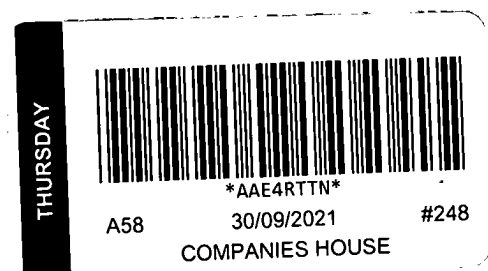


Registration number: 10983743

# Atlanta Investment Holdings A Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2020



# **Atlanta Investment Holdings A Limited**

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# **Atlanta Investment Holdings A Limited**

## **Company Information**

<b>Directors</b>	C D Ball
	D Cougill
	I J Donaldson
<b>Registered office</b>	Autonet Insurance
	Nile Street
	Burslem
	ST6 2BA
	United Kingdom

## **Atlanta Investment Holdings A Limited**

### **Strategic Report for the Year Ended 31 December 2020**

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

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

The principal activity of the Company is that of a non-trading holding company, as such the Company does not generate any turnover.

The results for the Company show turnover of £Nil (2019: £Nil) and loss before tax of £8,600,168 (2019: £7,981,320) for the year. At 31 December 2020 the Company had net liabilities of £19,757,541 (2019: £12,814,609). The going concern note (part of accounting policies) on page 14 sets out the reasons why the directors continue to believe that the preparation of the financial statements on a going concern basis is appropriate. In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have considered the letter of support provided by Ardonagh Midco 3 Plc.

The Company has transitioned to Financial Report Standard 101 ("FRS 101 Reduced Disclosure Framework") with a conversion date of 1 January 2019. As required by IFRS 1 "First-time adoption of IFRS", the company has applied the relevant accounting policies in place on 31 December 2020 to all periods presented. The company has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking was notified of and did not object to the use of the FRS 101 disclosure exemptions. There have been no changes required to the figures presented for the year ended 31 December 2020 and for the year ended 31 December 2019.

#### **Business strategy and objectives**

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

#### **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 the short-term and long-term effects thereof) creates unprecedented and extraordinary uncertainties for most business including Atlanta Investment Holdings A Limited. Consideration of the financial risk and future impact can be found in the 'Principal risks and uncertainties' section within the Strategic report.

#### **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 is no impairment charge in the current year (2019: £Nil).

## Atlanta Investment Holdings A Limited

### Strategic Report for the Year Ended 31 December 2020 (continued)

#### 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 and impact of Covid-19*

The Company has 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 £405.1m at 30 June 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 Company 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 Company continues to have a cyber insurance policy in place to mitigate financial risks associated with data breaches and cyber-attacks.

## Atlanta Investment Holdings A Limited

### Strategic Report for the Year Ended 31 December 2020 (continued)

#### *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 28 September 2021 and signed on its behalf by:



.....  
C D Ball  
Director

## **Atlanta Investment Holdings A 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:

C D Ball

D Cougill

I J Donaldson

#### **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 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 (2019: £Nil).

#### **Subsequent events**

Details of subsequent events can be found in the Notes to the financial statements within the 'Subsequent events' section on page 24.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have also considered the letter of support provided by Ardonagh Midco 3 Plc. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements. The Company had a net liability position of £19.8m as at 31 December 2020.

#### **Directors indemnities**

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

**Atlanta Investment Holdings A Limited**

**Directors' Report for the Year Ended 31 December 2020 (continued)**

Approved by the Board on 28 September 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'C D Ball', with a horizontal line extending to the right.

.....  
C D Ball  
Director



## **Atlanta Investment Holdings A Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 to enable them 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.

## Atlanta Investment Holdings A Limited

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

	Note	2020 £	2019 £
Administrative expenses		<u>(168)</u>	<u>18,680</u>
<b>Operating (loss)/profit</b>	4	(168)	18,680
Finance costs	5	<u>(8,600,000)</u>	<u>(8,000,000)</u>
<b>Loss before tax</b>		(8,600,168)	(7,981,320)
Tax credit	8	<u>1,649,715</u>	<u>1,728,803</u>
<b>Loss for the year</b>		<u><u>(6,950,453)</u></u>	<u><u>(6,252,517)</u></u>

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

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

# Atlanta Investment Holdings A Limited

(Registration number: 10983743)

## Statement of Financial Position as at 31 December 2020

		2020	(As restated*) 2019
	Note	£	£
<b>Non-current assets</b>			
Investment in subsidiary undertakings	9	70,805,712	70,798,191
<b>Current assets</b>			
Trade and other receivables	10	6,858,016	6,858,016
Current tax assets		2,050,533	-
Deferred tax		-	520,685
		<u>8,908,549</u>	<u>7,378,701</u>
<b>Current liabilities</b>			
Trade and other payables	11	(25,485,614)	(20,485,446)
Borrowings	12	(73,986,188)	(5,386,188)
Tax liabilities		-	(119,867)
		<u>(99,471,802)</u>	<u>(25,991,501)</u>
<b>Net current liabilities</b>		<u>(90,563,253)</u>	<u>(18,612,800)</u>
<b>Total assets less current liabilities</b>		<u>(19,757,541)</u>	<u>52,185,391</u>
<b>Non-current liabilities</b>			
Borrowings	12	-	(65,000,000)
<b>Net liabilities</b>		<u>(19,757,541)</u>	<u>(12,814,609)</u>
<b>Capital and reserves</b>			
Share capital	13	100	100
Retained losses**		<u>(19,757,641)</u>	<u>(12,814,709)</u>
<b>Total equity</b>		<u>(19,757,541)</u>	<u>(12,814,609)</u>

\*The Company has recognised a movement in retained losses in relation to a share-based payment error identified and corrected in the current period. The adjustment increases investments in subsidiary undertakings and decreases retained losses in the statement of financial position by £2,747 as at 31 December 2019 (1 January 2019: £Nil).

\*\*The Company subsumed its share-based payment reserve, which was previously presented separately, within retained losses. The amount subsumed was £800 at 1 January 2019.

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

**Atlanta Investment Holdings A Limited**

**(Registration number: 10983743)**

**Statement of Financial Position as at 31 December 2020 (continued)**

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

**Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- 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 28 September 2021 and signed on its behalf by:



.....  
C D Ball  
Director

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

## Atlanta Investment Holdings A Limited

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

	Share capital £	Retained losses £	Total £
At 1 January 2020	100	(12,817,456)	(12,817,356)
Prior period adjustment	-	2,747	2,747
At 1 January 2020 (As restated)	<u>100</u>	<u>(12,814,709)</u>	<u>(12,814,609)</u>
Share-based payment	-	7,521	7,521
Loss for the year	<u>-</u>	<u>(6,950,453)</u>	<u>(6,950,453)</u>
At 31 December 2020	<u><u>100</u></u>	<u><u>(19,757,641)</u></u>	<u><u>(19,757,541)</u></u>

	Share capital £	(As restated*) Retained losses £	Total £
At 1 January 2019	100	(6,564,939)	(6,564,839)
Share-based payment	-	2,747	2,747
Loss for the year	<u>-</u>	<u>(6,252,517)</u>	<u>(6,252,517)</u>
At 31 December 2019	<u><u>100</u></u>	<u><u>(12,814,709)</u></u>	<u><u>(12,814,609)</u></u>

\*The Company has recognised a movement in retained losses in relation to a share-based payment error identified and corrected in the current period. The adjustment increases investments in subsidiary undertakings and decreases retained losses in the statement of financial position by £2,747 as at 31 December 2019 (1 January 2019: £Nil).

The Company subsumed its share-based payment reserve, which was previously presented separately, within retained losses. The amount subsumed was £800 at 1 January 2019.

## **Atlanta Investment Holdings A Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

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

These financial statements for the year ended 31 December 2020 were authorised for issue by the Board on 28 September 2021 and the Statement of Financial Position was signed on the board's behalf by C D Ball.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Basis of preparation**

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

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

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

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.

##### **First time adoption of FRS 101**

These financial statements for the year ended 31 December 2020 are the first the Company has prepared in accordance with FRS 101. For all periods up to and including the year ended 31 December 2019, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 ('FRS 102').

Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019. No adjustments were required to be made by the Group in restating its FRS 102 financial statements, including its net asset position as at 1 January 2019 and the financial statements as of, and for, the year ended 31 December 2019.

## **Atlanta Investment Holdings A Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)**

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

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

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

Equivalent disclosures are included in the Group's consolidated financial statements, as required by FRS 101 where exemptions have been applied. This information is included in the consolidated financial statements of The Ardonagh Group Limited as at 31 December 2020 and these financial statements may be obtained from 2 Minster Court, Mincing Lane, London, EC3R 7PD.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 17.

## Atlanta Investment Holdings A Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### 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 liabilities of £19,757,541 (2019: £12,814,609) and net current liabilities of £90,563,253 (2019: £18,612,800). The net current liabilities include amounts receivable from related parties of £6,857,916 (2019: £6,857,916), amounts due to related parties of £25,485,614 (2019: £20,477,766) and amount borrowed from related parties of £73,986,188 (2019: £5,386,188). The Company reported a loss before tax of £8,600,168 (2019: £7,981,320). In reaching their view on the preparation of the Company's financial statements on a going concern basis, the directors have considered the letter of support provided by Ardonagh Midco 3 Plc.

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 18 August 2021 being the date of TAGL's Q2 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.
- 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 trading and cashflows that arose in the seven months ended July 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.



## **Atlanta Investment Holdings A Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)**

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

Key stress scenarios that TAGL considered as part of the Group's 2020 and Q2 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 Q2 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 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.

#### **Changes in accounting policy**

The Company has applied the accounting policies effective at the end of the first reporting period for all periods presented, as required by IFRS 1 First-time adoption of IFRSs. No adjustments required resulting from application of these accounting policies compared to FRS 102.

#### **Investments in subsidiary undertakings**

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.

## **Atlanta Investment Holdings A Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **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.

##### **Financial instruments**

The Company's financial assets include intragroup receivables. They are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortised cost. The Company recognises lifetime expected credit losses for trade and other receivables.

Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. Trade and other payables represent amounts due to other Group companies. They are initially recognised at fair value and are subsequently measured at amortised cost.

##### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

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 reporting date.

##### **Finance costs**

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

## **Atlanta Investment Holdings A Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)**

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

##### **Share-based payments**

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

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

##### **Taxation**

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

##### *Current tax*

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

##### *Deferred tax*

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

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

##### **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.

#### **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.

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

## Atlanta Investment Holdings A Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Critical judgements in applying accounting policies

###### Deferred tax assets

Significant judgement is required in determining the asset recognised in respect of deferred tax. A deferred tax asset is recognised for temporary timing differences, but management's best estimate is used to determine the extent to which it is probable that taxable profit will be available in the future against which the temporary differences can be utilised, and to determine the amount of this taxable profit. Deferred tax assets are measured in accordance with the tax rates and laws that have been enacted or substantively enacted by the end of the reporting year.

The deferred tax asset as at 31 December 2020 is £Nil (2019: £520,685). See note 8.

###### Impairment of investments in subsidiaries

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

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

#### 4 Operating 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: £6,180).

#### 5 Finance costs

	2020 £	2019 £
<b>Finance costs</b>		
Interest on loans from related parties	<u>(8,600,000)</u>	<u>(8,000,000)</u>
Total finance costs	<u><u>(8,600,000)</u></u>	<u><u>(8,000,000)</u></u>

First loan of £50.0m accruing interest at a rate of 10% and second loan of £18.0m accruing interest at a rate of 20%. Both loans are from an other Group company and are repayable on demand.

## Atlanta Investment Holdings A Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

#### 6 Staff costs

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

#### 7 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors 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 £
<b>Current taxation</b>		
UK corporation tax	(1,634,032)	(1,516,450)
Adjustments in respect of prior periods	<u>(536,368)</u>	<u>119,867</u>
Total current taxation	<u>(2,170,400)</u>	<u>(1,396,583)</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences	45,492	-
Adjustments in respect of prior periods	479,982	(332,220)
Effect of tax rate change on opening balances	<u>(4,789)</u>	<u>-</u>
Total deferred taxation	<u>520,685</u>	<u>(332,220)</u>
Income tax credit in the Statement of Comprehensive Income	<u><u>(1,649,715)</u></u>	<u><u>(1,728,803)</u></u>

The differences are reconciled below:

# Atlanta Investment Holdings A Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

### 8 Income tax (continued)

	2020 £	2019 £
Loss before tax	<u>(8,600,168)</u>	<u>(7,981,320)</u>
Corporation tax at standard rate of 19% (2019: 19%)	(1,634,032)	(1,516,451)
Adjustments to tax charge in respect of previous periods - current tax	(536,368)	119,868
Adjustments to tax charge in respect of previous periods - deferred tax	479,982	(332,220)
Deferred tax not recognised	45,492	-
Remeasurement of deferred tax for changes in tax rates	<u>(4,789)</u>	<u>-</u>
Total tax credit	<u>(1,649,715)</u>	<u>(1,728,803)</u>

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.

### Deferred tax

Deferred tax assets

#### 2020

Tax losses carry-forwards

Asset  
£

-

#### 2019

Tax losses carry-forwards

Asset  
£

520,685

Deferred tax movement during the year:

	At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
Tax losses carry-forwards	<u>520,685</u>	<u>(520,685)</u>	<u>-</u>

## Atlanta Investment Holdings A Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

#### 8 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 January 2019 £	Recognised in income £	At 31 December 2019 £
Tax losses carry-forwards	<u>188,465</u>	<u>332,220</u>	<u>520,685</u>

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	45,492	-
Unrecognised deferred tax assets	<u>45,492</u>	<u>-</u>

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 Investments in subsidiary undertakings

	£
<b>Cost or valuation</b>	
At 1 January 2020	70,798,191
Additions	<u>7,521</u>
At 31 December 2020	<u>70,805,712</u>
<b>Provision for impairment</b>	
At 1 January 2020	-
At 31 December 2020	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>70,805,712</u>
At 31 December 2019 (restated)	<u>70,798,191</u>

## Atlanta Investment Holdings A Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

#### 9 Investments in subsidiary undertakings (continued)

Details of the subsidiaries as at 31 December 2020 are as follows.

Name of subsidiary	Principal activity	Country of incorporation and Principal place of business	Company interest in ordinary share capital and voting rights held	
			2020	2019
Carole Nash Insurance Consultants Limited *	Insurance broker	Trafalgar House 110 Manchester road Altrincham Cheshire WA14 1NU United Kingdom	100%	100%
Carole Nash Insurance Consultants (Ireland) DAC	Insurance broker	Ulysses House 22/24 Foley St Mountjoy Dublin	100%	100%

Carole Nash Insurance Consultants Limited owns 50% of the equity in Carole Nash Legal Services LLP whose registered office is Helmont House, Churchill Way, Cardiff, CF10 2HE, United Kingdom.

\* indicates direct investment of the company

#### 10 Trade and other receivables

	2020 £	2019 £
<b>Current trade and other receivables</b>		
Receivables from other Group companies	6,857,916	6,857,916
Unpaid share capital	100	100
	<u>6,858,016</u>	<u>6,858,016</u>

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



# Atlanta Investment Holdings A Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

### 11 Trade and other payables

	2020 £	2019 £
<b>Current trade and other payables</b>		
Amounts due to other Group companies	25,485,614	20,477,766
Accrued expenses	-	7,680
	<u>25,485,614</u>	<u>20,485,446</u>

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

### 12 Borrowings

	2020 £	2019 £
<b>Current loans and borrowings</b>		
Interest on loan from related parties	5,986,188	5,386,188
Loans from related parties	68,000,000	-
	<u>73,986,188</u>	<u>5,386,188</u>
<b>Non-current loans and borrowings</b>		
Loans from related parties	-	65,000,000

The loans from related parties represents two amounts payable to Ardonagh Midco 3 Plc; a loan of £50.0m accruing interest at 10% per annum and a loan of £18.0m (includes £5.5m of rolled over interest) which accrues interest at 20% per annum. A Group refinancing exercise in July 2020 triggered a clause in the loan agreement that converted the loans from a non-current liability to repayable on demand.

## Atlanta Investment Holdings A Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)

#### 13 Share capital

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

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

##### Ordinary share rights

The Company ordinary shares, which carry no right to fix income, each carry the right to one vote at general meetings of the Company.

#### 14 Related party transactions

There were no transactions in the year with related parties other than those that share a common ownership structure or those that are 100% owned by the company's ultimate parent company, The Ardonagh Group Limited.

#### 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 immediate parent company is Atlanta Investment Holdings 2 Limited. The ultimate parent company and parent company of the largest group that prepares group financial statements at 31 December 2020 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 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

#### 16 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.

## **Atlanta Investment Holdings A Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **17 First time adoption of FRS 101**

These financial statements for the year ended 31 December 2020 are the first the Company has prepared in accordance with FRS 101. For all periods up to and including the year ended 31 December 2019, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 ('FRS 102'). Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its FRS 102 financial statements, including its net asset position as at 1 January 2019 and the financial statements as of, and for, the year ended 31 December 2019. There have been no changes required to the figures presented for the year ended 31 December 2019.

#### *Financial instruments*

Additional provision for expected credit losses have been assessed in respect of trade receivables at the date of transition based on a lifetime expected losses approach. It has been determined that there is no impact at the date of transition.

#### *Investment in subsidiaries*

The Company has elected to measure investment in subsidiaries at the FRS 102 carrying amount as deemed cost at the date of transition.