PFIH Limited

Annual report and financial statements

For the year ended 31 December 2019

Registered Number 05574861

PFIH LIMITED

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COMPANY INFORMATION AND PROFESSIONAL ADVISORS

DIRECTORS:	J Masterton R Peers A Erotocritou
REGISTERED OFFICE:	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
BANKERS:	The Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB United Kingdom
SOLICITORS:	Freshfields 65 Fleet Street London EC4Y 1HS United Kingdom
REGISTERED INDEPENDENT AUDITOR:	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ United Kingdom

STRATEGIC REPORT

The directors present their strategic report on the Company for the year ended 31 December 2019

Key Performance Indicators

Given the nature of the business the Directors are of the opinion that KPIs are not relevant in monitoring the performance of the business.

Principle Risks and Uncertainties

As a holding company, the greatest risk and uncertainty the company faces is market risk associated with the value of its investment in subsidiaries which are held at cost. Deterioration in the performance of these underlying businesses could reduce the value of the company's investments.

The directors do not anticipate any significant change in the Company's activities in the foreseeable future as it will continue to be a holding company.

The company has minimal risk in respect of liquidity, credit and operational risk.

Whilst the long term effect on the Company of Brexit is unclear, the risks the Company faces are diluted as the income of the companies held as investments is primarily sourced from countries outside the EU. The Company has developed a post Brexit strategy to ensure its clients in its' investments have access to the most appropriate markets for their needs.

Approved by the Board of Directors on 06/10/2020

and signed on behalf of the Board by

A Erotocritou
Director

DIRECTORS' REPORT

Principal Activities

The principal activity of the Company during the year was that of parent for its subsidiaries which act as brokers in insurance and reinsurance markets.

Financial Risk Management

A review of the Company's principal risks and uncertainties is included below.

Financial Risk

The Company is exposed to financial risk through its financial assets and liabilities. The components of financial risk are foreign currency, liquidity, interest rate and counter party credit risk. The extent of the exposure to each of these components varies.

The Company and Group have considered the consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across each of the operating segments, with measures to manage employee absences, access to the wider network of all offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of our employee base. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach on a daily basis in line with latest global developments and government guidance. Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. As a Group, Ardonagh is highly diversified and not materially exposed to a single carrier, customer or market sector.

The Company has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19 and closely monitors available liquidity on an ongoing basis.

Foreign Currency Risk

The Company's main exposure to foreign currency risk arises from the settlement in foreign currency of US Dollar foreign exchange contracts relating to insurance business in respect of another group company.
The Company manages this exposure through active treasury management processes.

Liquidity Risk

Funding is provided to the Company if required via the Ardonagh Group ("the Group) treasury facility.

Interest Rate Risk

The prevailing low interest rates means that the extent of any adverse variance on the Company's results is immaterial.

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud and human error. The Company mitigates these risks through systems of internal controls and risk management, internal audit and compliance functions and other measures such as back-up procedures, contingency planning and insurance.

DIRECTORS' REPORT (continued)

Results and Dividends

The Company's profit for the financial year is £7.6m (2018: profit of £97m) and an equivalent amount has been transferred to reserves. During the year no dividend (2018: nil) was paid or proposed to the Company's parent.

Directors

The directors of the Company who were in office during the year and up to the date of signing were:

B J Hurst-Bannister (Non Executive Director) (resigned 31st March 2019)
J Masterton
R Peers
A Erotocritou

No directors emoluments were paid in respect of services to the Company.

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

Subsequent Events

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements. Further details of this assessment and the potential impact of Covid-19 can be found in note 2 and note 15 to these financial statements.

Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

Deloitte LLP, the Company's independent auditor, has expressed its willingness to continue in office.

The financial statements on pages 7 to 16 were approved by the Board of Directors on 06/10/2020 and signed on behalf of the Board by

A Erotocritou
Director

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFIH LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of PFIH Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFIH LIMITED (CONTINUED)

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

We have nothing to report in respect of these matters.

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

Andrew Downes, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor
London
United Kingdom
06/10/2020

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
TURNOVER		2,500	2,500
Administrative expenses	2	(455)	(1,096)
Income from interests in associated undertakings		217	-
OPERATING PROFIT		2,262	1,404
Profit on sale of investment	4	-	94,140
Gains on derivative instruments	13	7,217	1,815
PROFIT BEFORE TAXATION		9,479	97,359
Tax on profit on ordinary activites	9	(1,904)	(406)
PROFIT FOR THE FINANCIAL YEAR	10	7,575	96,953
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,575	96,953

All activities derive from continuing operations.

Notes from pages 10-19 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note		31st December 2019 £'000		31st December 2018 £'000
FIXED ASSETS					
Intangible Assets	3		-		22
Investments	4		4,394		595
CURRENT ASSETS					
Debtors	5	119,960		118,427	
Cash at bank and in hand		3		-	
		119,963		118,427	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	-		(3,487)	
NET CURRENT ASSETS			119,963		114,940
TOTAL ASSETS LESS CURRENT LIABILITIES			124,357		115,557
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	7		(2,100)		(1,249)
PROVISIONS FOR LIABILITIES	8		(4,772)		(4,398)
NET ASSETS			117,485		109,910
CAPITAL AND RESERVES					
Called up share capital	11		881		881
Share Premium account	10		642		642
Other reserves	10		460		460
Capital Redemption reserve	10		50		50
Profit and loss account	10		115,452		107,877
TOTAL SHAREHOLDERS' FUNDS	10		117,485		109,910

Notes from pages 10-19 form part of the financial statements.

The financial statements were approved by the board of directors on 06/10/2020 and were signed on its behalf by:

A Erotocritou

Registered Number 05734247

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2019	881	642	50	107,877	460	109,910
Total comprehensive income for the financial year	-	-	-	7,575	-	7,575
At 31 December 2019	881	642	50	115,452	460	117,485

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2018	881	642	50	10,924	460	12,957
Total comprehensive income for the financial year	-	-	-	96,953	-	96,953
At 31 December 2018	881	642	50	107,877	460	109,910

Notes from pages 10-19 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. ACCOUNTING POLICIES

PFIH Limited ("the Company") acts as parent for its subsidiaries which act as brokers in insurance and reinsurance markets.
The Company is a private Company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and domiciled in England.
The address of its registered office is 2 Minster Court, Mincing Lane, London. EC3R 7PD. United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and UK applicable accounting standards (including Financial Reporting Standards 102) under the historical cost convention. Derivative instruments (see Note 12) are noted at Fair Value.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 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.

There are no critical accounting judgements made in applying the Company's accounting policies.

However, the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors have taken advantage of the disclosure exemption not to prepare consolidated financial statements, a cash flow statement or disclose related party transactions (see notes 1b, 1c and 1f).

The Company was one of a number of group companies who at 31 December 2019 guaranteed bank and bond debt owed by Ardonagh Midco 3 Plc, an immediate holding company in the group.

The Directors consider the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due.
In making the going concern assessment the Directors have taken into account the following:

- The current capital structure and liquidity of the Company and the Group, as well as the assessment that the Group continues to be a going concern.
- The Group manages its cash and funding requirements on a Group-wide basis.
- The source of funding of the Group includes £1.975 billion of debt in the form of $500m (£400m) of Senior Unsecured Notes and £1.575 billion of private borrowings with maturity dates of 6.5 years and 6 years respectively [to which the Company is a guarantor along with the other significant subsidiaries in the Group]. The guarantor obligations are joint and several obligations of all of the guarantors and this means that when there is a requirement to repay the borrowed funds, the lender may also call upon the guarantors as a whole, as well as each of them severally, to do so.
- The principal risks facing the Company and the Group, including the potential financial and operational impacts of covid-19, and its systems of risk management and internal control.
- The Group has assessed that it has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19. The Group had available liquidity of £181.7m at 31 December 2019 and closely monitors available liquidity on an ongoing basis.
- The Group is largely insulated from currency FX volatility.
- The Group has access to a Revolving Credit Facility ("the Group's RCF").
  The Group's RCF facility capacity is £191.5m that is undrawn.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. **ACCOUNTING POLICIES (continued)**

Key stress scenarios that TAGL considered as part of its 2019 Going Concern assessment include cumulative stresses to the Group's base plan of a net reduction in cashflow of over £100m in 2020 and further reductions in 2021. TAGL's Going Concern stress testing indicated that revenue would need to decline by over 30% compared to base case in each of the next 6 quarters, offset by slightly higher discretionary cost cuts and headcount reductions (but still assuming that the cost base does not reduce at the same speed as income) to reach our liquidity limits. The Directors of TAGL considered these stress conditions to be a remote scenario.

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

Following the assessment of the Company's ability to meet its obligations as and when they fall due and the Group's financial position and liquidity, including the potential financial implications of the Covid-19 pandemic included in Group stress tests, and the wider operational consequences and ramifications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

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

There are no critical accounting judgements made in applying the Company's accounting policies.

However, the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting event in these financial statements, see note 15.

(b) Consolidated financial statements

Consolidated financial statements have not been prepared in accordance with section 9 of FRS 102 as the Company is entitled to the exemption conferred by Section 400 of the Companies Act 2006 not to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ardonagh Midco 3 Limited, a company incorporated in England and Wales. Accordingly, these financial statements present financal information about the Company as an individual undertaking and not about its group.

(c) Cash flow statement

The Company has taken advantage of the exemption conferred by Section 7 of FRS 102 from presenting a cash flow statement on the grounds that consolidated group financial statements are prepared by the parent undertaking.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. **ACCOUNTING POLICIES (continued)**

(d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) Turnover

Turnover consists of the management fee charged to a fellow subsidiary of the The Ardonagh Group Limited for utilisation of the Price Forbes brand.

(f) Related party disclosures

As the Company is a wholly owned subsidiary of Ardonagh Specialty Holdings Limited and indirect subsidiary of The Ardonagh Group Limited, the Company has taken advantage of the exemption contained in Section 33 of FRS 102 and has therefore not disclosed transaction or balances with entities which form part of the group headed by The Ardonagh Group Limited ("the Group") (or investees of the Group qualifying as related parties). The consolidated financial statements of The Ardonagh Group Limited, within which the results of this Company is included, can be obtained from the address given in Note 16.

(g) Investments

Investment held as fixed assets are shown at cost less provision for impairment.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

(h) Intangible assets

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired. Goodwill is amortised over its estimated useful economic life.

The amortisation basis on the intangible is straight line over five years and reflects the expected useful economic life of the asset.

The intangible asset represents acquisition costs for books of business which transferred in 2015.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. **ACCOUNTING POLICIES (continued)**

(i) Other operating income

Other operating income represents interest earned and is accounted for on an accruals basis.

(j) Foreign currencies and hedging

The financial statements are presented in British Pound Sterling and rounded to thousands.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account.

Exchange differences arising from trading activities are calculated at the prevailing rate and dealt with in the profit and loss account. Profits or losses arising from forward foreign exchange contracts taken out to hedge the currency exposure arising from future income are recognised in the profit and loss account as they are realised.

(k) Income from shares in associates

The share of the profit or loss in the associate is included in the Statement of Comprehensive Income and Investments in the Statement of Financial Position.

2. **Administrative Expenses**

The company has no employees. The audit fee of £8,240 for the audit of the Company was paid by other group entities for which no recharge was made.

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 to instead be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, The Ardonagh Group Limited.

3. **INTANGIBLE ASSETS - GOODWILL**

GROUP & COMPANY	**2019**	**2018**
	£'000	**£'000**
Cost		
Brought Forward	14,766	14,766
Accumulated Amortisation		
Brought Forward	14,744	14,717
Charge for the year	22	27
	14,766	14,744
Net Book Value	-	22

Goodwill was originally acquired by Price Forbes and Partners Limited when the assets and liabilities of Price Forbes Limited were acquired on 21st September 2006. As at 31 December 2006, the goodwill and accumulated amortisation was acquired by PFIH Limited.

Additions include acquisition costs for books of business and the purchase of the Price Forbes name in South Africa.

The amortisation basis on the remaining goodwill is straight line and reflects the expected useful economic life of the asset.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

4. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings	
	2019	**2018**
COST	**£'000**	**£'000**
Brought forward	595	7,000
Additions during year	3,799	55
Disposals during year	-	(6,460)
Net book value	4,394	595

Name of subsidiary	Principal activity	Registered address	% ordinary shares held Company
Price Forbes Group Limited	Intermediary Holding	6th Floor, 2 Minster Court, London, UK. EC3R7PD.	100%
Price Forbes Labuan Limited	Insurance Broking	Unit Level 13A, Financial Park Labuan, Jalan Merdeka, 87000 FT, Labuan, Malaysia.	100%
Price Forbes Chile SA	Insurance Broking	Oficina 2702, Las Condes, Santiago, Chile.	10%
Price Forbes Europe NV	Insurance Broking	Marsveldplein, 5 Bastion T1050, Elsene, Belgium.	100%
Sino	Insurance Broking	Room 2305, Singga Commercial Centre, 144-151	40%
Sino Re	Insurance Broking	Connaught Road West, Hong Kong.	40%

5. DEBTORS

	2019	**2018**
	£	**£**
Intercompany (unsecured, interest free)	117,073	118,427
Hedging Derivatives	1,543	-
Amount due after one year		
Hedging Derivatives	1,345	-
	119,960	118,427

6. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	**2018**
	£	**£**
Taxation	-	406
Hedging Derivatives	-	3,081
	-	3,487

7. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	**2018**
	£	**£**
Contingent liability for purchase of associate	2,100	
Hedging derivatives	-	1,249
	2,100	1,249

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

8. PROVISIONS FOR LIABILITIES

	2019 £'000	2018 £'000
At 1 January	4,398	3,666
Increase for the year	374	732
At 31 December	4,772	4,398

After a review of the South Africa and Equinox operations it was deemed appropriate to create a provision in the Company balance sheet for the year end intercompany balances due.

9. TAX ON PROFIT

	2019 £'000	2018 £'000
(a) Analysis of charge for the year		
UK corporation tax on profits of the year	1,872	422
UK corporation tax adjustment to prior periods	32	(16)
Tax charge for the year	1,904	406

The tax assessed for the year is 103k higher (2018: 18,092k lower) than the standard rate of corporation tax in the UK of 19% (2018 19%). The differences are reconciled below

	2019 £'000	2018 £'000
(b) Factors affecting tax charge for year		
Profit before tax	9,479	97,359
Profit multiplied by standard rates of corporation tax in the UK 19.00% (2018 19.00%)	1,801	18,498
Effect of:		
Expenses not deductible for tax purposes	71	137
Gains on Derivative Instruments	-	(345)
Profit on Sale of Investment	-	(17,887)
Transfer Pricing Adjustments	-	18
Adjustments in respect of prior years	32	(16)
Tax charge for the year	1,904	406

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up Share capital £'000	Share Premium £'000	Profit and loss account £'000	Profit and loss account £'000	Other Reserves £'000	Total share-holders' funds £'000
Balance Brought Forward	881	642	107,877	50	460	109,910
Loss for the financial year	-	-	7,575	-	-	7,575
At 31 December 2018	881	642	115,452	50	460	117,485
At 31 December 2018	881	642	107,877	50	460	109,910

Other reserves are in respect of a capital contribution provision required due to previous years share based payments scheme which is no longer active.

11. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
8,814,899 (2018: 8,814,899) ordinary shares of 10p each	881	881

At 31 December 2019 the company has 5,795,483 A shares and 3,019,416 B shares (2018 - 5,795,483 A shares and 3,019,416 B shares) in issue. A & B shares rank pari passu except that B shares carry restricted voting rights.

12. FINANCIAL COMMITMENTS

At the year end the Company has entered into foreign exchange contracts to sell forward future USD denominated brokerage in respect of a fellow group company for 2020 to 2021 inclusive as set out below. The gain or loss arising will depend on the spot rates prevailing at the time the forward contracts mature.

The table below shows the breakdown of the contracts

Year	Contract Rate	Contract Amount
2020	1.24747 to 1.3302	$105.899 million
2021	1.25876 to 1.3611	$103.928 million

The fair value of these contracts is required to be recognised in these financial statements.
As at 31 December 2019 the unrealised profit/asset was £2.9m (2018 - loss/liability of £4.3m).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

13. RECONCILIATION OF LOSS ON DERIVATIVE INSTRUMENTS

	2019 £'000	2018 £'000
Fair Value 1st January	(4,329)	(2,515)
Fair value movement during year	7,217	(1,815)
Fair Value 31st December	2,888	(4,329)

The gains on derivative instruments movement in the Statement of Comprehensive income includes the above and in addition a £3.6m receipt in 2018 for closed derviatives, leading to the positive movement in 2018

14. FINANCIAL COMMITMENTS

Off-balance sheet arrangements

On 25 May 2017, Ardonagh Midco 3 plc, a newly incorporated intermediate holding company, entered into a £90.0m super senior revolving credit facility (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 products (ETV). With effect from 1 December 2019, the contractual limitation on the amount that may be utilised of the Group's RCF was removed. As at 31 December 2019, the RCF facility capacity was £120m and undrawn. At the date of this report, the Group's RCF committed facility had been extended to £170m, of which £70m was drawn. Permissible RCF drawings are limited by the Group's credit facility basket. On 19 November 2018, $235m 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, which includes Price Forbes & Partners Limited, PFIH Limited and Price Forbes Holdings Limited.

15. SUBSEQUENT EVENTS

The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements (see note 1a Basis of preparation).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2019

15. SUBSEQUENT EVENTS (continued)

On 14 July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The existing borrowings included the existing senior secured notes and the revolving credit facility, the repayment of which released the Group from the associated security. The new borrowings include \$500m senior unsecured notes, a senior secured term loan facility of £1,575m comprising £1,412.8m denominated in pound sterling and €180m denominated in euro and a £191.5m revolving credit facility that is not drawn at the date of this report. The Group completed the purchase of the entire issued share capital of Nevada 5 Topco Limited (an indirect parent of Arachas Topco Limited) on 14 July 2020, for a consideration of €135,781,781.51 cash. The Group also completed the purchase of the entire issued share capital of Nevada 4 Midco 1 Limited (the parent of Bravo Investment Holdings Limited) on 14 July 2020, for a consideration of £39,794,109.14 cash. The new borrowings will also be used to fund the acquisition of Bennetts Motorcycling Services Limited.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's controlling party is HPS Investment Partners LLC. At 31 December 2019, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 3rd Floor, 47 Esplanade, St Helier, Jersey, JE4 9WG) and is the largest group in which the results are consolidated. Ardonagh Midco 3 Limited (incorporated in United Kingdom, registered office address, 2 Minster Court, London, England. EC3R 7PD) is the smallest group in which the results are consolidated. The financial statements for the companies noted above are available upon request from 2 Minster Court, Mincing Lane, London. EC3R 7PD.