

Registration number: 10162225

Atlanta Investment Holdings 3 Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

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Atlanta Investment Holdings 3 Limited

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Atlanta Investment Holdings 3 Limited

Company Information

Directors	C D Ball
	D Cougill
	I J Donaldson
	C E Lewis
	F Mackle
	A S Watson
	D A Finch
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	Embankment West Tower 101 Cathedral Approach Salford M3 7FB United Kingdom

Atlanta Investment Holdings 3 Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022 for Atlanta Investment Holdings 3 Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Ardonagh Group Holdings Limited group of companies ("the Group").

Principal activities and business review

The principal activity of the Company is that of an intermediate holding company.

The results for the Company show turnover of £Nil (2021: £Nil) and loss before tax of £24.2m (2021: profit of £1.6m) for the year. At 31 December 2022 the Company had net assets of £71.6m (2021: £95.7m). On 15 September 2023, the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group. See note 16 for further details. The going concern note (part of accounting policies) on page 17 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

Business strategy and 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.

Companies Act s.172 Duty

The Directors take seriously their obligations under s.172 (1) (a)-(f) of the Companies Act 2006 ("s.172 Duties") to act in a way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole consistent with s.172 Duties.

Board oversight and governance are discharged by the Atlanta Retail Group Platform and Segment Boards. The Platform Board considers and approves acquisitions and disposals, sets integration/synergy plans and recommends investments over a set limit to the Ardonagh Group Board for approval. The Atlanta Platform Board has constituted a Remuneration Committee and an Audit Committee. The Remuneration Committee approves matters delegated to them by the Group Remuneration Committee and recommends matters that require approval by the Group Remuneration & Nominations Committee. The Audit Committee ensure robust oversight over prudential and financial risk and Internal Audit plan delivery.

The performance and delivery of annual and integration plans of the underlying Broking and MGA businesses within the Atlanta Retail Group are subject to detailed oversight by our Insurance Broking and MGA Segment Boards. The Segment Boards also discharge rigorous oversight over the management of risk. Given the respective size of the businesses, the insurance broking Segment Board have constituted a risk committee that reports back to the Board.

All our Boards and Committees operate under written terms of reference and a delegated authority framework set by the Ardonagh Group. Our Boards and Committees are supplied with regular, comprehensive and timely information in a form and quality that enables them to discharge their duties effectively. Below is an explanation of how the Atlanta Platform and Segment Boards engage with our stakeholders and how their views inform Board decision making.

Atlanta Investment Holdings 3 Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Companies Act s.172 Duty (continued)

Shareholders

There are two shareholder representative directors on the Atlanta Platform Board who articulate their views during Board discussions.

Employees

Our employees are central to the success of the Atlanta Group and our remuneration structures are designed to reward good performance at the individual and business level and support our values. In addition, the Atlanta Group focusses on providing long-term career prospects for staff with opportunities to up-skill through training, providing career progression paths and study support and, if appropriate, movement across different Atlanta businesses.

The Atlanta Group has adopted an Equality and Diversity Policy and the Board believes that equality, diversity and inclusion strengthen the Atlanta Group, contribute to long-term business performance, and attract key talent. The Atlanta Board have taken time to consider management actions and initiatives regarding diversity and inclusion, and they support and monitor management actions to increase the proportion of senior leadership roles held by women and other under-represented groups across Atlanta.

During the year, Management introduced several initiatives including an advance pay review of 2% and a one off £500 Cost of Living payment for lower paid colleagues, a Winter Warmer campaign providing free breakfast, lunches and a Community Cupboard to alleviate the cost-of-living related financial pressures for employees.

An annual Groupwide employee pulse survey has been conducted since 2019. 84% of Atlanta employees participated in the 2022 pulse survey, the highest response rate across the Ardonagh Group. Atlanta achieved an average score of 7.7 (out of 10) across all questions, higher than the 7.5 average score across the Ardonagh Group. The survey highlighted positive trends regarding creating a sense of belonging and purpose, fostering cultures of inclusion and respect, and building strong team and line manager relationships. The survey also highlighted that there is also work to do on recognition and inter-department/brand collaboration.

Customers

Seeking good customer outcomes is central to the success of the business. Management continues to seek customer views and improve how we track our customers' perceptions of our businesses and bring the voice of our customers into Board reporting. Our products and services are periodically reviewed to ensure they continue to meet the needs of our customers.

In response to the cost-of-living crisis, the Board has reviewed and enhanced how we support our vulnerable customers, including dedicated call lines staffed by colleagues who have received specific training and provided with tools and solutions to help our customers.

In preparation for the new UK Customer Duty launched by the FCA, the Atlanta segment board selected an independent non-executive director to act as a Customer Champion who regularly meets with management to discuss and challenge performance against customer related metrics and helps facilitate the voice of the customer to be heard in the Boardroom.

Atlanta Investment Holdings 3 Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Companies Act s.172 Duty (continued)

Regulatory relationships

The Board prioritises positive, open and transparent engagement with all our regulatory relationships. Our directors receive regular updates on regulatory interactions and new regulatory rules and guidance and how they impact our businesses. We participate in thematic reviews and believe that strong regulatory relationships are a source of competitive advantage.

Insurers

Our insurance partners are fundamental to the success of the business. Senior leaders regularly meet with key insurance partners, supported by increasingly sophisticated data, to discuss performance and ways in which we can continue to meet customers' needs and these developments are reported to our Boards.

Our Suppliers

Management aims to treat all our suppliers fairly and to pay them in accordance with contractual terms. Our key suppliers are defined by the Group Outsourcing and Procurement Policy which ensures that all key suppliers are identified and subject to appropriate monitoring and engagement. Management ensures appropriate due diligence is performed on key suppliers before they are engaged. We require that our suppliers have ESG and modern slavery policies that are at least as stringent as our own.

The businesses publish a Payment Practices Report, on a bi-annual basis in accordance with the statutory reporting duty which requires companies to report on their payment policies, practices and performance.

Community

Ardonagh contributes to the communities in which we operate through the Ardonagh Charitable Trust. Further details on how we interact with communities are set out in the Sustainability Report available on the Ardonagh website.

Case Study in considering stakeholders in decision making

Our Atlanta Platform Board considered the new UK Consumer Duty rules and how they will impact our businesses and our stakeholders, as outlined out below:

Our Boards

The Platform Board considered and approved management's implementation plans to ensure compliance with the new Consumer Duty rules by the regulatory deadline. The Board received training and the previously mentioned Consumer Duty champion on the Board received additional briefings and training to ensure they can effectively discharge oversight and challenge. The Atlanta Segment Board will receive annual reviews in order to evidence that products and services comply with the new Consumer Duty.

Colleagues

Our Boards received assurances that relevant staff will receive training on the new Consumer Duty rules and regular communications are sent out to staff to ensure awareness of the new rules and support the embedding of the Consumer Duty requirements. Our Boards regularly consider the culture within our businesses and ensure risk frameworks and remuneration policies help drive the right conduct and behaviours.

Atlanta Investment Holdings 3 Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Companies Act s.172 Duty (continued)

Customers

Our customers are at the heart of our decision making and our Boards considered how the business will ensure 'good customer outcomes' will be achieved and evidenced and how the business treats vulnerable customers. Our Boards have tasked management to build new metrics and reporting to enable compliance with the new rules to be measured and monitored. Management is also seeking ways to enhance customer communications in light of the new rules, and these enhancements will be subject to Board oversight and challenge.

Insurers

Our segment Boards considered how the business will work with our insurer partners in order to comply with the new Consumer Duty rules, in particular how 'fair value' assessments will be conducted.

Regulatory

Our segment Boards discharge oversight and challenge to ensure the business complies with regulatory deadlines set out in the new Consumer Duty rules. In addition, our Risk Committee consider interactions with the FCA to ensure our regulatory relationship is constructive, transparent and cooperative.

Shareholders

Our shareholder representative directors report back to the Group Board on progress and the impact of compliance with the new Consumer Duty rules on the business.

Outlook

On 15 September 2023, the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group. See note 16 for further details. The directors do not expect there to be any changes in the nature of the business in 2023.

Key performance indicators

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

The key performance indicator for the Company is the carrying value of its subsidiaries, as this is the main asset of the Company. The performance of the subsidiaries will determine whether an impairment to the carrying value is required and this is tested on a regular basis. There was no impairment charge recognised in the current or prior year.

Atlanta Investment Holdings 3 Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

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

A principal risk of this holding Company is the trading performance of its subsidiaries. Trading performance in the subsidiaries could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. The subsidiaries set performance targets for the year ahead and performance is reviewed regularly against these targets. Reasons for under performance are monitored and mitigating actions are taken. The investments are reviewed for impairment to ensure the appropriate carrying value in the Company's accounts.

The principal risks and their mitigation are as follows:

Financial risk

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

The Group has demonstrated its resilience to economic uncertainties and demonstrated operational and financial resilience in response to a downturn in UK business and customer confidence.

The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained economic decline, although this has not materialised to date and the Group would respond to income declines by seeking cost savings. The Group had available liquidity of £955.1m at 30 June 2023 and closely monitors available liquidity on an ongoing basis.

Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. Ardonagh is highly diversified and not materially exposed to a single carrier, customer or market sector.

Litigation

We are subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors, omissions or unfair provisions in connection with the placement of insurance or the provision of financial services advice in the ordinary course of business.

We maintain professional indemnity insurance for errors and omissions claims. The terms of this insurance vary by policy year and our ability to obtain professional indemnity insurance in the future may be adversely impacted by general developments in the market for such insurance, or by our own claims experience. If our insurance coverage proves inadequate or unavailable, there is an increase in liabilities for which we self-insure.

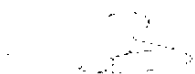
Atlanta Investment Holdings 3 Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Breach of regulatory requirements

If we fail to comply with regulatory requirements, we may not be able to conduct our business or may be subject to substantial fines or other sanctions that may have an adverse effect on our results of operations and financial condition. The Group operates a robust risk and control framework (underpinned by the three lines of defence governance model set out on above) and closely monitors changes to the regulatory environment.

Approved by the Board on 20 November 2023 and signed on its behalf by:



C D Ball
Director

Atlanta Investment Holdings 3 Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2022.

Directors of the Company

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

C D Ball

D Cougill

I J Donaldson

C E Lewis

F Mackle

A S Watson

The following director was appointed after the year end:

D A Finch (appointed 13 January 2023)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2022 (2021: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report within the 'Principal risks and uncertainties' section on page 6.

Future developments

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 5.

Political donations

The Company has not made any political donations during the year (2021: £Nil).

Atlanta Investment Holdings 3 Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Subsequent events

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' section on page 35.

Going concern

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

Directors' indemnities

All directors of the Company and fellow Group companies benefit from qualifying third-party indemnity provisions, subject to the conditions set out in the Companies Act 2006, which were in place during the financial year and at the date of this report.

Approved by the Board on 20 November 2023 and signed on its behalf by:



C D Ball
Director

Atlanta Investment Holdings 3 Limited

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 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

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

Atlanta Investment Holdings 3 Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Administrative expenses		<u>(7)</u>	<u>(623)</u>
Operating loss	4	(7)	(623)
Finance income	5	2,612	2,235
Finance costs	5	<u>(26,757)</u>	<u>-</u>
(Loss)/profit before tax		(24,152)	1,612
Income tax credit/(expense)	8	<u>1</u>	<u>(425)</u>
(Loss)/profit for the year		<u><u>(24,151)</u></u>	<u><u>1,187</u></u>

The above results arise from continuing operations. There are no items of other comprehensive income in the current or prior year.

The notes on pages 15 to 35 form an integral part of these financial statements.

Atlanta Investment Holdings 3 Limited

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Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Investments in subsidiaries and associates	9	73,913	73,895
Trade and other receivables	10	237,580	24,585
		<u>311,493</u>	<u>98,480</u>
Current assets			
Trade and other receivables	10	493,790	330
Current liabilities			
Trade and other payables	11	(409,028)	(2,279)
Borrowings	12	(4,622)	-
Tax liabilities	8	-	(794)
		<u>(413,650)</u>	<u>(3,073)</u>
Net current assets/(liabilities)		<u>80,140</u>	<u>(2,743)</u>
Total assets less current liabilities		<u>391,633</u>	<u>95,737</u>
Non-current liabilities			
Borrowings	12	(320,029)	-
Net assets		<u>71,604</u>	<u>95,737</u>
Capital and reserves			
Share capital	13	795	795
Share premium		78,260	78,260
Capital contribution		9,855	9,855
Retained earnings		<u>(17,306)</u>	<u>6,827</u>
Total equity		<u>71,604</u>	<u>95,737</u>

The notes on pages 15 to 35 form an integral part of these financial statements.

Atlanta Investment Holdings 3 Limited

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Statement of Financial Position as at 31 December 2022 (continued)

For the financial year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 20 November 2023 and signed on its behalf by:



C D Ball
Director

The notes on pages 15 to 35 form an integral part of these financial statements.

Atlanta Investment Holdings 3 Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	795	78,260	9,855	6,827	95,737
Loss for the year	-	-	-	(24,151)	(24,151)
Share-based payment	-	-	-	18	18
At 31 December 2022	<u>795</u>	<u>78,260</u>	<u>9,855</u>	<u>(17,306)</u>	<u>71,604</u>

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	795	78,260	-	5,549	84,604
Profit for the year	-	-	-	1,187	1,187
Share-based payment	-	-	-	91	91
Capital contribution	-	-	9,855	-	9,855
At 31 December 2021	<u>795</u>	<u>78,260</u>	<u>9,855</u>	<u>6,827</u>	<u>95,737</u>

On 13 May 2021, a deed of release was entered in to between Group companies under common control which released an indirect subsidiary from a £9.9m intercompany loan and the recognition of a £9.9m capital contribution and corresponding increase to investments in subsidiaries in the Company.

The notes on pages 15 to 35 form an integral part of these financial statements.

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, that is incorporated and registered in England, United Kingdom. The details of the Company's registered office address can be found on page 1. The principal activity of the Company is disclosed on page 2 within the 'Strategic Report' section.

The financial statements for the year ended 31 December 2022 were authorised for issue by the board on 20 November 2023 and the Statement of Financial Position was signed on the board's behalf by C D Ball.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements are presented in the Company's functional currency, GBP sterling (£) and rounded in thousands.

These financial statements have been prepared under the historical cost convention, as modified to use a different measurement basis where necessary to comply with FRS 101.

As a wholly owned subsidiary of Ardonagh Group Holdings Limited ("AGHL") at 31 December 2022, the Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent for the year ended 31 December 2022. The previous holding company of the Company was The Ardonagh Group Ltd ("TAGL").

TAGL merged into an overseas company Tara Topco Ltd on 31 May 2022 and, as part of the post-merger structuring, a newly established UK-incorporated company AGHL obtained control of a newly established Jersey-incorporated company Ardonagh New Midco 3 Limited on 1 June 2022, the owner of Ardonagh Midco 1 Limited. Ardonagh Midco 1 Limited was the only direct subsidiary of TAGL (TAGL indirectly owned all the Ardonagh businesses) prior to TAGL's merger with Tara Topco Ltd and AGHL is now the parent of the businesses that were previously part of the Ardonagh Group that was headed by TAGL until 31 May 2022. The references below to the Group is to the group of companies headed by TAGL at a consolidated level prior to 31 May 2022 and also to the Group now headed by AGHL (following TAGL ceasing to exist).

There are no new standards, amendments or interpretations which are effective in 2022 and that are expected to materially impact the Company's financial statements.

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has taken advantage of the following disclosure exemptions under FRS 101 where relevant:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment concerning details of the number and weighted average exercise price of share options and how the fair value of goods or services received was determined;
- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- the requirements of paragraphs 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures and the requirements in IAS 24 to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f)(ii) -(iii), 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of valuation techniques, assumptions on which projections used in the impairment review are based and sensitivity analysis.

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

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 23.

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

As shown in account note 15, the Company was a member of a group ("the Group") of which Ardonagh Group Holdings Limited ("AGHL") was the ultimate parent company and the highest level at which results were consolidated for the year ended 31 December 2022.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2022 the Company had net assets of £71.6m (2021: £95.7m) and net current assets of £80.1m (2021: net current liabilities of £2.7m). The net current assets include amounts receivable from group companies of £493.8m (2021: £0.3m), and amounts due to group companies of £409.0m (2021: £2.3m) as well as £4.6m interest payable on loans from related parties (2021: £Nil) included in current loans and borrowings. The Company reported a loss before tax of £24.2m (2021: profit of £1.6m).

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

- The Group's capital structure, operations and liquidity.
- Base case and stressed cash flow forecasts over the calendar years 2023 and 2024.
- The impact on the base case and stressed cashflow forecasts arising from subsequent material acquisitions.
- The principal risks facing the Group and its systems of risk management and internal control.
- Actual trading and cashflows of the Company and Group, including those of the group of companies previously owned by TAGL.

Key assumptions that the directors have made in preparing the base case cash flow forecasts are that:

- The Group will continue to benefit from a £191.5m Revolving Credit Facility that is not drawn at the date of this report. In addition to this, net equity proceeds of £134.9m were received in January 2023 and £187.4m in March 2023 from the Group's ultimate shareholder.
- Client retention and renewal rates remain robust, despite the current economic uncertainty, as the 2023 trading performance continues to demonstrate resilience across the Group, including that of the group of companies previously owned by TAGL.
- Interest costs should be modelled using current forward interest rates and current FX rates (other than where interest rates on debt have been fixed through interest rate swaps).

Key stress scenarios that the directors have considered include cumulative stresses to the base plan as a result of:

- Shortfalls in base case projected income throughout 2023 and 2024.
- Deterioration in base case cash conversion rates over and above the shortfalls in income.
- An inflationary cost increase of 2% over the base case assumptions.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and measured reductions in employee headcount and remuneration.

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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

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

- Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not unduly exposed to a single carrier, customer or market sector.
- Although economic developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
- As a result of Russia invading Ukraine, we have seen significant new sanctions legislation from a range of legislators (including the US, EU and UK), with newly sanctioned entities and individuals, and new (or wider in scope) sectoral sanctions targeting Russia (and Belarus). The Ardonagh Group has no appetite for potential breaches of applicable sanctions regimes and applies appropriate controls including automated screening of clients against relevant sanctions lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.
- The Group continues to monitor the risk of cyberattacks, but the Group has not identified any significant cybersecurity risks during the period ended 31 December 2022.

Management note that on 15 September 2023 the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group, which includes the Company, that is likely to result in Atlanta being acquired within the 12 month going concern assessment period assuming the satisfaction of customary completion conditions (see note 16). There is currently limited information available over the future owners plans for the Company, however, synergies are expected in the companies that will be part of the combined Atlanta Group and Markerstudy Group which would enhance their future outlooks. As noted in note 16 the combined group, Atlanta and Markerstudy, will bring together highly complementary capabilities across pricing, underwriting and distribution and will deliver an enhanced proposition for millions of new and existing customers.

Following the assessment of the Company and Group's financial position and its ability to meet its obligations as and when they fall due, including the further potential financial implications of economic uncertainty included in stress tests and the Markerstudy merger, the directors have not identified any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Investments in subsidiaries and associates

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

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control nor joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, impairment.

Impairment of investment

The carrying amount of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Calculation of recoverable amount

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Financial instruments

Recognition and initial measurement

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

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

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

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

Financial liabilities

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

Offsetting

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

Classification and subsequent measurement of financial assets

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

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

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

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial assets classified as amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets measured at amortised cost include trade and other receivables. The Company's trade receivables do not generally have a significant financing component, so and as such their transaction (invoiced) price is considered to be their amortised cost.

Reclassifications

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

Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost and FVTOCI. The Company recognises a loss allowance for such losses at each reporting date.

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

ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

Classification and subsequent measurement of financial liabilities

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

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

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

Share capital

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

Share-based payments

The Group operates equity-settled share-based payment schemes. For equity-settled share-based payment schemes, the fair value of the services received in exchange for the grant of the shares is recognised as an expense, measured based on the grant date fair value of the shares and recognised on a straight-line basis over the vesting period, which generally depends on service and performance conditions being met.

The shares issued under the schemes generally have no dividend or voting rights and cannot be sold. The shares of an equity-settled share-based payment scheme are normally convertible to ordinary shares of the Group on the occurrence of a crystallisation event, being the earlier of a liquidity event, an Initial Public Offering (IPO) and a winding-up. The Group has the option to repurchase the shares if an employee leaves the Company prior to the occurrence of a crystallisation event.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Finance income and costs

The Company's finance income and finance costs include:

- Interest income
- Interest expense on other financing liabilities

Interest income and expense are recognised using the effective interest method for debt instruments classified as amortised cost and as FVTOCI.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the period.

There were no critical judgements that have a significant effect on the carrying amounts of assets and liabilities.

Key sources of estimation uncertainty

Impairment of investments in subsidiaries

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

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

4 Operating profit

For the year ended 31 December 2022, the Company has taken the exemption under s479 of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2022 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2021: £Nil).

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

5 Finance income and finance costs

	2022 £ 000	2021 £ 000
Finance income		
Interest from Group companies	2,612	2,235
Finance costs		
Interest on intercompany loans	(26,757)	-
Net finance (costs)/income	<u>(24,145)</u>	<u>2,235</u>

6 Staff costs

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group, for which no recharge is made to the Company.

7 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors were directors of Ardonagh Group Holdings Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of Ardonagh Group Holdings Limited for the year ended 31 December 2022. The proportionate amount related to Atlanta Investment Holdings 3 Limited is impracticable to determine.

8 Income tax

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

	2022 £ 000	2021 £ 000
Current tax		
UK corporation tax	(1)	425
Adjustments in respect of prior periods	-	-
Total current tax	<u>(1)</u>	<u>425</u>

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

8 Income tax (continued)

	2022 £ 000	2021 £ 000
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
Effect of tax rate change on opening balance	-	-
Total deferred tax	-	-
Tax (credit)/charge in the Statement of Comprehensive Income	<u>(1)</u>	<u>425</u>

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

	2022 £ 000	2021 £ 000
(Loss)/profit before tax	<u>(24,152)</u>	<u>1,612</u>
Corporation tax at standard rate of 19% (2021: 19%)	(4,588)	306
Expenses not deductible for tax purposes	-	119
Movement in deferred tax not recognised	6,036	-
Remeasurement of deferred tax for changes in tax rates	(1,449)	-
Total tax (credit)/charge	<u>(1)</u>	<u>425</u>

The UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023.

Deferred tax

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

	2022 £ 000	2021 £ 000
Provisions	<u>6,036</u>	<u>-</u>
Unrecognised deferred tax assets	<u>6,036</u>	<u>-</u>

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates

	£ 000
Cost or valuation	
At 1 January 2022	73,895
Additions	<u>18</u>
At 31 December 2022	<u>73,913</u>
Provision for impairment	
At 1 January 2022	<u>-</u>
At 31 December 2022	<u>-</u>
Carrying amount	
At 31 December 2022	<u>73,913</u>
At 31 December 2021	<u>73,895</u>

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates (continued)

Details of the investments as at 31 December 2022 are as follows.

Name of investment	Principal activity	Principal place of business	Class of shares held	Company interest in ordinary share capital and voting rights held	
				2022	2021
Atlanta Investment Holdings 2 Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings A Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Carole Nash Insurance Consultants Limited	Insurance broker	110 Manchester Road, Altrincham, Cheshire, WA14 1NU	Ordinary	100%	100%
Carole Nash Insurance Consultants (Ireland) DAC	Insurance brokers	Ulysses House, 22/24 Foley St, Mountjoy, Dublin, Ireland	Ordinary	100%	100%
Atlanta 1 Insurance Services Limited	Insurance brokers	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
KDB Medicals Limited	Medical examinations	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings Midco B Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings B Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Swinton (Holdings) Limited	Holding company	Embankment West Tower, 101 Cathedral Approach, Salford, M3 7FB	Ordinary	100%	100%

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates (continued)

Name of investment	Principal activity	Principal place of business	Class of shares held	Company interest in ordinary share capital and voting rights held	
				2022	2021
Atlanta Insurance Intermediaries Limited	Insurance brokers	Embankment West Tower, 101 Cathedral Approach, Salford, M3 7FB	Ordinary	100%	100%
Swinton Properties Limited	Real estate	Embankment West Tower, 101 Cathedral Approach, Salford, M3 7FB	Ordinary	100%	100%
Atlanta Investment Holdings D Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings D1 Limited	Holding company	Nile Street, Burslem, ST6 2BA	Ordinary	100%	75%
Lloyd Latchford Group Limited	Insurance brokers	3 Redman Court, Bell Street, Princes Risborough, Buckinghamshire, HP27 0AA	Ordinary	100%	75%
Autonet Law LLP	Legal services	PM House, 250 Shepcote Lane, Sheffield, England, S9 1TP	Ordinary	75%	75%
Carole Nash Legal Services LLP	Legal services	Helmont House, Churchill Way, Cardiff, CF10 2HE	Ordinary	50%	50%
Paymentshield Group Holdings Limited	Holding company	Southport Business Park, Wight Moss Way, Southport, PR8 4HQ	Ordinary	100%	100%
Paymentshield Holdings Limited	Holding company	Southport Business Park, Wight Moss Way, Southport, PR8 4HQ	Ordinary	100%	100%

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates (continued)

Name of investment	Principal activity	Principal place of business	Class of shares held	Company interest in ordinary share capital and voting rights held	
				2022	2021
Paymentshield Limited	Insurance brokers	Southport Business Park, Wight Moss Way, Southport, PR8 4HQ	Ordinary	100%	100%
Paymentshield Services Limited	Dormant	Southport Business Park, Wight Moss Way, Southport, PR8 4HQ	Ordinary	100%	100%
Lunar 101 Limited	Dormant	2 Minster Court, Mincing Lane, London, EC3R 7PD	Ordinary	100%	100%
Atlanta Investment Holdings D2 Limited	Dormant	Autonet Insurance, Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings D3 Limited	Holding company	Autonet Insurance, Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings D4 Limited	Dormant	Autonet Insurance, Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings D5 Limited	Dormant	Autonet Insurance, Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Atlanta Investment Holdings D6 Limited	Dormant	Autonet Insurance, Nile Street, Burslem, ST6 2BA	Ordinary	100%	100%
Healthy Pets Limited	Insurance brokers	6 Ridgeway Office Park, Bedford Road, Petersfield, Hampshire, GU32 3QF	Ordinary	100%	100%

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates (continued)

Name of investment	Principal activity	Principal place of business	Class of shares held	Company interest in ordinary share capital and voting rights held	
				2022	2021
Marmalade Limited	Holding company	Autonet Insurance, Nile Street, Stoke-On-Trent, ST6 2BA	Ordinary	100%	100%
Young Marmalade Limited	Sale of motor vehicles	Autonet Insurance, Nile Street, Stoke-On-Trent, ST6 2BA	Ordinary	100%	100%
Marmalade Leasing Limited	Dormant	Autonet Insurance, Nile Street, Stoke-On-Trent, ST6 2BA	Ordinary	100%	100%
Marmalade Network Limited	Driving instructor network	Autonet Insurance, Nile Street, Stoke-On-Trent, ST6 2BA	Ordinary	100%	100%
Provisional Marmalade Limited	Insurance brokers	Autonet Insurance, Nile Street, Stoke-On-Trent, ST6 2BA	Ordinary	100%	100%
Oak Affinity Consultancy Limited	Dormant	6th Floor, 9 Appold Street, London, EC2A 2AP	Ordinary	100%	0%
Project Waterloo Topco Limited	Holding company	3rd Floor 44 Esplanade St Helier Jersey, JE4 9WG	Ordinary	100%	0%
Project Waterloo Bidco Limited	Holding company	Igo4 House, Staniland Way, Peterborough, PE4 6JT	Ordinary	100%	0%

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates (continued)

Name of investment	Principal activity	Principal place of business	Class of shares held	Company interest in ordinary share capital and voting rights held	
				2022	2021
I GO 4 Ltd	Insurance brokers	Igo4 House, Staniland Way, Peterborough, PE4 6JT	Ordinary	100%	0%
IGO4 Solutions Limited	Consultancy	Igo4 House Staniland Way, Peterborough, PE4 6JT	Ordinary	100%	0%
IGO4 Partners Limited	Insurance brokers	Igo4 House, Staniland Way, Peterborough, PE4 6JT	Ordinary	100%	0%
Atlanta MGA Holdings Limited	Holding company	Embankment West Tower 101 Cathedral Approach, Salford, M3 7FB	Ordinary	100%	0%
URIS Group Limited	Insurance broker	Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL	Ordinary	100%	0%
Midas Underwriting Limited	Insurance broker	Quay Point, Lakeside Boulevard Doncaster, South Yorkshire, DN4 5PL	Ordinary	100%	0%

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Investments in subsidiaries and associates (continued)

Name of investment	Principal activity	Principal place of business	Class of shares held	Company interest in ordinary share capital and voting rights held	
				2022	2021
Charles Hurst Insurance Services	Insurance broker	Elizabeth House First Floor, 116-118 Holywood Road, Belfast, Northern Ireland, BT4 1NU	Ordinary	50%	0%

All investments listed above are indirectly held with the exception of Atlanta Investment Holdings 2 Limited, and Atlanta MGA Holdings Limited, which are held directly.

10 Trade and other receivables

	2022 £ 000	2021 £ 000
Non-current trade and other receivables		
Receivables from other Group companies	237,580	24,585
	<u>237,580</u>	<u>24,585</u>

Non-current trade and other receivables include loan notes from Atlanta Investment Holdings 2 Limited of £27,044k (2021: £24,585k) with an interest rate of 10% and a maturity date of 15 November 2031; a promissory note from Ardonagh Midco 3 Limited of £195,416k (2021: £nil) with an interest rate of 0% and a maturity date of 30 June 2026; and a loan term to Project Waterloo Bidco Limited of £15,119k (2021: £nil) with an interest rate of 9% plus Bank of England base rate and a maturity date of 30 June 2026.

	2022 £ 000	2021 £ 000
Current trade and other receivables		
Receivables from other Group companies	493,785	324
Other receivables	5	6
	<u>493,790</u>	<u>330</u>

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

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

11 Trade and other payables

	2022 £ 000	2021 £ 000
Current trade and other payables		
Amounts due to other Group companies	<u>409,028</u>	<u>2,279</u>

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

12 Borrowings

	2022 £ 000	2021 £ 000
Non-current loans and borrowings		
Loans from related parties	<u>320,029</u>	<u>-</u>

	Date issued	Currency	Interest rate	Year of maturity	Face value £000	Carrying amount £000
Ardonagh Midco 3 Plc	01.01.2022	GBP	9% + BoE base rate	2026	112,557	112,557
Ardonagh Midco 3 Plc	31.03.2022	GBP	9% + BoE base rate	2026	192,505	192,505
Ardonagh Midco 3 Plc	01.12.2022	GBP	9% + BoE base rate	2026	14,967	14,967
					<u>320,029</u>	<u>320,029</u>

	2022 £ 000	2021 £ 000
Current loans and borrowings		
Interest payable on loans from related parties	<u>4,622</u>	<u>-</u>

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

13 Share capital

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary A shares of £0.01 each	79,452	795	15,000	150
Ordinary B shares of £0.01 each	-	-	63,752	638
Ordinary C shares of £0.01 each	-	-	102	1
Ordinary D shares of £0.01 each	-	-	148	1
Ordinary E1 shares of £0.01 each	-	-	100	1
Ordinary E2 shares of £0.01 each	-	-	350	4
	79,452	795	79,452	795

After the shares redesignation and adoption of the new articles of association by the Company on 12 May 2022, each A Ordinary share shall be entitled to receive notice of, attend and vote at general meetings. Each holder shall be entitled to participate in the event of a return of capital in accordance with the articles. Each holder shall be entitled to participation in respect of dividends. The A Ordinary shares do not confer rights of redemption.

14 Related party transactions

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

Atlanta Investment Holdings 3 Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

15 Parent and ultimate parent undertaking

The Company's immediate parent company is Nevada Investments TopCo Limited and the ultimate parent company is Tara Topco Limited.

The Group's majority shareholder and ultimate controlling party at 31 December 2022 is Madison Dearborn Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Group Holdings Limited (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD). The parent company of the smallest group that prepares group financial statements at 31 December 2022 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, Mincing Lane, London, EC3R 7PD).

Financial statements for Ardonagh Group Holdings Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

16 Subsequent events

On 15 September 2023, the Ardonagh Group and the Markerstudy Group agreed a merger between Markerstudy and the Atlanta Group to create a major new player in the UK insurance market. The transaction, which is subject to customary conditions (including regulatory approvals), values Atlanta at £1.2 billion. Ardonagh will retain a minority interest in the new combined group.

The combined group, Atlanta and Markerstudy, will bring together highly complementary capabilities across pricing, underwriting and distribution and will deliver an enhanced proposition for millions of new and existing customers.

There is no impact on the Company's financial statements.