 Operating loss

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

7 Finance costs

	2021 £	2020 £
Finance costs		
Other finance costs	<u>(627,754)</u>	<u>(207,491)</u>

Other finance costs represents the unwinding of discount calculated on deferred consideration (note 12).

8 Staff costs

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

9 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 for the year ended 31 December 2021.

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

10 Income tax

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

	2021 £	2020 £
Current taxation		
UK corporation tax	(89)	-
Adjustments in respect of prior periods	(39,423)	-
Total current taxation	(39,512)	-
Deferred taxation		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred taxation	-	-
Income tax credit in the Statement of Comprehensive Income	(39,512)	-

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

	2021 £	2020 £
Profit/(loss) before tax	2,406,344	(1,148,929)
Corporation tax at standard rate of 19% (2020: 19%)	457,205	(218,297)
Adjustments to tax charge in respect of previous periods - current tax	(39,423)	-
Expenses not deductible for tax purposes	(457,294)	178,874
Movement in deferred tax not recognised	-	39,423
Total tax credit	(39,512)	-

Deferred tax

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023. UK deferred tax balances as at 31 December 2021 are measured at the rate that the respective assets and liabilities will reverse.

The Company did not recognise deferred tax assets as follows. These deferred tax assets have not been recognised in these accounts as it is not expected that the Group's future profitability will be sufficient to utilise them.

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

10 Income tax (continued)

	2021	2020
	£	£
Asset	-	39,423
Unrecognised deferred tax losses	-	39,423

11 Investments in subsidiaries

	£
Cost or valuation	
At 1 January 2021	206,090,195
Additions	56,818,181
Disposals	(9,106,799)
At 31 December 2021	253,801,577
Provision for impairment	
At 1 January 2021	91,149,728
Provision	8,262,786
At 31 December 2021	99,412,514
Carrying amount	
At 31 December 2021	154,389,063
At 31 December 2020	114,940,468

During the year the Company purchased 100% of the issued share capital of Midas Underwriting Limited for a consideration of £7.0m, 100% of the issued share capital of URIS Group Limited from a fellow group company for a consideration of £44.8m and 100% of the issued share capital of Broker Network (MGA) Limited from a fellow group company for a consideration of £4.8m.

During the year a remeasurement period adjustment was made to the investment in Thames Underwriting Limited, which was acquired in the prior year. This resulted in an increase in the investment of £0.2m. In addition, the Company disposed of 100% of its holding in Healthy Pets Limited to a fellow group company.

The recoverable amount of the Company's investments in subsidiaries has been determined as the higher of fair value less costs of disposal (FVLCD) or its value-in-use (VIU), in accordance with the Company's accounting policy.

For the year end 31 December 2021, FVLCD is deemed to be the appropriate valuation.

FVLCD is considered a Level 3 valuation in the fair value hierarchy, as it is not based on observable market data. It is derived based on the Company's net assets and its future economic rights which is an average of a multiple of revenue and a multiple of EBITDA.

An impairment to the Company's investment in Geo Underwriting Services Limited was recognised for the year ended 31 December 2021 of £8.3m (2020: £Nil).

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

11 Investments in subsidiaries (continued)

Details of the subsidiaries as at 31 December 2021 are as follows.

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2021	2020
Geo Underwriting Services Limited	Insurance intermediary services	2 Minster Court London EC3R 7PD England	100%	100%
Geo Europe B.V.	Holding company	Weena 505 17 de verdieping 3013AL Rotterdam The Netherlands	100%	100%
B.I.B.U. Acquisitions Limited	Holding company	2 Minster Court London EC3R 7PD England	100%	100%
Professional Protection Limited	Fee Insurance intermediary services	5 Sylvan Way Southfields Business Park Basildon SS15 6TH England	100%	100%
Thames Underwriting Limited	Insurance agents and brokers	2 Minster Court London EC3R 7PD England	100%	100%
Robus Limited (and subsidiaries)	Group Insurance agents and brokers	Town Mills Rue du Pre St Peters Port GY1 6HS Guernsey	100%	100%
Broker Network (MGA) Limited	Insurance agents and brokers	Hexagon House, Grimbald Crag Close, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ England	100%	0%

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

11 Investments in subsidiaries (continued)

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2021	2020
URIS Limited	Group Insurance intermediary services	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL England	100%	0%
Midas Underwriting Limited	Insurance agents and brokers	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL England	100%	0%

12 Trade and other debtors

	2021 £	2020 £
Receivables from other Group companies	224,997	-

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

13 Trade and other payables

	2021 £	2020 £
Non-current trade and other payables		
Deferred consideration	-	3,507,369
Contingent consideration	4,358,995	-
	<u>4,358,995</u>	<u>3,507,369</u>
Current trade and other payables		
Accrued expenses	79,470	2,302,097
Amounts due to other Group companies	184,422,682	145,034,433
Deferred consideration	-	750,000
	<u>184,502,152</u>	<u>148,086,530</u>

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

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

14 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
"A" Ordinary shares of £0.01 each	4,950,036,333	49,500,363	4,950,036,333	49,500,363
"B" Ordinary shares of £0.01 each	4,037	40	4,037	40
	<u>4,950,040,370</u>	<u>49,500,404</u>	<u>4,950,040,370</u>	<u>49,500,404</u>

The Ordinary shares (A and B), have full voting rights, dividend rights and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

15 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 fellow wholly owned subsidiaries or key management personnel.

16 Parent and ultimate parent undertaking

The Company's immediate parent company is Ardonagh Finco Plc and the ultimate parent company is Tara Topco Limited, (note 17).

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

2 Minster Court
Mincing Lane
London
EC3R 7PD

Geo Specialty Group Holdings Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

17 Subsequent events

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

The new equity investment has resulted in The Ardonagh Group Limited merging into a newly created company Tara Topco Limited ('Tara') on 31 May 2022 following which the Ardonagh Group activities became overseen by a newly created subsidiary of Tara from 1 June 2022, Ardonagh Group Holdings Limited.