Registration number: 10623965

Geo Specialty Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Geo Specialty Limited

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Geo Specialty Limited

Company Information

Directors	D J Coles J G Sutton
Company secretary	Ardonagh Corporate Secretary Limited
Registered office	2 Minster Court Mincing Lane London EC3R 7PD United Kingdom
Auditor	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ United Kingdom

Geo Specialty Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021 for Geo Specialty 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. Following significant new equity investment as disclosed in note 17, the Company is now overseen by a new holding company, Ardonagh Group Holdings Limited. Prior to this and as at 31 December 2021, the Company was part of The Ardonagh Group Limited. The Company and its subsidiaries under the new and previous holding company are referred to as the Group.

Principal activities and business review

The principal activity of the Company was the provision of insurance intermediary services, specifically specialty rather than personal or commercial lines business.

The results for the Company show turnover of £2.5m (2020: £1.3m) and loss before tax of £0.6m (2020: £1.2m) for the year. At 31 December 2021 the Company had net liabilities of £5.3m (2020: £4.8m). The going concern note (part of accounting policies) on page 17 sets out the reasons why the directors believe that the preparation of the financial statements on a basis other than that of a going concern is appropriate.

Section 172 (1) of the Companies Act 2006 (the "Act") Statement

This Statement is made pursuant to s. 414 of the Companies Act 2006.

The Company forms part of The Ardonagh Group of Companies, a global insurance distribution provider and its activities are aligned to the strategy and risk management and control frameworks of the Group.

The directors of the Company are committed to lead and direct the affairs of the Company in order to promote the long-term sustainable success of the Company, generating value for its shareholder and ensuring sound and prudent management of the firm. The directors of the Company consider that, both individually and collectively, they have acted in a way, in good faith, that would most likely promote the success of the Company, for the benefit of its members (s. 172(1)), also having regard to the long-term consequences of any decisions taken (172(1)(a)). Distributions to the Company's shareholder are only considered after a full assessment of capital adequacy and the Company's ability to continue as a going concern into the foreseeable future to ensure investment in the future growth of the Company, balanced with stable and sustainable returns to the shareholder. Sections 172(1)(b)-(e) do not apply to the Company in its capacity as a company in run-off for the Group, as it does not have employees, clients or suppliers.

The Group's Code of Conduct, applies to all directors of the Company and it embodies the Group's commitment to maintaining the highest ethical conduct and professional standards. These non-negotiable standards are outlined in the Code of Conduct and the Ardonagh Governance Framework, which emphasises the importance of building trust with colleagues, clients and the wider community.

Outlook

With effect from 31 January 2022 the directors of Geo Specialty Limited reached agreement with a third party that it would no longer continue to trade in its principal line of business and is now in run-off. It is the directors' intention to liquidate the Company and the run-off process is expected to take approximately 18 to 24 months.

Key performance indicators
The Company's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
Gross written premium (GWP)	£m	18.5	13.9
Total income (commission and fees, and other income)	£m	2.5	1.3
Administrative expenses (salaries and associated costs, and other operating costs)	£m	3.0	2.4
Total income/GWP ratio	%	13.5	9.4
Administrative expenses/total income ratio	%	120.0	185.0

GWP has increased by 33% in the year driven by growth in International Property business. The total income/GWP ratio has increased from 9.4% to 13.5% in the year, primarily due to the recognition of profit commissions payable for the 2019 and 2020 binder years; this was £0.4m higher than the equivalent in 2020. This additional income, which does not attract an equivalent increase in administration costs, has resulted in the reduction of the administrative expenses/total income ratio.

Non-financial key performance indicators include staffing levels which have increased by 10% to an average of 11 (2020: 10).

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:

Strategic and commercial risk
There are risks of changes to the competitive and economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of the economic and competitive environment and by diversification of product lines and channels.

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 from an economic shock and demonstrated operational and financial resilience in response to the Covid-19 pandemic.

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 £794.7m at 30 September 2022 and closely monitors available liquidity on an ongoing basis.

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

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

The Company's business depends on the ability of employees to process transactions using secure information systems. The capacity to service customers depends on storing, retrieving, processing and managing information. Interruption or loss of information processing capabilities through loss of stored data, the failure of computer equipment or software systems, a telecommunications failure or other disruption, could have a material adverse effect on business, results of operations and financial condition. To mitigate these risks the Company has certain disaster recovery procedures in place and has insurance to protect against such contingencies.

Foreign currency risk
The Company is exposed to foreign currency risk from its revenue from North America and the Group has forward contracts to hedge its US$ revenue and reduce the foreign currency risk.

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.

Retention and wellbeing of staff
The loss of several senior management or a significant number of our client-facing employees could have a material adverse effect on our business. The inability to attract and retain qualified personnel could also have a material adverse effect on our business. The Company maintains appropriate performance management, remuneration, succession planning and other HR policies that are proportionate for their respective businesses.

The business also had to respond to the changing nature of ways of working with the emergence of hybrid or remote working becoming more mainstream which has required us to focus on risk management around data, cyber, capability and wellbeing of employees.

Business Continuity Plans are in place across the Company's operating segment, which include policies to manage employee absences, to ensure access to the wider network of offices, to maintain the efficiency and stability of the infrastructure, and to facilitate 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 the taking of common-sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach in line with the latest developments and government guidance.

Global political tensions
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 Group has no appetite for potential breaches of applicable sanctions regimes. Most of the Group's inherent risk exposure relates to international 'London Market' insurance business within Ardonagh Specialty. Our robust framework and sophisticated control environment, which includes enhanced due diligence on Russian-linked business (prior to accepting the client relationships) and automated daily screening of all existing clients against relevant sanctions lists are dynamically updated as they change. The Group has also reviewed its defences against cyber risks in the context of anticipated increases in such threats to Western companies from Russia and has reviewed its procurement processes and supplier relationships for Russian links. Our mandatory due diligence on potential acquisitions also includes pre-completion screening of full client and supplier lists. We continue to actively monitor the situation as it develops and will respond accordingly as new sanctions are enacted.

Approved by the board on 24 March 2023 and signed on its behalf by:

....
J G Sutton
Director

Geo Specialty Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Directors of the Company

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

D J Coles

S W Hough (resigned 27 January 2022)

The following director was appointed after the year end:

J G Sutton (appointed 27 January 2022)

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2021 (2020: £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 3.

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 (2020: £Nil).

Employment of disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they have the appropriate skills and technical ability to perform. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Employees who become disabled during their working life will be retrained if necessary and wherever possible will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Employee involvement

Employees are key to the Company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The Company is also keen to encourage individual's personal development to ensure that they have the skills required to undertake their role. The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and the Group as a whole. This is achieved by formal and informal meetings, circulation of the Group weekly communications email and Group news posted on the internal website.

Going concern

With effect from 31 January 2022 the directors of Geo Specialty Limited reached agreement with a third party that it would no longer continue to trade in its principal line of business and is now in run-off. It is the directors' intention to liquidate the Company and that this process will take approximately 18 to 24 months. As a consequence, the financial statements have been prepared on a basis other than that of a going concern.

Subsequent events

Details of subsequent events can be found in the notes to the financial statements within the 'Subsequent events' note (note 17).

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, in place during the financial year and at the date of this report.

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 24 March 2023 and signed on its behalf by:

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J G Sutton

Director

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

The directors are responsible for 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 financial statements may differ from legislation in other jurisdictions.

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.

Geo Specialty Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Geo Specialty Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 17.

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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

Independent Auditor's Report to the Members of Geo Specialty Limited (continued)

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:
• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
• do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as tax specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Risk of material misstatement relating to the accuracy of profit commission income recognition. Our procedures to address this included:

• obtaining an understanding of the profit commission process and the flow of financial information into the general ledger; and
• performing sample testing on the profit commission balance to identify any transactions which may have been erroneously recorded at the incorrect value.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
• enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
• reading minutes of meetings of those charged with governance.

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 Directors' Report.

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.

S. Cumberbatch.

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Stewart Cumberbatch, ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

24 March 2023

Geo Specialty Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Commission and fees	4	2,525,165	1,290,150
Salaries and associated costs	7	(2,115,191)	(1,748,022)
Other operating costs		(782,032)	(598,123)
Impairment of financial assets		(119,564)	(932)
Depreciation, amortisation and impairment of non-financial assets	10	(119,364)	(112,558)
Operating loss	5	(610,986)	(1,169,485)
Finance income	6	-	9,288
Finance costs	6	(6,210)	-
Loss before tax		(617,196)	(1,160,197)
Income tax credit/(charge)	9	125,290	(188,327)
Net loss for the year		(491,906)	(1,348,524)

All transactions derived from continuing activities, which will be discontinued in the Company following the agreement with a third party to discontinue its trade in its principal line of business.

Geo Specialty Limited

(Registration number: 10623965)
Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Non-current assets			
Intangible assets	10	149,321	268,685
Trade and other receivables	11	-	650,084
		149,321	918,769
Current assets			
Trade and other receivables	11	2,717,692	1,235,248
Cash and cash equivalents	12	4,076,766	2,026,838
Deferred tax assets	9	125,290	-
		6,919,748	3,262,086
Current liabilities			
Trade and other payables	13	(12,117,787)	(8,737,667)
Current tax liability		(220,018)	(220,018)
		(12,337,805)	(8,957,685)
Net current liabilities		(5,418,057)	(5,695,599)
Total assets less current liabilities		(5,268,736)	(4,776,830)
Net liabilities		(5,268,736)	(4,776,830)
Capital and reserves			
Share capital	14	200	200
Retained losses		(5,268,936)	(4,777,030)
Total equity		(5,268,736)	(4,776,830)

Approved by the board on 24 March 2023 and signed on its behalf by:

....
J G Sutton
Director

Geo Specialty Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Retained losses £	Total £
At 1 January 2021	200	(4,777,030)	(4,776,830)
Loss for the year	-	(491,906)	(491,906)
At 31 December 2021	200	(5,268,936)	(5,268,736)

	Share capital £	Retained losses £	Total £
At 1 January 2020	200	(3,428,506)	(3,428,306)
Loss for the year	-	(1,348,524)	(1,348,524)
At 31 December 2020	200	(4,777,030)	(4,776,830)

The notes on pages 16 to 30 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital incorporated and registered in England, United Kingdom. The 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 2021 were authorised for issue by the board on 24 March 2023 and the Statement of Financial Position was signed on the board's behalf by J G Sutton.

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' and the Companies Act 2006.

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

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

There are no new standards, amendments to standards or interpretations which are effective in 2021 or not yet effective and that are expected to materially impact 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 UK ("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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;

2 Accounting policies (continued)

• 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;

• 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. This information is included in the consolidated financial statements of The Ardonagh Group Limited as at 31st December 2021 and details to obtain these financial statements can be found in note 16.

Judgements made by the directors, in the application of these accounting policies that have 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 policies and estimates disclosure on page 23-24.

Going Concern
As shown in account note 16, 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 basis other than that of a going concern. At 31 December 2021 the Company had net liabilities of £5.3m (2020: £4.8m) and net current liabilities of £5.4m (2020: £5.7m). The net current liabilities include amounts payable to related parties of £7.8m (2020: £6.8m), and amounts receivable from related parties of £0.6m (2020: £1.0m). The Company reported a loss before tax of £0.6m (2020: £1.2m).

With effect from 31 January 2022 the directors of Geo Specialty Limited reached agreement with a third party that it would no longer continue to trade in its principal line of business and is now in run-off. It is the directors' intention to liquidate the Company and that this process will take approximately 18 to 24 months. Consequently, the financial statements have been prepared on a basis other than that of a going concern.

The book values of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short-term nature. As such no adjustments to balances are required with the Company being reported on a basis other than that of a going concern.

2 Accounting policies (continued)

Revenue
Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a service to a customer.

Commission and fees
Revenue includes commission and fees receivable by the Company. Commission and fees relate mainly to placement or underwriting of policies on behalf of insurers or policyholders and are recognised at the later of policy inception date or when the policy placement has been completed and confirmed.

The Company retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered to pay in instalments or are directed to a third-party premium credit provider. Some of the Company's contracts are rolling on a monthly basis, in which case payment is made on a monthly basis (see below).

The Company utilises the practical expedient in IFRS 15 not to adjust the amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

Variable consideration
The Company is a party to the following material arrangements where the consideration receivable by the Company is variable:
• Profit share arrangements - these are trading deals with insurers which include incentives and penalties based on performance of the book of business. Revenue related to these arrangements is recognised on a best estimate basis, only to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur (a constraint).

Under the profit share arrangements, an additional commission is earned from the insurer based on the profit from the underlying book of business or the volume of policies placed. The estimated profit share is recognised as a contract asset and is reclassified to trade and other receivables when the underlying results are determined. Some profit commissions may be provided in advance. Advanced profit share is recognised as a contract liability until the Company satisfies the underlying obligations.

Payment terms of profit share vary and depend on the specific agreement with the insurer. Because of the time required for policies to earn out and for claims to mature, final settlement may take up to 2-3 years from the point at which the Company places a policy (i.e. satisfies its performance obligation).

Contract costs (Other assets)
Contract costs are assets recognised in accordance with IFRS 15 which consist of:

Costs to fulfil - salary and other costs of customer-facing employees who undertake activities necessary to satisfy contracts with the customer. The Company estimates the proportion of costs that are eligible to be capitalised based on the time spent by customer-facing employees on relevant inception/renewal activities. Capitalised costs are released to profit or loss on inception or renewal of the contract with the customer, which normally takes place within 1-3 months of the reporting period.

2 Accounting policies (continued)

Intangible assets

Computer software

Acquired computer software licences arise either through business combinations when they are separable or are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated by using the net book value acquired. These costs are amortised on a straight-line basis over their estimated useful lives of 4 years.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	**Amortisation method and rate**
Computer software	Straight line over 4 years

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

Derecognition

Financial assets 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 FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to Statement of Comprehensive Income but is transferred to retained earnings.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. 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. 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 Statement of Comprehensive Income.

Offsetting

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

2 Accounting policies (continued)

Classification and subsequent measurement of financial assets
The Company classifies its financial assets in the following measurement categories:
• Amortised cost;
• Fair value through other comprehensive income ("FVTOCI"); and
• Fair value through profit and loss ("FVTPL").

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

Financial assets classified as amortised cost
Financial assets that meet the following conditions are subsequently measured at amortised cost:
the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets measured at amortised cost include trade and other receivables, cash and cash equivalents and other financial assets.

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

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 in the period following that change.

2 Accounting policies (continued)

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. The Company recognises a loss allowance for such losses at each reporting date.

The Company recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected versus current conditions and the Group's view of economic conditions over the expected lives of the receivables, including the time value of money where appropriate. Scalar factors are typically based on GDP and unemployment rate forecasts.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

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

Classification and subsequent measurement of financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

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

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

2 Accounting policies (continued)

Employee benefits

Pension costs

The Company operates a number of defined contribution pension schemes. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The costs of the Company's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

Taxation

Current tax

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, deferred tax is reversed. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax asset and the deferred tax liability can only be offset when they relate to income taxes levied by the same taxation authority. Where deferred tax is offset on different taxable entities this is allowed when it is intending either to settle current tax assets or liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

The tax expense for the period comprises current tax and deferred tax. Income tax is recognised in Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Finance income policy

The Company's finance income includes interest income. Interest income is recognised using the effective interest method for instruments classified as amortised cost.

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.

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

Key sources of estimation uncertainty

Revenue recognition
The Company is a party to profit sharing and loss corridor arrangements. These arrangements adjust the consideration that the Company is entitled to for satisfying its performance obligations and the amount and timing of revenue subject to profit sharing or loss corridor arrangements is inherently uncertain.

The Company applies judgement in estimating the related variable consideration which is measured on a best estimate basis, using either the 'expected value' method or the 'most likely amount' method, to the extent that a significant reversal will not occur (a constraint).

In making the estimate, the Company uses historical, current and forecast information that is reasonably available to it. When the results underlying these arrangements are highly susceptible to factors outside the Company's influence and the Company's experience has limited predictive value, then a higher constraint is applied (in some cases - fully constrained).

Estimates of the variable consideration are assessed at the end of each reporting period to determine whether they need to be revised. The underwriting results are being reviewed by the Company and the insurer on a regular basis and information provided by the insurer is used to refine the estimated amount of consideration. As the underwriting results become more certain, the constraint is relaxed.

The profit commission has been calculated reflecting a fully formed claims loss ratio, so is not deemed to be sensitive to deterioration in value.

4 Commission and Fees

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

	2021 £	2020 £
Commission and fees	1,345,185	983,087
Profit commission arrangements	1,179,980	307,063
	2,525,165	1,290,150

The analysis of the Company's turnover for the year by geographical location is as follows:

	2021 £	2020 £
United Kingdom	36,175	38,185
Rest of Europe	48,684	94,048
North America	1,802,816	651,684
Australia	188,834	-
Other	448,656	506,233
	2,525,165	1,290,150

5 Operating loss

The following items have been charged/(credited) in arriving at operating loss:

	2021 £	2020 £
Auditor's remuneration: audit of these financial statements	15,000	6,489
Amortisation expense	119,364	112,558
Realised FX gain	(8,931)	(14,669)
Unrealised FX gain	(136,404)	(40,054)

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.

6 Finance income and finance cost

	2021 £	2020 £
Finance income		
Interest income on bank deposits	-	9,288
Finance costs		
Interest payable	(6,210)	-
Net finance (cost)/income	(6,210)	9,288

7 Staff costs

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

	2021 £	2020 £
Wages and salaries	1,857,537	1,514,535
Social security costs	225,608	218,237
Pension costs, defined contribution scheme	32,046	15,250
	2,115,191	1,748,022

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

	2021 No.	2020 No.
Administration	2	1
Sales	2	4
Management	7	5
	11	10

8 Directors' remuneration

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

9 Income tax

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

	2021 £	2020 £
Current taxation		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	182,947
Total current taxation	-	182,947
Deferred taxation		
Origination and reversal of temporary differences	(125,290)	188,961
Adjustments in respect of prior periods	-	(163,690)
Effect of tax rate change on opening balance	-	(19,891)
Total deferred taxation	(125,290)	5,380
Tax (credit)/expense in the statement of comprehensive income	(125,290)	188,327

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

	2021 £	2020 £
Loss before tax	(617,196)	(1,160,197)
Corporation tax at standard rate of 19% (2020: 19%)	(117,267)	(220,437)
Adjustments to tax charge in respect of previous periods - current tax	-	182,947
Adjustments to tax charge in respect of previous periods - deferred tax	-	(163,690)
Expenses not deductible	2,939	1,414
Other differences	-	23
Deferred tax not recognised	153,971	407,961
Tax credit relating to changes in tax rates or laws	(164,933)	(19,891)
Total tax (credit)/charge	(125,290)	188,327

Deferred tax

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19% to 25% with effect from April 2023. UK deferred tax balances as at 31 December 2021 are measured at the rate that the respective assets and liabilities will reverse.

Deferred tax assets and liabilities are recognised on the balance sheet as follows:

9 Income tax (continued)

2021	**Asset**
	£
Losses	125,290

2020	**Asset/(Liability)**
	£
Losses	-

Deferred tax movement during the year:

	At 1 January 2021	**Recognised in income**	**At 31 December 2021**
	£	**£**	**£**
Tax losses carry-forwards	-	125,290	125,290

Deferred tax movement during the prior year:

	At 1 January 2020	**Recognised in income**	**At 31 December 2020**
	£	**£**	**£**
Tax losses carry-forwards	5,380	(5,380)	-

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.

	2021	**2020**
	£	**£**
Losses	561,932	407,961
Unrecognised deferred tax assets	561,932	407,961

10 Intangible assets

	Computer software £
Cost or valuation	
At 1 January 2021	481,887
At 31 December 2021	481,887
Amortisation	
At 1 January 2021	213,202
Amortisation charge	119,364
At 31 December 2021	332,566
Carrying amount	
At 31 December 2021	149,321
At 31 December 2020	268,685

11 Trade and other receivables

	2021 £	2020 £
Other assets*	-	650,084
Total non-current trade and other receivables	-	650,084

	2021 £	2020 £
Trade receivables in relation to insurance transactions	325,579	132,951
Expected credit loss allowance	(177,439)	(27,377)
Net trade receivables	148,140	105,574
Receivables from other Group companies	631,766	1,022,277
Accrued income	-	46,702
Prepayments	52,776	29,514
Other assets*	1,885,010	31,181
Total current trade and other receivables	2,717,692	1,235,248

11 Trade and other receivables (continued)

*Other assets are included in the trade and other receivables in the Statement of Financial Position. Cost to fulfil the contracts are included in other assets. Ageing of other assets is based on management judgement as at 31 December 2021.

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

12 Cash and cash equivalents

	2021 £	2020 £
Fiduciary funds	4,076,766	2,026,838

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commission and other income. Fiduciary funds are not available for general corporate purposes.

13 Trade and other payables

	2021 £	2020 £
Current trade and other payables		
Trade payables in relation to insurance transactions	3,879,066	1,717,596
Accrued expenses	417,443	216,077
Amounts due to other Group companies	7,821,278	6,803,994
	12,117,787	8,737,667

The balances due to other Group companies are unsecured, interest free and repayable on demand.

14 Share capital

Allotted, authorised, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100
G2 shares of £0.01 each	10,000	100	10,000	100
	10,100	200	10,100	200

14 Share capital (continued)

Ordinary shares have full rights in the Company with respect to voting, dividends and distributions. G2 shares do not have voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

15 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 advantage of the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

16 Parent and ultimate parent undertaking

The immediate parent company of the Company is Geo Underwriting Services Limited and the ultimate parent company is Tara Topco Limited, (see note 17).

The Group's majority shareholder and ultimate controlling party at 31 December 2021 was HPS Investment Partners LLC. The parent company of the largest group that prepares group financial statements at 31 December 2021 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 2021 that consolidate the Company is Ardonagh Midco 2 plc (incorporated in Great Britain, registered office address 2 Minster Court, London, EC3R 7PD). Financial statements for The Ardonagh Group Limited and Ardonagh Midco 2 plc are available on request from:

2 Minster Court
Mincing Lane
London
EC3R 7PD

17 Subsequent events

Following the satisfaction of closing conditions on 31 May 2022, Ardonagh has obtained a significant new equity investment into the Group led by existing long-term shareholders MDP and HPS, alongside new co-investors through accounts managed by MDP and HPS. Under the terms of the transaction, funds affiliated with MDP have increased their shareholding in the Group, and HPS has reinvested in the Group. Co-investors, including a wholly owned subsidiary of Abu Dhabi Investment Authority and several other large global institutions, have also acquired more than USD1 billion equity through accounts managed by MDP and HPS as part of the transaction, which gives an enterprise valuation for Ardonagh of USD7.5 billion. The new equity investment has resulted in The Ardonagh Group Limited merging into a newly created company Tara Topco Limited ('Tara') on 31 May 2022 following which the Ardonagh Group activities became overseen by a newly created subsidiary of Tara from 1 June 2022 that is being re-named Ardonagh Group Holdings Limited.

With effect from 31 January 2022 the directors of Geo Specialty Limited reached agreement with a third party that it would no longer continue to trade in its principal line of business and is now in run-off.