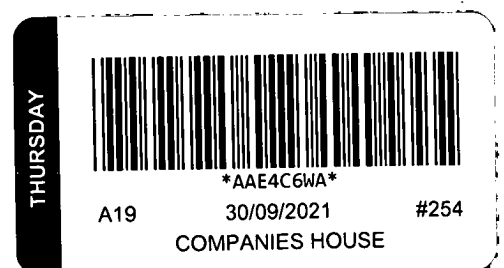


Registration number: 06070209

# Oyster Property Insurance Specialists Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



# **Oyster Property Insurance Specialists Limited**

## **Contents**

Company Information	1
Strategic Report	2 to 4
Directors' Report	5 to 6
Directors' responsibilities statement	7
Independent Auditor's Report to the members of Oyster Property Insurance Specialists Limited	8 to 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 22

# **Oyster Property Insurance Specialists Limited**

## **Company Information**

<b>Directors</b>	M R Goldberger D Cougill
<b>Company secretary</b>	D Clarke
<b>Registered office</b>	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
<b>Auditor</b>	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

## **Oyster Property Insurance Specialists Limited**

### **Strategic Report for the Year Ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020 for Oyster Property Insurance Specialists 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. The Company is part of The Ardonagh Group Limited ("the Group").

#### **Principal activity and business review**

The principal activity of the Company was the provision of insurance underwriting services. During 2015, the Company sold its wholesale and retail portfolios to Towergate Underwriting Group Limited, a fellow Group subsidiary, and a former member of the management. The sale was completed by 30 November 2015 and the Company ceased to trade from that date, and is in run-off. The regulatory status of the Company was that of an appointed representative for CCV Risk Solutions Limited, a fellow Group subsidiary until 8 January 2020.

The results for the Company show turnover of £Nil (2019: £Nil) and loss before tax of £90 (2019: profit before tax of £17,176) for the year. At 31 December 2020 the Company had net assets of £683,400 (2019: £683,490). The going concern note (part of accounting policies) on page 16 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

#### **Outlook**

On 30 November 2015 the directors took the decision to cease trading following the sale of the Company's portfolios to Towergate Underwriting Group Limited, a fellow Group subsidiary, and a former member of the management. It is the directors' intention to ultimately wind-up the Company, once the run-off process has completed, expected to be in late 2021.

The unprecedented nature of the global Covid-19 pandemic (including short-term and long-term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including Oyster Property Insurance Specialists Limited. However, as the Company is in run-off, the economic impact is not expected to be material to its financial position.

#### **Principal risks and uncertainties**

##### *Risk Management*

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

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

## **Oyster Property Insurance Specialists Limited**

### **Strategic Report for the Year Ended 31 December 2020 (continued)**

#### *Cyber-security and data protection*

Our computer systems store information about our customers and employees, some of which is sensitive personal data. Although we have taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our databases and to ensure that our processing of personal data complies with the General Data Protection Regulations (GDPR), our technology may, on occasion, fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss. Our systems, and the wider public infrastructure they rely on, may also be subject to attack preventing use and disrupting business operations.

The Company and Group has robust policies, business standards and control frameworks in place for both cyber security and data protection.

Following the appointment of the Group CISO at 2019 year-end, a 3-year group-wide Cyber Resilience Strategy was established, with all major areas of the Group developing related cyber remediation roadmaps (with a particular focus on related IT control environments) where required, to further review and enhance the maturity and capability of cyber and information security processes and controls across the Group. Appropriate mechanisms have also been embedded to help effectively track and manage related cyber risk across the Group.

The Company and Group continues to have a cyber insurance policy in place to mitigate financial risks associated with data breaches and cyber-attacks.

#### *Financial risk and impact of Covid-19*

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 Company and Group have considered the wider operational consequences and ramifications of the Covid-19 pandemic. Although Covid-19 developments remain fluid, financial stress testing demonstrates the Group's financial resilience and operating flexibility.

The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19, although this has not materialised to date with the income impacts predominantly limited to the second quarter of 2020 and substantially offset by additional cost savings. The Group had available liquidity of £405.1m at 30 June 2021 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.

## Oyster Property Insurance Specialists Limited

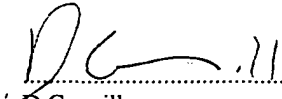
### Strategic Report for the Year Ended 31 December 2020 (continued)

#### *Future impact of Brexit*

Brexit affects the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. The Group's plans always assumed a no deal, 'hard' Brexit and as such the Group was prepared for Brexit. The direct impact on the Group's UK businesses is not significant because they conduct only limited business within the EU and, importantly, because the operating segments have implemented mitigation strategies (e.g. gaining direct authorisation in certain EU member states) to reduce the risk. However, the loss of passporting rights may affect the insurance markets in which the Group operates, possibly reducing insurance capacity, competition and choice.

Brexit could also extend the current Covid-19 induced general decline in economic conditions in the UK where the Group operates predominantly. The diversified business portfolio of the Group continues to mitigate the risk of a general decline in economic conditions and the Group's going concern stressed scenario modelling incorporates general economic declines, including from Brexit and Covid-19.

Approved by the Board on 29/09/2021 and signed on its behalf by:

  
D Cougill  
Director

**Oyster Property Insurance Specialists Limited**  
**Directors' Report for the Year Ended 31 December 2020**

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

**Directors of the Company**

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

M R Goldberger

D Cougill

**Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2020 (2019: £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 (2019: £Nil).

**Going concern**

On 30 November 2015, the directors took the decision to cease trading following the sale of the Company's trade and is in run-off. As a consequence, the financial statements have been prepared on a basis other than that of a going concern. For further details see note 2 in the 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 Companies and fellow Group companies benefit from qualifying-third party indemnity provisions, subject to the conditions set out in the Companies Act 2006, in place during the financial year and at the date of this report.

**Disclosure of information to the auditor**

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

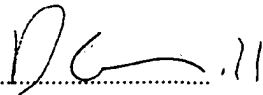
**Reappointment of auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

**Oyster Property Insurance Specialists Limited**

**Directors' Report for the Year Ended 31 December 2020 (continued)**

Approved by the Board on 29/09/2021 ..... and signed on its behalf by:

  
.....  
D Cougill  
Director



## **Oyster Property Insurance Specialists Limited**

### **Directors' responsibilities statement**

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 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 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.

## **Oyster Property Insurance Specialists Limited**

### **Independent Auditor's Report to the members of Oyster Property Insurance Specialists Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Oyster Property Insurance Specialists Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 14.

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

##### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

##### **Other information**

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

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

We have nothing to report in this regard.

## **Oyster Property Insurance Specialists Limited**

### **Independent Auditor's Report to the members of Oyster Property Insurance Specialists Limited (continued)**

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 7, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and UK Tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

## **Oyster Property Insurance Specialists Limited**

### **Independent Auditor's Report to the members of Oyster Property Insurance Specialists Limited (continued)**

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with regulatory authorities.

#### **Report on other legal and regulatory requirements**

##### **Opinion on other matter 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 our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you 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.

**Oyster Property Insurance Specialists Limited**

**Independent Auditor's Report to the members of Oyster Property Insurance Specialists  
Limited (continued)**



.....  
Jamie Weisfeld (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

Date: 29 September 2021

# Oyster Property Insurance Specialists Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
<b>Turnover</b>		-	-
Other operating costs		(90)	-
Revaluation of financial assets	4	<u>-</u>	<u>17,176</u>
<b>Operating (loss)/profit</b>	4	<u>(90)</u>	<u>17,176</u>
<b>(Loss)/profit before tax</b>		(90)	17,176
Income tax expense	7	<u>-</u>	<u>(2,852)</u>
<b>(Loss)/Profit for the year</b>		<u>(90)</u>	<u>14,324</u>

The above results were derived from discontinued operations. There are no items of other comprehensive income in the current or prior financial year.

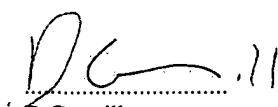
# Oyster Property Insurance Specialists Limited

(Registration number: 06070209)

## Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 £
<b>Current assets</b>			
Cash and cash equivalents	8	-	88,647
Trade and other receivables	9	2,643,907	2,616,592
Current tax assets	7	5,256	5,256
		<u>2,649,163</u>	<u>2,710,495</u>
<b>Current liabilities</b>			
Trade and other payables	10	(1,965,763)	(2,027,005)
		<u>(1,965,763)</u>	<u>(2,027,005)</u>
<b>Net current assets</b>		<u>683,400</u>	<u>683,490</u>
<b>Total assets less current liabilities</b>		<u>683,400</u>	<u>683,490</u>
<b>Net assets</b>		<u>683,400</u>	<u>683,490</u>
<b>Capital and reserves</b>			
Share capital	11	1,000	1,000
Share premium		336,860	336,860
Other reserves		256,053	256,053
Retained earnings		89,487	89,577
<b>Total equity</b>		<u>683,400</u>	<u>683,490</u>

Approved by the Board on 29/09/2021 and signed on its behalf by:

  
D Cougill  
Director

# Oyster Property Insurance Specialists Limited

## Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2020	1,000	336,860	256,053	89,577	683,490
Loss for the year	-	-	-	(90)	(90)
At 31 December 2020	<u>1,000</u>	<u>336,860</u>	<u>256,053</u>	<u>89,487</u>	<u>683,400</u>

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2019	1,000	336,860	256,053	75,253	669,166
Profit for the year	-	-	-	14,324	14,324
At 31 December 2019	<u>1,000</u>	<u>336,860</u>	<u>256,053</u>	<u>89,577</u>	<u>683,490</u>

Other reserves relate to the capital contribution which was made in the year ended 31 December 2015, in relation to intercompany debt due to Towergate Finance plc, a previous intermediate holding company. Following the Group financing and acquisition transaction on 2 April 2015 the debt was eliminated for £Nil consideration.



## **Oyster Property Insurance Specialists Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

The Company is a private company limited by share capital incorporated and registered in England, United Kingdom. The Company's registered address is 2 Minster Court, Mincing Lane, London, United Kingdom, EC3R 7PD. 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 2020 were authorised by the Board on 29 September 2021 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. 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 2020 or not yet effective and that are expected to materially impact the Company's financial statements. The financial statements have been prepared on a basis other than of a going concern.

##### **Summary of disclosure exemptions**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with 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;

## **Oyster Property Insurance Specialists Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions (continued)**

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

Equivalent disclosures are included in the Group's consolidated financial statements, as required by FRS 101 where exemptions have been applied. This information is included in the consolidated financial statements of The Ardonagh Group Limited as at 31 December 2020 and details of how to obtain these financial statements can be found in note 13.

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 on page 18.

##### **Going concern**

The financial statements of the Company have been prepared on a basis other than that of a going concern. At 31 December 2020 the Company had net assets of £683,400 (2019: £683,490) and net current assets of £683,400 (2019: £683,490). The net current assets include amounts receivable from related parties of £2,643,907 (2019: £2,616,592), and amounts due to related parties of £1,965,763 (2019: £1,938,359).

From 30 November 2015 the Company ceased to take on new business and was in run-off from that date. It is the directors' intention to wind up the Company once its liabilities have been settled. As a consequence, the financial statements have been prepared on a basis other than that of a going concern.

The book values of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short-term nature. As such no adjustments to balances are required with the Company being reported on a basis other than that of a going concern.

## **Oyster Property Insurance Specialists Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

###### **Financial assets**

The Company's financial assets include intragroup receivables. They are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost.

###### **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. They are initially recognised at fair value and are subsequently measured at amortised cost.

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

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

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

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

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

## **Oyster Property Insurance Specialists Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **2 Accounting policies (continued)**

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

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

#### **Taxation**

##### *Current tax*

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

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

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs 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 or critical judgements in applying accounting policies that have had a significant impact on the carrying amounts of assets and liabilities in the financial year.

#### **4 Operating (loss)/profit**

The audit fee of £7,943 (2019: £7,564) for the audit of this 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 instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, The Ardonagh Group Limited.

Revaluation of financial assets of £Nil (2019: £17,176) relates to the reversal of a provision for the impairment of trade debtors.

#### **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 to the Company.

## Oyster Property Insurance Specialists Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (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/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

#### 7 Income tax

Tax charged in the Statement of Comprehensive Income

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	-	3,263
UK corporation tax adjustment to prior periods	-	(411)
Total current taxation	-	2,852
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	-	-
Arising from changes in tax rates and laws	-	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	-	-
Total deferred taxation	-	-
Tax expense in the statement of comprehensive income	-	2,852

The differences are reconciled below:

	2020 £	2019 £
(Loss)/profit before tax	(90)	17,176
Corporation tax at standard rate of 19% (2019: 19%)	(17)	3,263
Tax adjustment in respect of prior years	-	(411)
Deferred tax expense from unrecognised tax loss or credit	17	-
Total tax charge/(credit)	-	2,852

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 2020 continue to be measured at a rate of 19% as this was the substantively enacted rate at that date.

The company did not recognise deferred tax assets as follows:

## Oyster Property Insurance Specialists Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Income tax (continued)

	2020	2019
	£	£
Losses	17	-
Unrecognised deferred tax assets	17	-

This deferred tax asset has not been recognised in these accounts as it is not expected that the Company's future profitability will be sufficient to utilise it.

#### 8 Cash at bank and in hand

	2020	2019
	£	£
Cash at bank	-	88,647

Cash at bank includes £Nil (2019: £88,647) which constitutes restricted client money and insurer money and not available to pay the general debts of the Company.

#### 9 Trade and other receivables

	2020	2019
	£	£
Receivables from other Group companies	2,643,907	2,616,592

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

#### 10 Trade and other payables

	2020	2019
	£	£
Trade payables	-	88,646
Amounts due to other Group companies	1,965,763	1,938,359
	1,965,763	2,027,005

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

## Oyster Property Insurance Specialists Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 11 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
'A' Ordinary Shares of £1 each	640	640	640	640
'B' Ordinary Shares of £1 each	250	250	250	250
'C' Ordinary Shares of £1 each	75	75	75	75
'D' Ordinary Shares of £1 each	35	35	35	35
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The 'A' Shares have rights to 75% of any dividends made from distributable reserves.

The 'B' Shares have rights to 25% of any dividends made from distributable reserves.

The 'C' and 'D' Shares have no rights to dividends.

The 'A', 'B', 'C' and 'D' Shares all rank pari passu with their full voting rights and rights on capital distribution.

#### 12 Related party transactions

Business was conducted, on an arm's length basis, within The Ardonagh Group Limited group of companies. The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has provided services on behalf of the related parties and recharged costs to them. The table below shows the transactions and balances with related parties, entities that form part of the Group but are not wholly owned by The Ardonagh Group Limited.

	2020	2020	2020	2019	2019	2019
	Paid to	Received from	(Due to) / receivable from at year end	Paid to	Received from	(Due to) / receivable from at year end
	£	£	£	£	£	£
Oyster Risk Solutions Limited	-	-	105	-	-	105

## **Oyster Property Insurance Specialists Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **13 Parent and ultimate parent undertaking**

The Group's majority shareholder and ultimate controlling party at 31 December 2020 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2020 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 2020 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, United Kingdom, EC3R 7PD). The immediate parent company of Oyster Property Insurance Specialists Limited is Cullum Capital Ventures Limited. 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  
United Kingdom

#### **14 Subsequent events**

The Company performed a review of events subsequent to the statement of financial position date through to the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.