

Registration number: 05938669

Arista Insurance Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2021



Arista Insurance Limited

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Arista Insurance Limited

Company Information

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

Arista Insurance Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021 for Arista Insurance 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 15, the Company is now part of a new holding company structure. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited ("the Group").

Principal activity and business review

The principal activity of the Company is the provision of insurance underwriting services. However, following the transfer of the Company's trade and related assets to Geo Underwriting Services Limited on 1 February 2018, the Company has been in run-off.

The results for the Company show turnover of £Nil (2020: £Nil) and profit before tax of £Nil (2020: £Nil) for the year. At 31 December 2021 the Company had net assets of £5k (2020: £38,595k). The going concern note (part of accounting policies) on page 10 sets out the reasons why the directors believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

Outlook

On 1 February 2018, the Company disposed of its ongoing trade and related assets to Geo Underwriting Services Limited, a fellow Group company, and has been in run-off from this date. It is the directors' intention to liquidate the Company once the run-off process has completed.

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 separate 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.

Principal risks and uncertainties

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

The principal risks and their mitigation are as follows:

Financial risk

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

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

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

Approved by the Board on 13/09/2022 and signed on its behalf by:

Arista Insurance Limited

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

D Cougill

D Cougill (SEP 14, 2022 22:24 GMT+1)

D Cougill
Director

Arista Insurance 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 this report were as follows:

D C Ross

D Cougill

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2021 (2020: £Nil). Interim dividends of £38,590k (2020: £Nil) have been distributed to the parent company in the current year.

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

On 1 February 2018 the ongoing trade and assets of Arista Insurance Limited were transferred to Geo Underwriting Services Limited, a company under common control, in furtherance of the wider Group's legal entity rationalisation plan. Existing client balances and associated assets and liabilities are to remain in run-off within the Company and it is the directors' intention to liquidate the company once run-off is complete. As a result, the financial statements have been prepared on a basis other than that of a going concern.

Subsequent events

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' note on page 15.

Directors' indemnities

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

Approved by the Board on 13/09/2022 and signed on its behalf by:


D Cougill (Sep 14, 2022 22:24 GMT+1)

D Cougill
Director

Arista Insurance Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 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; 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.

Arista Insurance Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Operating profit/(loss)		<u>-</u>	<u>-</u>
Profit/(loss) before tax		-	-
Income tax credit/(charge)	7	<u>-</u>	<u>5</u>
Profit/(loss) for the year		<u><u>-</u></u>	<u><u>5</u></u>

The above results were derived from discontinued operations.

There are no items of other comprehensive income in the current or prior period.

The notes on pages 9 to 15 form an integral part of these financial statements.

Arista Insurance Limited

(Registration number: 05938669)
Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Current assets			
Intangible assets	8	-	-
Property, plant and equipment	9	-	-
Trade and other receivables	10	-	41,289
Current tax assets	7	5	-
		<u>5</u>	<u>41,289</u>
Current liabilities			
Trade and other payables	11	-	(2,694)
Net current assets		<u>5</u>	<u>38,595</u>
Net assets		<u>5</u>	<u>38,595</u>
Capital and reserves			
Share capital	12	-	5,785
Share premium		-	89
Capital contribution reserve		-	571
Merger reserves		-	32,910
Retained losses		5	(760)
Total equity		<u>5</u>	<u>38,595</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 13/09/2022 and signed on its behalf by:

D Cougill

D Cougill (Sep 14, 2022 22:24 GMT+1)

D Cougill

Director

The notes on pages 9 to 15 form an integral part of these financial statements.

Arista Insurance Limited

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

	Share capital (Note 13) £ 000	Share premium (Note 13) £ 000	Capital redemption reserve £ 000	Merger reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	5,785	89	571	32,910	(760)	38,595
Profit/(loss) for the year	-	-	-	-	-	-
Dividends	-	-	(571)	(32,910)	(5,109)	(38,590)
Capital reduction	<u>(5,785)</u>	<u>(89)</u>	<u>-</u>	<u>-</u>	<u>5,874</u>	<u>-</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Merger reserves £ 000	Retained losses £ 000	Total £ 000
At 1 January 2020	5,785	89	571	32,910	(765)	38,590
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
At 31 December 2020	<u>5,785</u>	<u>89</u>	<u>571</u>	<u>32,910</u>	<u>(760)</u>	<u>38,595</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

Arista Insurance 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 incorporated and registered in England, United Kingdom. The Company's registered office is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report'.

These financial statements for the year ended year ended 31 December 2021 were authorised for issue by the Board on 13 September 2022 and the Statement of Financial Position was signed on the board's behalf by D Cougill.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

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

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

Summary of disclosure exemptions

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;

Arista Insurance Limited

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

2 Accounting policies (continued)

- the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact; and
- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

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

Judgements made by the directors in the application of these accounting policies that have 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 judgements and key sources of estimation uncertainty disclosure (note 3).

Going concern

In February 2018, the Company disposed of its ongoing trade and related assets to Geo Underwriting Services Limited, a fellow Group company, and has been in run-off from that date. The financial statements have been prepared on a basis other than that of a going concern. At 31 December 2021 the Company had net assets of £5k (2020: £38,595k).

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

Derecognition of intangible assets and property, plant and equipment ("PPE")

An intangible asset or item of PPE is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition, 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.

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. They are recognised initially at fair value and subsequently at amortised cost, less any expected credit loss allowance.

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

2 Accounting policies (continued)

Impairment of financial assets

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

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

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

Financial liabilities

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

Share capital

Ordinary shares are classified as equity. Incremental 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

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

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

4 Operating profit

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: £20,172).

5 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.

Arista Insurance Limited

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

6 Directors' remuneration

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

7 Income tax

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

	2021 £ 000	2020 £ 000
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	5
Total current taxation	-	5
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balances	-	-
Total deferred taxation	-	-
Income tax credit/(charge) in Statement of Comprehensive Income	-	5

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	-	-
Corporation tax at standard rate of 19% (2020: 19%)	-	-
Adjustments to tax charge in respect of previous periods - current tax	-	5
Total tax credit/(charge)	-	5

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.

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

8 Intangible assets

	Computer software £ 000	Total £ 000
Cost or valuation		
At 1 January 2021	739	739
Disposals	<u>(739)</u>	<u>(739)</u>
At 31 December 2021	<u>-</u>	<u>-</u>
Amortisation		
At 1 January 2021	739	739
Amortisation eliminated on disposals	<u>(739)</u>	<u>(739)</u>
At 31 December 2021	<u>-</u>	<u>-</u>
Carrying amount		
At 31 December 2021	<u>-</u>	<u>-</u>
At 31 December 2020	<u>-</u>	<u>-</u>

9 Property, plant and equipment

	Fixtures and fittings £ 000	Computer hardware £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	51	760	811
Disposals	<u>(51)</u>	<u>(760)</u>	<u>(811)</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 January 2021	51	760	811
Disposals	<u>(51)</u>	<u>(760)</u>	<u>(811)</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>

Arista Insurance Limited

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

10 Trade and other receivables

	2021	2020
	£ 000	£ 000
Current trade and other receivables		
Receivables from other Group companies	-	41,289

During the year a dividend of £38,590k was declared and settled by set-off against the intercompany balances with the parent Company.

11 Trade and other payables

	2021	2020
	£ 000	£ 000
Current trade and other payables		
Amounts due to other Group companies	-	2,694

12 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary A of £0.10 each	-	-	3,609	360.90
Ordinary B of £0.10 each	-	-	1,641	164.10
Ordinary C of £0.10 each	-	-	1,214	121.40
Class 1 Preference of £1 each	-	-	5,139	5,139
	-	-	11,603	5,785

On 10 August 2021, the issued share capital of the company was reduced from £5,785,441 to £1 by cancelling and extinguishing 57,854,403 of the issued Ordinary shares of £0.10 each and Preference shares of £1 each in the Company, each of which was fully paid up and the amount by which the share capital is reduced was credited to retained reserves.

On 10 August 2021, the share premium of £88,519 was reduced to nil and the amount credited to retained reserves.

13 Related party transactions

The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

Arista Insurance Limited

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

14 Parent and ultimate parent undertaking

The immediate parent company is Towergate Risk Solutions Limited and the ultimate parent company is Tara Topco Limited (note 15).

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

2 Minster Court
Mincing Lane
London
EC3R 7PD

15 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.