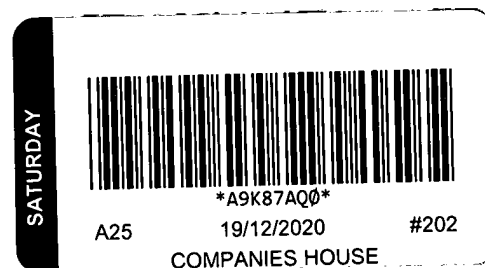


# Atlanta Investment Holdings 3 Limited

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year ended 31 December 2019



Company Registration No. 10162225 England and Wales

# Atlanta Investment Holdings 3 Limited

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# Atlanta Investment Holdings 3 Limited

## COMPANY INFORMATION

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### DIRECTORS

CD Ball  
IJ Donaldson  
J Deakin  
F Mackle  
D Cougill  
CE Lewis

### SECRETARY

JVL Devaney

### REGISTERED OFFICE

Autonet Insurance  
Nile Street  
Burslem  
Stoke-on-Trent  
Staffordshire  
ST6 2BA

### AUDITOR

Deloitte LLP  
Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF

Company Registration No. 10162225 England and Wales

# Atlanta Investment Holdings 3 Limited

## STRATEGIC REPORT

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The directors have pleasure in submitting their Strategic Report for Atlanta Investment Holdings 3 Limited ("Atlanta 3" or the "Company") for the year ended 31 December 2019.

### BUSINESS AND STRATEGIC OBJECTIVES

The Company will act as an intermediate holding company and support the strategic objectives of the group companies of internal growth and target acquisitions.

### REVIEW OF THE BUSINESS

As an entity, the Company has not traded in the year. The Company continues to hold via its subsidiaries, Atlanta 1 Insurance Services Limited (previously called Autonet Insurance Services Limited) and Carole Nash Insurance Consultants Limited. One of the Company's subsidiary companies also completed the purchase of the Swinton Insurance Group on 31 December 2018.

The Company has a net asset position of £83,032,847 (2018: £81,536,887).

Atlanta 1 Insurance Services Limited had another strong year in 2019 with a brokered gross written premium (GWP) of £163m, (2018: £156m). Atlanta 1 has again built on its strong competitive pricing position in the van insurance market. The overall policy count increased to 420,000 (2018: 410,000). This resulted in an operating profit of £9.0m (2018: £10.8m) and a profit before tax of £9.4m (2018: £11.3m). Average staff numbers remained similar at 632 in 2019 compared to 627 in 2018.

During the year Carole Nash Insurance Consultants Limited achieved a pre-tax profit of £4.2m (2018: £6.5m). Live policy count has increased from 225,000 to 232,000 and number of employees reduced slightly from 377 to 352. In Q4 the Carole Nash Ireland Branch began trading separately as a wholly owned subsidiary named Carole Nash Insurance Consultants (Ireland) DAC.)

Swinton Insurance had its first year within the Atlanta Group. Swinton Group Limited began to realise the benefits of its digital, technological and distribution transformation with an operating profit of £17.5m (2018: loss of £29.9m) and a profit before tax of £15.9m (2018: loss of £28.8m). Number of live policies was 1.3m (2018: 1.4m), core policies remaining the same at 0.9m.

The Directors have reviewed the Statement of Financial Position including the net debt, accessible cash, required working capital, net current liabilities and overall net asset position. They have agreed that the financial and cash positions are suitable to meet current and forecasted requirements, the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements, and that accounts are prepared on a going concern basis. The Company will continue to receive support from Group companies for at least the next 12 months.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's main risk and uncertainty is the successful performance of its three trading businesses noted above.

The Company and its subsidiary companies have sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19 and closely monitors available liquidity on an ongoing basis. The Company's subsidiary companies are forecast to remain profitable during this time. Liquidity risk is considered minimal. Interest payable will be offset by funds received from Atlanta Investment Holdings Limited.

# Atlanta Investment Holdings 3 Limited

## STRATEGIC REPORT

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The Company, part of Atlanta Group, itself part of Ardonagh Group, have all considered the consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across each of the operating segments, with measures to manage employee absences, access to the wider network of all offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of our employee base. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach on a daily basis in line with latest global developments and government guidance.

This Strategic Report was approved on behalf of the board of directors on *16 December* 2020.



**CD Ball**  
Director

# Atlanta Investment Holdings 3 Limited

## DIRECTORS' REPORT

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The directors submit their report and the audited financial statements of Atlanta Investment Holdings 3 Limited for the year ended 31 December 2019.

The directors have not disclosed the following sections of the director's report "Business review, financial instruments and risks and uncertainties" as these have been included within the Strategic Report on page 2.

### PRINCIPAL ACTIVITIES

The Company continues to act as an intermediate holding company.

The principal activity of the main subsidiaries at the year end, Atlanta 1 Insurance Services Limited, Carole Nash Insurance Consultants Limited and Swinton Insurance Group, remain that of insurance broking.

### RESULTS AND DIVIDENDS

The results for the period are shown in the statement of comprehensive income on page 9 and the directors do not recommend any final dividend (2018: £nil).

### DIRECTORS

The following directors have held office during the financial year and up to the date of this report:

S Babikian (resigned 10 April 2019)  
MR Colwell (resigned 10 April 2019)  
A Cusaro (resigned 10 April 2019)  
CD Ball  
D Cougill (appointed 5 April 2019)  
J Deakin (appointed 20 March 2019)  
F Mackle (appointed 20 March 2019)  
IJ Donaldson  
PB Hanratty (resigned 30 June 2020)  
CE Lewis (appointed 18 October 2019)

### POST BALANCE SHEET EVENTS

No subsequent events have occurred which would have an adjusting impact on these financial statements. The directors do not believe that any changes due to Brexit or Covid19 will have a significant impact on the Company or its subsidiaries. Provision for staff working from home has enabled services within the trading subsidiary to continue.

### FUTURE DEVELOPMENTS

The business continues to act as an intermediate holding company of the insurance brokers noted above.

The Group continues to target profitable growth and increases its share of the general insurance market through internal growth and targeted acquisitions.

### EMPLOYEES

The Company does not have any employees other than the directors who served office during the year.

# Atlanta Investment Holdings 3 Limited

## DIRECTORS' REPORT

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. This statement is given and should be interpreted in accordance with the provision of section 418(2) of the Companies Act 2006

### AUDITOR

In the absence of an Annual General Meeting the directors have advised that Deloitte LLP will be re-appointed as auditors.

This Directors' Report was approved on behalf of the board of directors on *16 December* 2020.



**CD Ball**  
Director

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTA INVESTMENT HOLDINGS 3 LIMITED**

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

### **Opinion**

In our opinion the financial statements of Atlanta Investment Holdings 3 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 13.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTA INVESTMENT HOLDINGS 3 LIMITED (continued)**

### **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.

In connection with our audit of the financial statements, 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 respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTA INVESTMENT HOLDINGS 3 LIMITED (continued)**

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

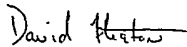
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Heaton (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester

United Kingdom

16 December 2020

# Atlanta Investment Holdings 3 Limited

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Administrative expenses		(74,415)	142,487
OPERATING (LOSS)/PROFIT		(74,415)	142,487
Interest receivable and similar income	3	1,847,126	1,679,206
PROFIT BEFORE TAXATION	6	1,772,711	1,821,693
Total tax charge	7	(319,026)	(630,807)
PROFIT AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		1,453,685	1,190,886

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There is no other comprehensive income other than shown above.

The notes on pages 12 to 25 form an integral part of the financial statements.

# Atlanta Investment Holdings 3 Limited

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Investments	8	84,122,443	82,233,041
<b>CURRENT ASSETS</b>			
Debtors	9	132,765	79,799
Cash at bank and in hand		-	346
		<u>132,765</u>	<u>80,145</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	10	(1,222,361)	(776,299)
<b>NET CURRENT LIABILITIES</b>		<u>(1,089,596)</u>	<u>(696,154)</u>
<b>NET ASSETS</b>		<u>83,032,847</u>	<u>81,536,887</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	790,021	790,021
Share-based payment reserve		(155,574)	(167,203)
Share premium account		78,260,094	78,229,448
Profit and loss account		4,138,306	2,684,621
<b>TOTAL EQUITY</b>		<u>83,032,847</u>	<u>81,536,887</u>

The notes on pages 12 to 25 form an integral part of the financial statements.

The financial statements on pages 9 to 25 were approved by the board of directors and authorised for issue on 16 December 2020 and are signed on its behalf by:



**CD Ball**  
Director

Company Registration No. 10162225

# Atlanta Investment Holdings 3 Limited

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Called up share capital £	Share premium account £	Share-based payment reserve £	Profit and loss account £	Total £
<b>Balance at 1 January 2018</b>	788,408	78,052,295	-	1,493,735	80,334,438
Profit for the financial year	-	-	-	1,190,886	1,190,886
<b>Total comprehensive income for the year</b>	-	-	-	1,190,886	1,190,886
Transactions with owner:- Issue of shares	1,613	177,153	-	-	178,766
Share-based payment	-	-	(167,203)	-	(167,203)
<b>Total transactions with owners in their capacity as owners</b>	1,613	177,153	(167,203)	-	11,563
<b>Balance at 31 December 2018</b>	790,021	78,229,448	(167,203)	2,684,621	81,536,887
Profit for the financial year	-	-	-	1,453,685	1,453,685
<b>Total comprehensive income for the year</b>	-	-	-	1,453,685	1,453,685
Transactions with owner:- Share-based payment	-	30,646	11,629	-	42,275
<b>Total transactions with owners in their capacity as owners</b>	-	30,646	11,629	-	42,275
<b>Balance at 31 December 2019</b>	790,021	78,260,094	(155,574)	4,138,306	83,032,847

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES

#### GENERAL INFORMATION

Atlanta Investment Holdings 3 Limited (“the Company”) is a private company limited by shares, and is registered and incorporated in England.

The address of the Company’s registered office and principal place of business is Nile Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 2BA.

The Company’s principal activity and nature of operations are included in the directors’ report.

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102) and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

The directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements, see note 12.

#### REDUCED DISCLOSURES

The Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 ‘Basic Financial Instruments’ – Carrying amounts of financial instruments held at amortised cost or cost.
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Ardonagh Midco 3 PLC whose registered address is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The consolidated financial statements of Ardonagh Midco 3 PLC are available from Companies House, Maindy, Cardiff, CF12 3UZ.

#### CONSOLIDATED FINANCIAL STATEMENTS

The financial statements present information about the Company as an individual undertaking and not about its group, as the Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### GOING CONCERN AND POST BALANCE SHEET EVENTS

As shown in account note 13, the Company is a member of a group ("the Group") of which The Ardonagh Group Limited ("TAGL") is the ultimate parent company and the highest level at which results are consolidated. The Company will continue to receive support from Group companies for at least the next 12 months.

The financial statements of the Company set out on pages 9 to 25 have been prepared on a going concern basis. At 31 December 2019, the Company had net assets of £83.0m (31 December 2018: £81.5m) and net current liabilities of £1.1m (31 December 2018: £0.7m). The Company reported a profit before tax of £1.8m for the year ended 31 December 2019 (31 December 2018: £1.8m).

As further described in post balance sheet events note, on 14th July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The Directors' going concern assessment takes into account these new financing arrangements and latest forecasts for the enlarged group.

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

- The current capital structure and liquidity of the Company and the Group, as well as the assessment that the Group continues to be a going concern.
- The Group manages its cash and funding requirements on a Group-wide basis.
- Following the 14<sup>th</sup> July 2020 Group refinancing, the source of funding of the Group includes £1.975 billion of debt in the form of \$500m (£400m) payment-in-kind ("PIK") toggle notes due 2027, a privately placed term loan facility due 2026 of £1.575 billion comprising £1.413 billion denominated in pound sterling and €180m denominated in euro (to which the Company is a guarantor along with the other significant subsidiaries in the Group). The guarantor obligations are joint and several obligations of all of the guarantors and this means that when there is a requirement to repay the borrowed funds, the lender may also call upon the guarantors as a whole, as well as each of them severally, to do so.
- Group funding also includes a £300m committed Capex, Acquisition and Re-organisation ("CAR") facility due 2026, of which £50m has been drawn to fund acquisitions, and a £191.5m RCF that is not drawn at the date of this report.
- The principal risks facing the Company and the Group, including the potential financial and operational impacts of Covid-19, and its systems of risk management and internal control.
- The Group has assessed that it has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19. The Group had available liquidity of £181.7m at 31 December 2019 and closely monitors available liquidity on an ongoing basis. Following the 14<sup>th</sup> July 2020 Group refinancing, the Group's available liquidity was £595.1m at 30 September 2020.
- The Group is largely insulated from currency FX volatility.

Key stress scenarios that TAGL considered as part of its 2019 Going Concern assessment include cumulative stresses to the Group's base plan of a net reduction in cashflow of over £100m in 2020 and further reductions in 2021. TAGL's 2019 Going Concern stress testing indicated that revenues would need to decline by up to 30% compared to base case in the 7 quarters from Q2 2020, offset by certain discretionary cost cuts and headcount reductions but assuming that the cost base does not reduce at the same speed as revenue to reach the Group's liquidity limits. The Directors of TAGL considered these stress conditions to be a remote scenario. Actual trading in the ten months ended October 2020 is significantly ahead of the stresses to the base plan noted above.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### GOING CONCERN AND POST BALANCE SHEET EVENTS (continued)

Further details can be found in the 2019 Annual Report and Financial Statements of TAGL, which is published on its website.

The Directors of the Company have also considered the wider operational consequences and ramifications of the Covid-19 pandemic.

- Business Continuity Plans are in place across the Company's offices, with measures to manage employee absences, access to other offices, the efficiency and stability of the Company's infrastructure and the ability for home working for a significant portion of the employee base. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach on a daily basis in line with latest global developments and government guidance.
- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns.

Following the assessment of the Company's ability to meet its obligations as and when they fall due and the Group's financial position and liquidity, including the potential financial implications of the Covid-19 pandemic included in Group stress tests, and the wider operational consequences and ramifications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

#### FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company.

#### OTHER INCOME

##### *Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.



# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### SHARE-BASED PAYMENTS

Equity shares consisting of equity-settled share-based payments have been issued to certain employees of subsidiaries. The shares are in this Company. The equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

#### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 1 ACCOUNTING POLICIES (continued)

#### FIXED ASSET INVESTMENTS

Interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries and jointly controlled entities are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

#### FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

##### *Group and other debtors*

Group and other debtors which are receivable within one year are initially measured at the transaction price. Group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

#### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### *Group and other creditors*

Group and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting judgements*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The directors consider that there are no critical accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

#### *Key sources of estimation uncertainty*

The Company regularly reviews and assesses the carrying value of its investments by monitoring profitability, cash flows and transactional activities in the relevant sectors, if there were any indication that the recoverability of such items had been materially impacted the Company would recognise any such changes in the financial statements as necessary. No impairment was considered necessary.

3	INTEREST RECEIVABLE AND SIMILAR INCOME	2019 £	2018 £
	Interest on group loans	1,847,126	1,679,206

4	EMPLOYEES	2019 Number	2018 Number
	The average monthly number of persons (including directors) employed by the Company during the year was:		
	Directors	6	5

There was no remuneration paid during the year (2018: £nil).

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 5 SHARE-BASED PAYMENTS

In September 2018, 102,000 ordinary C shares and 59,250 ordinary D shares were awarded in a share-based payment scheme to senior employees of Autonet Insurance Services Limited and Carole Nash Insurance Consultants Limited, both companies being subsidiaries of Atlanta Investment Holdings 3 Limited.

The shares each have a nominal value of £0.01 per share and were issued to the subsidiaries' employees for £0.01 per share. To benefit from the shares the employee is required to remain in the employ of the Group until an exit event. For the accounting of the share-based payment, the time to an exit event was estimated at 5 years.

A fair value calculation using the Black Scholes pricing method as at the grant date was performed. At the time of the grant a share-based payment reserve of £177,153 was set up in the Company with a corresponding amount to share premium. At the year end, £155,574 remains in the share-based payment reserve (2018: £167,203). The share-based payment reserve will be released over a 5 year period as additional investments by the Company in the subsidiaries in which the senior employees work. During the year, £42,275 was released (2018: £9,950).

No amounts will go through the profit and loss account of this Company.

### 6 PROFIT BEFORE TAXATION

Fees payable to Deloitte LLP and their associates in respect of audit services are below. There were no non-audit services.

	2019 £	2018 £
Audit services – auditing of these financial statements	6,180	6,000
Exceptional costs	82,440	-

Exceptional costs of £82,440 (2018: £nil) relate to professional fees incurred in relation to a proposed share reorganisation.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

### 7 TAXATION

	2019 £	2018 £
Current tax:		
UK corporation tax on profits for the year	352,479	346,122
Adjustments in respect of prior years	(33,453)	284,685
Total current tax	319,026	630,807
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax charge in the Statement of Comprehensive Income	319,026	630,807

	2019 £	2018 £
The differences are reconciled below:		
Profit before tax	1,772,711	1,821,693
Profit multiplied by the average standard rate of corporation tax in the UK 19% (2018: 19%)	336,815	346,122
<i>Effects of:</i>		
Expenses not deductible for tax purposes	15,664	-
Adjustments in respect of prior years – current tax	(33,453)	284,685
Total tax charge	319,026	630,807

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

### 8 FIXED ASSET INVESTMENTS

	Shares £	Loans £	Total £
<i>Cost</i>			
At 31 December 2018	63,761,778	18,471,263	82,233,041
Additions	42,276	1,847,126	1,889,402
	<hr/>	<hr/>	<hr/>
At 31 December 2019	63,804,054	20,318,389	84,112,443
	<hr/>	<hr/>	<hr/>
<i>Impairment</i>			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Carrying value</i>			
<b>At 31 December 2019</b>	<b>63,804,054</b>	<b>20,318,389</b>	<b>84,112,443</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2018	63,761,778	18,471,263	82,233,041
	<hr/>	<hr/>	<hr/>

The company's subsidiary undertakings are:

<i>Subsidiary undertaking</i>	<i>Class and percentage of shares held</i>		<i>Nature of business</i>
	<i>Directly held</i>	<i>Indirectly held</i>	
Atlanta Investment Holdings 2 Limited	100% ordinary	-	Holding company
Atlanta Investment Holdings Limited	-	100% ordinary	Holding company
Atlanta Investment Holdings A Limited	-	100% ordinary	Holding company
Carole Nash Insurance Consultants Limited	-	100% ordinary	Insurance broker
Carole Nash Insurance Consultants (Ireland) DAC	-	100% ordinary	Insurance broker
Atlanta 1 Insurance Services Limited	-	100% ordinary	Insurance broker
KDB Medicals Limited	-	100% ordinary	Medical examinations
Atlanta Investment Holdings C Limited	-	100% ordinary	Dormant

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

### 8 FIXED ASSET INVESTMENTS (continued)

<i>Subsidiary undertaking</i>	<i>Class and percentage of shares held</i>		<i>Nature of business</i>
	<i>Directly held</i>	<i>Indirectly held</i>	
Atlanta Investment Holdings Midco B Limited	-	100% ordinary	Holding company
Atlanta Investment Holdings B Limited	-	100% ordinary	Holding company
Swinton (Holdings) Limited	-	100% ordinary	Holding company
Rockford Group Limited	-	100% ordinary	Dormant
Rockford Insurance Brokers Limited	-	100% ordinary	Dormant
Walmsleys Insurance Brokers Limited	-	100% ordinary	Dormant
Swinton Group Limited	-	100% ordinary	Insurance broker
Swinton Properties Limited	-	100% ordinary	Real estate
Andinsure Limited	-	100% ordinary	Dormant
Fairfield Insurance Services Limited	-	100% ordinary	Dormant
Its4me Limited	-	100% ordinary	Dormant
EIBL Management Limited	-	100% ordinary	Dormant
EIBL Limited	-	100% ordinary	Dormant
Colonnade Insurance Limited	-	100% ordinary	Dormant

The registered address of Carole Nash Insurance Consultants Limited is Trafalgar House, 110 Manchester Road, Altrincham, Cheshire, WA14 1NU.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 8 FIXED ASSET INVESTMENTS (continued)

The registered office of Carole Nash Insurance Consultants (Ireland) DAC is Ulysses House, 22/24 Foley St, Mountjoy, Dublin.

The registered address of Atlanta 1 Insurance Services Limited, Atlanta Investment Holdings Limited, Atlanta Investment Holdings 2 Limited, Atlanta Investment Holdings A Limited, Atlanta Investment Holdings B Limited and Atlanta Investment Holdings Midco B Limited, Atlanta Investment Holdings C Limited and KDB Medicals Limited, is Nile Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 2BA.

The registered address of the other companies is Embankment West Tower, 101 Cathedral Approach, Salford, England, M3 7FB.

The company indirectly holds more than 20% of the participation rights in the following Limited Liability Partnership:

<i>Limited Liability Partnership</i>	<i>Proportion indirectly held</i>	<i>Nature of business</i>
Autonet Law LLP	75%	Legal services

The registered address is PM House, 250 Shepcote Lane, Sheffield, S9 1TP.

The Company indirectly holds the following interest in a joint controlled entity:

<i>Limited Liability Partnership</i>	<i>Proportion indirectly held</i>	<i>Nature of business</i>
Carole Nash Legal Services LLP	50%	Legal services

The registered office of Carole Nash Legal Services LLP is Helmont House, Churchill Way, Cardiff, CF10 2HE.

In the prior year, certain directors and staff of the Company's subsidiary undertakings have been granted shares in the Company, conditional upon remaining in the employment of the group (see note 5).

9	DEBTORS	2019 £	2018 £
	<i>Amounts falling due within one year:</i>		
	Amounts owed by group undertakings	346	-
	Corporation tax	17,789	-
	Other debtors	114,630	79,799
		<hr/>	<hr/>
		132,765	79,799
		<hr/>	<hr/>



# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

10	CREDITORS: Amounts falling due within one year	2019 £	2018 £
	Amounts due to group undertakings	1,124,681	394,677
	Accruals and deferred income	97,680	35,500
	Corporation tax	-	346,122
		<u>1,222,361</u>	<u>776,299</u>

The amounts falling due within one year, due to group undertakings, are interest free, unsecured and repayable on demand.

11	SHARE CAPITAL AND RESERVES	2019 £	2018 £
	Allotted, issued and fully paid:		
	15,000,000 ordinary A Shares of £0.01 each	150,000	150,000
	63,751,927 ordinary B Shares of £0.01 each	637,519	637,519
	102,000 ordinary C Shares of £0.01 each	1,020	1,020
	148,125 ordinary D Shares of £0.01 each	1,482	1,482
		<u>790,021</u>	<u>790,021</u>

### *Share issue*

On 6 March 2020 the Company issued 100,000 E1 £0.01 shares with a nominal value of £1,000 and 350,000 E2 £0.01 shares with a nominal value of £3,500.

### *Ordinary share rights*

The Company's ordinary A, ordinary B, ordinary C and ordinary D shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### *Share incentive scheme*

During the year a total of £nil (2018: £102,000) ordinary C shares with a nominal value of £nil (2018: £1,020) and £nil (2018: £59,250) ordinary D shares with a nominal value of £nil (2018: £593) were issued under the Company's share incentive plan (see note 5).

### *Share premium account*

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

### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

### *Share based payment reserve*

Equity shares consisting of equity-settled share-based payments have been issued to certain employees in Atlanta 1 Insurance Services Limited and Carole Nash Insurance Consultants Limited.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 12 POST BALANCE SHEET EVENTS

No subsequent events have occurred which would have a material impact on these financial statements. The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements (see note 1 Accounting Policies).

During July 2020, the Group implemented the “July 2020 transaction” which comprises of the 14<sup>th</sup> July 2020 refinancing (see note 1 which provides further detail on how the group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions) and three acquisitions, as set out in the Ardonagh Offering Memorandum dated 22<sup>nd</sup> June 2020, and as summarized below.

- On 14<sup>th</sup> July 2020, the Group purchased the entire issued share capital of Nevada 5 Topco Limited, of which Arachas Topco Limited is an indirect subsidiary. The consideration paid was €135.8m cash. Additionally, all the existing borrowings of the acquire group were settled.

- On 14<sup>th</sup> July 2020, the Group purchased the entire issued share capital of Nevada 4 Midco 1 Limited, the parent of Bravo Investment Holdings Limited. The consideration for the share capital was £39.8m cash. Additionally, all the existing borrowings of the acquire group were settled.

- On 7 August 2020, the Group completed the purchase of the entire issued share capital of Bennetts Motorcycling Services Limited (“Bennetts”). The consideration paid for the share capital was £1.3m cash. Additionally, all the existing borrowings of the acquiree were settled. The Group exchanged contracts to acquire Bennetts on 17 February 2020 and Ardonagh voluntarily notified the merger to the Competitions and Markets Authority (“CMA”). Following its Phase 1 investigation, the CMA announced on 16 September 2020 that it would refer the merger for an in-depth Phase 2 investigation unless the Group offered suitable undertakings to address the CMA’s concerns. In response, the Group has offered to divest Bennetts and has not reported this interest as a business combination as it has been determined that it does not control Bennetts. This interest in the share capital of Bennetts has been recognised as a financial asset measured at fair value through other comprehensive income and is shown as an asset held for sale.

- On 1 October 2020, the Group entered into a binding commitment to grant a loan facility investment on arm’s length commercial terms of up to £13.0m and associated commitments to a related party of the Group to fund a business combination to be made by that related party. In connection with the agreement to grant the loan facility the Group also entered into an agreement to provide indemnity coverage in respect of certain costs and liabilities for which the related party may become liable in relation to that investment or otherwise incur in connection with the business combination, although these are not expected to arise on the basis of the due diligence and business plan for the relevant business.

- During October, £50.0m was drawn on the £300.0m Capex, Acquisition and Re-organisation (“CAR”) facility due 2026 to fund acquisitions, which leaves £250.0m of the CAR facility still available.

- The Group completed the purchase of other individually immaterial businesses after the reporting period, the aggregate consideration for which was £0.4m cash and contingent consideration with a fair value of £0.7m.

- On 1 November 2020, the Group sold its Milburn Insurance Brokers business and assets, which was part of the Ardonagh Advisory segment. The consideration received was cash of £0.1m, deferred consideration of £0.3m and contingent consideration with a fair value of £1.8m.

- Ardonagh Specialty has entered into a 10-year arrangement with a business process outsourcing services specialist after the reporting date to deliver a technology led transformation of its insurance broking services.

# Atlanta Investment Holdings 3 Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 13 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Nevada Investments Topco Limited, a company incorporated in the Cayman Islands.

The smallest group in which the results of the Company are consolidated is that headed by Ardonagh Midco 3 PLC whose registered address is 2 Minster Court, Mincing Lane, London, EC3R 7PD. The consolidated financial statements of Ardonagh Midco 3 PLC are available to the public from Companies House, Maindy, Cardiff, CF12 3UZ.

At 31 December 2019, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). The Group's majority shareholder is HPS Investment Partners LLC. The Ardonagh Group Limited is the largest group in which the results are consolidated and its financial statements are available upon request from Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.