Registration number: 07476462

Ardonagh Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Ardonagh Services Limited

Contents

Ardonagh Services Limited

Company Information

Directors	D Cougill
	D C Ross
Company secretary	D Clarke
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

Ardonagh Services Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020 for Ardonagh Services Limited ("the Company" or "ASL"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of The Ardonagh Group Limited ("The Group").

Principal activities and business review

The principal activity of the Company is that of a non-trading holding company. The Company incurs costs on behalf of the Group and its subsidiary companies and makes recharges to these companies.

The results for the Company show a loss before tax of £55.4m (2019: £42.4m) for the year and turnover of £28.4m (2019: £28.1m). At 31 December 2020 the Company had net current assets of £424.4m (2019: £462.7m) and net assets of £678.4m (2019: £602.2m).

Section 172 Duty

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 in respect to the Ardonagh Services business, Group risk appetite and Group 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. The Board have identified the following as our key stakeholders and how the Board engages with each stakeholder is set out below; employees, the Financial Conduct Authority ("FCA"), insurers and suppliers.

Employees

Our employees are central to the success of the business and the remuneration structure is designed to reward good performance at the individual and business level and support our culture and non-financial conduct. 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 and study support and, if appropriate, movement across different Ardonagh businesses. The Employee Group Plan is a new equity scheme established in 2020 to recognise the wider contribution of employees; identifying key talent and future leaders within the wider Ardonagh Group. The plan has created a more diverse group both in terms of age and gender that now hold equity.

As a Board we believe in the importance of communication and engagement with all employees and this has become increasingly important as the majority of our staff moved to homeworking in 2020. The Ardonagh Group undertook regular communication and engagement activities and have a number of staff trained as mental health first aiders. There were also a number of Group initiatives, such as Radio Ardonagh that won the IC Brilliance award for top internal communications campaign. Other Group initiatives include 'applause' where employees can give a 'shout out' to their colleagues who have gone above and beyond. The second Ardonagh Group-wide employee pulse survey was undertaken in Q1 2021. The survey evidenced an improved 75% positivity score (2019: 69%).

Ardonagh has issued a series of commitments to employees that outline the Group's ambition for a diverse and fair workforce and an inclusive culture. Our colleagues are looking more than ever to hold frank, straightforward conversations on topics such as well-being, diversity and inclusion and our two-way dialogue with our people has been warmly received. Management are taking actions to improve diversity and inclusion and these actions continue an ongoing process, supported by our employee forum that was established in 2020. Actions taken to date include mandatory all-staff unconscious bias training, extensive communications to promote awareness, education and allyship, including celebrating International Women's Day and Pride Month and executive members embracing personal objectives that support diversity and inclusion.

Customers
Seeking good customer outcomes is central to the success of the business. The business undertakes root cause analysis on complaints and errors & omission claims. Management also have in place robust controls regarding the management of actual and potential conflicts of interest.

Regulatory relationships
The FCA is a key stakeholder and the Board prioritises positive, open and transparent engagement with the FCA and with all our regulatory relationships around the world by ensuring the right 'tone from the top', which starts with how the Board engages with regulators.

Insurers
Our insurance partners are fundamental to the success of the business. Senior leaders regularly meet with our key partners to discuss performance and ways in which we can enhance cover for customers and feedback on our partner relationships are reported to the Board.

Our 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 with a requirement that suppliers have policies on corporate social responsibility, bribery and corruption and modern slavery.

Community and sustainability
Since the launch of the Group's UK registered charity, Ardonagh Community Trust (ACT) in 2017, significant progress has been made towards its mission of helping local communities become stronger, better and brighter through its community grant programme, match funding the efforts of Ardonagh employees and via the charity partnership with Mind.

ACT's quarterly community grant programme awards projects submitted by employees from across all Ardonagh businesses with up to £5,000 of funding. In 2020, the commitment was made to award more grants as a direct response to the pandemic and donations surpassed the previous year's total with an additional £50,000 awarded.

The £133,135 of funding granted across 30 projects helped get PPE to frontline workers outside the health sector, provide shelter from those fleeing domestic violence situations, support those in their final days and their families to cope with their loss, and give vital mental health support to those in need. The commitment is to continue to offer more projects and more funding into 2021 and beyond. Alongside the community grants, ACT boosts the giving of colleagues through match funding of up to £200 (increased to £500 for 2021 and beyond). With social distancing restrictions in place for most of the year and many planned events postponed, colleagues across the Group become more creative with their events. Through the match funding programme, £40,000 was raised for 34 individual charities with ACT contributing a further £14,000.

On top of this contribution, the focus of ACT's annual fundraising event - Go Green Day - was shifted away from fundraising for the charity itself and instead all offices were encouraged to choose a local charity to fundraise for, with ACT matching that amount. Over £146,000, including match funding was donated to 75 different charities across the UK and Ireland - as chosen by Ardonagh colleagues.

In 2021, the Group will establish an environmental, social, and governance strategy that will articulate a clear set of intentions and goals and a scalable framework from which to start measuring milestones that will be reported in the 2021 Group Annual Report.

Outlook
The directors do not expect there to be any further changes in the nature of the business in 2021.

The unprecedented nature of the global Covid-19 pandemic (including the short-term and long-term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including Ardonagh Services Limited. Consideration of the financial risk and future impact can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 4 and the 'Going concern' disclosure in note 2.

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

A key performance indicator for this company is the carrying value of its investments in subsidiaries, £239.5m at 31 December 2020 (2019: £117.5m). The performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on a regular basis. There were no impairment charges for the current year-end.

Non-financial key performance indicators include staffing levels which have reduced by 25% (2019: 38%) during the year (see note 5), mainly due to the Business Transformation Project primarily targeting reduction in headcount.

Principal risks and uncertainties

The principal risks and their mitigation are as follows:

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

The 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 £411.5m at 31 March 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.

Operational risk
There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and/or from external events. These risks are mitigated by having an Enterprise Risk Management Framework in place, which is owned by the Group Risk Officer. The framework requires all risks to have owners, and these owners have appropriate controls in place which are regularly monitored, and significant changes to a risk are escalated as required.

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 has insurance to protect against such contingencies.

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 the economic and competitive environment and by diversification of product lines and channels.

Regulatory and legal risk
If the Company fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to substantial fines or other sanctions that may have an adverse effect on our results of operations and financial condition. The Group operates a robust risk and control framework and closely monitors changes to the regulatory environment.

General Data Protection Regulation
The Company's 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 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 Group continues to have a cyber insurance policy in place to mitigate financial risks associated with data breaches and cyber-attacks.

Brexit
Global political tensions have increased, such as related to Brexit, the US's approach to international trade and protectionism, and China tensions. As the Group expands internationally, they will be factored into investment decisions.

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 9 July 2021 and signed on its behalf by:

D Cougill
Director

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 the date of signing, were as follows:

D Cougill

D C Ross

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 4.

Future developments
Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 4.

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).

Political donations
The Company has not made any political donations during the year (2019: £Nil).

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 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 Company weekly communications email and Group news posted on the internal website.

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.

Streamlined Energy and Carbon Reporting ("SECR")
As a subsidiary undertaking for the year ended 31 December 2020, the Company has not separately reported its energy and carbon information. Instead, this information has been reported at group level. Further details can be found in the 2020 Annual Report and Financial Statements of Ardonagh Midco 2 plc, which is published on the Ardonagh website.

Directors' liabilities
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.

Subsequent events
Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 48.

Going concern
The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next twelve months from the date of approval of the financial statements. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

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 9 July 2021 and signed on its behalf by:

D Cougill
Director

Ardonagh Services 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ardonagh Services Limited

Independent Auditor's Report to the members of Ardonagh Services Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Ardonagh Services 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 24.

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".

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 Ardonagh Services Limited (continued)

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.

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. These included the company's regulatory permissions and environmental regulations.

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, the audit committee and in-house legal counsel concerning actual and potential litigation and claims; and
• reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Opinion 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 Ardonagh Services Limited (continued)

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.

Claire Clough
....

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

Date: 09 July 2021

Ardonagh Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Commission and fees	4	28,392	28,147
Salaries and associated costs	5	(24,952)	(25,469)
Administrative expenses		(71,260)	(54,478)
Depreciation, amortisation and impairment of non-financial assets	6	(8,996)	(9,732)
Operating loss		(76,816)	(61,532)
Gain on disposal of investments		1,100	650
Adjustment to fair value of contingent consideration		-	311
Impairment - investment		-	(9)
Finance income	7	31,335	29,600
Finance costs	7	(10,983)	(11,466)
Loss before tax		(55,364)	(42,446)
Tax credit	9	8,376	19,013
Loss for the year		(46,988)	(23,433)

The above results were derived from continuing operations.

The notes on pages 18 to 48 form an integral part of these financial statements.

Ardonagh Services Limited

(Registration number: 07476462)
Statement of Financial Position as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Non-current assets			
Intangible assets	10	6,717	9,688
Property, plant and equipment	11	1,898	4,963
Right-of-use assets	12	1,561	710
Investments in subsidiary undertakings	13	239,477	117,491
Deferred tax assets	9	13,291	13,646
		262,944	146,498
Current assets			
Cash and cash equivalents	15	5,117	9,378
Trade and other receivables	14	1,233,562	1,239,179
Current tax assets		7,655	-
		1,246,334	1,248,557
Current liabilities			
Trade and other payables	16	(636,476)	(609,585)
Borrowings	17	(184,120)	(173,323)
Lease liabilities	12	(632)	(1,949)
Tax liabilities		-	(332)
Provisions	20	(699)	(681)
		(821,927)	(785,870)
Net current assets		424,407	462,687
Total assets less current liabilities		687,351	609,185
Non-current liabilities			
Lease liabilities	12	(5,384)	(3,490)
Provisions	20	-	(137)
Trade and other payables	16	(3,560)	(3,381)
		(8,944)	(7,008)
Net assets		678,407	602,177

The notes on pages 18 to 48 form an integral part of these financial statements.

Ardonagh Services Limited

(Registration number: 07476462)
Statement of Financial Position as at 31 December 2020 (continued)

	Note	2020 £ 000	2019 £ 000
Capital and reserves			
Share capital	19	1,739,092	1,739,092
Share premium		240,586	117,980
Capital contribution		33,291	33,291
Retained losses		(1,334,562)	(1,288,186)
Total equity		678,407	602,177

Approved by the Board on 9 July 2021 and signed on its behalf by:

D Cougill
Director

The notes on pages 18 to 48 form an integral part of these financial statements.

Ardonagh Services Limited

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

	Note	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained losses £ 000	Total £ 000
At 1 January 2020		1,739,092	117,980	33,291	(1,288,186)	602,177
Net loss for the year		-	-	-	(46,988)	(46,988)
Issue of share capital	19	-	122,606	-	-	122,606
Share based payment scheme		-	-	-	612	612
At 31 December 2020		1,739,092	240,586	33,291	(1,334,562)	678,407

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained losses £ 000	Total £ 000
At 1 January 2019	1,739,092	117,980	33,054	(1,264,753)	625,373
Net loss for the year	-	-	-	(23,433)	(23,433)
Capital contribution	-	-	237	-	237
At 31 December 2019	1,739,092	117,980	33,291	(1,288,186)	602,177

The notes on pages 18 to 48 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital incorporated and registered in England, United Kingdom. The registered office address can be found on page 1. Details of the principal activities of the Company can be found in the Strategic report on page 2.

These financial statements for the year ended 31 December 2020 were authorised for issue by the Board on ...9 July 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.

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.

As a wholly owned subsidiary of The Ardonagh Group Limited, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent.

There are no new standards, amendments or interpretations which are effective in 2020 or not yet effective and that are expected to materially impact the Company's financial statements.

FRS 101 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 paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment concerning details of the number and weighted average exercise price of share options and how the fair value of goods or services received was determined;
- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;

2 Accounting policies (continued)

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative year reconciliations in respect of outstanding shares, property, plant and 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 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;
- the requirements of paragraphs 130(f)(ii) -(iii), 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of valuation techniques, assumptions on which projections used in the impairment review are based and sensitivity analysis.

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

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 30.

Going concern

As shown in note 23, the Company is a member of a group ("the Group") of which The Ardonagh Group Limited ("TAGL") is the ultimate parent company and the highest level at which results are consolidated.

The financial statements of the Company set out on pages 14 to 17 have been prepared on a going concern basis. At 31 December 2020, the Company had net assets of £678.4m (2019: £602.2m) and net current assets of £424.4m (2019: £462.7m). The Company reported an operating loss of £76.8m (2019: £61.5m).

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

- The current capital structure and liquidity of the Company and the Group, that the Group manages its cash and funding requirements on a Group-wide basis, as well as the assessment that the Group continues to be a going concern.
- Following the Group's 14 July 2020 issuance of new borrowings, which the Group used to repay its existing borrowings and to fund acquisitions: (a) the Group will continue to benefit from a £191.5m Revolving Credit Facility that remained undrawn on 19 May 2021 being the date of TAGL's Q1 2021 interim report, and (b) payment-in-kind interest options are utilised.
- The change in the Group's capital structure, operations and liquidity following the 14 July 2020 issuance of new borrowings are reflected in the Group's adjusted base case and stressed cash flow forecasts over the calendar years 2021 and 2022.
- Adjustments included for the forecast cashflows from the material acquisitions completed at the date of finalisation of the Group's base case budget and impact on available and forecast liquidity of subsequent acquisitions completed and planned.

2 Accounting policies (continued)

- The principal risks facing the Group, including the potential financial and operational impacts of Covid-19, and its systems of risk management and internal control.
- Actual Group trading and cashflows that arose in 2020 and the first four months of 2021 with continued positive financial results.
- Client retention and renewal rates continue to be robust, despite the current economic uncertainty, as the 2021 trading performance continues to demonstrate resilience across the Group.
- Following the 14 July 2020 issuance of new borrowings, which the Group used to repay its existing borrowings and to fund acquisitions: (a) the Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report, and (b) payment-in-kind interest options are utilised.
- Following the commencement of the main settlement of the ETV liabilities during the third quarter of 2019, the Group materially completes the settlement during the second quarter of 2021.
- Client retention and renewal rates continue to be robust, despite the current economic uncertainty, as the 2020 trading performance has demonstrated resilience across the Group.

Key stress scenarios that TAGL considered as part of the Group's 2020 and Q1 2021 Going Concern assessments include shortfalls to the Group's base plan projected income throughout 2021 and 2022 and deterioration in the base case cash conversion rates over and above the shortfalls in income. The Group 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 TAGL Directors considered 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.

Further details can be found in the 2020 Annual Report and Financial Statements and the Q1 2021 Interim Report of TAGL, which are published on its website.

The Directors have also modelled reverse stress scenarios, including assessing those that result in a default on our 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 of the Company and the Group have also considered the wider operational consequences and ramifications of the Covid-19 pandemic. In particular:

- The Group has demonstrated the efficiency and stability of the Group's infrastructure and the ability for home working for a significant portion of its employee base.
- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not materially exposed to a single carrier, customer or market sector.
- Although Covid-19 developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- The impact of Covid-19 on the Group has been very limited.

2 Accounting policies (continued)

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.

Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted for certain remeasurements of the lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received, plus the estimated costs of restoring the underlying asset to the condition required by the terms of the lease. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, which is generally the case. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Leases of low value assets

The Company elects on a lease-by-lease basis whether to apply the lease of low-value assets exemption to leases of office equipment that are considered to be of low value (i.e. below £5,000). Lease payments on leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Subleases

The Group does not undertake arrangements as a lessor other than as a sublessor. When the Group is a sublessor, it classifies the sublease as a finance lease if the sublease transfers substantially all the risks and rewards incidental to ownership of the asset that is the subject of the sublease, namely the right-of-use asset arising from the head lease. The sublease is otherwise classified as an operating lease.

2 Accounting policies (continued)

Commission and fees

(a) Management charge
The Company has recharged the costs incurred to certain (direct and indirect) trading subsidiaries throughout the year. The management fee receivable (the total of the recharged costs) is shown as turnover in the Statement of Comprehensive Income.

(b) Other income
Other income relates to incentive payments received from suppliers.

(c) Carrier Management
The Company receives income from certain carriers in respect of strategic carrier management. The Company satisfies its performance obligation to the carriers over time and thus recognises revenue over time. The Carrier Management Income is shown as turnover in the Statement of Comprehensive Income.

Taxation

Current tax
Current tax is recognised for the amount of tax payable/receivable in respect of the taxable profit/loss 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 in relation to goodwill or a transaction which is not a business combination and does not affect profit nor taxable profit). 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 against other future taxable profits. 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, and if they relate to income taxes levied by the same taxation authority.

The tax expense for the year 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.

2 Accounting policies (continued)

Intangible assets

Trademarks, patents and licences

Brand intangible assets are recognised on a business combination because they are separable or arise from contractual or other legal rights. Their fair value is calculated as the sum of the present value of projected royalty payments that would be paid to licence the right to use the brand. These assets are amortised on a straight-line basis over their estimated useful lives of 5 years, which considers the Company's track record of retaining brands and experience of the insurance broking market.

Computer software

Acquired computer software licences are recognised when they are purchased separately or are recognised on a business combination. Their fair value is calculated by reference to the net book value acquired. These costs are amortised on a straight-line basis over their estimated useful lives of 4 years.

Internally-generated computer software and assets under construction

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from the development of computer software (or from the development phase of an internal project) is recognised if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention to complete the asset and to use or sell it;
- the ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- the ability to measure reliably the expenditure attributable to the asset during its development.

The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above and is classified as an asset under construction. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of Comprehensive Income in the year when it is incurred.

The fair value of internally-generated computer software acquired on a business combination is calculated by reference to the current cost to recreate the software.

Internally-generated intangible assets are not amortised in the period subsequent to initial recognition but before they are ready for use. Amortisation commences when they are ready for use as intended by management. They are then reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives of 4 years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Comprehensive Income when the asset is derecognised.

2 Accounting policies (continued)

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, presented separately on the face of the Statement of Comprehensive Income.

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.

Where assets under construction projects are incomplete, costs are capitalised as work in progress and included within property, plant and equipment assets. These costs are not subject to depreciation until completion of the project.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Leasehold improvements	Over the remaining life of the lease
Fixtures and fittings	15% per annum straight line or over 6 years
Furniture and office equipment	20% per annum straight line
Computer equipment	25% per annum straight line

2 Accounting policies (continued)

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

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 they 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

The Company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right 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; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 the Statement of Comprehensive Income. On derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the Statement of Comprehensive Income, but is transferred to retained earnings.

Financial liabilities

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. 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 profit or loss. 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.

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.

2 Accounting policies (continued)

Classification and subsequent measurement of financial assets

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

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

Financial assets classified as amortised cost

Financial assets that meet both of the following conditions are classified and 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 and cash and cash equivalents.

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 following that change.

2 Accounting policies (continued)

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, this is Trade and other receivables

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.
Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.
Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instrument balance.

Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the counterparty; or
• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a longer or shorter default criterion is more appropriate.

2 Accounting policies (continued)

Write-off policy

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Classification and subsequent measurement of financial liabilities

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

The Company's financial liabilities include borrowings, and trade and other payables.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. Borrowings are recognised initially at fair value, net of transactions costs incurred. They are subsequently measured at amortised cost using the effective interest rate method.

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL when the financial liability is contingent consideration. Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

Finance income and costs policy

The Company's finance income and finance costs include:

• interest income;
• interest expense; and
• unwind of discount on provisions and lease liabilities.

Interest income and expense are recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

2 Accounting policies (continued)

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-based payments
The Group operates an equity-settled, share-based compensation plan, under which the Company receives services from employees as consideration for the award of Management Incentive Plan ("MIP") shares. MIP shares have no dividend or voting rights and cannot be sold, they are convertible to ordinary shares of the Ardonagh Group on occurrence of a crystallisation event, this being defined as the earlier of a liquidity event, an Initial Public Offering ("IPO") or a winding-up.

The Group has the option to repurchase MIP shares if employees leave the Group prior to the occurrence of a crystallisation event. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, measured based on the fair value of the options granted and recognised on a straight-line basis over the vesting period. At the end of each reporting year the Company assesses the length of the vesting period based on the most likely date of crystallisation, where a crystallisation event is not deemed probable no expense is recognised.

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

Employee benefits
Pension costs
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and 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 year.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

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 are no critical accounting judgements or sources of estimation uncertainty that would have a significant effect on the amounts recognised in the Company's financial statements that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Key sources of estimation uncertainty

Leases – determination of the discount rate

Under IFRS 16 the Company is required to measure the lease liabilities at the present value of lease payments to be made over the lease term. In substantially all leases the Company uses the incremental borrowing rate at the lease commencement date because the rate implicit in the lease is not readily determinable. The determination of the incremental borrowing rate has a material impact on the amounts initially recognised as a lease liability and as a corresponding right-of-use asset. It also impacts the amounts that are subsequently recognised as amortisation and interest expense in the statement of Comprehensive Income.

The discount rate is the interest rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to a right-of-use asset, and it is applied to new leases and certain modifications to existing leases.

For the first half of 2020, the Company used an average discount rate of 11.7%. From 14 July 2020, following changes to the Group's borrowing arrangements, the Company used an average discount rate of 9.5%.

Deferred tax assets

Significant judgement is required in determining the asset recognised in respect of deferred tax. A deferred tax asset is recognised for temporary timing differences, but management's best estimate is used to determine the extent to which it is probable that taxable profit will be available in the future against which the temporary differences can be utilised, and to determine the amount of this taxable profit. Deferred tax assets are measured in accordance with the tax rates and laws that have been enacted or substantively enacted by the end of the reporting year.

The deferred tax assets as at 31 December 2020 is £13.3m (2019: £13.6m). See note 9.

Impairment of trade and other receivables

The Company makes an estimate of the recoverable value of trade receivables and other debtors including intercompany receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. See note 14 for the net carrying amount of the receivables and associated impairment provision.

The additional bad debt provision amounted to £0.3m as at 31 December 2020 (2019: £0.2m).

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of investments in subsidiaries
Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed its recoverable amount.

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

Further details of the annual impairment test, and of the assumptions made, are set out in note 13.

4 Commission and fees

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

	2020 £ 000	2019 £ 000
Other income	4	167
Carrier management	1,698	508
Management charge	26,690	27,472
	28,392	28,147

Turnover consists entirely of income generated in the United Kingdom.

The management charge noted in the table above includes central costs - IT, legal, HR and other central costs incurred by the Company and recharged to fellow group subsidiaries.

5 Staff costs

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

	2020 £ 000	2019 £ 000
Wages and salaries	21,511	22,076
Social security costs	2,978	2,853
Pension costs, defined contribution scheme	448	431
Redundancy costs	15	109
	24,952	25,469

5 Staff costs (continued)

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

	2020 No.	2019 No.
Administration	164	228
Sales	2	3
Management	27	27
	193	258

Following the Business Transformation, the Company no longer incurs rechargeable payroll costs on behalf of the group segments.

6 Operating loss

Arrived at after charging/(crediting):

	2020 £ 000	2019 £ 000
Depreciation expense	3,550	2,872
Depreciation- leasehold property - ROU assets	777	1,440
Amortisation and other amounts written off intangibles	4,668	5,419
Auditor's remuneration: audit of these financial statements	80	43
Intercompany bad debt provision and write off	(388)	171
Restructuring obligations	119	263
Loss/(profit) on disposal of property, plant and equipment	124	(1,994)
Loss on disposal of intangible assets	81	584

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.

During the year ended 31 December 2020, the Company made an adjustment to a provision against intercompany debt due from the Towergate Financial Group of £(0.4)m (2019: £0.2m), reflecting the movement in the Towergate Financial intercompany balances in the period. These balances are deemed unrecoverable and hence have been fully impaired.

7 Finance income and finance costs

	2020 £ 000	2019 £ 000
Finance income		
Interest income on bank deposits	466	1,217
Interest receivable from related parties	28,414	28,383
Dividend income	375	-
Interest income: discount unwind	2,070	-
Interest income: other	10	-
Total finance income	31,335	29,600
Finance costs		
Interest expense on loans and borrowings	(10,983)	(11,466)
Net finance income	20,352	18,134

As at 31 December 2020 the Company was due a total of £28.4m (2019: £28.4m) of interest on loans to other Group undertakings.

In the year ended 31 December 2020, the interest expense on the £122.0m subordinated loan, charged at 8.85% per annum was £10.8m (2019: £10.8m).

The remaining expense of £0.2m relates to the unwinding of discounts on provisions (note 20) and lease liabilities (note 12).

8 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.

9 Income tax

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

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	9,073	7,466
UK corporation tax adjustment to prior periods	(342)	(266)
	8,731	7,200
Deferred taxation		
Arising from origination and reversal of temporary differences	(965)	11,954
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	610	(141)
Total deferred taxation	(355)	11,813
Tax credit in the Statement of Comprehensive Income	8,376	19,013

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	(55,364)	(42,446)
Corporation tax at standard rate of 19% (2019: 19%)	10,519	8,065
Expenses not deductible for tax purposes	14	309
Deferred tax credit from unrecognised temporary difference from a prior period	(5,115)	11,277
Tax expense relating to changes in tax rates or laws	2,579	(80)
Adjustments to tax charge in respect of previous periods - current tax	(342)	(266)
Increase from effect of capital allowances depreciation	40	(751)
Adjustments to tax charge in respect of previous periods - deferred tax	610	(141)
Exempt ABGH distributions	71	-
Group relief claimed for nil consideration	-	600
Total tax credit	8,376	19,013

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.

9 Income tax (continued)

Deferred tax

2020	Asset £ 000
Tax losses carry-forwards	11,109
Provisions	-
Accelerated tax depreciation	2,181
	13,291

2019	Asset £ 000
Tax losses carry-forwards	12,098
Provisions	-
Accelerated tax depreciation	1,548
	13,646

Deferred tax movement during the year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Tax losses carry-forwards	12,098	(989)	11,109
Provisions	-	-	-
Accelerated tax depreciation	1,548	633	2,181
Net tax assets/(liabilities)	13,646	(355)	13,291

Deferred tax movement during the prior year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Tax losses carry-forwards	1,618	10,480	12,098
Provisions	215	(215)	-
Accelerated tax depreciation	-	1,548	1,548
Net tax assets	1,833	11,813	13,646

9 Income tax (continued)

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. If the amended rate had been used, the deferred tax asset would have been £4.2m higher.

The company did not recognise deferred tax assets as follows:

	2020 £000	2019 £000
Accelerated tax depreciation	**4,675**	2,373
Provisions	**2**	162
Losses	**8,108**	5,134
Unrecognised deferred tax assets	**12,785**	7,669

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.

10 Intangible assets

	Trademarks, patents and licenses £ 000	Internally generated software development costs £ 000	Software under construction £ 000	Computer software £ 000	Total £ 000
Cost or valuation					
At 1 January 2020	46	4,523	29	19,000	23,598
Additions	-	-	1,360	619	1,979
Disposals	-	(258)	-	(958)	(1,216)
Transfer between classes	-	-	(575)	575	-
Intercompany ad-hoc disposals	-	-	-	(200)	(200)
At 31 December 2020	46	4,265	814	19,036	24,161
Amortisation					
At 1 January 2020	46	2,607	-	11,257	13,910
Charge for the year	-	719	-	3,949	4,668
Amortisation eliminated on disposals	-	(256)	-	(878)	(1,134)
At 31 December 2020	46	3,070	-	14,328	17,444
Carrying amount					
At 31 December 2020	-	1,195	814	4,708	6,717
At 31 December 2019	-	1,916	29	7,743	9,688

11 Property, plant and equipment

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Computer equipment £ 000	Furniture and office equipment £000	Total £ 000
Cost or valuation					
At 1 January 2020	888	1,057	15,735	809	18,489
Additions	99	-	717	-	816
Disposals	(572)	(152)	-	(124)	(848)
Intercompany ad-hoc transfers	(166)	(58)	-	(65)	(289)
At 31 December 2020	249	847	16,452	620	18,168
Depreciation					
At 1 January 2020	163	626	12,276	463	13,528
Charge for the year	514	151	2,735	150	3,550
Disposals	(527)	(102)	-	(103)	(732)
Impairment	-	-	-	-	-
Intercompany ad-hoc transfers	(26)	(21)	-	(29)	(76)
At 31 December 2020	124	654	15,011	481	16,270
Carrying amount					
At 31 December 2020	125	193	1,441	139	1,898
At 31 December 2019	725	433	3,460	345	4,963

12 Leases

Right-of-use assets
The table below provides a schedule of the movements in the carrying amount of the right-of-use assets held on the Statement of Financial Position during the year ended 31 December 2020.

	Property £ 000	Non-property £ 000	Total £ 000	Lease Liabilities £ 000
At 1 January 2020	687	23	710	(5,439)
Additions	-	1,654	1,654	(1,653)
Terminations/modifications/sublet	1	(27)	(26)	17
Depreciation charged for the year	(445)	(332)	(777)	-
Interest expense	-	-	-	(185)
Lease payments	-	-	-	1,244
At 31 December 2020	243	1,318	1,561	(6,016)
Non-current lease liabilities	-	-	-	(5,384)
Current lease liabilities	-	-	-	(632)

Right-of-use assets
The table below provides a schedule of the movements in the carrying amount of the right-of-use assets and lease liabilities held on the Statement of Financial Position during the year ended 31 December 2019.

	Property £ 000	Non-property £ 000	Total £ 000	Lease Liabilities £ 000
At 1 January 2019	7,755	113	7,868	(14,805)
On business combinations	673	-	673	(1,151)
Terminations/modifications/sublet	(6,391)	-	(6,391)	8,144
Depreciation charged for the year	(1,350)	(90)	(1,440)	-
Interest expense	-	-	-	(1,245)
Lease payments	-	-	-	3,618
At 31 December 2019	687	23	710	(5,439)
Non-current lease liabilities	-	-	-	(3,490)
Current lease liabilities	-	-	-	(1,949)

12 Leases (continued)

	2020 £ 000	2019 £ 000
Expense relating to variable lease payments not included in the measurement of the lease liability (recognised within other operating expenses)		
Service charges	201	487
Insurance rent	14	56
Irrecoverable VAT and other levies expensed (recognised within other operating expenses)	-	649
Profit from termination of leases (recognised within operating loss note 6)	-	(2,169)
Other	287	42
	502	(935)

During the year ended 31 December 2020, the total cash outflows for leases was £1.7m (2019: £3.2m).

Maturity analysis

The total future values of undiscounted lease liabilities are as follow:

	2020 £ 000	2019 £ 000
Within one year	1,952	2,607
In one to five years	4,265	6,276
In over five years	43	-
Total undiscounted value	6,260	8,883

13 Investments in subsidiary undertakings

	2020 £ 000
Cost or valuation	
At 1 January 2020	361,136
Additions	122,607
Disposals	(1,366)
At 31 December 2020	482,377
Provision for impairment	
At 1 January 2020	243,645
Eliminated on disposals	(745)
At 31 December 2020	242,900
Carrying amount	
At 31 December 2020	239,477
At 31 December 2019	117,491

During the year, the Company acquired the shares of Nevada 5 Topco Limited for the consideration of €135.8m cash.

Impairment review

The Fair Value Less Costs to Dispose ("FVLCD") is considered a Level 3 valuation in the fair value hierarchy, as it is not based on observable market data. The FVLCD has been derived first by performing a valuation of the wider Group and then by allocating that valuation to each subsidiaries investment.

The Group's FVLCD has been calculated by adding the value derived for the Group's equity to the fair value of its outstanding debt, less a reasonable allowance for costs to sell. The Group's equity valuation is based on a weighted average value of the price per share paid in two recent shareholder transactions. Full details and sensitivity analysis is provided in the financial statements of the Group.

The FVLCD of each investment in subsidiaries was derived based on its net assets and by allocating its relative proportion of the Group FVLCD, on the basis of forecast EBITDA attributable to that entity for 2020, as derived from the three-year plan. This most accurately reflects the perspective of external market participants as it incorporates the Company's future investment plans and strategic objectives for each investment in subsidiaries.

Following the above year-end review, the Company is not required to impair its investments.

13 Investments in subsidiary undertakings (continued)

Subsidiaries

Details of the direct subsidiaries as at 31 December 2020 are as follows. A comprehensive list of all direct and indirect subsidiaries can be found in the financial statements of The Ardonagh Group.

Unless stated otherwise, the registered office of the subsidiaries detailed below is: 2 Minster Court, Mincing Lane, London, EC3R 7PD:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2020	2019
Broker Network Holdings Limited (1)	Holding company	England	100%	100%
Cullum Capital Ventures Limited (and subsidiaries)	Holding company	England	100%	100%
Towergate Financial (Group) Limited (and subsidiaries)	Holding company	England	85.1%	85.1%
Towergate Risk Solutions Limited (and subsidiaries)	Holding company	England	100%	100%
Mastercover Insurance Services Limited (2)	Insurance broker	England	100%	100%
Ardonagh Overseas Investments Limited (and subsidiaries)	Holding company	England	100%	100%
Nevada 5 Topco Limited (and subsidiaries) (3)	Holding company	Cayman Islands	100%	0%

The Company holds ordinary shares in all of the above investments. No other class of share is held.

(1) Registered office address is Hexagon House Grimbald Crag Close, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ
(2) Registered office address is 2 Oaks Court, Warwick Road, Borehamwood, Hertfordshire, England, WD6 1GS.
(3) Registered office address is PO BOX 309 Ugland House, Grand Cayman Ky1-1104, Cayman Islands.

14 Trade and other receivables

	2020 £ 000	2019 £ 000
Receivables from other Group companies	846,528	870,676
Loans to related parties	317,182	315,112
Accrued income	514	283
Prepayments	3,616	3,455
Other receivables	65,722	49,653
Total current trade and other receivables	1,233,562	1,239,179

During the year, the Company made an additional provision of £0.3m (2019: £0.2m) against receivables from related parties, bringing the total provision to £41.3m (2019: £41.0m) at the year end. For more details on related party balances please see note 22.

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

There are no balances included in trade and other receivables that are falling due after more than one year which require separate disclosure.

15 Cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank	5,117	9,378

Cash at bank includes £0.0m (2019: £0.2m) which are considered restricted and not available to pay the general debts of the Company.

16 Trade and other payables

Non-current liabilities

	2020 £ 000	2019 £ 000
Other payables	3,560	3,381

16 Trade and other payables (continued)

Current liabilities

	2020 £ 000	2019 £ 000
Accrued expenses	(15,107)	(9,850)
Amounts due to other Group companies	(608,712)	(570,471)
Social security and other taxes	(5,316)	(4,764)
Outstanding defined contribution pension costs	(1,032)	(970)
Other payables	(6,309)	(7,430)
Contingent consideration	-	(16,100)
	636,476	609,585

Amounts due to other Group companies includes balances to related parties which details can be found in note 22. All of the balances are unsecured, interest free and payable on demand.

Contingent consideration includes amounts payable to related parties, for more details see note 22.

17 Borrowings

	2020 £ 000	2019 £ 000
Current loans and borrowings		
Interest payable on loan	62,120	51,323
Subordinated loans	122,000	122,000
	184,120	173,323

On 2 April 2015 the Company entered into a subordinated loan agreement with Ardonagh Finco Plc, an immediate parent of the Company. The loan bears interest at a fixed rate of 8.85% per annum and the principal amount (including any interest accrued) is repayable on demand.

18 Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The total cost charged to the Statement of Comprehensive Income of £0.4m (2019: £0.4m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

As at 31 December 2020, contributions of £1.0m (2019: £1.0m) due in respect of the current reporting year had not been paid over to the schemes and are included in Trade and other payables.

19 Share capital

Allotted, called up and fully paid shares

	2020 No.	£	2019 No.	£
Ordinary A of £0.01 each	33,178,470,268	331,784,703	33,178,460,269	331,784,603
Deferred B of £1,407,307,331 each	1	1,407,307,331	1	1,407,307,331
	33,178,470,269	1,739,092,034	33,178,460,270	1,739,091,934

On 13 July 2020, 10000 A ordinary shares, with a nominal value of £100, were allotted for a total consideration of £122.6m. These shares were fully subscribed by Ardonagh Finco plc, the parent of Ardonagh Services Limited and a company under common control.

The A ordinary shares have attached to them full voting, dividend and capital (including on winding up) rights. They do not confer any rights of redemption.

The B deferred share has attached to it the right to receive a fixed, cumulative, preferential dividend from the Company in any amount of 0.000001% of the nominal value of the B deferred share per annum on a return of capital (including winding up). The holder of the B Deferred share has the right to receive £0.01 per B Deferred share (should more be issued) for each £0.10 received by a holder of A Ordinary shares per A Ordinary share, provided that each holder of an A Ordinary share receives the full nominal amount paid up on each A Ordinary share held and a further £1,000,000 per A Ordinary share held. The B Deferred share does not have voting rights or the right to receive notice of general meetings of the company attached to it, the B Deferred share does not confer any rights of redemption.

20 Provisions

	Onerous lease £ 000	Dilapidations £ 000	Other provisions £ 000	Total £ 000
At 1 January 2020	74	623	121	818
Internally transferred out	-	(109)	-	(109)
Additional provisions made during the year	-	214	-	214
Utilised during the year	(66)	(52)	(107)	(225)
Unwind of Discount	1	-	-	1
At 31 December 2020	9	676	14	699
Current liabilities	9	676	14	699

Onerous lease provision
The Company provides for costs incurred on vacant properties, excluding rent costs (which are subject to lease accounting.)

Dilapidations provision - provides for the estimated amounts payable for dilapidations on each property at the end of the lease term.

Other provisions relate to obligations from restructuring the finance function.

The finance charge relating to unwinding of the discount has been charged to the Statement of Comprehensive Income.

21 Commitments

Guarantees

The following list of companies are those Group companies that are the Guarantors under both the £1.575 billion Senior Facilities Agreement and the $500m Senior Unsecured Notes:

Arachas Corporate Brokers Limited	Ardonagh Midco 3 Plc (Issuer of the private debt; only a guarantor under the $500m public notes)
Ardonagh Advisory Holdings Limited	Ardonagh Finco Plc
Ardonagh Services Limited	Ardonagh Specialty Holdings Limited
Atlanta 1 Insurance Services Limited	Bishopsgate Insurance Brokers Limited
Bravo Investment Holdings 3 Limited	Bravo Investment Holdings 4 Limited
Carole Nash Insurance Consultants Limited	Finch Commercial Insurance Brokers Ltd
Geo Underwriting Services Limited	Hawkwood Investment Holdings Limited
Health and Protection Solutions Limited	Paymentshield Limited
Price Forbes & Partners Limited	Swinton Group Limited
The Broker Network Limited	Towergate Underwriting Group Limited
URIS Group Limited	Verulam Holdings Limited

22 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 and incurred expenses 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 Paid to £ 000	2020 Received from £ 000	2020 (Due to) /receivable from at year end £ 000	2019 Paid to £ 000	2019 Received from £ 000	2019 (Due to) /receivable from at year end £ 000
Towergate Financial (London) Limited*	-	365	-	-	-	365
Towergate Financial (West) Limited	167	-	(1,789)	2	-	(1,956)
Towergate Financial (North) Limited	2,156	-	-	-	-	(2,156)

22 Related party transactions (continued)

Towergate Financial (Scotland) Limited	-	(8,889)	-	-	-	(8,889)
Towergate Financial (East) Intermediate Limited *	-	-	2,959	-	-	2,959
Towergate Financial (East) Limited	20	-	(5,406)	674	-	(5,426)
Towergate Financial (West) Holdings Limited *	-	-	4,124	-	-	4,124
Towergate Financial (Scotland) Holdings Limited *	-	-	2,617	-	-	2,617
Towergate Financial (East) Holdings Limited *	-	6,731	-	-	-	6,731
Towergate Financial (North) Holdings Limited *	-	5,997	-	-	-	5,997
Towergate Financial (Group) Limited *	341	-	18,487	171	-	18,146
Oyster Risk Solutions Limited	2,502	-	21,692	2,556	-	19,190
Oyster Property Insurance Specialists Limited	-	-	1,482	-	-	1,482
Nevada Investments 1 Limited	60	-	60	-	-	-

*During the year, the Company made an additional provision of £0.3m (2019: £0.2m) against receivables from related parties, bringing the total provision to £41.3m (2019: £41.0m) at the year end, against the receivables from the Towergate Financial Group companies as disclosed in note 6.

23 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, 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

24 Subsequent events

On 19 April 2021, Nevada 5 Topco Limited purchased 15,000,000 of the 20,000,000 A ordinary shares in Nevada 5 Midco 2 Limited from minority shareholders in exchange for issuing its own ordinary shares, and these ordinary shares were then exchanged for ordinary shares in Ardonagh Services Limited, then for ordinary shares in Ardonagh Finco plc, then for ordinary shares in Ardonagh Midco 3 plc, then for ordinary shares in Ardonagh Midco 2 plc, then for ordinary shares in Ardonagh Midco 1 Limited, and then for 6,273,699 The Ardonagh Group Limited ordinary shares. As a result of this transaction, the Company issued 6,484,809 ordinary shares.

Also, on 19 April 2021, Nevada 5 Topco Limited purchased 2,549,381 of the 5,098,762 B ordinary shares of Nevada 5 Midco 2 Limited in exchange for issuing its own ordinary shares, and these ordinary shares were then exchanged for ordinary shares in Ardonagh Services Limited, then for ordinary shares in Ardonagh Finco plc, then for ordinary shares in Ardonagh Midco 3 plc, then for ordinary shares in Ardonagh Midco 2 plc, then for ordinary shares in Ardonagh Midco 1 Limited, and then for 1,066,270 new The Ardonagh Group Limited B ordinary shares. As a result of this transaction, the Company issued 1,102,150 ordinary shares.

On 20 April 2021, the Company subscribed to the entire issued share capital of Ardonagh Data Services Limited, a newly incorporated company registered in Ireland.

On 14 June 2021, the Company completed the purchase of the entire issued share capital of Chase Templeton Holdings Limited for consideration of £17.7m. The acquisition was from a Nevada Investments 7 Limited, a company under common control and was made to support the wider Group strategy.