Registration number: 10675029

# Nevada Investments 3 Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2020

# Nevada Investments 3 Limited

## Contents

# Nevada Investments 3 Limited

## Company Information

| | |
|---|---|
| **Directors** | D C Ross<br>D Cougill |
| **Company secretary** | D Clarke |
| **Registered office** | 2 Minster Court<br>Mincing Lane<br>London<br>EC3R 7PD<br>United Kingdom |

# Nevada Investments 3 Limited

## Strategic Report for the Year Ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020 for Nevada Investments 3 Limited ("the Company"). The Strategic Report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of The Ardonagh Group Limited ("the Group").

**Principal activity and business review**

The principal activity of the Company is that of a non-trading holding company.

The results for the Company show turnover of £Nil (2019: £Nil) and loss before tax of £0.9m (2019: £0.9m) for the year. At 31 December 2020 the Company had net assets of £26.9m (2019: £27.8m) and net current assets of £19.3m (2019: £20.2m). The going concern note (part of accounting policies) on page 11 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 do not expect there to be any changes in the nature of the business in 2021.

The unprecedented nature of the global Covid-19 pandemic (including short-term and long term effects thereof) creates unprecedented and extraordinary uncertainties for most businesses including Nevada Investments 3 Limited. Consideration of the financial risk and future impact can be found in the 'Going concern' disclosure in note 2.

**Key performance indicators**

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

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

**Principal risks and uncertainties**

The Company's performance and value, as a holding company of the Group, is integrated with its investment in the Company's subsidiary. As such from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are managed separately. Accordingly, the principal risks and uncertainties are discussed in the Group's annual report.

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

The principal risks and their mitigation are as follows:

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

The Company and Group have considered the wider operational consequences and ramifications of the Covid-19 pandemic. Although Covid-19 developments remain fluid, financial stress testing demonstrates the Group's financial resilience and operating flexibility.

The Group has sufficient liquidity to withstand a period of potential poor trading resulting from a sustained impact of Covid-19, although this has not materialised to date with the income impacts predominantly limited to the second quarter of 2020 and substantially offset by additional cost savings. The Group had available liquidity of £411.5m at 31 March 2021 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.

*Cyber-security and data protection*
Our computer systems store information about our customers and employees, some of which is sensitive personal data. Although we have taken reasonable and appropriate security measures to prevent unauthorised access to information stored in our databases and to ensure that our processing of personal data complies with the General Data Protection Regulations (GDPR), our technology may, on occasion, fail to adequately secure the private information we maintain in our databases and protect it from theft or inadvertent loss. Our systems, and the wider public infrastructure they rely on, may also be subject to attack preventing use and disrupting business operations.

The Group has robust policies, business standards and control frameworks in place for both cyber security and data protection.

Following the appointment of the Group CISO at 2019 year-end, a 3-year group-wide Cyber Resilience Strategy was established, with all major areas of the Group developing related cyber remediation roadmaps (with a particular focus on related IT control environments) where required, to further review and enhance the maturity and capability of cyber and information security processes and controls across the Group. Appropriate mechanisms have also been embedded to help effectively track and manage related cyber risk across the Group.

The Group continues to have a cyber insurance policy in place to mitigate financial risks associated with data breaches and cyber-attacks.

## Nevada Investments 3 Limited

## Strategic Report for the Year Ended 31 December 2020

*Future impact of Brexit*

Brexit affects the ability of businesses to passport from the UK into other EU states and likewise into the UK from the EU. The Group's plans always assumed a no deal, 'hard' Brexit and as such the Group was prepared for Brexit. The direct impact on the Group's UK businesses is not significant because they conduct only limited business within the EU and, importantly, because the operating segments have implemented mitigation strategies (e.g. 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 extend the current Covid-19 induced 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 and the Group's going concern stressed scenario modelling incorporates general economic declines, including from Brexit and Covid-19.

Approved by the board on 3 August 2021 and signed on its behalf by:

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D Cougill

Director

## Nevada Investments 3 Limited

## Directors' Report for the Year Ended 31 December 2020

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2020.

**Directors of the Company**

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

D C Ross

D Cougill

**Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2020 (2019: £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.

**Political donations**

The Company has not made any political donations during the year (2019: £Nil).

**Future developments**

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

**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 the next twelve months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Subsequent events**

The Company performed a review of events subsequent to the statement of financial position date through to the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

**Directors indemnities**

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

Approved by the board on .3 August 2021 and signed on its behalf by:

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D Cougill

Director

# Nevada Investments 3 Limited

## Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' 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 they 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 loss of the Company for that year. In preparing these financial statements, the directors are required to:

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

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

# Nevada Investments 3 Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2020

| | Note | 2020 £ | 2019 £ |
|---|---|---|---|
| **Operating result** | 4 | - | - |
| Finance income | 5 | 3,663,554 | 3,653,544 |
| Finance costs | 5 | (4,581,444) | (4,581,444) |
| **Loss before tax** | | (917,890) | (927,900) |
| Income tax credit | 8 | 1 | 870,474 |
| **Net loss for the year** | | (917,889) | (57,426) |

The above results are derived from continuing operations.

There are no items of other comprehensive income in the current year or prior year.

# Nevada Investments 3 Limited

## (Registration number: 10675029)
## Statement of Financial Position as at 31 December 2020

| | Note | 2020<br>£ | 2019<br>£ |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment in subsidiary undertakings | 9 | 53,430,326 | 53,430,326 |
| **Current assets** | | | |
| Trade and other receivables | 10 | 35,447,647 | 31,784,093 |
| Income tax asset | 8 | 1 | - |
| | | 35,447,648 | 31,784,093 |
| **Current liabilities** | | | |
| Trade and other payables | 11 | (16,154,297) | (11,572,853) |
| **Net current assets** | | 19,293,351 | 20,211,240 |
| **Total assets less current assets** | | 72,723,677 | 73,641,566 |
| **Non-current liabilities** | | | |
| Loans and borrowings | 12 | (45,814,437) | (45,814,437) |
| **Net assets** | | 26,909,240 | 27,827,129 |
| **Capital and reserves** | | | |
| Share capital | 13 | - | - |
| Share premium | | 41,606,250 | 41,606,250 |
| Retained losses | | (14,697,010) | (13,779,121) |
| | | 26,909,240 | 27,827,129 |

For the year ended 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

Approved by the board on 3 August 2021 and signed on its behalf by:

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D Cougill
Director

The notes on pages 10 to 19 form an integral part of these financial statements.

## Nevada Investments 3 Limited

## Statement of Changes in Equity for the Year Ended 31 December 2020

| | Share capital £ | Share premium £ | Retained losses £ | Total £ |
|---|---|---|---|---|
| At 1 January 2020 | - | 41,606,250 | (13,779,121) | 27,827,129 |
| Net loss for the year | - | - | (917,889) | (917,889) |
| At 31 December 2020 | - | 41,606,250 | (14,697,010) | 26,909,240 |

| | Share capital £ | Share premium £ | Retained losses £ | Total £ |
|---|---|---|---|---|
| At 1 January 2019 | - | 41,606,250 | (13,721,695) | 27,884,555 |
| Net loss for the year | - | - | (57,426) | (57,426) |
| At 31 December 2019 | - | 41,606,250 | (13,779,121) | 27,827,129 |

## 1 Authorisation of financial statements

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

The financial statements for the year ended 31 December 2020 were authorised for issue by the board on 3 August 2021 and the Statement of Financial Position was signed on the board's behalf by D Cougill.

## 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**

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

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 financial statements, and its results are included in the consolidated financial statements of its ultimate parent.

These 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 financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

There are no new standards, amendments to standards or interpretations which are effective in 2020 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 EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- the requirements 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 in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- 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;

**2 Accounting policies (continued)**

- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis; and
- the requirements of IFRS 7 'Financial Instruments: Disclosures'.

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 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 14.

***Going Concern***
As shown in account note 15, 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 2020 the Company had net assets of £26.9m (2019: £27.8m) and net current assets of £19.3m (2019: £20.2m). The Company reported a loss before tax of £0.9m (2019: £0.9m).

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, that the Group manages its cash and funding requirements on a Group-wide basis, as well as the assessment that the Group continues to be a going concern.
• Following the Group's 14 July 2020 issuance of new borrowings, which the Group used to repay its existing borrowings and to fund acquisitions: (a) the Group will continue to benefit from a £191.5m Revolving Credit Facility that remained undrawn on 19 May 2021 being the date of TAGL's Q1 2021 interim report, and (b) payment-in-kind interest options are utilised.
• The change in the Group's capital structure, operations and liquidity following the 14 July 2020 issuance of new borrowings are reflected in the Group's adjusted base case and stressed cash flow forecasts over the calendar years 2021 and 2022.

**2 Accounting policies (continued)**

• Adjustments included for the forecast cashflows from the material acquisitions completed at the date of finalisation of the Group's base case budget and impact on available and forecast liquidity of subsequent acquisitions completed and planned.
• The principal risks facing the Group, including the potential financial and operational impacts of Covid-19, and its systems of risk management and internal control.
• Actual Group trading and cashflows that arose in 2020 and the first four months of 2021 with continued positive financial results.
• Client retention and renewal rates continue to be robust, despite the current economic uncertainty, as the 2021 trading performance continues to demonstrate resilience across the Group.

Key stress scenarios that TAGL considered as part of the Group's 2020 and Q1 2021 Going Concern assessments include shortfalls to the Group's base plan projected income throughout 2021 and 2022 and deterioration in the base case cash conversion rates over and above the shortfalls in income. The Group also modelled reverse stress scenarios, including assessing those that result in a default on the Group's term debt facilities that would require a technical repayment obligation and those that would exhaust available liquidity. The stresses needed for these outcomes to happen significantly exceed the key stress scenarios above and the TAGL Directors considered such conditions to be a remote possibility. Other mitigations which may be possible in the stress scenarios but have not been included in the analysis include seeking shareholder support, securitising premium receivables and further incremental and more prolonged cost reductions.

Further details can be found in the 2020 Annual Report and Financial Statements and the Q1 2021 Interim Report of TAGL, which are published on its website.

The Directors of the Company and the Group have also considered the wider operational consequences and ramifications of the Covid-19 pandemic. In particular:
• The Group has demonstrated the efficiency and stability of the Group's infrastructure and the ability for home working for a significant portion of its employee base.
• Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified and not materially exposed to a single carrier, customer or market sector.
• Although Covid-19 developments remain fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.
• The impact of Covid-19 on the Group has been very limited.

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 further 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.

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

## 2 Accounting policies (continued)

**Impairment of investment**

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

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

*Calculation of recoverable amount*

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

**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.

**Taxation**

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.

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

**Financial assets**

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables.

Trade and other receivables represent amounts due from related parties in the form of a subordinated loan and associated interest income. They are stated at amortised cost, adjusted for any loss allowances.

*Impairment of trade and other receivables*

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 Company'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 Company'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.

## 2 Accounting policies (continued)

**Financial liabilities**
Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities are trade and other payables and borrowings.

(a) Trade and other payables represent amounts due to related parties. They are initially recognised at fair value and are subsequently measured at amortised cost;

(b) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

## 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 were no key sources of estimation uncertainty that have had a significant impact on the carrying amounts of assets and liabilities in the financial year.

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

**Critical judgements in applying accounting policies**

**Impairment of investments**
Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may exceed its recoverable amount. An impairment test is performed by comparing the investment's carrying amount with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. An impairment test requires the application of significant judgement because it relies on key assumptions, including revenue and an EBITDA multiple.

## 4 Operating loss

For the year ended 31 December 2020, the Company has taken the exemption under s479 of the Companies Act 2006 from the requirement to obtain an audit of their separate financial statements. The guarantee of the outstanding liabilities as at 31 December 2020 has been provided by Ardonagh Midco 2 plc, a fellow Group company. As a result, no audit fee has been incurred (2019: £4,413).

## 5 Net finance costs

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| **Finance income** | | |
| Interest on preference shares | 3,663,554 | 3,653,544 |
| **Finance costs** | | |
| Finance costs | (4,581,444) | (4,581,444) |
| Net finance cost | (917,890) | (927,900) |

The Company has invested £36.5m in redeemable preference shares of URIS Topco Limited, a fellow Group company, and is entitled to receive dividend payment at a rate of 10% on the aggregate of the nominal value and the share premium paid up in respect of the preferred shares.

On 22 June 2017 the Company entered into a subordinate loan agreement with Ardonagh Services Limited, a fellow Group subsidiary, this £45.8m subordinate loan bears interest at a fixed rate of 10.0% per annum.

## 6 Staff costs

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

## 7 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.

## 8 Income tax

Tax credited in the Statement of Comprehensive Income

| | 2020 £ | 2019 £ |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | - | (870,474) |
| UK corporation tax adjustment to prior periods | (1) | - |
| Total current taxation | (1) | (870,474) |
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | - | - |
| Arising from changes in tax rates and laws | - | - |
| Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods | - | - |
| Total deferred taxation | - | - |
| Tax credit in the Statement of Comprehensive Income | (1) | (870,474) |

The differences are reconciled below:

| | 2020 £ | 2019 £ |
|---|---|---|
| Loss before tax | (917,890) | (927,900) |
| Corporation tax at standard rate at 19% (2019: 19%) | (174,399) | (176,301) |
| Adjustment to tax charge in respect of previous periods - current tax | (1) | - |
| Exempt ABGH distributions | (696,075) | (694,173) |
| Deferred tax not recognised | 870,474 | - |
| Total tax credit | (1) | (870,474) |

**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 2020 continue to be measured at a rate of 19% as this was the substantively enacted rate at that date.

The company did not recognise deferred tax assets as follows:

| | 2020 £ | 2019 £ |
|---|---|---|
| Losses | 870,474 | - |
| Unrecognised deferred tax assets | 870,474 | - |

## 8 Income tax (continued)

This deferred tax asset has not been recognised in these accounts as it is not expected that the Company's future profitability will be sufficient to utilise it.

## 9 Investment in subsidiary undertakings

| **Subsidiary** | **£** |
|---|---|
| **Cost or valuation** | |
| At 1 January 2020 | 68,589,864 |
| At 31 December 2020 | 68,589,864 |
| **Provision for impairment** | |
| At 1 January 2020 | 15,159,538 |
| At 31 December 2020 | 15,159,538 |
| **Carrying amount** | |
| At 31 December 2020 | 53,430,326 |
| At 31 December 2019 | 53,430,326 |

Details of the subsidiary as at 31 December 2020 are as follows:

| Name of subsidiary | Principal activity | Country of incorporation and principal place of business | Proportion of ownership interest and voting rights held 2020 | 2019 |
|---|---|---|---|---|
| URIS Topco Limited | Holding company | England and Wales | 100% | 100% |

The registered address for URIS Topco Limited is: Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL.

The Company's investment in URIS Topco Limited represents a mixture of ordinary and preferred shares.

## 10 Trade and other receivables

| | 2020 £ | 2019 £ |
|---|---|---|
| ***Current trade and other receivables*** | | |
| Receivables from other Group companies | 35,447,647 | 31,784,093 |

The directors believe that the receivables from other Group companies are recoverable. These balances are unsecured, interest free and repayable on demand.

## 11 Trade and other payables

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| **Current trade and other payables** | | |
| Amounts due to other Group companies | 16,154,297 | 11,572,853 |

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

## 12 Loans and borrowings

| | 2020<br>£ | 2019<br>£ |
|---|---|---|
| **Non-current loans and borrowings** | | |
| Intra Group loan | 45,814,437 | 45,814,437 |

On 22 June 2017 the Company entered into a subordinate loan agreement with Ardonagh Services Limited, a fellow Group subsidiary. The loan bears interest at a fixed rate of 10.0% per annum and is repayable in 2023.

## 13 Share capital

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

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| Ordinary shares of £0.01 each | 10 | - | 10 | - |

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

## 14 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.

**15 Parent and ultimate parent undertaking**

The Group's majority shareholder and ultimate controlling party at 31 December 2020 is HPS Investment Partners LLC. The ultimate parent company is The Ardonagh Group Limited (incorporated in Jersey, registered office address 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG). The Ardonagh Group Limited is the largest group that prepares group financial statements at 31 December 2020 that consolidate the Company. The parent company of the smallest group that prepares group financial statements at 31 December 2020 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
United Kingdom