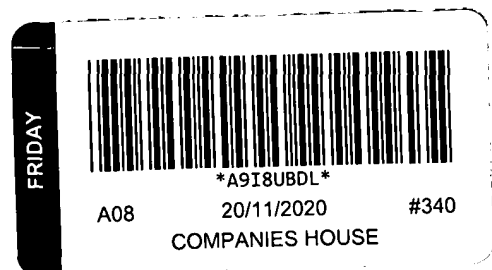


Registration number: 10623655

# Geo Specialty Liability Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



# **Geo Specialty Liability Limited**

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# **Geo Specialty Liability Limited**

## **Company Information**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | D J Coles<br>S W Hough  |
| <b>Company secretary</b> | D Clarke  |
| <b>Registered office</b> | 2 Minster Court<br>Mincing Lane<br>London<br>EC3R 7PD<br>United Kingdom     |
| <b>Auditor</b>           | Deloitte LLP<br>1 New Street Square<br>London<br>EC4A 3HQ<br>United Kingdom |

## **Geo Specialty Liability Limited**

### **Strategic Report for the Year Ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019 for Geo Specialty Liability Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the performance of the Company during the financial year and its position at the end of the year. The report discusses the developments that have affected the Company and the main trends and factors that could affect its future. The Company is part of The Ardonagh Group Limited ("the Group").

#### **Principal activities and business review**

The Company was incorporated on 16 February 2017 however its trading activities have not yet started. The future principal activity of the Company will be the provision of insurance intermediary services. The Company was incorporated to write specialist liability business and, following incorporation, management focused on obtaining insurance capacity in this area. However, capacity which was secured on October 2017 was secured in a fellow group subsidiary. Management expect to secure insurance capacity in this Company in the future.

The results for the Company show turnover of £Nil (2018: £Nil) and profit before tax of £Nil (2018: £Nil) for the year. At 31 December 2019 the Company had net liabilities of £0.5m (2018: £0.5m). The going concern note (part of accounting policies) on page 14 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate.

#### **Outlook**

The directors expect to secure insurance capacity in this Company in the future at which point the Company will start to trade.

The unprecedented and rapidly evolving nature of the global Covid-19 pandemic (including the short-term and long-term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including Geo Specialty Liability Limited. Consideration of the financial risk and future impact can be found in the Strategic Report within the 'Risk management' section and the Going concern disclosure in note 2.

#### **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.

The principal risks and their mitigation are as follows:

##### *Covid-19 impact*

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

The Company has 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.

## Geo Specialty Liability Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

#### *Regulatory and legal risk*

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

#### *General Data Protection Regulation*

The Company's computer systems store information about our customers, some of which is sensitive personal data. Database privacy, identity theft and related computer and internet issues are matters of growing public concern and are subject to changes in rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation. Although the Company has taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our database and to ensure that our processing of personal data complies with the relevant data protection regulations, our technology may fail to adequately secure the private information the Company maintain in its databases and protect it from theft or inadvertent loss.

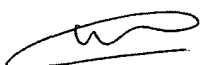
#### *Future impact of Brexit*

The Brexit decision may affect the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. Following the 2019 general election, the Prime Minister has been clear that he is driven to deliver Brexit with a transition period ending on 31 December 2020.

We continue to believe that the direct impact on the Group will not be significant because it conducts only limited business within the EU and, importantly, because several additional mitigation strategies have been put in place during 2019 (i.e. gaining direct authorisation in certain EU member states) to reduce the risk. However, the loss of passporting rights may affect the insurance markets in which the Group operates, possibly reducing insurance capacity, competition and choice.

Brexit could also lead to a general decline in economic conditions in the UK where the Group operates predominantly. The diversified business portfolio of the Group continues to mitigate the risk of a general decline in economic conditions.

Approved by the board on 17.11.2020 and signed on its behalf by:



D J Coles  
Director

## **Geo Specialty Liability Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

#### **Directors of the Company**

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

D C Ross (resigned 3 April 2020)

A Erotocritou (resigned 1 August 2019)

D Cougill (appointed 1 August 2019 and resigned 3 April 2020)

The following directors were appointed after the year end:

D J Coles (appointed 3 April 2020)

S W Hough (appointed 3 April 2020)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2019 (2018: £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 2.

#### **Future developments**

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 2.

#### **Political donations**

The Company has not made any political donations during the year (2018: £Nil).

#### **Subsequent events**

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 20.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development are described in the strategic report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Midco 3 Plc. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements. The Company had a net liability position of £548,916 as at 31 December 2019.

As further described in the subsequent events note, on 14 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.

#### **Directors' liabilities**

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

## **Geo Specialty Liability Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

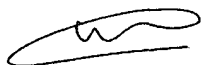
#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the board on 17.11.2020 and signed on its behalf by:



D J Coles  
Director

## **Geo Specialty Liability 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the Company and 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.



## **Geo Specialty Liability Limited**

### **Independent Auditor's Report to the Members of Geo Specialty Liability Limited**

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

##### **Opinion**

In our opinion the financial statements of Geo Specialty Liability 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 results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

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

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.

## **Geo Specialty Liability Limited**

### **Independent Auditor's Report to the Members of Geo Specialty Liability 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 Statement of Directors' Responsibilities, 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.

## **Geo Specialty Liability Limited**

### **Independent Auditor's Report to the Members of Geo Specialty Liability 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.



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

Date: **17.11.2020**

# Geo Specialty Liability Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2019

|                                       | Note | 2019<br>£ | 2018<br>£ |
|---------------------------------------|------|-----------|-----------|
| Commission and fees                   |      | -         | -         |
| <b>Operating profit/(loss)</b>        | 4    | -         | -         |
| <b>Profit/(loss) before tax</b>       |      | -         | -         |
| Income tax expense/(credit)           | 7    | -         | -         |
| <b>Net profit/(loss) for the year</b> |      | -         | -         |

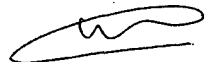
# Geo Specialty Liability Limited

(Registration number: 10623655)

## Statement of Financial Position as at 31 December 2019

|  | Note | 2019<br>£          | 2018<br>£          |
|--|------|--------------------|--------------------|
| <b>Current assets</b>                        |      |                    |                    |
| Trade and other receivables                  | 8    | 500,352            | 500,513            |
| <b>Current liabilities</b>                   |      |                    |                    |
| Trade and other payables                     | 9    | <u>(1,049,268)</u> | <u>(1,049,429)</u> |
| <b>Net current liabilities</b>               |      | <u>(548,916)</u>   | <u>(548,916)</u>   |
| <b>Total Assets less Current Liabilities</b> |      | <u>(548,916)</u>   | <u>(548,916)</u>   |
| <b>Net liabilities</b>                       |      | <u>(548,916)</u>   | <u>(548,916)</u>   |
| <b>Capital and reserves</b>                  |      |                    |                    |
| Share capital                                | 10   | 100                | 100                |
| Retained losses                              |      | <u>(549,016)</u>   | <u>(549,016)</u>   |
|  |      | <u>(548,916)</u>   | <u>(548,916)</u>   |

Approved by the board on 17.11.2020 and signed on its behalf by:



D J Coles  
Director

The notes on pages 13 to 20 form an integral part of these financial statements.

# Geo Specialty Liability Limited

## Statement of Changes in Equity for the Year Ended 31 December 2019

|                     | Share<br>capital<br>£ | Retained<br>losses<br>£ | Total<br>£ |
|---------------------|-----------------------|-------------------------|------------|
| At 1 January 2019   | 100                   | (549,016)               | (548,916)  |
| At 31 December 2019 | 100                   | (549,016)               | (548,916)  |

|                     | Share<br>capital<br>£ | Retained<br>losses<br>£ | Total<br>£ |
|---------------------|-----------------------|-------------------------|------------|
| At 1 January 2018   | 100                   | (549,016)               | (548,916)  |
| At 31 December 2018 | 100                   | (549,016)               | (548,916)  |

## **Geo Specialty Liability Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019**

#### **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.

These financial statements for the Year Ended 31 December 2019 were authorised for issue by the board on **17.11.2020** and the Statement of Financial Position was signed on the board's behalf by D J Coles.

#### **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' (FRS 101).

The financial statements are presented in GBP sterling (£), which is also the Company's functional currency. The financial statements have been prepared on a historical cost basis, as modified to use a different measurement basis where necessary to comply with FRS 101.

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 13.

The adoption of IFRS 16, several amendments to standards and an interpretation are mandatorily effective for annual periods beginning on 1 January 2019. None of these had a material effect on the Company's financial statements.

##### **Summary of disclosure exemptions**

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

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

- the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant and equipment and intangible assets;
- the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;

## Geo Specialty Liability Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

- 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; and
- 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 17.

#### Going concern

As shown in account note 12, the Company is a member of a group ("the Group") of which The Ardonagh Group Limited ("TAGL") is the ultimate parent company and the highest level at which results are consolidated.

The financial statements of the Company have been prepared on a going concern basis. At 31 December 2019 the Company had net liabilities of £0.5m (2018: £0.5m) and net current liabilities of £0.5m (2018: £0.5m). The net current liabilities include amounts receivable from related parties of £0.5m (2018: £0.5m), and amounts due to related parties of £1.0m (2018: £1.0m).

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;
- The source of funding of the Group includes £1.975 billion of debt in the form of \$500m (£400m) of Senior Unsecured Notes and £1.575 billion of private borrowings with maturity dates of 6 years. 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;
- The principal risks facing the Company and the Group, including the potential financial and operational;
- The Group has assessed that it has sufficient liquidity to withstand a period of potential poor trading resulting;
- The Group is largely insulated from currency FX volatility; and
- The Group has access to a Revolving Credit Facility ("the Group's RCF"). The Group's RCF facility capacity is £191.5m that is undrawn.



## **Geo Specialty Liability Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

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 Going Concern stress testing indicated that revenue would need to decline by over 30% compared to base case in each of the next 6 quarters, offset by slightly higher discretionary cost cuts and headcount reductions (but still assuming that the cost base does not reduce at the same speed as income) to reach our liquidity limits. The Directors of TAGL considered these stress conditions to be a remote scenario.

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

The directors 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. Ardonagh is highly diversified and not materially exposed to a single carrier, customer or market sector.

As further described in the subsequent events note, on 14 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.

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.

## Geo Specialty Liability Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### **Financial assets**

Financial assets 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 (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in Statement of Comprehensive Income.

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.

##### *Impairment of trade and other receivables*

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

##### **Financial liabilities**

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 liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in Statement of Comprehensive Income.

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.

##### **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.

## **Geo Specialty Liability Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

#### **4 Operating loss**

The audit fee of £6,180 (2018: £6,000) for the audit of this Company was paid by other Group entities for which no recharge was made.

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

#### **5 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.

#### **6 Directors' remuneration**

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of The Ardonagh Group Limited and/or other fellow subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

## Geo Specialty Liability Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 7 Income tax

Tax charged/(credited) in the statement of comprehensive income

|  | 2019<br>£ | 2018<br>£ |
|--|-----------|-----------|
| <b>Current taxation</b>  |           |           |
| UK corporation tax   | -         | -         |
| UK corporation tax adjustment to prior periods   | -         | -         |
|  | <u>-</u>  | <u>-</u>  |
| <b>Deferred taxation</b>   |           |           |
| Arising from origination and reversal of temporary differences                                     | -         | -         |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | -         | -         |
|  | <u>-</u>  | <u>-</u>  |
| Total deferred taxation  | <u>-</u>  | <u>-</u>  |
| Tax charge/(credit) in the statement of comprehensive income                                       | <u>-</u>  | <u>-</u>  |

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%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

The Company has potential deferred tax assets at 31 December 2019 of £56,953 (2018: £56,953) in relation to pre-trade expenditure totalling £335,015 (2018: £335,015). This deferred tax asset has not been recognised in these accounts as the Company's future profitability is still uncertain.

#### 8 Trade and other debtors

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| <b>Current trade and other receivables</b> |                |                |
| Receivables from other Group companies     | 500,352        | 500,513        |
|  | <u>500,352</u> | <u>500,513</u> |

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

## Geo Specialty Liability Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 9 Trade and other payables

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| <b>Current trade and other payables</b> |                  |                  |
| Amounts due to other Group companies    | <u>1,049,268</u> | <u>1,049,429</u> |
|   | <u>1,049,268</u> | <u>1,049,429</u> |

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

#### 10 Share capital

##### Allotted, called up and fully paid shares

|                            | 2019       |            | 2018       |            |
|----------------------------|------------|------------|------------|------------|
|                            | No.        | £          | No.        | £          |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

Each share has full rights in the Company with respect to voting, dividends and distributions.

#### 11 Related party transactions

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

#### 12 Parent and ultimate parent undertaking

The Group's majority shareholder and ultimate controlling party at 31 December 2019 is HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2019 that consolidate the Company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG). The parent company of the smallest group that prepares group financial statements at 31 December 2019 that consolidate the Company is Ardonagh Midco 3 plc (Incorporated in Great Britain, registered office address 2 Minster Court, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 3 plc are available on request from:

2 Minster Court  
Mincing Lane  
London  
EC3R 7PD

## **Geo Specialty Liability Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **13 Subsequent events**

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 2 Basis of preparation).

On 14 July 2020, the Group issued new borrowings, which it used to repay its existing borrowings and to fund acquisitions. The existing borrowings included the existing senior secured notes and the revolving credit facility, the repayment of which released the Group from the associated security. The new borrowings include \$500m senior unsecured notes, a senior secured term loan facility of £1,575m comprising £1,412.8m denominated in pound sterling and €180m denominated in euro, and a £191.5m revolving credit facility that is not drawn at the date of this report. The Group completed the purchase of the entire issued share capital of Nevada 5 Topco Limited (an indirect parent of Arachas Topco Limited) on 14 July 2020, for a consideration of €135,781,781.51 cash. The Group also completed the purchase of the entire issued share capital of Nevada 4 Midco 1 Limited (the parent of Bravo Investment Holdings Limited) on 14 July 2020, for a consideration of £39,794,109.14 cash. The new borrowings have also been used to fund the acquisition of Bennetts Motorcycling Services Limited.