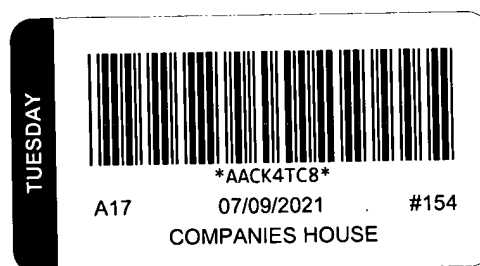


HAMMERSMITH MIDCO LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



COMPANY NUMBER: 11874092

HAMMERSMITH MIDCO LIMITED
COMPANY INFORMATION

Directors	P W Blanc (appointed 1 February 2020) C W Brown (appointed 1 February 2020, resigned 1 January 2021) T R Campbell T M Holland (appointed 1 February 2020) S P Rootham (appointed 1 February 2020) M Titi-Cappelli
Registered number	11874092
Registered office	8th Floor Ibex House 42 - 47 Minories London EC3N 1DY
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

HAMMERSMITH MIDCO LIMITED
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HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the Strategic Report of the company and the Group for the year ended 31 December 2020.

Business review

Following the acquisition of the Aston Lark group of companies on 2 September 2019, the Group has continued to grow both organically and through acquisition.

The Group has undertaken significant changes to the business during the year including both acquisition and group integration related activities, alongside strengthening the senior management team. The key highlights in what the directors consider to be a successful year are as follows:

- Eight acquisitions with a further eleven acquisitions completed and two announced to date in 2021, increasing the scale of the Group's Retail, Employee Benefit, Ireland and London Market operations;
- Investment in a new joint venture to form a Managing General Agent platform;
- Two book purchases with a further two completed to date in 2021;
- Recruitment of a new Group Chief Risk Officer, new CEO and CFO in Ireland and a new Managing Director of UK Retail to strengthen the senior management team to support the Group's growth; and
- The successful integration of a number of acquired businesses into the main trading entities within the Group.

The directors consider that the Group has a well positioned platform for future growth.

Acquisitions

Aston Lark Group Limited, a wholly-owned subsidiary undertaking, acquired the entire share capital of the following companies during the year:

- On 22 January 2020, Fidelius Corporate Risk Consultants Limited, the holding company of Isca Barum Insurance Brokers Ltd.
- On 31 July 2020, both Private Healthcare Managers Limited and Incepta Risk Management Ltd.
- On 8 September 2020, Brunel Professions Ltd.
- On 22 October 2020, Dunsby Associates Insurance Brokers Limited.
- On 13 November 2020, both Riskalliance Limited and Riskalliance International Limited.
- On 31 December 2020, Sanctuary Holdco Limited, the holding company of CRS Yachts Limited.

On 25 September 2020, Aston Lark Group Limited invested in 50% of the share capital of Spring Partners (Holdings) Limited, as a joint venture established to form a new Managing General Agent platform.

On 1 September 2020 and 13 November 2020, Aston Lark Limited, a wholly owned subsidiary, acquired the renewal rights to two books of businesses held by an insurer and insurance broker respectively.

Group reorganisations

During the year, group reorganisations were undertaken as part of the Group's strategy of integrating acquired businesses into the main trading entities where clear benefits of integration exist.

These group reorganisations constitute a hive up and hive down restructure whereby an acquired entity's business and trading assets and liabilities, aside from the insurance broking balances held at that date and other excluded assets such as the minimum capital requirement, are distributed as a going concern to Aston Lark Group Limited, the holding company for group trading entities, and then immediately transferred to Aston Lark Limited or Aston Lark Employee Benefits Limited, wholly owned subsidiary undertakings and the main UK regulated trading entities of the Group, in exchange for one £1 ordinary share.

HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Group reorganisations (continued)

The following group reorganisations took place during the year:

- Jobson James Insurance Brokers Limited to Aston Lark Limited.
- Jobson James Consulting Limited to Aston Lark Employee Benefits Limited.
- Isca Barum Insurance Brokers Limited to Aston Lark Limited.
- Private Healthcare Managers Limited to Aston Lark Employee Benefits Limited.

These group reorganisations have no impact on the Group as assets and liabilities are the same before and after the reorganisation.

Principal Activities and Performance

The Company continues to act as an intermediate holding company for its directly and indirectly, wholly owned subsidiary undertakings.

The Group's principal activities during the year were that of insurance broking and the provision of employee benefit and private healthcare advisory services. These principal activities are carried out by the company's wholly-owned trading subsidiary undertakings (as listed in the fixed asset investment note within the financial statements) who are authorised and regulated by the Financial Conduct Authority ("FCA") and the Central Bank of Ireland.

The provision of UK financial advice activity is defined by the Retail Distribution Review implemented by the FCA, as restricted financial advice.

The Directors consider that due to the short first accounting period in 2019, any comparisons of the Group results should be made on a full year basis comparing the results as if the Group had been in existence from 1 January 2019. The highlights are:

- Revenue increased 28% to £91.7m in 2020
- Core organic commission and fee growth of 4.4%. A positive result against a backdrop of the economic environment during Covid-19 and a highly competitive market with hardening rates in certain sectors
- Underlying EBITDA growth of 26% on a Reported basis
- Underlying EBITDA up 22% when adjusted to include a full 12 months of acquisitions made along with their associated integration and compared to 2019 on the same basis.

The directors consider that a more reliable performance measure than operating profit is Earnings Before Interest, Taxation, Depreciation and Amortisation or EBITDA. Turnover and operating loss for the year to 31 December 2020 was £91,674,152 and £23,608,714 (2019 period: £24,721,854 and £7,816,362) respectively.

The Company has a net current asset position of £40,742 at 31 December 2020 (2019: £40,750).

The Group has a net current asset position of £14,913,957 at 31 December 2020 (2019: £21,340,773).

The Group generated a net cash inflow of £8,165,793 in the year to 31 December 2020 (2019 period: £10,912,856) through operating inflows of £26,304,241 (2019 period: £4,509,536) offset by a net cash outflow of £18,138,448 (2019 period: net cash inflow of £6,403,320) from financing activities and investing activities.

Non-financial performance

Aston Lark Limited, the Group's main trading entity for insurance broking activities, maintained their awarded Chartered Insurance Broker status and the group continues to invest in, and develop, its people and infrastructure. The Group has continued to make significant investment in upgrading its IT application systems and infrastructure, the benefit of which is expected to be realised in future years with increased efficiencies, resulting in improved financial performance.

HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Non-financial performance (continued)

The Group will continue to make significant investment in the underlying systems, governance and infrastructure to support the company going forward. This includes ongoing investment in the resources and processes of the Group's Risk and Compliance functions to ensure governance and oversight of the business remains proportionate.

Principal risks and uncertainties including Covid-19

The Group has shown strong resilience throughout 2020, following the outbreak of the Covid-19 pandemic across the globe, as demonstrated by the Group's trading performance above. The Group's trading performance in 2020 exceeded the re-forecast undertaken to identify and evaluate the financial impacts arising from Covid-19.

At the outset, the Group rapidly transitioned to working from home for its employees and the directors took steps to introduce appropriate cash and cost management measures arising from Covid-19. During the year, the Group accessed limited Government support measures in relation to the Coronavirus Job Retention Scheme ('Furlough') for a small number of staff it employs, mainly during the early stages of the pandemic when uncertainty was at its peak. The Group has subsequently voluntarily repaid the £144,063 of furlough amounts claimed during the year following an assessment of its financial position and continues to operate effectively irrespective of the level of lockdown, with the vast majority of staff working remotely.

The general economic slowdown in the UK, Ireland and Europe has had limited impact on the Group to date, reinforcing the benefit of its diverse client base. The directors continue to closely monitor the Group's exposures to Covid-19 including the operational, financial and macro-economic impacts and are working towards taking the best of Covid-19 working practices to enable a new 'normal' for operations, balancing home and office working and improving quality of life for its employees.

The directors have considered the risks faced by the business and the associated controls in place to address those risks including those arising from the Covid-19 outbreak. The principal categories of risk and an overview of the controls in place within the business to mitigate those risks are shown below.

Risk category Mitigation

Strategic	Experienced and qualified Executive Board and senior management allowing the business to pursue appropriate strategies.
Acquisition	Due diligence procedures undertaken. Retention of key staff. Adequate protection measures incorporated into sale and purchase agreements.
Group Borrowings	Regular forecasting and monitoring of Group cash flow position and covenants to meet obligations under group loan facility agreements.
Interest rate	The risk of an increase in the cost of variable rate borrowings is mitigated in part by group hedging instruments in place. In response to the Covid-19 pandemic, the Bank of England reduced the base rate of interest in the UK from 0.75% to 0.1% in March 2020.
Liquidity	Regular forecasting and monitoring of cash flows to ensure sufficient availability of funds for ongoing operations and future developments. Compliance with Regulatory capital requirements.
Client	Diversified client base with no undue reliance on any one client or group of clients. Limited exposure to specific industry sectors where the effects of Covid-19 are existential.
Market	Diversified business across variety of classes provides resilience against soft market conditions in any one class and any fall in retention levels across sectors most impacted by Covid-19.

HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties including Covid-19 (continued)

Risk category Mitigation

Financial	Regular forecasting and monitoring of the Group's financial position. Appropriate insurance covers in place. Segregation of duties and authorisation controls in place.
Currency	Limited exposure restricted to AUD, CAD, EURO and USD commissions and fees as general insurance premiums are collected and settled in same currency and revaluation of assets and liabilities of foreign subsidiary undertakings with any borrowings to fund the acquisitions drawn in the same currency.
Counterparty	Cash at bank and money market deposits held with FCA regulated banks in the UK. Client credit risk exposure is spread over a large number of clients with individual client exposures subject to regular and heightened review processes during Covid-19.
Premises and IT	Transitioned to remote working for staff as a result of Covid-19 with increased deployment and upgrade in capability of IT. Disaster recovery plan in place.
Staff	Formal organisation structure with no undue reliance on any one individual. Structured staff communication and wellness programme implemented for staff whilst remote working.
Compliance	Formal compliance structure in place at a senior level. The Board recognises that the business is sensitive to regulatory changes implemented by the Regulators which are to an extent outside of the group's direct control.

Brexit

In 2019, the Group acquired two businesses who are based in Ireland and regulated by the Central Bank of Ireland. These acquisitions have enabled the Group to continue to trade with its clients based in the European Union, after the United Kingdom's exit on 31 December 2020.

There has been no significant financial impact to Group income to date as a result of Brexit and the transfer of its European Union based clients. Additional group costs related to increased management oversight have not been material and the directors continue to monitor company performance and any strategic or operational risks that may arise as a result of Brexit.

HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement in respect of Section 172 of the Companies Act 2006

The Directors have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Section 172(1) of the Companies Act 2006.

This statement relates to Aston Lark Limited, the subsidiary that meets the qualifying criteria to report under Section 172. References to Aston Lark within this statement refer to Aston Lark Limited with wider references to the Group where relevant.

Aston Lark is a leading UK Chartered insurance broker and provides Commercial, Specialist Schemes, Private Client solutions to its diversified client base. The Group also provides Employee Benefit and Private Healthcare Advisory Services. Aston Lark aims to become the UK's most trusted Chartered Insurance Broker and seeks to place care at the heart of its activities whether that is reputation, acting in its clients' best interests, looking after its employees, developing relationships with its suppliers, supporting communities or generating value for its ultimate parent company shareholders.

Governance and Board

The Board consists of experienced and qualified management, with many years in the insurance broking industry. This enables the Board to pursue appropriate strategies to deliver its objectives of promoting the Group's long term success and creating benefits for its stakeholders.

Aston Lark is regulated by the FCA and must adhere by the FCA's principles of business which provide high level standards, including the management and control to organise and control its affairs, responsibly and effectively with adequate risk management systems.

Aston Lark operates an organisational structure with clear allocation and appropriate segregation of responsibilities amongst the Board members which is documented in a responsibilities map and statements of responsibilities in line with the requirements of the FCA's Senior Managers and Certification Regime.

At the top Group level, certain Aston Lark Directors are members of the Group Executive Team who sit on the Main Board, alongside the Non-Executive and Investor Directors, creating a balance to ensure appropriate performance of duties and governance for decision making across the Group entities as a whole, that includes the interests of stakeholders and the long term consequences.

The Group operates a Risk, Audit and Finance Committee ('RAF') and a Remuneration Committee that are run as a subset of the Main Board and chaired by a Non-Executive Director of the ultimate parent company.

The Directors are also represented on the Management Board of Aston Lark (and those of subsidiary undertakings) that deal with significant operational matters, meeting monthly or quarterly to discuss ongoing day to day matters, ranging from financial performance, trading, risk and compliance, marketing, IT and employee considerations.

Aston Lark also operates various Committees where certain Directors are represented according to their areas of responsibility. These include a Risk, Compliance and Conduct Committee and a Health and Safety Committee amongst others who meet at least quarterly and report into the Management Boards.

The Main Board, Management Boards and the Group's senior management team meet regularly to discuss strategic, financial, budgetary, liquidity and operational matters. Peter Blanc, as Chief Executive Officer ('CEO') is responsible for delivering the plans, strategy and investment decisions agreed by the Board, with authority delegated to directors. The Group's culture is one of openness with a clear Governance structure for decision making. Decisions are documented in Board minutes that are subject to being made through Board papers and presentations from the Director with responsibility for the relevant area of the Group. The papers are reviewed and discussed at the appropriate Board and Committee meetings.

**HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Statement in respect of Section 172 of the Companies Act 2006 (continued)

Governance and Board (continued)

The Board, supported by RAF has created a robust, open risk culture where risks are identified, mitigated and monitored against a risk appetite according to probability and likelihood. The Board places emphasis on the appropriate conduct policies in place across the Group and ensuring that these are applied, including Money Laundering, Sanctions Checks, Anti-Bribery, Modern Slavery, Whistleblowing and Corporate Social Responsibility.

Long-term decision making

In 2019, following a successful period of ownership and growth, the Aston Lark Board in conjunction with the Group's majority shareholder at that time, Bowmark LLP, reviewed the Group's long term strategy and undertook a process to seek a new investor for the Group. On 2 September 2019, following regulatory approval, Goldman Sachs Merchant Banking Division acquired a majority stake in the Aston Lark business with Bowmark LLP also re-investing into the newly created Group.

The business as a result is well positioned to progress over the coming years with a continued focus on its growth plans, via organic means and considering further selective strategic acquisitions.

A 5 year business plan was developed during the process that formed the basis for the future strategic direction of the Group, including its financing requirements to enable it to pursue its strategy. The Board has consistently monitored its financial performance against the plan as revised for budget and forecasts, for changes such as the Group's accelerated acquisition activity.

The Board meets regularly to discuss matters and continuously keeps the strategy under review as well as arranging dedicated strategic sessions focussing on the Group's trading divisions.

Relationships with Clients

The Board places significant emphasis on its clients with client care and best interests at the heart of the Aston Lark brand and culture. Aston Lark has a diverse client base with many long term relationships, reflecting the client centric approach of an advice led offering provided via high service levels and complemented by in-house claims teams, with an overarching focus on client care.

The robust governance framework in place ensures that there is strong oversight of client outcomes to support Aston Lark's objectives, through regular, meaningful and timely management information provided to the Boards and Committees, including Treating Customers Fairly, to ensure compliant and measurable client information is monitored.

Client satisfaction is measured by feedback forms on service and surveys to ensure Aston Lark is providing clients with high levels of service and making improvements where needed.

Relationships with Employees

Aston Lark places great emphasis on its largest asset, its staff, who are a credit to the way they represent the Group. Aston Lark prides itself on the service provided by, and the high calibre of, its staff as recognised within the industry via the awards Aston Lark has won and been nominated for. This includes winners of the prestigious Insurance Broker of Year and the High Net Worth Broker Awards in 2019 and Best Overall Insurance Broker and Best Commercial Insurance Broker finalists in 2020.

On an individual basis, Peter Blanc was named in the Insurance Business Global 100 for 2021 as one of the outstanding industry professionals who are making a positive difference and helping drive change across the sector. Peter was also awarded Broker CEO's CEO of the Year in 2019 and two staff members were recognised in Awards for Young Ambassador of the Year and Young Achiever of the Year, reflecting the breadth of talent that exists within the employee base.

HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement in respect of Section 172 of the Companies Act 2006 (continued)

Relationships with Employees (continued)

The Group embraces diversity with the aim to attract and retain talented staff with a wide range of skills and experiences to deliver long term success. The Group operates an open and engaging culture and recognises the value that diversity brings, including but not limited to differences of race, gender, age, nationality and social, professional and personal backgrounds. The Group is unreservedly opposed to any form of discrimination being practised against its employees or potential employees on the grounds of their race, sex, marital status, age, physical or mental disability, religious belief or sexual orientation.

The Group is committed to providing equal opportunities for all of its employees and potential employees with career development based on the ability to perform each role. The Group places great emphasis on the training and career development needs of its employees and empowers staff to shape their career path and reach their full potential that is reflected in the number of staff holding relevant Chartered Insurance Institute and other professional qualifications to support its Chartered Insurance Broker status.

The Learning and Development team within Human Resources provide support through on-line training and development modules, running aspiring leadership development programmes, training courses and ensure that each new employee has a corporate induction session including a presentation from a member of the Executive team. The Board at each meeting receives management information and statistics on employee matters and engagement with staff is via regular consultation, communication on the Group's financial performance and staff engagement surveys with high participation levels and resultant action plans to reinforce the working environment operated in.

Specific Committees are in place to focus on staff related matters, including a Remuneration Committee that is independent of the Board and considers staff remuneration at all levels and gender pay gap with the objective to consistently work towards a more balanced approach that focusses on individual capability. Measures introduced include the aligning of job titles to review pay brackets across titles and locations and bonuses based on employee performance reviews for consistency.

Other Committees include; a Mental Health and Wellbeing Committee for communicating and overseeing those initiatives, a Charity Committee (see below), Pride in Aston Lark to ensure that LGBT+ staff feel supported and engaged and a Health and Safety Committee. In addition, a dedicated and confidential staff helpline is provided for any staff member to talk about their personal or business concerns or complaints.

Aston Lark is especially proud that a significant number of the Group's employees are shareholders, allowing them to participate in the Group's success and align to its longer term aims.

Relationships with Shareholders, Regulators and Other Stakeholders

The Group's shareholders are an important stakeholder. The Board places significant value on regular engagement with the Investors nominated directors via active participation at Board and Committee meetings where clear, timely financial and other information is provided, weekly and ad-hoc conference calls, strategic meetings and regular one on one contact.

The Group shareholder base is wide amongst the Group's staff and an Annual Shareholder Conference takes place (held virtually in 2020) to provide and present updates on the Group's financial performance, strategic and topical matters and Q&A sessions.

The FCA and Central Bank of Ireland, as regulators, are important stakeholders. The Group has a strong compliance culture and aims to have an open, transparent and constructive dialogue with the regulators in any communications it has, alongside provision of timely reporting information as required by the regulators for firms under their rules.

**HAMMERSMITH MIDCO LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Statement in respect of Section 172 of the Companies Act 2006 (continued)

Relationships with Shareholders, Regulators and Other Stakeholders (continued)

The Board aims to have an open and transparent relationship with HMRC and Irish Revenue Commissioners and be a responsible tax payer. Tax position and activities are regularly reported to the Board.

Suppliers are also stakeholders in the Group and the Board manages, develops and maintains relationships with its key suppliers working closely at senior management level to foster strong and long term business relationships. This includes regular review meetings to monitor performance and service levels, the use of economies of scale, membership of Industry bodies and attending Industry events and ensuring suppliers are paid within credit terms.

The Group has developed fair and robust policies including anti-slavery, equality and diversity, and are committed to working with its suppliers who share the same values in providing safe and fair working environments.

The Community and Environment

The Group recognises the importance of serving the communities in which staff live and work and its responsibility to support community projects. Staff volunteer and participate in local community projects, support businesses, and look for opportunities to share their expertise and skills with others.

The Group has a charity committee to select chosen charities each year, currently the Alzheimer's Society and Alzheimer's Research UK. Each office also has a charity champion to support local and national charities of choice such as Macmillan nurses, The Not Forgotten Association and Hospices. The Group operates a policy to match fund staff fundraising events up to certain levels depending upon the nature of the event.

During the Covid-19 restrictions, the Group held a weekly quiz, undertook the London 2.6 Challenge and launched a You're on Mute campaign amongst other charity events.

The Group is also proud to partner with Smart Works, a charity that supports unemployed women in preparation for their upcoming job interviews with a dressing and coaching service.

The Board is committed to its responsibility to achieve good environmental practice. Key areas of focus include reducing print and paper, managing energy consumption and waste and increasing the use of technology to hold video and call conferencing to reduce travel. The Group undertakes participation in the Energy Saving Opportunity Scheme (ESOS), a mandatory assessment to measure total energy consumption, and carry out energy audits to identify cost effective energy savings opportunities. The Group operates within office and home environments and takes steps to implement appropriate measures across the areas that are within its direct control, and seeks to influence other parties over whom it has indirect control over, such as Property Landlords.

This report was approved by the Board and signed on its behalf.



**T M Holland
Director**

28 May 2021

HAMMERSMITH MIDCO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

The directors have chosen, in accordance with s414c(11) of the Companies Act, to disclose the information relating to principal risks and uncertainties, review of the business and key performance indicators in the Strategic Report.

In the case of each of the persons who are directors at the time this report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss after taxation for the year amounted to £39,237,922 (2019 period: £12,067,399).

No dividends were paid in the year ended 31 December 2020 (2019 period: £nil).

HAMMERSMITH MIDCO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

P W Blanc (appointed 1 February 2020)
C W Brown (appointed 1 February 2020, resigned 1 January 2021)
T R Campbell
T M Holland (appointed 1 February 2020)
S P Rootham (appointed 1 February 2020)
M Titi-Cappelli

A Group subsidiary undertaking has purchased and maintained directors' and officers liability insurance for the year.

Future developments

The Group is committed to the strategy of growth by organic means and acquisition of similar trading businesses.

Post Year End Acquisitions

On 18 January 2021, Aston Lark Group Limited, a wholly owned subsidiary, acquired as a going concern the specialist boat insurance business and certain assets carried on by an insurer and then immediately transferred the business to Aston Lark Limited. Aston Lark Limited has re-branded the specialist boat insurance business as Haven Knox-Johnston, its previous trading name.

Aston Lark Group Limited acquired the entire share capital of the following companies after the year end, unless otherwise stated:

- On 20 February 2021, both Sennocke International Insurance Services Limited and Build Zone Survey Services Limited.
- On 25 February 2021, Denmark Green & Associates Limited.
- On 26 February 2021, Bruce Stevenson Limited, the parent company of Bruce Stevenson Insurance Brokers Limited.
- On 26 February 2021, 80% of Inet 3 Group Limited, the parent company of Inet3 Limited and Constabulary Travel Club Limited.
- On 2 March 2021, both Right to Health Limited and Venture Insurance Brokers Limited.
- On 15 March 2021, North County Brokers Limited, a company based in Ireland, and regulated by the Central Bank of Ireland.
- On 31 March 2021, DNA Insurance Limited.
- On 20 May 2021, Veritan Consultants Limited, a company based in Ireland, trading as Brady Burns & Associates and regulated by the Central Bank of Ireland.

On 8 February 2021, Spring Partners (Holdings) Limited, a group company, acquired the entire share capital of Neon Sapphire Limited.

On 2 March 2021, Aston Lark Employee Benefits Limited, a wholly owned subsidiary, acquired the trade and assets of The Health Insurance Specialists partnership as a going concern.

On 16 April 2021, Aston Lark Group Limited exchanged contracts to acquire the entire share capital of D O'Loughlin & Co Limited, a company based in Ireland and regulated by the Central Bank of Ireland.

On 20 May 2021, Aston Lark Europe Limited exchanged contracts to acquire as a going concern the business and certain assets of Detra Investments Limited, trading as Brady Burns Life & Pensions.

**HAMMERSMITH MIDCO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future Developments (continued)

Post Year End Group reorganisations

As part of the Group reorganisation strategy referred to in the Strategic Report, the following group reorganisations took place after the year end, whereby Dunsby Associates Insurance Brokers Limited on 1 March 2021, transferred their business and trading assets and liabilities to the Aston Lark Limited, aside from the insurance broking balances held at that date and other excluded assets such as the minimum capital requirement.

These group reorganisations have no impact on the Group as assets and liabilities are the same before and after the reorganisation.

Employee involvement

The Group is committed to providing equal opportunity for all of its employees or potential employees. The Group is unreservedly opposed to any form of discrimination being practised against its employees or potential employees on the grounds of their race, sex, marital status, age, physical or mental disability, religious belief or sexual orientation. The Group ensures that the principles of the policy, including training and personal career development are communicated and implemented accordingly.

The Group is committed to ensuring that its employees are provided with information on matters of concern to them as employees, including regular communication of the Group's financial performance.

The Directors have approved a charity policy for the coming year that continues to support specific charities chosen by the Group's employees. A charity committee has been formed to co ordinate the Group's fundraising in relation to its chosen charities.

The Group has an established Wellness Committee as it recognises its duty of care to ensure the mental and physical wellbeing of its employees. Further information on relationships with employees is referred to in the Strategic Report.

Energy and Carbon Usage

This section relates to Aston Lark Limited, the subsidiary that meets the qualifying criteria to report energy and carbon usage, pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the implementation of the UK government's Streamlined Energy and Carbon Reporting ("SECR") Policy.

Our methodology to calculate greenhouse emissions is based on the UK Government's 'Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance', as published by the Department for Business, Energy, & Industrial Strategy in March 2019.

In calculating our greenhouse gas emissions, we have used the UK Government's '2020 GHG Conversion Factors for Company Reporting', as published by the Department for Business, Energy, & Industrial Strategy in June 2020.

The buildings emissions have been calculated using our annual consumption of energy, taken directly from electricity and gas statements and the fuel emissions calculated based upon our mileage. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible for.

HAMMERSMITH MIDCO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Energy and Carbon Usage

The table below includes total energy consumption (reported as kWh) and total greenhouse gas emissions (reported as kg CO₂ equivalent ("kg CO₂e")), for the sources required by the regulations. We have also included a relevant intensity ratio, as required by the regulations.

	<u>2020</u>
Total energy consumption used for emissions calculations (kWh)	1,093,213
Total Buildings emissions (gas and electricity) - (kg CO ₂ e)	226,376
Total Vehicle emissions (fuel combustion) - (kg CO ₂ e)	<u>54,167</u>
Total gross reported emissions (kg CO₂e)	<u>280,543</u>
Average Aston Lark Limited employees:	716
Employee intensity ratio (kg CO₂e per FTE employee):	<u>391.8</u>

As predominantly operating from a home and office environment within the financial services sector, the environmental impact is fairly low. During the reporting period, the impacts of Covid-19 restrictions have seen employees transition to working from home thereby reducing travel.

The Board is committed to its responsibility to achieve good environmental practice. Key areas of focus include reducing print and paper, managing energy consumption and waste and use of technology to hold video and call conferencing to reduce travel. The Group undertakes participation in the Energy Saving Opportunity Scheme (ESOS), a mandatory assessment to measure total energy consumption, and carry out energy audits to identify cost effective energy savings opportunities. The Group takes steps to implement appropriate measures across the areas that are within its direct control, and seeks to influence other parties over whom it has indirect control over, such as Property Landlords.

The Board does not consider climate change to be of significant risk to the Group in the medium term but continues to monitor and manage any risks that arise including keeping a watchful eye on developments to ensure understanding of the effects of climate change are appropriately reflected in any strategic plans.

Auditor

The auditors, BDO LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.



T M Holland
Director

28 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSMITH MIDCO LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hammersmith Midco Limited ("the Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, Consolidated Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 Group'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.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSMITH MIDCO LIMITED

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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group's Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 9, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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.

Extent to which the audit was 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:

- Obtaining an understanding of the legal and regulatory framework applicable to the Group's operations and the control environment in monitoring compliance with laws and regulations;


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAMMERSMITH MIDCO LIMITED

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- Review of correspondence with the Financial Conduct Authority (FCA) and Central Bank of Ireland (CBI);
- Our responses to significant audit risks over management override of controls are intended to sufficiently address the risk of fraudulent manipulation. Specifically we review adjustments made to the financial statements and the application of various estimation techniques;
- Enquiries of management;
- Review of minutes of board meetings throughout the year; and
- Agreement of the financial statement disclosures to underlying supporting documentation

Use of our report

This report is made solely to the Company's member, 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 member 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.

DocuSigned by:

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Thomas Reed (Senior Statutory Auditor)
for and on behalf of
BDO LLP
Statutory Auditor
London, UK

28 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

HAMMERSMITH MIDCO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

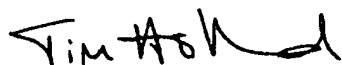
		Year ended 31 December 2020 £	Period from incorporation on 11 March 2019 to 31 December 2019
	Note		
Turnover	4	91,674,152	24,721,854
Administrative expenses		(115,391,639)	(32,566,198)
Other operating income		108,773	27,982
OPERATING LOSS	5	<u>(23,608,714)</u>	<u>(7,816,362)</u>
Interest receivable and similar income	8	87,760	50,769
Interest payable and expenses	9	(15,507,983)	(4,199,533)
LOSS BEFORE TAXATION		<u>(39,028,937)</u>	<u>(11,965,126)</u>
Tax on loss	10	(735,042)	(25,217)
LOSS FOR THE FINANCIAL YEAR		<u>(39,763,979)</u>	<u>(11,990,343)</u>
OTHER COMPREHENSIVE INCOME			
Currency translation differences		526,057	(77,056)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(39,237,922)</u></u>	<u><u>(12,067,399)</u></u>

The notes on pages 21 to 43 form part of these financial statements.

HAMMERSMITH MIDCO LIMITED
REGISTERED NUMBER: 11874092
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	375,481,052	352,406,884
Tangible assets	12	<u>5,704,483</u>	<u>6,332,993</u>
		381,185,535	358,739,877
Current assets			
Debtors	14	17,996,230	18,417,087
Investments	15	13,204	13,204
Cash at bank and in hand		<u>19,078,649</u>	<u>10,912,856</u>
		37,088,083	29,343,147
Creditors: amounts falling due within one year	16	<u>(22,174,126)</u>	<u>(8,002,374)</u>
Net current assets		14,913,957	21,340,773
Total assets less current liabilities		<u>396,099,492</u>	<u>380,080,650</u>
Creditors: amounts falling due after more than one year	17	(205,379,059)	(158,705,545)
Provisions for liabilities	19	(39,502,943)	(30,919,693)
Net assets		<u>151,217,490</u>	<u>190,455,412</u>
Capital and reserves			
Called up share capital	20	3	3
Share premium	20	202,522,808	202,522,808
Profit and loss account		(51,305,321)	(12,067,399)
Shareholders' funds		<u>151,217,490</u>	<u>190,455,412</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



T M Holland
Director
28 May 2021

The notes on pages 21 to 43 form part of these financial statements.

HAMMERSMITH MIDCO LIMITED
REGISTERED NUMBER: 11874092
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments in subsidiary undertakings	13	<u>202,482,061</u> 202,482,061	<u>202,482,061</u> 202,482,061
Current assets			
Cash at bank and in hand		<u>40,742</u>	<u>40,750</u>
Net current assets		40,742	40,750
Total assets less current liabilities		<u>202,522,803</u>	<u>202,522,811</u>
Net assets		<u>202,522,803</u>	<u>202,522,811</u>
Capital and reserves			
Called up share capital	20	3	3
Share premium	20	202,522,808	202,522,808
Profit and loss account		(8)	-
Shareholders' funds		<u>202,522,803</u>	<u>202,522,811</u>

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its own Statement of Comprehensive Income and related notes as it prepares consolidated accounts. The company's loss and total comprehensive income for the year was £8 (period ended 31 December 2019: £nil).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



T M Holland
Director
28 May 2021

The notes on pages 21 to 43 form part of these financial statements.

HAMMERSMITH MIDCO LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 11 March 2019 (incorporation)	-	-	-	-
Total comprehensive income for the period	-	-	(12,067,399)	(12,067,399)
Shares issued during the period	3	202,522,808	-	202,522,811
At 1 January 2020	3	202,522,808	(12,067,399)	190,455,412
Total comprehensive income for the year	-	-	(39,237,922)	(39,237,922)
At 31 December 2020	3	202,522,808	(51,305,321)	151,217,490

HAMMERSMITH MIDCO LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 11 March 2019 (incorporation)	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Shares issued during the period	3	202,522,808	-	202,522,811
At 1 January 2020	3	202,522,808	-	202,522,811
Total comprehensive income for the year	-	-	(8)	(8)
At 31 December 2020	3	202,522,808	(8)	202,522,803

HAMMERSMITH MIDCO LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 £	Period from incorporation on 11 March 2019 to 31 December 2019 £
Cash flows from operating activities		
Loss for the period	(39,237,922)	(12,067,399)
Adjustments for:		
Amortisation of intangible assets	40,436,838	11,751,754
Depreciation of tangible assets	2,564,359	662,086
Loss arising from the sale of fixed assets	21,186	-
Foreign exchange loss	1,523,214	-
Interest payable	14,504,582	4,193,150
Interest receivable	(87,760)	(50,769)
Taxation charge	735,042	25,217
Decrease / (Increase) in debtors	2,973,533	(430,347)
Increase in creditors	2,348,866	1,010,086
Movement in fair value of financial instruments	1,003,401	6,383
Corporation tax paid	(459,793)	(492,354)
Provisions paid	(21,305)	(98,271)
Net cash generated from operating activities	<u>26,304,241</u>	<u>4,509,536</u>
Cash flows from investing activities		
Fixed assets additions	(1,615,364)	(1,323,242)
Proceeds from sale of fixed assets	4,617	-
Interest received	100,475	43,081
Purchase of subsidiary undertakings	(30,841,838)	(234,460,839)
Payment of deferred consideration by subsidiary undertakings	(20,309,241)	(866,174)
Cash acquired on purchase of subsidiary undertakings	3,312,292	11,952,584
Purchases of business by subsidiary undertakings	(250,307)	-
Repayment of loans on purchase of subsidiary undertakings	-	(107,288,293)
Net cash from investing activities	<u>(49,599,366)</u>	<u>(331,942,883)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	184,701,590
Drawdown of secured bank loans	46,770,908	163,693,339
Bank interest paid	(13,502,811)	(3,745,701)
Payment of bank loan financing costs	(1,807,179)	(5,218,025)
Payment of financial instrument costs	-	(1,085,000)
Net cash used in financing activities	<u>31,460,918</u>	<u>338,346,203</u>
Cash and cash equivalents at the beginning of year / period	<u>10,912,856</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>8,165,793</u>	<u>10,912,856</u>
Cash and cash equivalents at the end of year / period	<u>19,078,649</u>	<u>10,912,856</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	19,078,649	10,912,856
	<u>19,078,649</u>	<u>10,912,856</u>

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Hammersmith Midco Limited is a private company limited by shares, registered in England and Wales under the company number 11874092. The registered office is 8th Floor, Ibex House, 42-47 Minories, London, EC3N 1DY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Pounds Sterling which is the functional currency of the group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up for the year to 31 December 2020. Transactions between and balances with, group companies are eliminated on consolidation. The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its own Statement of Comprehensive Income.

Acquisitions are included in the financial statements using the acquisition method of accounting. Accordingly, the group Statement of Comprehensive Income includes the results of undertakings for the period from their acquisition to the group's financial year end date. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

2.3 Going Concern

As referred to in the Strategic Report, the group has shown resilience during the Covid-19 pandemic and despite the current economic outlook arising is well placed to manage its business risks. The directors have a reasonable expectation that the group has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

Turnover consists of brokerage, commission and fees for the arrangement of insurance and fees for consultancy services. Turnover also consists of commissions and fees for financial advice and services less amounts identified or likely to be identified as repayable under the contractual obligations with the financial service product provider in respect of cancelled and reduced insurance or investment contracts.

Commission and fees arising from insurance broking activities are recognised upon the later of the effective date that the insurance policy commences and the debit date. An appropriate proportion of turnover is deferred to recognise post placement contractual obligations.

Fees for consultancy arrangements are recognised on an accruals basis over the life of the consultancy agreement.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue (continued)

Other income from insurance broking activities is recognised when it can be measured with reasonable certainty.

Turnover derived from the provision of financial advice is recognised at the completion of placement of the policy with the financial service product provider with the exception of regular ongoing turnover, which is recognised following entitlement under the contractual obligations with the financial service product provider.

Fees for financial advice services are recognised on an accruals basis over the life of the service agreement.

2.5 Intangible assets

Intangible fixed assets are recognised as the fair value of consideration for subsidiary undertakings and businesses purchased less the fair value of the net assets acquired. The intangible fixed asset arising on acquisition is written off evenly over its useful economic life depending upon the subsidiary undertaking or business purchased.

Intangible fixed assets will be subject to an impairment review at any date if there is an indication of impairment.

2.6 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The depreciation rates of the principal categories are:

Leasehold improvements	Over the remaining term of the lease
Motor vehicles	4 years
Fixtures and fittings	4 years
Computer equipment	4 years

2.7 Valuation of investments

Investments in subsidiaries are accounted for at cost less impairment. Investments in subsidiaries will be subject to an impairment review if there is an indication of impairment.

2.8 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.9 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the period end date. All differences are taken to the statement of comprehensive income.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Insurance broking assets and liabilities

The Group, in the course of carrying on insurance broking activities, handles client money in accordance with the Financial Conduct Authority Client Asset Sourcebook rules. Under these rules, the Group co-mingles monies defined as belonging to clients and monies defined as belonging to insurers (known as risk transfer monies) in segregated bank accounts that are subject to either a non statutory trust or statutory trust. The Group also handles risk transfer monies solely belonging to insurers in a segregated bank account that is subject to a non statutory trust.

The group's terms of business with its clients and insurers state that the group is entitled to retain the investment income earned on any cash flows arising from insurance broking transactions.

In addition to economic benefit derived from the retention of investment income, the group also has control over the operation of the bank accounts in relation to the settlement of accounts with other intermediaries, clients, insurers and market settlement bureaux.

Given the nature of the trust arrangements under which monies are held and the control that the Group exerts over the operation of the segregated bank accounts, the directors consider it appropriate to disclose only the net balance of insurance broking assets and liabilities as an asset of the Group itself, representing income due and payable to the Group for its own bank account to be transferred from the segregated bank accounts at the appropriate time in accordance with FCA Client Asset Sourcebook rules.

2.12 Leasing and hire purchase commitments

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

The aggregate benefit of lease incentives are recognised as a reduction to the cost over the lease term on a straight line basis.

2.13 Pensions and employee benefits

The Group operates defined contribution pension schemes for its employees. The assets of the schemes are held separately from the Group in independently administered funds for individual members of staff who have elected to participate in the schemes. The pension charge represents contributions payable by the Group for the period. The group's liability is limited to the amount of the contributions.

Short term employee benefits are recognised as an expense in the period in which they are incurred.

2.14 Investment income and interest

Investment income and interest on deposits are credited on the accruals basis. Interest is calculated using the effective interest method.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Provisions for liabilities (continued)

Provisions are either charged as an expense to the Statement of Comprehensive Income or capitalised in the Statement of Financial Position within intangible assets as a cost of acquisition, in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Current and deferred taxation

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences arising from the different bases of determining results for accounting and taxation purposes at the reporting date. Timing differences are taxable items, allowances or reliefs which have an effect in taxation periods different from those in which they have effect in the financial statements. Deferred tax is calculated using the tax rates enacted by the reporting date that are expected to apply to the reversal of timing differences. Deferred tax assets and liabilities are not discounted.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

As referred to under the Statement of Directors' Responsibilities, the directors are responsible for preparing the financial statements and are required to make judgements and estimates that are reasonable and prudent. In preparing these financial statements, the directors have considered the assumptions used in making the following significant estimates and judgements in applying the group's accounting policies:

Determination as to whether there are indicators of impairment of intangible fixed assets and consideration of their useful lives. Factors taken into consideration include the expected future financial performance of the asset.

Determination of the amount of accrued income included within debtors as a reasonable estimate of the amount that the group expects to receive in the future.

Determination of the amount of the deferred consideration included within provisions as a reasonable estimate of the amounts that the group intends to pay to vendors in the future. The calculation of deferred consideration is dependent on future income or EBITDA of the acquired entities or businesses and therefore there is inherent estimation in these future forecasts.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

All of the group's turnover is derived from activities in the United Kingdom and the Republic of Ireland. Consolidated turnover for the year / period was derived from the following classes of business:

	Year ended 31 December 2020		
	£ UK	£ ROI	£ Total
Insurance Broking	76,153,583	10,323,370	86,476,953
Financial services	4,876,457	320,742	5,197,199
	<u>81,030,040</u>	<u>10,644,112</u>	<u>91,674,152</u>

	Period ended 31 December 2019		
	£ UK	£ ROI	£ Total
Insurance Broking	21,630,509	1,626,776	23,257,285
Financial services	1,382,982	81,587	1,464,569
	<u>23,013,491</u>	<u>1,708,363</u>	<u>24,721,854</u>

5. Operating loss

The operating loss is stated after charging / (crediting):

	Year ended 31 December 2020	Period ended 31 December 2019
	£	£
Auditors remuneration - audit	221,500	116,633
- taxation compliance and advice	87,538	21,000
- other services	52,000	8,333
Depreciation of owned fixed assets	2,564,359	662,086
Amortisation of intangible assets	40,436,838	11,751,754
Foreign exchange loss	1,523,214	126,018
Loss arising from the sale of fixed assets	21,186	-
Operating lease rentals - land & buildings	1,678,896	582,439
Operating lease rentals recharged under sub-letting	(85,993)	(28,309)
Operating lease rentals - other	<u>654,981</u>	<u>222,763</u>

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Directors' remuneration

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Directors' emoluments	841,334	239,467
Company contributions to defined contribution pension schemes	9,600	3,200
	<u>850,934</u>	<u>242,667</u>

During the year retirement benefits were accruing to one director in respect of defined contribution pension schemes (2019 period: one).

The highest paid director received remuneration of £277,882 (Period ended 31 December 2019: £69,280). The value of the group's contributions paid to money purchase schemes in respect of the highest paid director amounted to £nil (Period ended 31 December 2019: £3,200).

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Wages and salaries	42,074,766	11,179,805
Social security costs	4,663,609	1,269,710
Company contributions to defined contribution pension schemes	2,171,929	622,460
	<u>48,910,304</u>	<u>13,071,975</u>

The average monthly number of employees, including the directors, during the year ended 31 December 2020 was as follows:

	Year ended 31 December 2020 No.	Period ended 31 December 2019 No.
Insurance Broking	847	724
Administration	154	136
Employee Benefit Advisors	32	34
	<u>1,033</u>	<u>894</u>

8. Interest receivable and similar income

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Bank interest receivable	85,733	48,715
Other interest receivable	2,027	2,054
	<u>87,760</u>	<u>50,769</u>

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Interest payable and similar charges

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Bank loans interest payable and finance costs	14,428,064	4,193,150
Other interest payable	76,518	-
Change in fair value of financial instruments	1,003,401	6,383
	<u>15,507,983</u>	<u>4,199,533</u>

10. Taxation

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Corporation tax		
Current tax on loss for the year / period	389,483	244,559
Adjustments in respect of previous periods	(2,974)	-
Overseas taxation	274,069	25,217
Total current tax	<u>660,578</u>	<u>269,776</u>
Deferred tax		
Origination and reversal of timing differences	(92,216)	(244,559)
Adjustments in respect of previous periods	166,680	-
Total deferred tax	<u>74,464</u>	<u>(244,559)</u>
Taxation on loss on ordinary activities	<u>735,042</u>	<u>25,217</u>

Factors affecting tax charge for the year / period

The tax assessed for the period is higher than the applicable rate of corporation tax in the UK of 19%.
The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(39,028,937)</u>	<u>(11,965,126)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019:19%).	(7,415,498)	(2,273,374)

Effects of:

Amortisation of intangibles not deductible for tax purposes	7,578,655	2,224,433
Changes in fair value of financial instruments not deductible for tax purposes	190,646	1,213
Disallowable expenses	97,023	86,058
Overseas tax differences	(142,516)	(13,113)
Adjustment to deferred tax charge in respect of previous periods	166,680	-
Adjustment to tax charge in respect of previous periods	(2,974)	-
Corporate Interest Restriction	263,026	-
Total tax for the year / period	<u>735,042</u>	<u>25,217</u>

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Intangible assets

Group	Client renewal rights £
Cost	
At 1 January 2020	364,158,638
Additions (refer to note 21)	51,954,160
Acquired on purchase of subsidiary undertakings (note 21)	370,000
Adjustments in respect of deferred consideration	11,186,846
At 31 December 2020	<u>427,669,644</u>
Amortisation	
At 1 January 2020	11,751,754
Charge for the year	40,436,838
At 31 December 2020	<u>52,188,592</u>
Net book value	
At 31 December 2020	<u>375,481,052</u>
At 31 December 2019	<u>352,406,884</u>

Included within the cost of intangible fixed assets is £44,335,282 of deferred consideration which is based on estimates of future amounts payable at 31 December 2020. Accordingly, the cost of intangible fixed assets may change when the deferred consideration is paid.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

Group	Leasehold improvements and fixtures & fittings £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2020	1,646,921	100,987	5,247,171	6,995,079
Additions	296,530	-	1,318,834	1,615,364
Acquired on purchase of subsidiary undertakings (note 21)	176,731	-	169,556	346,287
Disposals	(215)	(20,463)	(32,213)	(52,891)
At 31 December 2020	<u>2,119,967</u>	<u>80,524</u>	<u>6,703,348</u>	<u>8,903,839</u>
Depreciation				
At 1 January 2020	165,413	16,649	480,024	662,086
Charge for the year	679,087	36,648	1,848,624	2,564,359
Disposals	(60)	(13,219)	(13,810)	(27,089)
At 31 December 2020	<u>844,440</u>	<u>40,078</u>	<u>2,314,838</u>	<u>3,199,356</u>
Net book value				
At 31 December 2020	<u>1,275,527</u>	<u>40,446</u>	<u>4,388,510</u>	<u>5,704,483</u>
At 31 December 2019	<u>1,481,508</u>	<u>84,338</u>	<u>4,767,147</u>	<u>6,332,993</u>

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

13. Fixed asset investments

Company	Investments in subsidiary companies £
Cost	
As at 1 January 2020 & 31 December 2020	<u>202,482,061</u>

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Fixed asset investments (continued)

The following is a direct subsidiary undertaking of the company:

Name	Class of share	Holding	Principal activity
Hammersmith Bidco Limited	Ordinary	100%	Holding Company

Indirect subsidiary undertakings

The following are indirect subsidiary undertakings of the company:

Name	Class of share	Holding	Principal activity
A.H. Bell & Co. (Insurance Brokers) Limited	Ordinary	100%	Non-Trading
Aston Lark (AB) Limited	Ordinary	100%	Holding Company
Aston Lark (AM) Limited	Ordinary	100%	Holding Company
Aston Lark (AT) Limited	Ordinary	100%	Holding Company
Aston Lark (Bidco) Limited	Ordinary	100%	Holding Company
Aston Lark (Midco) Limited	Ordinary	100%	Holding Company
Aston Lark (Topco) Limited	Ordinary	100%	Holding Company
Aston Lark (Trustees) Limited	Ordinary	100%	Trustee Company
Aston Lark Dormant Holding Co Ltd	Ordinary	100%	Dormant
Aston Lark Employee Benefits Limited	Ordinary	100%	Employee Benefits
Aston Lark Group (Holdings) Limited	Ordinary	100%	Holding Company
Aston Lark Group Limited	Ordinary	100%	Holding Company
Aston Lark Limited	Ordinary	100%	Insurance broking
Aston Scott Ltd.	Ordinary	100%	Insurance broking
Brunel Professions Ltd.	Ordinary	100%	Insurance broking
Buckland Harvester Insurance Brokers Limited	Ordinary	100%	Non-Trading
CRS Yachts Limited	Ordinary	100%	Insurance broking
Dunsby Associates Insurance Brokers Limited	Ordinary	100%	Insurance broking
Euromarine Insurance Services Limited	Ordinary	100%	Non-Trading
Fidelius Corporate Risk Consultants Limited	Ordinary	100%	Holding Company
First Commercial Insurance Brokers Limited	Ordinary	100%	Non-Trading
Highworth Insurance Limited	Ordinary	100%	Insurance broking
Incepta Risk Management Ltd	Ordinary	100%	Insurance broking

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Fixed asset investments (continued)

Name	Class of share	Holding	Principal activity
Ingram, Hawkins & Nock Limited	Ordinary	100%	Non-Trading
Isca Barum Insurance Brokers Ltd	Ordinary	100%	Insurance broking
Jobson James Consulting Limited	Ordinary	100%	Employee Benefits
Jobson James Holdings Limited	Ordinary	100%	Holding Company
Jobson James Insurance Brokers Limited	Ordinary	100%	Insurance broking
Lark (2012) Limited	Ordinary	100%	Holding Company
Lark Group (Holdings) Limited	Ordinary	100%	Holding Company
Lark Midco Limited	Ordinary	100%	Holding Company
Michael James Insurance and Property Services LLP	Member	100%	Non-Trading
Pharos Holdings Limited	Ordinary	100%	Holding Company
Pharos Insurance Brokers (Kent) Limited	Ordinary	100%	Dormant
Pharos Insurance Brokers Limited	Ordinary	100%	Non-Trading
Private Healthcare Managers Limited	Ordinary	100%	Employee Benefits
Protean Risk Limited	Ordinary	100%	Insurance broking
Riskalliance International Limited	Ordinary	100%	Insurance broking
Riskalliance Limited	Ordinary	100%	Insurance broking
Aston Lark Europe Limited (formerly Robertson Low Insurances Limited)	Ordinary	100%	Insurance broking
Robertson Low Limited	Ordinary	100%	Dormant
Salt Risk Management Ltd	Ordinary	100%	Non-Trading
Sanctuary Holdco Limited	Ordinary	100%	Holding Company
Silex Group Limited	Ordinary	100%	Holding Company
Spring Insure Limited	Ordinary	50%	Managing General Agent
Spring Partners (Holdings) Limited	Ordinary	50%	Holding Company
Wright Group Brokers Limited	Ordinary	100%	Insurance broking

Having satisfied their obligations for the insurance broking balances held at their respective business transfer dates to Aston Lark Limited, Buckland Harvester Insurance Brokers Limited, Ingram, Hawkins & Nock Limited, Isca Barum Insurance Brokers Ltd and Pharos Insurance Brokers Limited applied to cancel their authorisations with the FCA with the cancellations effective during 2020 and 2021 and Jobson James Insurance Brokers Limited will be applying to cancel their authorisation with the FCA.

Spring Insure Limited was incorporated on 13 September 2020 and has applied to be authorised by the FCA. Once authorised, Spring Insure Limited's principal activity will be acting as a Managing General Agent. It has not traded during the period to 31 December 2020.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Fixed asset investments (continued)

The net assets / (liabilities) as at 31 December 2020 and the profit / (loss) for the period ended on that date for the subsidiary undertakings were as follows:

	Net Assets / (Liabilities) £	Profit / (Loss) £
A.H. Bell & Co. (Insurance Brokers) Limited	139,339	(756)
Aston Lark (AB) Limited	73,472,032	(1,039,442)
Aston Lark (AM) Limited	72,054,042	(176,529)
Aston Lark (AT) Limited	80,748,771	2,305
Aston Lark (Bidco) Limited	(36,148,611)	(2,886,746)
Aston Lark (Midco) Limited	(8,646)	(180)
Aston Lark (Topco) Limited	116,822,786	2,336,577
Aston Lark (Trustees) Limited	52,617	(4)
Aston Lark Dormant Holding Co Ltd	-	-
Aston Lark Employee Benefits Limited	4,676,322	1,937,301
Aston Lark Group (Holdings) Limited	83,091,759	(22,148)
Aston Lark Group Limited	69,535,585	(2,960,153)
Aston Lark Limited	48,746,517	7,858,718
Aston Scott Ltd.	4,092,790	76,194
Brunel Professions Ltd.	2,091,889	1,579,878
Buckland Harvester Insurance Brokers Limited	128,471	(19,798)
CRS Yachts Limited	100,001	-
Dunsby Associates Insurance Brokers Limited	454,324	114,068
Euromarine Insurance Services Limited	87,055	1,791
Fideliuss Corporate Risk Consultants Limited	14,314	142,970
First Commercial Insurance Brokers Limited	102,221	1,288
Hammersmith Bidco Limited	185,328,072	(13,078,211)
Highworth Insurance Limited	5,214,003	1,977,726
Incepta Risk Management Ltd	1,301,330	388,754
Ingram, Hawkins & Nock Limited	125,475	2,195
Isca Barum Insurance Brokers Ltd	185,111	274,744
Jobson James Consulting Limited	23,904	25,863
Jobson James Holdings Limited	67,137	541,715
Jobson James Insurance Brokers Limited	794,631	161,351
Lark (2012) Limited	27,376	552
Lark Group (Holdings) Limited	38,440	3,103
Lark Midco Limited	45,174	929
Michael James Insurance and Property Services LLP	154,887	4,541
Pharos Holdings Limited	17,208	368
Pharos Insurance Brokers (Kent) Limited	1,603	33
Pharos Insurance Brokers Limited	289,020	4,525
Private Healthcare Managers Limited	63,269	102,263
Protean Risk Limited	4,388,789	2,385,219
Riskalliance International Limited	1,317,028	143,862
Riskalliance Limited	283,735	319,176
Aston Lark Europe Limited (formerly Robertson Low Insurances Limited)	3,548,410	1,384,182
Robertson Low Limited	-	-
Salt Risk Management Ltd	111	-
Sanctuary Holdco Limited	48,966	-
Silex Group Limited	718,688	32,003
Spring Insure Limited	-	-
Spring Partners (Holdings) Limited	-	-
Wright Group Brokers Limited	6,615,556	1,128,645
	730,851,501	2,748,872

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Fixed asset investments (continued)

The registered office for the above subsidiary undertakings is 8th Floor Ibex House, Minorities, London, England, EC3N 1DY with the exception of:

- Aston Lark Europe Limited and Silex Group Limited - No. 10 The Courtyard, Kilcarberry Park, Nangor Road, Dublin 22
- Wright Group Brokers Limited - The Bushels, Cornmarket, Wexford
- CRS Yachts and Sanctuary Holdco Limited - 1a, Lloyds Avenue, London EC3N 3AA
- Dunsby Associates Insurance Brokers Limited - Granville House, 2 Tettenhal Road, Wolverhampton, West Midlands WV1 4SB
- Spring Insure Limited and Spring Partners (Holdings) Limited - 81 Gracechurch Street, London EC3V 0AU

The following subsidiary companies have taken the exemption in Section 479A of the Companies Act 2006 ("the Act") from the requirements in the Act for their individual accounts to be audited.

Subsidiary	Registered No.
A.H. Bell & Co. (Insurance Brokers) Limited	01381575
Aston Lark (AB) Limited	09442341
Aston Lark (AM) Limited	09442321
Aston Lark (AT) Limited	09442289
Aston Lark (Bidco) Limited	10821487
Aston Lark (Midco) Limited	10821469
Aston Lark (Topco) Limited	10820826
Aston Lark (Trustees) Limited	11026750
Aston Lark Dormant Holding Co Ltd	10784386
Aston Lark Group (Holdings) Limited	05639290
Aston Scott Ltd.	01341849
Buckland Harvester Insurance Brokers Limited	05402834
CRS Yachts Limited	06371937
Dunsby Associates Insurance Brokers Limited	09676327
Euromarine Insurance Services Limited	02869815
Fideliuss Corporate Risk Consultants Limited	04101670
First Commercial Insurance Brokers Limited	04630911
Ingram, Hawkins & Nock Limited	01185094
Isca Barum Insurance Brokers Ltd	02713714
Jobson James Consulting Limited	09559852
Jobson James Holdings Limited	07674271
Jobson James Insurance Brokers Limited	07117949
Lark (2012) Limited	08043688
Lark Group (Holdings) Limited	04171039
Lark Midco Limited	08043698
Michael James Insurance and Property Services LLP	OC334048
Pharos Holdings Limited	06380711
Pharos Insurance Brokers (Kent) Limited	02392471
Pharos Insurance Brokers Limited	00716939
Private Healthcare Managers Limited	04505284
Riskalliance International Limited	03633199
Riskalliance Limited	03317097
Robertson Low Limited	11283312
Salt Risk Management Ltd	06911316
Sanctuary Holdco Limited	08012203

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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14. Debtors

	Group 2020	Group 2019 £
Trade debtors	-	310,145
Surplus insurance assets	10,318,267	9,668,631
Corporation tax	207,476	743,316
Other debtors	1,800,941	473,702
Prepayments and accrued income	5,594,330	6,142,676
Financial instruments	75,216	1,078,617
	17,996,230	18,417,087

On 2 October 2019, Hammersmith Bidco Limited entered into an interest rate cap arrangement for a notional amount of £125,000,000 for the period from 31 October 2019 until 31 October 2023. The contract is measured at fair value through the profit and loss.

At 31 December 2020 the group held the following gross amounts in respect of insurance broking assets and liabilities.

	2020 £	2019 £
Insurance broking trade debtors	37,283,159	30,440,568
Segregated bank accounts relating to insurance broking	35,626,633	30,638,570
Insurance broking trade creditors	(62,591,525)	(51,410,507)
	10,318,267	9,668,631

The surplus insurance assets held at 31 December 2020 represent income that is due and payable to the Group for its own bank account to be transferred from the segregated bank accounts at the appropriate time in accordance with the Regulator's rules such as the FCA Client Asset Sourcebook rules. Of the £10,318,267 (2019: £9,668,631), an amount of £1,308,894 (2019: £1,481,532) (which includes £125,858 (2019: £152,547) of sterling equivalent amounts) was transferred to the Group's own bank accounts following the FCA client money calculations undertaken in the first week of January 2021 and the remaining £9,009,373 (2019: £8,187,099) held as client or insurer money until it becomes due to the company for its own bank account in accordance with the Regulator's rules.

15. Current asset investments

	2020 £	2019 £
Unlisted investments	13,204	13,204
	13,204	13,204

16. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £
Trade creditors	1,872,365	1,636,692
Amounts owed to parent undertaking	4,262,391	-
Other taxation and social security	1,212,362	1,167,192
Other creditors	303,479	247,278
Accruals and deferred income	8,963,908	3,994,228
Deferred consideration	5,559,621	956,984
	22,174,126	8,002,374

Included within other creditors is an amount of £144,063 relating to Furlough claims that have subsequently been voluntarily repaid.

HAMMERSMITH MIDCO LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2020

17. Creditors: Amounts falling due after one year

	Group 2020 £	Group 2019 £
Bank loans	205,379,059	158,705,545
	<u>205,379,059</u>	<u>158,705,545</u>

Bank loans are falling due in more than five years.

The bank loans provided by the Arrangers as at 31 December 2020 comprise of a Facility B loan of £117,600,000, a Super Senior Term Facility loan of £29,400,000, Acquisition and Capex Facility loans of £41,731,064, a Super Senior Acquisition and Capex Facility loan of £12,571,826 and a Revolving Credit Facility loan of £10,000,000.

The Facilities are repayable in September 2026 or earlier subject to certain conditions. The Facility B and Acquisition and Capex Facility loans bear interest at a variable rate ranging from 6.625% to 7.75% above the relevant LIBOR rate for an Interest Period, with a LIBOR floor of 0.5% and 1% for USD denominated loans. The Super Senior Term Facility, Super Senior Acquisition and Capex Facility and the Revolving Credit Facility loans bear interest at a variable rate ranging from 2.25% to 2.75% above the relevant LIBOR rate for an Interest Period.

On 9 November 2020 and 8 February 2021, Hammersmith Bidco Limited to support the growth in the group's future acquisition strategy, secured additional commitments up to £60,000,000 and £90,000,000 respectively under the terms of the Senior Facility Agreement originally dated 13 August 2019, as amended and restated from time to time.

18. Financial instruments

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Financial assets				
Measured at fair value through profit and loss	19,153,865	40,742	11,991,473	40,750
Debt instruments measured at amortised costs	17,726,742	-	16,608,358	-
	<u>36,880,607</u>	<u>40,742</u>	<u>28,599,831</u>	<u>40,750</u>
Financial liabilities				
Measured at amortised cost	221,993,564	-	165,750,935	-
	<u>221,993,564</u>	<u>-</u>	<u>165,750,935</u>	<u>-</u>

Financial assets measured at fair value comprise cash at bank and in hand and financial instruments.

Financial assets measured at amortised cost comprise trade debtors, other debtors, unlisted investments and prepayments and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and other financial liabilities.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

19. Provisions

Group	Deferred Consideration	Professional Indemnity & Other Claims	Dilapidations	Deferred Tax	Total
	£	£	£	£	£
As at 1 January 2020	30,491,465	159,000	119,128	150,100	30,919,693
Acquired on purchase of subsidiary undertakings (refer to note 21)	259,096	-	-	14,437	273,533
Provided in year	36,612,515	193,149	38,312	74,464	36,918,440
Transferred to Creditors	(5,369,966)	-	-	-	(5,369,966)
Provisions paid	(23,217,452)	(6,305)	(15,000)	-	(23,238,757)
As at 31 December 2020	38,775,658	345,844	142,440	239,001	39,502,943

Deferred consideration is based on estimates of future amounts payable as cash or non-cash consideration to the respective vendors of acquired businesses as at 31 December 2020. The estimates are dependent upon the future Revenue or EBITDA performance of each respective acquisition and therefore can increase or decrease during the earn out period. Accordingly, the deferred consideration amount may change when when final agreement of amounts payable is reached.

Two potential claims have been notified by clients to a subsidiary undertaking which are covered under the group's professional indemnity insurance policy and provided for in the year. The directors consider, in accordance with FRS 102, that a contingent liability is not required to be provided for in these financial statements in respect of notified claims under the group's professional indemnity insurance policy, aside from the group's own responsibility for the excess of £50,000 for each claim after the deduction of any legal costs incurred.

Other potential claims notified to the group that fall under the £50,000 excess or the group choose to settle directly and amount to £102,148 have been provided for under other claims.

The Group has made a provision for dilapidations in respect of its potential future obligation under its property leases.

The Group has made a provision for deferred tax liabilities which is made up as follows:

	2020 £	2019 £
Short term and other timing differences	(137,385)	(127,188)
Depreciation in excess of capital allowances	376,386	277,288
	<u>239,001</u>	<u>150,100</u>

The Group has a carried forward unrelieved interest expense of £1,664,435. A deferred tax asset has not been recognised for the unrelieved interest expense as it is not expected to be utilised in the foreseeable future.

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20. Share capital

	2020	2019
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
As at 1 January	3	-
Shares issued on incorporation - 1 Ordinary Share of £1 each	-	1
Shares issued during the period - 2 Ordinary Shares of £1 each	-	2
As at 31 December	3	3

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

21. Business combinations

Acquisitions in the year

Aston Lark Group Limited, a wholly-owned subsidiary undertaking, acquired the entire share capital of the following companies during the year:

- On 22 January 2020, Fidelius Corporate Risk Consultants Limited, the holding company of Isca Barum Insurance Brokers Ltd.
- On 31 July 2020, both Private Healthcare Managers Limited and Incepta Risk Management Ltd.
- On 8 September 2020, Brunel Professions Ltd.
- On 22 October 2020, Dunsby Associates Insurance Brokers Limited.
- On 13 November 2020, both Riskalliance Limited and Riskalliance International Limited.
- On 31 December 2020, Sanctuary Holdco Limited, the holding company of CRS Yachts Limited.

There were no differences between the book value and the fair value of the net assets acquired as shown below.

	Fidelius Corporate Risk Consultants Limited Book value £	Private Healthcare Managers Limited Book value £	Incepta Risk Management Ltd Book value £	Brunel Professions Ltd. Book value £
Intangible assets	-	-	-	370,000
Tangible assets	29,021	773	123	228,356
	29,021	773	123	598,356
Debtors	183,350	37,085	664,157	1,552,008
Cash at bank and in hand	56,735	56,367	996,733	1,240,700
Total assets	269,106	94,225	1,661,013	3,391,064
Creditors: due within one year	(520,382)	(40,311)	(644,035)	(1,764,947)
Provisions	(3,424)	(147)	-	(268,662)
Fair value of net assets acquired	(254,700)	53,767	1,016,978	1,357,455
Client renewal rights	2,799,132	1,197,773	4,877,702	29,298,172
Total purchase consideration	2,544,432	1,251,540	5,894,680	30,655,627
Satisfied by:				
Cash	1,257,954	849,895	3,817,613	13,262,635
Deferred Consideration	1,286,478	401,645	2,077,067	17,392,992
Total purchase consideration	2,544,432	1,251,540	5,894,680	30,655,627

HAMMERSMITH MIDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Business combinations (continued)

	Dunsby Associates Insurance Brokers Limited Book value £	Riskalliance Limited and Riskalliance International Limited Book value £	Sanctuary Holdco and CRS Yachts Limited Book value £
Intangible assets	-	-	-
Tangible assets	5,008	83,006	-
	<u>5,008</u>	<u>83,006</u>	<u>-</u>
Debtors	391,737	1,601,868	-
Cash at bank and in hand	164,962	696,795	100,000
Total assets	<u>561,707</u>	<u>2,381,669</u>	<u>100,000</u>
Creditors: due within one year	(93,083)	(818,332)	-
Provisions	(1,300)	-	-
Fair value of net assets acquired	<u>467,324</u>	<u>1,563,337</u>	<u>100,000</u>
Client renewal rights	1,976,232	5,162,729	4,646,835
Total purchase consideration	<u>2,443,556</u>	<u>6,726,066</u>	<u>4,746,835</u>
Satisfied by:			
Cash	1,770,351	5,609,061	3,250,000
Deferred Consideration	673,205	1,117,005	1,496,835
Total purchase consideration	<u>2,443,556</u>	<u>6,726,066</u>	<u>4,746,835</u>

On 1 September 2020 and 13 November 2020, Aston Lark Limited, a wholly owned subsidiary, acquired renewal rights to books of businesses for a total estimated consideration of £971,278.

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22. Other financial commitments

The Group as lessee:

At 31 December 2020, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Other 2020	Land and buildings 2020	Other 2019	Land and buildings 2019
Amounts due:				
Within one year	589,052	2,791,753	609,586	2,533,746
Between one and five years	1,531,863	4,274,333	1,554,728	6,001,006
After five years	-	953,388	123	1,581,310
	2,120,915	8,019,474	2,164,437	10,116,062

A subsidiary undertaking renewed an existing property lease for a 10 year term commencing on 6 March 2020 at an annual rent of £61,040 increasing to £71,050 from 25 March 2021 with a 2 month rent free period and a mutual break clause after 5 years.

A subsidiary undertaking entered into a property lease for a 6 year term commencing on 1 January 2021 at an annual rent of £59,670 with a break clause after 3 years.

On 16 March 2021, a subsidiary undertaking entered into a deed of variation on an existing property lease with an annual rent of £117,632 to extend a break date at 30 September 2021 by 6 months with a 5 month rent free period should the break not be exercised.

On 13 May 2021, a subsidiary undertaking surrendered an existing lease with a remaining 4 year term at an annual rent of £313,596 and entered a new lease on the same terms for a period of 1 year with a mutual break on or after 1 January 2022.

The Group as lessor:

At the year end, the Group had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	Land and buildings 2020	Land and buildings 2019
Amounts due:		
Within one year	100,775	92,049
Between one and five years	-	55,734
	100,775	147,783

The operating leases represent the sublet of two floors of two properties to third parties. The first lease is subject to a break date of August 2021, and a lease negotiation in October 2021. The second lease is subject to a break date of September 2021.

23. Charges and guarantees

Hammersmith Bidco Limited entered into a Senior Facilities Agreement originally dated 13 August 2019, as amended and restated from time to time and provided a guarantee and charged their assets by way of fixed and floating charges as security for the obligations under the Senior Facilities Agreement.

Certain group undertakings have also acceded to the Senior Facilities Agreement and provided a guarantee and charged their assets by way of fixed and floating charges as security for the obligations under the Senior Facilities Agreement. The outstanding amount of the loans under the Senior Facilities Agreement as at 31 December 2020 was £211,302,890 (2019: £163,693,339).

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24. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 and has not disclosed related party transactions with wholly-owned subsidiary undertakings within the Group.

Other related party transactions have been disclosed where material under the relevant note in the financial statements.

25. Post balance sheet events

Acquisitions

On 18 January 2021, Aston Lark Group Limited, a wholly owned subsidiary, acquired as a going concern the specialist boat insurance business and certain assets carried on by an insurer and then immediately transferred the business to Aston Lark Limited. Aston Lark Limited has re-branded the specialist boat insurance business as Haven Knox-Johnston, its previous trading name.

Aston Lark Group Limited acquired the entire share capital of the following companies after the year end, unless otherwise stated:

- On 20 February 2021, both Sennocke International Insurance Services Limited and Build Zone Survey Services Limited.
- On 25 February 2021, Denmark Green & Associates Limited.
- On 26 February 2021, Bruce Stevenson Limited, the parent company of Bruce Stevenson Insurance Brokers Limited.
- On 26 February 2021, 80% of Inet 3 Group Limited, the parent company of Inet3 Limited and Constabulary Travel Club Limited.
- On 2 March 2021, both Right to Health Limited and Venture Insurance Brokers Limited.
- On 15 March 2021, North County Brokers Limited, a company based in Ireland, and regulated by the Central Bank of Ireland.
- On 31 March 2021, DNA Insurance Limited.
- On 20 May 2021, Veritan Consultants Limited, a company based in Ireland, trading as Brady Burns & Associates and regulated by the Central Bank of Ireland.

On 8 February 2021, Spring Partners (Holdings) Limited, a group company, acquired the entire share capital of Neon Sapphire Limited.

On 2 March 2021, Aston Lark Employee Benefits Limited, a wholly owned subsidiary, acquired the trade and assets of The Health Insurance Specialists partnership as a going concern.

On 16 April 2021, Aston Lark Group Limited exchanged contracts to acquire the entire share capital of D O'Loughlin & Co Limited, a company based in Ireland and regulated by the Central Bank of Ireland.

On 20 May 2021, Aston Lark Europe Limited exchanged contracts to acquire as a going concern the business and certain assets of Detra Investments Limited, trading as Brady Burns Life & Pensions.

Group Reorganisation

As part of the group reorganisation strategy referred to in the Strategic Report, the following group reorganisations took place after the year end, whereby Dunsby Associates Insurance Brokers Limited on 1 March 2021, transferred their business and trading assets and liabilities to the Aston Lark Limited, aside from the insurance broking balances held at that date and other excluded assets such as the minimum capital requirement.

These group reorganisations have no impact on the Group as assets and liabilities are the same before and after the reorganisation.

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26. Controlling party

The company's immediate parent undertaking and the ultimate parent undertaking of the group is Hammersmith Topco Limited, a company registered in Jersey and controlled by West Street Capital VII Special Investments B No 2 S.a.r.l., which is the ultimate controlling party of the Group.

Hammersmith Topco Limited whose registered office is 22 Grenville Street, St Helier, Jersey JE4 8PX, head the largest group for which consolidated accounts are drawn up and of which the company is a member.