Registration number: 06144421

Oyster Risk Solutions Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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Oyster Risk Solutions Limited

Contents

Oyster Risk Solutions Limited

Company Information

Directors	K R Donaldson R L Worrell
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

Oyster Risk Solutions Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021 for Oyster Risk Solutions 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 18, the Company is now overseen by a new holding company, Ardonagh Group Holdings Limited. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited. The Company and its subsidiaries under the new and previous holding company are referred to as the Group.

Principal activity and business review

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

The results for the Company show turnover of £4,457,213 (2020: £3,946,833) and profit before tax of £1,590,408 (2020: £1,315,328) for the year. At 31 December 2021 the Company had net assets of £268,397 (2020: net liabilities of £1,041,056). There is an overall increase of £468k in Gross Commission between 2020 and 2021 due to an increase in retention, an increase in rate and client growth. Customer Service Charges also went up £52k which is due to the increased rates for 2021 for customer service charges, compared to 2020. Premium finance increased by £43k due to increase in rate and premium. There has been a move from a net liability position to a net asset position primarily as a result of an increase in trade and other receivables of £5,245,912 offset by a decrease in trade and other payables of £2,667,696 and cash and cash equivalents of £987,496.

The going concern note (part of accounting policies) on page 18 sets out the reasons why the directors continue to believe that the preparation of the financial statements on the going concern basis is appropriate.

Business strategy and objectives

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

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

Section 172 (1) of the Companies Act 2006 (the "Act") Statement

The Directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("S.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole and in doing so, have regard to; the likely consequences of any decision in the long-term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company.

The Board considers the long-term consequences of its decisions and these are guided by a 5-year business plan, risk appetite and risk framework, which seeks to ensure that the business plan is executed with due regard to our stakeholders and maintaining our high standards of business conduct. Ongoing engagement with our shareholders and bondholders are primarily exercised by the Group Board and a voluntary disclosure of how the Group Board applies the Wates Corporate Governance Principles for Large Private Companies and discharges their s.172 Duties are set out in the Group Annual Report. The Board have identified the following as our key stakeholders and how the Board engages with each stakeholder is set out below;

Employees
Our employees are central to our success and remuneration structures are designed to reward good performance at the individual and business level and support our culture. In addition, our businesses focus on providing working conditions that are Covid-19 safe and providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths and study support. The Employee Group Plan is an equity scheme that recognises the wider contribution of employees; identifying key talent and future leaders within the Group. The plan extends to a wide cross-section of our people and has created a more diverse group both in terms of age and gender that now hold equity.

Our Board believes in the importance of communication and engagement with all employees and this has become increasingly important since many of our staff moved to homeworking or hybrid office and home working in 2020 and 2021. Good communication and engagement is also linked to and supports our actions taken to enhance staff well-being, which has been an area of continued focus during Covid-19 including the Wellness4life programme that ran throughout the year. There were also a number of Group initiatives, such as the award-winning Radio Ardonagh and 'applause' where employees can give a 'shout out' to their colleagues who have gone above and beyond.

The third Group-wide employee pulse survey was undertaken in Q4 2021. The Ardonagh Group achieved an excellent 81% response rate and an overall positivity score of 73.3% compared with 75.4% in 2020, which management consider to be a good result given the impact and challenges of Covid 19. As a result of the survey, a number of actions will be taken across our 5 people commitments; Attract and Retain, Onboard and Develop, Recognise and Reward, Empower and Enable, and Respect and Support. Each of these 5 people commitments outline our ambition for a diverse and fair workforce and an inclusive culture. As a business, we believe that diversity strengthens us and in 2021 we launched a number of employee forums in which to hold frank, straightforward conversations on topics such as well-being, diversity and inclusion and this two-way dialogue with our people has been warmly received and is leading to tangible actions and progress.

Insurers
Our insurance partners are fundamental to the success of the business. The Ardonagh Portfolio Solutions business regularly meet with our key insurance partners and grow out strategic carrier partnerships.

Suppliers
Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to appropriate monitoring and engagement, the level of which is dependent on the size and critical nature of the services supplied. We also have minimum due diligence standards to be performed on key suppliers before they are engaged, which includes a requirement that suppliers have ESG and modern slavery policies that are at least as stringent as our own.

Community
Since The Ardonagh Community Trust ("ACT") was formed, circa. £1m has been donated to over 400 charities as chosen by our Ardonagh colleagues.

In 2021, 35 projects were nominated by colleagues with £153,315.31 of funds awarded. This allowed charities and community organisations to complete projects to further support those who need their services.

With the lifting of restrictions, we also saw an increase in colleagues fundraising for causes they care about through marathons, sponsored walks and other challenges. ACT was able to boost the £103,995.25 raised by our colleagues with an additional £52,425.59. Additionally, Advisory colleagues were encouraged to take their one-paid day a year of volunteering time and despite the ongoing restrictions imposed by Covid-19 over 500 hours across the Ardonagh Group were donated into local communities.

The Group partnership with mental health charity Mind came to an end in 2021 with £200,000 raised for the charity and important conversations opened on the importance of this topic. The Group began its latest partnership with Samaritans in May 2021, and was launched in line with Mental Health Awareness Week. More Advisory colleagues were trained as mental health first aiders in 2021 and this will continue into 2021. In addition, awareness training is planned with the Samaritans that will enable us to continue to break the stigma surrounding mental health.

Outlook

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

Key performance indicators

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

	Unit	2021	2020
Gross written premium (GWP)	£m	14.4	12.7
Total income (commission and fees and other income)	£m	4.5	3.9
Administration expenses	£m	2.9	2.7
Total income/GWP ratio	%	31.3	30.7
Administrative expenses/total income ratio	%	64.4	69.2

The Total income/GWP ratio has increased slightly from 30.7% in 2020 to 31.3% in 2021. GWP and Total income have increased by 13.4% and 15.4% respectively as a result of continued excellent advisory work in key markets and continued growth of client referrals. Administrative expenses have increased from £2.7m in 2020 to £2.9m in 2021 (7.4%) mainly due to an increase in staff costs driven by significant growth. Overall the key performance indicators highlight a successful year for Oyster Risk Solutions Limited.

There is an overall increase of £468k in Gross Commission between 2020 and 2021 due to an increase in retention, an increase in rate and client growth. Customer Service Charges also went up £52k which is due to the increased rates for 2021 for customer service charges, compared to 2020. Premium finance increased by £43k due to increase in rate and premium.

Non-financial key performance indicators include staffing levels which have decreased by 2.5%, from 40 to 39 staff, throughout the year. The Company actively encourages all employees to become involved in Group affairs and is also keen to encourage two way communications on relevant business issues. This is achieved through regular employee meetings and presentations by senior management and is supported by a Group wide communication plan. Further discussions on employee matters can be found in the Directors' Report.

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 Group 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 Group Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

The principal risks and their mitigation are as follows:

Strategic and commercial risk

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

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.

Operational risk

There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and/or from external events. The Company is committed to undertaking a series of activities that are linked to the Group's transformation strategy. These activities are targeted at driving operational effectiveness, cost synergies, and better management of operational risks and have involved substantial investment in systems and technology. In addition, the Company continues to follow the Group's stated strategy of continued development in our people and corporate culture.

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

Regulatory and legal risk

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

Volatility in premiums and insurance market cycle

Volatility or declines in premiums, as well as declines in commission rates, may seriously undermine our business and results of operations. The Company derives most of its revenue from commissions and fees for underwriting and broking services. Its commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. A significant reduction in commissions, along with general volatility or declines in premiums, could have a material adverse effect on the results of operations and the Company's financial condition. This risk is mitigated by ensuring that the Company has a range of products and by diversifying its portfolio. This should reduce the effect of a cycle on one specific class of business.

On a longer term horizon, the insurance markets might be disrupted by new technologies, “open finance” or new distribution structures, which may give rise to both risks and opportunities for the Company.

Retention and wellbeing of staff

The loss of several senior management or a significant number of our client-facing employees could have a material adverse effect on our business. The inability to attract and retain qualified personnel could also have a material adverse effect on our business. Each part of the Group maintains appropriate performance management, remuneration, succession planning and other HR policies that are proportionate for their respective businesses.

Our businesses have also had to respond to the changing nature of ways of working with the emergence of hybrid or remote working becoming more mainstream which has required us to focus on risk management around data, cyber, capability and wellbeing of employees.

Business Continuity Plans are in place across each of the Group’s operating segments, which include policies to manage employee absences, to ensure access to the wider network of offices, to maintain the efficiency and stability of the Group’s infrastructure, and to facilitate 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 the taking of common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach in line with the latest developments and government guidance.

Approved by the Board on 30/09/2022 and signed on its behalf by:

R L Worrell
Director

Directors' Report for the Year Ended 31 December 2021

The directors present their annual report and the audited 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:

K R Donaldson

D Cougill (resigned 5 January 2021)

R L Worrell (appointed 5 January 2021)

Dividends

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

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Risk Management' section on page 5.

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).

Employment of disabled persons

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

Employee involvement

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

Going concern

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. As at 31 December 2021, the Company had net current liabilities of £1,937,405 (2020: £3,225,284). The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Midco 3 Plc. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent events

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' note on page 34.

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..

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.

Approved by the Board on .30/09/2022 and signed on its behalf by:

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R L Worrell

Director

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 the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Oyster Risk Solutions Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Oyster Risk Solutions Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 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 18.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Oyster Risk Solutions Limited

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.

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.

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.

Independent Auditor's Report to the Members of Oyster Risk Solutions Limited

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.

We discussed among the audit engagement team, including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:
• we have assessed that there is a significant risk of material misstatement relating to revenue recognition which is pinpointed to cut-off assertion, that is risk of revenue being erroneously recognised in the incorrect period;
• we have obtained an understanding of the revenue process and the flow of financial information into the general ledger; and
• performed additional audit procedures as part of testing to address cut-off assertion on the revenue balance at the year end and post year end to identify any transactions which may have been erroneously recognised in the incorrect period.

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.

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.

Independent Auditor's Report to the Members of Oyster Risk Solutions Limited

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.

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

Date:.30/09/2022

Oyster Risk Solutions Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	4,457,213	3,946,833
Salaries and associated costs	6	(2,381,467)	(2,176,514)
Other operating costs		(474,676)	(442,146)
Impairment of financial assets		(9,441)	(11,839)
Depreciation, amortisation and impairment of non-financial assets		(1,221)	(1,006)
Operating profit	5	1,590,408	1,315,328
Profit before tax		1,590,408	1,315,328
Tax expense	8	(280,955)	(261,041)
Profit for the year		1,309,453	1,054,287

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

Oyster Risk Solutions Limited

(Registration number: 06144421)
Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Intangible assets	9	2,180,014	2,180,014
Property, plant and equipment	10	3,902	4,214
Deferred tax assets	8	21,886	-
		2,205,802	2,184,228
Current assets			
Trade and other receivables	11	24,898,583	19,652,671
Cash and cash equivalents	12	39,326	1,026,822
		24,937,909	20,679,493
Current liabilities			
Trade and other payables	13	(26,321,987)	(23,654,291)
Current tax liability	8	(553,327)	(250,486)
		(26,875,314)	(23,904,777)
Net current liabilities		(1,937,405)	(3,225,284)
Total assets less current liabilities		268,397	(1,041,056)
Net assets/(liabilities)		268,397	(1,041,056)
Capital and reserves			
Share capital	15	240,000	240,000
Retained earnings/(losses)		28,397	(1,281,056)
Total equity		268,397	(1,041,056)

Approved by the Board on . 30/09/2022 and signed on its behalf by:

Robert Worrell
....
R L Worrell
Director

Oyster Risk Solutions Limited

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

	Share capital £	Retained (losses)/ earnings £	Total £
At 1 January 2021	240,000	(1,281,056)	(1,041,056)
Profit for the year	-	1,309,453	1,309,453
At 31 December 2021	240,000	28,397	268,397

	Share capital £	Retained losses £	Total £
At 1 January 2020	240,000	(2,335,343)	(2,095,343)
Profit for the year	-	1,054,287	1,054,287
At 31 December 2020	240,000	(1,281,056)	(1,041,056)

The notes on pages 17 to 34 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital, that is incorporated and registered in England, United Kingdom under the Companies Act 2006. The address of the Company's registered office is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The principal activity of the Company is disclosed within the 'Strategic Report' section on page 2.

These financial statements for the year ended 31 December 2021 were authorised for issue by the board on 30/09/2022 and the Statement of Financial Position was signed on the board's behalf by R L Worrell.

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' ("FRS101") and Companies Act 2006.

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

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

• 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;

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;

• 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; 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.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting policies and estimates disclosure on page 25.

Going Concern
The financial statements of the Company have been prepared on a going concern basis. At 31 December 2021 the Company had net assets of £268,397 (2020: net liabilities £1,041,056) and net current liabilities of £1,937,405 (2020: £3,225,284). The net current liabilities include amounts receivable from related parties of £24,287,024 (2020: £18,848,547), and amounts due to related parties of £25,067,036 (2020: £22,468,427). The Company reported a profit before tax of £1,590,408 (2020: £1,315,328).

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

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

Key assumptions that the directors have made in preparing the base case cash flow forecasts are that:
• The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report.
• Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2022 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.

Key stress scenarios that the directors have considered include cumulative stresses to the base plan as a result of:
• Shortfalls in base case projected income throughout 2022 and 2023.
• Deterioration in base case cash conversion rates over and above the shortfalls in income.
• Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.
• The impact of increasing interest rates.

2 Accounting policies (continued)

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

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

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

Following the assessment of the Company's ability to meet its obligations as and when they fall due and the Group's financial position and liquidity, including the further 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.

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

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

The Company retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a third-party premium credit provider. Some of the policies are rolling until the customer cancels the policy.

The Company utilises the practical expedient in IFRS 15 not to adjust the amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

2 Accounting policies (continued)

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

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

Contract costs
Contract costs give rise to assets recognised in accordance with IFRS 15 which consist of:

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

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

Contract costs are presented within other assets when recognised in the statement of financial position.

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

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

2 Accounting policies (continued)

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

Property, plant and equipment

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight-line basis over their estimated useful lives. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting year. Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in Statement of Comprehensive Income when the asset is derecognised.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	25% per annum straight line
Computer hardware	25% per annum straight line

Intangible assets

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is not subject to amortisation but is tested for impairment.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the 'cash generating unit' to which the asset belongs is determined, being the lowest level for which there are separately identifiable cash flows.

Any impairment charges arising from the review of the carrying value of goodwill and intangible assets are, where material, disclosed separately on the face of the consolidated income statement.

2 Accounting policies (continued)

Financial instruments

Recognition and initial measurement

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

Derecognition

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

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

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

Offsetting

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

Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

• Amortised cost;
• Fair value through other comprehensive income ("FVTOCI"); and
• Fair value through profit and loss ("FVTPL").

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

2 Accounting policies (continued)

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

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

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

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

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

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

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.

2 Accounting policies (continued)

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

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

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

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

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

Classification and subsequent measurement of financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. The Company's financial liabilities include trade and other payables.

Provisions

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

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

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

Share capital

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

2 Accounting policies (continued)

Employee benefits

Pension costs

The Company operates a number of defined contribution pension schemes. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

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 critical accounting judgements that have impacted the carrying amounts of assets and liabilities in these financial statements. Key sources of estimation uncertainty are discussed below;

Impairment of assets

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

4 Turnover

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

	2021 £	2020 £
Commission and fees	4,227,119	3,703,073
Trading deals	230,094	243,760
	4,457,213	3,946,833

The total turnover of the Company for the current and prior year has been derived from its principal activity wholly undertaken in the UK.

5 Operating profit

The following items have been charged in arriving at operating profit:

	2021 £	2020 £
Depreciation expense	1,221	1,006
Management charge paid to parent	108,910	190,733

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

Management charge paid to parent of £108,910 (2020: £190,733) relates to the central recharges. Centralised IT and property costs are recharged across cost centres with the rest of the Group.

For the year ended 31 December 2021, the audit fee was £13,168 (2020: £11,914) which is included in the annual management charge.

6 Staff costs

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

	2021 £	2020 £
Wages and salaries	2,012,642	1,840,377
Social security costs	240,589	217,241
Pension costs, defined contribution scheme	128,236	118,896
	2,381,467	2,176,514

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

	2021 No.	2020 No.
Administration	27	32
Sales	10	4
Management	2	4
	39	40

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Aggregate emoluments	129,663	119,432
Company contributions to money purchase pension scheme	24,138	24,790
	153,801	144,222

The aggregate emoluments of the highest paid director were £129,663 (2020: £119,432) and company pension contributions of £24,138 (2020: £24,790) were made to a money purchase scheme on their behalf.

	2021 No.	2020 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

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

8 Income tax

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

	2021 £	2020 £
Current taxation		
UK corporation tax	302,841	250,557
Adjustments in respect of prior periods	-	2,920
Total current taxation	302,841	253,477
Deferred taxation		
Arising from origination and reversal of temporary differences	(21,886)	11,374
Adjustments in respect of prior periods	-	(2,613)
Effect of tax rate change on opening balance	-	(1,197)
Total deferred taxation	(21,886)	7,564
Tax charge in the statement of comprehensive income	280,955	261,041

8 Income tax (continued)

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

	2021 £	2020 £
Profit before tax	1,590,408	1,315,328
Corporation tax at standard rate of 19% (2020: 19%)	302,178	249,912
Adjustments to tax charge in respect of previous periods - current tax	-	2,920
Expenses not deductible for tax purposes	431	549
Movement in deferred tax not recognised	(16,401)	11,989
Adjustments to tax charge in respect of previous periods - deferred tax	-	(2,613)
Remeasurement of deferred tax for changes in tax rates	(5,253)	(1,716)
Total tax charge	280,955	261,041

Deferred tax

UK deferred tax balances as at 31 December 2021 are measured at the substantively enacted rate at which the respective assets and liabilities are expected to reverse.

In the March 2021 Budget, it was announced that the UK corporation tax rate would rise from its current rate of 19% to 25% with effect from April 2023. In September 2022, it was announced that this rate change would no longer take place and that the rate would remain at 19%. However, only the former announcement was substantively enacted at the Balance Sheet date, and so deferred tax is measured in these financial statements in line with the March 2021 announcement.

Deferred tax assets and liabilities are recognised on the balance sheet as follows:

2021	Asset £
Accelerated tax depreciation	21,886
Provisions	-
	-

2020	Asset £
Accelerated tax depreciation	-
Provisions	-
	-

8 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2021 £	Recognised in income £	At 31 December 2021 £
Accelerated tax depreciation	-	21,886	21,886
Provisions	-	-	-
Net tax assets	-	21,886	21,886

Deferred tax movement during the prior year:

	At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
Accelerated tax depreciation	7,479	(7,479)	-
Provisions	85	(85)	-
Net tax assets	7,564	(7,564)	-

The company did not recognise the following deferred tax assets in these accounts as it is not expected that the Group's future profitability will be sufficient to utilise them.

	2021 £	2020 £
Accelerated tax depreciation	-	16,401
Unrecognised deferred tax assets	-	16,401

9 Intangible assets

	Goodwill £
Cost or valuation	
At 1 January 2021	2,922,451
At 31 December 2021	2,922,451
Accumulated impairment	
At 1 January 2021	742,437
At 31 December 2021	742,437
Carrying amount	
At 31 December 2021	2,180,014
At 31 December 2020	2,180,014

Impairment testing

Management reviews business performance based on lines of business. Goodwill is allocated to, and subsequently tested for impairment at Company level.

The recoverable amount of the Company is determined as the higher of fair value less costs of disposal (FVLCD) and value in use (VIU), in accordance with the Company's accounting policy. For the year ended 31 December 2021, the recoverable amount of the Company was determined to be FVLCD.

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

No impairment was recognised in respect of intangible assets in the financial year (2020: £Nil).

10 Property, plant and equipment

	Fixtures and fittings £	Computer hardware £	Total £
Cost or valuation			
At 1 January 2021	5,160	52,757	57,917
Additions	-	909	909
At 31 December 2021	5,160	53,666	58,826
Depreciation			
At 1 January 2021	946	52,757	53,703
Charge for the year	1,032	189	1,221
At 31 December 2021	1,978	52,946	54,924
Carrying amount			
At 31 December 2021	3,182	720	3,902
At 31 December 2020	4,214	-	4,214

11 Trade and other receivables

Current trade and other receivables	2021 £	2020 £
Trade receivables in relation to insurance transactions	478,469	658,654
Less: expected credit loss allowance	(1,252)	(1,503)
Net trade receivables	477,217	657,151
Receivables from other Group companies	24,287,024	18,848,547
Prepayments	1,210	34,465
Other assets*	133,132	112,508
	24,898,583	19,652,671

*Other assets are included in trade and other receivables in the Statement of Financial Position. Cost to fulfil contracts with customers of £21,568 (2020: £65,173) is included in other assets, which is presented within and included in trade and other receivables in the Statement of Financial Position.

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

12 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	39,326	1,026,822

In 2021, fiduciary cash balances were transferred to the Company's principal, Advisory Insurance Brokers Limited. In 2020 cash at bank included £670,981 which constitutes restricted client money and insurer money which are considered restricted and not available to pay the general debts of the Company.

13 Trade and other payables

	2021 £	2020 £
Current trade and other payables		
Trade payables in relation to insurance transactions	1,016,231	1,012,759
Accrued expenses	187,391	138,282
Amounts due to other Group companies	25,067,036	22,468,427
Other taxes	4	-
Other payables	-	900
Contract liabilities*	51,325	33,923
	26,321,987	23,654,291

*Contract liabilities represents deferred income relating to commission and administration fees and is included in trade and other payables in the Statement of Financial Position.

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

14 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £128,236 (2020: £118,896).

15 Share capital

As at 31 December 2021, the Company has authorised ordinary share capital of £300,000 (2020: £300,000).

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary Shares of £1 each	240,000	240,000	240,000	240,000

The Company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

16 Related party transactions

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

	2021 Paid to £	2021 Received from £	2021 (Due to) /receivable from at year end £	2020 Paid to £	2020 Received from £	2020 (Due to) /receivable from at year end £
Oyster Property Insurance Specialists Limited	-	-	(105)	-	-	(105)
Geo Underwriting Services Limited	-	-	(317)	-	-	(317)
Ardonagh FinCo Plc	-	-	(235,664)	-	-	(235,664)
Ardonagh Midco 3 Plc	-	-	(468,854)	-	-	(468,854)
Dawson Whyte Limited	-	-	(460)	-	-	(460)
Ardonagh Service Limited	5,666	2,674,700	(24,361,512)	4,158	2,497,942	(21,692,478)
Cullum Capital Ventures Limited	-	-	(125)	-	-	(125)
Advisory Insurance Brokers Limited (formerly Towergate Underwriting Group Limited)	7,250,696	1,742,509	24,285,985	4,112,988	474,376	18,777,798
Health and Protection Solutions Limited	929	214	1,039	324	-	324

17 Parent and ultimate parent undertaking

The immediate parent company is Ardonagh Advisory Holdings Limited and the ultimate parent company is Tara Topco Limited, (see note 18).

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

2 Minster Court
Mincing Lane
London
EC3R 7PD
United Kingdom

18 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.